



# **SUSTAINABILITY REPORT 2023**

## **SNTGN TRANSGAZ SA**

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## Message from the Director General

### Distinguished partners,

We all know that energy is essential both for people's lives and for sustaining the economy. We are aware of the essential role that SNTGN Transgaz SA plays not only in the development, modernization and consolidation of Romania's energy infrastructure, but also for the improvement of living standards and the de facto transition of the entire society, until the achievement of all sustainable development objectives. As we navigate the evolving path of the energy sector, our commitment to anticipating the future, rather than being reactive, remains steadfast. In our view, sustainability means caring for the future, and this approach can be successfully implemented only through a visionary, transformational, innovative and collaborative leadership.



### Strategies for sustainable development

The strategic objectives assumed regarding the administration of SNTGN Transgaz SA in the period 2021-2025 aim at increasing the company's performance, streamlining the company's activity, aligning it with modern standards of performance and corporate governance and transforming SNTGN Transgaz SA into a company with international recognition, in a leader on the energy market in the region, capitalizing with maximum efficiency on all existing and future opportunities, so that Romania becomes an important energy corridor in the field of natural gas to Europe.

SNTGN Transgaz SA is a key actor in the Romanian energy system and, as such, has the obligation to look to the future, to the way in which it can ensure the access of citizens and companies in Romania to safe, accessible and clean energy. Climate neutrality is no longer just a strategic wish, but a very current necessity. SNTGN Transgaz SA has started a determined approach to identify different options for decarbonization of natural gas transmission networks, and to achieve the decarbonization objective by ensuring the supply of clean energy with low carbon emissions. It is a regional commitment with European and even global implications, so we have a mission in front of us that we must treat with maximum responsibility.

We have a proactive approach to securing the necessary funding for infrastructure projects, thus accessing significant grants from the Modernization Fund and other European grant programs. In 2023, we have accessed €100.4 million for vital, strategic investment projects that advance our goal of an efficient, secure and sustainable energy future.

### Decarbonization and sustainability initiatives

The company SNTGN Transgaz SA is concerned with the expansion and modernization of the existing infrastructure through the potential of integrating hydrogen from renewable sources and with low carbon emissions into the natural gas transport system. As you know, with the support of the European Investment Bank, SNTGN Transgaz SA developed the Climate and Decarbonization Strategy, with a view to the phased transition to a climate-neutral activity and strengthening resilience to climate change, taking into account the best practices and national and international climate change policies and regulations.

Our decarbonisation strategy is aligned with national and international climate policies and is strongly integrated into our development plans. We actively and constantly implement investment projects that significantly contribute to the decarbonization of natural gas transportation activities. This transformational phase of our operations underscores our commitment to ensure that natural gas continues to be the primary transition fuel into the future, significantly helping the transition to less carbon-intensive energy sources.

### **Consolidation of the infrastructure for the transition to a sustainable business**

Another challenge for SNTGN Transgaz SA in the current period is the adaptation of the national natural gas transport infrastructure in fully safe and competitive conditions for the transport of hydrogen mixed with natural gas, as a result of the European Commission's commitments regarding the European Green Deal and the Hydrogen Strategy.

The projects proposed by Romania are of major importance for the fulfillment of the goals of decarbonization and security of natural gas supply for the countries of Central and Eastern Europe and the Balkans, the Republic of Moldova and Ukraine. We all face extreme challenges in addressing the current energy crisis and ensuring an affordable and steady supply of energy for our consumers and industry, although the impact on Member States is different given national specificities and vulnerabilities. In such complex circumstances, we believe that it is time to put on the table all our own resources that could contribute to the achievement of our common goals in terms of energy security and decarbonisation.

### **Enhancing energy security and strategic partnerships**

In pursuit of our mission to strengthen national, regional and European energy security, we have formed strategic partnerships, have ongoing and at the same time completed vital investment projects for the development of natural gas transport infrastructure in our country and the Republic of Moldova, but also for the entire region. Romania is in a very privileged position today because we have invested a lot in the gas transport infrastructure. We can see the results of investments in the gas infrastructure and the role of Romania in the region, as an important hub that can ensure energy security and the supply of gas from diversified sources.

### **Commitment to Diversity**

We believe diversity in our workforce is critical to driving innovation and sustainability. By the end of 2023, approximately 30% of leadership positions within the organization were held by women, a testament to our commitment to promoting gender equality as contained in the OECD's Sustainable Development Goals.

### **Future Perspectives and Stakeholder Engagement**

We have repeatedly stated that natural gas is a transition fuel, and we must accelerate the role that the national natural gas infrastructure plays in accommodating green gases and, in particular, hydrogen. We have started a determined approach to identify different options for decarbonizing natural gas transmission networks, including achieving the goal of decarbonization by ensuring the supply of clean and low-carbon energy. It is a regional commitment with European and even global implications, so we have a mission in front of us that we must treat with maximum responsibility.



During the transition period (switching from coal to renewable energies and cleaner technologies), Romania will rely on natural gas (transition fuel) due to its lower emissions compared to coal and also due to its technical ability to ensure grid stability while significantly increasing renewable energies in our energy system. Through the projects proposed for the development and modernization of the natural gas transport infrastructure, through the implementation of intelligent control, automation, communications and network management systems, SNTGN Transgaz SA aims both to maximize energy efficiency throughout the chain of activities carried out, as well as to create an intelligent system of efficient, reliable and flexible natural gas transport.

Our country is more energy secure than it has ever been, and that is because all responsible actors have worked wisely and in the national interest. Being aware of the importance of the mission undertaken and the constant need to develop and strengthen the national economy, we will continue to develop the national natural gas transport infrastructure, thoroughly preparing ourselves to respond to the challenges of a continuously dynamic energy sector, its decarbonization requirements.

