

**TRANSGAZ**  
**2024**

**CONSOLIDATED SUSTAINABILITY STATEMENT**  
ANNEX 1 TO THE CONSOLIDATED REPORT ISSUED BY THE BOARD OF ADMINISTRATION



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**Note:** This version of the report is a translation from the original, which was prepared in Romanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.









## Message of the Director General

### Distinguished partners,

The year 2024 was defined by significant economic, social, geopolitical and geostrategic challenges, and Transgaz, as the sole operator of the national gas transmission infrastructure (NTS), recognized the urgent need for investments in the upgrading, development and expansion of the natural gas transmission network. It understood the importance of being aligned with modern operational and maintenance requirements and took an active role in promoting and implementing sustainable investment projects to ensure and strengthen energy security, competitiveness and economic and social development at national, regional and European level.

We all know that energy is essential not only for people's lives, but also for sustaining the economy. Energy is essential for the functioning of modern society, but we need to use it responsibly and ensure that energy sources are sustainable and do not harm the environment.

We are aware of the essential role that Transgaz plays not only in the development, modernization and consolidation of the energy infrastructure of Romania and of the Republic of Moldova, but also in improving the standard of living and the effective transition of the entire society towards achieving all the Sustainable Development Goals.

### Sustainable development and decarbonisation strategies

With financing from the European Investment Bank (EIB), SNTGN Transgaz SA developed the Climate and Decarbonization Strategy. This strategy includes a number of measures aimed at reducing greenhouse gas emissions in order to meet the short-term (2030), medium-term (2040) and long-term (2050) decarbonisation targets. As part of the strategy, an Investment Plan was also developed, detailing the investments needed to implement measures related to the decarbonisation process.

The Romanian energy sector is going through a process of consolidation, development, reform and transformation:

- **Consolidation:** Romania is interconnected with neighbouring countries through natural gas interconnection points enabling reverse flow, with the exception of Serbia, where actions are taken to establish connections.
- **Development:** Transgaz has been implementing numerous projects to develop the National Gas Transmission System (NTS) in different parts of the country, which will allow for more local communities to have access to natural gas.
- **Reform:** Transgaz has been focused on expanding and upgrading the existing infrastructure by integrating renewable and low-carbon hydrogen into the natural gas transmission system, aligned with the European Commission's commitments to the European Green Deal and the Hydrogen Strategy.
- **Major importance:** The projects proposed by Romania are crucial for achieving the decarbonization objectives and ensuring the security of natural gas supply for Central and Eastern Europe, the Balkans, the Republic of Moldova and Ukraine.
- **Transformation:** because we are preparing to see the start of investments in the Black Sea deep offshore blocks, which will mean an accelerated growth of Romania's role in the region and the EU in terms of energy.





Transgaz is a key player in the energy system and, as such, has an obligation to look to the future and find ways to ensure that citizens and companies have access to safe, affordable and clean energy. Climate neutrality is no longer just a strategic goal, but a stringent necessity.

As our own sources of investment financing are insufficient to meet the ambitious objectives of energy security and diversification of energy sources, we have constantly worked to attract external sources of financing (financing from European funds, the Modernization Fund, the Environmental Fund and loans from international financial institutions). Without substantial allocations of funds and pragmatic and coherent policies at the level of European legislative bodies, objectives such as reindustrialisation, reducing energy dependence on a single supplier and avoiding an energy crisis risk remaining mere aspirations.

**Strengthening energy security and strategic partnerships** in the context of the cessation of transit through Ukraine.

On January 1, 2025, the natural gas transit agreement between Russia and Ukraine expired, and Ukraine decided not to extend it, which led to the cessation of Russian gas supplies to Europe through Ukraine. This shift has significant implications for natural gas flows in Europe. For Romania, which has considerable domestic resources and a robust transmission infrastructure, the direct impact is limited.

In continuation of our mission to strengthen national, regional and European energy security, we have concluded strategic partnerships and have undertaken or completed vital investment projects for the development of natural gas transmission infrastructure in our country and the Republic of Moldova, as well as for the entire region.

Romania is the country which is the least dependent on imported natural gas and plays a very important role in this regard in the European Central-Eastern area. Our country, with natural gas from the Black Sea, the Caspian Sea area and LNG from terminals in Turkey and Greece, will become a very important hub in Central and Eastern Europe and the Balkans by 2027.

### **Commitment to diversity**

Transgaz believes that the diversity of the workforce is an essential factor for stimulating innovation and ensuring sustainability. In line with the Corporate Sustainability Reporting Directive, the company recognises the crucial role of diversity in strengthening balanced and effective corporate governance. Diversity and inclusion are fundamental principles that support equity and organizational development. By the end of 2024, 32% of leadership positions in the organization were held by women, reflecting our strong commitment to gender equality and equitable representation in decision-making processes.

### **Future prospects and stakeholder engagement**

We have repeatedly stated that natural gas is a transitional fuel and we need to accelerate the role that the national gas infrastructure plays in the transmission of green gas, especially hydrogen. We have begun a determined initiative to identify various options for the decarbonisation of natural gas transmission networks, including achieving decarbonisation by ensuring the supply of clean and low-carbon energy. This is a regional commitment with European and even global implications, and we must approach this mission with the utmost responsibility.

During the transition period (from coal to renewables and cleaner technologies), Romania will rely on natural gas (as a transition fuel) due to its lower emissions compared to coal and also due to its technical capacity to ensure grid stability, while significantly increasing the share of renewables in our energy system. Through the proposed projects for the development and upgrading of the natural gas transmission infrastructure, through the implementation of intelligent control, automation, communications and network management systems, Transgaz aims to maximize energy efficiency throughout the entire chain of activities and to create an efficient, reliable and flexible intelligent natural gas transmission system.

Our country is more energy secure than it has ever been and this is because all stakeholders have acted wisely and in the national interest. Aware of the importance of the mission we have undertaken and of the constant need to develop and consolidate the national economy, we will continue to develop the national gas transmission infrastructure, thoroughly preparing ourselves to face the challenges of a constantly dynamic energy sector and its decarbonization requirements.

Thank you for your trust and continuous support in achieving the objectives of the Transgaz strategy regarding ensuring and strengthening national, regional and European energy security, the sustainable development of the natural gas transportation infrastructure and increasing the competitiveness of the national economy!

**Ion Sterian**  
**Director General**





# General Information



# ESRS 2

## Basis for reporting

### General basis for the preparation of the sustainability statement

BP-1

The National Gas Transmission Company Transgaz S.A. (hereinafter referred to as the "Company") 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 the European and national legislation, quality, performance, environment and sustainable development standards. Transgaz is a joint-stock company where the state has a controlling interest and carries out its activity in accordance with the national legislation in force, having the financial statements prepared according to the OMF 2844/2016.

SNTGN Transgaz SA has the right to operate the main pipelines of the national gas transmission system for a duration of 30 years, until 2032 under the Concession Agreement with the National Agency for Mineral Resources (ANRM) approved by Government Decision No. 668/2002 on the approval of the agreement for the concession of the main pipelines, installations, equipment, and facilities related to the National Gas Transmission System, as well as its operation, concluded between the National Agency for Mineral Resources and SNTGN Transgaz SA. All modernizations or improvements made by the Company regarding the national gas transmission system are considered part of the system and become the public property of the State, through the ANRMPSG, at the end of their useful life or at the end of the concession agreement. The company cannot sell or scrap any asset that is part of the national gas transmission system, and any disposals can only be made subject to the approval of the State.

"Vestmoldtransgaz" SRL ("VMTG") was founded in the form of a state-owned enterprise "Vestmoldtransgaz" by the Ministry of Economy of the Republic of Moldova, in accordance with the Government Decision no. 501 of 01 July 2014 and registered with the State Registration Chamber on July 16, 2014, with headquarters on 180 Stefan cel Mare Blvd., Chisinau, Republic of Moldova. In order to carry out the activity of natural gas transmission, based on the provisions of the Law on natural gas, "Vestmoldtransgaz" SRL, obtained, from the National Agency for Energy Regulation, the Business License with Series AA and no. 087187 valid for 25 years, from January 6, 2015, to January 6, 2040.

The Company's core business is the transmission of natural gas in accordance with the license conditions, applicable technical and regulatory norms. The company is owned by Eurotransgaz SRL and the European Bank for Reconstruction and Development.

Eurotransgaz SRL is a company incorporated in the Republic of Moldova, owned by the National Gas Transmission Company Transgaz S.A. It is a shareholder of Vestmoldtransgaz, with a 75% share, together with the EBRD, which holds 25%. This is a holding company with only 3 employees, as administrators.

The three companies are consolidated and form Transgaz, which is structured on functional entities (divisions, units, departments, offices, compartments, etc.) and production entities (regional operating centres, sectors, laboratories, workshops, etc.).

## GENERAL DISCLOSURES

In the context of consolidated data for Romania and the Republic of Moldova, the name "Transgaz" will be used. Regarding the specific activities carried out on the territory of Romania, reference will be made to SNTGN Transgaz SA.

Transgaz prepares the separate financial statements for each entity and the consolidated financial statements of the group, which are audited by an independent auditor, and the results are published on the company's website and presented in the Consolidated Administrators' Report. The annual reporting is prepared in accordance with the requirements of Order of the Minister of Finance 2844/2016, chapter 7, non-financial information and sustainability information. The report is aligned with these requirements, considering the provisions of ch. 7 of the Order of the Minister of Finance no. 85/2024, according to which:

'The parent companies of a large group shall include in the consolidated administrators' report the information necessary to understand the impact of the group on sustainability issues and the information necessary to understand how sustainability issues affect the development, performance and position of the group.'

Transgaz reports for 2024, based on the requirements of the new ESRS standards, Order of the Minister of Finance no. 2844/2016 as amended and the Methodology for Sustainability Reporting - Romanian Code of Sustainability, dated 16 November 2023, which is an integral part of Decision no. 1117/2023 regarding the approval of the Methodology for Sustainability Reporting, as amended.

This report presents data related to Transgaz' activity for the period 01.01.2024 – 31.12.2024. Reporting is not limited to companies' own operations, as information from the upstream and downstream value chain is also included. The double materiality assessment includes the analysis of the impacts related to Transgaz' own operations and value chain, including its products and services, as well as its business relations. Within each chapter, the specific presentation requirements for each topic that resulted as material are addressed, respectively the relevant impact, risks and opportunities are presented. Information on the value chain (the company's customers and suppliers) is mentioned in the chapters dedicated to thematic standards.

Transgaz did not omit information corresponding to intellectual property, know-how or innovation results.

The annual reporting covers all Transgaz activities in Romania and the Republic of Moldova. Transgaz' entire core business is included in the scope of application: natural gas transmission – regulated monopoly activity, with tariffs established based on the methodology issued by the National Energy Regulatory Authority.

Transgaz' Sustainability Statement reflects our companies' commitment to sustainable development and to achieving their goals. We aim to support environmental conservation, improve the welfare of the local community, provide high-quality services and develop sustainable partnerships with customers, authorities and the local community. More information about Transgaz can also be found on the website: <https://www.transgaz.ro/en>.

SNTGN Transgaz SA is a joint-stock company, the shareholders being: 58.5097% the Romanian State through the General Secretariat of the Government and 41.4903% free float (other shareholders - individuals and legal entities).



## Disclosures in relation to specific circumstances

### BP-2

Transgaz publishes the first sustainability statement at group level, which includes information for the period January 1, 2024 – December 31, 2024. In previous years, the parent company SNTGN Transgaz SA issued sustainability reports over four consecutive years. The sustainability statement for the financial year 2022 was prepared according to GRI standards. In that year, SNTGN Transgaz SA was evaluated and voluntarily published the ESG rating obtained from the Bucharest Stock Exchange. The ESG score aims to assess the sustainability of listed companies, considering three main criteria: environmental impact, social governance and corporate governance. For 2023, SNTGN Transgaz SA has chosen to report voluntarily based on the new ESRS standards, according to the Order of the Minister of Finance 85/2024, which implements the Corporate Sustainability Reporting Directive (CSRD).

For the 2024 financial year, there is no data available on the ESG rating. In 2023, SNTGN Transgaz SA was evaluated and voluntarily published the ESG rating assigned by Sustainalytics, as a result of the partnership concluded by this company with Bucharest Stock Exchange. The overall purpose of the score is to assess the activity and environmental and social impact, as well as the governance of companies. For 2023, Transgaz received a final score of 27.6 ESG Risk Score, corresponding to the MEDIUM risk level and an ESG risk rating score of 33 out of 117. The first indicator measures the extent of ESG risks not managed by the company. A lower score signifies a more limited extent of unmanaged ESG risks. ESG Risk Rating Score indicates the company's ranking at the level of the sub-industry in which it is classified according to the methodology used. A higher ranking means a better ESG performance compared to peer companies under the portfolio of Sustainalytics, the partner company of Bucharest Stock Exchange, which deals with the independent valuation of companies. For more details, you can access the ESG-Rating section on Transgaz' website.

The sustainability statement for the financial year 2024 was prepared in accordance with ESRS standards and covers all Transgaz entities, SNTGN Transgaz SA, Eurotransgaz SRL and Vestmoldtransgaz SRL.

For the financial year 2024, Transgaz fulfils the legal reporting obligations according to the new ESRS standards, in accordance with the Order of the Minister of Finance 2844/2024, which transposes the Corporate Sustainability Reporting Directive (CSRD). Sustainability reporting allows Transgaz to present its performance in relation to the environment, social aspects and the Company's performance in relation to governance and to strengthen its commitment to sustainable development in a way that can be demonstrated to internal and external stakeholders. The sustainability statement is prepared based on the results of the double materiality analysis (also called the significance assessment in ESRS).

The double materiality analysis was carried out according to ESRS standards, in order to comply with the provisions of the Corporate Sustainability Reporting Directive (CSRD).

### Time horizons

For the preparation of the Sustainability Statement, Transgaz used the short, medium or long-term time horizons, as defined in ESRS 1:

- Short-term time horizon: being the reporting year (2024)
- Medium-term time horizon: 1-5 years.
- Long-term time horizon: more than 5 years (as considered by the ESRS).

### Value chain estimation

The Sustainability Statement is not limited only to Transgaz' own operations, but also includes relevant information from the value chain, both upstream and downstream. The double materiality analysis included the assessment of the impacts associated with its own operations, products and services, as well as the Group's business relationships.

For the 2024 financial year, the assessment of impacts, risks and opportunities was made taking into account its own operations and the significant value chain, and the policies, sustainability targets and actions cover its own operations.

For the current reporting period, only Scope 3 metrics were considered in relation to the value chain. Transgaz currently estimates Scope 3 emissions by using industry averages for data and applying recognised calculation methodologies, such as those described by the Greenhouse Gas Protocol. This approach allows us to assess the emissions associated with our value chain, although there is some degree of uncertainty in the estimate. The identified metric, the basis for training, the level of accuracy achieved, and the actions planned to improve accuracy in the future are described in detail in the relevant material topic.

In the next 3 years, Transgaz aims to obtain as much information as possible from its partners in the value chain regarding Scope 3 emissions.

Also, no material errors were found in previous reports.

### Submission of information arising from other generally accepted legislation or sustainability reporting decisions

The applicable standards and legislation specific to Transgaz' field of activity are presented in the text of the report, where applicable.

### Inclusion of information through references

References to additional documents or references to information that are included in another material topic are mentioned in this report.



## Governance and business practices

### Role of administrative, management and supervisory bodies

#### GOV-1

SNTGN Transgaz SA is organized and operates as a joint stock company, pursuant to the provisions of Law no. 31/1990, on commercial companies, republished and of its statute of organization and functioning approved by Government Decision no. 334/2000.

SNTGN Transgaz SA is the second largest company with majority state capital in the utilities sector. In order to materialize its strategic objectives, during 2008, SNTGN Transgaz SA issued an initial public offering for the sale of shares, (10% of the increased share capital), as established by Government Decision no. 1329/2004<sup>1</sup> regarding the mandate of the public institution involved and the approval of the privatization strategy through public offering of companies in the portfolio of the Ministry of Economy and Trade, amended by Government Decision no. 708/2005<sup>2</sup>.

Subsequently, in accordance with the provisions of Government Decision no. 827/2010, SNTGN Transgaz SA sold on the capital market a block of shares representing 15% of the company's share capital, through a secondary public offering of shares.

Risk management as identified within the ESRS is integrated into Transgaz' overall risk process. Sustainability risks are considered as potential factors to accentuate the other types of risks, factors that could contribute to the materialization of risks, to increase the frequency of occurrence or to increase the impact generated by the occurrence of the event. To manage them, Transgaz incorporated ESG factors into its risk assessment methodologies. The impacts and opportunities, as identified within the double materiality process, will be taken into account in Transgaz' business strategy. These include assessing impacts on operations and identifying opportunities to develop more sustainable energy solutions or continue commitment to sustainable solutions. By integrating these aspects, Transgaz aims to improve long-term resilience and align its business objectives with sustainability requirements.

The Board of Administration has overall responsibility for ensuring that risks are adequately managed, including those related to ESG. In this endeavour, the Risk Management Committee shall submit relevant reports to the Board whenever necessary. The framework for the functioning of risk management is provided by the Director General.

The Director General is regularly informed by the Monitoring Committee, assisted by the Risk Management Team, about the risk monitoring. The process of identifying and analysing impacts, risks and opportunities is carried out with the involvement of the heads of divisions/units/departments. As this is the first year of consolidated ESRS reporting, the responsibilities related to the IRO as identified in the double materiality review have not yet been reflected in the governance documents. Even so, ESG risks are regularly managed and monitored in line with Transgaz' business risks.

<sup>1</sup> Decision no. 1329/2004 on the mandate of the public institution involved and the approval of the privatization strategy through public offering of some companies in the portfolio of the Ministry of Economy and Trade

<sup>2</sup> Decision no. 708 of 12 July 2005 for the amendment of points 1 and 2 of the annex to Government Decision no. 1.329/2004 on the mandate of the public institution involved and the approval of the privatization strategy through public offering of some companies in the portfolio of the Ministry of Economy and Trade

In the context of the development of the capital market, the listing on the Bucharest Stock Exchange of the only licensed operator for the transmission of natural gas in Romania was a strategic decision of great importance both for the future of the company and for the increase of the market capitalization of the capital market. In accordance with the unbundling requirements of the Third Energy Legislative Package, Transgaz was certified as an independent system operator.

Eurotransgaz SRL was established on December 28, 2017, based on the decision of the Chişinău Public Services Agency and was registered with the State Register of Legal Entities with no. 375436.

Currently, the company is represented by three administrators, and the founder of Eurotransgaz is the National Gas Transmission Company TRANSGAZ S.A.

The limited liability company 'Vestmoldtransgaz' is established by reorganization of the State Enterprise 'Vestmoldtransgaz' and registered under the number 1014600024244.

On September 10, 2018, because of the reorganization of the State Enterprise "Vestmoldtransgaz" and the transfer of ownership to "Eurotransgaz" SRL, the Limited Liability Company "Vestmoldtransgaz" was registered, with "Eurotransgaz" SRL as sole shareholder.

As a result of the equity contribution starting with 2021, VMTG shareholders are the following:

- The limited liability company **"EUROTRANSGAZ"**, a legal entity established on December 28, 2017 and operating in accordance with the legislation of the Republic of Moldova, state registration number - fiscal code 1017600052071, having its headquarters located at the address: Balcani Road, no. 7/E, Ghidighici village, Chişinău, MD 2088, Republic of Moldova, hereinafter referred to as "ETG",
- **European Bank for Reconstruction and Development**, an international organisation established by the Agreement establishing the European Bank for Reconstruction and Development, with its registered office at One Exchange Square, London, EC2A 2JN, United Kingdom.

Vestmoldtransgaz SRL has an internal structure that involves the existence of a supreme deliberation and decision-making body, a collegial supervisory body, an executive body and a control body, as follows:

- Sole Associate;
- The Board of the Company (the collegiate supervisory body);
- Administrator (executive body);

The share capital of SNTGN Transgaz SA as at December 31, 2024 was RON 1,883,815,040 and was divided into 188,381,504 registered shares, each share having a nominal value of RON 10. Each share gives the holder a right to vote, under the conditions provided by law.

The exercise of the rights and the fulfilment of the obligations arising from the capacity as shareholder of the Romanian State in the National Gas Transmission Company Transgaz SA is carried out, starting with November 14, 2019, by the Romanian State through the General Secretariat of the Government, as a result of the transfer of shares from the account of the Romanian State through the Ministry of Economy, pursuant to Emergency Decree no. 68/06.11.2019 regarding the establishment of measures at the level of the central public administration and for the modification and completion of some normative acts.



According to the registration with the Depozitarul Central (Central Depository) on 31.12.2024, the consolidated synthetic structure of Transgaz' holders of financial instruments was as follows:

Shareholder name	Number of shares	Percentage (%)
The Romanian State through the General Secretariat of the Government	110,221,440	58.5097
Free float - Other shareholders (individuals and legal entities), of which:	78,160,064	41.4903
<i>Legal entities</i>	61,216,844	32.4962
<i>Individuals</i>	16,943,220	8.9941
<b>Total</b>	<b>188,381,504</b>	<b>100</b>

The management body of SNTGN Transgaz SA, according to the provisions of the company's Articles of Incorporation, consists of the General Meeting of Shareholders, the Board of Administration and the Director General, respectively:

- The General Meeting of Shareholders "is the management body that decides on its activity and on its economic policy" - art. 15.1.;
- The company will be "managed by a Board of Administration that will have general jurisdiction, except for those matters that are within the competence of the general meeting of shareholders according to the provisions of the Articles of Association or applicable laws" - art. 19.1.1.;
- The Director General, appointed by the Board of Administration, "applies the strategy and development policies of Transgaz, established by the Board of Administration" - art. 2.2.;
- The Board of Administration delegated the executive management of the company to the Director General, the executive director who represents the company in relation to third parties.

There is a separation between the non-executive, control function (non-executive director) and the executive function (directors) – mandatory separation, in the case of joint-stock companies whose annual financial statements are subject to legal audit requirements. The Director General of Transgaz represents the company in relations with third parties and is responsible for taking all measures related to the management of the company, within the limits of the company's object of activity and in compliance with the exclusive powers reserved by law or by the Articles of Association or expressly assigned by the Board of Administration and the General Meeting of Shareholders. The CVs of the members of the Board of Administration of SNTGN Transgaz SA are available on the company's website at: <https://www.transgaz.ro/en/about-us/board-administration>.

At the level of SNTGN Transgaz SA, according to the provisions of the national legislation and the internal regulatory framework, support committees have been established for the Board of Administration that provide strategic advice to the members of the board. In 2024, in addition to the Board of Administration, five committees functioned, namely the Nomination and Remuneration Committee, the Audit Committee, the Risk Management Committee, the Regulatory, Safety and Security Committee of SNT and the Corporate Governance and Sustainability Committee.

The Nomination and Remuneration Committee organizes training sessions for the members of the board, formulates proposals for the remuneration of administrators and directors, in compliance with the remuneration policy, and supports the board in evaluating its own performance, as well as the performance of the executive management, according to Emergency Decree no. 109/2011, on the corporate governance of public enterprises, with subsequent amendments and completions. In the event that a seat on the Board of Administration becomes vacant as a result of the resignation of a member, the election of a new member shall be carried out under the conditions provided by law. The term for which the new administrator is appointed to fill the vacancy shall be equal to the period remaining until the expiry of the term of office of his predecessor.





**Compoența Consiliului de Administrație**

Nr. crt.	Numele	Funcția	Experiența relevantă	Data numirii	Afiliere politică	Statut
1	Mr. Ion Sterian	Executive Administrator and Director General	General management, expertise in the field of natural gas	OGMS resolution no. 2/22.04.2021, administrator mandate, starting with 30.04.2021 until 29.04.2025 BA resolution no. 22/27.07.2021, mandate of Director General, starting with 27.07.2021 until 26.07.2025	No political affiliation	Final
2	Mr. Petru Ion Văduva	Non-Executive Administrator and Chairman of the Board of Administration	Project management, investments and financial analysis	OGMS resolution no. 2/22.04.2021, administrator mandate, starting with 30.04.2021 until 29.04.2025 BA resolution no. 23/24.08.2023, mandate of Chairman of the Board of Administration until 29.04.2025	No political affiliation	Final
3	Mr. Nicolae Minea	Non-Executive Administrator	Project management, economics	OGMS Resolution no. 2/22.04.2021, administrator mandate, starting with 30.04.2021 until 29.04.2025	No political affiliation	Final
4	Mrs. Adina Lăcrimioara Hanza	Non-Executive Administrator	Operational Management and Internal Audit	OGMS Resolution no. 9/11.10.2023, provisional administrator mandate, 5 months, starting with 17.10.2023 until 16.03.2024 OGMS Resolution no. 2/06.03.2024 extension of the mandate of provisional administrator by two months, starting with 17.03.2024 until 16.05.2024 OGMS Resolution no. 4/16.05.2024, provisional administrator mandate, 5 months, starting with 17.05.2024 until 16.10.2024 OGMS Resolution no.10/16.12.2024, mandate of provisional independent non-executive director, maximum 5 months, starting with 17.12.2024	No political affiliation	Provisional
5	Ms. Ilinca von Derenthall	Non-Executive Administrator	Management, Audit and Expertise in Capital Markets and Financing	OGMS Resolution no.9/11.10.2023, mandate of provisional administrator, 5 months, starting with 17.10.2023, until 16.03.2024 OGMS Resolution no.2/06.03.2024 extension of the mandate of provisional administrator by two months, starting with 17.03.2024 until 16.05.2024 OGMS Resolution no.4/16.05.2024, administrator mandate, starting with 17.05.2024 until 29.04.2025	No political affiliation	Provisional in 2023

**Composition and diversity of the members of the Board of Administration**

<b>Number of members with executive positions</b>	1
<b>Number of non-executive members</b>	4
<b>Percentage of board members with administrative, executive, management and supervisory roles</b>	20%
<b>Gender percentage of the board (of administration) (calculated as the average ratio of female to male board members)</b>	40%
<b>Percentage of independent members of the Board of Administration</b>	60%

Section S1-8 details the representation of employees and other workers, including information on the four trade union organizations within Transgaz to which they can join.

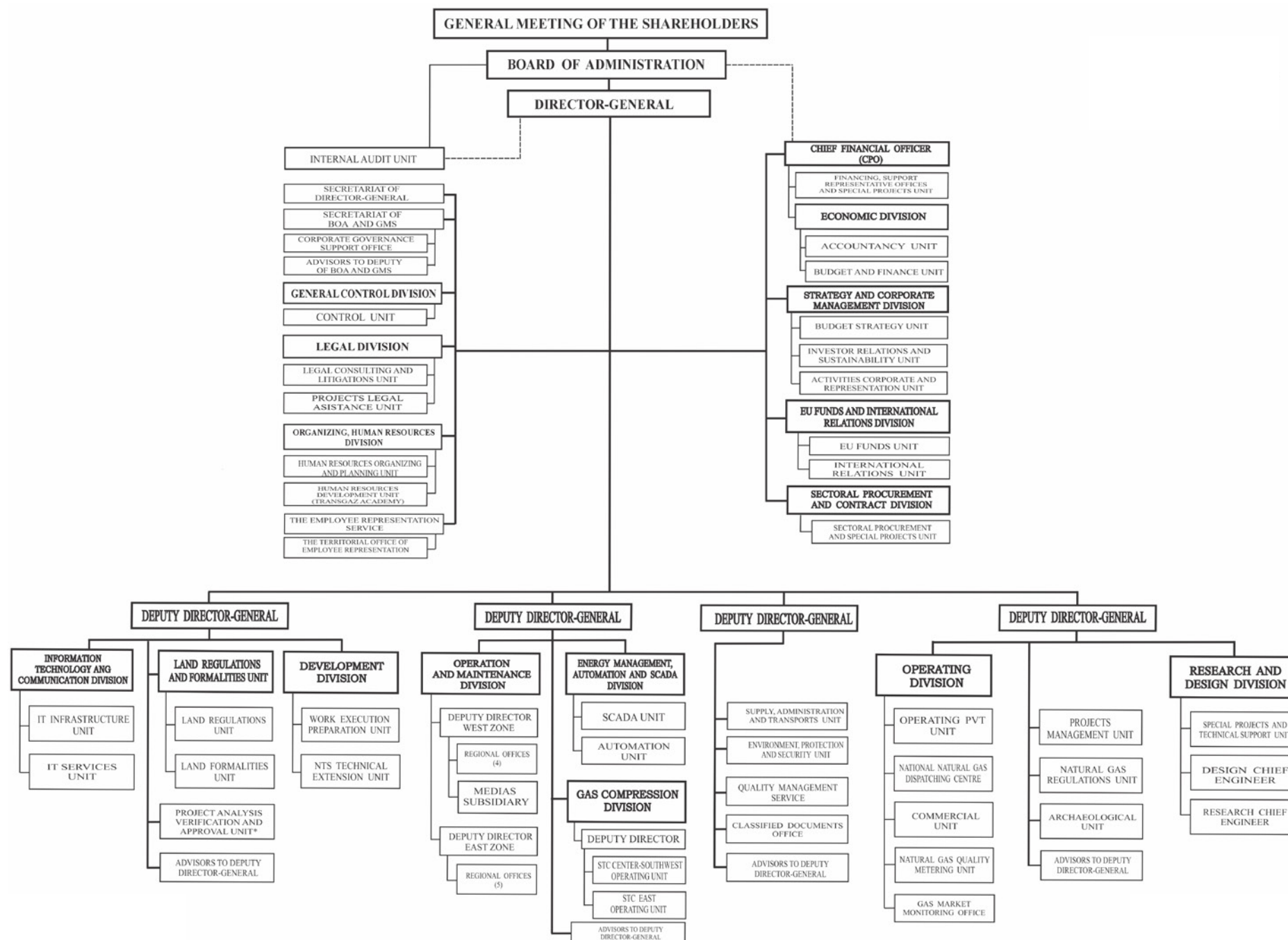
Considering the nature of the services offered by SNTGN Transgaz SA, as well as the composition of the shareholding, interaction with public authorities is frequent (reporting, obtaining authorizations, etc.). The Director General of the company is vested with the authority to represent the company in all legal acts carried out. This authority may be delegated to other employees within the company.

According to the Principles of the Group's Operating Model, each organizational structure has tasks and responsibilities in the field of sustainability. They have a single reporting line to ensure agility in operation and a responsible team.

Reporting can be made directly to the Director General of Transgaz and/or to the Board of Administration through the Secretariat of the Board of Administration and the General Shareholders' Meeting Department:

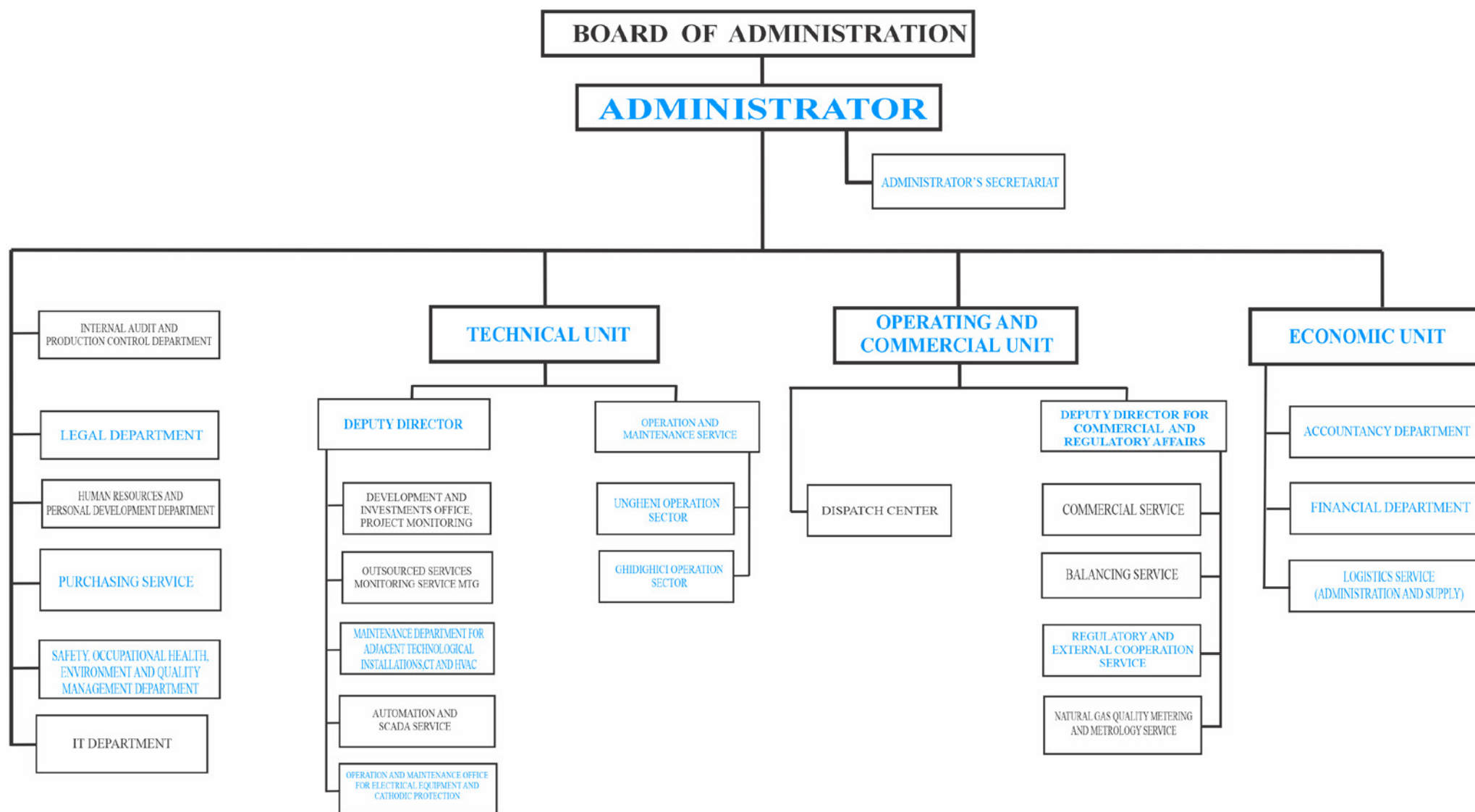


The organizational structure of SNTGN Transgaz SA is as follows:





The organizational structure of Vestmoldtransgaz SRL is as follows:





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With regard to employee expertise on sustainability issues, Transgaz' management ensures that the staff employed have the appropriate expertise and competence to oversee environmental, social and governance issues as required by law. In the event that external resources are needed, Transgaz concludes and holds contracts with various experts from outside the company, with experience in the relevant areas of interest. For the next period, Transgaz aims to ensure through its own employees and/or external experts that it has the necessary expertise regarding the new requirements of the ESRS standards regarding Transgaz' significant impact, risks and opportunities.

The members of the Board of Administration have the necessary competence and training to implement and justify sustainability initiatives, to contribute to improving the ecological and social impact of the company and to meet legal and ethical requirements in a responsible manner. A member of the Board graduated from the Corporate Governance Program for Independent Directors at Stanford University, USA. Another person from the Board of Administration is a PhD student with a thesis on Land Improvement after Gas Pipeline Works at USAMV Bucharest and a graduate of the Professional Training Program on Implementation, Development and Self-Assessment of the Internal/Managerial Control System Risk Management - Corporate Governance.

Within Transgaz, the oversight of sustainability-related impacts, risks and opportunities (ESG) is carried out by the Risk Management Committee, an advisory body that assists the Board of Administration in monitoring ESG issues.

The members of the Board of Administration participated in at least one ESG-themed event during 2024. The administrative, management and supervisory bodies, as well as their own employees, were informally assessed in last year's double materiality analysis and the identification of material IROs.

### Information provided to the company's administrative, management and supervisory bodies and the sustainability issues addressed by them GOV-2

Within Transgaz, the management team regularly informs the Board of Administration about progress and changes related to impacts, risks and opportunities, as well as other ESG aspects. This constant communication ensures that the Board remains well informed of any changes or advances in these areas. The group is working on creating a better defined framework to assess these issues.

Within Transgaz, the management team informs the Board of Administration whenever necessary about progress and changes related to impacts, risks and opportunities, as well as other ESG issues. This constant communication ensures that the Board of Administration remains well informed of any changes or advances in these areas. The group is working on creating a better-defined framework to assess these issues.

In 2024, the Board of Administration took note of the following information reports:

- Information report no. DG/20388/07.03.2024 on risk management and monitoring within SNTGN Transgaz SA Mediaș, for the year 2023. The purpose of this Information report is to capitalize on the results of risk management, year 2023, in order to establish the risk approach and tolerance limit for 2024;
- Information report no. DG/20398/07.03.2024 on the analysis of the achievement of the specific objectives and directions of action set out in the "Schedule for the implementation of the measures set out in the Risk Management Strategy, 2021-2025, of SNTGN Transgaz SA" – year 2023;
- Report on the risk profile December 2023 and the Tolerance limit for 2025, no. DSMC/7931/30.01.2024;

- Information report on the risk management process within SNTGN Transgaz SA, first semester 2024. The purpose of this Information is to present the conclusions resulting from the completion of the risk management stages carried out in the first semester of 2024, no. DSMC/85426/11.10.2024.

The Monitoring Commission established by Decision of the Director General, is composed of a president and the directors of the organizational structures. This Commission is responsible for establishing the necessary measures both to improve the risk management process and to minimize risks, and the Risk Management Office will monitor the implementation of these measures.

Also, the risk assessment within SNTGN Transgaz SA is carried out regularly, according to the PS 05 SMI Risk Management procedure.

In this regard, SNTGN Transgaz SA makes responsible the tasks and obligations incumbent for it as the technical operator of the NTS, obligations included both in the objectives of Romania's Energy Strategy 2025-2030<sup>3</sup>, with the outlook 2050 regarding energy security and security, competitiveness and sustainable development, and in the provisions of European legislation regarding the safety and security of natural gas supply.

The risk management process implemented within SNTGN Transgaz SA is an integral part of the general management, being a continuous, proactive and systematic process of identifying, assessing and managing risks within the limits accepted by the company (risk tolerance limit). The risk management process is carried out to provide reasonable assurances regarding the achievement of the company's objectives.

Responsibility for risk is imperative for the organization and operation of a risk management system, with the following levels of responsibility being established and implemented:

- **The first level** includes the persons responsible for carrying out the activities in the job descriptions and the risks associated with them (identified risks or new risks). These are the risk owners, who are present in all areas and sectors of activity;
- **The second level** is represented by the Risk Management Groups at the level of the independent divisions/units/departments/Mediaș Branch/Regional operating centre. The heads of departments within the departments/ Regional operating centre /Mediaș Branch are members of the Risk Management Groups;
- **The third level** refers to the Risk Management Team (RMA) at the company level; it supports the Monitoring Committee in managing the entire risk management process. Within each division/unit/independent department /Mediaș Branch/ Regional operating centre, the Risk Officer and with responsibilities in the field of risk management is appointed. The risk officers are the Members of the Risk Management Team;
- **The fourth level** refers to the Monitoring Committee (CM), which analyses and approves the Risk Profile, the Risk Tolerance Limit and the Information on the conduct of the risk management process at the company level. The directors of the divisions/independent units /independent departments/ Regional operating centre /Mediaș Branch are the Members of the Monitoring Commission;
- **Level five**, the highest level, is represented by the Director General of Transgaz. The Director General approves the Risk Profile and Risk Tolerance Limit, the Risk Register and the Plan of Measures for Risk Minimization, as well as the Risk Management System Procedure. Through regular briefings, the Director General ensures that risks are identified, assessed, monitored and correctly mitigated.

<sup>3</sup> <https://energie.gov.ro/strategiei-energetice-a-romaniei-2022-2030-cu-perspectiva-anului-2050/>



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

- **The Risk Management Strategy**, whose time horizon is 2021-2025, establishes both the actions necessary to optimize the risk management process and the framework for identifying, assessing, monitoring and controlling significant risks, in order to maintain them at acceptable levels depending on the risk tolerance limit;
- **Declaration – Commitment of the Director General on Risk Management**, for the period 2021-2025;
- **Risk profile**: provides an overview, comprising the general, documented and prioritised assessment of the identified risks faced by the company;
- **Risk tolerance limit**: represents the level of risk exposure assumed by the company;

Transgaz' approach to risk management combines the knowledge, expertise and experience of its staff to respond to current risks and anticipate those of the future.

In 2024, no new strategic risks associated with environmental, social and/or governance (Sustainability) aspects were identified, so that would require reporting to Transgaz' management body, respectively to the Director General or to the Corporate Governance and Sustainability Committee and/or the Board of Administration.

## Integration of sustainability-related performance into incentive schemes

### GOV-3

At the level of SNTGN Transgaz SA, the Policy and remuneration criteria of<sup>4</sup> the Administrators, Director General and Chief Financial Officer of Transgaz were developed, approved by the Resolution of the General Meeting of Shareholders no. 3/27.04.2021.

Based on the internal regulatory framework, performance indicators (14 indicators) have been established to assess the achievement of the objectives set by the members of the management body and by the Chief Financial Officer, to determine the level of the variable component that can be granted following the performance evaluation.

The indicators considered for granting the variable component established for the members of the Board of Administration, the Director General and the Chief Financial Officer, take into account the following:

- the financial component;
- operational components: monitoring the achievement of the objectives set out in the investment strategy, increasing energy efficiency, customer satisfaction, strengthening cooperation and collaboration relations, monitoring the achievement of the targets set out in the Performance Standard for the natural gas transmission and system service, optimizing the internal/managerial control system, optimizing the risk management process, timely reporting of the performance and monitoring the implementation of internal measures to align with the requirements of the National Anticorruption Strategy 2021-2025.

<sup>4</sup> <https://www.transgaz.ro/sites/default/files/users/user359/Policy%20and%20criteria%20for%20the%20remuneration%20of%20Administrators%20Director%20General%20and%20Economic%20Director%20of%20SNTGN%20TRANSGAZ%20SA.pdf>

As it is the first year of ESRS reporting at group level, for the financial year 2024, a performance indicator aligned with the ESRS has not been established, but certain steps have been taken to involve non-financial indicators for the calculation of the variable component of the remuneration of the members of the Group's management. These steps include the existence of a variable regarding the increase of energy efficiency by maintaining the share of gas consumption in the National Transmission Company, in total natural gas conveyed at a level of less than 1%. As of the date of this report, the fulfilment of this indicator for the financial year 2024 has not yet been verified. Also, taking this into account, there are no more details regarding the share of the percentage of this indicator in the total remuneration of management.

As far as Vestmoldtransgaz SRL is concerned, it will align itself with the rules of its Associates regarding the Remuneration and Governance Policies, which are in accordance with the provisions of the applicable legal norms in the Republic of Moldova.

## Risk management and control systems

### Statement on the due diligence process

#### GOV-4

Transgaz' due diligence process is designed to identify, prevent, mitigate and respond to current and potential negative impacts on the environment and people.

Also, the verification of compliance and application of internal policies and regulations is done by the internal team or by the departments designated for this purpose (for example, for the risk area, there is the Risk Management System Procedure, through which the Director General ensures that risks are identified, analysed, tracked and mitigated.

SNTGN Transgaz SA has implemented an integrated management policy to systematically achieve performance in the fields of quality, environment, occupational health and safety and energy. In addition, SNTGN Transgaz SA implements a due diligence process to identify, prevent, mitigate and report negative impacts on the environment and people. This process includes, in addition to employees, a check on the supply chain at suppliers, as well as the involvement of stakeholders. The operation of the integrated management system is ensured in accordance with the reference standards for which the company holds certifications. Transgaz has implemented and developed an integrated management system that ensures effective control over processes, as well as minimizing risks and identifying opportunities. The integrated management system also contributes to achieving results that contribute to the sustainable development of the business and a high level of customer satisfaction. The system is to be extended to cover subsidiary entities in the Republic of Moldova.

In May 2024, Vestmoldtransgaz SRL **began** implementing an internal management control system to manage risks and provide reasonable assurance of achieving the planned objectives and results.

To this end, the Action Plan for the implementation of the internal managerial control system at the level of Vestmoldtransgaz SRL is approved and permanently updated. The internal managerial control standard SNCI 9 Risk Management will be implemented by 2026 at the latest. **Integrated Quality – Environment, Health and Safety at Work Management System (SMI CMSSM).**

SNTGN Transgaz SA has obtained the certification of the integrated quality management system SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR EN 45001:2023 through IQ Net (International Quality Network), a company recognized for ensuring quality, health and safety.

The company has aligned itself with international management systems by implementing and Certifying the Integrated Quality-Environment, Health and Safety at Work Management System according to the requirements of the SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR EN ISO 45001:2023 standards.

The Occupational Health and Safety Management System SR EN ISO 45001:2023 aims to protect the health and safety of employees, prevent occupational accidents and diseases, comply with applicable regulations and legal norms, improve productivity and quality of work, as well as reduce costs associated with occupational accidents and diseases.

In order to prevent injury, work-related illness and ensure safe and healthy workplaces, Transgaz carries out the following activities, such as:

- surveillance of workers' health status;
- providing personal protective equipment and hygienic-sanitary materials;
- carrying out the planned controls in order to improve health and safety at work;
- training to raise awareness of workers, contractors, visitors on occupational safety and health risks.

The Environmental Management System is an annual program for monitoring the sources of pollution with an impact on the environment, in accordance with the requirements of the specialized authorizations held. The communication of information and compliance obligations to the competent authorities is materialized through the company's Annual Environmental Report.

The annual environmental report is a complex document that includes all the information in the field of environmental protection, including data on the pollution that occurred at the level of the organizational structures. It is prepared and sent to the competent authorities, which issued the environmental permit.

To ensure the adequacy and effectiveness of the SMI CMSSM system, we monitor the implementation of the approved annual programs.

The Head of the Quality Management department annually develops the Internal Audits Program for Quality, Environment, Health and Safety at Work, which addresses the following implemented management system standards:

- SR EN ISO 9001:2015;
- SR EN ISO 14001:2015;
- SR EN ISO 45001:2023.

The Head of the Quality Management department ensures that the objectives for internal audits on quality, environment, occupational health and safety are correctly set to guide their planning and conduct, and that the audit program is implemented effectively. In the design of the programme, risks and opportunities to address audits appropriately are considered. The external audit, carried out annually by SRAC CERT SRL according to the contract in force, confirms that the company's management system is well described, implemented according to standards and effective. It also demonstrates that the system can meet the applicable requirements and achieve the expected results, and that the internal audit and management analysis processes are effective.

The mission of the Internal Audit Department is to provide assurance and advice on the effectiveness of the risk management, control and governance systems.

In the Republic of Moldova, the Internal Audit Unit operates on the basis of an annual audit plan approved by the Director General, which is submitted to the Board of Administration for information through the Audit Committee. The audit plan is developed based on a risk assessment methodology, priorities set by the company's management, and the frequency of internal audit missions is determined by the risk profile of each auditable structure.

The Quality, Environment, Health and Safety at Work Internal Audit Program is developed annually within Eurotransgaz SRL and Vestmoldtransgaz SRL, taking into account the risks and opportunities so that the audits are properly approached and is approved by the Director General.

