

No.95256/14.12.2021

Submitted for approval in the OGMS from 20/21 January 2022

REPORT

on the approval of the form of the Amendment to the Mandate Contract signed with non-executive members of the Board of Administration of SNTGN "Transgaz" SA, which includes the financial and non-financial performance indicators for the period 2021-2025, the annual variable component of the remuneration of the non-executive administrators and empowering the representative of the General Secretariat of the Government in the GMS to sign on behalf of the company the Amendments to the Mandate Contracts of the non-executive members of the Board of Administration of SNTGN "Transgaz" SA

SUMMARY

By the Resolution of the Ordinary General Meeting of Shareholders of S.N.T.G.N. "TRANSGAZ" S.A. no. 2 dated 22.04.2021, the mandate of the administrators Ion Sterian, Petru Ion Văduva and Minea Nicolae was renewed.

In accordance with the provisions of article 11, paragraph 6 of GEO no. 68/2019 published in the Official Gazette no. 898/06.11.2019 "exercising the rights and fulfilling the obligations related to the quality of shareholder held by the Romanian state in the National Gas Transmission Company „Transgaz”- S.A. Mediaș is carried out by the General Secretariat of the Government.

In accordance with the provisions of GEO 109/2011, as subsequently amended, the mandatary benefits from a remuneration consisting of a fixed monthly allowance and a variable component.

The gross monthly fixed allowance due to non-executive members of the Board of Administration may not exceed twice the average over the last 12 months of the average gross monthly salary income for the activity carried out according to the main object of activity registered by the company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment of the Mandatary and for the member of the Board of Administration who also fulfills the position of Director General, executive administrator, the gross monthly fixed

allowance may not exceed 6 (six) times the average of the last 12 months of the gross monthly salary income for the activity carried out according to the main object of activity registered by the company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment of the Mandatary.

In addition to the gross monthly fixed allowance, the Mandatary has the right to receive an annual variable component of remuneration established on the basis of the financial and non-financial performance indicators approved by the Resolution of the Ordinary General Meeting of Shareholders of S.N.T.G.N. "TRANSGAZ" S.A. no. 8 of 6.12.2021.

PROPOSAL

In accordance with the provisions of chapter IV of art. 15, point 3 paragraph d) and art. 20, point 1, paragraph n) of the updated Articles of Incorporation, we submit for the approval of the Ordinary General Meeting of Shareholders the following:

- the form of the Amendment to the Mandate Contract concluded with the non-executive administrators including the variable component of the remuneration and which has as an annex the financial and non-financial performance indicators;**
- the empowerment of a representative of the General Secretariat of the Government to sign on behalf of the company the amendments to the mandate contracts of the administrators (non-executive members).**

Detailed content

In accordance with the provisions of the Mandate Contract, the Mandatary receives a remuneration consisting of a fixed monthly allowance and a variable component.

During the application of the provisions of GEO 109/2011, as subsequently amended, in the form in force at the date of approval of the mandate contract, the gross fixed monthly allowance due to non-executive members of the Board of Administration may not exceed twice the average over the last 12 months of the average gross monthly salary income for the activity carried out according to the main object of activity registered by the company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment of the Mandatary and for the member of the Board of Administration who also fulfills the position of Director General, executive administrator, the gross monthly fixed allowance may not exceed 6 (six) times the average of the last 12 months of the gross monthly average salary income for the activity carried out according to the main object of activity registered by the company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment of the Mandatary.

In case of modification and/or abrogation of the legal framework that imposes a certain maximum amount of the fixed monthly allowance, the parties will negotiate a new amount applicable to the gross fixed monthly allowance, according to the level of remuneration applicable for similar positions in Romania and other European countries in the same field of activity, and will conclude in this respect, within the legal deadline, an Amendment to the Mandate Contract.

The fixed monthly remuneration shall be paid to the MANDATARY in the following month, on the date on which the liquidation salary rights are paid to the company's employees.

In addition to the gross fixed monthly allowance, the Mandatary has the right to receive a variable annual component of remuneration, considering the degree of fulfillment of the financial and non-financial performance indicators approved by Resolution no. 8 of 6.12.2021 of the Ordinary General Meeting of Shareholders, which will be annexed to the Amendment.