Thank you for your trust and for your continued support in achieving the objectives of SNTGN Transgaz SA's strategy for the sustainable development of the natural gas transport infrastructure and the national economy!

**Ion Sterian**

**Director General**

**SNTGN Transgaz SA**

# ESRS 2 GENERAL DISCLOSURES

## Basis of Preparation

### General Basis for Preparing Sustainability Statements

#### BP-1

The National Gas Transmission Company, SNTGN Transgaz SA (hereinafter referred to as "SNTGN Transgaz SA" or the "Company"),<sup>1</sup> is the technical operator of the National Natural Gas Transmission System (NTS) and ensures performance under conditions of efficiency, transparency, safety, non-discriminatory access and competitiveness of the national strategy regarding the domestic and international transport of natural gas, the dispatching of natural gas, as well as research and design in the specific field of its activity, in compliance with the requirements of European and national legislation, quality standards, performance, environment and sustainable development. SNTGN Transgaz SA is a joint-stock company with majority state capital and operates in accordance with the national legislation in force, with financial statements prepared according to IFRS.

SNTGN Transgaz SA has the right to operate the main pipelines of the national gas transport system for a period of 30 years, until 2032, on the basis of the Concession Agreement concluded with the National Agency for Mineral Resources - ANRM), approved by GD no. 668/2002 regarding the approval of the concession agreement for main pipelines, installations, equipment and facilities related to the National Natural Gas Transportation System and the activity of operation of the national

natural gas transport system, concluded between the National Agency for Mineral Resources and the National Natural Gas Transport Society "Transgaz" SA. All modernizations or improvements made by the Company to the system are considered part of the system and become the property of ANRM at the end of their useful life. The company cannot sell or scrap any asset that is part of the national transport system; outflows can only be made with the approval of the State.

SNTGN Transgaz SA is structured on functional entities (departments, directorates, services, offices, compartments, etc.) and production entities (9 territorial holdings, sectors, laboratories, workshops, etc.). SNTGN Transgaz SA has two subsidiaries in the Republic of Moldova, Eurotransgaz Limited Liability Company and Vestmoldtransgaz Limited Liability Company. The company prepares the individual 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 Directors' Report. The annual reporting is prepared in accordance with the requirements of the Order of the Ministry of Finance 2844/2016, chapter 7, Non-financial information and diversity information. The report is aligned with these requirements, considering the provisions of chapter V from the order of the Ministry of Finance no. 85/2024, according to which:

"For the financial year of 2023, the reporting of non-financial information provided by the Accounting Regulations regarding individual annual financial statements and consolidated annual financial statements, approved by Order of the Minister of

<sup>1</sup> Note: In this report, the terms "Company", "Company", "SNTGN TRANSGAZ SA" are used for convenience where references are made to SNTGN Transgaz SA

Public Finance no. 1802/2014, with the subsequent amendments and additions, respectively the Accounting Regulations in accordance with the International Financial Reporting Standards, approved by Order of the Minister of Public Finance no. 2844/2016, with subsequent amendments and additions, is carried out according to the provisions of the mentioned regulations, in force on December 31, 2023."

SNTGN Transgaz SA reports for the year 2023, based on the requirements of the new ESRS standards, Order of the Ministry of Finance no. 2844/2016 with subsequent amendments and the Methodology for sustainability reporting - the Romanian Code of Sustainability, dated 16.11.2023, which is an integral part of Government Decision no. 1117/2023, as subsequently amended.

This sustainability report includes only the data of the SNTGN Transgaz SA company, considering that its two consolidated subsidiaries are not significant in the context of non-financial reporting. The impact of the subsidiaries' activity on the group's reporting is considered insignificant, so it does not influence the indicators included according to the applicable standards. The two subsidiaries did not have a major contribution to influence the main of the group, reported according to ESRS requirements. Therefore, for clarity and relevance, this report reflects the performance of the company SNTGN Transgaz SA, without the activities of the subsidiaries.

The report includes the activity data of SNTGN Transgaz SA related to the period 01.01.2023 – 31.12.2023. Reporting is not limited to the company's own operations, as information from the upstream and downstream value chain is also included. The materiality assessment analysis includes the analysis of impacts related to SNTGN Transgaz SA's own operations and value chain, including its products and services, as well as its business relationships. Within each chapter, the specific presentation requirements for each aspect that resulted as material are addressed, respectively the relevant impacts, risks and opportunities are identified. Once an impact, risk or opportunity has been identified as significant, the Company identifies the relevant information to be considered for ESRS reporting or prepares a relevant entity-specific presentation.

Information about the value chain (customers and suppliers of the company) is mentioned in the chapters dedicated to the thematic standards.

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

The annual reporting covers all activities of SNTGN Transgaz SA in Romania. All the main activities of SNTGN Transgaz SA are included in the scope of application: the internal transport of natural gas - an activity regulated by the monopoly, with tariffs established based on the methodology issued by the National Energy Regulatory Authority, the international transport of natural gas - an unregulated activity carried out by dedicated pipelines, with tariffs established in accordance with the commercial contracts concluded between the parties and gas dispatch and research and design in the field of natural gas transportation.