External audits:

- The Court of Accounts, based on the Activity Program, carries out the action Control of the situation, evolution and management of the public and private patrimony of the state, as well as the legality of the achievement of revenues and expenses at SNTGN Transgaz SA (at 3 years). Within this action, the internal managerial control system is evaluated;
- The Romanian Society for Quality Assurance (SRAC) carries out the certification and supervision audits of the Integrated Quality, Environment, Health and Safety at Work System, within the established deadlines.





The reports on Transgaz' activity are analysed by the management at the highest level and also ensure the monitoring of the status of the measures to be implemented in order to achieve the environmental objectives and targets. Following the analysis of the data, the company's management concludes and orders, depending on the result of the analysis, the allocation of the necessary resources to maintain the performance of the certified management system. Also, SNTGN Transgaz SA is in the process of implementing the ISO 50001:2018 energy management system. In addition, at the company level, steps have been taken to implement the SR EN ISO 50001:2018 Standard Transgaz' compliance with the UN Guiding Principles are presented in the 2024 Taxonomy Report integrated into this report, which presents the results of the verification of the fulfilment of the minimum social guarantees in the annual reporting on the taxonomy.



Main elements of the due diligence process	Points in the sustainability statement
a) Including due diligence in governance, strategy and business model	<p>The team responsible for procurement and compliance with public procurement processes and rules in accordance with national legislation coordinates the integration of the due diligence process into procurement activities, operations and stakeholder relations.</p> <p>Further details – Governance Chapter - G1</p>
b) Working with affected stakeholders at all key stages of the due diligence process	<p>Transgaz maintains a continuous dialogue and active collaboration with its employees and customers.</p> <p>Additional details above, in the materiality section and in chapters S1 – Own workforce, S4 – End users and consumers.</p>
c) Identification and assessment of negative impacts	<p>The Double Materiality Assessment (DMA) identifies significant adverse impacts on its own operations and value chain.</p> <p>Additional Details - General ESRS 2.</p>
d) Taking measures to address these negative impacts	<p>The Company implements proactive measures to reduce the negative impact of its activities. In addition, the company takes steps to manage the significant impacts identified in the DMA assessment, working together with business partners to implement corrective plans, improve pre-contractual screening processes.</p> <p>More details: Governance Chapter - G1</p>
e) Monitoring the effectiveness of these efforts and communicating	<p>The performance of Transgaz' initiatives is continuously monitored, and the results are openly presented through the annual sustainability reports. These documents contain information on the evolution in achieving ESG objectives and the effects of the actions implemented on the environment, the community and governance.</p> <p>Further details – Governance – G1</p>

## Risk management and internal controls related to sustainability reporting

### GOV-5

At Transgaz level, the presentation of the main risk categories is periodically made in the Risk Management Report.

The risks presented in ESRS 2, chapter '**Material impacts, risks and opportunities and their interaction with strategy and business model**' of this report, which are taken up at the level of each significant theme and sub-theme, are the result of double materiality analysis in accordance with the ESRS Standards.

According to ESRS requirements, material themes must be included in the report along with the related risks and opportunities and targets set by the company. The double materiality carried out in December 2024, represents the first step in aligning the company with the ESRS standards for all material themes and sub-themes. Transgaz has a risk register developed according to the risk management procedures adopted and implemented at the company level, risks that have been included, merged and related to the impact according to ESRS.

The identified risks are included in the Risk Register, and the **Activity carried out for the purpose of Risk Management** has the role of transforming uncertainty into an advantage for society and limiting the level of threats and their potential impact. Any measure adopted by the company for the purpose of a reaction to risks is integrated into risk management. Good organizational risk management leads to organizational resilience, which means that Transgaz is able to navigate uncertainty in a stronger position. The results of the implemented or ad-hoc measures shall be reported annually to the Board of Administration. The Risk Register is also revised if necessary.

Risk management is a continuous cycle in which all structures within the group carry out the following documented stages annually:

- Stage I: establishing the context in which they carry out their activity;
- Stage II: setting targets in accordance with the principle of derivation established by the procedure;
- Stage III: identification of risks in close connection with the activities within the objectives, risk analysis and assessment;
- Stage IV: establishing the risk response and, if necessary, implementing minimization measures to reduce the probability of risk occurrence, but also measures to minimize the impact;
- Stage V: monitoring the implementation of risk minimisation measures;
- Phase VI: Annual risk review and reporting.

The risks managed within Transgaz are classified by risk categories. The risk categories provide an overview, structured and manageable view of the risks faced by society. By using risk categories, the risk monitoring function is improved and helps us to:

- determine the common causes that lead to the highest concentrations of risks;
- develop better responses to risk;
- think in a structured and targeted way during the risk identification phase;

- encompass all possible aspects of the risk conditions;
- improve the effectiveness of internal/managerial control systems;
- report risks across organizational structures.

Transgaz' risk portfolio includes the following main categories of strategic risks and their relationship with material issues (environmental, social, economic and governance):

- Political (international conflicts, policies with a possible impact on infrastructure and international connections)
- Regulatory/legislative (frequent changes in national and European legislation can create difficulties in compliance and adaptation, the slow approval process of infrastructure projects can lead to delays and additional costs)
- Commercial (unexpected changes in natural gas demand can affect revenue and operational planning);
- Sustainability (extreme phenomena, greenwashing – the risk that sustainability measures are perceived as superficial or misleading can damage the company's reputation, calls for more sustainable practices may require significant changes in operations and strategy);
- Financial (lending, exchange rate, interest rate, liquidity, capital market).

## Company, business model and stakeholder engagement

### Strategy, business model and value chain

#### SBM-1

SNTGN Transgaz SA carries out the following activities:

- natural gas transmission – regulated monopoly activity, with tariffs established based on the methodology issued by the National Energy Regulatory Authority;
- gas dispatching, research and design in the field of natural gas transmission.

There were no changes regarding the products and services offered by Transgaz during 2024, nor within the significant markets or customer groups served.

SNTGN Transgaz SA may carry out other related activities in order to support the main object of activity, in accordance with the legislation in force and its own statute, being able to purchase gas from domestic production or import, for the purpose of its own technological consumption or for balancing the National Gas Transmission System.

At Transgaz' level, there is a strategy that refers to sustainability aspects, developed in 2023, and which targets the climate aspects of the ESRS standards. The policies, objectives, action plans and resources implemented by the company in 2023 and 2024 for the implementation of strategic decisions cover the information required under the ESRS only on the climate side. The Company undertakes to align the rest of the material topics according to the ESRS in the internal acts and procedures of the internal regulatory framework.

Clear climate commitments, action plans and targets extending to 2050 have been set in 2024 to meet stakeholder expectations. The climate targets for 2030, 2040 and 2050 will be complemented by commitments and targets for the other sustainability focus areas, and progress will be monitored.



Within Transgaz, a Climate and Decarbonization Strategy was developed for SNTGN Transgaz SA, finalized in December 2023, with the support of the European Investment Bank (EIB), which contains the initial assessment reports, short, medium and long-term action plans, strategic objectives and stakeholder engagement plan, a climate study with a high degree of complexity, as well as the investment plan for achieving the planned strategic objectives.

Within SNTGN Transgaz SA, the Development Plans of the National Gas Transmission System (NTS) are developed for a period of 10 years, in accordance with the provisions of Law no. 123/2012 on electricity and natural gas with subsequent amendments and completions, with the objectives proposed in Romania's Energy Strategy, and meet the requirements of the European energy policy regarding:

- ensuring security of natural gas supply;
- increasing the degree of interconnection of the national gas transmission network to the European network;
- increasing the flexibility of the national gas transmission network;
- liberalization of the natural gas market;
- the creation of the integrated natural gas market at the level of the European Union;
- ensuring the connection of third parties to the natural gas transmission system, according to specific regulations, within the limits of transmission capacities and in compliance with technological regimes;
- ensuring the natural gas supply to the localities in Romania;
- developing the transmission system so that it is compatible with the gradual mixing of hydrogen into natural gas, according to European targets, based on detailed analyses including the relevant technical and economic aspects;
- developing the company's strategy for coupling hydrogen ecosystems and industrial hubs with the EU-wide integrated hydrogen pipeline system (Hydrogen Backbone);
- ensuring a phased transition to climate-neutral activity and building resilience to climate change;
- meeting national and international (climate) requirements and regulations/National Integrated Energy and Climate Change Plan;
- ensuring the connection to the natural gas network of new job-generating investments.

The domestic and international transmission of natural gas is a monopoly regulated activity, therefore, Transgaz is responsible for aligning with the requirements of the European energy policy by developing infrastructure to ensure a continuous and safe flow of natural gas, reducing the risks of interruptions, interconnection of networks, investments in network expansion to ensure access to natural gas in underserved areas, adapting existing infrastructure to enable the blending and transport of hydrogen, in line with EU decarbonisation targets, implementing measures to ensure carbon emission reductions and energy efficiency increases, thereby contributing to national and international climate goals, and ensuring compliance with all national and international regulations and requirements, including those relating to climate change and sustainability. This involvement is mainly in Romania, as it is a member of the European Union, and the Sustainability Strategy, which includes climate-related aspects, aligns the Group with the direction of the European Union. The Strategic Directions will also be updated for the Republic of Moldova.

On 11 December 2019, the European Commission presented the 'Green Deal', an ambitious package of measures promoting resource efficiency, the circular economy and the fight against climate change, supporting the objectives of the Paris Treaty. Hydrogen has become an important vector for the decarbonisation of the energy sector according to EU objectives.

On 8 July 2020, the EU adopted the Energy Systems Integration Strategy and the Hydrogen Strategy, which aim at a more efficient and interconnected energy sector. These strategies support investments in clean energy, in alignment with the European Green Deal and the Next Generation EU economic recovery plan, and highlight the role of hydrogen in the decarbonisation of industry and transport.

Emphasizing the importance of establishing a national strategy on hydrogen, a strategy for the implementation of the European Green Deal, in the current European and national context, at the level of Transgaz, the sustainable development strategy of the NTS for the coming years requires a reset of the objectives, a reconfiguration of the development model so that it allows the implementation of the provisions of the Green Deal.

The general objectives of the company in this field, for the period 2021 - 2025, are aimed at developing the research activity on the possibility of accepting the hydrogen mix in the NTS and ways of introducing it into the NTS, implementing a strategy for modernizing and adapting the existing natural gas transmission infrastructure for the use of hydrogen and other green gases for decarbonization.

With the support of the European Investment Bank (EIB), SNTGN Transgaz SA has developed a Climate and Decarbonisation Strategy to initiate a plan for the effective decarbonisation of business activities and to strengthen its resilience to climate change, taking into account best practices as well as national and international climate policies and regulations. The general objective of the strategy is dual and includes the direction and objectives to be followed, so that Transgaz meets its national and international requirements and regulations in terms of climate action and decarbonization.

The decarbonisation strategy includes:

- a comprehensive assessment of the carbon footprint of the current operating process;
- ambitious quantitative emission reduction targets in the short and medium term and the proposed high-level actions and measures needed to achieve these targets;
- long-term decarbonisation options;
- an explanation of the role of offsets and their impact on stakeholders;
- the stakeholder engagement strategy, including the possibilities for SNTGN Transgaz SA to cooperate with stakeholders (downstream and upstream of the gas transmission system) in projects that contribute to decarbonisation;
- necessary actions from SNTGN Transgaz SA to meet national and international (climate) requirements and regulations, such as the National Integrated Energy and Climate Change Plan.

The climate strategy includes:

- high-level climate vulnerability assessment for SNTGN Transgaz SA and its key stakeholders;
- necessary actions so that SNTGN Transgaz SA aligns with the EU Taxonomy and the EU Corporate Sustainability Reporting Directive, as well as with the requirements set out in the EIB's PATH framework;
- an assessment of the investment needs, potential sources of investment and their eligibility.

The climate targets included in the Climate Strategy are reported under Chapter E1 – Climate Change.

Regarding the value chain, suppliers have an important role to play in ensuring the continuity of high-quality services. Transgaz collaborates with both domestic and foreign market suppliers.

Within the upstream value chain, the following types of raw materials, equipment and services are purchased by SNTGN Transgaz SA and Vestmoldtransgaz and Eurotransgaz for their own operations:

- Gases for consumption in NTS, materials and equipment for investment activity, materials for the Maintenance, Environment, Safety, Labor Protection and PSI Program, consultancy, audit, prevention and protection, security and security services, IT&C operational services, administrative services, services specific to communication activity, shareholding, advertising and publicity

Transgaz' main suppliers are:

- KALYON INSAAT SANAYI VE TICARET ANONIM SIRKETI INSTANBUL- BUCHAREST BRANCH
- SNGN ROMGAZ SA
- REVICOND CANALTECH SRL
- ROMANIAN COMMODITY EXCHANGE
- E.ON Energie Romania SA

SNTGN Transgaz SA Mediaș awards the procurement contracts in compliance with the provisions of Law no. 99 of 19 May 2016 on sectoral procurement, subsequently amended and supplemented. The award of sectoral contracts is done by applying the criteria "best value for money" and "lowest price". Also, the estimated term for contracting is between 6 and 12 months.

The main beneficiaries of the natural gas transmission service in 2024 were:

- OMV PETROM SA
- ENGIE ROMANIA SA
- SNGN ROMGAZ SA
- E.ON ENERGIE ROMANIA SA
- ELECTROCENTRALE BUCURESTI SA

As a rule, contracts with customers are signed for one year for the annual capacity product (example: October 1, 2024 – October 1, 2025).

Within the gas year, quarterly, monthly, and daily contracts are also signed (the daily ones are also signed for a period of 1 gas year). There are also special 15-year and 30-year contracts. The framework contracts on the Regional Booking Platform (RBP) usually have a period of 15 years. All contracts are defined in the Network Code.

The Annual Sectoral Procurement Program (PAAS) includes all the contracts that the company is to award during the year, following procurement procedures, direct procurement, as well as framework agreements based on which subsequent contracts are awarded, in accordance with the provisions of Law no. 99/2016 on sectoral procurement, with subsequent additions and updates. According to the Annual Program of Sectoral Procurement for 2024 (PAAS 2024), the amount allocated for this purpose is 1,838,036,638.95 RON.

Our customers are legal entities, mainly natural gas suppliers, of which a small part is made up of legal entities and consumers directly connected to the National Transmission System. The main distribution channels and end users are distributors, underground gas storage, export, direct customers.

Transgaz' strategy is based on the premise of sustainable growth of added value for society, employees and shareholders and long-term resilience. The business strategy also includes sustainability elements at this time, but these are not yet fully aligned with the results of the double materiality analysis carried out in 2024. Specifically, Transgaz' strategy addresses climate issues, and the transport of green energy (hydrogen). Transgaz operates as a natural gas carrier, focusing on efficiency and sustainability. By modernizing the infrastructure and expanding the network, the company offers economic and environmental benefits to customers and investors, ensuring long-term stability and growth.

In 2024, Transgaz operated on the regulated market, where it carried out natural gas distribution activities, as well as underground gas storage.

The total revenues for the financial year 2024, as included in Transgaz' individual financial statements, are presented in the table below:

Operating income before balancing and construction, of which (RON)	2,105,068,746
- revenue from domestic transmission (Romania)	1,954,193,929
- other income	150,874,817

Also, the total revenues for the financial year 2024, as included in Transgaz' consolidated financial statements, are presented in the table below:

Operating income before balancing and construction, of which (RON)	2,305,477,037
- revenue from domestic transmission (Romania and the Republic of Moldova)	2,150,193,837
- other income	155,283,200



Transgaz entities in the Republic of the Republic of Moldova are registered and operate on the territory of Romania and the Republic of Moldova, and at the end of 2024, the total number of employees was 4,051 employees. Regarding the regional distribution of employees on the territory of Romania and the Republic of Moldova, as of 31.12.2024, the following aspects can be noted:

Geographical area:	Number of people
Republic of Moldova	75
Romania	3976
<b>Total</b>	<b>4051</b>



## Interests and views of stakeholders

### SBM-2

Transgaz is ethically committed to practicing transparent and responsible business, and transparency and communication are values integrated into Transgaz' activity.

The relationship with stakeholders is another important aspect related to Transgaz' ethics, and the adoption by the company of internal regulations regarding both transparency and communication, as well as the management of conflicts of interest, the granting of sponsorships, represents the interest of the management that all interested parties are frequently informed in order to create and maintain a correct image of the company's sustainable development, while improving both the quality of life of employees and their families, as well as the communities and society in which they operate.

Transgaz' activity is regulated and controlled by the public environmental authorities and is always under the close supervision of the control authorities, non-governmental organizations, the media and the public. Transgaz implements internally tools to ensure compliance with the applicable national legislation, specific to the field of environmental protection, in order to protect the environment, personnel and the population. The Environmental Officer shall ensure that the necessary reports are submitted to the authorities in accordance with the law.

Also, collaboration with other companies for the development of joint projects supports sustainable economic growth at national and regional level and contributes to job creation and stimulation of local economic activity. Through these partnerships, innovative and sustainable solutions are identified for the challenges faced by the community, such as conserving natural resources, reducing pollution or developing infrastructure.

Finally, the active involvement of companies in supporting the community and in collaborating with other entities in the business environment can contribute to creating a favourable atmosphere for the economic and social development of the region, having a positive impact on all inhabitants. Thus, corporate social responsibility becomes an essential element for building a fairer and more sustainable society. In this regard, information on the impact of CSR can be found on the Company's website. The last project dates back to 2022 and is called 'CSR Project-Increasing Energy Efficiency at the level of SNTGN Transgaz SA'. For entities in the Republic of Moldova there is no information related to CSR.

In 2024, the objectives in the field of human resources were mainly oriented towards optimizing them, to increase and improve the efficiency and effectiveness of functions, the continuation of educational projects, and sponsorships were directed to areas of social interest.

As part of the double materiality analysis carried out in 2024, Transgaz identified the main categories of stakeholders, detailed below:

- Employees
- management
- Shareholders
- Financial Institutions
- customers
- Ministries
- Public and local administrations

- Suppliers
- Media
- Local communities and the general public
- NGOs

Transgaz, as the technical operator of the National Gas Transmission System in Romania and the Republic of Moldova, has an essential role in the environment in which it operates and is committed to respecting and integrating into its strategy important sustainability aspects for the members of the groups interested in its activity.

Dialogue with stakeholders contributes to better communication and transparency in the organization's activities, which is essential for building trust and supporting the sustainable development projects in which society is engaged.

Employees are informally involved throughout the year to collect their feedback and integrate it into the Group's strategy and business model. They are also part of the unions, which communicate with the management to communicate any dissatisfactions. In addition, they have the following internal platforms and dedicated resources at their disposal:

- by e-mail, at [integritate@transgaz.ro](mailto:integritate@transgaz.ro) address;
- on hard copy.

On the envelope in which the completed form is inserted, the following must be completed legibly and visibly:

- "WISTLEBLOWING";
- The addressee's capacity (according to the law, the envelope will be addressed, at choice to the "Director - General of SNTGN Transgaz SA", "to the person designated according to Law no. 361/2022 at the level of SNTGN Transgaz SA" or to the "Integrity Advisor of SNTGN Transgaz SA");
- recipient's address.

Persons who request confidential advice in relation to making a report can do so by:

- by e-mail to [integritate@transgaz.ro](mailto:integritate@transgaz.ro);
- by phone, at 1590 or 1450, between 07.00 and 15.00.

A person who is in an employment relationship or service relationship with SNTGN Transgaz SA, under the provisions of common or special law on the matter, and performs work in exchange for remuneration, may make a report, if the information regarding violations of the law was obtained in a professional context (professional activities, current or former, of any nature, remunerated or not, carried out within SNTGN Transgaz SA, according to the provisions of art. 2 of Law no. 361/2022, based on which persons can obtain information regarding violations of the law and can suffer reprisals in case of reporting them).

Reporting information on violations of the law, knowing that they are unreal, constitutes a contravention and is sanctioned with a fine from 2,500 RON to 30,000 RON, if the deed was not committed in such conditions as to be considered, according to the law, a crime.

The management is actively involved throughout the year in the various meetings of the Committees.

At the level of SNTGN Transgaz SA, a specialized organizational structure is established for the management of the capital market activity, namely the Investor Relations and Sustainability Unit - Investor Relations Department – a structure whose activity is dedicated to the relationship with investors and shareholders. The Company conducts periodic and continuous reporting on material events, including but not limited to financial status, performance, ownership and management, both in the media and on its own website (<https://www.transgaz.ro/en/node/2186>).

Transgaz prepares and disseminates relevant periodic and continuous information in accordance with OMF 2844/2016, the European Electronic Single Format (ESEF) and other environmental, social and governance (ESG) reporting standards. They are published on the BVB, ASF and Transgaz websites in both Romanian and English. The company organizes meetings with financial analysts, brokers, market specialists and investors, on the occasion of the dissemination of financial statements, on which occasion it publishes relevant materials in the investment decision.

The relationship with the ministries is governed by periodic meetings.

The relationship with banks and financial institutions is punctual and directed towards supporting the company's strategic initiatives, ensuring an adequate level of transparency and collaboration. Financing criteria, including ESG criteria, are considered by the company when defining strategic directions.

Customer relationship management is governed by internal procedures. The categories of customers in the portfolio are mainly gas supply companies (B2B) and contact with their representative is maintained at all times.

The collaboration with suppliers is governed/supported by permanent informal communications. Transgaz maintains an active dialogue with suppliers through questionnaires and meetings whenever necessary.

Transgaz maintains an open relationship with press representatives, providing updated information about its activity through press releases, launch events, interviews and media collaborations, website.

Transgaz supports communities (non-profit organizations, community members, city halls, educational institutions, hospitals, etc.) through social responsibility initiatives that include partnerships with non-profit organizations, educational institutions such as universities and high schools, and community members. The actions aim to develop education and support vulnerable groups through donations and awareness programs. At the same time, to keep in touch with them, the dialogue with the communities takes place periodically, through meetings, joint projects or local campaigns or when Transgaz' development projects have an impact on the community. For any complaints, the members of the community also have the following communication channels with Transgaz at their disposal: <https://www.transgaz.ro/en/node/2186>.

Through the active involvement of stakeholders, Transgaz can create strong partnerships and maximize the positive impact of its interventions in the community. The organization is open to the opinions and suggestions of those involved and assumes responsibility together with them for the achievement of the common sustainable development goals.

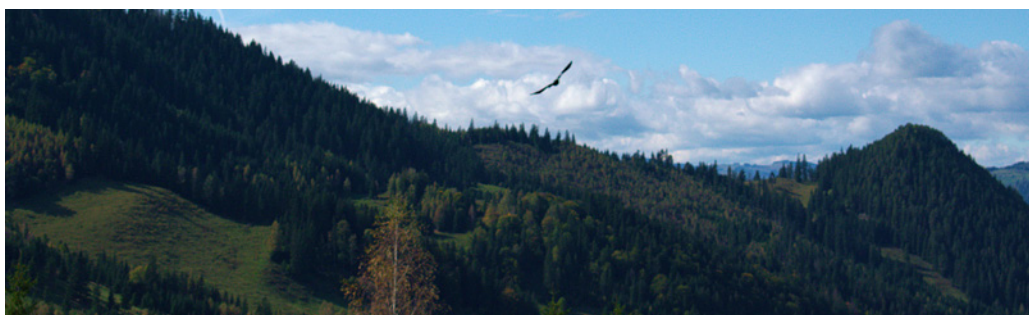
The identification and prioritization of stakeholders was carried out within internal and external consultations, with the involvement of representatives from Transgaz' management, within which a list of relevant stakeholders was developed, considering all categories with which the company interacts or whose interests are affected by it. During the same internal consultation, after the mapping of stakeholders, a discussion took place regarding their expectations, as well as their level of interest and influence on Transgaz.



The stakeholders' expectations related to Transgaz's activity are:

- **Central Authorities, Local Authorities, Regulatory and Control Authorities:** Transgaz is expected to comply with legal requirements (i.e. compliance obligations from authorizations, permits, etc. or specific requirements of the authorities) and to operate the owned installations within the limits and conditions imposed by the regulatory acts held. Transgaz is also expected to deliver natural gas safely and in good quality.
- **Business partners, shareholders, financial institutions** (corporate customers and consumers, suppliers, individuals): Transgaz is expected to provide natural gas transmission services in compliance with all legal requirements in the field of environmental protection and with the voluntary implementation in its work system of the latest standards in the field of environment and occupational health and safety, thus providing the confidence of a successful business partnership. All agreements signed with them regarding environmental protection become compliance obligations.
- **NGO, Public, Media, Local Community:** the organization is expected to carry out its activity with care for the environment and the population, and the interested parties need to be made aware of relevant information regarding the activity carried out by Transgaz, in compliance with all legal requirements in the field of environmental protection. The above-mentioned expectations represent compliance obligations for the group towards these entities. They are also expected to be periodically informed about the environmental performance, to be asked about future projects, to be consulted in the authorization process, in accordance with the rights conferred by the legislative framework regulated at national level. They are expected to be answered to requests for information and concerns expressed on the communication channels with Transgaz through the information centers and public relations departments.
- **Transgaz employees** expect their work to be recognized and rewarded according to the expectations they have in relation to the required performance, and they need a healthy and safe working environment. All agreements signed with contractors of services or products, in terms of environmental protection, become compliance obligations.

The views and requirements of the stakeholders, as well as the applicable legal and regulatory requirements, are integrated into the processes, activities and documentation of the integrated management system, and the set of verification, monitoring and control activities aims not only to meet these requirements, but also to increase the satisfaction of the stakeholders. These points of view are also collected in the double materiality analysis, which is subject to information, review and approval by the administrative, management and supervisory bodies. During the reporting period, no changes were made to the strategy or business model.



## Material impacts, risks and opportunities and their interaction with strategy and business model

### SBM-3

Information on the management of Transgaz' material impact, risks and opportunities is provided in each thematic ESRS specific chapter and is correlated together with the minimum reporting requirements on internally established policies, actions and targets.

Environmental, social and governance impacts, risks and opportunities were identified and assessed as part of the double materiality review process, in an internal workshop and consultation with other relevant sources, such as permits required for the proper operation of the sites. The identified ESG risks are analysed and will be integrated into Transgaz' internal regulatory framework, considering climate, physical and transition risks to a low-carbon economy, in relation to the risks identified in Transgaz' Climate and Decarbonisation Strategy (see E1).

Transgaz addresses the significant impacts and risks, as well as the opportunities related to the transition to a more sustainable future, through a comprehensive analysis that emphasizes resilience. This included the assessment of risks and opportunities, focusing on environmental, social, political and market aspects, but on the climate side, through Transgaz' decarbonisation strategy and plan.

Transgaz aims to base its strategy and business model on resilience principles, with the intention of developing the capacity to manage significant impacts and risks and capitalize on the opportunities that may arise. The Impacts, Risks and Opportunities (IRO) management process is to be integrated into the business strategy, to facilitate the alignment of sustainability priorities with the overall development objectives.

The financing of initiatives and specific measures for the implementation of this strategy is mainly carried out from its own sources, using the revenues generated by the group's current operations. Professionalism and performance, team spirit, mutual respect, and responsibility for people and the environment are fundamental values that guide our work and help us achieve excellence in all our initiatives.

Sustainability is integrated into all Transgaz operations, depending on the strict legislative requirements to which Transgaz adheres. The materiality assessment helps to prioritise risks in the annual review process. Transgaz has systematic procedures in place to assess and address the material environmental, social and governance impacts of its own operations and business relationships. Transgaz' sustainability activity is based on daily practices in all the company's operations. Our corporate sustainability priorities are based on material impacts within the business, the growing expectations of customers, investors and other stakeholders, as well as the commitment to the Transgaz Code of Ethics and the agreed international sustainability principles.

The analysis included both Transgaz' direct and indirect impacts and dependencies, as well as risks and opportunities in the upstream and downstream value chain, as well as its own operations.

The link between the identified impacts and the associated risks and opportunities (IROs) are presented for each theme/sub-theme according to the ESRS, but a detailed quantification of the anticipated financial effects in monetary terms has not been carried out so far.

The company has assessed the level of impact and has established specific risk mitigation and management measures, and the effectiveness of these measures is analyzed at the end of the year, in relation to the risk incidents manifested during the reference period, to the extent that incidents have been identified.

**Impacts**

Theme	Subtopics	Description	Location in the value chain	Anticipated impact time horizon
Climate Change	Climate change mitigation	Negative impact on climate change resulting from methane losses in the transmission network	Own operations	Short term, medium term
		Negative impact resulting from the consumption of natural gas and other CO <sub>2</sub> -emitting fuels	Own and downstream operations	Short term, medium term
		Negative impact resulting from electricity consumption associated with burning fuel for electricity production	Upstream	Short term, medium term
	Climate change adaptation	Potential negative impact (low/medium) as a result of the degradation of Transgaz' infrastructure due to climate hazards (extreme heat, extreme rainfall, drought, floods) - potential negative impact as a result of expansion, breakage and cracking of infrastructure on greenhouse gas emissions	Own operations	Medium, long term
		Potential negative impact due to decreased availability of water resources for different processes required for above-ground components.	Upstream and own operations	Medium, long term
	Energy	Impact on electricity consumption if energy efficiency measures are not taken	Own operations	Short, medium, long term
		Impact on substantial fossil fuel consumption if measures are implemented	Own operations	Short, medium, long term

Theme	Subtopics	Description	Location in the value chain	Anticipated impact time horizon
Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Potential negative impact during the construction period, if the conditions of the environmental agreement are not respected, local biodiversity can be impacted.	Own and upstream operations	Short term
		Potential negative impact during the operating period on local biodiversity, if environmental protection conditions are not complied with during the maintenance period of gas pipelines and transmission facilities.	Own operations	Short term
		The potential negative impact on biodiversity in certain protected natural areas, in case of the location/interests of the NTS in those areas. In general, the minimum temporary negative impact, reversible on environmental factors, during the period of execution of the works	Own operations	Short term
		Minimal negative impact during the exploitation period on biodiversity/organisms in a specific area of land, very small areas, necessary for the location of surface installations (tap stations).	Own operations	Short term



Theme	Subtopics	Description	Location in the value chain	Anticipated impact time horizon
Own employees	Working conditions	Potential negative impact on a large scale, if the rights of its own employees and the legal requirements regarding the working conditions applicable to employees (working hours, adequate remuneration, work-life balance, etc.) are not respected, it can negatively affect employees' financial and personal well-being, job satisfaction and mental health.	Own operations	Short, medium, long term
	Equal treatment and opportunities for all	Positive impact on the inclusive and diverse work environment, through internal policies that ensure opportunities for development and equal treatment for all employees. They impact employees' working conditions through protective measures against harassment, abuse or sexual, physical and psychological threats (e.g. discrimination complaint mechanism)	Own operations	Short, medium, long term
	Other work-related rights	Positive impact on the work-related rights of its employees through employee privacy policies. Impact on the work environment and the group's reputation as an employer	Own operations	Short, medium, long term

Theme	Subtopics	Description	Location in the value chain	Anticipated impact time horizon
Consumers and end-users	Information-related impacts for consumers and/or end-users	Transgaz has a potentially positive impact on informing stakeholders, and thus they can benefit from access and quality of information of interest, especially for final gas consumers. Considering the fact that SNTGN Transgaz SA is listed on the stock exchange, this has a potential significant impact on the information available to capital market participants.	Downstream	Short, medium, long term
Business conduct	Corporate culture	Positive impact on the working environment within the group by promoting and complying with the code of ethics and internal procedures.	Upstream and own operations	Short, medium, long term
	Management of relationships with suppliers including payment practices	Potentially negative impact on the relationship with suppliers and the stability of the supply chain. Potential negative impact on bargaining power and time to completion of works.	Upstream and own operations	Short, medium, long term
	Political engagement and lobbying activities	Transgaz is part of associations such as the Oil and Gas Employers' Federation and the Energy Employers' Federation, which represent a "strong interface and a creator of dialogue with representatives of the Government and Parliament, as well as with the regulatory authorities in the field" that dealt with activities of "contribution to the dialogue necessary for the creation of a legislative framework conducive to the development of the energy sector" "supporting and representing the interests expressed by representatives of the energy industry". They have a potentially positive impact on the development of society, through energy security.	Own operations	Short, medium, long term

**Risks & Opportunities**

Theme	Subtopics	Risk description	Financial effect
Climate Change	Climate change mitigation	<b>(R)</b> Financial risk associated with methane losses on the network, fines, litigation related to non-compliances and reputational risks associated with methane losses. There is a risk of possible negative campaigns in the press/social media. Risk of declining group revenues/ declining group market value due to network losses. The gas transmission activity also has the risk of a decrease in the group's revenues/ a decrease in the group's market value due to the decrease in the demand for natural gas. There is also a risk of a negative perception of the oil and gas industry.	(R&O) 1 – 5 Financial performance Access to finance Financial effect on the cost of capital in the short and medium term
		<b>(R)</b> Moderate financial risk associated with the price of natural gas consumed by Transgaz and other fuels, which will include the price of carbon emissions.	
		<b>(R)</b> Financial risk associated with the cost of carbon emissions in electricity production (the price of upstream carbon emissions will have to be covered by Transgaz entities).	
		Potential negative financial impact as a result of increased GHG emission requirements where external investment/limited access to foreign investment is involved.	
		<b>(O)</b> Opportunity related to the possibility for the group to maintain its competitiveness in order to ensure the transport of other types of renewable resources (biofuels, hydrogen, ethanol, etc.)	
		<b>(O)</b> Opportunity to install photovoltaic panels on administrative buildings in order to replace gas-fired power plants with electric power plants.	

Theme	Subtopics	Risk description	Financial effect
Climate Change	Climate Change Adaptation	<b>(R)</b> Financial risk associated with the increase in capital costs for the improvement and repair of transmission infrastructure and the costs associated with potential necessary repairs of gas infrastructure.	(R) 1-3 Financial performance Financial effect on the cost of capital in the short and medium term Capital flows
		<b>(R)</b> Risks of increased insurance costs as a result of increased climate risks.	
		<b>(R)</b> The financial risk associated with cost increases in ensuring the water needs of other more remote areas with sufficient resources or risk of delays in the supply of the necessary water.	
	Energy	<b>(R)</b> Low/medium financial risk as a result of rising electricity costs	(R&O) 1-4 Financial performance Access to finance Capital Flow
		<b>(R)</b> Risk from rising fossil fuel costs resulting from rising carbon costs	
		<b>(O)</b> Opportunities for significant long-term savings by reducing own energy consumption and associated costs and opportunities related to sustainable financing sources. Opportunities related to investments in energy efficiency can ensure the reduction of consumption, as well as compliance with the new strict legislative requirements on carbon emissions and the use of energy resources, thus avoiding fines and penalties.	
		<b>(O)</b> Fleet renewal and replacement of fossil fuel consumers and replacement with renewable energy, photovoltaic panels, etc.	



Theme	Subtopics	Risk description	Financial effect
Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	(R) 1-4 Risk: reputational and contravention if the conditions of the regulatory acts are not respected, both during the construction period and during the operation period.	(R) 1-4 Financial performance Access to finance (O) 1-4 Financial performance
		(R) Risk of accidental spillage of various chemicals (oils, paints, etc.) This can be translated into subsequent fines for the group.	
		(O) 1 - 4. The use of natural gas as a transition fuel for heating in the residential environment, instead of wood, coal, fuel oil, etc., brings a number of benefits from the point of view of environmental protection, including from the perspective of protecting biodiversity.	
Own workforce	Working conditions	<p>(R) Failure to comply with occupational safety and health (OSH) rules represents a potential significant risk for both employees and the group.</p> <p>For employees, this risk manifests itself in an increased likelihood of work-related accidents and diseases, which can lead to serious injury, disability or even loss of life.</p> <p>For the group, the consequences include considerable financial losses due to compensation and legal fines, decreased productivity due to the absence of injured employees, damage to the reputation and morale of the remaining employees, as well as potential litigation.</p> <p>In addition, lack of compliance with OSH regulations can attract sanctions from the competent authorities, negatively affecting the company's operations and long-term sustainability.</p> <p>(O) Transgaz ensures adequate working conditions, equipment, protective clothing, specific equipment and/or machinery, etc. The adequate management of employees' rights is ensured through specific internal procedures that are properly applied. Working conditions are continuously improving.</p>	(R) Financial performance, access to finance, capital flow (O) Financial performance

Theme	Subtopics	Risk description	Financial effect
Own workforce	Equal treatment and opportunities for all	(O) Diversity and inclusion within teams is ensured, including people with disabilities, the company offers equal opportunities to all employees, there is a policy of non-discrimination and equal treatment, remuneration is similar for both women and men, as well as regular training courses for employees.	(O) Impact on enterprise development, financial performance (impacted by job retention).
	Other work-related rights	(R) No significant risks related to the respect of the privacy rights of its employees have been identified.	(O) Impact on enterprise development, financial performance (impacted by job retention).
		(O) Transgaz has policies regarding the prohibition of forced labour, OSH and respect for employee privacy.	
Consumers and end- users	Information-related impacts for consumers and/or end-users	(R) If the right to confidentiality, freedom of expression and access to quality information of end users is not respected, there is a risk that Transgaz' activity may affect the end users in its area of activity at the same time as a reputational risk for the group arises.	(R) Financial impact on the financial performance, access to financing, financial position of SNTGN Transgaz SA on the stock exchange.
Business conduct	Corporate culture	(O) Opportunity related to retaining the workforce within the group and maintaining the positive image of the group, which can bring new investments.	(O) Financial impact on the financial position of SNTGN Transgaz SA on the stock exchange.
	Management of relationships with suppliers including payment practices	(R) Damage to Transgaz' reputation and financial risk for suppliers in case of violation of contractual conditions.	(R) Financial impact on the financial performance, financial position of SNTGN Transgaz SA on the stock exchange.
	Political engagement and lobbying activities	(O) Opportunity related to maintaining the workforce within the group and maintaining the financial stability of the group that can bring new investments and other financing opportunities.	(O) Financial impact on financial position, financial performance, access to finance.

## Analysis of materiality and results according to the concept of double materiality

### Description of the processes to identify and assess material impacts, risks and opportunities

#### IRO-1

#### Double materiality/significance analysis

Transgaz conducts the double materiality analysis and assesses the impacts, risks and opportunities related to material sustainability in accordance with the concepts of the ESRS standards. The assessment is validated internally by a special committee set up by Transgaz and is approved, prior to the publication of the sustainability statement, at the level of the Board of Administration.

The materiality assessment was based on the contributions of Transgaz' experts in the field of sustainability and finance, depending on the persons who have responsibilities regarding climate change, environmental protection, occupational health and safety, social responsibility, human resources, diversity and inclusion, compliance with related provisions and risk management.

The analysis of double materiality was not limited to Transgaz' own operations, but also included the upstream and downstream value chain.

In the analysis process, the company complied with the fundamental principles of double materiality analysis, i.e. it analysed:

The materiality of the positive and negative impacts in the short, medium and long term that Transgaz has or may have on the environment and society.

Financial materiality, to determine how sustainability aspects can influence the company's financial performance in the short, medium and long term.

For the impact assessment process, the company used a combination of quantitative and qualitative criteria, including impact scale, purpose, irremediability (for negative impacts) and likelihood (for potential impacts). Quantitative thresholds were established to determine the relevance of the topics, and qualitative criteria provided context for interpreting the results. The hypotheses used in the analysis are based on the information available to the workshop participants, as well as on the information obtained from relevant press sources and literary studies. To assess the impact on the value chain, we focused on these data sources.

In the impact assessment process, the direct and indirect effects generated by the group's activities were analysed, considering the positive and negative impacts. The qualitative characteristics analysed included the location of the impact, whether it manifested upstream, in the company's own activities or downstream, and the time horizon, respectively short, medium or long term. A key aspect was to determine the potential impacts on human rights, which were prioritised in accordance with the requirements of the ESRS.

Once an impact, risk or opportunity has been identified as significant, the relevant information to be considered for reporting under the ESRS shall be identified.

As part of the obligations derived from the transposition of the ESRS, Transgaz has prepared a Double Materiality Analysis (significance analysis), following which the material/material topics (referred to as themes) in terms of impact, risks and opportunities are established.

Sustainability reporting provides accurate and relevant information on impacts, risks and opportunities (IROs) related to environmental, social and governance issues that are considered significant from an impact perspective or from a financial perspective, or from both perspectives.

The materiality of the impact is assessed in terms of actual and potential impacts on sustainability generated by Transgaz' own activities and/or business relationships in the upstream and downstream value chain (suppliers and customers), including both negative and positive impacts, actual and potential, on sustainability.

The assessment of the financial effect was carried out taking into account the opportunities or risks and the negative reputational, financial or commercial consequences for Transgaz.

The assessment also includes the upstream and downstream value chain, so it is not limited to the company's own operations. Once an impact, risk or opportunity has been identified as significant, Transgaz:

- refer to the ESRS requirements to identify the relevant information to be considered for that reporting, or
- when the impact, risk or opportunity is covered or insufficiently covered by the ESRS, it shall develop a relevant entity-specific disclosure.

Relevance is the criteria that support the identification of the information to be disclosed and is based on:

- the significance of the information in relation to the problem it describes, or
- its decision-making utility.

To produce the sustainability statement at group level in accordance with ESRS standards, Transgaz applies the specific principles of Double Materiality analysis. For the 2024 financial year, Transgaz has updated its material topics in accordance with the requirements of the European ESRS standards and included the characteristics of the oil and gas sector. Stakeholders' concerns, Transgaz' economically, socially and environmentally significant external impacts, the substantial financial impact that a particular topic may have on the group, as well as the associated risks and opportunities were considered throughout the value chain. The materiality analysis for the financial year 2024 consisted of a structured process, which involved the consultation of internal stakeholders, representatives of several departments of the company, as experts in their fields of competence. The process of identifying, assessing and managing impacts and risks has not yet been integrated into Transgaz' overall risk management process, but this integration will take place in 2025.

The process of analysing the double materiality took into account:

- analysis of relevant stakeholders, internal and external
- conducting an internal consultation, in a workshop, with the management representatives of each relevant department to assess and represent each entity of the group, for each material theme of the ESRS, the impact on environmental, social and governance aspects, as well as the assessment of the potential financial effects on the company because of climate change. The nature of the actual and potential, negative and positive, short-, medium- and long-term impacts on environmental, social and governance issues was analysed. The financial effects were also analysed, and the probability of occurrence and the potential magnitude of the financial effects contribute to the assessment of the significance of the risks and opportunities within the company;





- Based on the results of the internal review carried out and the fact that no new stakeholders were identified, the results of the external consultations for the financial year 2023 were used for the financial year 2024. These were obtained by distributing a questionnaire to representatives from all categories of stakeholders. Following the end of the survey session, it was found that 769 responses were received, of which 689 were submitted by its own employees, and 80 responses were submitted by the other categories of stakeholders.

- materiality analysis carried out for other operators in the industry (peers analysis);
- evaluation of the strategic documents prepared by the company;
- benchmarking on global trends in the literature, as well as data collected regarding Transgaz' history or other relevant sources, as the case may be;
- interviews with top management representatives during which the results of the evaluation were presented for review, confirmation and updating, if applicable.

The determination of the final list of material topics was carried out based on an assessment of the significance of the impact, risks and opportunities. A subject is material if it meets the defined criteria for impact materiality or financial materiality, or both.

According to the principle of double materiality applied in the analysis, a sustainability-related aspect is material, either when it has an actual or potentially positive or negative impact on people or the environment, or when it has significant financial effects on the company, or in both cases at the same time.

Depending on the relevance of the material topics, the following were assessed: the level, extent, possibility of mitigation and the probability of occurrence of the positive or negative impact, actual or potential, of Transgaz' activities in terms of the topics/topics for which it was established that Transgaz' activity has an impact, according to the materiality procedure, using the scales of values below:

- Scale of evaluation and extension of the theme: from 1 – 5, 1 representing the small-scale impact on the environment and society, and 5 representing the large-scale impact related to the topic/topic on the environment and society.
- Theme impact mitigation assessment scale (negative impact only): from 1 – 5, 1 representing 'Very high - Transgaz' potential negative impacts can be fully prevented', and 5 is 'Very low - Irremediable - negative impacts could not be remedied'
- Theme Impact Probability Rating Scale (for potential impact only): from 1-5, with 1 representing a very low probability of occurrence (only once in the next 10 years), and 5 representing a very high probability of occurrence (in less than 1 year).

For the analysis of financial materiality, the probability of occurrence of risks and/or opportunities deriving from the impact of material subjects on the activities of the Transgaz group was determined, using the following scales:

- Current or potential financial effect assessment scale: from 0-5, 0 referring to the fact that there is no financial effect in relation to that subject, and 5 representing a very large financial effect (over 3.0% of turnover);
- Risk/opportunity probability assessment scale: from 1-5, with 1 representing a very low probability (only once in the next 10 years), and 5 being a very high probability (in less than 1 year).

Within the double materiality analysis procedure, the following thresholds were established:

- **Physical impact** - the materiality threshold set is +3 or -3
- **Financial effect** - a threshold is applied for the materiality of the financial effect, above 0.7% of the turnover and below 2% of the turnover - considered significant (score 3)

For sub-topics that do not have impact materiality or financial materiality above the threshold set of 3, it was decided to include material in topics/sub-topics if there is a legal reporting requirement or if material has been identified in other sources consulted.

The double significance/materiality analysis resulted in themes and sub-themes that are addressed in this report. For the sub-themes that have both scores below the threshold set by 3, the inclusion in the material sub-themes can be decided:

- whether there is a legal reporting requirement, or
- whether materiality has been identified in other sources consulted.

For theme E1 – Climate change, the materiality threshold was lowered to 2, considering that this topic presents the risk of non-compliance with the methane legislation. Given the significant impact of methane emissions on global warming and the associated stringent regulations, it was considered essential to use a lower materiality threshold of 2 instead of 3. By lowering the materiality threshold, the group demonstrates its interest in reporting the information required by ESRS regarding its environmental impact and compliance with regulatory rules, contributing to long-term sustainability. It is also important for the group to report on aspects related to the impact on GHG emissions, aspects related to adaptation to climate change and energy. For the reasons mentioned, a materiality threshold of 2 will be used specifically for E1, instead of 3.

The risks and opportunities identified were analysed to understand whether they arise from dependencies or impacts. The quantitative assessment included analysis of the continuation of resource use, resource dependency and critical relationships within the value chain, and other effects on future cash flows.

In the table below, we present the themes, sub-themes and sub-sub-themes that are addressed in the 2024 Sustainability Statement and a brief justification for the non-material topics that were not considered in the content of the report.