In accordance with the provisions of Chapter IV, art. 15, point 3 paragraph d) and art. 20, point 1, paragraph n) of the updated Articles of Incorporation, the Nomination and Remuneration Advisory Committee submits for approval to the Ordinary General Meeting of the Shareholders the following:

- **the form of the Amendment to the Mandate Contract concluded with the non-executive administrators including the variable component of remuneration and which has as an annex the financial and non-financial performance indicators;**
- **the empowerment of a representative of the General Secretariat of the Government to sign on behalf of the company the amendments to the mandate contracts of the administrators (non-executive members).**

The amount of the variable component of non-executive members may not exceed a maximum of 12 fixed monthly allowances.

Annex: Amendment to the Mandate Contract containing the variable component of the remuneration and which has as an annex the financial and non-financial performance indicators approved by the Resolution of the Ordinary General Meeting of the Shareholders no 8 of 06.12.2021.

Nomination and Remuneration Advisory Committee

Văduva Petru Ion

Minea Nicolae

Orosz Csaba

**Amendment no. ___ to
The Mandate Contract no. ___ from ___**

Considering the provisions of:

- Company Law 31/1990 on companies, republished, as further amended and supplemented, hereinafter referred to as **Law 31/1990**;
- Government Emergency Ordinance 109/2011 on the corporate governance of public enterprises, as further amended and supplemented, hereinafter referred to as **GEO 109/2011**;
- Government Decision 722/2016 on the approval of the methodological norms for the application of some provisions of GEO 109/2011, hereinafter referred to as GD 722/2016;
- Government Ordinance 26/2013 on strengthening financial discipline at the level of some economic operators where the state or administrative-territorial units are unique or majority shareholders or hold directly or indirectly a majority share, as further amended and supplemented;
- art. 1.913 and the subsequent articles, and Art. 2.009 and the subsequent articles of Law 287/2009 on the Civil Code, as further amended and supplemented;
- Government Emergency Ordinance no. 68/2019 regarding the establishment of measures at the level of the central public administration and for the modification and completion of some normative acts,

as well as the following:

By the Decision of the Ordinary General Meeting of the Shareholders of S.N.T.G.N. Transgaz S.A. no. ... dated, in accordance with the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented, the key financial and non-financial performance indicators were approved;

By the Decision of the Ordinary General Meeting of the Shareholders of S.N.T.G.N. Transgaz S.A. no. ... dated, in accordance with the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented, the modification of the fixed remuneration was approved, as well as the establishment of the variable component;

The General Meeting of the Shareholders of S.N.T.G.N. Transgaz S.A. no. ___ dated ___ decided that the present Amendment to the Mandate Contract no. __ dated _____, hereinafter referred to as the "**Mandate Contract**" be signed by the representative of the shareholders _____;

The National Gas Transmission Company "Transgaz" S.A., headquartered in Medias, no. 1, C. I. Motas Sq., Sibiu County, tel./fax. 0269 803333 / 0269 803334, e-mail: cabinet@transgaz.ro, registered with the Trade Register, Sibiu Court of Law under no. J32/301/2000, VAT no. RO/13068733, by the General Meeting of the Shareholders, represented by _____ identified with ___, hereinafter referred to as "**Company**" or "**Mandator**" as the case may be,

and

Mr. _____ --- Romanian citizen, born on _____, Domiciled in _____, bearer of ID series _____ no _____ issued by _____ on _____, CNP _____, tel./fax. _____ / _____, e-mail: _____, hereinafter referred to as "**Mandatory**",

individually referred to as the Party and collectively the Parties,

pursuant to art. 2 pt. 11 of GEO no. 109/2011 and of art. 12.1 of the Mandate Contract no. _____ dated _____, hereinafter referred to as the "**Mandate Contract**", have agreed to conclude this Amendment, hereinafter referred to as the "**Amendment**",

Art. 1. Object of the Amendment

1.1. The Parties agree to complete Article 6 of the Mandate Contract as follows:

- a) The maximum amount of the variable component of the remuneration is RON **212,088** gross, applicable for the period between the date of renewal of the mandate/date of appointment as administrator and 29.04.2025;

1.2. The financial and non-financial key performance indicators are set out in Annex 1 to this Amendment.

1.3. Method of calculation of the variable component of the remuneration:

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

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

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

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

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

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

Also in the event that:

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

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

1.4. The payment of the variable component shall be made annually after approval by the General Meeting of Shareholders of the annual financial statements prepared in accordance with IFRS and the annual report of the Nomination and Remuneration Committee.