SNTGN Transgaz SA's Sustainability Report reflects the company's commitment to sustainable development and the fulfillment of the assumed objectives. The company aims to support the conservation of the environment, improve the quality of life in the local community, provide high quality services and develop sustainable partnerships with customers, authorities and the local community, while efficiently and sustainably managing the resources used. More information about SNTGN Transgaz SA can also be found on the website: <https://www.transgaz.ro/en/>

## Presentation of Information in Relation to Specific Circumstances

### ESRS 2 BP-2

#### **Changes in the development or presentation of sustainability information**

SNTGN Transgaz SA publishes the fourth sustainability report and includes information for the period January 1 - December 31, 2023. The sustainability report for the financial year 2022 was developed based on GRI standards. For the financial year 2022, SNTGN Transgaz SA was evaluated and voluntarily published the ESG rating received by the Bucharest Stock Exchange. The general purpose of the score is to evaluate the sustainability of listed companies taking into account three sets of criteria: environmental impact, social and corporate

governance. For the year 2022, SNTGN Transgaz SA received a final score of 27.6 ESG Risk Score 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. The ESG Risk Rating Score indicates the ranking of the company at the level of the sub-industry in which it is included according to the methodology used. A higher ranking signifies a better ESG performance compared to similar companies in the universe covered by Sustainalytics, the partner company of the Bucharest Stock Exchange, which deals with the independent evaluation of companies.

For the year 2023, SNTGN Transgaz SA reports voluntarily based on the requirements of the new ESRS standards, according to the Order of the Minister of Finance 85/2024, which transposes the Corporate Sustainability Reporting Directive (CSRD). Sustainability reporting (sustainability statement) allows SNTGN Transgaz SA to present performance in its relationship with the environment, with social aspects and the Company's performance in relation to governance and to reinforce the commitment to sustainable development in a way that can be demonstrated to internal stakeholders and external. The sustainability report is drawn up 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). Material topics reported in financial year 2022 have been considered and new material topics have been identified according to ESRS standards.

### **Presentation of information arising from other legislative acts or from generally accepted sustainability reporting decisions**

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

### **Inclusion of information through submissions**

References to additional documents or references to information that is included in another thematic standard are mentioned in this report.

## **Governance**

### **The 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, regarding commercial companies, republished and its organizational and operating status approved by Government Decision no. 334/2000.

SNTGN Transgaz SA is the second largest company in the utilities sector with majority state capital which, in order to materialize its strategic objectives, promoted, in 2008, an initial public offer for the sale of shares, respectively 10% of the increased share capital, thus as established by Government Decision no. 1329/2004<sup>2</sup> regarding the mandate of the public institution involved and the approval of the privatization strategy by public offer of some companies from the portfolio of the Ministry of Economy and Trade, modified by Government Decision no. 708/2005<sup>3</sup>.

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

Later, in accordance with Government Decision no. 827/2010<sup>4</sup> SNTGN Transgaz SA sold in 2013, on the capital market, a package of shares representing 15% of the company's share capital, through a secondary public offer for the sale of shares.

<sup>2</sup> Decision no. 1329/2004 regarding the mandate of the public institution involved and the approval of the privatization strategy through a public offer of some companies from the portfolio of the Ministry of Economy and Trade

<sup>3</sup> Decision no. 708 of July 12, 2005 for the amendment of points 1 and 2 of the annex to Government Decision no. 1329/2004 regarding the mandate of the public institution involved and the approval of the privatization strategy through public offer of some companies from the portfolio of the Ministry of Economy and Trade

<sup>4</sup> Decision no. 827 of August 4, 2010 for the approval of the strategy for the sale of some shares issued by the National Natural Gas Transport Company "Transgaz" - SA Mediaș through methods specific to the capital market



In 2022, the Extraordinary General Shareholders' Meeting of SNTGN Transgaz SA, by Decision no. 11 of 07.12.2022, approved the increasing the share capital by incorporating the reserves constituted from the net profit of the previous financial years in the amount of 1,766,076,600 lei, from the value of 117,738,440 lei to the value of 1,883,815,040 lei, through the issuance of 176,607,660 shares new, with a nominal value of 10 lei/share. The newly issued shares did not change the ownership shares of the shareholders and were distributed free of charge to all shareholders registered in the SNTGN Transgaz SA shareholders' register, on the registration date of 05.03.2023. Thus, each shareholder registered in the register of SNTGN Transgaz SA shareholders on the date of registration was allocated a free number of 15 shares for 1 share held.

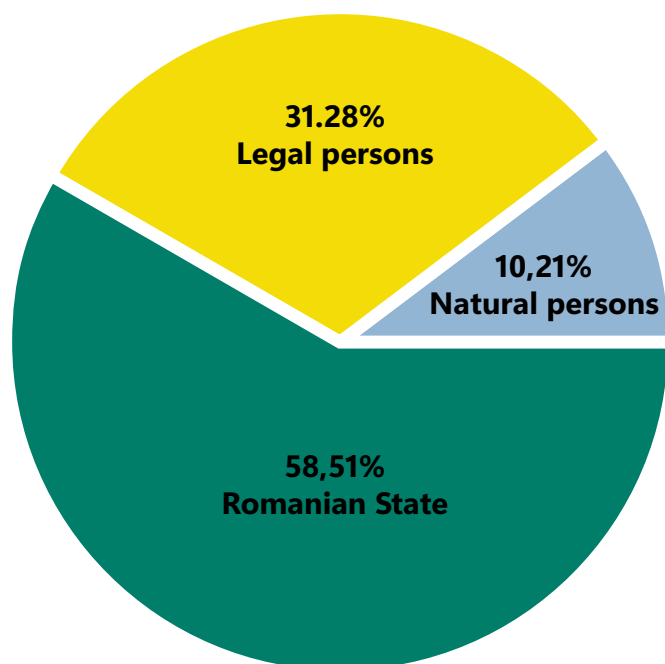
The share capital of SNTGN Transgaz SA on December 31, 2023 consisted of 1,883,815,040 lei and was divided into 188,381,504 registered shares, each share having a nominal value of 10 lei, on the

date of admission to trading on the administered regulated market by the Bucharest Stock Exchange. Each share gives the holder a right to vote, under the conditions provided by law.