Topical ESRS	Sustainability themes - Sustainability Statement 2024 ("SS")			
	Topic	Sub-topic	Sub-sub-topics	Explanations
ESRS E1	Climate Change	Climate change mitigation Climate Change Adaptation Energy	—	They are addressed in SS.
ESRS E2	Pollution	Pollution of air	—	The result is below the limit of materiality.
		Pollution of water	—	The result is below the limit of materiality.
		Pollution of soil	—	The result is below the limit of materiality.
		Pollution of living organisms and food resources	—	The activity of the group does not imply a direct impact on living organisms or food resources.
		Substances of concern	—	This is not the case, Transgaz does not use substances that are of particular concern – namely substances considered very dangerous.
		Substances of very high concern	—	This is not the case, Transgaz does not use substances that are of particular concern – namely substances considered very dangerous.
ESRS E3	Water and marine resources	Water	Water consumption	This is not the case, as water extraction is immaterial.
			Water sampling	This is not the case, as water consumption is minimal within the company's activity.



Topical ESRS	Sustainability themes - Sustainability Statement 2024 ("SS")			
	Topic	Sub-topic	Sub-sub-topics	Explanations
ESRS E3	Water and marine resources	Water	Water discharge	This is not the case, as there are no discharges into surface waters.
		Marine resources	Discharging water into the oceans Extraction and use of marine resources	This is not the case, no water from marine sources is used and no water is discharged into the oceans.
ESRS E4	Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Climate change	They are addressed in E1
			Land use change and sea use change	They are addressed in SS
			Direct exploitation	This is not the case, there are no activities to exploit biodiversity or ecosystems.
			Invasive alien species	This is not the case in the areas where Transgaz operates.
			Pollution	This is not the case.
		Impacts on the state of species	Population size of the species	This is not the case, the activity is local.
			Global risk of species extinction	This is not the case, the activity is local.
		Impacts on the extent and condition of ecosystems	Soil degradation	This is not the case.
			Desertification	This is not the case – there is no direct activity on areas at risk of desertification.
				This is not the case, the activity is not associated with the footprint in protected areas.

Topical ESRS	Sustainability themes - Sustainability Statement 2024 ("SS")			
	Topic	Sub-topic	Sub-sub-topics	Explanations
ESRS E5	Circular economy	Resources inflows, including resource use	—	The result is below the limit of materiality. The gas is not owned by the group.
		Resource outflows related to products and services	—	The result is below the limit of materiality.
		Waste	—	The result is below the limit of materiality.
ESRS S1	Own workforce	Working conditions	Secure Workplaces	They are addressed in SS
			Working time	They are addressed in SS
			Adequate salaries	They are addressed in SS
			Social dialogue	They are addressed in SS
			Freedom of association, the existence of works councils and workers' rights to information, consultation and participation	They are addressed in SS
			Collective bargaining, including the proportion of workers covered by collective agreements	They are addressed in SS
			Work-life balance	They are addressed in SS
			Health and safety	They are addressed in SS

Topical ESRS	Sustainability themes - Sustainability Statement 2024 ("SS")			
	Topic	Sub-topic	Sub-sub-topics	Explanations
ESRS S1	Own workforce	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	They are addressed in SS
			Training and skills development	They are addressed in SS
			Employment and inclusion of persons with disabilities	They are addressed in SS
			Measures against violence and harassment at work	They are addressed in SS
			Diversity	It is addressed in SS
		Other work-related rights	Child labour	This is not the case in Romania and the Republic of Moldova.
			Forced labour	This is not the case in Romania and Republic of Moldova.
			Adequate housing	This is not the case in Romania and the Republic of Moldova.
			Privacy	It is addressed in SS
ESRS S2	Value Chain Workers - Suppliers	Working conditions	Secure Workplaces	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.
			Working time	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.
			Adequate salaries	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.

Topical ESRS	Sustainability themes - Sustainability Statement 2024 ("SS")			
	Topic	Sub-topic	Sub-sub-topics	Explanations
ESRS S2	Value Chain Workers - Suppliers	Working conditions	Social dialogue	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.
			Freedom of association, including the existence of works councils	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.
			Collective negotiations	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.
			Work-life balance	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.
			Health and safety	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.
		Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.
			Training and skills development	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.



Topical ESRS	Sustainability themes - Sustainability Statement 2024 ("SS")			
	Topic	Sub-topic	Sub-sub-topics	Explanations
ESRS S2	Value Chain Workers - Suppliers	Equal treatment and opportunities for all	Employment and inclusion of persons with disabilities	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.
			Measures against violence and harassment at work	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.
			Diversity	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.
		Other work-related rights	Child labour	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.
			Forced labour	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.
			Adequate housing	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.
			Privacy	The group is engaged in transmission services that do not involve substantial upstream or downstream activity. The result is below the limit of materiality.

Topical ESRS	Sustainability themes - Sustainability Statement 2024 ("SS")			
	Topic	Sub-topic	Sub-sub-topics	Explanations
ESRS S3	Affected Communities	Communities' economic, social and cultural rights	Adequate housing	This is not the case – it is not the object of Transgaz' activity.
			Adequate food	This is not the case – it is not the object of Transgaz' activity.
			Water and sanitation	This is not the case – it is not the object of Transgaz' activity.
			Soil impacts	It is not significant considering that the impact is temporary, during construction.
			Security-related impacts	The result is below the limit of materiality.
		Communities' civil and political rights	Freedom of expression	The result is below the limit of materiality.
			Freedom of assembly	The result is below the limit of materiality.
			Impact on human rights defenders	The result is below the limit of materiality.
		Rights of indigenous peoples	Free, prior and informed consent	This is not the case – it is not the object of the activity. There are no indigenous populations in Romania and the Republic of Moldova.
			Self-determination	
ESRS S4	Consumers and end-users	Information-related impacts for consumers and/or end-users	Privacy	It is addressed in SS
			Freedom of expression	It is addressed in SS
			Access to (quality) information	It is addressed in SS

Topical ESRS	Sustainability themes - Sustainability Statement 2024 ("SS")			
	Topic	Sub-topic	Sub-sub-topics	Explanations
ESRS S4	Consumers and end-users	Personal safety of consumers and/or end-users	Health and safety	This is not the case – corporate clients.
			A person's security	This is not the case – it is not the object of the activity.
			Child protection	This is not the case – the activity does not involve interaction with children.
		Social inclusion of consumers and/or end-users	Non-discrimination	This is not the case – corporate clients.
			Access to products and services	This is not the case – corporate clients.
			Responsible Marketing Practices	This is not the case – corporate clients.
ESRS G1	Business conduct	Corporate culture	—	It is addressed in SS
		Protection of whistle-blowers	—	This is not the case.
		Animal welfare	—	This is not the case. Transgaz does not conduct animal experiments.
		Political engagement and lobbying activities	—	It is addressed in SS
		Management of relationships with suppliers including payment practices	—	It is addressed in SS
		Corruption and bribery	Prevention and screening, including training	The result is below the limit of materiality.
			Incidents	The result is below the limit of materiality.

**No other themes were identified than the themes and sub-themes of the ESRS standards.**

Details on the impact, risks and opportunities identified for each material theme are presented in the chapter corresponding to each material ESRS theme. Transgaz management has reviewed and validated the final list of material topics.

## ESRS reporting requirements covered in the report

### IRO-2

Information on the management of Transgaz' impact, risks and significant opportunities is provided in each chapter specific to ESRS topics and is correlated with the minimum disclosure requirements on policies, actions and targets set at company level.

The list of presentation requirements for this report are included in the table below:

Standard	Presentation Requirements (PR)	Applicable data points
ESRS 2	BP-1 – General basis for the preparation of the sustainability statement	5 (a), 5 (b) i., 5 (c), 5 (d)
	BP-2 – Disclosures in relation to specific circumstances	9a, 10 (b), 15, 16
	GOV-1 – Role of administrative, management and supervisory bodies	21 (a), 21 (b), 21 (c), 21 (d), 22 (a), 22 (c) i., 22 (c) ii., 22 (c) iii., 23 (a), 23 (b)
	GOV-2 – Information provided to the administrative, management and supervisory bodies of the enterprise and the sustainability issues addressed by them	26 (a), 26 (b), 26 (c)
	GOV-3 – Integration of sustainability-related performance into incentive schemes	29 (a), 29 (b), 29 (c)
	GOV-4 – Due Diligence Process Statement	32
	GOV-5 – Risk management and internal controls related to sustainability reporting	36 (a), 36 (b)
	SBM-1 – Strategy, Business Model and Value Chain	40 (a) i., 40 (a) ii., 40 (a) iii., 40 (b), 40 (c), 40 (e), 40 (f), 40 (g), 42 (a), 42 (b), 42 (c), AR 12
	SBM-2 – Interests and Views of Stakeholders	45 (a) i., 45 (a) ii., 45 (a) iii., 45 (a) iv., 45 (a) v., 45 (b), 45 (c), 45 (d)
	SBM-3 – Significant Impact, Risks and Opportunities and Their Interaction with Strategy and Business Model	48 (a), 48 (b), 48 (c) i., 48 (c) ii., 48 (c) iii., 48 (c) iv., 48 (d), 48 (e) i., 48 (e) ii., 48 (f)
	IRO-1 – Description of processes for identifying and assessing significant impacts, risks and opportunities	53 (a), 53 (b) i., 53 (b) ii., 53 (b) iii., 53 (b) iv., 53 (c) i., 53 (c) ii., 53 (c) iii., 53 (d), 53 (e), 53 (f), 53 (g), 53 (h)
	IRO-2 – ESRS reporting requirements covered by the sustainability statement of the enterprise	56, 59



Standard	Presentation Requirements (PR)	Applicable data points
ESRS 2	MDR-P policies – Policies adopted to manage significant sustainability issues	65 (a), 65 (b)
	MDR-A Actions – Actions and Resources on Significant Sustainability Issues	72
	MDR-M – Significant sustainability indicators	75, 77 (a), 77 (c)
	MDR-T targets – tracking the effectiveness of policies and actions through targets	81 (b) i., 81 (b) ii.
ESRS E1  Climate change	ESRS 2 GOV-3 Integration of Sustainability-Related Performance into Incentive Systems	13
	E1-1 – Climate Change Mitigation Transition Plan	16 (a), 16 (b), 16 (c), 16 (d)
	ESRS 2 SBM-3	18, 19 (a), 19 (b), AR7 (b), 19 (c), AR 8 (b)
	ESRS 2 IRO-1	20 (a), AR 9, 20 (b), AR 11 (a), AR 11 (b), AR 11 (c), AR 11 (d)
	E1-2 – Policies related to the mitigation of climate change and adaptation to them	24, 25
	E1-3 – Actions and resources related to climate change policies	28, 29 (a), 29 (b), AR21, 29 (c) i., 29 (c) ii., 16 (c), 29 (c) iii., 16 (c)
	E1-4 – Targets related to climate change mitigation and adaptation	32, 33, 34 (c), 34 (d), 34 (e), 34 (a+b), AR 25 (a), AR 25, 34 (e), 16 (a), 34 (f), 16 (b), AR 30 (c)
	E1-5 – Energy consumption and energy mix	37 (a), 37(b), 37 (c) i., 37 (c) ii., 37 (c) iii., 38 (a), 38 (b), 38 (c), 38 (e), 39, 40, 42, 43
	E1-6 – Gross GHG emissions of categories 1, 2, 3 and total GHG emissions	46, 48 (a), 48 (b), 49 (a), 49 (b), 51, 53, AR 39 (b), AR 39 (c), AR 43 (c), AR 45 (b), AR 45 (d), AR 45 (e), AR 46 (d), AR 46 (g), AR 46 (i), AR 47 (b), AR 48, 52 (a), 52 (b), 44, AR55, 55, 53
	E1-7 – GHG removals and GHG mitigation projects financed by carbon credits	Omitted
	E1-8 – Domestic carbon pricing	Omitted

Standard	Presentation Requirements (PR)	Applicable data points
ESRS E1  Climate change	E1-9 – Anticipated financial effects of significant physical and transition risks and potential climate-related opportunities	66 (a), 66 (c), AR 70 (c) i, 66 (b), 66 (d), AR 69 (a), AR 69 (b), 67 (a), 67 (b), 67 (c), AR 72 (a), AR 72 (b), AR 73 (a), AR 73 (b), 67 (d), 67 (e), 68 (a), 68 (b), 69 (a), 69 (b)
ESRS E4  Biodiversity and ecosystems	E4-1 – Transition plan and consideration of biodiversity and ecosystems in the framework of strategy and business model	13 (a), 13 (b), 13 (c), 13 (d), 13 (e), 13 (f)
	ESRS 2 SBM-3	
	ESRS 2 IRO-1	
	E4-2 – Biodiversity and ecosystem policies	23 (f), 24 (a)
	E4-3 – Actions and resources related to biodiversity and ecosystems	25
	E4-4 – Biodiversity and ecosystem targets	32 (a) i., 32 (a) ii., 32 (a) iii., 32 (f)
	E4-5 – Impact indicators related to biodiversity and ecosystem change	35
ESRS S1  Own workforce	E4-6 – Financial Effects	
	ESRS 2 SBM-2	
	ESRS 2 SBM-3	14 (a), 14 (c), 14 (d), 14 (f) i., 14 (g) i., 15, 16
	S1-1 – Own workforce policies	19, 20 (a), 20 (b), 20 (c), 21, 23, 24 (a), 24 (b), 24 (c), 24 (d), AR 13
	S1-2 – Processes for working with own workers and workers' representatives on Impacts	27 (a), 27 (b), 27 (c), 27 (e), 28
	S1-3 – Processes for remediation of negative impacts and channels through which their own workers can express the concerns	32 (a), 32 (b), 32 (c), 32 (d), 32 (e), 33
	S1-4 – Adoption of measures on significant impacts on their own workforce, and approaches to mitigate significant risks and to pursue significant opportunities related to one's own workforce, as well as the effectiveness of these actions	38 (a), 38 (b), 38 (c), 38 (d), 39, 40 (a), 40 (b), 41, 43, AR 42

Standard	Presentation Requirements (PR)	Applicable data points
ESRS S1		
Own workforce	S1-5 – Targets related to managing significant adverse impacts, promoting positive impacts, and managing significant risks and opportunities	ESRS 2 81
	S1-6 – Characteristics of the company's employees	50 (a), 50 (b) i., 50 (b) ii., 50 (b) iii., 50 (c), 50 (d), AR 55
	S1-7 — Characteristics of workers who are not employed in the workforce of the enterprise	55 (a)
	S1-8 – Collective negotiations coverage and social dialogue	60 (a)
	S1-9 – Diversity indicators	66 (a), 66 (b)
	S1-10 – Adequate salaries	69
	S1-11 – Social protection	74 (a), 74 (b), 74 (c), 74 (d), 74 (e)
	S1-12 – Persons with disabilities	79
	S1-13 – Training and skills development indicators	83 (a), 83 (b)
	S1-14 – Health and safety indicators	88 (a), 88 (b), 88 (c), 88 (d), 88 (e), AR 91
	S1-15 – Work-Life Balance Indicators	93 (a), 93 (b)
	S1-16 – Remuneration indicators (pay gap and total remuneration)	97 (a), 97 (b), AR 100, AR 101 (a)
	S1-17 – Incidents, Complaints, and Serious Human Rights Issues and Incidents	103 (a) ), 103 (b), 103 (c), 104 (a), 104 (b)

Standard	Presentation Requirements (PR)	Applicable data points
ESRS S4		
Consumers and end-users	ESRS 2 SBM-2	
	ESRS 2 SBM-3	
	S4-1 – Consumer and end-user policies	15, 16 (a), 16 (b), 16 (c), 17
	S4-2 – Collaborative processes with consumers and end-users on impacts	22
	S4-3 – Processes for remediation of negative impacts and channels through which consumers and end-users can express their concerns	25 (a), 25 (b), 25 (c), 25 (d), 26
	S4-4 – Adoption of measures related to significant impacts on consumers and end-users and approaches for managing significant risks and pursuing significant opportunities related to consumers and end-users, as well as the effectiveness of these measures	30, ESRS 2 62
ESRS G1	S4-5 – Targets related to managing significant adverse impacts, promoting positive impacts, and managing significant risks and opportunities	ESRS 2 81 (1), 81 (b)
	ESRS 2 GOV-1	5(a), 5(b)
	ESRS 2 IRO-1	
	G1-1 – Corporate Culture and Policies on Professional Conduct and Corporate Culture	7, 9 , 10 (a), 10 (c) i., 10 (c) ii., 10 (e), 10 (g), 10 (h)
	G1-2 – Supplier Relationship Management	14, 15 (a), 15 (b)
	G1-3 – Prevention and detection of corruption and bribery	18 (a), 18 (b), 18 (c), 20, 21 (a), 21 (b), 21 (c)
	G1-4 – Confirmed cases of corruption or bribery	25(a)
	G1-5 – Exercise of political influence and lobbying activities	29(a), 29(b), 29(c), 30
	G1-6 – Payment Practices	33 (a), 33 (b), 33 (c), 33(d)



## Minimum policy and action information disclosure requirement

### Policies adopted to manage significant sustainability issues

#### MDR-P

Transgaz manages material issues through a series of internally established policies and processes. The policies are also included in Transgaz' ISO integrated management systems, and ensure compliance with legal requirements and alignment with international best practices.

The policies and actions required for each material theme are outlined in ESRS report sections E1-E5, S1-S4, and G1. If there are no adopted policies or actions included in the internal documents, the company has specified this and may present a time frame in which it intends to adopt them.

### Actions and resources on significant sustainability issues

#### MDR-A

The actions required for each material theme are outlined in sections of the ESRS report E1-E5, S1-S4, and G1. Where applicable, it shall be specified whether the implementation of an action plan requires significant operational expenditure (OPEX) and/or significant capital expenditure (CAPEX) in the EU Taxonomy Report, which shall provide for the amount of current financial resources and explain how they relate to the most relevant values presented in the financial statements.

Through its decarbonization policy and alignment with the objectives associated with European policies on environmental protection and climate change, Transgaz has accessed financing for the expansion/upgrading of the natural gas transmission infrastructure. These pipelines are also suitable for transporting natural gas mixed with hydrogen according to the studies carried out. Thus, by financing the projects submitted by Transgaz, in accordance with the NECP and Romania's Energy Strategy, the group's orientation towards sustainable development, environmental protection and energy security is confirmed, obtaining the co-financing of projects from the ETS certificate budget traded at European level and managed by DG Climate and the European Investment Bank.

## Indicators and targets

### Indicators of significant sustainability aspects

#### MDR-M

Indicators and targets for significant sustainability issues are presented in the sections of the report (ESRS E1-E5, S1-S4, and G1), which are allocated to each material theme. If there are no indicators and targets adopted, Transgaz shall present the reasons why they have not been adopted and may present a time frame in which it intends to adopt them.

The indicators are also presented in the section of the report - 1.4 Reporting requirements from the ESRS covered by the company's sustainability statement, which centralizes the material themes, presentation requirements and material/significant data points, related to the material themes and indicators that Transgaz uses to assess performance and effectiveness in terms of impact themes, significant risk or opportunities.

## Tracking the effectiveness of policies and actions through targets

#### MDR-T

Transgaz tracks the effectiveness of its actions to address significant impacts, risks and opportunities, through annual performance monitoring and reporting in the Sustainability Statement, including performance on the indicators it uses for this purpose presented in the section of the report - Disclosure Requirements in the ESRS covered by the Corporate Sustainability Statement.

Transgaz' performance, indicators and targets for each material theme are presented in detail in sections of the ESRS report E1-E5, S1-S4, and G1. If there are no measurable, results-oriented and time-bound targets adopted, the time frame in which Transgaz intends to adopt them shall be presented in the ESRS E1-E5 and S1-S4 and G1 sections of the report, including whether such targets will not be set and the reasons why the company does not intend to set such targets. It shall indicate whether and how the effectiveness of policies and actions related to each material theme is to be pursued.



Reporting requirement and related data point	SFDR Reference <sup>5</sup>	Pillar 3 reference <sup>6</sup>	Benchmark Regulation reference <sup>7</sup>	EU Reference from the Climate Law <sup>8</sup>	Location in the report
	<b>Not the case</b>	<b>Not the case</b>			
ESRS 2 GOV-1 Gender diversity within management bodies point 21(d)	Indicator no. 13 of Table 1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 <sup>9</sup> , Annex II		ESRS 2 - General information
ESRS 2 GOV-1 Percentage of members of management bodies who are independent point 21(e)			Delegated Regulation (EU) 2020/1816, Annex II		ESRS 2 - General information
ESRS 2 GOV-4 Declaration on the Due diligence process Paragraph 30	Indicator no. 10 of Table 3 of Annex 1				ESRS 2 - General information
ESRS E1-4 Greenhouse gas emission reduction targets Point 34	Indicator no. 4 of Table 2 of Annex 1	Article 449a Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking portfolio - Climate change transition risk: alignment indicators	Delegated Regulation (EU) 2020/1818, Article 6		E1-4 Targets related to climate change mitigation and adaptation
ESRS E1-5 Fossil energy consumption in disaggregated sources depending on the source (only sectors with a high impact on the climate) Point 38	Indicator no. 5 of table 1 and indicator no. 5 of Table 2 of Annex 1				E1-5 Energy Consumption and Energy Mix
ESRS E1-5 Energy consumption and energy mix paragraph 37	Indicator no. 5 of Table 1 of Annex 1				E1-5 Energy Consumption and Energy Mix
ESRS E1-5 Energy intensity associated with activities in sectors with a high impact on the climate Paragraphs 40 to 43	Indicator no. 6 of Table 1 of Annex 1				E1-6 Gross GHG emissions of categories 1, 2, 3 and total GHG emissions

<sup>5</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).

<sup>6</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation, 'CRR') (OJ L 176, 27.6.2013, p. 1) (OJ L 176, 27.6.2013, p. 1).

<sup>7</sup> (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

<sup>8</sup> Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Act') (OJ L 243, 9.7.2021, p. 1)).

<sup>9</sup> Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark declaration of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).



Reporting requirement and related data point	SFDR Reference <sup>5</sup>	Pillar 3 reference <sup>6</sup>	Benchmark Regulation reference <sup>7</sup>	EU Reference from the Climate Law <sup>8</sup>	Location in the report
ESRS E1-6 Gross values of 1, 2, 3 and total GHG emissions Point 44	Indicators no. 1 and no. 2 of Table 1 of Annex 1	Article 449a Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book - Climate change transition risk: credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Articles 5(1), 6 and 8(1)		E1-6 Gross GHG emissions of categories 1, 2, 3 and total GHG emissions
ESRS E1-6 Gross GHG intensity Paragraphs 53 to 55	Indicator no. 3 of Table 1 of Annex 1	Article 449a of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking portfolio - Climate change transition risk: alignment indicators	Delegated Regulation (EU) 2020/1818, Article 8(1)		E1-6 Gross GHG emissions of categories 1, 2, 3 and total GHG emissions
ESRS E1-7 GHG absorptions and carbon credits Point 56				Regulation (EU) 2021/1119, Article 2(1)	E1-7 GHG absorptions
ESRS E1-9 Benchmark portfolio exposure to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		This is not the case
ESRS E1-9 Disaggregation of monetary values by acute and chronic physical risk point 66(a) ESRS E1-9 Location of significant assets which are subject to significant physical risk point 66(c).		Article 449a of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; Template 5: Banking Portfolio – Physical risk related to climate change: exposures subject to physical risk.			This is not the case
ESRS E1-9 Breakdown book value of real estate assets by efficiency classes Energy point 67(c).		Article 449a of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraph 34; Template 2: Bank Portfolio – Climate Change Transition Risk: Loans Secured by Real Estate – Energy Efficiency of Collateral.			This is not the case
ESRS E1-9 The degree of exposure of portfolio to the opportunities climate-related Paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		This is not the case
ESRS E2-4 Amount of each pollutant listed in Annex II to the European Pollutants Transfer Register (E-PRTR) Regulation emitted into air, water and soil, Paragraph 28	Indicator no. 8 of table 1 of Annex 1 Indicator no. 2 of table 2 of Annex 1 Indicator no. 1 of Table 2 of Annex 1 Indicator no. 3 of Table 2 of Annex 1				It's not material

Reporting requirement and related data point	SFDR Reference <sup>5</sup>	Pillar 3 reference <sup>6</sup>	Benchmark Regulation reference <sup>7</sup>	EU Reference from the Climate Law <sup>8</sup>	Location in the report
ESRS E3-1 Water and marine resources point 9	Indicator no. 7 of Table 2 of Annex 1				It's not material
ESRS E3-1 Specific policy point 13	Indicator no. 8 of Table 2 of Annex 1				It's not material
ESRS E3-4 Total recycled and reused water point 28(c)	Indicator no. 6.2 of Table 2 of Annex 1				It's not material
ESRS E3-4 Total water consumption in cubic meters per net income from own operations point 29	Indicator no. 6.1 of Table 2 of Annex 1				It's not material
ESRS 2- IRO-1 - E4 point 16 (a) point (i)	Indicator no. 7 of Table 1 of Annex 1				It's not material
ESRS 2- IRO-1 - E4 point 16(b)	Indicator no. 10 of Table 2 of Annex 1				This is not the case
ESRS 2- IRO-1 - E4 point 16(c)	Indicator no. 14 of Table 2 of Annex 1				This is not the case
ESRS E4-2 Sustainable land/agriculture practices or policies paragraph 24(b)	Indicator no. 11 of Table 2 of Annex 1				It's not material
ESRS E5-5 Non-recycled waste, point 37(d)	Indicator no. 13 of Table 2 of Annex 1				It's not material
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Indicator no. 9 of Table 1 of Annex 1				It's not material
ESRS S1-1 Human rights policy commitments paragraph (20)	Indicator no. 9 of table 3 and indicator no. 11 of Table 1 of Annex I				This is not the case
ESRS S1-1 Due diligence policies on issues addressed by the International Labour Organization's Fundamental Conventions 1-8 paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		S1-1 Own Labour Policies



Reporting requirement and related data point	SFDR Reference <sup>5</sup>	Pillar 3 reference <sup>6</sup>	Benchmark Regulation reference <sup>7</sup>	EU Reference from the Climate Law <sup>8</sup>	Location in the report
ESRS S1-1 Processes and measures to prevent trafficking in human beings paragraph 22	Indicator no. 11 of Table 3 of Annex I				This is not the case
ESRS S1-1 Workplace accident prevention policy or accident management system, paragraph 23	Indicator no. 1 of Table 3 of Annex I				This is not the case
ESRS S1-3 complaint/complaint mechanisms point 32(c)	Indicator no. 5 of Table 3 of Annex I				This is not the case
ESRS S1-14 Number of fatalities and number and rate of work-related accidents point 88(b) and (c)	Indicator no. 2 of Table 3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		S1-14 Health and safety indicators
ESRS S1-14 Number of days lost as a result of injury, accident, death or illness point 88(e)	Indicator no. 3 of Table 3 of Annex I				This is not the case
ESRS S1-16 Unadjusted gender pay gap point 97(a)	Indicator no. 12 of Table 1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		S1-16 Remuneration indicators (pay gap and total remuneration)
ESRS S1-16 An excessive level of the ratio between the remuneration of the Director-General and that of the workers point 97(b)	Indicator no. 8 of Table 3 of Annex I				This is not the case
ESRS S1-17 Incidents of discrimination point 103(a)	Indicator no. 7 of Table 3 of Annex I				This is not the case
ESRS S1-17 Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD Guidelines point 104(a)	Indicator no. 10 of table 1 and indicator no. 14 of Table 3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II to Delegated Regulation (EU) 2020/1818, Article 12(1)		S1-17 Human Rights Incidents, Complaints, and Serious Human Rights Issues and Incidents
ESRS 2- SBM-3 – S2 Significant risk of child labour or forced labour in the value chain point 11(b)	Indicators no. 12 and no. 13 of Table 3 of Annex I				It's not material
ESRS S2-1 Human rights policy commitments point 17	Indicator no. 9 of table 3 and indicator no. 11 of Table 1 of Annex 1				It's not material

Reporting requirement and related data point	SFDR Reference <sup>5</sup>	Pillar 3 reference <sup>6</sup>	Benchmark Regulation reference <sup>7</sup>	EU Reference from the Climate Law <sup>8</sup>	Location in the report
ESRS S2-1 Value Chain Worker Policies point 18	Indicators no. 11 and no. 4 of Table 3 of Annex 1				It's not material
ESRS S2-1 Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD Guidelines point 19	Indicator no. 10 of Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II to Delegated Regulation (EU) 2020/1818, Article 12(1)		It's not material
ESRS S2-1 Due diligence policies on issues addressed by the International Labour Organization's Fundamental Conventions 1-8 point 19			Delegated Regulation (EU) 2020/1816, Annex II		It's not material
ESRS S2-4 Human rights issues and incidents related to its upstream and downstream value chain point 36	Indicator no. 14 of Table 3 of Annex 1				It's not material
ESRS S3-1 Human rights policy commitments, point 16	Indicator no. 9 of table 3 of Annex 1 and indicator no. 11 of Table 1 of Annex 1				It's not material
ESRS S3-1 Failure to comply with the UN Guiding Principles on Business and Human Rights, ILO principles and/or OECD guidelines point 17	Indicator no. 10 of Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II to Delegated Regulation (EU) 2020/1818, Article 12(1)		It's not material
ESRS S3-4 Human rights issues and incidents, point 36	Indicator no. 14 of Table 3 of Annex 1				It's not material
ESRS G1-1 United Nations Convention against Corruption, point 10 (b)	Indicator no. 15 of Table 3 of Annex 1				This is not the case
ESRS G1-1 Whistle-blower protection point 10 (d)	Indicator no. 6 of Table 3 of Annex 1				This is not the case
ESRS G1-4 Fines for infringement of anti-corruption and anti-bribery laws point 24(a)	Indicator no. 17 of Table 3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		G1-4 Combating corruption and bribery
ESRS G1-4 Anti-corruption and anti-bribery standards point 24(b)	Indicator no. 16 of Table 3 of Annex 1				This is not the case



# Environmental information



# ESRS E1

## CLIMATE CHANGE

### Strategic orientation and concepts for climate protection

#### Climate Change Mitigation Transition Plan

##### ESRS E1-1

Transgaz, as a natural gas transmission system operator in Romania with activity in the Republic of Moldova, plays an essential role in the decarbonization of the entire Romanian energy system. In this regard, in December 2023, the Climate and Decarbonization Strategy of SNTGN Transgaz SA was developed in order to meet national and international (climate) policy requirements and regulations.

The strategy is intended for Romania and will be extended to the other entities after the first reporting exercise at the consolidated Transgaz level. This is planned to take place in the next two years, after the evaluation of the first report that will establish the baseline situation for Transgaz. Also, the strategy is applicable for the entire Transgaz, but the specific objectives are only for Romania. Transgaz' Climate and Decarbonization Strategy can be consulted here: <https://www.transgaz.ro/en/sustainability/climate-and-decarbonisation-strategy>.

Transgaz has carried out an assessment of the impact of climate change on its operations and infrastructure, using climate scenarios. Currently, Transgaz does not have a detailed transition plan to address the impact of climate change in 2024. However, Transgaz intends to develop such a plan in the next three years. In the absence of a transition plan, its climate and decarbonization strategy works as a substitute, directing the company's efforts towards managing climate risks and emerging opportunities.

The decarbonisation strategy complies with both national and international regulations in the field of climate change, as well as in broader areas of environmental management. The decarbonisation strategy includes:

- an assessment of the carbon footprint of the current operating process;

- short- and medium-term quantitative emission reduction targets, proposed high-level actions and measures needed to achieve those targets;
- long-term decarbonisation options;
- explanation of the role of offsets and their impact on stakeholders;
- the stakeholder engagement strategy, including Transgaz' possibilities to cooperate with stakeholders (downstream and upstream of the gas transmission system) in projects that contribute to decarbonisation;
- necessary actions by Transgaz to meet national and international (climate) requirements and regulations, such as the National Integrated Energy and Climate Change Plan (Romania).

The climate strategy presents a spectrum of the most relevant physical and transition risks, which could be of interest to Transgaz' assets, and provides an assessment of climate change mitigation measures. The analysis was carried out at the level of all Transgaz activities and does not refer to a specific place or location of the project.

The climate strategy includes:

- a high-level climate vulnerability assessment for SNTGN Transgaz SA and its key stakeholders;
- necessary actions for Transgaz to align with the EU Taxonomy and the CSRD Directive, as well as the requirements set out in the European Investment Bank (EIB) Paris Agreement Alignment Framework (PATH);
- an assessment of the investment needs, potential sources of investment and their eligibility.

The objectives proposed in the Decarbonisation Strategy to reduce greenhouse gas (GHG) emissions are set according to the reference year 2020 and are defined in the short term (until 2030), in the medium term (2040) and in the long term (2050). Keeping the global temperature increase below 2°C compared

to pre-industrial levels will be possible by achieving Transgaz' proposed emission reduction targets by 2030, as outlined in the table below. The transition risk assessment was carried out on the basis of medium-term climate scenarios (up to 2100). The Net Zero 2050 scenario was considered as a 'favourable scenario', in line with the objectives of the Paris Agreement and the IPCC recommendations, and the 'worst-case scenario' used the Nationally Determined Contributions scenario.

With reference to the regulatory framework in the Republic of Moldova, the authorities have assumed the objective of achieving carbon neutrality by 2050, by adopting the National Strategy for Sustainable Development by 2030 and the National Integrated Energy and Climate Plan by 2030.

Also, the Republic of Moldova is a party to the Paris Agreement and has submitted the NDC (Nationally Determined Contribution) in which it undertakes to reduce greenhouse gas emissions by at least 68.6% by 2030, compared to the 1990 level.

To achieve this goal, the Ministry of Energy has set several priorities, including developing policies and programs to support energy efficiency and decarbonization in the country.

We mention that currently the Ministry of Energy, in accordance with the provisions of art. 32 para. (3) of Law no. 100/2017 on normative acts, initiated the public consultations on the project for the approval of the National Integrated Energy and Climate Plan for the period 2025-2030 (unique number 763/MEn/2024), author – Ministry of Energy. After the approval of the normative documents in the country, "Eurotransgaz" SRL and "Vestmoldtransgaz" SRL will comply with the applicable regulatory norms.

Furthermore, although there are no Transgaz decarbonization targets set for Moldovan entities, through the implementation of the 2023-2032 Development Plan, "Vestmoldtransgaz" SRL aims to increase the efficiency and quality of its activity (in subsidiary reducing greenhouse gas emissions) by the construction of new natural gas transmission networks, rebuilding and upgrading existing networks.

**Short-, medium- and long-term GHG emission reduction targets compared to the 2020 reference year.**

Scope	2030 targets	2040 targets	2050 targets
<b>Scope 1*</b>	30%	40%	90%
<b>Scope 2**</b>	70%	90%	
<b>Scope 3***</b>	20%	30%	

\* For Scope 1, the following are considered as sources of emissions: methane emissions, natural gas combustion, combustion of liquid fuels.

\*\* For Scope 2, emissions from electricity purchased from the grid are considered as sources of emissions.

\*\*\*For Scope 3, the following categories are considered as sources of emissions: purchased goods and services, capital goods, waste generated, business trips

Within this decarbonization strategy, a series of 22 measures included in the short, medium and long-term action plans aimed at reducing greenhouse gas emissions have been established. One of the long-term measures aims to prepare the infrastructure (pipelines, compressor stations, metering stations, auxiliary equipment, etc.) for the transport of large quantities of alternative fuels, such as biomethane or hydrogen. The Decarbonization Strategy of SNTGN Transgaz SA was developed with 2020 as a reference point for the total greenhouse gas (GHG) emissions associated with the company's activities, which were 103,483 tons of CO<sub>2</sub> e per year. As part of this strategy, Transgaz has identified an ambitious level of decarbonization, with clear emission reduction targets, mentioned below. Key decarbonisation and adaptation actions include assessing the carbon footprint of current operations, setting quantitative emission reduction targets in the short and medium term, and implementing climate change adaptation measures. The strategy also includes working with stakeholders to develop projects that contribute to decarbonisation and aligning with national and international climate regulations.

**Summary of the emission reduction measures proposed within the SNTGN Transgaz SA Decarbonization Strategy:**

Measure - Short term	Measure - Medium term	Measure - Long term
Regularly implemented leak detection and repair (LDAR) in accordance with EN 15446, US EPA Method 21 and OGMP Level 5	Use of the "hot-tapping" technique for connecting pipelines and recovering exhaust gases to compressor stations using stationary compressors	Use of pipeline gas recompression technology to recompress gases instead of exhausting them during maintenance/construction work in the network
Reducing the pressure in the pipeline to the lowest possible level to reduce the flow of gas from leaks, in accordance with the National Network Code	Replacing diesel with biodiesel as fuel for emergency generators	Recovery of the currently burned GN/N2 mixture in compressor stations and its reuse in boilers used for gas heating
Replacement of high-loss devices, if present, to reduce methane emissions from the grid	Conversion of the potential energy of compressed gases to delivery plants, where the pressure drop and gas flow rate are higher (expanders)	Replacement of part of the natural gas used in turbo-compressors and heating boilers with biomethane or hydrogen gases
Implementation of an energy monitoring system for all facilities (both consumption and production), taking advantage of the existing SCADA	Replacement of heating solutions/ processes based on natural gas combustion with electric heat pumps powered by 100% renewable electricity or, where applicable, with cogeneration based on heat demand, if possible, using biogas or a mixture of natural gas and hydrogen	Installation of energy recovery systems based on ORC modules or conventional steam cycles, capable of producing electricity from the thermal energy available in the exhaust gases of turbo-compressors
Purchase of certified electricity from renewable sources	Implementation of SCS (separation, compression and sequestration/storage) of CO <sub>2</sub> or sale of CO <sub>2</sub> to industry	Replacing existing diesel/petrol vehicles with electric vehicles, charged with 100% renewable electricity, or powering existing vehicles with biodiesel and bioethanol
Installation of photovoltaic panels at the company's premises	Commissioning of the wind turbine in MRS Navodari and installation of new ones in other suitable locations	Actions to reduce greenhouse gas emissions associated with employee travel to work
Actions to reduce GHG emissions associated with purchased goods and services	Implementation of energy efficiency actions on company assets to reduce electricity and heat consumption	Actions to reduce greenhouse gas emissions associated with business travel
		Offsetting residual GHG emissions (after the implementation of other actions) through the purchase of allowances on the market projects to reduce GHG emissions only if the result does not ensure the achievement of the proposed objectives.

The implementation of these measures will substantially contribute to the decarbonization of Transgaz' natural gas transmission activity in the short, medium and long term, when gas will still be a transition fuel. The significant operational expenditure (Opex) and/or capital expenditure (Capex) required for the implementation of the Action Plan has not been determined at the time of this report.

The development of the climate strategy was structured on a bottom-up approach, based on the following stages:

1. Identification of climate model variation;
2. Description of specific changes;
3. Estimation of the associated effects due to the changes;
4. Physical and transition risk assessment;
5. Proposal of adaptation measures to be considered by the Company for adaptation to potential future climate scenarios (by 2100);
6. Assessment of residual risk and potential financial risk.

The climate and decarbonisation strategy (consisting of 6 documents) was finalised in December 2023:

- Report 1 - Basic Evaluation Report
- Report 2 - Short-Term Decarbonization Action Plan
- Report 3 - High-Level Action Plan for Medium- and Long-Term Decarbonisation
- Report 4 - Transgaz' decarbonisation strategy including the Stakeholder Engagement Plan
- Report 5 - High-Level Climate Vulnerability Assessment
- Report 6 - Short, Medium and Long-Term Investment Plan

The action plan for the implementation of the measures set out in the strategy adopted in order to decarbonize the activities of Transgaz entities is to be developed and approved in 2025. It will include structures with responsibilities, responsible persons and deadlines for implementation and will be subject to approval at the level of the Board of Administration.

The reports made by Transgaz to the authorities and other obligations, established according to the requirements of the national legislation - Law no. 121/2014 on energy efficiency, as subsequently amended and supplemented (aligned with the European directives and regulations) are as follows:

- The declaration of total annual energy consumption and the energy analysis questionnaire of the energy consumer

(Annex 2 and 3) – shall be submitted annually, until 30 June of each year;

- Energy efficiency improvement program that includes short, medium and long-term measures – deadline for submission 30 September.

In addition, according to the requirements of the national legislation, the following actions were taken at Transgaz level:

- Carrying out energy audit missions, once every 4 years, on the energy consumption contour established by the economic operator; the audit is prepared by a natural or legal person authorized under the law and is the basis for establishing and applying measures to improve energy efficiency;
- An energy manager has been appointed, certified by the Ministry of Energy or the National Energy Regulatory Authority, according to the legislation in force. Specific responsibilities were assigned to the Energy Service within the Energy Management, Automation and SCADA Department, the head of the department being appointed energy manager.

## Significant impacts, risks and opportunities and their interaction with the strategy and business model

### SBM-3, IRO-1

The process of identifying the IRO on climate change is presented in ESRS 2 – General Information, under the sub-chapter called **Description of the processes for identifying and assessing significant impacts, risks and opportunities.**

Transgaz adopts the forward-looking management style for the risk management process, which anticipates the risk factors that may arise as a result of changes in the internal or external context in which the company operates, including the impacts, risks and opportunities related to climate change.

All Transgaz processes are supported by well-defined responsibilities and roles that facilitate the mitigation of risks associated with specific work activities. 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 intensifying the positive effects for people and nature.





At the level of the Company, "Vestmoldtransgaz" SRL does not have separate risk management systems in place. The development of management systems for the company "Vestmoldtransgaz" SRL is planned. Their development is planned for 2025, and the implementation is expected to be completed by 2026 at the latest.

At the level of the company, Vestmoldtransgaz SRL started in May 2024 the implementation of the internal management control system in order to manage risks, in order to provide reasonable assurance on the achievement of the planned objectives and results.

To this end, the Action Plan for the implementation of the internal managerial control system at the level of Vestmoldtransgaz SRL is approved and permanently updated. The internal managerial control standard SNCI 9 Risk Management will be implemented by 2026 at the latest.

In the Risk Register, the physical risk RS11 has been identified: the NTS can be exposed to a number of natural climatic and geological hazards: earthquakes, floods, landslides, extreme temperatures, massive snowfall – assessed as medium.

The Climate and Climate Vulnerability Assessment investigates physical and transition risks and provides an assessment of adaptation measures to mitigate the impacts of climate change. After assessing the effect of changing climate patterns and adaptation measures, the residual risk is estimated. Residual risk is the risk that remains after efforts have been made to identify and eliminate some or all types of risk. The assessment of climate change focuses on the analysis of climate patterns in Romania, including the observed trends for temperature, precipitation, drought, wind and dangerous climatic phenomena in recent years and projections for the next decades, up to 2100.

For climate change, Transgaz has identified a number of RIOs within the double materiality analysis, which are presented in ESRS 2 – General Information, under the subchapter entitled **Significant impacts, risks and opportunities and their interaction with the strategy and business model.**

Climate change risks are defined - in line with the IPCC recommendations - as the potential negative consequences

of the effects of climate change on people's lives, livelihoods and health, on ecosystems and biological resources, structures, infrastructure and services. Furthermore, it is worth noting that the analysis is carried out taking into account climate change scenarios up to 2100, in line with the operational lifetime of the infrastructure.

Specifically, it was found that, in the long term, the Company's assets may be affected by the expected increase in annual average temperatures and decreased precipitation, as well as by the increase in the number and intensity of extreme events (in particular high and medium risk events). To assess risks, a risk matrix approach is used. The risk matrix consists of three components: danger, exposure and vulnerability.

Both physical and transition risks were assessed according to the Equator IV principles and TCFD recommendations. In line with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), transition risks have been assessed according to four main aspects: policy and legal aspects, technology, market, reputation.



Climate hazard category	Dangers	Danger level	Exposure level	Level of vulnerability	Physical risk	Adaptation measure	Residual physical risk	Potential financial risk
<b>Acute</b>								
Temperature related	Extreme heat event	Medium	Medium	Medium	Medium	<p>Adequate design to prevent the potential effects of these acute phenomena.</p> <p>Additional provision of equipment to compensate for acute temperature rise phenomena.</p> <p>Preventive maintenance to keep above ground pipelines, buildings, components, and equipment in working order.</p> <p>Procedures and qualified personnel to ensure manual control intervention in places where control equipment is affected by extreme heat.</p> <p>Implement a worker health awareness program to educate workers (and contractors) on the importance of drinking water and identifying early signs of a stroke/heat dehydration.</p>	Reduced	Reduced
Water-related	Extreme precipitation events	Reduced	Medium	Reduced	Reduced	<p>Protection by concept, preventive maintenance, conservation treatment.</p> <p>Means of intervention and equipment to cope with extreme precipitation.</p> <p>Insurance policies that cover damage caused by bad weather (including extreme events).</p> <p>Availability of spare parts/components in sufficient quantity.</p>	Very low	Very low
	Drought	Very low	Very low	Very low	Very low	<p>Availability of water resources that can be used during the drought period.</p> <p>Availability of spare parts/components in sufficient quantity.</p>	Very low	Very low
	Flood	Elevated	Elevated	Elevated	Elevated	<p>Walls and obstacles upstream, protective fencing.</p> <p>Use of sacrificial dams.</p> <p>Proper design to prevent the potential effects of these phenomena.</p> <p>Means of intervention and equipment to cope with floods.</p> <p>Insurance that covers damage caused by bad weather (including extreme events).</p>	Medium	Reduced

Climate hazard category	Dangers	Danger level	Exposure level	Level of vulnerability	Physical risk	Adaptation measure	Residual physical risk	Potential financial risk
Wind related	Extreme wind phenomena - <i>Storms, hurricanes, cyclones</i>	Reduced	Reduced	Reduced	Reduced	Ziduri și obstacole în amonte, împrejurimi de protecție. Mijloace de intervenție și echipamente adecvate. Proceduri și personal calificat pentru a asigura intervenția manuală de control în locurile în care echipamentul de control este afectat de vânturi extreme. Asigurarea care acoperă daunele cauzate de condițiile meteorologice (inclusiv fenomene extreme).	Very low	Very low
Solid Mass related	Extreme mass movement <i>Landslides, avalanches, ground settlements</i>	Medium	Elevated	Elevated	Elevated	Proiectare adecvată pentru a preveni efectele potențiale ale acestor fenomene. Utilizarea sporită a sonarului pentru a monitoriza mișcările solului.	Medium	Reduced
Wildfires	Changing the state of the fire	Reduced	Reduced	Reduced	Reduced	Proiectare adecvată prin alegerea unor soluții care să sporească protecția instalațiilor supraterane împotriva incendiilor naturale (încinte realizate din materiale care împiedică propagarea focului în incintă și prevederea unor instalații de detectare și intervenție în caz de incendiu în conformitate cu cerințele de reglementare). Zone de protecție fizică cu întreținere periodică. Asigurarea că serviciile de urgență beneficiază de o pregătire adecvată pentru a răspunde la incendii de vegetație.	Very low	Very low
<b>Chronic</b>								
Temperature related	<b>Average temperature variation</b>	<b>Reduced</b>	<b>Reduced</b>	<b>Reduced</b>	<b>Reduced</b>	Developing emergency response plans specific to extreme heat events. This should include procedures for monitoring and forecasting high temperature conditions (using forecast data provided by the relevant institutes - INMH), identifying the triggers for action and establishing communication protocols. <b>Implementation of heat-resistant materials, improved cooling systems.</b>	Very low	Very low
Water-related	<b>Changes in average precipitation</b>	<b>Very low</b>	<b>Very low</b>	<b>Very low</b>	<b>Very low</b>	Procedures to minimise water consumption.	Very low	Very low



Climate hazard category	Dangers	Danger level	Exposure level	Level of vulnerability	Physical risk	Adaptation measure	Residual physical risk	Potential financial risk
Wind related	<b>Change in average wind values</b>	<b>Reduced</b>	<b>Reduced</b>	<b>Reduced</b>	<b>Reduced</b>	Appropriate design to prevent potential wind effects. Implement wind monitoring systems and keep up to date with weather forecasts to track changes in wind patterns and anticipate potential risks. Protection by design, protective measures. Insurance policies that cover damage caused by bad weather (including extreme events). Availability of spare parts/components in sufficient quantity.	Very low	Very low
Solid Mass related	<b>Erosion</b>	<b>Very low</b>	<b>Reduced</b>	<b>Reduced</b>	<b>Reduced</b>	Protection by design, protective measures. Insurance policies that cover damage caused by bad weather (including extreme events) Availability of spare parts/components in sufficient quantity.	Very low	Very low

The assessment of risks and opportunities related to the climate transition was carried out in accordance with the requirements of principle 2 of the Equator Principles – EP4<sup>10</sup>. The transition risk assessment was carried out on the basis of climate change scenarios in the medium-term future, considering the Net Zero 2050 scenario as a 'favourable scenario', in line with the objectives of the Paris Agreement and the IPCC recommendations, and the 'worst-case scenario' considered the Nationally Determined Contributions scenario.