Art. 2. Final provisions

2.1. The present Amendment shall enter into force on the date of its signature by the Parties.

2.2. The other clauses of the Contract remain unchanged.

The present Amendment was concluded today, __, in 3 (three) counterparts, of which 2 (two) counterparts for the Mandator and 1 (one) counterpart for the Mandatary.

**Mandator,
S.N.T.G.N. TRANSGAZ S.A.,**

Mandatary,

by __
empowered by the Decision of the Ordinary General
Meeting of the Shareholders no. _ dated _

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The performance indicators identified in respect of the company and included in the Company's Management Plan for the period 2021-2025 are:

A. ECONOMIC AND FINANCIAL PERFORMANCE INDICATORS - Standard performance indicators			
Commissioned investments			
EBITDA			
Labour output			
Outstanding payments			
Outstanding receivables			
Technological consumption			
Operating expenses at 1000 lei operating revenues			
Profitability indicators			
Liquidity indicators			
Risk indicators			
Management indicators			
B. KEY PERFORMANCE INDICATORS - Performance indicators for the calculation of the variable component of the remuneration (14 indicators: 5 financial indicators and 9 non-financial indicators)			
FINANCIAL	NON-FINANCIAL		
	Operational	Oriented towards public services	Corporate Governance
1. Outstanding payments	1. Monitoring of Investment and implementation strategy	5. Gas transmission service performance indicators	6. Internal/managerial control system optimization;
2. Operating expenses (except for depreciation, balancing, construction activity and provisions for asset impairment and for risks and expenses)	2. Energy efficiency increase		7. Optimizarea procesului privind managementul riscului
3. Current liquidity rate	3. Client satisfaction		8. Key performance indicators timely reporting
4. Net leverage rate	4. Strengthening and diversifying cooperation and collaboration relations with natural gas transmission and system operators in the European Union		9. Implementation of the provisions of SNA
5. EBITDA			

Note: The Current Liquidity Ratio indicator replaced the Immediate Liquidity Ratio indicator, in order to correctly reflect the financial situation of the company as the balancing gas stocks are built up as a result of the obligation imposed by ANRE.

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

Tag no	Indicators' group according to GD no. 722/2016 Annex 2b	PERFORMANCE INDICATOR	PERFORMANCE OBJECTIVE
A	FINANCIAL KEY PERFORMANCE INDICATORS		
1	Cash flow	Outstanding payments	Maintaining outstanding payments at zero.
2	Costs	Operating expenses (less depreciation, balancing, construction activity and provisions for asset impairment and for risks and expenses)	Maintaining the level of the operating expenses (less depreciation, balancing, the construction activity and the provisions for the impairment of assets and for risks and expenses) at the level undertaken in the Management Plan
3	Debt	Current liquidity rate	The current liquidity rate to record annual values above 1.
4		Net leverage rate	Maintaining the net leverage rate under the limits established for obtaining bank loans, precisely; 5-2021; 5,5 – 2022; 5 – 2023, și 2024; 4,5 – 2025.
5	Revenues	EBITDA	Achieving the target EBITDA under the Management Plan.
B	NON-FINANCIAL KEY PERFORMANCE INDICATORS		
1	Operational	Implementation and Investment strategy monitoring	Implementation of FID (Final Investment Decision) projects under the 10 years Development Plan. Implementation of the pilot project for hydrogen injection in the NTS.
2		Increasing energy efficiency	Maintaining the share of the technological consumption in the total circulated gas below 1%.
3		Clients Satisfaction	Achievement of the targets provided for in the Management Plan. (According to PP 165 Client Satisfaction Rating, a score between 6-8 means that the services provided adequately met the clients' requirements).
4		Strengthening and diversifying cooperation and collaboration relations with natural gas transmission and system operators in the European Union	Conclusion of memoranda of cooperation and collaboration with natural gas transmission and system operators in the European Union (minimum 5 operators) on collaboration on hydrogen injection
5	Oriented towards public service	Performance indicators of the gas transmission service	Achievement of the targets provided for in the Performance standard for the gas transmission service (ANRE Order 161/26.11.2015 entered into force as at 1 October 2016) for the relevant gas transmission service indicators.
6	Corporate governance	Optimization of the internal/managerial control system	Implementation of the provisions of Order GSG no. 600/2018 for the approval of the Internal/Managerial Control Code for public entities as amended.
7		Optimization of the risk management process	Achievement of the targets provided for in the administration plan.