Starting from November 14, 2019, the exercise of the rights and fulfillment of the obligations arising from the Romanian State's capacity as a shareholder in SNTGN Transgaz SA company is carried out by the Romanian State through the General Secretariat of the Government, as a result of the transfer of shares from account of the Romanian State through the Ministry of Economy, pursuant to GEO 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 from the Central Depository on 31.12.2023, the synthetic consolidated structure of the holders of financial instruments of SNTGN Transgaz SA 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 (natural and legal persons), of which	78,160,064	41.4903
Legal persons	58,925,139	31.2797
Natural persons	19,234,925	10.2106
<b>Total</b>	<b>188,381,504</b>	<b>100</b>



According to the provisions of the company's Articles of Association, the management body of SNTGN Transgaz SA consists of the General Meeting of Shareholders, the Board of Directors and the Director General, respectively:

- The General Meeting of Shareholders "is the governing body that decides on its activity and economic policy" - art. 15.1.

- The company will be "administered by a board of directors that will have general competence, except for matters that are the competence of the general meeting of shareholders according to the provisions of the Constitutive Act or the applicable laws" - art. 19.1.1;
- The Director General, appointed by the Board of Directors, "applies the strategy and development

policies of SNTGN Transgaz SA, established by the Board of Directors" - art. 2.2.;

- The Board of Directors has delegated the executive management of the company to the Director General, executive manager who represents the company in the relationship with third parties.

There is a separation between the non-executive, control function (non-executive administrator) and the executive function (directors) – mandatory separation, in the case of joint-stock companies whose annual financial statements are subject to legal audit requirements. The director general of SNTGN Transgaz SA 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 the Constitutive Act or expressly assigned by the Board of Directors Administration and the General Meeting of Shareholders. The CVs of the members of the Board of Directors 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 were established for the board of directors that provide strategic advice to the members of the board. In 2023, in addition to the board of directors, 5 committees functioned, namely the Nomination

and Remuneration Committee, the Audit Committee, the Risk Management Committee, the Regulation, Safety and Security Committee of SNT and the Corporate Governance and Sustainability Committee.

The Nomination and Remuneration Committee organizes training sessions for board members, 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 GEO no. 109/2011 on the corporate governance of public enterprises, with subsequent amendments and additions. In the situation where a seat becomes vacant within the Board of Directors as a result of the resignation of a member, the election of a new member is carried out under the conditions provided by law. The term for which the new administrator is appointed to fill the vacancy, will be equal to the period that remained until the expiration of the mandate of his predecessor.

The composition of the Board of Directors of SNTGN Transgaz SA is presented in the table below. More information can be consulted on the company's website: <https://www.transgaz.ro/en/about-us/board-administration>

## The composition and diversity of the members of the Board of Directors

Number of members with executive functions	1
Number of members with non-executive functions	4
Percentage of board members with administrative, executive, management and supervisory roles	20%
Board gender percentage (calculated as the average ratio of female to male board members)	40%
Percentage of independent board members	60%

### Composition of the Board of Directors of SNTGN Transgaz SA

Nr. crt.	Name	Function	Relevant Experience	Date of Appointment	Political Affiliation	Status
1	Mr. Ion Sterian	Executive Administrator and Director General	Management and Rural Development	HAGOA no. 2/22.04.2021, mandate of administrator, starting from 30.04.2021, until 29.04.2025 HCA no. 22/27.07.2021, mandate of Director General, starting from 27.07.2021, until 26.07.2025	None	Final
2	Mr. Petru Ion Văduva	Non-executive Administrator and Chairman of the Board of Administration	Project Management, Investments and Financial Analysis	HAGOA no. 2/22.04.2021, mandate as administrator, starting from 30.04.2021, until 29.04.2025 HCA no. 23/24.08.2023, mandate as President of the BA until 29.04.2025	None	Final
3	Mr. Nicolae Minea	Non-executive Administrator	Project Management, Economy	HAGOA no. 2/22.04.2021, administrator's mandate, starting on 30.04.2021, until 29.04.2025	None	Final

### Composition of the Board of Directors of SNTGN Transgaz SA

Nr. crt.	Name	Function	Relevant Experience	Date of Appointment	Political Affiliation	Status
4	Mrs. Adina Lăcrimioara Hanza	Non-executive Administrator	Operational Management and Internal Audit	HAGOA no. 9/11.10.2023, mandate of provisional administrator, 5 months, starting from 17.10.2023, until 16.03.2024 HAGOA no. 2/06.03.2024 extension of mandate of provisional administrator by two months, starting dated 17.03.2024, until 16.05.2024 HAGOA no. 4/16.05.2024, temporary administrator mandate, 5 months, starting from 17.05.2024, until 16.10.2024	None	Temporarily
5	Mrs. Ilinca Von Derenthall	Non-executive Administrator	Management, Audit and Capital and Finances Expertise	HAGOA nr.9/11.10.2023, mandate of provisional administrator, 5 months, starting from 17.10.2023, until 16.03.2024 HAGOA nr.2/06.03.2024 extension of mandate of provisional administrator by two months, starting dated 17.03.2024, până la data de 16.05.2024 HAGOA nr.4/16.05.2024, administrator's mandate, starting on 17.05.2024, until 29.04.2025	None	Temporarily during 2023, final now