Also, in the elaboration of the Strategy, the basic requirements defined in the draft SBTi guidelines (2020) for companies in the field of integrated oil, gas and energy were considered, although this project does not include the activities in the category of pure players in the transmission of natural gas in which Transgaz falls. Although no official methodology was published for the Oil & Gas sector at the time of the study, it is considered that short-term objectives can be considered for this sector, all defined objectives up to 15 years from the year of application. According to SBTi, the Scope 1 and Scope 2 targets must be consistent with the level of decarbonisation needed to keep the global temperature increase at 1.5°C compared to pre-industrial temperatures.

By using the Absolute Shrinkage Approach (ACA) and the SBTi short-term target-setting tool, it was possible to identify the absolute target that needs to be achieved in order to be in line with the 1.5 °C scenario. Considering 2020 as the base year and 2030 as the target year, the absolute GHG emission reduction target is 42% for both Scope 1 and Scope 2.



<sup>10</sup> [https://equator-principles.com/app/uploads/The-Equator-Principles\\_EP4\\_July2020.pdf](https://equator-principles.com/app/uploads/The-Equator-Principles_EP4_July2020.pdf)

## Riscuri de tranziție pentru climă

Transition trend	Potential risk	Potential financial impact	Adaptation measures and management actions	Residual financial impact	
				Favourable scenario	Reasonable worst-case scenario
Policy and legal risks					
Increasingly stringent efficiency regulations, emission limits and circularity requirements, along with higher carbon prices	High level of taxation for greenhouse gas emissions	Increase in operating costs Increase in insurance costs Increase in natural gas costs	Making an allocation for the possible introduction of taxes and insurance costs for GHGs, as well as for decreasing demand, in financial models for estimating investment efficiency and cost planning.	Reduced	Medium
	Possible lawsuits for high GHG emissions	Decrease in demand for electricity from non-renewable sources	Timely identification of changes in regulatory requirements already in their preparation phase.	Reduced	Medium
	Electricity dispatching regulations	Decrease in company revenue Requirements for the preparation, verification and publication of GHG reports	Strategic planning and adequate control of greenhouse gas emissions (using all reasonable tools).	Medium	Elevated
	Reporting obligations		Preparing, verifying and publishing GHG emissions reports on a regular basis.	Reduced	Reduced
Technological risks					
Changes in consumer preferences, competition from low-carbon products, market disruptors (e.g. innovations in design, materials, services) and new business models (e.g. marketplace or subscription, rental or leasing)	Decrease in demand for natural gas-based fuel technologies due to a preference for other products and energy sources with lower greenhouse gas emissions	Decrease in the Company's market value Installed equipment quickly becomes obsolete Capital costs of the transition to technologies with lower greenhouse gas emissions	Regular market research to identify new emerging technologies or consumer preferences for different energy sources and products. Development of multifactorial financial models for efficient cost management. Efficient production management with control of opportunities for improvement.	Reduced	Medium
	New technologies for natural gas production and storage	Technologies with lower greenhouse gas emissions	Considering the results of research in the management and planning of the company.	Reduced	Medium
	The need to transition to technologies with lower GHG emissions	Process optimization costs R&D costs	Research and development with a preliminary assessment of costs and risks.	Medium	Medium
	Failed investments in new technologies			Reduced	Medium
Market risks					
Competition from low-carbon technologies	Uncertainty about market trends	Poor management efficiency due to inaccurate forecasting of natural gas demand	Regular market studies to identify new emerging natural gas consumption technologies or consumer preferences for different energy sources.	Reduced	Medium
	Changes in consumer behaviour in terms of energy and service use	Decrease in demand for natural gas Decrease in the Company's revenue		Reduced	Medium
Reputational risks					
Growing expectations for responsible conduct from stakeholders, including investors, creditors, consumers and workers	Negative stakeholder attitudes towards the unchanged level of GHG emissions	Strict requirements for the publication of the Company's GES management reports Limited access to foreign investment Increased GHG emission requirements where external investment is involved	Planning and evaluating effective external investments. Strategic planning and adequate control of greenhouse gas emissions (using all reasonable tools). Preparing, verifying and regularly publishing greenhouse gas emissions reports.	Reduced	Medium
	Negative public perception of the oil and gas industry	Difficulties in recruiting staff		Reduced	Medium

The investment plan has established 22 measures (7 short-term, 7 medium-term and 8 long-term), and their implementation will contribute to reducing greenhouse gas emissions. In the short-term phase (2030), with an allocated investment of over 16.2 million euros, Transgaz aims to achieve a tangible reduction in greenhouse gas emissions of 50,200 tCO<sub>2</sub>/year. By 2040, as part of the medium-term measures, the company will invest €19.3 million to achieve a further reduction in GHG emissions of 12,456 tCO<sub>2</sub>/year. If we move towards the long-term horizon, until 2050, it is estimated that an additional investment commitment of €18.6 million will lead to a further reduction in GHG emissions of 37,723 tCO<sub>2</sub>/year.

In the Investment Plan of "Vestmoldtransgaz" SRL for 2024, 13 measures were established (1 short-term and 12 long-term), and their implementation will contribute to the reduction of greenhouse gas emissions.

The impact of their implementation in terms of greenhouse emissions has not been determined.

## Policies adopted to manage climate change

### ESRS E1-2

As the Climate and Decarbonization Strategy was developed at the end of 2023, Transgaz has not yet adopted a plan to implement it. Such a policy will be developed during 2025. The company is in the analysis phase in order to align the business strategy with the new legislative requirements in the field of sustainability.

However, Transgaz has established an integrated management policy to systematically achieve performance in the field of quality, environment, occupational health and safety and energy<sup>11</sup>, through which the company undertakes to ensure, among other things, also:

- Preventing pollution by reducing emissions, promoting and implementing the best available techniques for adapting to climate change, as well as mitigating its effects;
- Continuous improvement of energy performance, acting in a sustainable manner to reduce the consumption of electricity and fuels used in Transgaz' activities;
- Consider improving energy performance in new projects and investments.

Current policies and actions include:

- compliance with local/national legal requirements in the field of the environment;
- implementation of ISO 14001:2015 – the internationally recognized standard for the implementation and maintenance of environmental management systems (EMS). The standard allows Transgaz to integrate environmental management practices by supporting environmental protection, pollution prevention, minimizing the amount of waste generated by the activity carried out, as well as reducing energy and material consumption;
- initiating the steps for the implementation of ISO 50001:2018 – is the international standard that specifies the requirements for establishing, implementing, maintaining and improving an energy management system (EnMS), in order to create the premises to achieve continuous improvement of energy performance, which should include energy efficiency, energy use and energy consumption.

At Transgaz level, the person with the highest position in the organization responsible for the implementation of climate change policies is the Deputy Director General – Leahu Mihai Leontin.

At present, "Vestmoldtransgaz" SRL does not have an integrated management policy established through which the Company undertakes to ensure, among other things, performance in the field of quality, environment, occupational health and safety and energy, but aligns with and complies with all the provisions of the legal regulatory norms in force and applicable to this case.

The "Fit for 55" package introduces measures that will transform the European Union's energy sector, having a significant impact on industries considered polluting, including those managed by Transgaz. The main aim of these measures is to reduce greenhouse gas emissions, with a particular focus on directing grants to projects that support this objective.

Although funding for natural gas infrastructure is diminished, natural gas remains an essential component of the energy mix for many EU member states, including Romania. They can help reduce local emissions of pollutants and CO<sub>2</sub> by replacing more harmful fuels. The emergence of new gases, such as biomethane and hydrogen, poses challenges for current infrastructure, requiring investment in the development and proper operation of networks. These investments include technological upgrading, digitalization and smart data sharing – all of which are essential for Transgaz in efficiently managing networks and contributing to climate goals.

In this context, it is crucial for Transgaz to ensure an appropriate financing framework for innovative projects in the field of hydrogen energy and natural gas transmission. Research, technological upgrading of infrastructure and digitalization are essential for Transgaz to support the transition to a low-carbon economy and promote the use of renewable hydrogen.

## Climate change actions and resources

### ESRS E1-3

At the level of the company, measures are to be adopted to establish an action plan for the implementation of the short, medium and long-term investment plan set out in the Climate and Decarbonization Strategy, a document that was completed in December 2023 and updated in January 2024. The transition plan is to be initiated and approved in 2025, with the corresponding inclusion in the financial statements. It will establish responsibility structures, designate responsible persons and specify the deadlines for implementation, being subject to the approval of the Board of Administration.

Transgaz has implemented a series of climate change mitigation and adaptation actions, in line with its decarbonization strategy. Key mitigation actions include detecting and repairing gas leaks, reducing pressure in pipelines, replacing high-loss devices, and purchasing electricity from renewable sources. In terms of adaptation, Transgaz focuses on assessing climate vulnerability and adapting infrastructure to transport alternative fuels such as biomethane and hydrogen, thus ensuring a secure and sustainable energy transition.



<sup>11</sup> <https://www.transgaz.ro/en/activities/integrated-management-system/policy-statement>



Measure - Short term (2030)	Proposed CAPEX* €	Costs (-) or savings (+) €/year	Reducing greenhouse gas emissions tCO <sub>2</sub> e/year	Costs per unit of CO <sub>2</sub> emissions avoided €/tCO <sub>2</sub> e
Regularly implemented leak detection and repair (LDAR) in accordance with EN 15446, US EPA Method 21 and OGMP Level 5	-	- 1,600,000	22,385	71
Reducing the pressure in the pipeline to the lowest possible level to reduce the flow of gas from leaks, in accordance with the National Network Code	200,000	-	2,239	4.5
Replacement of high-loss devices, if present, to reduce methane emissions from the grid	9,000,000	-	18,655	24
Implementation of an energy monitoring system for all facilities (both consumption and production), taking advantage of the existing SCADA	800,000	186,00	879	-166
Purchase of certified electricity from renewable sources	-	- 117,000	1,200	98
Installation of photovoltaic panels at the company's premises	6,174,000	765,000	942	-474
Actions to reduce GHG emissions associated with purchased goods and services	n,e,	n,e,	3,900	n.e.

\* Market-based Scope 2 (tCO<sub>2</sub>e)

\*the value of investments at the level of 2024 are also presented in the Taxonomy Report. The CAPEX amounts during the year are presented in the annual consolidated financial statements under the Fixed Assets Addenda.

GHG emission reduction achieved	Emissions	This is not the case. The implementation of the strategy and the establishment of the investment plan will start in 2025
Expected GHG emission reduction	Emissions	See table above (expected annual reductions) after implementation of all measures 50,200 tCO <sub>2</sub> e/year discount

The data presented for the previous year include only SNTGN Transgaz SA, as for 2023, no data were available for companies in the Republic of Moldova. For 2024, Transgaz' performance is included in the table below, including companies from the Republic of Moldova:

Gas emissions	Metering unit	2020	2021	2022	2023	2024
Natural gas emissions	m <sup>3</sup>	4,162,813	3,251,688	2,674,807	2,862,165	5,088,453
GHG emissions (Scope 1 + Scope 2*)	tCO <sub>2</sub> e	94,554	92,381	81,964	99,915	161,099
CO <sub>2</sub> Emissions/Energy Consumed Report	tCO <sub>2</sub> e/MWh	0.97	0.59	0.57	0.43	0.56

\* Scope 2 depending on the market (tCO<sub>2</sub>e)

The Modernization Fund (MF) is made up of the revenues obtained by auctioning on the market 2% of the greenhouse gas (GHG) emission certificates at EU level, for the period 2021-2030, Romania having allocated a percentage of 11.98%, respectively a budget of over 15 billion euros that can be used until 2030.

In the geopolitical context we are going through, it is vital that projects to strengthen the natural gas transmission infrastructure (hydrogen ready) obtain the funding allocated to Romania. In this regard, the projects were prepared to meet the legal, technical, environmental and financial requirements for the financing conditions from the Modernization Fund.

Transgaz submitted in 2023 (during the two sessions, 13 applications were submitted), through the Ministry of Energy, a number of 8 investment projects, with a non-refundable requested value from MF of 571.7 million euros. In accordance with the financing mechanism, projects are evaluated by the European Investment Bank (EIB), which sends a recommendation on the financing and/or financing rate of the projects analysed. The decision-making body is the Investment Committee, composed of representatives of the MF beneficiary states and 3 non-beneficiary states (Germany, Sweden and the Netherlands), chaired by the European Commission – DG Climate.

## Targets related to climate change mitigation and adaptation

### ESRS E1-4

With the help of SBTi tools, short-term and net zero targets have been developed. As part of Transgaz' Climate and Decarbonization Strategy, 2020 was selected as the reference year and 2030 as the target year for the Short-Term Action Plan for Decarbonization.

The actions and targets were developed for Romania, for SNTGN Transgaz SA, they are aligned with Romania's Energy Strategy 2022-2030, with the outlook of 2050 adopted as well as the plan (NEPC). The companies from the Republic of Moldova are also to be integrated, after the strategic objectives at the country level will also be communicated in the Republic of Moldova.

In the process of defining the objectives, a series of variables were considered that could jeopardize their achievement, such as:

- the activity sector of SNTGN Transgaz SA;
- geographical and political context;

- the typology of GHG emission sources and the breakdown between Scope 1, 2 and 3;
- the technological level of existing assets;
- solution to reduce the potential for GHG emission reductions, also based on cost-benefit analysis and the applicability of the best available technologies;
- the experience of other gas transmission companies and benchmarking, as well as the US EPA and OGMP;
- required objectives from official methodologies, such as SBTi or TPI, and considering potential future development.

Transgaz has set clear and well-defined targets for reducing greenhouse gas (GHG) emissions, aligned with international climate goals. By 2030, the company aims for a total reduction in GHG emissions of 31% compared to 2020 levels, with specific targets of 30% for Scope 1 (direct emissions), 70% for Scope 2 (indirect emissions from electricity consumption) and 20% for Scope 3 (other indirect emissions). For 2040, the reduction targets are 40% for Scope 1, 90% for Scope 2 and 30% for Scope 3. By 2050, Transgaz aims for a 90% reduction for all three scopes.

These targets are science-based and are compatible with limiting global warming to 1.5°C, following a sectoral decarbonisation trajectory. The underlying scenarios and policies are aligned with national and international climate change regulations and the decarbonisation strategy has been developed in line with the European Investment Bank's PATH framework. At the moment, these targets have not been certified by an external party.

The table below shows specific data and targets for the coming years:

	Reference year 2020	2022	2023	2024	Target for 2030	Target for 2040	Target for 2050
GHG emissions (tCO <sub>2</sub> e)*	103,483	96,391	106,029	177,399	72,351	61,750	10,349
Absolute GHG emission reduction value (tCO <sub>2</sub> e)	-	-7,092	+10,901	+73,916	31,132	41,733	93,134
Percentage reduction in GHG emissions – from emissions in a base year – %	-	-6.85%	+10.53%	+71.43%	-30.08%	-40.33%	-90%
Absolute GHG emission reduction value (tCO <sub>2</sub> e) – Scope 1 (tCO <sub>2</sub> e)	91.767	-18,310	3,637	+61,136	53,225	-	-
Percentage reduction of GHG emissions – out of emissions in a base year – Scope 1 – %	-	-19.76%	+3.96%	+66.62%	30%	70%	20%
GHG emissions (tCO <sub>2</sub> e) – Scope 2 (tCO <sub>2</sub> e)*	2.519	8,060	4,243,786	8,209	1.461	-	-
Percentage reduction in GHG emissions – out of emissions in a base year – Scope 2 – %	-	+219.97%	+33.74%	+225.88%	-70%	-90%	-90%
GHG emissions (tCO <sub>2</sub> e) – Scope 3 (tCO <sub>2</sub> e)*	9.197	5.498	6,114	16,286	6,897.8	-	-
Percentage reduction in GHG emissions – out of emissions in a base year – Scope 3 – %	-	-40%	-33.5%	+77.08%	-20%	-30%	-90%

Scope 2: GHG emissions are mainly calculated from electricity consumption measured from the national grid (based on location) and supplier-specific emission factors (on a market basis).

	2024	2020	Difference 2024 - 2020
Electricity consumption (MWh)	16,164.74	12,298.35	+3,866.39
Electricity-related GHG emissions (tCO <sub>2</sub> e)*	7,815.66	2,518.95	+5,296.71
Natural gas combustion processes – (m <sup>3</sup> )	24,401,020	6,993,910	+17,407,110
GHG emissions associated with flue natural gas (tCO <sub>2</sub> e)	52,022.97	15,054.39	+36,968.58
Natural gas emitted unburned (accidents, leaks, pipeline fillings after repairs, etc.) (fugitive) (m <sup>3</sup> )	5,088,453	4,162,813	+925,640
Fugitive gas emissions (tCO <sub>2</sub> e)	98,507.36	74,618.42	+23,888.93
<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>158,345.99</b>	<b>92,191.76</b>	<b>+66,154.23</b>

\* Scope 2 depending on the market (tCO<sub>2</sub>e)



In the period between the reference year (2020) and the year under review (2024), Romania's National Gas Transmission System underwent extensive development and upgrading, through the construction of new pipeline routes and the upgrading of existing work points. The greatest relevance in this context is the increase in the number of natural gas compressor stations (3 on the BRUA pipeline and 2 on the pipeline that interconnects with the Republic of Moldova). Also, the other 3 compressor stations used in the operation of the NTS were upgraded.

Energy consumption and energy mix	Comparative 2023	Year 2024	Difference 2024 vs 2023	Diferența procentuală 2023 vs 2024
(1) Fuel consumption from coal and coal-based products (MWh)	0	0	0	0%
(2) Fuel consumption of crude oil and petroleum products (MWh)	11,188.06	12,645.48	1,457.42	-12%
(3) Fuel consumption from natural gas (MWh)	205,873.09	253,770.61	47,897.52	23%
(4) Fuel consumption from other fossil sources (MWh)	0	0	0	0%
(5) The consumption of electricity, heat, steam and cooling purchased or obtained from fossil sources (MWh)	16,953.14*	16,164.74	-788.40	-5%
(6) Total fossil energy consumption (MWh) (calculated as the sum of rows 1-5)	<b>233,967</b>	<b>282,583</b>	<b>48,616</b>	<b>21%</b>
Share of fossil sources in total energy consumption (%)	99.97	99.98	0	0%
(7) Consumption from nuclear sources (MWh)	-*	-*	0	0%
Share of nuclear consumption in total energy consumption (%)	-*	-*	0	0%
(8) Consumption of fuel from renewable sources, including biomass (including industrial and municipal waste of biological origin, biogas, hydrogen from renewable sources, etc.) (MWh)	0	0	0	0%
(9) Consumption of electricity, heat, steam and cooling purchased or obtained from renewable sources (MWh)	-*	-*	0	0%
(10) Renewable energy consumption, self-produced fuels (MWh)	61.32	61.32	0	0%
(11) Total renewable energy consumption (MWh) (calculated as the sum of rows 8 to 10)	<b>61.32</b>	<b>61.32</b>	<b>0</b>	<b>0%</b>
Share of renewables in total energy consumption (%)	0.03%	0.02%	0	-0%
<b>Total energy consumption (MWh) (calculated as the sum of rows 6, 7 and 11)</b>	<b>234,028</b>	<b>282,644</b>	<b>48,676</b>	<b>21%</b>

\* Ponderea (fossil/nuclear/regenerabil) depinde de furnizorul de energie electrică.

These compressor stations are the most relevant reason for increasing the primary consumption of electricity and natural gas, according to the table, i.e. an additional 3,866.39 MWh of electricity and 17,407,110 m<sup>3</sup> of combusted natural gas. Further indications on the variation in GHG emissions are reported under Chapter E1-5.

## Energy and emissions

### Energy consumption and energy mix

#### ESRS E1-5

Transgaz supports in the long term the increase of energy efficiency and performance in the operation of the National Gas Transmission System and the reduction of the impact on the environment, acting through measures that contribute to supporting the concept of sustainable development. The data from the previous year only includes the Romanian company SNTGN Transgaz SA. The data presented below are collected based on the exact amounts from Transgaz' energy invoices.

The calculation of direct GHG emissions (Scope 1) includes three main categories of emissions:

- Flue gases in the technological process;
- Fugitive emissions resulting from gas losses;
- Fossil fuels combusted in combustion engines;

#### Scope 1 Emissions - Flue Gases

To determine the volume of natural gas consumed, data from Transgaz records on technological consumption and invoiced natural gas are used.

Scope 1 emissions from flue gases are calculated by converting the volume of gas consumed (in cubic meters) into energy (kWh) and then applying the coefficient of 205 g CO<sub>2</sub>/kWh (the emission factor for flue natural gas) to determine the total CO<sub>2</sub>e emissions.

#### Scope 1 Emissions – Fugitive Emissions

Fugitive emissions are generated by gas leaks and losses during maintenance, development and accident operations. To determine the volume of gas lost, data from Transgaz records on gas losses are taken over. The volume of gas lost is established according to the "Methodology for calculating the technological consumption in the natural gas transmission system" (Annex to ANRE Order no. 85/20.09.2023).

This volume is converted into mass using the density of methane (0.717 kg/m<sup>3</sup>), and the resulting emissions are converted into CO<sub>2</sub>e by applying the factor of (Global warming potential), respectively multiplied by 27.

#### Scope 1 emissions - fuels combusted in combustion engines

In order to determine the fuel consumption, the relevant data are taken from the records of SNTGN TRANSGAZ SA regarding the fuel consumption of the car fleet and machinery.



For each vehicle and machine, CO<sub>2</sub>e emissions are calculated by multiplying the amount of fuel consumed (expressed in litres) by the emission factor specific to each type of fuel (expressed in kg CO<sub>2</sub>/litre).

Total Scope 1 emissions are calculated by summing up the three categories.

**The calculation of Scope 2 emissions** are associated with electricity consumption. Each electricity supplier presents an energy label, in which each kWh supplied has an associated amount of greenhouse gas emissions. There is also an emission index associated with electricity calculated at national level. The most recent available energy label, publicly presented by the electricity supplier, was used for the calculation, and at national level, emission coefficients specific to suppliers from Romania and the Republic of Moldova were used.

For **the calculation of Scope 3 emissions**, an assessment of the significance of Scope 3 categories was carried out based on the related expenditure and the applicability of each category. A threshold of 5% of total expenditure was used to determine the relevance of a category. According to the GHG Protocol and the ESRs standards, only significant categories above the set financial threshold were reported. Thus, the significant categories reported are category 1, 2, 5 and 6, of which only category 5 is quantity-based. The share of category 5 emissions in total carbon emissions is 0.0024%. In the context of Transgaz' activity, namely the natural gas carrier, the resource (gas) is not the property of Transgaz throughout the transmission. So, unlike other entities in the oil and gas sector whose scope 11 emissions are significant, in the case of Transgaz, they are not material.

In 2024 compared to 2023, at Transgaz level, the increase in greenhouse gas emissions was mainly determined by the following factors:

- Increase in the amount of natural gas consumed by combustion at compressor stations, the number of hours of operation of the compressor units registering an increase of 30.22%;
- The amount of flue gas for heating (technological and administrative spaces) also includes the amount related to Vestmoldtransgaz;
- The increase in the amount of gas emitted in its physical state (fugitive) determined by the increase in the number

of pipeline deviation works, requested and carried out by third parties, works due to the development/upgrading of road infrastructure (highways, national and county roads, etc.) and rail, which registered an increase of 118% in 2024 compared to 2023 (48 works executed in 2024 compared to 22 works executed in 2023) and which led to an increase in the amount of gas discharged 42.7%;

- Execution of repair, rehabilitation, upgrading and development works of the NTS objectives, scheduled (approved by PMDI for 2024) and unscheduled, works necessary for the development and safe operation of the NTS, which had the largest share in the increase in emissions, respectively of + 1,101.36 thousand cubic meters of natural gas;
- The increase in emissions associated with electricity consumption, due to the high level of the much higher electricity emission index of the supplier SC TINMAR ENERGY SA of 501.44 g CO<sub>2</sub>/kWh compared to 172.21 g CO<sub>2</sub>/kWh for Romania;
- The increase by 18.29%, mainly due to the increase in the value of the services and products purchased, caused by the price increases for goods and services and the increased complexity of the activity, which generated an additional need for services and products.

The table below illustrates the production of own energy from renewable and non-renewable sources:

Non-renewable energy production (MWh)	0
Renewable energy production (MWh)	61.32

Electricity used: 01.01.2024 – 31.12.2024 - Tinmar Energy SA = 15,586.43 MWh. The amount of electricity consumed in the Republic of Moldova was 578,312 kWh. The energy used taking into account the energy produced by the photovoltaic panels: 01.01.2024 – 31.12.2024 + 16,226.06 MWh. Transgaz carries out a high-risk economic activity.

<sup>12</sup> Latest supplier's labels, emission factors used in the calculation of the scope 2 emissions

The information in the table below is from the consolidated financial statements:

Intensitatea energetică per venit net	Comparative 2023	N 2024	Percentage difference 2024 vs 2023
Total energy consumption from activities in climate-high economic sectors per net income from activities in high-impact climate sectors (MWh/thousand RON)	0.131	0.123	-6.44%
Total energy consumption from activities in climate-intensive economic sectors (MWh)	233,968	282,644	21%
Net income from activities in climate-intensive economic sectors used to calculate energy intensity (RON)	1,785,504,547	2,305,477,037	29%
Net income from other activities in climate-intensive economic sectors (monetary unit)	0	0	0
Total net income (financial statements-operating income) (RON)	1,785,504,547	2,305,477,037	29%

## Gross GHG emissions of categories 1, 2, 3 and total GHG emissions

ESRS E1-6

Transgaz	Retrospective				Milestones and target years			
	Value Year (2020)	Comparative 2023	N (2024)	Percentage difference 2024 vs 2023	2030	2040	(2050)	Percentage difference 2024 vs 2020
GHG Emissions - <b>Scope 1</b>								
Gross GHG emissions - Scope 1 (tCO <sub>2</sub> e)	91,767	95,671	152,904	59.84%	55,060	55,060	9,177	67%
Category 1 Percentage GHG emissions from regulated emissions trading schemes (%)	0	0	0	0	0	0	0	0
GHG Emissions - <b>Scope 2</b>								
Gross GHG emissions - Scope 2 by location (tCO <sub>2</sub> e)	2,621	3,785	2,946	-22.17%	807	2,422	2,422	12%
Gross GHG emissions - Scope 2 by market (tCO <sub>2</sub> e)	2,519	4,244	8,195	+93.09%	756	252	252	225%
GHG Emissions - <b>Scope 3</b>								
Gross GHG emissions - Scope 3 (tCO <sub>2</sub> e)	9,197	6,114	32,555	432%	7,358	6,438	920	254%
1 Goods and services purchased	No data	No data	22,209.37	This is not the case***	-	-	-	There are no calculated values for the year 2020
(Optional subcategory: Data center services etc)	No data	No data		This is not the case***	-	-	-	There are no calculated values for the year 2020
2 Capital goods	No data	No data	9,743.98	This is not the case***	-	-	-	There are no calculated values for the year 2020
5 Waste generated during operations	No data	No data	0.7655	This is not the case***	-	-	-	There are no calculated values for the year 2020
6 Business travel	No data	No data	600.83	This is not the case***	-	-	-	There are no calculated values for the year 2020
<b>Total GHG emissions</b>								
Total GHG emissions (by location)* (tCO <sub>2</sub> e)	103,585	103,483	188,405	82.06%	72,351	61,750	10,349	82%
Total GHG emissions (by market)** (tCO <sub>2</sub> e)	103,484	106,029	193,653	82.64%	74,381	63,790	12,399	87%

\*Total GHG emissions <sub>by location</sub> (tCO<sub>2</sub> e) = Gross GHG emissions Scope 1 + Gross GHG emissions Scope 2 <sub>by location</sub> + Gross GHG emissions Scope 3 <sub>by location</sub>\*\*Total market-based GHG emissions (tCO<sub>2</sub> e) = Gross Scope 1 GHG emissions + Gross Scope 2 <sub>market-based</sub> GHG emissions + Gross Scope 3 GHG emissions <sub>market-based</sub>

'not the case' means that there is no data from the previous year

GHG intensity <sup>13</sup> per net income	Comparative 2023	N 2024	Percentage difference 2024 vs 2023
Totalul emisiilor de GES (bazate pe amplasament) per venit net (tCO <sub>2</sub> e echivalent/unitate monetară)	0.061645 (tCO <sub>2</sub> e)/mii RON	0.081721 tCO <sub>2</sub> e/ mii RON	33%
Totalul emisiilor de GES (bazate pe piață) per venit net (tCO <sub>2</sub> e echivalent/unitate monetară)	0.061913 tCO <sub>2</sub> e/mii RON	0.083997 tCO <sub>2</sub> e/ mii RON	36%

<b>Net revenue used to calculate GHG intensity (RON)</b>	2,305,477,037
<b>Net income (other)</b>	0
<b>Total net income (in financial statements*)</b>	2,305,477,037

\*Operating income before balancing and construction activity in accordance with IFRIC12

The Republic of Moldova has set itself the goal of reducing greenhouse gas (GHG) emissions by 25% by 2020, compared to 1990 levels, as part of its obligations under the Energy Community Treaty and the European Union's energy acquis. In the context of ESRS requirements, the country must consider gross GHG emissions. To meet these goals, the Republic of Moldova intends to adopt a new energy mix and improve energy efficiency, measures that will help reduce emissions, even in the absence of precise percentage targets for renewables and energy efficiency by 2030.

In the calculation of emissions for Scope 2, the currently available label of Transgaz suppliers in Romania and the Republic of Moldova was considered, respectively the label of the energy supplied in 2024. At national level, the average emissions were 172.21 g/kWh for Romania and 473.88 g/kWh for the Republic of Moldova.

<sup>13</sup> Transgaz' activity falls into the category of economic sector with high climate impact.

## GHG absorptions and GHG mitigation projects financed by carbon credits

### ESRS E1-7

Offsetting residual greenhouse gas emissions is one of the decarbonisation measures established in the long term. However, this is the last option that can be obtained to achieve net-zero targets, when all other decarbonization measures have been implemented and only residual emissions that are difficult to eliminate are still present, which is inevitable given the nature of Transgaz' activity. There were no GHG removals and GHG mitigation projects financed by carbon credits in 2024.

In the table below, the comparative data includes only SNTGN Transgaz SA. The quantitative data for 2024 include all Transgaz entities.

Absorptions	Comparative 2023	N 2024	% N/N-1
GHG absorption activity 1	0	0	0
<b>Total GHG absorptions from own operations (tCO<sub>2</sub>e)</b>	0	0	0
GHG absorption activity 1	0	0	0
<b>Total GHG absorptions in the upstream and downstream value chain (tCO<sub>2</sub>e)</b>	0	0	0
<b>Reversals (tCO<sub>2</sub>e)</b>	0	0	0

Carbon credits cancelled in the reporting year	Comparative 2023	N 2024
<b>Total (tCO<sub>2</sub>e)</b>	0	0
Share of absorption projects (%)	0	0
Share of reduction projects (%)	0	0
<i>Recognised quality standard 1 (%)</i>	0	0
Share of EU projects (%)	0	0
Share of carbon credits that qualify as appropriate adjustments (%)	0	0

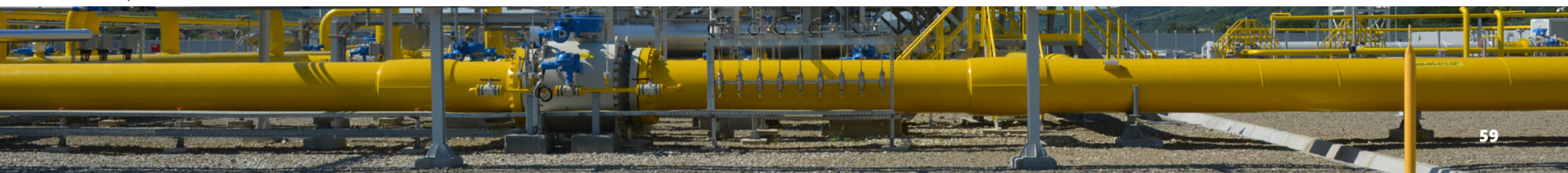
Carbon credits planned to be cancelled in the future	Amount until 31 December 2024
Total (tCO <sub>2</sub> )	0

The main figures for this measure envisaged in the strategy are determined by taking into account the potential amount of residual greenhouse gas emissions generated by Transgaz' activity, after the implementation of the proposed reduction measures, and a cost of EUR 30/tCO<sub>2</sub>e for the purchase of carbon credits on the market, which is higher than the current market value, but which represents the expected value for the next 20-30 years.

## Domestic carbon pricing

### ESRS E1-8

In 2024, Transgaz has not yet set an internal carbon price. The evolution on the European market is monitored through press releases/newsletters.





## Anticipated financial effects of significant physical and transition risks and potential climate-related opportunities

### ESRS E1-9

Within the Climate and Decarbonization Strategy of SNTGN Transgaz SA, climate-related physical risks were assessed according to danger, exposure and vulnerability. The residual physical risk and the potential financial risk were assessed taking into account the potential magnitude of the financial effects of each climate risk, while also considering the implementation of the proposed adaptation measures. However, quantification in monetary terms has been supplemented in particular by qualitative assessments, due to the complexity of defining the exact values for potential risk scenarios. Thus, the potential financial risk of the effects of physical risks was assessed as very low and low, with no medium or high risk identified.

As part of the climate strategy, the physical and transition risks related to climate change have been analysed, using a methodology in line with EP4 requirements and TCFD recommendations. The scenarios analysed include a Net Zero 2050 'favourable scenario' and a 'worst-case scenario' based on nationally determined contributions. The anticipated financial effects of these risks and opportunities include the need for significant investments to adapt Transgaz' infrastructure, which, while costly, offers opportunities to address the transition risks associated with reduced demand for natural gas. In addition, the demand for natural gas is expected to increase, which could have a positive impact on the financial profitability, but the increase in the availability of renewable energy could diminish the market for conventional natural gas. A detailed analysis of the anticipated financial effects of significant physical risks and significant transition risks is not presented in detail.

The table above, called Physical and potential financial risks to climate, shows the significant physical risks that have been identified, along with the proposed climate change adaptation measures. It is mentioned that Transgaz' climate risks are for the entire transmission network, they are not just certain locations, because the transmission network connects locations at risk, and can be affected over long distances as an asset by local events.

The correlation with financial reporting information is shown below:

<b>The carrying amount of assets or liabilities or income vulnerable to significant physical or transition risks</b>	9,723,659,262
<b>Adjusting Items</b>	Nu este cazul
<b>Assets or liabilities or net income in Financial statements</b>	4,295,331,895

In 2023, Transgaz requested funds from the Modernization Fund to finance eight projects, with a total value of approximately EUR 913 million, of which approximately EUR 572 million were requested from non-reimbursable funds. The non-approval and under-financing of some projects affects energy security and the decarbonization process, especially in the context of replacing coal-fired power plants with gas plants, such as those in Işalnița, Turceni and Mintia.

In this context, Transgaz plays a crucial role in developing a safe and functional infrastructure for the transmission of natural gas and green gas at European level. The company is also exploring the opportunity to install photovoltaic panels to increase energy efficiency and reduce purchased energy consumption, with five locations with a total capacity of 531 kW under analysis.

Transgaz has received approval for the financing of a gas supply project for the Işalnița and Turceni power plants, worth EUR 8.9 million, with a total value of non-reimbursable funds obtained for four projects of EUR 109.3 million.

In 2024, the amounts approved by the European Commission for the projects submitted by SNTGN Transgaz SA totalled EUR 100.4 million, related to the following 3 projects:

- Black Sea-Podișor natural gas transmission pipeline - EUR 85,544,422
- Ghercești-Jitaru gas transmission pipeline (including electricity supply, cathodic protection and fiber optics) – EUR 8,038,348;
- Gas transmission pipeline for supplying CET Mintia (covering other industrial and household consumers) – EUR 6,826,947.

## Integration of sustainability-related performance into incentive schemes

### GOV-3

Within Transgaz, for the financial year 2024, a performance indicator aligned with the ESRS has not been established, but certain steps have been taken to involve non-financial indicators for the calculation of the variable component of the remuneration of the members of the Group's management. These steps include the existence of a variable regarding the increase of energy efficiency by maintaining the share of gas consumption in the National Transmission Company, in total natural gas conveyed at a level of less than 1%. More details are presented in ESRS 2.







# Biodiversity and ecosystems

# ESRS E4

## BIODIVERSITY AND ECOSYSTEMS

Transgaz ensures the transportation of natural gas on the territory of Romania and the Republic of Moldova through a specific infrastructure and, thus, considers the analysis of ecosystems in the areas related to the gas networks and takes into account the influence it can have on biodiversity.

In Romania, the services offered by SNTGN Transgaz SA are provided through the infrastructure that was developed according to the Development Plan of the National Gas Transmission System, a plan that was subject to evaluation within the environmental procedure, including the evaluation in relation to biodiversity and ecosystems.

With reference to the activity of "Vestmoldtransgaz" SRL, all the development objectives of the Company are subject to the environmental impact assessment procedure at the time of initiation of projects, in accordance with the environmental legislation specific to biodiversity, in force.

Our activity can affect biodiversity, especially in the implementation phase of projects for the development of the natural gas transmission network. This potential impact is due to the fact that some portions of the route are located in or near protected natural areas. Transgaz aims at the time of carrying out the projects that the impact on biodiversity is minimal.

### Material impact, risks and opportunities and their interaction with strategy and business model

#### SBM-3

Transgaz aims to apply all measures to prevent, reduce and compensate for adverse effects on biodiversity at the time of implementation of projects that may have an influence on protected natural areas. Also, all the conditions established by the competent authorities and administrators of these protected areas are strictly observed. Each of the company's projects goes through an environmental impact assessment before execution, in order to identify all forms of impact and establish specific measures to reduce it.

Transgaz has assessed the potential negative environmental impacts that may occur during construction and operation if environmental conditions are not respected. These include affecting the conservation status of habitats caused by accidental spills of chemicals with effects on biodiversity, especially in protected areas. The impact is generally temporary and reversible in the construction phase, and insignificant in the long term during operation, due to the minimum land requirements for the installations. Potential dependencies on biodiversity and ecosystems, including disturbed ecosystem services, are identified and assessed, based on the criteria of the European directives for environmental impact assessment and appropriate assessment, according to the legislation. In the case of Transgaz, no dependencies were identified in the studies carried out by independent environmental experts, within the environmental procedures for Transgaz' development projects.

The activity carried out does not significantly impact the environment in terms of biodiversity. Environmental permits for the activities carried out and the regulatory acts related to the projects are granted by the environmental authorities under the conditions laid down by national legislation and, sometimes, if the latter deem it necessary, measures are imposed that condition the obtaining of the regulatory act. Transgaz may decide, following the correspondence with the authorities, to deviate the route initially proposed for the placement of the pipelines.

No biodiversity-sensitive areas have been identified that are continuously negatively impacted by the natural gas transmission activity, the sensitive areas consisting of Natura 2000 sites, Natural Areas of National Interest, Natural Areas of International Interest. The potential impact is temporary, in construction, mitigated by measures established in the EIA and EA procedure following the studies carried out according to European directives.

The evaluation of Transgaz projects is developed with certified persons, depending on the legal requirements, environmental impact studies for development projects and for modernization projects. For ongoing projects, consultations were carried out in accordance with the legal procedure for environmental impact assessment (EIA).

Below is a list of Transgaz' development projects in execution in 2024 that intersect protected natural areas:

Site name	Intersected protected natural areas Sites of Community Interest	Status of obtaining environmental agreement (EIA procedure)
<b>Gas Transmission Pipeline Black Sea- Podisor</b>	ROSCI0022 Danube/ROSPA0039 Danube-Ostroave Canaries (overlap in the project area) – the areas are crossed by horizontal directional drilling	Environmental Agreement no. 1/10.05.2018 issued by ANPM
	ROSCI0319 the Fetești Swamp/ROSPA0012 Borcea Arm (overlap in the project area) – partially crossed by horizontal directional drilling	
	ROSPA0105 the Mostiștea Valley ROSCI0131 Oltenița – Mostiștea – Chiciu (overlap in the project area)	
	ROSPA0022 Comana/ ROSCI0043 Comana/ RONPA0928 Comana Natural Park (overlap in the project area)	
<b>Deta - Moravița natural gas transmission pipeline, Timiș County</b>	ROSCI0109 Lunca Timișului/ROSPA0128 Lunca Timișului (overlapping sites in the project area) - partially undercrossed by horizontal directional drilling	The decision of the screening stage no. 174/07.07.2022 issued by APM Timiș

<sup>14</sup> [https://anre.ro/wp-content/uploads/2023/03/PDSNT\\_2022-2031.pdf](https://anre.ro/wp-content/uploads/2023/03/PDSNT_2022-2031.pdf)



All comments from the public were addressed during the consultations of the EIA procedure, carried out by the competent authorities for environmental protection, in accordance with the requirements of Law no. 292/2018.

No impacts related to land degradation, desertification or soil sealing were identified during construction or exploitation activities.

In Romania, the categories of regulatory acts issued by the environmental authorities for Transgaz projects and activities are as follows:

For projects: Classification of the notification/Decision of the scoping stage/Environmental agreement;

- Activities carried out by Transgaz: Environmental Permits and Water Management Permits;
- Notices issued by the Administrators of the protected natural areas for the projects/activities that could generate an impact on the protected areas. These approvals are obtained in the framework of regulatory procedures for projects/activities.

It is not relevant to break down the sites according to impacts and dependencies related to biodiversity, due to the extensive national presence of the Transgaz network.



Detailed information on the procedures carried out in order to obtain the regulatory acts in the field of environment/biodiversity applicable to the activities of SNTGN Transgaz SA is presented below:

### 1. In the case of projects:

Each **Transgaz project** is subject to an environmental impact assessment to identify and reduce possible negative effects on the environment. This process ensures the sustainability of projects and the protection of local ecosystems. The assessment complies with Directive 2014/52/EU, transposed in Romania by Law no. 292/2018. The environmental authorities shall lead the procedure, involving other relevant authorities for a comprehensive analysis. The assessment takes into account the protected natural areas, according to the Emergency Ordinance no. 57/2007.

The evaluation process includes several stages. Initially, it is determined whether the project requires a full environmental impact assessment. Then, the area of evaluation is established, identifying the aspects that will be analyzed in detail. Finally, the quality of the evaluation report is analysed to ensure that all relevant aspects are covered.

The initial evaluation of the project includes the analysis of the location in relation to the protected areas and a hydrological evaluation, according to the Water Law no. 107/1994, in order to obtain the necessary approvals. For more detailed information about a specific project, you can consult the documentation available on the official Transgaz website at <https://www.transgaz.ro/en/activitati/proiecte> or contact the company directly.

The construction activities of the NTS objectives may negatively affect the biodiversity-sensitive areas over which they overlap strictly during the duration of the works in these areas. In order to avoid or reduce the impact, from the beginning of the project, the adoption of working technologies or the choice of the most appropriate execution periods is considered, the reduction of the affected surfaces and the shortening of the execution time, and at the end of the works the affected surfaces are returned to the initial state/restored.

In 2024, measures to mitigate the impact on biodiversity were applied to the execution of the project "Execution of the Black Sea – Podișor natural gas transmission pipeline", such as:

- Realization of 3 horizontal directional drilling (FOD) for the undercrossing of the 3 most important watercourses;
- Optimization of the pipeline route to avoid crossing protected areas, forests, etc.;
- Narrowing of the working lane when crossing the forest fund;
- Carrying out works in environmentally sensitive areas outside the restrictive periods;
- Inclusion and budgeting in the technical projects of the works necessary for compliance with the agreement;
- Monitoring biodiversity in the pre-construction, construction and post-construction stages by experts certified to carry out these activities;

Through the Podișor environmental agreement, measures were established to reduce the impact on flora and fauna species, which are monitored during implementation, and at the end of the project, ecological reconstruction will proceed (site restoration). Measures will also be taken during operation, after the completion of the investment/project.

## 2. In the case of the activities carried out by SNTGN Transgaz SA:

Environmental permits are obtained according to national legislation, at the level of each regional office ("ET").

**The environmental permit** for each regional office of SNTGN Transgaz SA **was issued in compliance with** conditions imposed by the authorities in the field of biodiversity:

- compliance with the conditions provided in the notices of the custodians/administrators of the protected natural areas;
- ensuring the technical and organizational conditions for the activities carried out, so as not to affect the protected species and habitats, as well as their conservation status;
- prohibition of the discharge of hazardous substances used in watercourses or on the ground;
- Prohibition of the storage of waste resulting from the maintenance and operation of the pipeline in protected natural areas and watercourses, the waste will be collected and periodically evacuated to the nearby authorized landfills;
- carrying out maintenance works on the pipeline sections that cross protected natural areas, in compliance with the following conditions:
  - the work corridor will correspond to the space intended for the protection corridor (6 m on either side of the pipeline axis), the occupation of additional land areas not being allowed, making maximum use of the available space, thus avoiding affecting the neighboring surfaces;
  - no deforestation will be carried out;
  - the existing forest roads will be used;
  - exit routes for animals will be provided to prevent captivity of wildlife;
  - any animals caught in captivity between equipment/in pits/ditches will be identified and released;
  - any direct contact with the existing fauna as well as the hunting of animals is prohibited;
  - Welding works near vegetation are prohibited.