8	<i>Timely reporting of the key performance indicators</i>	<i>Compliance with the legal reporting deadlines.</i>
9	<i>Implementation of NAS 2021-2025</i>	<i>Implementation of the measures provided for in the NAS.</i>

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

I. Target values of the key performance indicators under Transgaz' Management Plan

II.1 Key performance indicators – financial

Tag no	Indicator	Objective	2021	2022	2023	2024	2025	Check-up instrument
1	Outstanding payments	<i>Maintaining outstanding payments at zero.</i>	0	0	0	0	0	Accounting Reporting of the National Agency for Fiscal Administration Form F30-Information data Financial reports
2	Operating expenses (less depreciation, balancing, construction activity and provisions for asset impairment and for risks and expenses) (thousand lei)	<i>Maintaining operating expenses in compliance with the Management Plan</i>	1.136.843	1.065.014	1.115.400	1.127.150	1.170.746	Audited annual financial statements
3	Current liquidity rate	<i>The current liquidity rate to record annual values above 1</i>	1	1	1	1	1	Audited financial statements
4	Net leverage rate	<i>Maintaining the net leverage rate under the limits established for obtaining bank loans, precisely: 5-2021, 5,5-2022, 5 – 2023-2024, 4,5 2025</i>	5	5,5	5	5	4,5	Audited annual financial statements
5	EBITDA (thousand lei)	<i>Achieving the target EBITDA under the</i>	399.780	451.334	831.953	901.714	1.047.523	Audited annual financial statements

Tag no	Indicator	Objective	2021	2022	2023	2024	2025	Check-up instrument
		Management Plan						

II.2 Non-financial key performance indicators

Tag	Indicator	Objective	2021	2022	2023	2024	2025	Check-up instrument
Operational								
6	Monitoring the implementation and investment strategy	<ul style="list-style-type: none"> - Implementation of FID projects under the 10 years Development Plan - Implementation of the pilot project for hydrogen injection in the NTS 						<ul style="list-style-type: none"> - The report submitted to ANRE on 15 March every year. 10 Years NTS Development Plan as approved by ANRE -Report issued by the Board of Administration (Annex 3 – Objectives)
7	Increasing energy efficiency	Maintaining the share of the technological consumption in the total circulated gas below 1%	1	1	1	1	1	Report issued by the Board of Administration
8	Clients Satisfaction	Achievement of the targets provided for in the administration plan (According to PP 165 Client satisfaction evaluation a score between 6-8 represents the fact that the services offered satisfied the requirements of the clients accordingly)	8	8	8	8	8	Annual report for the assessment of the client satisfaction
9	Strengthening and diversifying cooperation and collaboration relations with natural gas transmission and system operators in the European Union	Conclusion of memoranda of cooperation and collaboration with gas transmission system operators in the European Union (minimum 5 operators) on the cooperation on hydrogen injection	1	1	1	1	1	Report issued by the Board of Administration
Oriented towards public service								
10	Performance indicators of the gas transmission service	Achievement of the targets set out in the Performance Standard of the gas transmission service and system (ANRE order 161/26.11.2015, in	See Annex 1 $IP_0^1 \geq 90\%$, $IP_1^1 \geq 95\%$, $IP_1^2 \geq 95\%$, $IP_1^3 \geq 95\%$, $IP_1^4 \geq 95\%$, $IP_1^5 \geq 95\%$, $IP_2^1 \geq 95\%$, $IP_3^1 \geq 95\%$, $IP_3^2 \geq 95\%$, $IP_4^1 \geq 95\%$, $IP_5^1 \geq 98\%$, $IP_5^2 \geq 98\%$, $IP_6^1 \geq 98\%$, $IP_6^2 \geq 98\%$,					Report according to ANRE Order 161/26.11.2015 (the relevant indicators of

		force since 1 October 2016) for the relevant indicators of the gas transmission service						the gas transmission service may be modified with the amendment of the ANRE Order)
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Corporate governance

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

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

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

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

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

III. The modality of calculation of the variable component of the remuneration

The Annual variable remuneration due = variable remuneration set by the Amendment to the Contract of Mandate x degree of total fulfilment of key performance indicators (KPI).