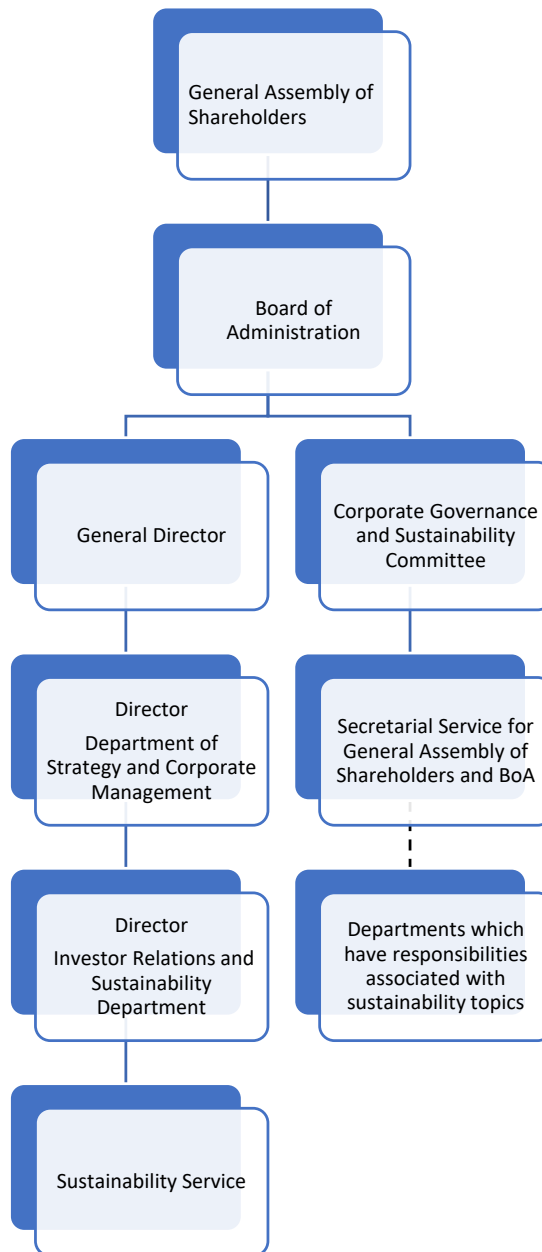


With regards to environmental, quality and occupational health and safety aspects, a specific Policy for the Integrated Management System was established at SNTGN Transgaz SA: <https://transgaz.ro/en/activities/integrated-management-system>

Considering the nature of the services offered, as well as the composition of the shareholding, interaction with public authorities is frequent (reporting, obtaining authorizations, etc.). The legal representative of the company is invested with the authority to represent the company in all legal acts

carried out. This authority can be delegated to other employees within the company.

According to the Principles of the Operating Model of SNTGN Transgaz SA, each department has associated duties and responsibilities in the field of sustainability. They have a single reporting line to ensure agility in operation and an accountable team. Reporting can be done to the Board of Administration and the General Assembly of Shareholders, through the Secretarial Service Unit.



At the territorial level, SNTGN Transgaz SA operates at various branches depending on the territorial exploitation served.



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

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

#### GOV-2

Risk assessment within SNTGN Transgaz SA is done periodically, according to the internal procedure PS 05 SMI Risk Management.

In this sense, SNTGN Transgaz SA takes responsibility for the tasks and obligations that fall to it as the technical operator of the SNT, obligations included both in the objectives of the Romanian Energy Strategy 2020-2030, with the outlook to 2050 (at the

<sup>5</sup> <https://energie.gov.ro/strategiei-energetice-a-romaniei-2022-2030-cu-perspectiva-anului-2050/>

date of this report, the draft strategy is still in approval process) regarding energy safety and security, competitiveness and sustainable development as well as in the provisions of European legislation regarding the safety and security of natural gas supply.