In the event of a damage/explosion on the sections that cross the protected natural areas, the dynamics of the affected areas will be monitored, and for the areas identified with problems, restoration works will be carried out on the affected habitats. The planning of the maintenance works of the sections that cross the protected natural areas will be done in such a way as to avoid the nesting periods of birds or during the breeding periods of the other designated species. The maintenance works on the pipelines that intersect/neighbor the protected natural areas will be carried out only with the prior notification of the custodian/administrator of each protected natural area and in compliance with the conditions imposed by them. The maintenance works of the crossing corridors, exploitation and safety will be carried out in compliance with the strictest measures to reduce the negative impact on the protected species and habitats existing in the area.

For terrestrial, aquatic and underground species of wild plants and animals, provided for in GEO no. 57/2007 on the regime of protected natural areas, conservation of natural habitats, wild flora and fauna, with subsequent amendments and completions, the following are prohibited:

- any form of harvesting, capturing, killing, destroying or harming specimens in their natural environment, at any stage of their life cycle;
- intentional disturbance during the breeding, hibernation and migration period;
- damage, destruction and/or intentional collection of nests and/or eggs from nature;
- damage and/or destruction of breeding or resting places;
- harvesting flowers and fruits, picking, cutting, uprooting or intentionally destroying these plants in their natural habitats, at any of the stages of their life cycle.

In order to initiate a development project at "Vestmoldtransgaz" SRL, it is necessary to comply with the EU legislation on environmental impact assessment. This includes obtaining the Ecological Approval, which determines the need for an ecological expertise according to Law no. 851/1996. If the planned activities have not been evaluated according to Law no. 86/2014, the state ecological expertise of the documentation is mandatory. This involves submitting an application with detailed information about the project and the beneficiary, and an urban planning certificate with the necessary annexes.

Also, various technical approvals and conditions are required, such as those from the "Apele Moldovei" Agency, the Moldsilva Agency, the State Administration of Roads, the IGP, the SIS and the National Agency for Public Health, along with a sanitary approval and the environmental agreement.

**Environmental agreement** (within the environmental impact assessment procedure) - Permissive act that establishes the conditions and measures for the prevention and reduction of the negative impact on the environment from public or private projects or type of planned activity, which consists of the construction of new objects, extension, reconstruction, modernization, repaving, planning of new types of activity, acquisition or use of natural resources, influence on the territory or land untouched or little modified by human activity, as well as other actions whose performance or final result may have a significant impact on the environment.

## Description of the processes to identify and assess material impacts, risks and opportunities related to biodiversity and ecosystems

### IRO-1

In order to provide an adequate representation of the activities carried out by Transgaz, its performance and the impact generated, a double materiality analysis was carried out in accordance with the requirements of the new sustainability standards, during an internal meeting. The company's management employees (management representatives) were actively involved in this process of double materiality analysis. In addition, various sources of information were consulted, such as the reports of economic operators operating in an industry similar to Transgaz, the regulatory documents held and other internal documents such as the internal risk register and various standards in the field.

No significant impacts were identified upstream and downstream in the value chain, given Transgaz' business model.

The process of identifying and assessing biodiversity-related impacts, risks and opportunities consisted of the following:

- an internal assessment was carried out according to the principle of double materiality analysis based on the analysis of the environmental studies carried out in order to obtain the regulatory acts in accordance with the EIA and EA procedures according to the transposed directives, carried out by independent experts, on the criteria for assessing the impact on the extension of the network aligned with the requirements of the mentioned European Directives. Local communities are also consulted in the authorisation procedure for services.
- an external stakeholder consultation and consultation of literature sources, verification of the internal risk register and other internal documents was also carried out.

Thus, for Transgaz' activity, only the topic Direct impacts on biodiversity loss, sub-sub-topic Pollution, as a result of potential actions that can generate pollution in the respective areas, especially during the construction work period, resulted as "material".

No systemic risks were identified in the activities carried out by Transgaz.

The findings of the double materiality analysis on biodiversity RIs are summarised in ESRS 2 – General Information, in the sub-chapter **Significant impacts, risks and opportunities and their interaction with the strategy and business model**. Within Transgaz, no situations were identified in 2024 that would generate the application of sanctions by the authorities for non-compliance with the legal provisions in the field of biodiversity.

In the case of all development projects implemented by Transgaz, appropriate measures have been adopted to avoid, reduce, restore and/or compensate adverse effects on the environment and biodiversity, as well as additional measures to enhance the positive effects of the projects on the environment and biodiversity, in accordance with regulatory acts, legislative provisions, specific requirements of projects and national strategies/plans and good practices international standards in the field.

## Transition plan and consideration of biodiversity and ecosystems in strategy and business model

### ESRS E4-1

In Romania, NTS development projects are subject to the environmental impact assessment procedure, which also integrates the appropriate impact assessment on protected natural areas of community interest, conservation of natural habitats, wild flora and fauna, in accordance with the environmental legislation in force, namely:

- GEO no. 195/2005 on environmental protection, as amended;
- GEO no. 57/2007 on the regime of protected natural areas, conservation of natural habitats, wild flora and fauna approved by Law no. 49/2011 – as amended;
- Law no. 292/2018 on the assessment of the impact of certain public and private projects on the environment;
- MMAP Order no. 1682/2023 for the approval of the methodological guide on the adequate assessment of the potential effects of plans or projects on protected natural areas of community interest, as amended;
- Normative acts for the establishment of the regime of protected natural areas.

- Management plans for protected natural areas and specific conservation objectives set for species and habitats of Community interest.

- The environmental impact assessment procedure is conducted by the competent authority for environmental protection, with the participation of central or local public authorities that have specific tasks and responsibilities in the field of environmental protection and with the consultation and involvement of stakeholders, being applied to all Transgaz projects from the moment of their initiation.

Currently, Transgaz does not have a specific transition plan to address the impacts, dependencies, risks and opportunities related to biodiversity and ecosystems for 2024. However, the company plans to develop such a plan in the next 3 years.

With reference to the activity of "Vestmoldtransgaz" SRL, all the development objectives of the Company are subject to the environmental impact assessment procedure at the time of initiation of projects, in accordance with the environmental legislation specific to biodiversity, in force, namely:

- Law no. 86 of 29.05.2014 on environmental impact assessment
- Minister's Order no.37 of 5 April 2017 on the approval of the procedural norms for environmental impact assessment
- Law no. 160 of 22.07.2011 regarding the regulation by authorization of entrepreneurial activity
- Order no. 219 of 01.10.2018 on the approval of the Guide on carrying out the procedures regarding the strategic environmental assessment
- Land Code
- Forest Code
- Water Code
- Law no. 1538 of 25 February 1998 on the fund of natural areas protected by the state
- Law no. 1422 of 17.12.1997 on the protection of atmospheric air
- Law no. 29 of 05.04.2018 on the delimitation of public property
- Law no. 94 of 05.04.2007 regarding the ecological network
- Law no. 209 of 29.07.2016 on waste
- Law no. 851 of 29.05.1996 on ecological expertise
- Law no. 272 of 23.12.2011
- Law no. 11 of 02.03.2017 regarding the strategic environmental assessment
- Law no.1540 of 25.02.1998 on payment for environmental pollution
- Law no. 1515 of 16.06.1993 on environmental protection
- Law no. 239 of 08.11.2007
- Law no. 439 of 27.04.1995 of the animal kingdom



- Law no. 1102 of 06.02.1997 on natural resources
- Law no. 325 of 15 December 2005 on the Red Book of the Republic of Moldova
- GD RM no. 950 of 25.11.2013 for the approval of the Regulation on the requirements for collection, treatment and discharge of wastewater in the sewerage system and/or in water bodies for urban and rural localities
- GD RM no. 167 of 12.03.1992 on the creation of the state nature reserve "Plaiul Fagului"
- GD RM no. 782 of 03.08.2000 for the approval of the framework regulations of national parks, natural monuments, resource reserves and biosphere reserves
- GD RM no. 27 of 19.01.2004 for the approval of the Regulation on the authorization of felling in the forest fund and forest vegetation outside the forest fund

Thus, at the time of applying for the environmental agreement, biodiversity and ecosystem aspects are assessed in detail and specific measures are ordered to ensure that the impact is minimised.

For a gas transmission company, addressing the impact on biodiversity and ecosystems is essential, especially in the construction and maintenance phases of gas transmission facilities. Adapting the company's strategy and business model in relation to biodiversity involves conducting environmental assessments, implementing mitigation measures, involving stakeholders at the time of project initiation, and encouraging continuous innovation. This approach can help to avoid affecting the integrity of ecosystems and net biodiversity losses.

Transgaz does not currently have a detailed resilience strategy to impacts, risks and opportunities related to biodiversity and ecosystems. However, the company intends to carry out a strategy in the next 3 years, including a transition plan. The goal will be to identify vulnerabilities and opportunities for adaptation to ecological changes, in order to ensure Transgaz' sustainability.

Within its projects, Transgaz provides robust monitoring systems to track the impact on biodiversity and ecosystems throughout the life cycle of its projects. Transgaz projects are subject to environmental impact assessment and appropriate assessment, in the procedure for obtaining environmental agreements and are not measures imposed to restore biodiversity through these regulatory acts. Thus, no remedial or restoration measures are required and, therefore, it can be said that Transgaz' activity does not impact objectives set out in the EU Nature Restoration Plan by Regulation (EU) 2024/1991 on nature restoration or the EU Biodiversity Strategy for 2030.

"Vestmoldtransgaz" SRL has monitored, in accordance with the applicable legal norms, the requirements imposed by the EBRD on the impact on biodiversity and ecosystems throughout the life cycle of its projects.

#### In Romania:

In accordance with the provisions of Article 22 of the European Directive EC/2009/73 on the obligation to draw up the annual 10-year Development Plan for all gas transmission system operators in the European Union, Transgaz, as technical operator of the National Gas Transmission System in Romania, has developed the Development Plan of the National Gas Transmission System for the period 2021-2030, plan that has been subject to the strategic environmental assessment. As part of the environmental assessment for the TYNDP 2021-2030, the Appropriate Assessment Study and the Environmental Report on Environmental Impact were prepared, documents prepared by NaturalNet SRL in collaboration with certified experts for the preparation of environmental studies, with the support of the EIB.

Transgaz integrates environmental aspects, including those related to biodiversity, into the current gas transmission activity, as well as into development, using the following approaches:

- Management of environmental responsibilities, referring to requirements and practices used by the industry at international level;
- Systematic use of environmental assessment to facilitate the integration of environmental considerations into the work carried out.
  - Thus, sustainable decisions are taken that minimise the negative impact on the environment, specific measures to improve the effects are identified and a framework is established for the subsequent evaluation of projects from the point of view of environmental protection.
- Implementation of the biodiversity impact mitigation hierarchy (avoidance, minimization, rehabilitation and impact compensation) by adopting measures to reduce adverse effects on all environmental components (air, water, soil, climate, biodiversity, natural resources, landscape, cultural heritage, population and human health), at all stages of activity: planning, design, construction, operation, decommissioning.

#### In the Republic of Moldova:

In accordance with the provisions of art. 42 of Law no. 108 of 27.05.2016 on natural gas from the Republic of Moldova:

(2) ... **the transmission system operator is obliged, taking into account the energy strategy and the integrated national energy and climate plan**, the current and forecast supply and demand, to develop and, after prior consultation with all interested parties, **to submit to the Agency for approval a development plan for the natural gas transmission networks for 10 years**. The development plan must contain effective measures to guarantee the reliability of the natural gas system and the security of gas supply and indicate to the participants in the natural gas market the main gas transmission networks that are expected to be rebuilt or rehabilitated in the next 10 years, contain information on the investments already established, identify new investments to be made in the next 3 years and provide a time frame for investment projects. The development plan must contain, but is not limited to:

- a) the description of the existing infrastructure, its current state and the degree of wear, the list of interventions carried out in the last year, as well as the results obtained from the studies carried out on the development of natural gas transmission networks and the installation of metering equipment;
- b) the description of the natural gas transmission networks and the related objectives that need to be built, modernized in the next 10 years;
- c) the calendar for the investment projects planned to be carried out in the next 10 years;
- d) estimation of the necessary capacities, forecast of the evolution of cross-border exchanges, of the quantities of natural gas produced and supplied, of the consumption of natural gas, as well as energy efficiency measures;
- e) the description of the means and investments necessary to meet the forecast demand for natural gas;
- f) the description of the investments that have been approved and are to be approved and carried out in the next 3 years, as well as the calendar for the implementation of these projects;

g) the objectives and financial effects planned to be achieved as a result of the implementation of the development plan, in particular as regards the impact of investments on the tariffs for the natural gas transmission service and for other system services provided by the transmission system operator, the use of capacities, the reduction of the duration of interruptions, the stability of the natural gas pressure in the natural gas transmission networks, reducing technological consumption and natural gas losses in natural gas transmission networks and meeting other quality indicators of the natural gas transmission service.

(4) The transmission system operator is obliged to submit to the Agency, for examination and approval, the development plan. When examining the development plan, the Agency shall, if necessary, request the transmission system operator **to consult the public authorities, natural gas undertakings and certain existing or potential system users on the development plan and to submit to the Agency information on the results of the consultations.** The Agency asks the transmission system operator to amend the development plan, including if it does not meet the investment needs identified in the consultation process.

The Development Plan of "Vestmoldtransgaz" SRL for the years 2023-2032 was approved by ANRE (ANRE BoA Resolution no. 820 of 22.12.2023) without any consultations with environmental authorities being requested.

At group level, the hierarchical proactive approach to biodiversity and ecosystems within the strategy and business model consists of applying the following measures:

1. Avoiding the impact by spatially adjusting the route of natural gas pipelines, so that they do not cross areas with high biodiversity value;
2. Minimizing the impact by applying the best technologies and best management practices available at the moment (for example: minimizing the disturbance of soil, watercourses);



3. Restoration of biodiversity and affected habitats where adverse effects on biodiversity cannot be avoided or minimized, whereby affected ecosystems and species are rehabilitated in situ, thus the affected biodiversity is restored to the same place where it was negatively affected;

4. Biodiversity offsetting shall consist of the implementation of compensatory measures where the opportunity to implement the previous stages of the biodiversity mitigation hierarchy has been exhausted and the residual impact is present.

This approach to the business model in relation to the environment allows us to reduce the impact and potential risks that could be generated by the activity carried out on the environment and biodiversity.

## Concepts and measures related to biodiversity and ecosystems

### Policies related to biodiversity and ecosystems

#### ESRS E4-2

As the first year of reporting under ESRS standards at group level, Transgaz has not separately developed any policies under ESRS 2 MDR-P to cover biodiversity and ecosystems. The monitoring and continuous improvement of environmental performance, in order to protect biodiversity and ecosystems, is a general objective for environmental protection within Transgaz, according to the General Policy adopted through the Integrated Management System<sup>15</sup>.

In Romania, the activity carried out at the level of SNTGN Transgaz SA regarding the management of associated risks, no significant risks in the field of biodiversity have been identified. The main aspects regarding the Policy adopted at the level of company regarding biodiversity are dealt with in the Policy of the Integrated Management System.

The natural gas transmission activity is organized and carried out in accordance with the Integrated Management System Policy on Quality, Environment and Occupational Health and Safety adopted at the level of the Company. In order to apply the SMI within the activities carried out by the Company, quality and performance control documents have been developed and implemented : system procedures, process procedures, regulations, methodologies, work instructions, process sheets, etc. Transgaz is certified in terms of the integrated management system regarding Quality, Environment and Occupational Health and Safety in accordance with SR EN ISO 9001:2015, SE EN ISO 14001:2015 and SR EN ISO 45001:2023. Between August and September 2024, the recertification audit of SMI's performance took place at the Company's level, concluded with the renewal of the certificates in accordance with the reference standards of the three management systems.

According to the internal procedures regarding the identification and reporting of emergency situations, OSH and environment, all environmental incidents are reported to the authorities with responsibilities in the field, namely the National Environmental Guard, the County Environmental Protection Agencies, the Water Basin Administrations (as the case may be). In 2024, there were no environmental incidents impacting protected natural areas.

Transgaz's activity does not interfere with the provisions of the Nagoya Protocol and the Convention on Biological Diversity (CBD), regarding "access to genetic resources" and the "fair and equitable sharing of benefits" generated by the use of these resources.

<sup>15</sup> <https://www.transgaz.ro/en/activities/integrated-management-system/policy-statement>

Transgaz operates the main pipelines of the national gas transmission system, in compliance with the requirements of European and national legislation, quality, performance, environment and sustainable development standards. In carrying out its activity, Transgaz does not use biodiversity resources and does not generate direct risks and threats to habitats and biodiversity (loss of habitats, overexploitation of species, introduction and/or spread of invasive species, introduction and/or spread of diseases). Regarding the risks and impacts of climate change on biodiversity, Transgaz has adopted the Decarbonization Strategy, which aims at the company's transition to climate neutrality, in accordance with national and international climate action requirements and regulations.

In the Republic of Moldova, "Vestmoldtransgaz" SRL does not have certifications regarding quality, environment, health and safety at work, but aligns and complies with all the provisions of the legal regulatory norms in force and applicable to this case. In addition, in the near future, it is desired to implement all certifications regarding quality, environment, health and safety at work and at the level of "Vestmoldtransgaz" SRL.

During the reporting period, no environmental incidents impacting the protected natural areas were identified at the level of "Vestmoldtransgaz" SRL.

## Actions and resources related to biodiversity and ecosystems

### ESRS E4-3

In Romania, the key activities carried out by SNTGN Transgaz SA for compliance with the conditions imposed by the legislation and regulatory acts issued by the competent authorities for environmental protection regarding the management of biodiversity during the implementation of gas transmission pipeline construction-assembly projects, consist of:

- including in the technical projects/documentation regarding the procurement of gas transmission pipeline execution works the requirements provided in the legislation and in the related regulatory acts regarding biodiversity management, detailed technical specifications regarding biodiversity monitoring and the responsibilities and obligations incumbent on contractors and/or specialists providing biodiversity monitoring services in the implementation of projects;
- developing, through its own specialists and/or external consultants, the Biodiversity Management Plan and other specific documents, which present the biodiversity management and conservation requirements applicable to the NTS development projects, the actions and measures to avoid and reduce the impact of the works on biodiversity that the contractor must carry out (e.g. Biodiversity Action Plans, Procedures/Work Instructions for Biodiversity Management, etc.);
- reviewing and updating the project documents on biodiversity whenever the situation requires it;
- evaluation and assurance that the contractor's bid complies with the requirements of the procurement documentation regarding environmental protection:
- the inclusion in the own structure responsible for the implementation and monitoring of NTS development projects of qualified specialists, with roles and responsibilities regarding the management of environmental protection aspects, including those specific to biodiversity;

- training the own staff involved in the activities of supervising the execution of the works on site on the requirements and commitments of the project regarding the environment and biodiversity and making available to them the project documents in the field of environmental protection;
- initial training of management staff and contractors' workers on the project's environmental and biodiversity requirements and commitments;
- making available to contractors project documents in the field of environmental protection;
- periodic monitoring, verification and auditing of the activity and performance of contractors and specialists who carry out biodiversity monitoring with regard to the management of environmental aspects, including biodiversity, to the execution of the construction-assembly works of gas transmission pipelines;
- monitoring and reporting of risks, non-compliances, incidents related to biodiversity management, monitoring the remediation of situations by contractors and/or biodiversity monitoring specialists;
- centralizing and managing documents, reports and information on biodiversity management developed by contractors and reporting to the company's management, competent authorities for environmental protection, administrators/custodians of protected natural areas, as the case may be;
- verification and approval of the documents developed by the contractors/biodiversity specialists (work plans, work delivery schedules, monitoring methodologies, data collection sheets and reporting of monitoring results, biodiversity management plans, biodiversity action plans, measures to prevent and mitigate the impact of project works on biodiversity, biodiversity compensation strategies/plans, activity reports, work situations and supporting documents, etc.);
- recording, reporting environmental incidents and cooperating with authorities and the contractor to investigate them;
- carrying out control, verification, auditing actions of the activities related to the project, by control authorities, external auditors, etc. and developing the information, presentations and documents requested by them during the actions or subsequently;
- application of environmental provisions and requirements related to change management, in cases where there are changes in the implementation of projects (change of the initial technical solution, occurrence of unforeseen situations or force majeure, etc.);
- notification and reporting to the competent authorities for environmental protection and administrators/custodians of protected natural areas regarding the start of the construction works of the projects, periodic reporting on biodiversity monitoring and reporting on the completion of the biodiversity monitoring activity at the execution of projects.

The company's activities and projects are properly managed to have a minimum impact on the protected habitats and species in the natural areas. In order to reduce the impact on biodiversity, the company implements measures to avoid affecting protected areas from the early stage of projects. When the impact cannot be avoided, appropriate measures are taken to reduce it and the affected land is subject to ecological restoration.



**Other actions related to biodiversity and ecosystems:**

- Budgeting in the gas pipeline execution projects of the works to comply with the legal provisions or from the environmental regulatory acts of the project;
- Developing biodiversity action plans, drawn up mainly for major projects, outlining the specific, practical and effective actions and measures to manage biodiversity and to avoid and/or mitigate adverse impacts on biodiversity that apply during the execution of the works, in accordance with those set out in the project documents (environmental agreement, supplementary environmental and social assessment report, biodiversity management plan). The biodiversity action plans also consider measures to reduce the impact on protected natural areas and sites of high ecological value located in the area of influence of the works and measures to reduce the impact on species designated as critical habitats or priority biodiversity characteristics, located in the area of influence of the project, without being strictly limited to them.
- Within Transgaz, no specific actions related to biodiversity and ecosystems have been established according to the minimum disclosure requirements of ESRS 2 MDR-A. Also, detailed descriptions of the resources allocated to these actions, the time horizons for their completion, the correlation with significant sustainability aspects, as well as details on monitoring efficiency and measuring progress are currently missing. Transgaz plans to implement these actions in the next 3 years

All measures communicated by the authorities for obtaining environmental permits are carried out according to the formulated requirements. These actions are managed at the level of each project by the project teams established by decisions of the executive management. The national/local environmental authorities carry out, where appropriate, the final assessment (on-site) in order to verify the conditions imposed by the environmental agreement.

In addition, at the level of each Regional Office there is an environmental inspector who has responsibilities regarding the monitoring of the conditions imposed by the environmental permit.

The possible impact that 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 vicinity. Transgaz pays special attention to this aspect, the activities carried out being managed in such a way as to generate a minimum impact on the flora and fauna in the protected natural areas or to be totally avoided.

In order to achieve this goal, SNTGN Transgaz SA, through its specialized environmental and design structures, from the design stage adopts the optimal route of the new natural gas transmission objectives/pipelines, in order to avoid as much as possible the crossing of protected natural areas. Each project of the company is subject, prior to execution, to the environmental impact assessment procedure, through which all the associated forms of impact are identified and specific measures to reduce the impact are established.

The implementation of projects that may have an influence on protected natural areas is carried out with the application of all measures to prevent, reduce and compensate for adverse effects on biodiversity, as well as with strict compliance with the conditions imposed in the opinions issued by the competent authorities and administrators of protected natural areas.

Within Transgaz there are environmental studies carried out for the Development Plan, in order to identify the relevant environmental objectives. Impact assessments are prepared within the environmental impact assessment procedure, in the case of projects for which the environmental authority has decided the need to prepare them (Environmental Impact Report; Appropriate Assessment Study).

Biodiversity monitoring is carried out in 2 ways:

- framework agreement concluded by Transgaz, for a period of 4 years, for biodiversity monitoring services during the implementation of projects (studies carried out by Transgaz through certified experts as service providers);
- studies carried out by the builder through teams of experts, in situations where the builder is responsible for monitoring biodiversity.

The information described above is also applicable to "Vestmoldtransgaz" SRL, under the conditions of the applicable legislation in force in the Republic of Moldova.

In the Republic of Moldova, "Vestmoldtransgaz" SRL aims that as a result of its activity, the impact on protected habitats and species in natural areas is minimal and complies with all the provisions of the legal regulatory norms in force and applicable to this case.

The company complies with all the provisions of the legal regulatory norms in force and applicable to this case. All measures communicated by the authorities for obtaining environmental permits are carried out according to the formulated requirements.

These actions are managed at the level of each project by the project teams established by decisions of the executive management.

"Vestmoldtransgaz" SRL, pays special attention to this aspect, the activities carried out being managed in such a way as to generate a minimum impact on the flora and fauna of the protected natural areas or to be totally avoided.

In order to achieve this goal, "Vestmoldtransgaz" SRL, when developing the Specifications for the design/execution of works, from the stage of approval of the award documentation for the acquisition of the design/execution of works services, adopts special requirements to avoid as much as possible the crossing of protected natural areas. Each project of the Company is subject, prior to execution, to the environmental impact assessment procedure, through which all the associated forms of impact are identified and specific measures to reduce the impact are established.

The environmental studies and approvals obtained by SNTGN Transgaz SA for the TYNDP are as follows:

- Environmental Report - TYNDP 2021-2030;
- Adequate evaluation study prepared for the TYNDP 2021-2030;
- Environmental Notice no. 59 of 15.10.2021 for the TYNDP 2021-2030, issued by the Ministry of Environment;
- The decision of the scoping stage no. 1/14.02.2022 regarding the proposal to amend the Development Plan of the National Gas Transmission System 2021 – 2030 (TYNDP 2021 - 2030);
- The decision of the scoping stage no. 3/12.05.2022 regarding the proposal to amend TYNDP 2021-2030 (modification of the implementation period of the Plan from 2021-2030 to 2022-2031).

In 2024, it was not the case to use compensatory measures for biodiversity loss. There were no situations where the outcome of the appropriate assessment for projects revealed a significant negative impact on protected natural areas of Community interest and the adoption of compensatory measures to protect the coherence of the Natura 2000 network.

According to the provisions of Law no. 108 of 27.05.2016 on natural gas in the Republic of Moldova, it was not requested to obtain environmental studies for the approval of the 2023-2032 Development Plan, but each development project at initiation will be treated in the light of the environmental and biodiversity legislation applicable in the Republic of Moldova.

The projects implemented by SNTGN Transgaz SA in 2024 did not generate a residual impact on biodiversity, which would require the adoption of compensatory measures.

## Targets related to biodiversity and ecosystems

### ESRS E4-4

The activities in the field of environmental protection (and implicitly those related to biodiversity and ecosystems) are approached in the light of the principles underlying the environmental legislation, thus pursuing, among others, the Principle of biodiversity and ecosystem conservation 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 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 of protected natural areas, measures to reduce it when it cannot be avoided and ecological land restoration. However, there have not yet been cases that required the ecological restoration of protected areas, there are no sites negatively affected by Transgaz, according to the issued documents.

In carrying out its activity, Transgaz does not use biodiversity resources and does not generate direct risks and threats to habitats and biodiversity (loss of habitats, overexploitation of species, introduction and/or spread of invasive species, introduction and/or spread of diseases). Regarding the risks and impacts of climate change on biodiversity, Transgaz has adopted the Decarbonization Strategy, which aims at the company's transition to climate neutrality, in accordance with national and international climate action requirements and regulations.

No specific targets related to biodiversity and ecosystems have been set. Transgaz' activity has no significant impact on biodiversity. The national legislation does not establish such an obligation for Transgaz' activity. In the risk assessment process, no significant risks with an impact on biodiversity and ecosystems were identified. However, Transgaz intends to adopt such targets in the future. These will be developed in the next 3 years.

## Biodiversity and ecosystem protection

### Impact metrics related to biodiversity and ecosystem change

#### ESRS E4-5

For protected areas, specific prevention and reduction measures are developed at site/project level. According to the environmental assessment (adequate assessment study<sup>16</sup> for the Development Plan of the National Gas Transmission System 2021-2030) it was estimated that the areas on which the potential impacts can unfold are relatively small.

Despite these measures, Transgaz has not yet established metrics to measure the impact on biodiversity and ecosystems within its activities.

<sup>16</sup> <https://www.mmediu.ro/app/webroot/uploads/files/EA%20rev%202%20final.pdf>

## Potential financial effects from biodiversity and ecosystem-related risks and opportunities

### ESRS E4-6

In the work carried out at Transgaz regarding the management of associated risks, no significant risks in the field of biodiversity were identified and, consequently, the potential financial effects were not estimated.







# SOCIAL INFORMATION



# ESRS S1

## OWN WORKFORCE

Human capital is an essential element for the success of a company, significantly influencing innovation, productivity and business growth. To achieve the organization's objectives and provide the highest quality services, it is essential for Transgaz to attract, retain, motivate and continuously develop human resources. Competent, engaged, responsible and dedicated employees can contribute to the development and implementation of process improvement ideas, thus generating efficiency, productivity and cost reduction. **Investing in employee professional development can boost motivation, performance, and job satisfaction.**

The information presented in Chapter S1 interacts with ESRS 1 General Principles and ESRS 2 General Requirements (SBM-2, SBM-3). Also, this standard is interpreted in conjunction with G1 – corporate culture.

The main objectives focus on promoting talent, recruiting and integrating staff for vacant positions, training and continuous development of employees, objectively evaluating and rewarding their performance, encouraging internal mobility, reviewing compensation and benefits policies to ensure internal equity and external competitiveness, advancing the process of automation and digitization of human resources activities, ensuring succession for key roles, developing and implementing tailor-made development programs for potential successors, continuing to collaborate on educational projects (such as dual school and internships) and strengthening partnerships with target universities.

Within Transgaz, the rights and responsibilities of employees, as set out in the Collective Labour Agreement (CCM) and in the Organisation and Functioning Regulations, are formulated in accordance with respect for human rights and the right to work, according to the principles contained in the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. They are transposed into the legislation on labour relations and are governed by the principles of consensually and good faith, which underpin interactions within labour relations.

The Organization and Human Resources Division operates within the company, with the following structures:

- Human Resources Administration Department
- Payroll Department
- Human Resources Organization and Planning Unit
  - Organization Department
    - Organizational Management Office
    - Labour Standardization Office
  - Human Resources Planning Department
    - Social Partners Relations Office
- Human Resources Development Unit (Transgaz Academy)
  - External Training and Career Management Department
    - Evaluation and Performance Enhancement Office
    - Permits and Compliance Office
  - Internal Training and Professional Development Department
    - School of Crafts Qualification and Improvement Office
    - Induction and Specialization Office
  - Centre for Administration of Spaces for Restoration of Work Capacity and Professional Training

**The mission of the Organization, Human Resources Division** is to attract and maintain competent and motivated employees within the company, in order to ensure the efficient achievement of organizational objectives and increased performance.

**The Human Resources Organization and Planning Unit** develops and implements the human resources policy in accordance with Transgaz' Management Plan and Management Plan, is responsible for ensuring, developing, motivating and maintaining human resources, as well as for the application of labour and social protection legislation within the company.

**The Human Resources Development Unit** ensures the fulfilment of the company's objectives regarding the training and improvement of employees, evaluation of professional performance, career administration and organizational development, as well as the management of spaces for restoring the work capacity and professional training within the company.

**The main duties of the division in the field of human resources** are:

- Personnel administration
- Administration of salary rights
- Organization of work and activity
- Standardization of work and staff
- Planning and tracking of personnel expenses
- Managing relations with social partners
- Professional development of the employed staff
- Employee Career Management
- Management of spaces for the restoration of work capacity and professional training
- Management of the mandate contracts of the Director - General and administrators
- Establishing and monitoring managerial performance indicators.

## Consumers and end-users

### Interests and views of stakeholders

#### ESRS 2 SBM-2

In order to create an inclusive environment in which every employee feels safe, involved and appreciated, Transgaz constantly focuses on developing and improving the organizational culture. The company's procedures and policies related to human resources are developed and related to specific departments, being employee-centered,

providing them with opportunities for promotion and access to professional development programs adapted to the specifics of their activity. In addition, Transgaz encourages employees to communicate openly with both colleagues and the Transgaz management team, as it believes that only through effective communication can the internal objectives and those established in the relationship with Transgaz employees be achieved.

Transgaz, as an employer, is constantly ensuring with national and European legislation in the field of labor relations, relations with social dialogue partners, information and consultation of employees. **The relations between employer and 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 level of SNTGN Transgaz SA there has been permanently, since its establishment, a Collective Labor Agreement negotiated and registered according to the provisions of the Social Dialogue Law.

At the level of Vestmoldtransgaz a Collective Labor Agreement is concluded in accordance with the legislation of the Republic of Moldova, a contract that is registered with the Labor Inspectorate in Chisinau.

## Material impacts, risks and opportunities and their interaction with strategy and business model

### SBM-3

The company's strategy and business model are interconnected with the actual and potential impacts on our workforce, which come from different facets of decisions and the strategic framework. Transgaz recognizes the importance of respecting employee rights and legal requirements, while promoting development opportunities and ensuring confidentiality. These impacts are continuously evaluated so that Transgaz can adapt its strategy and business model, keeping them aligned with workforce considerations.

In this context, Transgaz is focused on identifying and managing significant risks, such as non-compliance with human rights, which could have serious consequences for both employees and the company. To prevent these risks, proactive measures are implemented, ensuring appropriate working conditions, equipment, protective clothing, specific equipment and/or machinery, etc. The proper management of employees' rights is ensured through specific internal procedures that are properly applied. Working conditions are continuously improving.

Transgaz's business model is based on human resources, which underlines the importance of managing risks related to the respect of human rights. Thus, the group's dependence on human labor requires the management of any risk related to human rights.

In terms of material impacts, risks and opportunities, Transgaz includes all employees in its workforce who could be significantly affected by its business activities. Transgaz has no self-employed workers.

Transgaz implements policies that guarantee equal treatment and professional development opportunities for all employees.

At the group level, there is a policy of respecting the confidentiality of employees. There are also internal policies that ensure opportunities for development and equal treatment for all employees. Downstream, companies have a potentially positive impact. The policies are applied uniformly in all regions of activity and promote a standard of ethics and social responsibility, considered essential for long-term success.

The risks and opportunities identified arise from Transgaz' dependence on the human workforce.

Transgaz operates with a firm commitment to respect for human rights and international ethical standards. Within the operations we carry out, there are no significant risks of incidents of forced labour or child labour.

The risks and opportunities arising from dependencies on its own workforce refer to the entire Transgaz staff.

Risks to one's own workforce concern all staff equally. No persons with specific characteristics who could be exposed to a different (higher or lower) risk of harm have been identified.

For its own workforce, Transgaz has identified a series of RIOs within the double materiality analysis, which are presented in ESRS 2 – General Disclosures, under the subchapter entitled Material impacts, risks and opportunities and their interaction with strategy and business model.





## Policies related to own workforce

### ESRS S1-1

Transgaz's activity consists of **pipeline transmission** according to **NACE 4950** and is carried out in Romania and the Republic of Moldova. Transgaz assesses the potential negative effects associated with their operations, including GDPR, corruption, referrals/complaints/complaints, collective negotiation and other important social topics identified as material. All operational policies and procedures apply to all Transgaz entities, and the Director - General of Transgaz is responsible for the implementation of the policies.

Transgaz' workforce policies, aligned with the UN Guiding Principles on Business and Human Rights, focus on respecting and protecting human rights, promoting non-discrimination and diversity, ensuring fair and safe working conditions, and promoting social dialogue. The company establishes mechanisms for reporting human rights violations, and these are included in the company's Code of Ethics which is available to all employees and is public. There were no changes to Transgaz' workforce policies during 2024.

SNTGN Transgaz SA has implemented an Integrated Quality-Environment-Health-Safety Management System (QHSE), which reflects the company's commitment to operate in a responsible and sustainable way. The QHSE policy focuses on compliance with legal requirements and relevant standards, continuous improvement of performance and prevention of negative impacts on the environment, health and safety at work.

This policy applies to all activities carried out by the company and is supported by control, monitoring and training measures for employees and partners. The Board of Administration ensures the supervision of the implementation, and the executive management coordinates the compliance measures.

Through this approach, SNTGN Transgaz SA aims to strengthen a safe and efficient operating model, contributing to the sustainable development of the energy sector.

Through this integrated approach, SNTGN Transgaz SA demonstrates a constant commitment to sustainability and corporate responsibility, contributing to the sustainable development of the energy sector and the well-being of the communities served.

In 2024, there were no reported cases of gender discrimination, gender-based violence or labour exploitation of minors in the two countries where Transgaz operates (Romania and Moldova), except for possible cases in family contexts (unofficial abuse in households, not being reported

or regulated as formal work). The Romanian Constitution provides that minors under the age of 15 cannot be employed as employees, and the exploitation and use of minors in activities that would harm their health, morality or that would endanger their life or normal development are prohibited. Currently, in Romania, there are no reports from UNICEF or other NGOs indicating the existence of cases of child labor exploitation. In the Constitution of the Republic of Moldova, according to Article 50 (4), the exploitation of minors, their use in activities that would harm their health, morality or that would endanger their life or normal development are prohibited. Transgaz does not employ minors.

The group's approach to human resources aims to cover the operational needs of the organization, through the efficient use of human resources. In this area, it is envisaged to define the requirements by developing the regulations for the basic activities, to identify and remove any restrictive limits on the availability of human resources which, by their nature, could affect the implementation and development of the projects in progress.

Transgaz's positive impact on opportunities and equal treatment for all lies in the fact that there are internal policies at the company level that ensure opportunities for development and equal treatment for all employees. Also, downstream, companies have a potentially positive impact. Within Transgaz, the company's personnel policy aims to provide the necessary personnel in correlation with the company's development objectives, anticipating any fluctuations in personnel deficit or surplus. The policy applies to the entire group. The main directions of action are:

- attracting, training as part of professional development plans and maintaining qualified staff with the necessary skills, expertise and competences;
- reducing the dependence on external recruitment, when there is a shortage of qualified personnel in the fields of activity in which new technologies are applied, by carrying out employee training programs;
- the development by the managers of the organizational structures, using principles and mentoring programs, of well-trained and flexible teams, teams capable of adapting to a dynamic, constantly changing environment;
- promoting constructive discussions and the exchange of knowledge and information related to the activity, in order to increase solidarity within the company;
- improving the use of staff by introducing flexible organisational models.

The company respects and supports 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. This commitment is set out in the Code of Ethics.

With regard to the risks related to the observance of the right to privacy of its employees, a personal data processing policy has been developed at the company level, and the persons whose data are processed receive an information note in this regard. Transgaz, as a personal data controller, is constantly committed to ensure a high level of security with regard to the processing of personal data that it carries out, in accordance with the provisions of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC. The role of the notification sent is to make known to the person to whom it is addressed how their personal data are used and to present the purpose for which they are used. The security of your data is important to the company.

In the Republic of Moldova, the protection of personal data is regulated by Law no. 133/2011, which transposes European regulations, including Regulation (EU) 2016/679 (GDPR). It ensures requirements for transparency, consent and data security. The National Authority for Personal Data Protection (ANPDP) is responsible for supervising the application of this legislation.

Transgaz's human resources policy is also applicable in the subsidiaries in the Republic of Moldova, with the management's permanent concern for increasing the level of employee training and alignment with European standards.

Transgaz does not have specific policy commitments related to inclusion or positive action for people from groups at particular risk of vulnerability in its workforce.

Within Vestmoldtransgaz there are specific occupational health and safety instructions for workstations, the training is done at the time of employment, at the workplace and periodically.

**In the Republic of Moldova - Law no. 186/2008 on occupational safety and health** is the fundamental law regulating occupational safety and health in the Republic of Moldova. The law provides for the obligations of employers and employees in terms of creating a safe working environment, assessing risks, protecting workers, training and informing them about occupational risks and measures to prevent accidents and occupational diseases.



In the Code of Ethics of the group applicable to Vestmoldtransgaz there are provisions on non-discrimination and equal treatment with regard to the personal development of the entire staff.

To this end, within Transgaz, discrimination through the use of practices that disadvantage people of a certain sex, ethnicity, color, sexual orientation, disability, age, religion, political opinions, national origin or any other origin in connection with social and professional relations is prohibited. The implementation of these policies has a positive impact on the labor rights of its employees by ensuring their confidentiality. It also contributes to creating a fair working environment and improves the group's reputation as an employer.

The Republic of Moldova has a legislative and institutional framework aimed at promoting gender equality and combating discrimination on the basis of sex. This includes the Constitution of the Republic of Moldova, which guarantees equality before the law, and the National Strategy for Gender Equality 2017-2021. Action plans to promote gender equality in various sectors are also being implemented. However, the implementation of these measures requires continuous monitoring to ensure full respect for women's and men's rights.

## Equal treatment and opportunities for all

### Processes for working with their own workers and workers' representatives on impacts

#### ESRS S1-2

Transgaz strictly complies with international laws and treaties regulating human rights, both within the company and in its relations with its partners and collaborators.

The general rights and obligations of the employees of Transgaz companies are specified in the Collective Labor Agreements (CCM), resulting from the social dialogue and collective negotiations between the management and the employees' representatives. The Director - General of Transgaz negotiates and concludes collective labor agreements within the mandate given by the Board of Administration. (According to the TRANSGAZ Articles of Incorporation).

In addition, Transgaz has implemented an Internal Regulation, applicable to all employees, which establishes the rules for work organization and discipline, as well as the rights and obligations of both the employer and the employees. Each employee has access to the content of the Collective Labor Agreement

through the employees' representatives or the persons with responsibilities in the field of human resources within the organizational structures in which they carry out their activity.

According to the Collective Labor Agreement of SNTGN Transgaz SA, **social dialogue is a continuous activity**, mainly focused on improving working conditions and maintaining competitiveness in the workplace. In this dialogue, the parties are informed, consulted and negotiate in order to reach agreements on issues of common interest. In order to ensure a climate of social stability in the company, the CCM maintains the mechanisms of consultation and permanent dialogue between the social partners, with the following purposes:

- establishing levels of social dialogue within the company;
- defining the general rules and principles structuring the consultation and negotiation between the parties;
- conflict prevention.

Engaging in a permanent dialogue with employees is an important goal for the company. Job satisfaction is directly correlated with professional performance. Thus, questionnaires are periodically applied to measure employee job satisfaction, an important feedback tool, through which they can express their opinion about bosses / organization / work environment / team. As this information can often be sensitive, the completed questionnaires are anonymous.

Transgaz strives to understand the views of members of the workforce, especially those who may be marginalised, such as women, migrants and people with disabilities. There are no specific measures regarding groups that could be marginalized, however, at the level of SNTGN Transgaz SA, there is a Code of Ethics aimed at eliminating discrimination, including harassment, promoting equal opportunities and other ways to improve diversity, ensuring a fair working environment for everyone.

According to the legislation of the Republic of Moldova, we do not have the obligation to implement the Internal Managerial Control System, but during 2024 a working group was set up at the level of Vestmoldtransgaz that will coordinate and supervise the gradual implementation of all governance policies and procedures applicable to Transgaz.

At the level of Vestmoldtransgaz there is a Collective Labor Agreement applicable in accordance with the legislation of the Republic of Moldova. The employees organized themselves in the Primary Trade Union Organization of Vestmoldtransgaz employees, an organization that will negotiate the Collective Labor Agreement with the management of Vestmoldtransgaz when the one in force today expires.

In the Republic of Moldova there is Law no. 102 of 2017 on the promotion of social dialogue, which regulates the way in which social dialogue between employers, employees and trade unions is promoted, in order to ensure fair working conditions and the protection of workers' rights.

## Processes to remediate negative impacts and channels for own workforce to raise concerns

#### ESRS S1-3

**The Internal Regulations** of SNTGN Transgaz SA contain the rights and obligations of employees and employers, including rules on compliance with non-discrimination and violation of human dignity, rules on conflict of interest, disciplinary procedure or on the settlement of employees' requests or complaints. This regulation is brought to the attention of the employees and is signed by them once they become aware of the provisions.

Also, at the company level, the **Code of Ethics** is adopted, a document that defines the values, principles and norms that the contractual staff must respect and apply:

- in the activity carried out within the company – in accordance with the values and objectives of the company, in order to maintain a positive organizational climate;
- in the activity carried out outside the company – in the relationships it develops with all categories of public, in order to develop the notoriety and maintain the reputation of Transgaz.

Any person within SNTGN Transgaz SA who has knowledge or good reason to believe that a violation of the Code of Ethics has the duty to immediately bring this information to the attention of the Ethics Advisor.

The contractual staff of Transgaz who **notice or suspect** the violation of the provisions of the Code of Ethics may contact directly the Ethics Advisor at the level of the company or at the level of the regional office or at the e-mail address [etica@transgaz.ro](mailto:etica@transgaz.ro), mentioning in the subject of the e-mail "Notification of violation of the Code of Ethics". The e-mail address will be managed by the company's advisor. Also, notifications can be sent through any of the following communication channels:

- by mail, at the address SNTG Transgaz SA, Piața C.I. Moțaș, nr. 1, CP 551130, Sibiu County, Romania with the mention "To the attention of the Ethics Advisor appointed at the level of the company";

- by fax to the number displayed on the website;
- by registration in a sealed envelope with the mention "Notification to the attention of the Ethics Counselor";
- personal submission of the complaint to the Ethics Counselor.

The Ethics Counsellor approaches in an independent and objective manner all matters brought to his attention and treats all information brought to his attention with the utmost discretion. The identity of the authors of the non-compliance complaints will not be disclosed to the person(s) subject to the notified violations and will remain confidential, unless there are legal provisions to the contrary.

In the case of alerts that fall within the field of compliance (corruption, influence peddling, anti-competitive practices, violations of environmental legislation, money laundering, terrorist financing or violations of human rights legislation), the Ethics Committee analyses the notifications and complaints, analyses them and proposes to the company's director - general a sanction or a solution to resolve/close the complaint/notification. The Ethics Committee operates only within Transgaz.

Throughout the performance of the specific activity, the ethics advisor cooperates and consults with the integrity advisor appointed by decision of the Director - General. The integrity advisor manages the way of reporting irregularities in the integrity line, as well as the monitoring of the cases notified according to the procedure PS 06 SMI "Prevention of corruption".

The facts that are the subject of the notifications, but are not limited to them, may be the following:

- acts of corruption, as defined in criminal law;
- facts related to accounting, financial-accounting control or internal audit;
- breaches of procurement procedures;
- preferential or discriminatory practices or treatment in the exercise of duties;
- violation of the provisions on incompatibilities and conflicts of interest;
- misuse of the company's material or human resources;
- incompetence or negligence in service;
- non-objective evaluations of staff in the process of recruitment, selection, promotion, demotion and release from office;

- non-competitive practices;
- violations of procedures or the establishment of internal procedures in violation of the law;
- issuing administrative or other acts that serve interests contrary to the interests of the company;
- breaches that endanger employees, the company's relationship with third parties or the company's reputation;
- any other violation of the company's internal laws or rules of ethics and business conduct;
- any other breaches of the rules of conduct.

In addition, SNTGN Transgaz SA may be notified by its staff about the coercion or threat exerted on the employee who submits the complaint, in order to determine him to violate the legal provisions in force or to apply them inappropriately.

A notification must include, at least, the following information:

- the name of the person making the complaint, mentioning whether he/she wishes to keep his/her identity confidential;
- description of the ascertained fact, with possible implications on the company;
- the date/period of the occurrence of the acts of violation of the law or internal norms;
- persons considered guilty;
- any other information deemed relevant.