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

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

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

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

The variable component of the remuneration due to the Board of Administration

members shall be in direct proportion with the GT_{KPI} for the relevant financial year.

Also in the event that:

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

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

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

V.1 Financial key performance indicators

V.1.1 Outstanding payments

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

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

Indicator name	Operating expenses (less depreciation, balancing, construction activity and provisions for impairment of assets and for risks and charges)
Target value	Maintaining operating expenses (less depreciation, balancing, construction activity and provisions for impairment of assets and for risks and charges) at the level undertaken in the Management Plan.
Description	Reducing operating costs has an impact on reducing gas transmission tariffs.
Verification method	Annual financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year under review, audited in accordance with the law - Statement of comprehensive income and notes to the financial statements
Indicator formula	Employee expenses +Technological consumption, materials and consumables used +Royalty expenses +Maintenance and transport +Taxes and other amounts due to the State +Other operating expenses -Loss/(gain) on impairment of receivables

	-Loss/(gain) on write-down of inventories
Calculation method	<p>The degree of fulfilment of this indicator is between 0%-100%.</p> <p>I_T – target value of the KPI I_R – achieved value of the KPI $G_{KPI} = I_T/I_R * 100$</p> <p>If $G_{KPI} < 100\%$ KPI can only be deemed to be met to the extent of x% if at the end of the financial year the company records a net profit.</p> <p>If $G_{KPI} < 100\%$ at the end of the financial year the company has no net profit then $G_{KPI} = 0\%$</p>

V.1.3 Current liquidity ratio

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

V.1.4 Net debt-to-equity ratio

Indicator	Net debt-to-equity ratio
Target value	<i>Maintaining a net debt-to-equity ratio under the limits set for obtaining bank financing, namely: 5-2021, 5,5-2022, 5 – 2023-2024, 4,5 -2025</i>
Description	In the context of implementing one of the largest and most important gas transmission infrastructure development plans, the company's leverage must be maintained within such limits as not to affect the financial balance of the company.
Modality of verification	Yearly financial statements in accordance with the International Financial Reporting Standards adopted by the European Union, for the relevant year, audited according to the law – Statement of financial position.
Indicator formula	(short-term loans + long-term loans - cash and cash equivalents)/EBITDA
Modality of calculation	<p>$G_{KPI} = I_T/I_R * 100$</p> <p>Dacă $I_R > I_T$ atunci $G_{KPI} = 0\%$</p> <p>Dacă $I_R < I_T$ atunci $G_{KPI} = 100\%$</p>

V.1.5 EBITDA

Indicator	EBITDA
Target value	Achieving the EBITDA target undertaken in the Management Plan.
Description	Ensuring the internal source of financing to support strategic investment projects
Modality of verification	Yearly financial statements in accordance with the International Financial Reporting Standards adopted by the European Union, for the relevant year, audited according to the law – Statement of comprehensive income and Notes to the financial statements

Indicator formula	Operating revenue before the construction and balancing activity, according to IFRIC12 - (operating costs before the construction and balancing activity, according to IFRIC12 – depreciation).
Modality of calculation	$GI_{KPI} = I_R/I_T*100$

V. 2 Key non-financial performance indicators

V.2.1 Operational

V.2.1.1 Monitoring the Implementation and Investment Strategy

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

V.2.1.2 Increasing energy efficiency

Indicator	Technological consumption
Target value	Maintaining the quantitative share of technological consumption in total gas circulated below 1%
Description	Monitoring the technological consumption and maintaining it at the level planned in the Management Plan
Modality of verification	Gas balance/Annual report on the achievement of technological consumption
Indicator formula	Quantity of gas representing technological consumption/total quantity of circulated gas * 100
Modality of calculation	GI_{KPI} is directly proportional to the ratio between the KPI target value and the KPI achieved value. $GI_{KPI} = IT/IR*100$ If $IR \geq 1,2$ then $GI_{KPI} = 0\%$

V.2.1.3 Customer satisfaction

Indicator	Customer satisfaction
Target value	Achievement of targets established by the management plan
Description	According to PP 165 Evaluation of customer satisfaction, a score between 6-8 represents the fact that the services offered satisfied accordingly the requirements of the clients
Modality of verification	Annual report for the evaluation of customer satisfaction
Indicator formula	According to PP-165