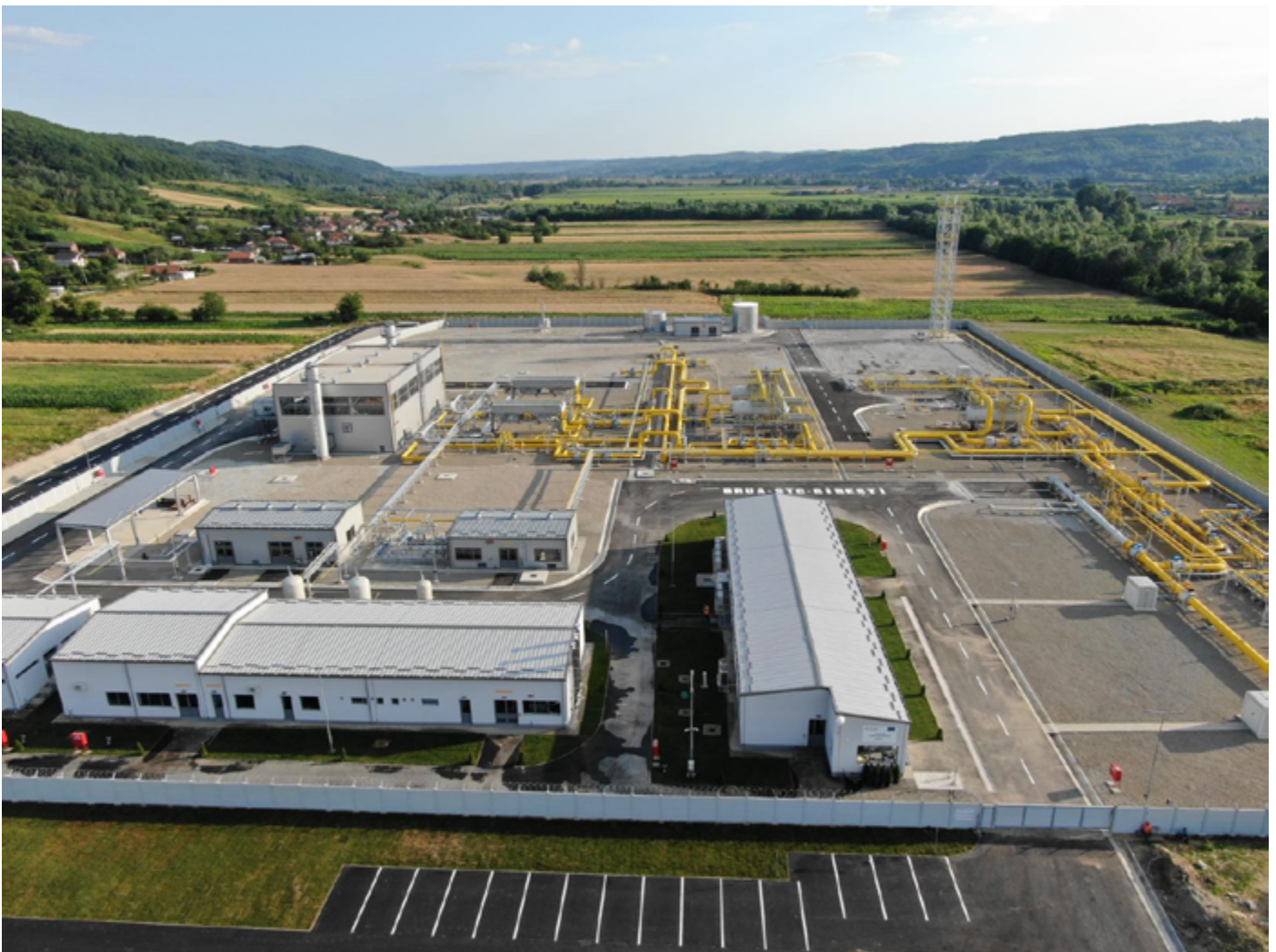
The risk management implemented within SNTGN Transgaz SA is an integral part of the general management, being a continuous, proactive and systematic process of identifying, evaluating and managing risks within the limits accepted by the company (risk tolerance limit), carried out at the level of each SNTGN Transgaz SA entity with the purpose of providing reasonable assurances regarding the realization of the company's objectives.

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

- **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 departments/directions/independent services/Mediaș Branch/Territorial Operations. Those who are head of services within the departments/Territorial Operations/Mediaș Branch are members of the Risk Management Groups.
- **The third level** refers to the Risk Management Team (RMT) at the company level; it supports the Monitoring Commission in managing the entire risk management process. Within each department/direction/independent service/Mediaș Branch/Territorial Operations, the Risk Manager is appointed having attributions in the field of risk management. Those





responsible for the risks are the Members of the Risk Management Team (annex 1 of the Decision).

- **The fourth level** refers to the Monitoring Commission (MC), which analyzes and approves the Risk Profile, the Risk Tolerance Limit and the Information regarding the conduct of the risk management process at the company level. The directors of the departments/independent departments/independent services/Territorial Exploitations/Mediaș Branch are the Members of the Monitoring Commission.
- **The fifth level**, the highest level, is represented by the Director General of SNTGN Transgaz SA. The Director General approves the Risk Profile and Risk Tolerance Limit, Risk Register and Risk Minimization Plan, Risk Management System Procedure. Through periodic information, the Director General ensures that risks are identified, evaluated, monitored and properly mitigated.

SNTGN Transgaz SA continuously reevaluates 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 necessary actions to optimize the management process of risk as well as the framework for identifying, evaluating, 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 regarding Risk Management**, for the period 2021-2025.
- System Procedure PS 05 SMI Risk Management. The PS 05 SMI System Procedure establishes a unitary set of rules for managing risks and for drawing up and updating the Risk Register.
- **Risk profile**: provides an overview, including the general, documented and prioritized assessment of the identified risks facing the company.
- **Risk tolerance limit** represents the level of risk exposure assumed by the company.

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

In 2023, there were not identified any strategic risks associated with environmental, social and/or governance aspects (Sustainability) that would require reporting to the management body of SNTGN Transgaz SA, respectively to the Director General or to the Corporate Governance and Sustainability Committee and /or the Board of Directors.

### The integration of sustainability-related performance into incentive systems

#### GOV-3

At SNTGN Transgaz SA, the policy and remuneration criteria of the Administrators, the Director General and the Economic Director of Transgaz SA<sup>6</sup> were approved by the Decision of the General Meeting of Shareholders no. 3/27.04.2021.

Based on the internal regulatory framework, performance indicators (14 indicators) were established to evaluate the achievement of the objectives set by the members of the governing body and the Financial Director, to determine the level of the variable component that can be granted.

The indicators considered for granting the variable component established for the members of the Board of Directors, the director general and the financial director, consider the following:

- the financial component;
- operational components: monitoring the implementation of the investment and implementation 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 transport and system service, optimizing the internal control system /managerial, Optimizing the risk management process, Timely reporting of performance indicators, monitoring the implementation of internal measures to align with the requirements of the National Anti-Corruption Strategy 2021-2025.

<sup>6</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>



At SNTGN Transgaz SA, the Remuneration Policy<sup>7</sup>, in force at the end of 2023, does not include indicators specific performance measures to achieve the climate objectives set out in the Climate and Decarbonisation Strategy, given that this strategy was finalized in December 2023.

### Statement regarding the due diligence process

#### GOV-4

SNTGN Transgaz SA has implemented an integrated management policy to systematically achieve performance in the field of quality, environment, safety and health in work and energy. The operation of the system is done in accordance with the reference standards for which SNTGN Transgaz SA holds certifications. SNTGN Transgaz SA has developed an integrated management system, which ensures effective control over processes, minimizing risks and identifying opportunities. The integrated management system contributes to achieving results that lead to sustainable business development and a high level of customer satisfaction.