The notifications and complaints coming from within the company are centralized by the Ethics Advisor in an electronic database necessary to identify the causes that determine the violation of the norms of the Code of Ethics, to identify the ways to prevent the violation of the norms of conduct of the Code of Ethics and to adopt measures to reduce and eliminate the cases of non-compliance with the provisions of the Code of Ethics.

The Ethics Counselor shall transmit to the Ethics Commission the notifications received and the latter shall order, under the conditions of the law and internal regulations, the verification of the acts and facts for which it has been notified. The Ethics Committee, depending on the information presented regarding suspicions of violation of the Code of Ethics, may propose several solutions, as the case may be:

- closing the complaint, when it considers that there is no violation of the rules of ethics;

- counseling the employee when the misconduct is not serious and is not subject to a disciplinary investigation;
- triggering an internal control/audit mission, to determine whether the legislative norms have been violated and to quantify the damage;
- setting up a multidisciplinary commission to investigate/analyze the reported facts;
- setting up the disciplinary commission in case of disciplinary offences;
- notifying the competent institutions of the state when the misconduct is within the competence of these institutions.

Complaints will be resolved within 20 working days from the date of their registration. The Director - General may approve the exceeding of the deadline for sound reasons, at the request of the Ethics Commission appointed to handle the complaint. The decision on how to solve each complaint will be based on the specific facts and circumstances, the degree of guilt of the employee, the general behaviour of the employee. The violation of any rule of conduct provided by this Code by the contractual staff of SNTGN Transgaz SA may constitute a disciplinary offense depending on the seriousness of the offense and may entail, in addition to disciplinary liability according to the Labour Code and the Internal Regulations (including the disciplinary termination of the employment contract), also legal action. Also, the company's staff may be financially liable, according to the law, if, by the acts committed, they have caused damage to the company or other partners of the company. There is no formal monitoring system regarding the average resolution time. The targeted users shall be regularly involved according to their stakeholder group in ensuring effectiveness as described in the ESRS 2 chapter.

The company clearly prohibits any retaliation against the employee who, in good faith, reports an act of violation of the rules of conduct, known or suspected. The exercise of any type of reprisals will lead to disciplinary action in relation to those found guilty. The same measures will be taken in relation to persons who have intentionally provided false information in the notification.

The processes for remedying negative impacts and the channels through which employees can express their **concerns in the field of occupational safety and health** are established by the Collective Labour Agreement. Employees can express their occupational health and safety concerns directly to their representatives.

In order to optimize efficient and direct communication, Transgaz provides all its employees with various communication tools, through its representatives and trade unions. Information on the availability of these communication channels is also provided by employee representatives and trade unions.

The evaluation of the effectiveness of corrective measures in the field of Occupational Safety and Health is carried out through focused analyses carried out in a documented manner through the OSH Program Progress Reports and the Annual OSH Report. The conclusions and any resulting actions are recorded in the Minutes of the meetings of the internal audit missions and in the Action Plan assumed at the level of SNTGN Transgaz SA.

At the level of Vestmoldtransgaz there is an Internal Regulation developed in accordance with the legislation of the Republic of Moldova. The Code of Ethics of Vestmoldtransgaz contains provisions regarding notifications and complaints regarding the violation of the Code of Ethics, as well as the methods of analysing and solving them.

**The Internal Audit Department of Transgaz also carried out verification actions at Vestmoldtransgaz according to the audit plan approved by the company's management.**

During the reporting period, **zero complaints** were filed through the channels available to people in the company's own workforce to express their grievances (including through the complaint resolution mechanisms).

### Taking actions on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

#### ESRS S1-4

The Collective Labour Agreement provides for the obligation of SNTGN Transgaz SA to take all necessary measures to protect the life and health of employees, and if the envisaged measures, aimed at improving working conditions and adequate protection according to the legal provisions in force, are not possible, monetary or other compensations are carried out, under the conditions of the law. Thus, the company provides, at no cost to the employees, for those jobs where the working conditions require it, personal protective equipment. Details on the provision of personal protective equipment are presented in the section Working Conditions - *Taking measures on significant impacts and approaches for mitigating significant risks and for pursuing significant opportunities related to one's own workforce, as well as the effectiveness of these actions and approaches.*

Formally, a strategy with targets or a plan with a time horizon for Transgaz' own workforce has not been adopted. The following actions and actions are taken at group level. Transgaz carries out transparent personnel recruitment processes that offer equal opportunities to all participants, regardless of their gender, nationality or age.

Transgaz offers equal opportunities and equal treatment for both current employees and those who want to join us. The concepts of equal opportunities and equal treatment are also applied to

staff promotion processes in both executive and management departments. A crucial component of ensuring equality in the workplace is providing training and awareness sessions for employees and managers on the importance of equality and eliminating discrimination. This includes training sessions on unconscious patterns of behaviour, diversity and inclusion.

For the Republic of Moldova, in 2024 technical courses were organized for 6 people and an English language course for 13 people. The implementation of monitoring and reporting systems is also essential to assess the effectiveness of the policies and procedures adopted. Thus, SNTGN Transgaz SA pays attention to monitoring the composition of the work teams, the results of the opinion polls conducted, the employee retention rate and any other relevant metrics.

SNTGN Transgaz SA respects the dignity of all personnel in a climate free from any manifestation and form of exploitation, humiliation, contempt, threat or intimidation. The company's contract staff is obliged to adhere to the values of tolerance towards differences between people, between opinions, beliefs and intellectual preferences.

According to the GDPR Policy, the personal data of its employees that are processed by SNTGN Transgaz SA are identification data (e.g. name, surname, C.N.P. etc.), contact data, place of work and specialty, studies, professional experience, medical situation, family data and other data necessary for the personnel file, according to the company's legal obligations. The GDPR policy is communicated to all employees.

The employees' personal data are collected on the occasion of the conclusion of the employment contract with SNTGN Transgaz SA or whenever there are changes in the documents that are part of the personnel file.

Maintaining a safe working environment is a daily priority for our company. We are constantly focused on identifying and improving processes related to workplace safety and security management. In addition, we actively promote training, awareness and involvement programs for our employees. Transgaz has implemented an Integrated Quality, Environment, Health and Safety at Work Management System in accordance with the SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR EN ISO 45001:2023 standards.

In order to maintain and improve the performance of occupational safety and health, the company has established, planned and monitors OSH objectives for the relevant functions and levels, in accordance with the occupational safety and health policy, which are measurable and comply with the requirements of the SR EN ISO 45001:2023 standard.





Particular importance is attached to proactively improving occupational health and safety performance by:

- identifying the risks and opportunities associated with the activities included in the Occupational Health and Safety Management System;
- establishing and planning actions to address these risks and opportunities;
- integration and implementation of the established actions as well as the evaluation of the effectiveness of these actions.

Also, in order to maintain and improve the performance regarding occupational safety and health, the risks and opportunities associated with the activities included in the MS OSH were identified at Transgaz level, measures were established to treat the risks and opportunities. The evaluation of the effectiveness of the Occupational Health and Safety Management System is done at planned intervals.

In order to ensure an effective Occupational Health and Safety Management System, risks and prevention activities are identified at all stages of the work process from design to operationalization, aimed at ensuring the performance of the activity in conditions of maximum safety, health and integrity of workers in the work process.

The indicator "Degree of investigation of events produced in 2024" is calculated by relating the number of investigated events to the total number of events produced, the result being expressed as a percentage.

In accordance with the legal regulations and the established methodological framework, the investigation of work incidents is essential to ensure the health and safety of employees. The methodology states that the employer is responsible for investigating incidents that have caused temporary incapacity for work, while the Territorial Labour Inspectorate deals with events with more serious consequences, such as disability, death or collective accidents. The Labor Inspectorate intervenes according to the methodology in the case of collective accidents caused by exceptional events, such as damages or explosions. The classification of incidents is made according to their severity, including accidents causing temporary incapacity for work, disability, death and occupational diseases. These measures are fundamental in the methodological framework for mitigating significant risks related to one's own workforce and for assessing the effectiveness of actions taken in this regard.

The registration of work accidents and dangerous incidents at SNTGN Transgaz SA is done through investigation reports, in the single record books. These minutes are processed and transmitted to the organizational structures for the training of employees in occupational safety. Monitoring is done through planned inspections to prevent similar events, without validation of the indicators by an external body. For 2023-2024, no occupational diseases were reported. Occupational diseases can be notified by doctors and require confirmation from competent health units, and if they are confirmed, they are communicated to employers and included in the annual health reports of workers.

In 2024, the activity in the field of occupational safety and health was carried out in a planned and organized manner, aimed at eliminating the risks of occurrence of events, work accidents, dangerous incidents and occupational diseases at the workplace, as well as compliance with the legislative provisions in the field of occupational safety and health, by carrying out the measures contained in the "Prevention and Protection Plan for 2023" no. 70/03.01.2024 and the fulfillment of the duties established by the company's Organization and Functioning Regulations.

The "Prevention and Protection Plan for 2024" developed by the Logistics Department, through the Environment, Protection and Safety Directorate, respectively the Occupational Safety and Health Service and the Environment, Protection and Security Directorate has attributions and responds in the following areas: environmental protection, security and protection of objectives, identification, designation and protection of critical infrastructure, emergency situations, prevention and protection of employees. The management ensures the fulfillment of the objectives incumbent on it within the company regarding:

- prevention of pollution, accidents and incidents for all persons participating in the work process;
- waste reduction, optimal management and verification of waste resulting from its own activities;
- ensuring the physical security and integrity of the objectives;
- prevention and assessment of emergency situations;
- critical infrastructure protection;

- providing human and material resources in crisis or war situations;
- compliance with the legislation in the field of security and protection, emergency situations;
- implementing and maintaining an Occupational Health and Safety Management System;
- ensuring the safety and health of workers;
- staff training;
- monitoring the Annual Environmental Management Program and the Prevention and Protection Plan.

According to the above-mentioned plan, Transgaz has adopted a series of measures and actions to mitigate significant risks related to its own workforce, implicitly ensuring a safe working environment, among which we mention:

- ensuring the contracting of services for performing the occupational medicine medical check-up and, as the case may be, traffic safety;
- reviewing the equipment with fire extinguishers, supplementing their number depending on the nature and characteristics of the workplaces, placing them in easily accessible and properly signalled places;
- conducting periodic staff trainings, with content specific to the PSI theme;
- purchase of first aid kits, kits, kits and medicines;
- organization of first aid courses by specialized personnel;
- purchasing personal protective equipment and wearing it according to the profession;
- installation of signalling/warning panels to prevent events;
- conducting training and testing sessions in the field of OSH and distributing course materials (brochures, books, magazines, DVDs) with specific materials.

For 2024, financial resources were allocated, through the PASET programs (Program on other services performed by third parties): 162,556,556.48 RON and through the Supply Program in the amount of 281,550,099.07 RON.

In order to carry out the activity within Transgaz, various services are required that are not directly related to the functioning of the National Gas Transmission System. These include consulting services, services specific to the patrimony activity, as well as communication, shareholding, advertising and advertising services. Audit, prevention and protection, environmental, security and security services, as well as IT&C operational services are also required. In addition, maintenance services for IT&C equipment and applications, protocol administrative services, accommodations and other services are included. In order to budget and monitor the expenses associated with these services, the "Program on other services performed by third parties" is developed annually.

In the Republic of Moldova, the legislation applicable in the field of health and safety at work, GD RM no. 95 of 05.02.2009 for the approval of some normative acts regarding the implementation of the Law on Occupational Safety and Health no. 186-XVI of July 10, 2008: Regulation on the organization of activities for the protection of workers at work and prevention of occupational risks, according to Annex no. 1; The Framework Regulation for the organization and functioning of the Committee for Safety and Health at Work, according to Annex no. 2 and other specific normative acts, while the legislation in the field of labour relations is mainly regulated by the Labour Code of the Republic of Moldova. These acts set out the rights and obligations of employers and employees, including rules on the protection of workers' health and safety, the working regime, collective negotiation and working conditions.

Vestmoldtransgaz does not have a quality management system in place, but the implementation of such a system is being discussed in the future. At Vestmoldtransgaz in 2024 the budget allocated to OSH is 245,934.10 MDL without VAT, and for 2025 the amount of 295,027.04 MDL without VAT.

## Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities

### ESRS S1-5

The adoption of the specific targets related to its own employees has not yet been carried out within an internal process, based on materiality, as 2024 is the first year in which Transgaz reports according to ESRS standards. Until the date of writing this report, the identification of uniform targets at Group level has not been prioritized, but the management wants to set them in the next 3 years. However, the company has implemented a series of codes of conduct, management systems, policies and procedures within which annual

indicators and targets are established regarding the right to privacy of its employees, the occupational health and safety process and include: ensuring the protection of personnel during the performance of activities at Transgaz, compliance with legal requirements, maintaining the health of the staff and complying with the training program.

The establishment and communication of a set of targets according to ESRS is envisaged by Transgaz management for the reporting period for the 2025 financial year.

## Diversity and equal opportunities

### Characteristics of the undertaking's employees

#### ESRS S1-6

The Transgaz team is made up of professionals with experience, skills and solid technical knowledge, and it is necessary, in addition to continuous development, to encourage the transfer of knowledge of these key employees, in order to ensure the long-term success of the company.

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 refurbishments carried out to increase the safety and efficiency in the operation of the NTS (National Gas Transmission System) and the annexed facilities, as well as with the objectives set for the realization of the company's major development projects.

The reported indicators are calculated using standardised methodologies, based on the following assumptions and methodologies:

- **Regular OSH training of workers:** It is measured by the ratio of the number of training sheets checked to the number of planned sheets. The limitation of this methodology is that the measurement is based solely on completed documents and does not reflect the actual effectiveness of the training.
- **Training of visitors and collaborators:** The indicator is determined by the number of trained visitors in relation to the total number of visitors. A possible limitation is that it is not possible to verify the degree of assimilation of information by visitors.
- **Getting feedback from workers on workplace safety:** Measured by the number of questionnaires completed by employees on safety measures. Limitations include the subjectivity of the responses and the degree of employee involvement in completing the questionnaires.



- **Compliance with the proposed safety and health targets:** Comparison between the values achieved and the objectives set. One limitation is that there may be differences between the implementation of the measures and the employees' perception of them.

Also, the **'Periodic Training of Workers in the Field of Occupational Safety and Health'**, measures the compliance of employees with mandatory training requirements.

**Training of visitors and staff on safety rules** indicates the degree of awareness of safety measures among external persons.

**Obtaining feedback from workers on workplace safety** assesses employees' perception of the work environment and the safety offered.

**The inclusion in the proposed safety and health targets** analyses whether the safety objectives have been achieved during the reporting period.

Within Transgaz, it is envisaged to ensure a homogeneous team, with a balanced structure both in terms of age groups and gender categories, but, taking into account the operational nature of the activity, the number of male employees represents 75% of the total.

The number of employees as of 31 December 2024 was used to present the data. The data presented regarding the records of Transgaz personnel are exported from the internal database, which is checked monthly. The indicators are not labelled, they are extracted according to the ESRS standard. Also, the data is not audited by a third party.

### Employee breakdown by gender

Year	Gender	Romania	Republic of Moldova	Total
2024	Women	1021	19	1040
	Men	2955	56	3011
	Others	0	0	0
	Not reported	0	0	0
	<b>Total</b>	<b>3976</b>	<b>75</b>	<b>4051</b>

### Employee breakdown (contract types)

Year	Gender	Permanent	Temporary	Hours not guaranteed
2023	Women	928	82	0
	Men	2815	197	0
	Another	0	0	0
	Not reported	0	0	0
	<b>Total</b>	<b>3743</b>	<b>279</b>	<b>0</b>
2024	Women	953	87	0
	Men	2823	188	0
	Another	0	0	0
	Not reported	0	0	0
	<b>Total</b>	<b>3776</b>	<b>275</b>	<b>0</b>





**Defalcarea angajaților**

An	Gen	România		Republica Moldova	
		Full-time	Part time	Full-time	Part time
2023	Femei	1003	7	There are no centralized data for the Republic of Moldova for 2023.	There are no centralized data for the Republic of Moldova for 2023.
	Bărbați	3003	9	There are no centralized data for the Republic of Moldova for 2023.	There are no centralized data for the Republic of Moldova for 2023.
	Altele	0	0	There are no centralized data for the Republic of Moldova for 2023.	There are no centralized data for the Republic of Moldova for 2023.
	Nu este raportat	0	0	0	0
	<b>Total</b>	<b>4006</b>	<b>16</b>	<b>There are no centralized data for the Republic of Moldova for 2023.</b>	<b>There are no centralized data for the Republic of Moldova for 2023.</b>
2024	Feminin	1014	7	15	4
	Bărbați	2943	12	46	10
	Altele	0	0	0	0
	Nu este raportat	0	0	0	0
	<b>Total</b>	<b>3957</b>	<b>19</b>	<b>61</b>	<b>14</b>

Of the total 3.976 individual employment contracts active in 2024, 19 contracts are part-time and 3.957 are full-time. Full-time is considered 40 hours/week, and part-time is considered part-time work 4 hours/day/20 hours/week and/or 6 hours/day/30 hours/week.

In the table below, the comparative data includes only SNTGN Transgaz SA. The quantitative data for 2024 include all Transgaz entities.

**Total percentage of female employees**

	2020	2021	2022	2023	2024
Total percentage of women employed by Transgaz	24%	24.4%	24.5%	25%	25.7%
Total percentage of women on the Board of Administration	0%	20%	20%	40%	40%
Total percentage of women in executive management	33%	30%	32%	28%	31.7%

The total percentage of female employees within Transgaz shows a constant trend, mainly influenced by the specifics of the jobs in the service sector offered by the company. These jobs, by the nature of the requirements of availability and effort, are mostly occupied by males.

In 2024, a total of 244 employees left the company. The staff turnover rate was 6.11%, which is comparable to 2023 (the staff turnover rate in 2023 was 6.13%). Regarding the causes that generated the termination of employment relationships, there is a significant share of departures from the organization through the voluntary departure program, respectively 47.95%, while the share of employees who terminated employment relationships as a result of retirement was 18.85% of the total number of employees who left the organization.

**Characteristics of non- employees of the undertaking's own workforce****ESRS S1-7**

Within Transgaz, there are no self-employed workers (persons with contracts for the supply of 'self-employed' labour, or persons made available by undertakings engaged mainly in 'employment activities').

**Fair and safe working conditions****Collective negotiations coverage and social dialogue****ESRS S1-8**

In Romania, at Transgaz level, there are four trade union organizations that employees can join. These are:

1. "Transport Gaz Mediaș" Trade Union
2. "Metan" Mediaș Professional Union
3. Research and Technology Union "CERTEH"
4. Free Trade Union TRANSGAZ SA Mediaș

Out of the total of 3976 employees, 3885 are union members, resulting in a unionization rate of 97.7%. The degree of unionization was determined by dividing the number of union members by the total number of employees and multiplying by 100. This percentage has been rounded to ensure clarity in the interpretation of the data.

Within Transgaz, there was no agreement with employees for representation by a European Works Council (EWC), a works council of Societas Europaea (SE) or a works council of Societas Cooperativa Europaea (SCE). The employees are represented by the 4 legally constituted unions at the level of the company. Also, the employees are represented in the Occupational Health and Safety Committee.

The "Transport Gaz Mediaș" trade union is the representative union at the unit level, according to the provisions of Law no. 367/2022 of the Social Dialogue, art. 54. para. (1) item C, which is why he represents the company's employees at the conclusion and implementation of the Collective Labor Agreement concluded at the level of SNTGN Transgaz SA.

Also, the **Mediaș Gas Transport Union** is a founding member of the **Federation of Trade Unions "Gaz Romania"** (F.S.G.R.)

The internal affiliations of the F.S.G.R. are as follows:

- founding member and vice-president of the ATLAS Federative Union, the largest trade union entity in the energy field (oil, gas, electricity) in the negotiation of the Collective Labor Agreement at the level of the energy branch in Romania;
- the vice-presidency of the National Confederation of Trade Unions FRATIA (approximately one million members), the largest confederation in Romania;
- member of the Collective Labor Agreement Negotiation Commission at national and unit level.

F.S.G.R. is externally affiliated to the following organizations:

- E.P.S.U. (European Public Services Utilities), the largest European federation - 8 million members;
- E.M.C.E.F. (European Mine Chemical and Energy Workers' Federation), European federation of energy unions - 2 million members;
- has three full members, three alternate members and the Deputy Secretary General of the European Works Council of GDF SUEZ,
- has three full members, three alternate members of the European committee of E.ON Gaz International.

In the field of Corporate Social Responsibility, F.S.G.R. is a signatory of the Agreement on Corporate Social Responsibility at the level of one of the European multinationals (with a subsidiary in Romania) operating in the field of natural gas, together with the others. There are no centralized data for the Republic of Moldova for 2023. Transgaz SNTGN S.A., with a validity period of 24 months, registered with the Territorial Labour Inspectorate of Sibiu under no. 104/18.06.2024 in the Single Register of Evidence.

The Collective Labor Agreement within SNTGN Transgaz SA regulates the individual and collective labor relations, as well as the rights and obligations of the parties regarding:

- conclusion, execution, modification, suspension and termination of Individual Employment Contracts;
- working conditions, safety and health at work;
- training;
- working time and rest time;
- remuneration;
- service rights and obligations, labor discipline;
- social protection of employees;
- other rights and obligations arising from employment relations;
- mutual recognition, rights and obligations of the employer and trade union organisations.

The relations between the employer and the employees fall within the legal provisions in force, in the first 9 months of 2024 no conflicting elements being identified in relation to these relationships.

Eurotransgaz does not have a Collective Labor Agreement, the company having only 3 administrators as employees.

Within Vestmoldtransgaz there is an applicable Collective Labor Agreement. The Collective Agreement regulates individual and collective labor relations, as well as the rights and obligations of the parties regarding:

- conclusion, execution, modification, suspension and termination of Individual Employment Contracts;
- working conditions, safety and health at work;
- Training;
- working time and rest time;
- Remuneration;
- service rights and obligations, labor discipline;
- social protection of employees;
- other rights and obligations arising from employment relations;
- mutual recognition, rights and obligations of the employer and trade union organisations.

Collective negotiations coverage			Social Dialogue
Coverage Rate	Employees - EEA (for countries with >50 employees, representing >10% of total employees)	Employees – non-EEA (for regions with >50 employees, representing >10% of total employees)	Representation in the workplace (EEA only, for countries with >50 employees, representing >10% of total employees)
0-19%	-	-	-
20-39%	-	-	-
40-59%	-	-	-
60-79%	-	-	-
80-100%	3976	75	3976

## Diversity metrics

### ESRS S1-9

Aspects regarding diversity within Transgaz' structures are reported to the executive and administrative management and are presented annually in the Sustainability Statement, as part of the management's commitment to increase the level of diversity at the company level. The issues presented include indicators that measure the proportion of young people under 30 years of age employed and maintained within society, the proportion of male and female employees, the structure of the staff by categories of education and the number of employees with disabilities.

We support and encourage diversity among our employees, both in executive and management positions. During the reporting period, the **ratio is approximately 1:3 women vs. men**, which is mainly justified by the nature of the activity carried out by the company, which is mainly technical.

Details on the company-wide diversity indicators are highlighted in the tables below. The figures presented are based on data from the human resources system as of 31 December 2024.

Gender distribution at senior management level		
	Numerical value	%
Age		
< 30	0	0
30 - 50	4	22.2
> 50	14	77.8
Gender		
Women	3	16.6
Men	15	83.3
Another	0	0
Total	18	100

### Gender distribution in number and percentage at senior management level

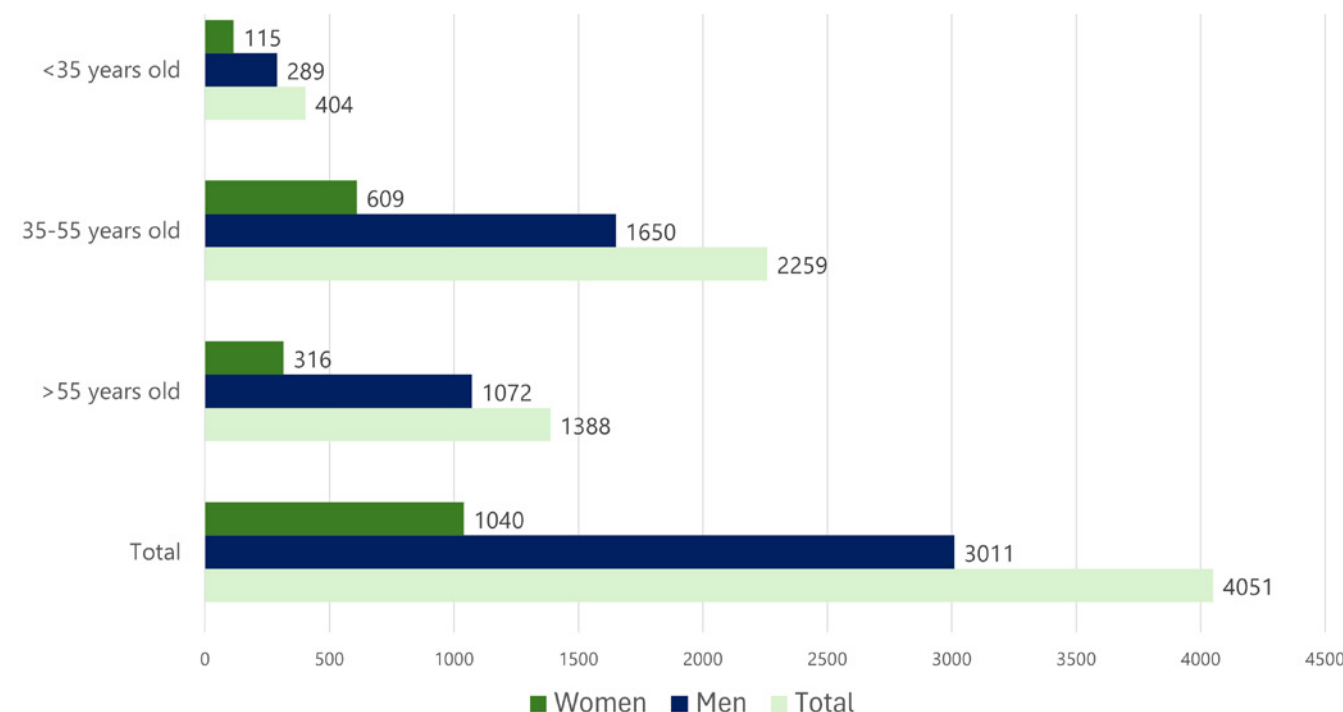
2024	FEMININE	MASCULINE	TOTAL
Number of senior management employees	3	15	18
Percentage of senior management employees	17%	83%	100%

When developing the presentation of information on gender at the level of senior management personnel, Transgaz uses the definition of senior management personnel as being one and two levels below the level of administrative and supervisory bodies.

### Distribution of employees by age groups

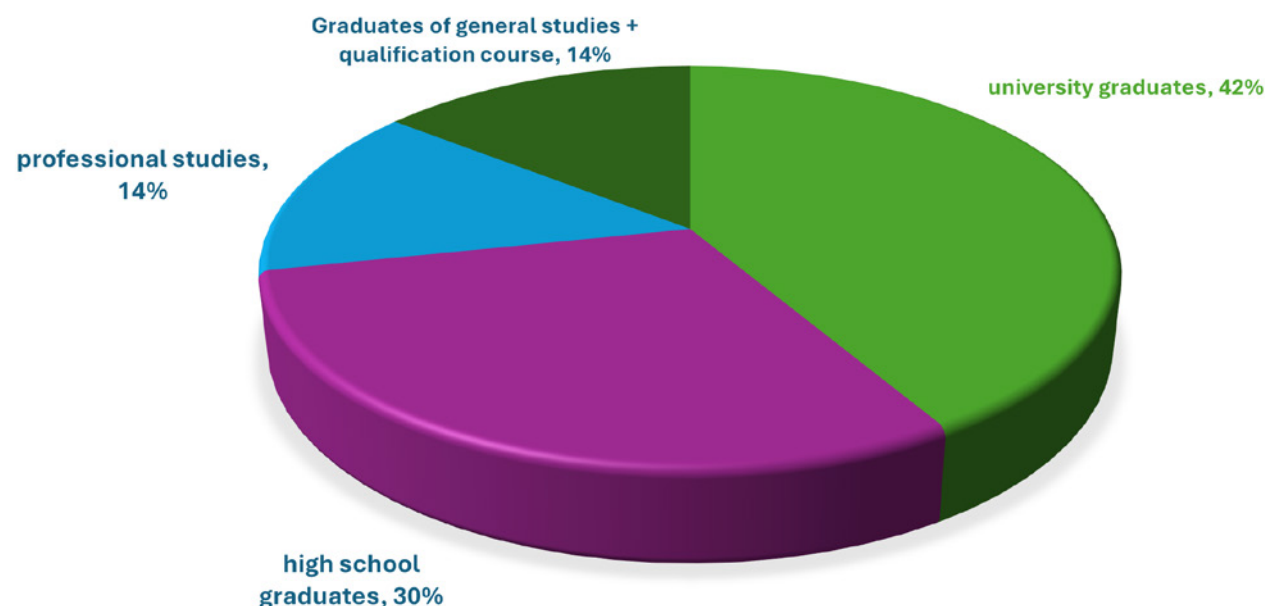
2024	< 35 YEARS OLD	35 - 55 YEARS OLD	> 55 YEARS OLD	TOTAL
Number of employees by age groups	404	2259	1388	4051

### Structure by age and gender categories



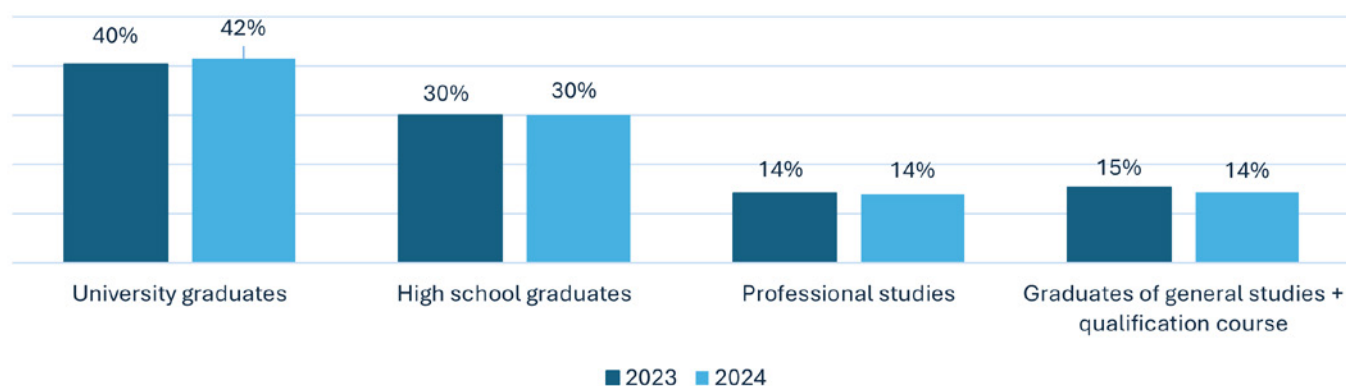


During the reporting period, out of the total number of its employees, the largest share (42%) is of people who are graduates of higher education. This reflects and confirms the characteristic of the human resources policy to attract and retain the most prepared categories of specialists in the field in which we operate.



Evoluția structurii personalului pe categorii de studii reflectă interesul societății de a acoperi nevoile de personal prin angajarea de specialiști cu înaltă calificare, precum și perfecționarea continuă a personalului existent, fiind evidente tendințele de creștere a numărului de angajați cu studii superioare, în paralel cu scăderea numărului de angajați cu studii medii și a numărului de angajați cu studii generale și în curs de calificare.

#### Evolution by study category



## Adequate wages

### ESRS S1-10

In Romania, Transgaz has approved the **Policy on the remuneration criteria of the Administrators, the Director - General and the Chief Financial Officer of Transgaz**, which is completed in implementation by the legal provisions applicable to the field of activity, by the provisions of the company's Collective Labor Agreement, 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 company's business strategy, objectives, values and long-term interests, includes measures to avoid conflicts of interest and to ensure effective corporate governance of the company. Also, the purpose of the remuneration policy is to stimulate the increase of financial and operational efficiency and the sustainable development of the company, respecting the principles of good corporate governance.

In order to monitor the implementation of the requirements set out in the remuneration policy, the Nomination and Remuneration Committee was set up, an advisory committee set up at the level of the Board of Administration. The Nomination and Remuneration Committee has the role of assisting the Board of Administration in establishing and supervising remuneration policies and practices and is also assigned responsibilities regarding the formulation of proposals regarding the application of the remuneration policy, supervising its implementation and ensuring the avoidance of the occurrence/manifestation of conflicts of interest.

The remuneration conditions of the members of the Board of Administration, the Director - General and the Chief Financial Officer of the group are established on the basis of a study, prepared by a specialized company, carried out on the recommendation of the Nomination and Remuneration Committee.

With regard to reporting to the company's management structures, we specify that the remuneration method 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 remuneration report.

The remuneration of SNTGN Transgaz SA staff is regulated unitarily by the Collective Labor Agreement (CCM). The CCM includes a hierarchy of functions and jobs within the company, setting salary limits for each hierarchical level, depending on the complexity of the work, the degree of technicality and the professional competence required for the positions in the company's organizational chart.

When negotiating salaries, the requirements specified in the Job Description (annex to the Individual Employment Contract) are taken into account, as well as a comparative evaluation with the average income levels for similar activities, both nationally and internationally. Thus, the salary is established in accordance with the limits of the Nomenclature of Hierarchy of Functions provided for in the Collective Labour Agreement. When determining these limits, the average levels achieved in similar activities at national and international level were taken into account. The company currently uses a standard Individual Employment Contract, both for employees employed for a fixed period and for those employed for an indefinite period. The Individual Employment Contract implemented through the CCM contains provisions in accordance with the national legislation applicable in the field and complies with the clauses stipulated by Order no. 64/2003 regarding the approval of the framework model of the Individual Employment Contract.

Eurotransgaz does not have a Collective L Agreement, the company employing only 3 administrators (1 female and 2 male).

Within Vestmoldtransgaz there is an applicable Collective Labour Agreement. The Collective Agreement regulates individual and collective labour relations, as well as the rights and obligations of the parties regarding payroll.

At the level of Transgaz there are no employees who earn below the reference level of the adequate salary applicable at national level, both on Romanian and Moldovan territory.

## Social protection

### ESRS S1-11

The social protection of employees in a natural gas transmission company is essential to ensure their well-being and maintain a stable and safe work environment. This includes comprehensive occupational safety and health measures, ensuring adequate working conditions, access to health services and social assistance programmes. The company is committed to complying with all legal regulations on social protection, providing health and accident insurance, pensions, sick leave and other benefits that support employees in case of need. Training and awareness programs for the prevention of occupational risks are also promoted and a constant dialogue between employees and management is encouraged to identify and solve social and labour problems. Thus, a climate of safety and trust is created, essential for the proper conduct of activities in such a critical and specialized sector.

According to the Collective Labour Agreements (CCM), **Transgaz employees benefit from social protection at work** (including benefits offered against income losses caused by illness, unemployment, injury at work and acquired disability, retirement). All our employees have the right to maternity / paternity / parental leave, in accordance with the legislation in force and with the provisions of the Collective Labour Agreement, applicable to all employees.

Transgaz is a responsible employer and offers employees, in addition to the employment salaries and negotiated bonuses, a series of benefits provided for in the Collective Labour Agreements. The benefits are granted to employees in accordance with the provisions of the Collective Labour Agreements, specific to each country and in compliance with the relevant legislation in each country.

**The main categories of benefits offered additionally to employees** refer to:

- professional development opportunities;
- multiple training and improvement programs;
- meal vouchers;
- expenses incurred by the employer on behalf of employees in optional pension schemes;
- expenses incurred by the employer with employees' voluntary health insurance premiums;

- holiday allowance, salary increases, employees' participation in profit, depending on the company's financial situation;
- material benefits granted on the occasion of special events and/or for leave/treatment tickets;
- benefits and discounts to cover transportation expenses for commuting employees;
- reduction of working hours for pregnant employees.

## Persons with disabilities

### ESRS S1-12

Transgaz is committed to supporting the inclusion of people with disabilities. However, it is important to note that certain jobs within the organization have specific health requirements, according to the applicable legal regulations. The health status of the staff is certified at the time of employment and periodically, by the specialized occupational medicine service provided by the company, so that the health status of the staff is appropriate to the identified professional risk factors, for each position in the organizational chart.

As of 31.12.2024, 33 of Transgaz employees are disabled (21 men and 12 women). The indicators are not audited by an external body. In the table below, the comparative data includes only SNTGN Transgaz SA. The quantitative data for 2024 include all Transgaz entities. There are no persons with disabilities among the employees who are subject to legal restrictions on data collection.

2023	Feminine	Masculine	Total
Number of employees with disabilities	10	18	28
Total percentage of employees with disabilities	0.7%		

2024	Feminine	Masculine	Total
Number of employees with disabilities	12	21	33
Total percentage of employees with disabilities	0.83 %		

## Training and skills development metrics

### ESRS S1-13

Transgaz intends to revise its policies addressing human resources on each specific department to align with the standards of European gas transmission system operators, in the context of increasing competition due to the free movement of labor in the European Union. Thus, SNTGN Transgaz SA offers opportunities for the development of human resources through continuous training and evaluation. The high level of professional competence of employees is considered a prerequisite in achieving the objectives of any organization, as Transgaz' business model depends on human strength.

The training, improvement and professional development of the employees within the company is carried out on the basis of the "Annual Training and Professional Development Program for Employees", developed at the level of SNTGN Transgaz SA, taking into account the provisions of art. 194 and art. 195 of Law no. 53/2003 (Labour Code), republished as amended, according to which, the legal entity employer that has more than 20 employees develops annual professional training programs and has the obligation to ensure the participation of employees in courses at least once every two years.

In the field of continuous training and improvement, the theme of the programs is aimed at the areas of interest for the development of the company's activity, respectively, the field of engineering, 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, occupational safety and health, security, internal audit, internal and financial management control, as well as other topics of general interest necessary for the performance of the company's activity.

In 2024, through the External Training and Career Management Service, together with the Performance Evaluation and Enhancement Office and the Authorizations and Compliance Office, a number of 147 training and professional development courses were initiated and carried out within SNTGN Transgaz SA for a number of 1430 participants.

The training activities with its own resources (with internal trainers) supported by the Internal Training and Professional Development Service, together with the Induction and Specialization Office and the Qualification and Improvement Office, continued in 2024 by developing the activities that were successful in 2023, but also by activities aimed at ensuring the need for qualified personnel in disciplines and trades for which there are needs or opportunities and also

by starting the training course Specialist specialization in the Coaching activity, the Manager specialization course, authorized courses with COR code, as well as the First Aid and Wealth Declarations training courses, all held with internal trainers for the company's employees.

The training courses are held as in previous years, within the organized framework of the territorial subunits (regional offices and sectors), with their own specialized lecturers, appointed by internal decision by the management of each regional office.

During 2024, the Internal Training and Professional Development Department conducted 14 training sessions with internal trainers in order to develop professional skills, for a total of 861 employees, the average number of training hours per employee being 12.88.

Among the main categories of courses organized, we mention:

- Trainer specialization course;
- Manager specialization course;
- Specialization Course Specialist in Coaching Activity;
- Mechanical Locksmith Maintenance and Repair Qualification Course;
- First Aid Training Course;
- Emotional Intelligence and Conflict Management training course;

- Wealth Declarations Refresher Course;
- Training course in the Operator profession;
- Locksmith training course
- Improvement course in the profession of Electrician;
- Improvement course in the Welder profession.

In the Republic of Moldova, the Training Plan for 2024 has been developed within Vestmoldtransgaz:

- Professional English language course for 13 people.
- Personnel certification services: Operation and maintenance of industrial objectives for the transmission of natural gas through main pipelines - 6 persons (men).

The number of hours, course participants and courses are recorded in the records developed and completed in the Microsoft Excel program and managed by the External Training and Career Management Service, respectively the Internal Training and Professional Development Service. Other information regarding the participants is extracted from the MAIS Information System. The ratios are extracted with a pivot.

Details about the training sessions organized at Transgaz level are presented below. In the table, the comparative data includes only SNTGN Transgaz SA. The quantitative data for 2024 include all Transgaz entities.

	Unit of measurement	2021	2022	2023	2024
Number of hours allocated for company-wide courses/trainings	hours	34030	82428	62110	57612
Number of employees who attended the courses	no.	1040	1173	1006	861
Average number of hours of training / employee	hours	8.31	20.54	29.98	12.88
Average number of training hours allocated to employees - women	hours	4.43	7.55	3.86	84
Average number of training hours allocated to employees - men	hours	9.54	24.75	11.68	98
Number of training hours allocated to employees with management positions	hours	2748	2828	2500	6252
Number of training hours allocated to TESA staff	hours	14244	11372	11044	16272
Number of hours of training allocated to workers	hours	17038	68228	48566	35088



Performance evaluation

The company's employees are involved annually in a performance evaluation process, an action that aims to strengthen the bond between employees and managers. The main objective of this iterative process is to measure and improve the performance of employees at work, with a view to increasing their potential and value for the company, emphasizing positive performance indicators and establishing steps to achieve better results for the next evaluation interval.

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

- assessing how employees perform their duties in relation to the established criteria;

- establishing the directions and ways of professional development of employees and increasing their performance;
- the evaluation of individual professional performance is based on the systematic and objective assessment of performance, quality of work, behaviour, initiative, efficiency and creativity for each employee, and the criteria according to which the evaluation is carried out are relevant and have an important impact on the sustainable development of our company;
- training and skills development measures.

The quantitative training and skills development indicators recorded during the reporting period for all employees of the group are presented in the table below:

Transgaz - employees 2024	FEMININE	MASCULINE	TOTAL
Total number of employees	1040	3011	4051
Participation in periodic evaluation	1021	2955	3976
% of employees who participated in the periodic evaluation	98.17%	98.14%	98.15%
Participation in professional training	592	1707	2299
% employees who participated in vocational training	56.92%	56.69%	56.75%

For the Republic of Moldova in 2024 there were only technical courses for 6 people and an English language course for 13 people.

Onboarding new employees

The integration of new employees influences organizational structure, social interactions, and psychological well-being. It is essential that they quickly adapt to the company's values, procedures, and culture, facilitating collaboration and reducing anxiety. 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.

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

Employee well-being and development measures

Health and safety metrics

ESRS S1-14

In order to ensure a unitary approach and to streamline the training process for workers at the level of SNTGN Transgaz SA, the Training Program **'Situation of Work Accidents Produced at the Workplace'** in the field of occupational safety and health at the company level and training topics for all phases of training in the field of OSH (general introductory training - upon employment, on-the-job training, recurrent training and additional recurrent training). Staff training at all levels was ensured for all newly hired employees, as well as third-party personnel who perform works within the company's objectives.

**100% of its own workforce is covered by the health and safety management system.**

In accordance with the provisions of Law no. 319/2006 on occupational safety and health, hazards are identified at all Transgaz workplaces and risks are assessed for each component of the work system, respectively, performer, workload, work means/work equipment and work environment. These assessments are available to all workers and are included in the annual training topic in the field of occupational safety and health.

The indicator called "Degree of investigation of events in 2024" is determined by comparing the number of events analysed with the total events that took place, and the result is expressed as a percentage.

In application of the provisions of Law no. 319/2006 on occupational safety and health and the Methodological Norms for the application of this law, the events produced in the labour system are immediately communicated to the interested parties, are investigated, recorded and reported in accordance with the legal provisions applicable in the field.

### Situation of work accidents at the workplaces of Transgaz units during the reporting period

Details regarding the work incidents within Transgaz are presented below, 5 incidents being reported, 3 represent work accidents.

Evenimente de munca	2023	2024
Identificate	6	5
Analizate	6	5
Soluționate	6	5

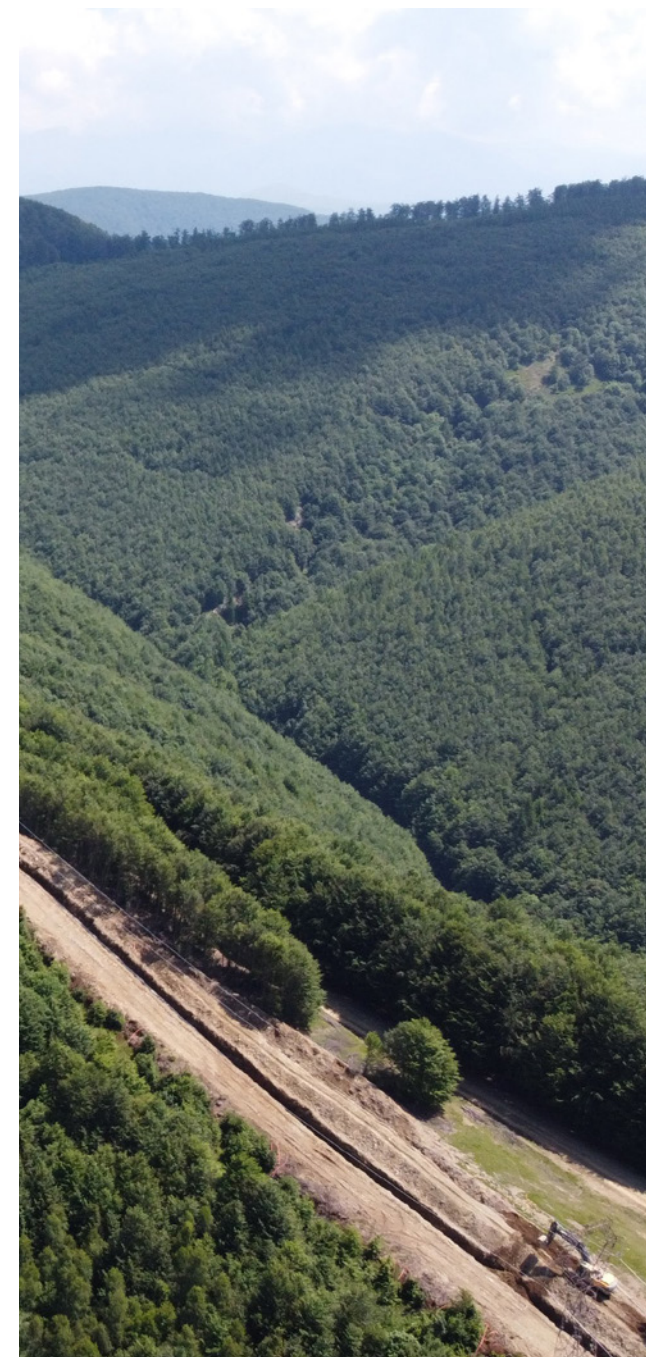
The main causes that generated the work events are the following: natural causes (they relate to environmental events or conditions that cannot be controlled by the employee or Transgaz. Examples may include extreme weather events – storms, floods, or other natural conditions that can affect

workplace safety), medical causes (these causes involve employee health issues that can affect their ability to work safely. These may include pre-existing medical conditions, acute episodes of illness, or other health problems that occur suddenly during the course of the activity) and/or traffic accidents (these refer to incidents that occur during business trips and involving vehicles. These accidents can occur either on the way to or from work, or during work activities that require transportation).