Modality of calculation	$GI_{KPI} = I_R/I_T * 100$ If $GI_{KPI} < 6$ then $GI_{KPI} = 0\%$.
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V.2.1.4 Consolidation and diversification of cooperation and collaboration relations with EU gas transmission system operators

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

V.2.2 Customer oriented

V.2.2.1 Performance indicators related to the gas transmission service

Indicator	Performance indicators related to the gas transmission service
Target value	Achievement of the targets provided for in the Performance Standard for the gas transmission service (ANRE Order 161/26.11.2015 entered into force as at 1 October 2016) – for the relevant indicators of the gas transmission service.
Description	See Annex 1
Modality of verification	Annual report prepared by Transgaz according to ANRE Order 161/26.11.2015
Indicator formula	See Annex 1
Modality of calculation	GI_{KPI} can be only 100% or 0% If the value of the targets of any indicator set out in Annex 1 does not fall within the minimum and maximum norms established in the Performance Standard for the gas transmission system service, then $GI_{KPI} = 0\%$.

V.2.3 Corporate governance

V.2.3.1 Optimization of the internal/management control system

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

V.2.3.2 Optimization of the risk management process

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

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

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

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

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

Annex 1

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

Indicator calculation formula	Definition of terms in the formula	Target
IPO Recording of requests/complaints regarding the gas transmission system service		

$IP_0^1 = \frac{N_{T0} + N_{T2}}{N_{Treg} - N_{clacate}} \times 100 \%$	a) N_{T0} – no. of recordings the registration no. of which was sent acc. to Art. 7 (3) (a); b) N_{T2} – no. of recordings the registration no. of which was sent within a period of time shorter than the one established at Art. 7 (3) (b);	$IP_0^1 \geq 90\%$
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	<p>c) N_{mreg} – total no. of requests/complaints registered acc. to Art. 7 (1);</p> <p>d) $N_{clasate}$ - total no. of requests/complaints classified acc. to Art. 7 (6).</p>	
IP1 Compliance with the gas delivery-acceptance conditions		
$IP_1^1 = \frac{N_{Rparametrii10}}{N_{TRparametrii} - N_{RCLparametrii}} \times 100\%$	<p>a) $N_{Rparametrii10}$ – no. of requests/complaints regarding non-compliance with the technological parameters agreed, requests/complaints answered/solved within less than 10 days from registration;</p> <p>b) $N_{TRparametrii}$ - total no. of received requests/complaints regarding non-compliance with the technological parameters agreed;</p> <p>c) $N_{RCLparametrii}$ - total no. of classified requests/complaints regarding non-compliance with the technological parameters agreed.</p>	$IP_1^1 \geq 95\%$
$IP_1^2 = \frac{N_{verificareP24}}{N_{TverificareP}} \times 100\%$	<p>a) $N_{verificareP24}$ – no. of agreed technological parameter value verifications made by the TSO within less than 24 hours from registration of requests/complaints;</p> <p>b) $N_{TverificareP}$ - total no. of requests/complaints regarding non-compliance with the technological parameters.</p>	$IP_1^2 \geq 95\%$
$IP_1^3 = \frac{N_{Rcalitate15}}{N_{TRcalitate} - N_{RCLcalitate}} \times 100\%$	<p>a) $N_{Rcalitate15}$ - no. of requests/complaints regarding gas quality, requests/complaints answered/solved within less than 15 days from registration;</p> <p>b) $N_{TRcalitate}$ - total no. of received requests/complaints regarding gas quality;</p> <p>c) $N_{RCLcalitate}$ - total no. of classified requests/complaints regarding gas quality.</p>	$IP_1^3 \geq 95\%$
$IP_1^4 = \frac{N_{Rmasurare15}}{N_{TRmasurare} - N_{RCLmasurare}} \times 100\%$	<p>a) $N_{Rmasurare15}$ - no. of requests/complaints regarding gas metering answered/solved within less than 15 days from registration;</p> <p>b) $N_{TRmasurare}$ – total no. of received requests/complaints regarding gas metering;</p> <p>c) $N_{RCLmasurare}$ - total no. of classified requests/complaints regarding gas metering.</p>	$IP_1^4 \geq 95\%$
$IP_1^5 = \frac{N_{Vmasurare2}}{N_{TRmasurare} - N_{RCLmasurare}} \times 100\%$	<p>a) $N_{Vmasurare2}$ – no. of verified gas metering systems/devices at the place of operation, within less than 2 working days from request/complaint registration;</p> <p>b) $N_{TRmasurare}$ – total no. of received requests/complaints regarding gas metering;</p> <p>c) $N_{RCLmasurare}$ - total no. of classified requests/complaints regarding gas metering</p>	$IP_1^5 \geq 95\%$
IP2 Transmission system access		