In recognition of the efforts to increase competitiveness and improve performance, SNTGN Transgaz SA maintains its certification for the standards it adhered to in 2024, according to the results obtained following the 2023 surveillance audit, respectively:

- the international quality standard - ISO 9001:2015;
- the international environmental standard - ISO 14001:2015;
- the OSH standard - ISO 45001:2018.

### **Integrated Quality Management System - Environmental Health and Operational Safety**

SNTGN Transgaz SA obtained the certification of the integrated quality management system SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR EN 45001:2018 through IQ Net (International Quality Network), a company recognized for ensuring work quality, health and safety.

<sup>7</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%20%20SA.pdf>



The company aligned itself with international management systems and by implementing and certifying the Quality-Environment, Occupational Health and Safety Integrated Management System according to SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR-ISO 45001:2018 standards.

According to the 2023 Calendar of Key Activities for Continuous Improvement of the Adequacy and Effectiveness of the SMI CMSSM, all activities are aimed at increasing the overall global performance of the CMSSM SMI.

SNTGN Transgaz SA has established annual monitoring programs of pollution sources with an impact on the environment, in accordance with the requirements of the specific authorizations held.

The communication of information and of the fulfillment of compliance obligations to the competent authorities is made available through the company's annual environmental report.

Also, in order to obtain the certification of the ISO 50001:2018 system, SNTGN Transgaz SA still has the following stages to go through:

- Development of energy management system documentation to meet ISO 50001 requirements - Procedures/instructions/forms necessary for EnMS operation
- Energy performance monitoring according to documentation (internal audit)
- Corrective actions
- Obtaining ISO 50001 system attestation

SNTGN Transgaz SA attaches great importance to the continuous improvement of occupational health and safety performance by identifying the dangers for each workplace/work station, keeping its own risks under control by evaluating the results of risk treatment and capitalizing on opportunities, the achievement of objectives, compliance with legal requirements and corrective actions for identified non-conformities.

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

- supervision of workers' health;

- provision of personal protective equipment and hygiene-sanitary materials;
- carrying out planned controls in order to improve health and safety at work;
- training for the awareness of workers, contractors, visitors regarding safety and health risks at work;

Additionally, steps were initiated at the company level to implement the SR EN ISO 50001:2018 Standard, with the following stages completed in 2023:

- 1) initiation and initial diagnosis analysis;
- 2) defining roles, responsibilities and authorities in the field of EnMS;
- 3) analysis of the organization's context;
- 4) planning the energy management system;
- 5) carrying out the energy analysis.

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

To ensure the proper functioning of the system, we continuously monitor and improve the management processes, including through internal and external audit missions. The reports on the activity of the SNTGN Transgaz SA company are analyzed by the highest level management and ensure the monitoring of the status of the measures that must be implemented 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 preserve the performance of the certified management system.

The Management System developed and implemented within SNTGN Transgaz SA treats in a coherent, coordinated and unitary manner the components related to environmental protection, quality, safety and health of workers.

SNTGN Transgaz SA's alignment with the UN Guiding Principles are presented in Annex 1, including the results of the verification of the fulfillment of the minimum social guarantees within the framework of the annual taxonomy reporting.



Main elements of the due diligence process	Points in the sustainability statement
Incorporating the due diligence process into governance, strategy and business model	Annex 1 – The results of the verification of the fulfillment of minimum social safeguards
Engaging with affected parties at all key stages of the due diligence process	
Identification and assessment of negative impacts	
Taking action to address these negative impacts	
Tracking the effectiveness of these efforts and communicating	

### Risk management and internal controls related to sustainability reporting

#### GOV-5

At SNTGN Transgaz SA, the presentation of the main risk categories is done periodically in the Risk Management Report.

The risks presented in the **ESRS 2 Chapter, “Management of impacts, risks and opportunities”**, from this report, and repeated at the level of each significant topic and sub-topic are the result of the double materiality analysis, according to ESRS Standards.

According to the ESRS requirements, the material topics must be included in the report, together with the related risks and opportunities and the targets set by the company. The double materiality analysis

carried out in June 2024 represents the first step in aligning the company to ESRS standards for all material topics and sub-topics. SNTGN Transgaz SA 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 aligned to their impact, according to ESRS.

**The activity carried out for the purpose of the risk management** has the role of turning uncertainty into an advantage for society and limiting the level of threats and their potential impact. Any measure adopted by the company to react to risks is integrated into risk management. A good management of organizational risks leads to organizational resilience which means that SNTGN Transgaz SA can go through uncertainty in a stronger position.



## Strategy

### Strategy, Business Model and Value Chain

#### SBM-1

SNTGN Transgaz SA is a national joint-stock company, with its Head Office in Mediaş, Sibiu County, Piata Cl Motas, number 1.551130. The company's main object of activity is "Pipeline transport" - CAEN code 4950 (among the secondary objects of activity are also "Electricity production" - CAEN code 3511) and is registered at the Trade Register with number J32/301/2000, unique registration code 13068733.

SNTGN Transgaz SA is the technical operator of the National Natural Gas Transport System (NTS) and ensures the fulfillment in conditions of efficiency, transparency, safety, non-discriminatory access and competitiveness of the national strategy regarding the domestic and international transport of natural gas, dispatching of natural gas, as well as research and design in the field specific to its activity, in compliance with the requirements of European and national legislation, of quality, performance, environment and sustainable development standards.