Company-wide, procedures for the analysis and resolution of work events are developed and implemented, which provide for stages of investigation of the events, dissemination of the minutes drawn up following the occurrence of the event at the level of all organizational structures, analysis and reassessment of the risks of accident and occupational disease, establishment of a deadline for the review of the medical control for the employees involved in the work events and/or the completion of the training sessions on the date of resumption of activity.

Situația cu privire la activitatea de securitate și sănătate în muncă a evoluat astfel:

Criterion	Indicator	Final target	Earned value
Ensuring the protection of personnel during the performance of activities within Transgaz	Rate of accidents at work	0	0.55
Compliance with legal OSH requirements	Degree of compliance (%) Non-conformities detected by the control bodies	0	The degree of compliance cannot be quantified 28
Fulfilment of the OSH program	Measures carried out/planned measures (%)	100 %	100 %
Ensuring personal health	Occupational illness rate (refers to conditions caused by working conditions, such as exposure to chemicals or noise)	0	0
Performing actions	Degree of achievement of measures and actions on time set	100 %	100 %
Meeting OSH objectives	Degree of achievement of objectives	100 %	100 %
Compliance with the OSH training program	Conducting the training according to the program (no. of trainings carried out/ no. of planned trainings)	100 %	100 %





In the table below, the comparative data include only SNTGN Transgaz SA. The quantitative data for the year 2024 include all Transgaz entities.

ISO 45001 Certification	2020	2021	2022	2023	2024
Degree of coverage of the certification for Transgaz units	100 %	100 %	100 %	100 %	98.14%

#### Situation of occupational accidents at the workplaces of Transgaz units, between 2023 and 2024

Events	2023	2024
No. of work accidents with temporary incapacity for work (own employees)	6	3
No. of work accidents with disability (own employees)	0	0
No. of work-related accidents resulting in death (own employees)	0	0
Total events (own employees)	6	3
No. of work-related accidents resulting in death (contracted employees)	0	0

#### Number of deaths caused by occupational diseases

2023			
Unit	Deaths of own employees	Contractor deaths	Total deaths caused by occupational diseases
Transgaz locations	0	0	0
Transgaz Headquarters	0	0	0
<b>Total</b>	0	0	0

#### Numarul de decese cauzate de boli profesionale

2024			
Unit	Deaths of own employees	Contractor deaths	Total deaths caused by occupational diseases
Transgaz locations	0	0	0
Transgaz Headquarters	0	0	0
<b>Total</b>	0	0	0

The situation presented contains exclusively the situation of deaths caused by occupational diseases.

**During the reporting period, Transgaz did not register any work accidents resulting in disability, and accidents with temporary incapacity for work remain at a low level.** Also, in 2024, no occupational diseases were reported/ investigated/ declared.





#### Situation of work accidents occurring at workplaces within Transgaz units, during 2023-2024

Year	Unit	Accidents - temporary incapacity for work	Accidents - disability	Accidents - death
2023	Transgaz locations	2	0	0
	Transgaz Headquarters	4	0	0
	<b>Total</b>	<b>6</b>	<b>0</b>	<b>0</b>
2024	Transgaz locations	3	0	0
	Transgaz Headquarters	0	0	0
	<b>Total</b>	<b>3</b>	<b>0</b>	<b>0</b>

#### Number of days lost as a result of work-related injuries and deaths due to work-related accidents, work-related diseases and deaths due to illness

2023			
Unit	No. of cases	Total number of hours worked in 2023	Non-attendance rate
Transgaz locations	2	5,422,597	0.37
Transgaz Headquarters	4	1,155,004	3.46
<b>Total</b>	<b>6</b>	<b>6,577,601</b>	<b>0.91</b>

2024			
Unit	No. of cases	Total number of hours worked in 2024	Non-attendance rate
Transgaz locations	3	5,514,555	0.54
Transgaz Headquarters	0	1,185,070	0.00
<b>Total</b>	<b>3</b>	<b>6,699,625</b>	<b>0.45</b>

The 107 days represent working days of temporary incapacity for work, caused by work accidents of its own employees who were involved in the 3 work accidents mentioned in the section Situation of work accidents produced at the workplaces of Transgaz units, during the reporting period.

#### Non-attendance rate related to incidents 2023 – 2024 / Lost time incident rate (LTIR)

	2023	2024
Lost time incident rate (LTIR) Number of accidents x 1000000/ total number of hours worked in the year	0.91	0.45

#### Number of employees trained in the field of Occupational Safety and Health

The training of SNTGN Transgaz SA employees on health and safety at work is carried out in accordance with the provisions of Law no. 319/2006 upon hiring, at the workplace, periodically and additionally, when necessary, based on programs and themes established differentiated by jobs and professions. All employees must undergo mandatory OSH training, upon hiring, at the workplace, periodic and additional, when applicable. The specialized personnel with specific responsibilities in the field of OSH is trained by participating in training programs dedicated to the responsibilities held within the internal Occupational Safety services organized at the company level.

	2023	2024
Competent OSH specialists and employees with specific responsibilities in the field of OSH (number of persons)	35	34
General trained staff including OSH topics (number of people)	4022	3976

Within the companies of the Republic of Moldova, no OSH courses were held.

Regarding the measures adopted to prevent the occurrence of work events, we specify that they took into account at least: the revision/ updating of the protection and prevention plans drawn up for 2024, the supplementation of training programs in the field of health and safety at work, the processing at the level of all employees of the provisions of the internal regulatory framework issued in the field of health and safety at work, stepping up controls and/or allocating additional responsibilities to carry out regular checks.

Transgaz did not register any disputes following the work events identified in 2024 and it was not necessary to pay damages following their manifestation.

## Work-life balance

### ESRS S1-15

Transgaz wants to attract specialists to its teams, to whom it offers, in addition to the salary part, an extended package of benefits established according to the annual budgets.

Employees have the right to be absent from work in unforeseen situations, determined by a family emergency situation caused by illness or accident, which make their immediate presence indispensable, provided that the employer is informed in advance and with the recovery of the period of absence, until the full coverage of the employee's normal working hours.

In the case of special family events, employees are entitled to paid days off, which are not included in the duration of the leave. Special family events and the number of paid days off are established by law, by the applicable collective labour agreement or by the internal regulations, according to the Labour Code.

The data are extracted from reports generated by the internal MAIS platform, the platform built specifically for SNTGN Transgaz SA. For companies from the Republic of Moldova, the internal C1 program is used.

Through the collective labour agreement, unique at national level, applicable to all companies, **employees have the right to paid days off for special family events or for other situations, as follows:**

- the employee's marriage – 5 days;
- marriage of a child of the employee – 2 days;
- birth of a child – 5 days + 10 days if the child's father has attended a childcare course;
- death of spouse, child, parents, in-laws – 3 days;
- death of grandparents, brothers, sisters – 1 day;
- blood donors – 1 day;
- changing the job within the same company, with moving the domicile to another locality – 5 days;
- 30 days of unpaid leave for the preparation and presentation of the diploma thesis in higher education.

2024	Feminine	Masculine	Total
Total number of employees	1040	3011	4051
Employees who are entitled to receive leave for family reasons	1021	2955	3976
Employees who have taken maternity, paternity or parental leave	49	15	64
Employees who took care leave	28	10	38
Percentage of employees entitled to family leave	100%	100%	100%
% of employees who took family leave	1.57	1.49	1.51
% of employees who took maternity, paternity or parental leave	4.8	0.51	1.61
% of employees who took care leave	2.74	0.34	0.96

In addition, in 2024, at the level of SNTGN Transgaz SA, maternity leave – pre-natal and post-natal, for female or male employees or for adopted children regardless of the sex of the parents, was paid, in a total amount of 709087 RON, the total number of maternity leave hours granted to employees in 2024 being 11416 hours.

In the Republic of Moldova, maternity leave includes prenatal leave of 70 calendar days and postnatal leave of 56 calendar days, for a total of 126 calendar days.

The determination of the maternity allowance is carried out by the National Social Insurance House based on the information in the maternity medical certificate, transmitted by the medical service providers through secure inter-systemic connections.

In 2024, at SNTGN Transgaz SA, 32 of our employees benefited from parental leave (25 women and 7 men).

### Leave for family reasons 2024

2024	Feminine	Masculine	Total
<b>Total number of employees</b>	19	56	75
Employees who are entitled to receive leave for family reasons	17 – 25.3%	56 – 74.6%	73 – 99.9%
Employees who have taken maternity, paternity or parental leave	-	2	2
Employees who took care leave	2 (granted in 2022 and 2023)	1 (granted in 2024)	3
<b>Percentage of employees entitled to family leave</b>	25.3%	74.6%	99.9%
% of employees who took family leave	2.6%	9.3%	11.9%
% of employees who took maternity, paternity or parental leave	-	2.6%	2.6 %
% of employees who took care leave	-	1.3%	1.3 %

## Remuneration indicators (pay gap and total remuneration)

### ESRS S1-16

The remuneration of Transgaz staff is regulated in a unitary manner by the Collective Labour Contract (CCM), which includes a hierarchy of functions and jobs within the company. Here are mentioned salary limits for each hierarchical level, established according to the complexity of the work, the degree of technicality and professional competence specific to the positions in the organizational chart.

When negotiating the salary, the requirements contained in the Job Description, annex to the CCM, are taken into account, a comparative evaluation with the average levels of income achieved in similar activities at national and international level, thus resulting in a salary whose value will be established in accordance with the limits of the Nomenclature of Hierarchy of Functions provided in the CCM.

In compiling the information and figures below, for the difference in remuneration between female and male employees, Transgaz used the methodology of the ESRS standard.

The gender pay gap, defined as the difference between average pay levels between female and male employees<sup>17</sup>, is -3.62%.

The ratio of the total annual compensation for the highest paid employee to the total median annual compensation for all employees<sup>18</sup> was 7.4 in the year 2024.

### Gender pay gap

Component	Romania (RON)	Republic of Moldova (RON)
Average basic remuneration of women	6194	7375
Average basic remuneration of men	5753	7375
<b>Basic salary gap</b>	<b>- 7.67 %</b>	<b>0.00 %</b>
Female variable average remuneration	6761	3078
Men's average variable pay	6749	3078
<b>Difference in variable remuneration</b>	<b>-0.18 %</b>	<b>0.00 %</b>
Average total remuneration of women	12955	10453
Average total compensation of men	12502	10453
<b>Difference in total remuneration</b>	<b>-3.62 %</b>	<b>0.00 %</b>

The measurement of remuneration indicators is not validated by an external body other than the insurance provider.

<sup>17</sup> calculated in accordance with ESRS S1 AR98 (b)

<sup>18</sup> calculated in accordance with ESRS S1 AR101 (c)

## Human Rights Protection

### Incidents, complaints and serious human rights issues and incidents

#### ESRS S1-17

Equal opportunities and equal treatment among our employees are basic pillars of the way we carry out our daily activities, which is why discrimination based on gender, religion, nationality, age, sexual orientation, disability or political affiliation is also firmly prohibited within Transgaz. In the financial year 2024, there were no incidents of discrimination or harassment among the company's employees and no complaints from employees regarding occupational safety and health were registered.

There were also no work-related incidents and/or complaints or serious human rights impacts (e.g. forced labour, human trafficking or child labour) within the company's own workforce. The company did not receive any significant fines, sanctions or compensation in relation to human rights or its own workforce in 2024.

Transgaz recorded **zero cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Companies** during the reporting period.

### Incidents of human rights violations

2024	
Number of incidents of human rights violations	0
Number of employee complaints about human rights	0
Number of employee OSH complaints	0

### Incidents of discrimination and harassment

2024	
Total number of incidents of discrimination, including harassment	0
Number of complaints filed through the channels through which people in the company's own workforce can express their concerns	0
The total amount of fines, penalties and compensation for damages caused by the	0
Remedial actions	NA







# Consumers and end-users

# ESRS S4

## CONSUMERS AND END-USERS

### Interests and views of stakeholders

#### SBM-2

Consumers and/or end-users represent a main group of stakeholders for Transgaz, presented in the list of stakeholders under the category "Customers and infrastructure users" and are represented by entities that are located in the Municipality of Bucharest and in each county in the country. The gas does not belong to Transgaz. It is only a transportation service for the gas holders (producers), these being the customers and the end users are the customers of their distributors.

The interests and points of view of the customers and end-users of a natural gas transmission company are varied and complex, reflecting both economic, social and environmental needs. They can be summarized into several main categories, such as:

- **Service continuity:** End users, regardless of their category, want uninterrupted access to natural gas.
- **System safety:** Clients are concerned about the safety of the transport network, wanting to avoid the risks of explosions, gas leaks, or other accidents.
- **Competitive rates:** Clients desire accessible and competitive rates for natural gas transportation, considering the direct impact on production costs and their budgets.
- **Cost transparency:** End users appreciate transparency in tariff structures and clarity in billing.
- **Quality standards:** Ensuring a high level of service quality, including response times to requests and promptness in resolving issues, is valued by end beneficiaries and consumers.
- **Emission reduction:** Clients are increasingly concerned about environmental impact and prefer companies that take measures to reduce greenhouse gas emissions and other pollutants.
- **Compliance with legislation:** End users want to be assured that the transport operator complies with all current legal regulations and standards.
- **Ethics and responsibility:** Transparency and ethics in the company's operations, including respect for consumer rights and social responsibility, are subjects of interest for clients.
- **Community impact:** Clients are interested in how the company's activities affect local communities and the company's positive contribution to their development.
- **Dialogue and collaboration:** The company's openness to communicate and collaborate with local communities and authorities is appreciated by these categories of stakeholders.

These views and interests are essential to our company's strategies and operations, influencing both customer satisfaction and Transgaz' long-term success.

### Significant impacts, risks and opportunities and their interaction with the strategy and business model

#### SBM-3

Transgaz' activities are carried out in such a way that the impacts on consumers and end users are positive in the long term, contribute to the development of society and properly manage the risks arising from the interaction with customers. Transgaz' activity is B2B and its customers are companies in the energy sector, exemplified in the graph in subchapter S4-1 Policies regarding consumers and end users.

Also, Transgaz' strategy and business model, through its listing on the stock exchange, ensures transparency and access to quality information, which has a positive impact on final gas consumers and capital market participants. In addition, through the transparency it offers in its reports, Transgaz effectively manages risks.

In terms of significant positive impacts, Transgaz respects its customers' right to privacy, freedom of expression and access to quality information. This helps to improve the accessibility of information for all consumers and end-users, including people with disabilities.

In this regard, both the General Data Protection Regulation (GDPR) of the European Union and the Code of Ethics of the organization are complied with, as well as the Regulation on the processing of personal data SNTGN Transgaz SA.

As part of the double materiality analysis, Transgaz considered all end-users who are at risk of being significantly affected by its operations, including impacts related to its value chain, services, as well as business relationships. No specific groups of end-users were identified.

Also, as part of the double materiality analysis, Transgaz has developed an in-depth understanding of how end-users may be exposed to a higher risk of harm.

The impacts and risks associated with consumers and end-users are identified and assessed as part of the double materiality analysis process, in an internal workshop, as well as by consulting external stakeholders and other sources of literature. These are summarized in ESRS 2 – General Information, under the subchapter called **Significant Impacts, Risks and Opportunities and their interaction with the strategy and business model**.

Thus, even if there are no established processes at the group level for communicating with end users about impacts, the ethical approach is an essential factor in any interactions.



## Managing impacts, risks and opportunities

### Consumer and end-user policies

#### ESRS S4-1

SNTGN Transgaz SA demonstrates a strong commitment to quality, safety and responsibility by adopting international certifications. By implementing ISO 14001, the company shows its concern for environmental management, contributing to the well-being of consumers by reducing environmental impact. At the same time, the ISO 45001 certification, which focuses on occupational health and safety, reflects the attention paid to safety, both for employees and end users. In addition, ISO 9001 guarantees a consistent quality of products and services, meeting consumer expectations and increasing consumer satisfaction.

Through these standards, Transgaz promotes transparency and accountability, strengthening consumer confidence and encouraging innovation and continuous improvement for the benefit of end users.

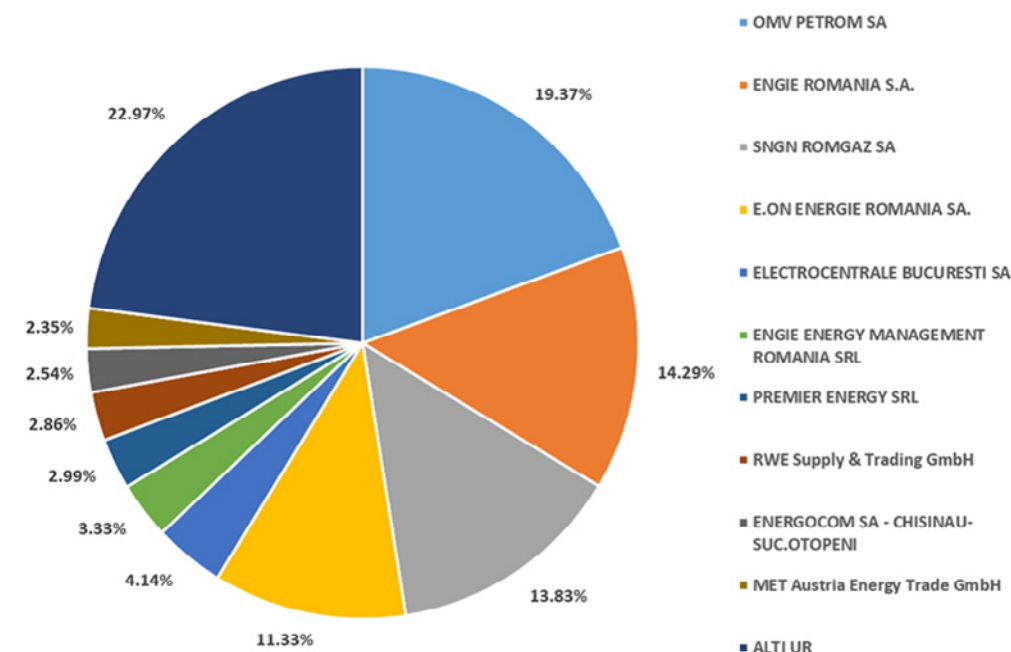
Transgaz holds the Regulation on the processing of personal data SNTGN Transgaz SA, which applies, among others, to consumers and end users. The Regulation aims to protect personal data, ensuring their confidentiality, integrity and security. The monitoring of compliance with the protection measures is carried out by the compliance officer, who verifies the conformity of the processing with the declared purpose. The Regulation applies to the processing of personal data carried out by automatic and non-automatic means within the National Gas Transmission Company "Transgaz" SA. Regulation (EU) 2016/679 (GDPR) and Law no. 190/2018 on GDPR implementation measures. The interests of employees and collaborators are taken into account, ensuring the protection of personal data and respect for their rights. Also, the policy is communicated internally through periodic trainings and is accessible to employees and collaborators.

Also, on the Transgaz website there is a section dedicated to Personal Data Protection, where users and end customers can find information and forms for exercising the right of access, exercising the right to rectify personal data and other rights provided by the GDPR (<https://www.transgaz.ro/en/public-interest/protection-personal-data>).

Transgaz plans to develop and implement in the next 3 years a strategic plan aimed at managing the significant impacts, risks and opportunities associated with consumers and end users. At the moment, such a plan is not available.

Transgaz has not implemented specific policies for areas already regulated by the legislation, but is committed to complying with and implementing the UN Guiding Principles on Business and Human Rights, as well as the OECD guidelines. Transgaz also ensures that its activities comply with the ILO Declaration on Fundamental Principles and Rights at Work, thus aligning itself with international human rights standards. The Constitution, both of Romania and of the Republic of Moldova, includes provisions on fundamental human rights, being aligned with international standards, helping to guarantee their observance within the respective jurisdictions.

The **main beneficiaries** of the natural gas transmission service in 2024 are presented below:



Through the transport services contracted in 2024, the total amount of MWh (thousand m<sup>3</sup>) was transported to:

	MWh	thousand m <sup>3</sup>	%
Distributions	69,938,724.865963	6,529,616.737	49.37%
Direct clients	27,630,534.620156	2,579,640.988	19.51%
Storage	19,166,575.526277	1,789,429.141	13.53%
Export Csanádpalota, Giurgiu-Ruse, Negru Vodă 1, Ungheni	24,917,640.799937	2,326,359.892	17.59%

Through the transport services contracted in 2024, the total amount of MWh (thousand m<sup>3</sup>) was transported to:



At the level of SNTGN Transgaz SA there is the "Processing Record Register", a document in which the information on the processing of personal data at the company level (collected, processed and stored) is centralized, as well as the persons designated within each structure as a point of contact with the DPO. The register is updated annually or according to the changes in the organizational structure of SNTGN TRANSGAZ SA according to the existing organizational chart.

Example of forms used within the company as an integral part of the Internal Regulation: declaration of agreement on data protection, consent for the processing of personal data, confidentiality statement, information note on the processing of personal data collected through electronic timekeeping/access control and video surveillance systems. Documents through which advice is provided or technical/organizational measures are monitored: Register of trained/advised persons GD.

An advisory and monitoring plan for the DPO is developed annually and training and counselling sessions are held for the staff processing personal data, during which the relevant aspects of the legislation on the processing of personal data are presented. The monitoring of the correct implementation is carried out by checking the documents (physical and electronic) within each structure that processes personal data.

Transgaz acts in accordance with the Code of Ethics, which implies that interaction with end users is also guided by principles such as professionalism, impartiality and non-discrimination, freedom of thought and expression, confidentiality, prioritization of the company's interest, moral integrity, honesty, fairness and loyalty. More details regarding the Code of Ethics can be found in chapter G1 – Professional Conduct.

It is envisaged to comply with the legal requirements for obtaining regulatory documents from the authorities. Consultations with consumers and end-users take place at the time of applying for and obtaining environmental agreements and permits in particular.

The consultation processes are addressed to the general public, including consumers and end-users, and are organised according to need, not being a dedicated consultation process. For example, such a process was initiated within the procedure for issuing the environmental agreement for the project "Huedin - Lugaşu natural gas transmission pipeline, including electricity supply, cathodic protection and fibre optic". Although this process was also open to the interested public, no suggestions or comments were received at any of the stages of the environmental regulatory procedure. A preliminary information took place by publishing the announcement regarding the submission of the Environmental Impact Report and the Appropriate Assessment Study, as well as the organization of the public debate, on the website and at the headquarters of SNTGN Transgaz SA, on 08.01.2024, together with the details for electronic access by teleconference on 07.02.2024.

## Collaboration processes with consumers and end users regarding impacts

### S4-2

At Transgaz level, in 2024, no general procedures were established to interact directly with consumers and end users regarding the impacts of the company's activities, being the first year of ESRS reporting at a consolidated level. Transgaz emphasizes communication and transparency towards customers by continuously updating information of public interest on its online platform, including press releases and legislative changes.

## Processes for remedying negative impacts and the channels through which consumers and end users can express their concerns

### ESRS S4-3

The risks related to the confidentiality of the data of collaborators and employees, including possible data losses and breaches of their confidentiality, are managed efficiently and transparently, the company having prepared documents in this regard regarding the processing, storage, transmission and archiving of personal data.

The Regulation on the processing of personal data and the free movement of such data within the National Gas Transmission Company Transgaz SA" disseminated to the entire staff of the company, provides information and outlines the implementation of specific procedures in terms of GDPR compliance by applying technical and organizational measures.

Technical and organizational measures are considered all tools used to implement and monitor compliance with personal data protection legislation through policies, regulations, record books, forms, training sessions, counselling and monitoring.

There is no process for assessing remedial measures. The company did not register any warnings/sanctions/fines/recommendations from the National Supervisory Authority during 2024, with no violations, thefts or loss of personal data of employees or collaborators. There were no requests for access to data, requests for anonymization of personal data, requests for information on data processing activity in 2024, which is why there is no resolution of them.

The contact details are present on the website <https://www.transgaz.ro/en/node/2186>, in the section dedicated to the protection of personal data. The requests of the data subjects can be submitted to the Company Registry in C.I. Motaş Square no. 1, Mediaş Municipality, Sibiu County - Document Management and GDPR Service, can be sent to the e-mail address: [dpo@transgaz.ro](mailto:dpo@transgaz.ro) or by mail to the headquarters of SNTGN Transgaz SA, with registered office in P-ța C.I.Motaş, Nr.1, code 551130, Mediaş, Sibiu County. The [dpo@transgaz.ro](mailto:dpo@transgaz.ro) address is managed by the company's data protection officer. In the "Internal DPO Complaints Register" you can see how to solve a case involving the request for personal data.

Although Transgaz does not collaborate directly with consumers and end users, on the company's public website there is a section on notifications regarding complaints regarding the natural gas transmission and system service according to ANRE Order 140/2021. Through it, Transgaz seeks to maintain a commitment to corporate responsibility and transparency.

The trust of consumers and end-users was not assessed within the complaint channels. Also, there is no policy to protect whistle-blowers according to ESRS, taking into account that it is the first year of ESRS reporting at the consolidated level.

The company constantly updates the information available on the online platform on matters of public interest, such as press releases and legislative changes.

## Acting on significant impacts on consumers and end-users and approaches for managing significant risks and pursuing significant opportunities related to consumers and end-users, as well as the effectiveness of such measures

### ESRS S4-4

In 2024, no complaints or notifications were made to the National Supervisory Authority for Personal Data Processing and requiring the submission of answers or clarifications regarding the violation of the confidentiality of employees and collaborators.

The company has not registered any warnings/sanctions/fines/recommendations from the National Supervisory Authority for Personal Data Processing, and no risk incidents generated by non-compliance with the provisions of the internal regulations issued for data protection purposes have been identified internally.

The company's management is periodically informed about the processes implemented regarding the aspects related to the protection and management of personal data through periodic reports and presentations.

Customer satisfaction is a very important indicator for the company. On an annual basis, Transgaz asks customers for feedback on the quality of the products and services provided by the group, through satisfaction questionnaires. The importance of this feedback is also highlighted by the inclusion in the remuneration policy of the Board of Administration. Thus, by OGMS Decision no. 8/6.12.2021, the financial and non-financial performance indicators for the period 2021 - 2025 were approved, which are annexed to the mandate contracts of the administrators. In this regard, the calculation of the variable component of the remuneration of the members of the Board of Administration also takes into account the level of customer satisfaction. The objective involves the achievement of the targets set out in the management plan (According to PP 165 Customer satisfaction evaluation, a score between 6-8 means that the services offered have adequately satisfied the customer requirements).

Counselling, training and awareness sessions are organized for employees during which the risks arising from non-compliance with the European Union's General Data Protection Regulation (GDPR) are presented.

Transgaz is constantly carrying out activities that lead to the continuous improvement of personal data protection management processes. Procedures, forms, plans, continuous records of processing, staff training for the implementation of the GDPR have become essential in the process of awareness and responsibility, as key points in complying with the standards set out in the EU Regulation.

To mitigate the risk regarding the right to privacy, Transgaz ensures that this policy is put into practice and reviewed annually.

Regarding the training of the company's staff, we mention that in 2024 no courses with specific topics for the processing of personal data were organized.

Within Transgaz, no actions were taken regarding consumers and end-users, given that 2024 marks the first year in which Transgaz carries out consolidated reporting.

## Targets related to the management of significant adverse impacts, the promotion of positive impacts and the management of significant risks and opportunities

### ESRS S4-5

The adoption of the specific targets related to Transgaz' consumers and beneficiaries/end-users (their information-related impacts) has not yet been carried out within an internal process, based on materiality. However, Transgaz has implemented a series of policies and procedures to ensure the confidentiality, freedom of expression and access to quality information of this category of stakeholders. At the moment, there is no process to monitor the effectiveness of policies and actions related to consumers and end-users, considering that it is the first year of reporting under the ESRS.

Transgaz plans to set and communicate a set of measurable targets to manage impacts and risks related to consumers and end-users, in line with ESRS standards. Although there are currently no such targets for the reporting period for the 2024 financial year, it is estimated that they will be defined in the next 3 years.







**Information on governance**



# ESRS G1

## Business Conduct

### Business Conduct

#### ESRS 2 GOV-1

Transgaz' professional conduct is influenced by the requirements of European energy policies regarding energy safety and security, sustainable development and competitiveness. Thus, we have developed principles of corporate governance and responsible, transparent business, as a necessity in the application of the company's strategy and business policies. We aim to ensure a rigorous framework for sizing and regulating corporate governance at the company level.

The Board of Administration of SNTGN Transgaz SA carries out its activity based on the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented. The Board of Administration delegated the management of the company to a Director General who is also an administrator, becoming an executive administrator. The Board of Administration of SNTGN Transgaz SA has general competence to perform all the acts necessary for the successful performance of Transgaz' activities, being composed of 5 members who ensure the efficiency of the capacity to manage, analyse and evaluate the company's activity as well as the fair treatment of shareholders. The role and powers of the Board of Administration are provided for in the Organization and Functioning Regulations of the Board of Administration.

The expertise of the members of the General Meeting of the Shareholders in the field of governmental conduct is essential for creating an organizational culture based on integrity. Members have a solid knowledge of legal norms and international standards and business conduct, being familiar with governance principles that promote transparency, responsibility and fairness. In this context, they have adopted a Code of Ethics and the policies detailed within the G1, which regulate professional conduct. By upholding ethical values, members contribute significantly to protecting Transgaz' reputation and maintaining an ethical, professional and responsible work environment.

The members of the Board of Administration and of the executive management of Transgaz are elected on the basis of their diverse skills and experience, complying with the principles of ethics and integrity stipulated in the legislation applicable to companies.

Also, for each entity, there is a Board of Administration that has the necessary expertise to meet the selection requirements.

At the moment, Transgaz has not set measurable results-oriented targets. Also, there is no formal process by which the effectiveness of the company's policies and actions is tracked.

The General Meeting of Shareholders of Vestmoldtransgaz SRL is the governing body that decides on its activity and on its economic policy. The General Meeting of Shareholders meets in ordinary meetings at least once a year and in extraordinary meetings whenever necessary, on its own initiative or at the convening of the Board of the Company. Vestmoldtransgaz SRL has a collegial supervisory body, namely the Board of the Company and is managed by a sole Administrator, as an executive body. The Board of Vestmoldtransgaz is made up of 5 members who act based on the provisions of the Company's by-laws and under the Regulations of the Company Council approved by the General Shareholders' Meeting. The members of the Council of the Society and its President are appointed for a term of 4 (four) years and may be released at any time. Four members of the Board of the Company are appointed on behalf of the shareholder Eurotransgaz SRL, and the fifth member is appointed on behalf of the shareholder EBRD. The Chairman of the Board of Administration is appointed by the General Meeting of Shareholders from among the members of the Board of Administration.

### Description of the processes for identifying and assessing significant impacts, risks and opportunities

#### ESRS 2, IRO-1

The **impacts, risks and associated opportunities** are identified and assessed in the materiality review through internal consultation and other sources. Within the process of double materiality, within the identification of impacts, risks and opportunities, all Transgaz activities and locations were considered.

Specifically, the risk assessment is carried out based on the Risk Management Strategy 2021-2025 and the SCIM principles, according to Order no. 600 of April 20, 2018 on the approval of the Code of Internal Managerial Control of Public Entities.

The **Risk Management Advisory Committee** has several responsibilities related to the company's risk management system. It deals with the identification, analysis, evaluation, monitoring and reporting of risks. It also develops and supervises the plans of measures to mitigate or anticipate risks and carries out an annual assessment of the internal control system, presenting relevant reports to the Board of Administration. The Committee monitors risk management in the context of sustainability, with a focus on ESG (environmental, social and governance) aspects, industry developments and the implementation of effective crisis management policies. They report to the Board of Administration current and emerging ESG-related topics that may influence the company's business, operations, performance or public image and that are relevant to shareholders. The committee also oversees initiatives aimed at preventing, mitigating and managing ESG risks that may have a significant negative impact and provides guidance in this regard, Transgaz periodically monitors the risk portfolio in a structured manner, through the following processes/activities:

- Revision of the Risk Management Strategy 2021-2025, which addresses Transgaz' attitude and approach to risks, risk tolerance limit, risk response, vision, specific objectives and measures necessary to carry them out;
- Documentation of the PS 05 SMI Risk Management procedure, which sets unitary rules for risk management and for the preparation and updating of the Risk Register;
- Documentation of the system procedure PS 06 SMI Prevention of Corruption, which sets a unitary set of rules for carrying out activities to prevent fraud, acts of corruption and reporting of acts of violation of the law or internal rules;
- Updating the company's risk profile (annually) and risk tolerance limits;
- Review of the internal decisions on the appointment of persons with responsibilities in the activities carried out in order to manage the risk and the Regulations of organization and functioning of the Monitoring Commission and the Risk Management Team;
- Review of the Risk Management Statement – Commitment 2021-2025.

The legislation of the Republic of Moldova does not provide for the mandatory implementation of the internal managerial control system (IMS), but, nevertheless, being part of Transgaz, Vestmoldtransgaz is in the process of implementing the IMS. Thus, it is intended in the next 3 years to take over the standards that apply to SNTGN Transgaz SA and adapt them to Vestmoldtransgaz.

The impacts, risks and opportunities associated with governance are identified and assessed as part of the dual materiality analysis process, in an internal workshop, as well as through consultation with external stakeholders and other sources of literature. These are summarized in ESRS 2 – General Information, under the subchapter called **Significant Impacts, Risks and Opportunities and their interaction with the strategy and business model**.

The financial effects on Transgaz in the short, medium and long term of the significant risks and opportunities arising from the associated impacts are assessed as low to medium (between 0.7% and 1.0% of annual turnover) for the risks of professional conduct, as assessed in the double materiality analysis process.

## Corporate Culture and Policies on Professional Conduct and Corporate Culture

### ESRS G1-1

The **Code of Ethics of SNTGN Transgaz S.A.** (adopted by the Board of Administrators' Resolution No. 39/20.12.2021) encompasses all values and principles of conduct, responsibilities, and obligations that define the quality of professional activity. This code serves as a mandatory guideline and encourages accountability and involvement of Transgaz' contractual personnel to perform competent and responsible activities in accordance with professional ethics.

Transgaz promotes and evaluates its corporate culture through the Code of Ethics for both SNTGN Transgaz S.A. and Vestmoldtransgaz. It includes all values and principles of conduct, responsibilities, and obligations that define the quality of professional activities.

Therefore, the principles governing the professional conduct of Transgaz' contractual personnel are centered on:

- **Professionalism:** Employees must perform their duties with responsibility, competence, efficiency, fairness, and conscientiousness.
- **Impartiality and Non-discrimination:** Personnel should maintain an objective, neutral attitude towards any political, economic, religious, or other interests while performing their job duties.

• **Freedom of Thought and Expression:** Personnel may express and justify their opinions while respecting the rule of law and good morals.

• **Confidentiality:** Personnel are obligated, both during and after the term of their contract with Transgaz, not to disclose any confidential data or information they became aware of during the execution of the contract.

• **Priority of the Company's Interest:** Employees have the duty to prioritize the company's interest above personal interest in the execution of their job responsibilities.

• **Moral Integrity:** Employees are prohibited from soliciting or accepting, directly or indirectly, any advantage or benefit, moral or material, for themselves or others, or from engaging in activities, directly or indirectly, that may create a conflict of interest.

• **Honesty and Fairness:** Personnel must act in good faith and work towards the proper fulfilment of their job duties.

• **Loyalty:** Personnel should exhibit loyal behaviour towards the company, and the company encourages and ensures access to continuous professional training and development, stimulating and rewarding workplace performance.

The Code of Ethics of SNTGN Transgaz SA defines the values, principles, and norms that Transgaz' contractual personnel must respect and apply in their professional activities:

- in activities conducted within the company;
- in alignment with the company's values and objectives, to maintain a positive organizational climate;
- in activities conducted outside the company;
- in relations developed with all categories of the public, to enhance the company's notoriety and maintain its reputation.

A series of internal procedures and policies have been implemented to address the impacts, risks, and opportunities related to professional conduct and related actions. The internal procedures of SNTGN Transgaz S.A. include aspects related to professional conduct and how the company promotes its corporate culture:

- Anti-Fraud and Anti-Corruption Policy Statement;
- Anti-Fraud and Anti-Corruption Policy

The statement and policy establish a clear framework for preventing, detecting, and combating risks related to fraud and corruption. This policy applies to all employees, Board of Administration members, suppliers, and business partners, aiming to promote an organizational culture based on transparency, integrity, and accountability. The implementation and adherence to the policy are overseen by the Board of Administration, while the coordination of compliance measures is ensured by the Director General and the Compliance Advisory Committee.

Monitoring mechanisms include internal and external audits, confidential reporting channels for whistle-blowers, and training sessions for employees and partners, ensuring an effective system for preventing and managing risks. The policy is updated in accordance with national and international legislative requirements, thereby contributing to the protection of the company's assets and reputation. SNTGN Transgaz S.A. promotes a zero-tolerance approach to any form of fraud and corruption, thereby strengthening stakeholder trust and adherence to responsible governance principles.

- Statement on the adherence to the fundamental values, principles, objectives, and monitoring mechanism of the National Anti-Corruption Strategy 2021-2025;
- Integrity Incident Evaluation Methodology;
- Integrity Plan for the period 2022 – 2025

The Integrity Plan of SNTGN Transgaz SA for 2022-2025 establishes essential measures for preventing corruption and promoting transparency in alignment with the National Anti-Corruption Strategy 2021-2025. It applies to all employees, management, partners, and suppliers, aiming to reduce fraud risks through prevention mechanisms, training, and periodic auditing. The implementation is overseen by the Director General, the General Inspection Department, and internal structure coordinators. Its effectiveness is monitored through annual evaluations, semi-annual reporting, and biennial internal audits, with periodic updates based on identified risks.

- Decision approving the Integrity Plan of SNTGN Transgaz SA;
- Corruption Risk Register at the level of SNTGN Transgaz SA;
- System procedure regarding the protection of whistle-blowers in the public interest;
- Decision to designate individuals responsible for receiving, registering, and examining public interest whistleblowing;

- Statement regarding compliance with competition rules;
- Decision regarding the appointment of the Compliance Advisory Committee;
- SNTGN Transgaz S.A. policy on compliance with competition rules;
- Strategy for implementing the policy on compliance with competition rules.

All the documents described are applied to all employees of SNTGN Transgaz SA. It is committed to complying with and enforcing competition rules through a compliance strategy aimed at preventing and combating anti-competitive practices. The compliance policy aims to adjust the company's competitive behaviour in order to maintain a fair and competitive business environment. The strategy includes prevention mechanisms through risk analysis and employee training, mechanisms for detecting possible anti-competitive practices and appropriate response measures. Through these actions, SNTGN Transgaz SA aims to strengthen an organizational culture based on ethics and compliance with competition legislation.

The highest level responsible for the implementation of the Competition Compliance Policy within SNTGN Transgaz SA is the Director General, who ensures compliance with competition legislation and the application of compliance measures. The implementation is coordinated by the Compliance Advisory Committee (CCC), through a designated Director, who has the role of developing, monitoring and applying the compliance strategy, including risk analysis, staff training and prevention and response mechanisms. The Director of the General Inspection Department also contributes to the supervision of compliance and the implementation of the necessary measures.

They contribute to a positive impact on the working environment within the group by promoting and complying with the code of ethics and internal procedures. Any potential negative impact on employees and the work environment or on employee motivation is reduced.

During the webinar on ethics and compliance, topics related to whistle-blower reporting channels were addressed. Also, at the moment there is no policy within Transgaz, specific to trainings for employees on business conduct.

Actions that may affect supplier relations and supply chain stability may also have an impact on bargaining power and extend project completion deadlines. They can influence relations with investors, regulators and other entities, having a negative effect on the group's reputation.

There is also documentation regarding the functions within the Company that are most exposed to the risks of corruption and to giving or receiving bribes.

The following are the positions within the company that are at risk of corruption:

- Employee with an executive function (high level of decision) who ensures control and prevention: Integrity inspectors; Financial controller; Internal auditors; Quality/Environment/Occupational Health and Safety (OSH) Auditors; The function that involves checking the activities/documents in the procurement process.
- Employees with executive function (high level of decision) in the Sectoral Procurement and Contracting Department: The function involved in the management of material goods.
- Employee of the Concessions Office involved in the annual inventory of the patrimony;
- Employee of the Patrimony Office involved in the valuation and valuation of the company's assets: Managers; The position that represents the company in external relations for design and execution projects
- Employee with executive function (high level of decision) involved in the realization of technical projects: Site supervisors; The function involved in the management of financial funds.
- Employee empowered by internal decision to exercise their own preventive control: Cashier; The function involved in granting sponsorships.
- Employee with an executive function (high level of decision) who carries out the sponsorship process.
- The President of the Commission for the Analysis of Sponsorship Applications.
- The position that involves a high level of decision in the recruitment process and competitions for new employees.
- Employee with an executive function (high level of decision) who plans human resources and manages the hiring process.

From a financial point of view, the Group's policies constitute an opportunity to maintain the workforce within the group and to maintain the positive image of the Group, which can bring new investments. Risks related to damage to the Group's reputation and other financial risks related to fines and litigation are also minimized.

With regard to **conflict of interest**, the members of the Board of Administration have an obligation of loyalty to the company and will avoid conflicts of interest, when their personal or

professional interests make it difficult to adopt objective measures in the interest of the company or shareholders, and to fulfil their role as Director. The Audit Committee is the body that ensures that there are no conflicts of interest between the main functions and professional activities of the members of the Board of Administration. The company also has stipulated notification processes in the case of significant transactions, which prevent a related party from taking advantage of its position and protect the interests of SNTGN Transgaz SA. Thus, at the level of SNTGN Transgaz SA there is a **specific policy for managing the conflict of interest**, an instrument that supports compliance with the provisions of the Corporate Governance Code issued by the Bucharest Stock Exchange.

At the level of SNTGN Transgaz SA, a system procedure (PS 21 SMI) on the Protection of whistle-blowers in the public interest was developed and approved at the level of the executive management. This procedure aims to establish the reporting channels at the company level, the internal regulation of the mechanism established for the protection of whistle-blowers, the establishment of responsibilities, the control procedures, the responsibilities of the commissions established for the analysis and resolution of the reports received, as well as the information of the management. A mechanism has also been created to protect the identity of whistle-blowers, which will not be disclosed and will remain confidential unless otherwise provided by law.

Public interest disclosures can be submitted via email to [integritate@transgaz.ro](mailto:integritate@transgaz.ro), by mail, or directly reported to the designated person according to the law.

Contractual staff at Transgaz who report or suspect violations of the Code of Ethics can directly approach the Ethics Advisor at the company level or at the Territorial Operation level, or send an email to [etica@transgaz.ro](mailto:etica@transgaz.ro). Reports received at this address are forwarded to a committee for analysis.

Transgaz ensures protection against reprisals and maintains the anonymity of whistle-blowers in accordance with internal procedures. Protective measures consist of multiple established obligations, as well as provisions included in the Integrated Management System.

The mechanism for protecting the identity of whistle-blowers in the public interest, as provided in the system procedure PS 21 SMI for the protection of whistle-blowers in the public interest, is as follows:

- Establishment of reporting channels through procedure;
- Definition, through procedure, of the process for receiving, registering, and resolving alerts;



- Designation of responsible individuals in accordance with the law;
- Upon receipt of the report, the envelope marked "Public Interest Disclosure" must be opened exclusively by the recipient (as applicable: the Director General, Integrity Advisor, or the person designated according to Law No. 361/2022 at the level of SNTGN Transgaz SA) - point 5.2.3.1 letter c) from PS 21 SMI;
- Registration in the software application is done generically ("public interest disclosure no.") - point 5.3 letter d) from PS 21 SMI.
- Resolution is based on a generic document (Information), which does not include the identity of the whistle-blower in the public interest or any information that could lead to their identification - point 5.6.1 letters a) and b) from PS 21 SMI;
- The correspondence for resolving the Information includes mentions regarding the obligation of confidentiality and the basis for this obligation - point 5.3.1 letter b) from PS 21 SMI;
- Provision of the confidentiality obligation for all members of the multidisciplinary committee (if constituted for resolution) - point 5.7.2 letter b) from PS 21 SMI;
- Extension of protection measures (physical, identity, and against retaliation) including facilitators, third parties connected to the whistle-blower, and legal entities owned by the whistle-blower - point 7.5 from PS 21 SMI;

- Establishment of a physical protection mechanism for the whistleblowing - point 7.6 from PS 21 SMI;
- Establishment of an identity protection mechanism - point 7.7 from PS 21 SMI corroborated with the aforementioned provisions

The mechanism of protection against retaliation consists of the multiple measures/obligations established for the protection of identity, as well as the following provisions of the PS 21 SMI system procedure for the protection of whistle-blowers in the public interest:

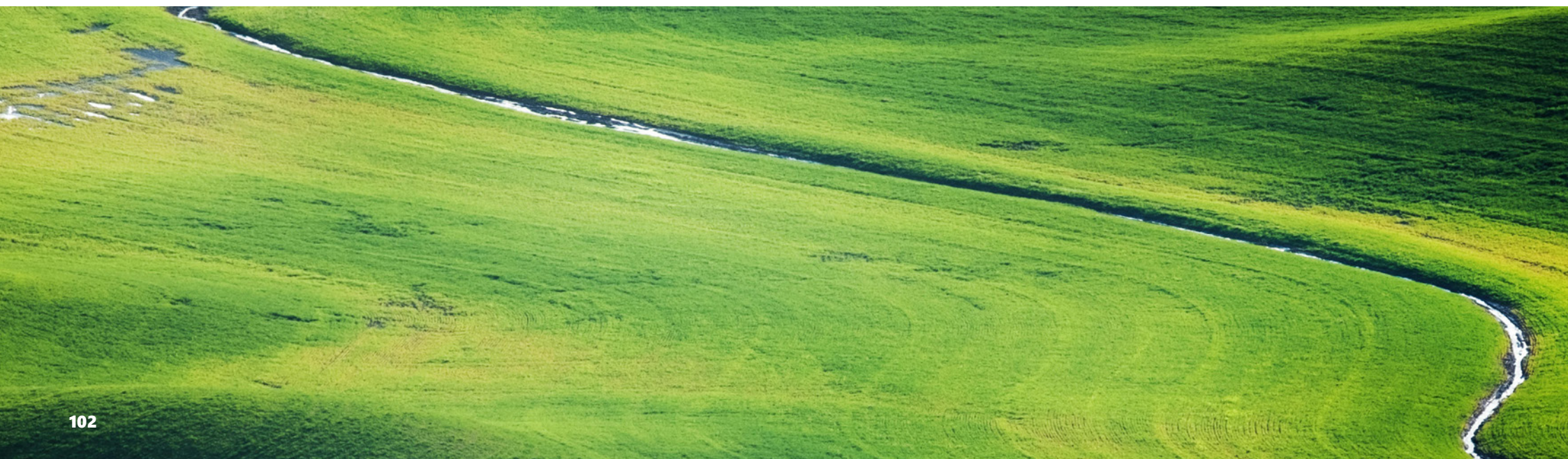
- the provision, in the procedure, of all forms of retaliation, for the complete information of the employer, as express prohibitions - item 7.2 of PS 21 SMI;
- the express mention, in the procedure, of the legal measures regarding the protection against retaliation, as well as of the reparatory rights - item 7.3 of PS 21 SMI;
- extension of protection measures (physical, identity and retaliation) including for facilitators, third parties who have links with the whistle-blower, legal entities owned by the whistle-blower - item 7.5 of PS 21 SMI;
- the establishment of a mechanism for the physical protection of the warning - item 7.6 of PS 21 SMI;
- the establishment of an identity protection mechanism - item 7.7 of PS 21 SMI in conjunction with the aforementioned provisions.