$IP_2^1 = \frac{N_{\text{accses}}}{N_{T\text{accses}}} \times 100 \%$	<p>a) N_{accses} – no. of transmission system access approvals or denials issued within a shorter period of time than foreseen by the applicable gas law;</p> <p>b) $N_{T\text{accses}}$ - total no. of received requests for transmission system access.</p>	$IP_2^1 \geq 95\%$
IP3 Connection to the transmission system		
$IP_3^1 = \frac{N_{\text{racordare}}}{N_{T\text{racordare}}} \times 100\%$	<p>a) $N_{\text{racordare}}$ – no. of technical transmission system connection approvals and refusals, issued within a shorter period of time than foreseen by the applicable gas law;</p> <p>b) $N_{T\text{racordare}}$ - total no. of received transmission system connection.</p>	$IP_3^1 \geq 95\%$
$IP_3^2 = \frac{N_{\text{Rracordare15}}}{N_{T\text{Rracordare}} - N_{R\text{CLracordare}}} \times 100\%$	<p>a) $N_{\text{Rracordare15}}$ - no. of requests/complaints regarding transmission system connection, requests/complaints answered/solved by the TSO within less than 15 days from registration;</p> <p>b) $N_{T\text{Rracordare}}$ - total no. of received requests/complaints regarding transmission system connection;</p> <p>c) $N_{R\text{CLracordare}}$ - total no. of classified requests/complaints regarding transmission system connection.</p>	$IP_3^2 \geq 95\%$
IP4 Rehabilitation of land/assets affected by execution of works regarding the transmission system		
$IP_4^1 = \frac{N_{\text{Rrefacere15}}}{N_{T\text{Rrefacere}} - N_{R\text{CLrefacere}}} \times 100\%$	<p>a) $N_{\text{Rrefacere15}}$ - no. of requests/complaints answered/solved within less than 15 days from registration;</p> <p>b) $N_{T\text{Rrefacere}}$ - total no. of received requests/complaints regarding the habilitation of lands and/or assets affected by the execution of works regarding transmission system facilities;</p> <p>c) $N_{R\text{CLrefacere}}$ - total no. of classified requests/complaints regarding the habilitation of lands and/or assets affected by the execution of works regarding transmission system facilities.</p>	$IP_4^1 \geq 95\%$
IP5 Notification of unforeseen limitations and/or interruptions and resuming of gas transmission service		
$IP_5^1 = \frac{N_{U6}}{N_{U\text{afectati}}} \times 100 \%$	<p>a) N_{U6} – no. of transmission system users affected by the unplanned interruption, notified as soon as possible, but not later than 6 hours from occurrence of interruption;</p> <p>b) $N_{U\text{afectati}}$ - total no. of transmission system users affected by the unplanned interruption.</p>	$IP_5^1 \geq 98\%$
$IP_5^2 = \frac{N_{U24}}{N_{U\text{afectati}}} \times 100\%$	<p>a) N_{U24} - no. of transmission system users affected for a period longer than 24 hours, notified accordingly;</p> <p>b) $N_{U\text{afectati}}$ - total no. of transmission system users affected by the unplanned interruption.</p>	$IP_5^2 \geq 98\%$
IP6 Notification of planned limitations and/or interruptions and resuming of gas transmission service		
$IP_6^1 = \frac{N_{U5}}{N_{U\text{afectati}}} \times 100\%$	<p>a) N_{U5} - no. of transmission system users affected by the unplanned interruption, notified within more than 5 working days before the limitation/interruption;</p>	$IP_6^1 \geq 98\%$

	b) $N_{Uafectati}$ - total no. of transmission system users affected.	
$IP_6^2 = \frac{N_{Uretuare}}{N_{Uafectati}} \times 100 \%$	a) $N_{Uretuare}$ - no. of transmission system users affected for which the provision of the gas transmission system was resumed at the time mentioned in the notification; b) $N_{Uafectati}$ - total no. of transmission system users affected by the unplanned interruption.	$IP_6^2 \geq 98\%$