During 2024, no complaints regarding the violation of the code of ethics at group level were registered.

Although within Vestmoldtransgaz, there are no specific and separate procedures that address only issues related to reporting corruption or protecting whistle-blowers, the Code of Ethics adopted by Vestmoldtransgaz represents a collection of rules in extension of those established by norms, which are considered necessary for the preservation and maintenance of moral values, with the role of establishing and regulating principles and customs according to which those to whom they are addressed can orient themselves. The document supports the actions in an impartial manner, with integrity and loyal to the public interest and society.

Over the next three years, there is an intention to develop, at the level of Vestmoldtransgaz, procedures for reporting corruption incidents, as well as policies for the protection of whistle-blowers.

The Code of Ethics of Vestmoldtransgaz SRL is a guide for the company's employees and includes the set of values and principles of conduct, responsibilities and obligations that define the quality of the professional activity, having the role of serving as a mandatory line of conduct and increasing the responsibility and involvement of the contractual staff within Vestmoldtransgaz SRL, so that they carry out a competent and responsible activity, in accordance with professional ethics.



## Supplier management

### Supplier Relationship Management

#### ESRS G1-2

In order to ensure the continuity of providing quality services, Transgaz collaborates with suppliers both from the Romanian market and from the international market, whose contract values are listed below:

	Number of contracts (2024)	Direct procurement value in RON (2024)	Procedures value in RON (excluding VAT)	Total
Resident suppliers (Romania and the Republic of Moldova)	415	12,240,752.58	708,391,996.02	720,632,748.60
Other Suppliers	7	26,618.39	400,982,759.67	401,009,378.06

To ensure a fair procurement process, SNTGN Transgaz SA has decided that all procurement procedures will be conducted entirely online.

This involves submitting bids electronically and conducting the entire bidding and evaluation process through SEAP (Electronic System for Public Procurement). In accordance with the provisions of Law No. 99/2016 regarding sectoral procurement, Transgaz publishes **participation announcements and simplified participation announcements in SEAP**, attaching the entire award documentation to enable the preparation and submission of bids. Through SEAP, any interested economic operator is provided with direct, unrestricted, and full access to the content of the award documentation. The procedures for awarding sectoral contracts are conducted entirely online, including the submission of bids and requests for clarifications in SEAP, thus ensuring complete transparency of the entire procurement process.

In the bidding process, to ensure compliance with the applicable legislative framework, all suppliers are required to complete a **"Declaration regarding the compliance, during the preparation of the bid, with mandatory regulations in the fields of environment, social, labour relations, and occupational safety, according to the provisions of Article 64, paragraph 2 of Law No. 99/2016 on sectoral procurement,"** through which it is ensured that the submitted bids comply with:

- obligations in the field of environmental legislation, as mentioned in national legislation, in the procurement documents, and in Article 18, paragraph (2) of Directive 2014/24/EU;
- obligations in the field of social legislation, as mentioned in national legislation, in the procurement documents, and in Article 18, paragraph (2) of Directive 2014/24/EU;

- obligations in the field of labour legislation, as mentioned in national legislation, in the procurement documents, and in Article 18, paragraph (2) of Directive 2014/24/EU

In the case of entities in the Republic of Moldova, there are no policies for the selection of suppliers. The process complies with public procurement legislation.

**Labour exploitation of minors or gender discrimination are not relevant issues for Romania or the Republic of Moldova**, given the fact that no reported cases of gender discrimination, gender-based violence or labour exploitation of minors are identified, except for cases in family contexts. According to the Romanian Constitution, the exploitation and use of minors in activities that would harm their health, morality or that would endanger their life or normal development are prohibited. Although there are no reports from UNICEF or other NGOs indicating cases of child labour exploitation at present, Transgaz assesses the potential negative effects associated with their operations, including GDPR, corruption, referrals/complaints/complaints, collective bargaining, and other important social topics.

In the Republic of Moldova, the Constitution stipulates in Article 5 (4) that, "The exploitation of minors, their use in activities that would harm their health, morality or that would endanger their life or normal development are prohibited". According to the Labour Code, Article 46 stipulates that it is forbidden to employ persons up to 15 years of age, the capacity to work is from the age of 16, Article 60 of the Labour Code stipulates that work is forbidden to minors under the age of 16, minors between the ages of 16 and 18 can be employed, but only under certain strict conditions, which ensure their protection.

The Constitution of the Republic of Moldova does not contain detailed regulations on the employment of minors, but their protection is guaranteed by fundamental rights, as well as by articles establishing the state's obligations to protect children and young people. The details of the employment of minors are regulated in the labour legislation and the law on the protection of the rights of the child, which set clear restrictions on the minimum age of employment and special working conditions for young people.

No litigation files related to the respect of human rights at the level of Transgaz in 2024 were identified.

Transgaz does not have a specific policy for preventing delays in making payments to small and medium-sized enterprises (SMEs). However, each department manager is in charge of monitoring payment delays for contracts related to the department he leads, including those signed with small and medium-sized enterprises.

## Anti-corruption and fair competition

### Prevention and detection of corruption and bribery

#### ESRS G1-3

The perception of organizational integrity is influenced by the cumulative effect of the integrity publicly displayed by individuals within an organization, both internally and externally. Although the apparent level of influence of company personnel can complicate this process, it contributes to creating an identifiable value: the integrity that others, both inside and outside the organization, perceive as an attribute of it. This process is bidirectional. The integrity identified within an organization is not the result of a single decision; rather, it has been built over time (although it can be destroyed much more quickly) as an intrinsic component of organizational culture and is affected by the conduct exhibited, whether explicitly or implicitly, by all individuals within the organization.

The prevention and combating of fraud and corruption are priorities for the management of Transgaz, which continuously strives to improve the quality of managerial actions by introducing effective measures to reduce corruption. In this regard, Transgaz has undertaken several initiatives in recent



years to strengthen integrity, with the conveyed message being *"Zero tolerance for fraud and corruption of any kind and under any circumstances."* The following points are detailed below:

- The public commitment of the Director General regarding the Anti-Fraud and Anti-Corruption Policy, as well as adherence to the values of the National Anti-Corruption Strategy;
- Implementation of mechanisms and tools to reduce bureaucracy and increase transparency.

Transgaz has adopted the **"Anti-Fraud and Anti-Corruption Policy"** and publicly declared this through the "Anti-Fraud and Anti-Corruption Policy Statement" dated 30 May 2018.

Transgaz publishes on its official website the policies on the prevention, detection and investigation of online incidents, ensuring employees' access to these documents. These documents include lists of the persons responsible for these activities, specifying the functions they hold and their contact information.

Transgaz' position on corruption was reaffirmed after the adoption of the National Anticorruption Strategy 2021 – 2025, through the publication of the Declaration on the assumption of an organizational integrity agenda, registered under no. 21850/18.03.2022, which was posted on the company's website, and the link <https://www.transgaz.ro/en/sustainability/institutional-integrity>.

In addition, following the adoption of the Government Decision no. 1269/17 December 2021 on the approval of the National Anticorruption Strategy (NAS) 2021-2025, several activities were carried out at the level of SNTGN Transgaz SA in conjunction with the objectives of the Strategy:

- Adherence to the fundamental values, principles, objectives and monitoring mechanism of the NAS 2021-2025;
- Designation of the persons responsible for ensuring the technical secretariat for the implementation of the NAS 2021-2025;
- Elaboration of the Corruption Risk Register for SNTGN Transgaz SA and its update in December 2023 for 2024;
- Elaboration of the Integrity Plan of SNTGN Transgaz SA and its update in December 2023 for the year 2024;
- Elaboration of the Corruption Risk Monitoring Report at the level of SNTGN Transgaz SA entities, during 2024, based on which the Corruption Risk Register at the level of SNTGN Transgaz SA was revised (in December 2024);

- Facilitating Transgaz employees' access to the new SNA portal;
- Drafting and approving the Declaration of Compliance with Competition Rules, Competition Policy;
- Participation in working sessions for the adoption of the Methodology for monitoring the implementation of the National Anticorruption Strategy 2021-2025;
- Informing the company's employees about all the changes made and publishing the documents on the company's intranet.

Among the specific objectives established by the National Anti-Corruption Strategy 2021-2025 and adopted by Transgaz are:

- Implementation of integrity measures;
- Improving the capacity to manage management failures by correlating tools that impact the early identification of risks and institutional vulnerabilities;
- Increasing integrity, reducing vulnerabilities, and corruption risks in public procurement;
- Increasing integrity, reducing vulnerabilities, and corruption risks in the business environment;
- Strengthening the capacity of the administrative control structure to identify institutional risks and vulnerabilities, including those related to integrity aspects.

The following responsibilities have also been designated:

- By the *Decision of the Director General no. 841/16.06.2022*, provisions were adopted to lead to the implementation of the approved measures and the **coordinator of the implementation** of the integrity plan was appointed, as well as the contact persons;
- By the Decision of the Director General no. 723/21.05.2024, the **compliance officer** was appointed for the implementation of the Integrity Plan, according to the provisions of art. 58<sup>1</sup> of the Emergency Decree no. 109/2011 on the corporate governance of public enterprises, with subsequent amendments and completions;
- The job description of the head of the Anti-Fraud and Anticorruption Service provides for the duties related to the specific activities of the technical secretariat.

The management of risks highlighted in the Corruption Risk Register considers the following aspects:

- Identification and assessment of corruption risks: According to the latest update (conducted in December 2023), the risk exposure was considered low for 18 risks and medium for 2 of the identified risks.
- Establishment of intervention measures: Specific strategies are developed to address the identified risks.
- Monitoring the effectiveness of established measures and reporting to the management body: The activity of assessing the effectiveness of the established measures is currently being evaluated, and the Corruption Risk Register will be revised based on the results of this activity. Monitoring is carried out on two levels: 1. institutional reaction in the event of an integrity incident or corruption act (according to PS 06 SMI) and 2. annual evaluation (according to PS 06 SMI). The Corruption Risk Monitoring Report, the Integrity Incident Evaluation Report, the Corruption Risk Re-evaluation Report, and the Corruption Risk Register are submitted for approval to the General Director

During 2024, the Corruption Risk Monitoring Report at the level of SNTGN Transgaz SA entities was drafted, and based on it, the Corruption Risk Register at the level of SNTGN Transgaz SA was revised.

The annual corruption risk assessment within SNTGN Transgaz SA is an essential process for the prevention and management of organizational vulnerabilities. This is carried out under the coordination of the General Inspection Department - Anti-Fraud and Anticorruption Service, in collaboration with the working group for the prevention of corruption. The process involves monitoring and reviewing the identified risks, reassessing the organization's exposure to corruption factors, and updating prevention and control measures. Every year, until 1 December, quantitative and qualitative assessment reports are drawn up, which analyse the effectiveness of the measures applied, the changes in the levels of probability and impact, as well as any incidents of corruption found. In case of the emergence of new risks or changes in existing risks, the identification and assessment sheets are updated, and the Working Group proposes additional measures to reduce the organization's exposure to such risks. Based on these analyses, the General Inspection Department centralizes the data in a revised Corruption Risk Register, a document that underpins the Integrity Plan and is used for the continuous improvement of the company's anti-corruption strategy. This systematic and proactive approach reflects SNTGN Transgaz SA's commitment to transparency, ethics and compliance, ensuring a robust and integral operational framework.



SNTGN Transgaz SA has also adopted measures to prevent acts of corruption, at the organizational level and at the employee level.

### Organizational

- Computerization of internal processes;
- Identification of vulnerable areas and corruption risks;
- Implementation of a corruption risk management system;
- Establishment of a complaint management and evaluation system (customer satisfaction surveys/feedback) of the processes in order to improve them.

### Employees

- Increasing the level of professional and civic education of employees, as well as the assumption of obligations of conduct and professional ethics;
- Informing employees about how to report acts of corruption and the institutions involved in preventing and combating corruption;
- Creating a strong organizational culture that discourages acts of corruption;
- Categorically rejecting temptations offered in exchange for poor performance or non-performance of job duties (money, goods, services, advantages, etc.);
- Inventorying vulnerable points and assessing the risk of corruption occurrence;
- Implementing tools for integrity management as a form of human resource management, with a focus on internal communication and performance.

The actions and measures described and undertaken in the financial year 2024 are planned to be continued in the following year as well.

Vestmoldtransgaz SRL currently does not have risk management systems in place. The company plans to develop and implement a risk management system that includes the identification, evaluation, and monitoring of potential risks. Initial plans involve consulting with experts in the field to develop customized policies and procedures that address the company's specific needs and align with international risk management standards. Additionally, training sessions for staff are anticipated to ensure that all employees are aware of the importance and correct application of risk management measures. The company also intends to implement training sessions for staff, as well as prevention, investigation, and anti-corruption response procedures, over the next three years.

Employees who suspect violations of the law or internal norms can report potential breaches or offenses to the email address [integritate@transgaz.ro](mailto:integritate@transgaz.ro).

The Code of Ethics and Conduct sets forth the principles governing the ethics and professional conduct of Transgaz employees.

### The anti-corruption policy defines the terms of corruption and bribery.

The methodology for assessing integrity incidents aims to assess integrity incidents by obtaining and analysing relevant information and proposing prevention and control measures. The methodology provides for the regulatory framework, obtaining information on the integrity incident, the content of the analysis of integrity incidents, verifying the implementation of the recommendations, capitalizing on the information in the corruption risk assessment process.

The person responsible for assessing integrity incidents is not part of Transgaz' administrative body.

The analysis and reporting shall be done by the Person responsible for the implementation of the methodology for assessing integrity incidents, according to chapter 6 of the Methodology for assessing integrity incidents (annex to Decision no. 1409/2018). Also, the obtaining of information on integrity incidents is done according to item 5.1.3.1 letter f) of PS 06 SMI and chapter 5 of the Methodology for assessing integrity incidents (annex to Decision no. 1409/2018).

Integrity incidents are notified, by the structures that, due to the nature of their job duties, obtain/hold data in this regard, to the person responsible for implementing the Methodology for the evaluation of integrity incidents (annex to Decision no. 1409/2018).

Also, the structures of SNTGN Transgaz SA at the level of which integrity incidents occur report to the General Inspection Department - Anti-Fraud and Anticorruption Service (the director of the General Inspection Department is designated the person responsible for implementing the Methodology for the evaluation of integrity incidents) the occurrence of an integrity incident by sending a report of the direct boss of the employee who committed the act, endorsed by the hierarchical head, containing information on the prevention and control measures adopted after the integrity incident and assessments on the causes that were the basis for the commission of the act that constitutes an integrity incident, the identification, description and assessment of corruption risks, as well as the revised Register, corresponding to the materialized risk.

To ensure the independence of the person responsible for implementing the Methodology for Evaluating Integrity Incidents in the investigation of integrity incidents, the following provisions have been included in the methodology:

- Explicit mention of the aspects covered in the investigation of integrity incidents - Section 6, paragraph (1) of the Methodology;
- Express provision of the right of the person responsible for applying the Methodology to request information from the National Integrity Agency, the National Anticorruption Directorate, the Prosecutor's Office attached to the High Court of Cassation and Justice, as well as other public authorities or institutions that hold information regarding the integrity incident - Section 5, paragraph (2) of the Methodology;
- Presentation of the final report only to the management of SNTGN Transgaz SA - Section 6, paragraph (3) of the Methodology.

Additionally, the activity of the person responsible for implementing the Methodology for Evaluating Integrity Incidents is audited every two years, according to measure 11 of the Integrity Plan of SNTGN Transgaz SA for the period 2022 - 2025 (updated in 2023).

At SNTGN Transgaz SA, the document Identification of Sensitive Functions has been issued according to the System Procedure COD PS 11 SMI, as well as the Plan to ensure the reduction of risks associated with functions. The procedure is implemented by the heads of organizational structures/entities, applies to all functions within SNTGN Transgaz SA, and is approved at the executive management level.

Within the Commission for Monitoring and Evaluating Sensitive Functions, the indicators for estimating the impact in the event of materialization of risks associated with sensitive functions are monitored, and the following documents are validated annually:

- List of employees holding sensitive functions at Transgaz
- Plan for reducing risks associated with sensitive functions at Transgaz

Regarding the Competition Policy, the following have been adopted:

- Declaration of compliance with competition rules – No. 59338/27.07.2022
- Competition Policy – No. 1069/27.07.2022
- Compliance strategy with competition law and Action Plan

At SNTGN Transgaz SA, the management has taken responsibility for promoting, protecting, respecting, and enforcing business ethics and the "rules of the game" in the market economy. Additionally, an entity responsible for implementing the Competition Policy has been established. In this regard, Transgaz management has publicly expressed its firm commitment (through Declaration No. 59338/2022) to adopt the necessary internal measures and has approved the Compliance Policy with competition rules. This policy sets clear rules for both employees and business partners of the company, aiming to promote the values and principles of fair competition.

At the group level in 2024, regarding anti-competitive behaviour, there is an ongoing case, Case No. 76/2/2021, currently under appeal before the High Court of Cassation and Justice. No other cases are recorded.

In 2024, SNTGN Transgaz SA included in its training program internal courses presenting the main components of the ethics program and the anti-corruption policy.

Within SNTGN Transgaz SA, functions exposed to risk are defined in relation to the level of decision-making and responsibility in managing the company's critical resources and processes. The criteria used to identify these functions include:

**High level of decision-making and control** - Functions that involve making strategic or operational decisions that can directly influence the use of the company's financial and material resources are considered sensitive. For example:

- Employees involved in verifying compliance with legal provisions and internal regulations regarding the use of the company's resources.
- Financial controllers, internal auditors, and quality/environment/occupational health and safety (OHS) auditors

**Access to financial and material resources** – Functions that directly manage funds, assets, or company goods are exposed to risk due to the possibility of improper use. Among these functions are:

- Custodians and employees involved in organizing the inventory of assets.
- Cashiers and employees authorized to exercise self-preventive control over financial funds

**Procurement and contracting process** – Functions involved in evaluating and conducting procurement processes are considered sensitive due to the risk of conflicts of interest or unfair practices. This category includes:

- Employees from the Sectoral Procurement and Contracting Department

**Involvement in strategic projects and external relations** – Functions that interact with external stakeholders and are responsible for executing major projects carry a high risk, as decisions made can significantly impact the company and stakeholders. Examples include:

- Site managers and employees involved in the implementation of technical projects.

**Involvement in sponsorships and recruitment** – Functions that manage sponsorships and the recruitment process are sensitive due to the risk of undue influence or favouritism. These include:

- President of the Sponsorship Requests Analysis Committee.
- Employees responsible for human resources planning and staff recruitment.

7 people were identified as being at minor risk considering the aspects presented above. Members of administrative, management and supervisory structures did not receive specific anti-corruption training during 2024, as in the case of persons at risk. The plan is for next year. The actions described below are not developed according to the requirements of the ESRS, given that it is the first year of reporting at consolidated level. However, at the level of SNTGN Transgaz SA, in 2024, the main components of the ethics program, as well as those of the anti-corruption policy were presented to SNTGN Transgaz SA employees on several levels, as follows:

1. Through training/improvement courses with external trainers – 2 courses, 14 people (all being sensitive positions), as follows:
  - Course "Evaluation of the corruption prevention system within audit missions" – 7 persons;
  - Course "Internal Audit in the Public Sector" – 7 people.
2. Through information/trainings/conferences organized by other societies/institutions – 6 activities, 12 people (all of them being sensitive positions), as follows:
  - information session on the application of Law no. 361 on the protection of whistle-blowers in the public interest (organizer: National Integrity Agency) – 2 persons;
  - online webinar on ethics and compliance – 4 people;
  - OECD Conference on Business Integrity, online – 2 persons;

- 3 round tables of the business environment organized by the Technical Secretariat of the NAS (from the Ministry of Justice) or AmCham, with the object of exchanging information on the application of the NAS, as well as identifying and disseminating good practices in this field – 6 people;

3. Through a training on whistle-blowers and anti-corruption norms, carried out by the General Inspection Department – 2 key persons regarding the whistle-blower protection mechanism in the public interest;

4. Through internal training (the course "Declarations of assets") – 3 key persons in terms of the application of the relevant legal provisions;

5. By informing employees during periodic professional training – 59 people.

The percentage of functions at risk covered by training programmes is 12.5%.

The information material addressed various perspectives on the definition of corruption, including aspects related to the relevant legislation, its forms, causes and effects, as well as presenting practical examples. Measures to prevent and combat corruption were also discussed. These sessions, held mainly by the heads of service, address topics such as corruption, anti-corruption, as well as the declaration of gifts or conflicts of interest.

In 2024, the training programs did not include companies from the Republic of Moldova.

Reporting year	2024
Number of complaints/reports	0

There were no integrity incidents during 2024 and no notification in this regard.

### Confirmed cases of corruption or bribery

#### ESRS G1-4

There were no integrity incidents during the 2024 reporting year, for the following types of facts:

- No. of deviations from the deontological norms or from other similar provisions meant to protect the integrity of the public function;
- No. of corruption crimes or deeds related to non-compliance with the regime of prohibitions, incompatibilities, conflict of interest or declaration of assets;
- No. of violations of legal obligations regarding unjustified wealth, conflict of interest or regime of incompatibilities.

Reporting year	2024
Number of complaints/reports	0

### Exerting political influence and lobbying activities

#### ESRS G1-5

Transgaz has maintained neutrality towards political parties and candidates for public office. Transgaz does not participate in political activities and does not make corporate donations to political parties or candidates. Transgaz' name and assets will not be used to advance the interests of political parties or candidates.

Transgaz is not involved in activities and commitments related to the exercise of political influence. Therefore, there is no information to provide regarding lobbying activities or political influences that are related to significant impacts, risks and opportunities for the group.

In accordance with the requirement of transparency regarding activities related to political influence and political contributions, Transgaz declares that it does not carry out lobbying activities and has no political commitments or contributions. Thus, there are no types and purposes of lobbying activities to report. This statement underlines Transgaz' commitment to transparency and integrity in all aspects of its business.

Transgaz maintains a dialogue with stakeholders influencing and participating in legislative processes relevant to Transgaz, including the Energy Employers' Federation (FPE). The involvement of the FPE consists of facilitating social dialogue at national and social level, contributing to the dialogue necessary for the creation of a legislative framework conducive to the development of the energy sector. Those responsible for overseeing these activities are experts in the field of law

and public relations. These representatives are dedicated to monitoring and coordinating Transgaz' interactions with FPE and other relevant entities, ensuring that all information exchanges and discussions are geared towards achieving the company's strategic objectives. The activity covers legislative regulations, innovation and technology, social aspects, all of which cover the energy sector.

There are no cases of appointment of members who have held a similar position in the public administration in the two years prior to their appointment.

### Payment Practices

#### ESRS G1-6

According to the contractual terms established, Transgaz makes payments to suppliers every 30 days, and this term applies in more than 95% of cases, including for small and medium-sized enterprises.

The rotation speed of supplier credits achieved in 2024 was 60 days for SNTGN Transgaz SA. This indicator shows the number of days of credit that the company obtains from suppliers and is calculated as follows:  $\text{Average Supplier Balance} / \text{Turnover} * 365 \text{ days}$

At the level of SNTGN Transgaz SA, performance indicators are established for monitoring compliance with payment deadlines. Thus, during 2024 there were no delays compared to the contractual terms agreed by the parties.

No litigation files related to the delay in the payment terms of SNTGN Transgaz SA in 2024 were identified.

At the level of Vestmoldtransgaz, no performance indicators are established for monitoring compliance with payment deadlines. No litigation files related to the delay of Vestmoldtransgaz' payment deadlines in 2024 have been identified. According to the established contractual terms, payments are made by Vestmoldtransgaz every 30 days, and this term applies, including for small and medium-sized enterprises.

In Transgaz, each structure that manages contracts/invoices/ other payment obligations, is responsible for submitting the documents for payment within the due date.

According to the Procedure on the organization and exercise of their own preventive financial control, the specialized departments that approve the transactions from the point of view of reality, legality and regularity must specify in the invoices the payment due.

This deadline entered in the invoices by the person responsible for the contract will be respected in the process of planning financial resources and making payments by the Economic Department.







# EU Taxonomy

# EU Taxonomy

## TRANSGAZ

SNTGN TRANSGAZ SA  
Eurotransgaz SRL  
Vestmoldtransgaz SRL

Report pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council (the 'Taxonomy Regulation')

Financial Year 2024 (January 1, 2024 – December 31, 2024)

## Introduction

The reporting on the taxonomy was developed at the level of Transgaz. This section presents the key performance indicators set out in Article 8 of the EU Taxonomy, Regulation (EU) 2020/852<sup>19</sup> and related delegated regulations<sup>20</sup>. The EU taxonomy is a classification system that defines economic activities that can be considered environmentally sustainable. The Taxonomy Regulation is a key element of the European Commission's action plan, which aims to redirect capital flows towards a more sustainable and green economy. This regulation defines the criteria and standards necessary to classify sustainable investments, thus facilitating the allocation of financial resources to projects and economic activities that contribute to achieving sustainability and environmental protection objectives. The EU taxonomy is a classification system that sets out six environmental objectives:

- climate change mitigation;
- adaptation to climate change;
- sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

The information complies with the reporting requirements pursuant to Article 8 of the Taxonomy Regulation and subsequent amending acts, Delegated Regulation (EU) 2021/2139, Delegated Regulation (EU) 2022/1214, Delegated Regulation (EU) 2023/2485 and Delegated Regulation (EU) 2023/2486.

<sup>19</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council, published in the Official Journal of the European Union of 22 June 2020.

<sup>20</sup> Delegated act on climate change (Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021) and Delegated act on information to be provided (Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021)

An 'eligible' economic activity is an activity that corresponds to the description of one of the activities defined in Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2022/1214. An 'eligible' activity has the potential to be considered environmentally sustainable (i.e. 'aligned') if it also meets the additional criteria listed in the delegated acts under the Regulation. More specifically, an economic activity is eligible regardless of whether it already fulfils one or all of the technical screening criteria. An 'aligned' activity must comply with the following 4 conditions, as set out in Article 3 of Regulation (EU) 2020/852:

- contribute substantially to one or more of the six environmental objectives;
- does not cause significant harm to any of the other five environmental objectives;
- respects minimum social safeguards<sup>21</sup> relating to human rights due diligence, the fight against corruption and bribery, fair taxation and fair competition;
- comply with the technical screening criteria that have been set by the EU and are listed in delegated acts Eligibility and compliance with the EU taxonomy must be reported financially, as a percentage of a company's total revenue, total capital expenditure (CapEx) and selected operating expenditure (OpEx). The data presented are extracted from the Consolidated Financial Statements.

Transgaz carried out the assessment for the financial year 2024 using the acts under the EU Taxonomy Regulation and related documentation, the additional guidance 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. The EU taxonomy is itself subject to regular review and the interpretation of the taxonomy and its criteria may change over time, which could lead to different results in terms of eligibility and alignment with the EU taxonomy in future reporting periods. Financial data includes turnover, CAPEX, OPEX at consolidated level, after eliminating inter-company operations.

## General Presentation

Transgaz includes 3 entities, SNTGN TRANSGAZ SA, Eurotransgaz SRL, Vestmoldtransgaz SRL, however, eligible activities have been identified only for the Romanian company, SNTGN Transgaz SA. SNTGN Transgaz SA is the technical operator of the National Gas Transmission System (NTS) and ensures the fulfilment in conditions of efficiency, transparency, safety, non-discriminatory access and competitiveness of the object of activity regarding:

- internal transmission of natural gas;
- international natural gas transmission;
- natural gas dispatching;

<sup>21</sup> Minimum safeguards are procedures implemented by a company engaged in an economic activity with the aim of ensuring compliance 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 International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the International Declaration of Fundamental Human Rights.

- research and design in the specific field of its activity,

in compliance with the requirements of European and national legislation, as well as quality, performance, environment and sustainable development standards.

The operation by SNTGN Transgaz SA of the National Gas Transmission System mainly includes the following activities:

- trade balancing;
- contracting natural gas transmission services;
- dispatching and technological regimes;
- measurement and monitoring of natural gas quality;
- natural gas odorization and international natural gas transmission.

The table below shows the proportion of ineligible economic activities, eligible and aligned from the perspective of the Taxonomy for Transgaz, according to art. 8, para. (2) The Taxonomy Regulation.

**Proportion of ineligible, eligible and aligned economic activities from the perspective of the Taxonomy (by turnover, CAPEX and OpEx)**

		Eligibility – Financial Year 2024		Alignment – Financial Year 2024
KPI	Total (RON)	Share of economic activities eligible for the Taxonomy (%)	Share of economic activities not eligible for the Taxonomy (%)	Share of eligible economic activities aligned with the Taxonomy (%)
Turnover	2,305,477,037	0%	100%	0%
Capital expenditures (CapEx)	1,980,179,214	97.98%	2.12%	0%
Operating expenses (OpEx)	619,883,658	0.53%	99.47%	0%

## Description of activities

### Assessment of eligibility for the EU taxonomy for the financial year 2024

In order to assess whether Transgaz' activities are eligible under the EU taxonomy, the descriptions of the activities and/or services offered were compared with the descriptions of the activities in the taxonomy contributing to the 6 objectives. The main activity consists of providing "Pipeline transport" services (which also includes equipping pipelines with fans, compressors, pumps and other equipment), according to NACE code 4950 (NACE equivalent H49.50), **with over 99% of revenues coming from the transport and sale of fossil gas.**

#### Main activity

Transgaz' main activity corresponds to activity **4.14. Transmission and distribution networks for renewable and low-carbon gases, from Annex no. 1 of the Delegated Regulation no. 2021/2139. Thus, Transgaz in Romania has identified its main activity related to NACE code 4950 as eligible, meeting the requirements of Delegated Regulation no. 2021/2139** contained in the description of the activity. Transgaz' activity for 2024 also includes investments (CAPEX) in the conversion, reconversion or modernization of gas networks for the transmission and distribution of gas from renewable sources and with low carbon dioxide emissions, or the construction of pipelines for hydrogen or gases with low carbon dioxide emissions, according to the description of activity 4.14.

In 2024, the transmission activity was strictly related to fossil gas (the turnover being generated by the transmission of fossil gas), and therefore **there is no eligible OPEX turnover or operating expenses** associated with the gas transmission services offered in 2024. However, technical studies have been carried out and it has been concluded that the grid in Romania could be capable of transporting a gas mixture with up to 10% hydrogen. The share of hydrogen contributes to a low-carbon gas mixture, which can also be combined with biogas – renewable gas/biogas. Based on this, **investments in Romania in networks (CAPEX) were considered eligible**, because they can be used in the future for the transport of hydrogen and other renewable gases. The company is committed to further investing in the possibility of transporting low-carbon gases and a higher percentage of hydrogen across the grid in the near future.

We have examined all the economic activities carried out by the group to see which of them are eligible and aligned according to Annexes I and II of the Climate Delegated Act. Below are described the potentially eligible activities and the analysis of the environmental objective for which they can qualify as eligible, identified at the level of Transgaz.

In 2024, the eligible activities are exclusively of the SNTGN Transgaz SA entity. Consolidated financial data, including revenue, operating costs (OPEX) and capital expenditures (CAPEX), are extracted from the group's consolidated financial statements and are audited to prevent double counting. OPEX expenses do not involve transactions with other entities in the group, eliminating the risk of intercompany transactions (ICOs). Also, purchases included in CAPEX do not feature ICO activities, thus eliminating the associated risks.

In addition, they were identified as **eligible secondary activities, for which CAPEX and/ or OPEX expenses were identified**. Additional investments related to Taxonomy-eligible activities include **6.5 Transport by motorbikes, passenger cars and light commercial vehicles** and **7.2 Renovation of existing buildings**.



The table below presents the activities identified as eligible within SNTGN Transgaz SA.

### Economic activities eligible for the Taxonomy

Eligible activity	Description
4.14 Transmission and distribution networks for renewable and low-carbon gases	<p>The activity consists of the modernisation of gas transmission and distribution networks that allows the integration of hydrogen and other low-carbon gases into the network, including any gas transmission or distribution activity that allows the increase of the mixture of hydrogen or other low-carbon gases in the gas system.</p> <p>The work involves detecting and repairing leaks from existing gas pipelines and other network components to minimize methane emissions.</p>
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	The activity refers to the acquisition, financing, renting, leasing, and operation of vehicles designated as belonging to category M1, N1, both of which fall within the scope of Regulation (EC) No. 715/2007 of the European Parliament and of the Council.
7.2. Renovation of existing buildings	The renovation of the building complies with the requirements applicable for major renovations according to the Delegated Regulation no. 2021/2139.

The turnover related to the eligible and taxonomy-aligned income-generating secondary activities is RON 0, which represents a share of 0% of the total turnover. The value of the CAPEX amount related to the Taxonomy-eligible activities is RON 1,938,193,110 and the operating expenses (OPEX) related to the Taxonomy-eligible activities are RON 3,291,726.

## Determination of the alignment of the eligible economic activities of SNTGN Transgaz SA.

3 eligible activities have been identified in 2024, as they meet the description of the activities defined in EU Regulation 2020/852 and the related delegated regulations, for which there are expenditures incurred of the CAPEX or OPEX type:

- 4.14 Transmission and distribution networks for renewable and low-carbon gases;
- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles;
- 7.2. Renovation of existing buildings.

In order to be considered sustainable or aligned, eligible economic activities must contribute substantially to at least one of the six environmental objectives listed in Article 9 of the EU Taxonomy Regulation, not significantly harm any of the other environmental objectives, and comply with the minimum social safeguards referred to in Article 18 of the Regulation.

Following the assessment carried out on the basis of the applicable technical criteria, it was found that they are not fully fulfilled, therefore, the eligible activities carried out by SNTGN Transgaz SA in 2024 cannot be considered aligned with the EU Taxonomy in accordance with Article 17 of Regulation (EU) 2020/852 and subsequent delegated acts. This formalization requirement has not yet been fully met, meaning that compliance with the criteria for substantial contribution and the DNSH principles cannot be claimed.

Activity 4.14, Transmission and distribution networks for renewable and low-carbon gases was presented as aligned in the previous year. With new insights into the requirements, the company has adjusted the presentation of activities from the previous year. This led to a revision of the classification of activity CCM 4.14 as non-aligned, based on specific provisions in the EU taxonomy legislation (Articles 10 and 11 of Regulation EU 852/2020), in order to maintain a consistent approach between the two years.

## Turnover, CAPEX and OPEX

Key performance indicators ("KPIs") include turnover KPI, CAPEX KPI, and OPEX KPI. For the reporting period, KPIs must be disclosed for Taxonomy-eligible and Taxonomy-ineligible activities.

We determine the taxonomy-eligible KPIs in accordance with legal requirements and describe our accounting policy in this regard as follows:

### Turnover KPI

**Definition** - The share of Taxonomy-eligible/aligned economic activities in our total turnover has been calculated as part of the net turnover derived from products and services associated with Taxonomy-eligible/Taxonomy-aligned economic activities (numerator) divided by net turnover (denominator), in each case for the financial year 01.01.2024 to 31.12.2024.

**The denominator** of the turnover KPI is based on the net turnover in accordance with the Consolidated Statements of the Profit or Loss Account and other items of comprehensive income for the year ended December 31, 2024, the Operating Income Lines before balance, having a total amount of RON 2,305,477,037.

**The turnover KPI numerator** is defined as the net turnover derived from products and services associated with Taxonomy-eligible economic activities.

### KPI CAPEX

**Definition** - CAPEX KPI is defined as taxonomy-eligible/aligned CAPEX (numerator) divided by total CAPEX. The amount represents increases and inflows during the year found in Notes 6, 7.1 and 9 of the Consolidated Financial Statements prepared according to the OMF 2844/2016, with a total amount of RON 1,980,179,214.

### CapEx type A

In 2024, Transgaz made investments for the modernization and refurbishment of gas pipelines, ensuring the transmission activity in networks for renewable and low-carbon gases (natural gas mixed with hydrogen). Eligible type A CAPEX investments have been identified as follows:

Transmission and distribution networks for renewable and low-carbon gases, representing 97.83% (RON 1,937,226,581) of the total investments made;

**CapEx type C**

Also, expenses specific to category C of CapEx were incurred, representing 0.05% (RON 966,529) of the total capital expenditures, which were associated with the following eligible activity:

- Renovation activities of existing buildings accounted for 0.05% of total capital expenditures (RON 966,529)

**KPI OPEX**

**Definition** - OPEX KPI is defined as OPEX (numerator) eligible/aligned for taxonomy divided by total OPEX. OPEX expenses, with a total amount of **RON 619,883,659** (related to the accounts - external services 602 - related to spare parts used for assets, 611, 612, 628 - other direct expenses related to asset maintenance and personnel costs - only those for maintenance – account 641) are presented in the Consolidated Financial Statements prepared according to the OMF 2844/2016 in the Profit and Loss Account, part of the line Operating expenses (plus cost of built assets).

Total OPEX consists of uncapitalized direct costs that relate to research and development, building renovation measures, short-term rental, maintenance and repairs, and any other direct expenses related to the day-to-day servicing of assets, property, plant and equipment.



## Turnover

Financial year	Year 2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm') (h)										
Economic activities (1)	Code (a) (2)	Turnover (3)	Proportion of turnover, year 2024 (4)	Climate change mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy- aligned (A.1.) or eligible (A.2.) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)	
		RON	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	%	%	%	%	%	%	N	N	N	N	N	N	N	0%	Enabling		
Of which facilitation		0	0%	%	%	%	%	%	%	N	N	N	N	N	N	N	0%			
Transitional Carriages		0	%	%						N	N	N	N	N	N	N	0%		Transitional	
A.2 Taxonomy-eligible but non-environmentally sustainable activities (non-Taxonomy-aligned activities) (g)																				
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)											
Transmission and distribution networks for renewable and low-carbon gases;		CCM4.14 CCA4.14	0	0%	EL	EL	N/EL	N/EL	N/EL								N/EL			0%
Transport by motorcycles, cars and light commercial vehicles		CCM6.5	0	0%	EL	N/EL	N/EL	N/EL	N/EL								N/EL			0%
Renovation of existing buildings;		CCM7.2 CCA7.2	0	0%	EL	EL	N/EL	N/EL	N/EL								N/EL			0%
Turnover of Taxonomy-eligible but non-environmentally sustainable activities (non-Taxonomy-aligned activities) (A.2)			0	0%	%	%	%	%	%								%			0%
A. Turnover of taxonomy-eligible activities (A.1 + A.2)			0	0%	%	%	%	%	%								%			0%
B. TAXONOMY-INELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-ineligible activities		2,305,477,037	100%																	
TOTAL (A + B)		2,305,477,037	100%																	



## CapEx

Financial year	Year 2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year 2024 (4)	Climate Mitigation (5)	Climate adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Mitigation (5)	Climate adaptation (6)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		RON	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx related to environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%	Enabling Transitional	
Of which facilitation		0	0%														0%		
Transitional Carriages		0	0%														0%		
A.2 Taxonomy-eligible but non-environmentally sustainable activities (non-Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Transmission and distribution networks for renewable and low-carbon gases;	CCM4.14 CCA4.14	1,937,226,581	97.83%	EL	EL	N/EL	N/EL	N/EL	N/EL								99.03%		
Transport by motorcycles, cars and light commercial vehicles	CCM6.5	0	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Renovation of existing buildings;	CCM7.2 CCA7.2	966,529	0.05%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.96%		
CapEx of Taxonomy-eligible but non-environmentally sustainable activities (non-Taxonomy-aligned activities) (A.2)		1,938,193,110	97.88%														100%		
A. CapEx of taxonomy-eligible activities (A.1 + A.2)		1,938,193,110	97.88%														0%		
B. TAXONOMY-INELIGIBLE ACTIVITIES																			
CapEx for Taxonomy-ineligible activities		41,986,104	2.12%																
TOTAL		1,980,179,214	100%																

## OpEx

Financial year	Year 2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm') (h)						Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year 2024 (4)	Climate Mitigation (5)	Climate adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Mitigation (5)	Climate adaptation (6)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
		RON	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	%													%	Enabling Transitional	
Of which facilitation		0	0%	%													%		
Transitional Carriages		0	0%	%													%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (activities not aligned with the Taxonomy)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)								0%		
Transmission and distribution networks for renewable and low-carbon gases;	CCM4.14 CCA 4.14	0	0%	EL	N/EL	N/EL	N/EL	N/EL	%										
Transport by motorcycles, cars and light commercial vehicles	CCM 6.5	3,237,304	0.52%	EL	N/EL	N/EL	N/EL	N/EL	%										
Renovation of existing buildings	CCM7.2 CCA7.2	54,422	0.01%	EL	N/EL	N/EL	N/EL	N/EL	%										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (non-Taxonomy-aligned activities) (A.2)		3,291,726	0.53%	%	%	%	%	%	%										
Total (A.1 + A.2)		3,291,726	0.53%	%	%	%	%	%	%										
B.TAXONOMY-INELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-ineligible activities (B)		616,591,933	99.47%																
Total (A + B)		619,883,659	100%																

## Activities related to nuclear energy and fossil gas

In accordance with Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards the publication of specific information relating to those economic activities. Information related to activities in the nuclear and fossil gas sectors - shall be presented in the form of a table, **using the templates provided in Annex XII of the Regulation**.

## Activities carried out

For the reporting entity **Transgaz**, the following activities carried out in the financial year 2024 and KPIs associated with these activities have been identified according to the requirements of **Delegated Regulation (EU) 2022/1214 – Annex XII**.

### Activities related to nuclear energy and fossil gas

Row	Fossil gas activities	
1.	The company conducts, finances or has exposures to research, development, demonstration and deployment of innovative power generation facilities that produce energy from nuclear processes with minimal waste generated by the fuel cycle.	NO
2.	The company carries out, finances or has exposures to the construction and operation of the safety conditions of new nuclear power plants or process heat, including for central heating purposes industrial processes, such as hydrogen production, as well as their security upgrades, using the best technologies available.	NO
3.	The company operates, funds or has exposures to operating under existing nuclear installations producing electricity, or process heat, including for district heating or process purposes such as the production of hydrogen from nuclear energy, as well as their security upgrades.	NO
4.	The company operates, finances or has exposures to the construction or operation of electricity generation facilities that produce electricity using fossil fuels.	NO
5.	The company operates, finances or has exposures to the construction, refurbishment and operation of installations that combine the production of heating/cooling heat and electricity using fossil gaseous fuels.	NO
6.	The company operates, finances or has exposures to the construction, refurbishment and operation of heating/cooling installations using fossil fuels.	NO







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## INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT FOR THE FINANCIAL YEAR 2024

To the Shareholders of SNTGN Transgaz SA

### Limited assurance conclusion

We have conducted a limited assurance engagement on the Consolidated Sustainability Statement included in Annex 1 of the Consolidated Administrators' Report of the Entity as at 24 March 2025 and for the period from 01 January 2024 to 31 December 2024, prepared by SNTGN Transgaz SA ("the Entity"), with social premises registered in Romania, Address 1, Constantin I. Motas Square, Medias Fiscal Identification Number RO3068733, Trade Register number J32/301/2000.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement of SNTGN Transgaz SA as at 24 March 2025 and for the period from 1 January 2024 to 31 December 2024 is not prepared, in all material respects, in accordance with the applicable statutory sustainability reporting framework foreseen in MF Order 2844/2016, Chapter 7<sup>1</sup>, section 7<sup>1</sup>.3, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in chapter 2 General Information, subsection ESRS 2 IRO-1; and
- compliance of the taxonomy disclosures detailed in the Environmental Section, chapter 7 EU Taxonomy of the Sustainability Statement with the applicable reporting requirements of Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulations").

### Basis for conclusion

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information".

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the Practitioner's Responsibilities section of our report.

We are independent of the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements that are relevant to our assurance engagement of the Sustainability Statement in Romania, including Law 162/2017 with subsequent amendments ("The Law"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

The English version of the assurance report represents a translation of the original assurance report issued in Romanian language



Our firm also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Other matters - comparative information

Our assurance engagement does not extend to information in respect of earlier periods.

### Responsibilities for the sustainability statement

Management of the Company is responsible for designing, implementing and maintaining a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in chapter 2 General Information, subsection ESRS 2 IRO-1 of the Sustainability Statement.

This responsibility include:

- understanding the context in which the Company's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the entity's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- developing methodologies and making assumptions that are reasonable in the circumstances.

Management of the Company is further responsible for the preparation of the Sustainability Statement, in accordance with the applicable statutory sustainability reporting framework foreseen in MF Order 2844/2016, Chapter 7<sup>1</sup>, sections 7<sup>1</sup>.3, including:

- compliance with the European Standards for Reporting on Sustainability;
- preparing the taxonomy disclosures of the Sustainability Statement, in the Environmental Section, chapter 7 EU Taxonomy, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation"); and
- designing, implementing and maintaining such internal controls that are necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the SNTGN Transgaz SA sustainability reporting process.

The English version of the assurance report represents a translation of the original assurance report issued in Romanian language



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### Inherent limitations in preparing the Sustainability Statement

In reporting a forward-looking information in accordance with European Standards for Reporting on Sustainability, the management of the Company is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Company. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, the management of the Company interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

### Auditor's Responsibilities for the limited assurance engagement

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional skepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process, chapter 2 General Information, subsection ESRS 2 IRO-1.

Our other responsibilities in respect of the Sustainability Statement include:

- Obtaining an understanding of the entity's control environment, processes, and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error.
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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### Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

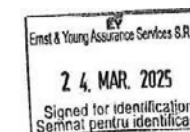
In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - Inspecting/Examining the Company's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process of the Company was consistent with the description of the Process set out in chapter 2 General Information, subsection ESRS 2 IRO-1.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we have:

- Obtained an understanding of the Company's reporting processes relevant to the preparation of its Sustainability Statement;
- Evaluated whether material information identified by the Process to identify the information reported in the Sustainability Statement is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the European Standards for Reporting on Sustainability;
- Performed inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- Performed substantive assurance procedures based on a sample basis on selected disclosures in the Sustainability Statement;
- Obtained evidence on the methods for developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and evaluated the regulatory compliance with of Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulations") of the information provided in the Sustainability Statement.

On behalf of,  
**Ernst & Young Assurance Services SRL**  
 15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania  
 Registered in the electronic Public Register under No. FA77



Name of the Auditor / Partner: Verona Cojocar  
 Registered in the electronic Public Register under No. AF1568

Bucharest, Romania  
 24 March 2025