SNTGN Transgaz SA is a commercial company with shares, the shareholders being: 58.5097% the Romanian State through the General Secretariat of the Government and 41.4903% other shareholders (individuals and companies).

In May 2002, the Company concluded a service concession agreement ("ACS") with the National Agency for Mineral Resources ("ANRM"), which gives the Company the right to operate the main pipelines (main pipelines) of the national gas transportation system. In 2002, SNTGN Transgaz SA became the concessionaire of the main pipelines, installations and equipment related to the National Natural Gas Transport System and its operating activity, for a period of 30 years until 2032.

SNTGN Transgaz SA carries out the following activities:

- internal transport of natural gas – an activity regulated by monopoly, with tariffs established based on the methodology issued by the National Energy Regulatory Authority;
- international transport of natural gas - unregulated activity carried out through





dedicated pipelines, with rates established in accordance with the commercial contracts concluded between the parties;

- gas dispatching and research and design in the field of natural gas transportation.

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

At the level of SNTGN Transgaz SA there is a strategy, which refers to the aspects of sustainability elaborated in 2023, but which refers to the climate aspects of the ESRS standards. The policies, objectives, action plans and resources put in place by society in 2023 to implement strategic decisions cover the information requested under the ESRS only on the climate side. The company undertakes to align the rest of the material topics according to ESRS in the internal acts and procedures of the internal regulatory framework.

During 2023, clear climate commitments, action plans and targets, extending to 2050, were established to meet stakeholder expectations. The climate targets for 2030, 2040 and 2050 will be complemented by commitments and targets for the other areas of interest associated with the field of sustainability, and progress will be monitored.

At the level of SNTGN Transgaz SA, a Climate and Decarbonization Strategy was developed and was completed in December 2023, with the support of the EIB, which contains the initial evaluation reports, short-, medium- and long-term action plans, strategic objectives and the involvement plan of stakeholders, a climate study with a high degree of complexity, as well as the investment plan to achieve the strategic objectives foreseen.

The Development Plans for the National Natural Gas Transport System (NTS) are drawn up for a period of 10 years, in accordance with the provisions of Law no. 123/2012 of electricity and natural gas with subsequent amendments and additions, and with the objectives proposed in the Energy Strategy

of Romania, and meet the requirements of the European energy policy regarding:

- ensuring safety in natural gas supply;
- increasing the degree of interconnection of the national natural gas transport network with the European network;
- increasing the flexibility of the national natural gas transport network;
- liberalization of the natural gas market;
- creation of the integrated natural gas market at the level of the European Union;
- ensuring the connection of third parties to the natural gas transport system, according to the specific regulations, within the limits of the transport capacities and in compliance with the technological regimes;
- ensuring natural gas supply to Romanian towns;
- the development of the transport system so that it is compatible with the gradual mixing of hydrogen in natural gas, according to the European targets, based on detailed analyzes that include the relevant technical and economic aspects;
- the development of the company's strategy for the coupling of hydrogen ecosystems and industrial centers with the integrated hydrogen pipeline transport system at the EU level (Hydrogen Backbone);
- ensuring a phased transition towards a climate-neutral activity and strengthening resilience to climate change;
- fulfillment of national and international requirements and regulations (concerning climate)/National Integrated Energy and Climate Change Plan;
- ensuring the connection to the natural gas network of new job-generating investments;

The European Commission presented on December 11, 2019 the "European Green Deal", the most ambitious package of measures containing actions aimed at encouraging the efficient use of resources by moving to a clean circular economy and ending climate change, to reverse the decline of biodiversity

and reduce pollution. This Deal accelerates the achievement of the objectives established by the Paris Treaty on decarbonization.

In recent years, hydrogen has become an increasingly attractive prospect for the decarbonisation of the energy sector according to the targets set by the European Union in the field of climate. Current studies reveal the benefit of decarbonization based on the hybrid energy system.

On July 8, 2020, the **EU Strategy on the integration of energy systems** and the **Hydrogen Strategy** were adopted in the European Union. They will pave the way for a more efficient and interconnected energy sector, driven by the twin goals of a cleaner planet and a stronger economy. The two strategies present a new clean energy investment agenda, in line with the Commission's Next Generation EU economic recovery package and the European Green Deal.

In an integrated energy system, hydrogen can support the decarbonisation of industry, transport, power generation and buildings across Europe. The EU Hydrogen Strategy addresses how to turn its potential into reality through investment, regulation,

market creation, research and innovation.

Underlining the importance of establishing a national strategy regarding Hydrogen, a strategy for the implementation of the European Green Agreement, in the current European and national context, at the level of Transgaz SA, the sustainable development strategy of SNT for the coming years, requires a reset of the objectives, a remodeling of the model of development so that it allows the implementation of the provisions of the Green Deal Pact.

The general objectives of the company in this field, for the period 2021-2025, aim to develop the research activity regarding the possibility of accepting the hydrogen mix in the NTS and ways of introducing it into the NTS and the implementation of a strategy to modernize and adapt the existing transport infrastructure natural gas for the use of hydrogen and other green gases for decarbonisation.

With the support of the European Investment Bank (EIB), SNTGN Transgaz SA has developed a Climate and Decarbonization Strategy to effectively decarbonize its business activities and strengthen its resilience to climate change, taking into account



best practices and policies and national and international climate regulations. This includes the creation of a climate strategy and decarbonisation so that Transgaz meets its national and international (climate) policy requirements and regulations. The general objective of the strategy is dual, on the decarbonization side and on the climate strategy side.

The decarbonisation strategy includes:

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

The climate strategy includes:

- high-level assessment of climate vulnerability

for Transgaz and its main stakeholders

- necessary actions so that Transgaz aligns with the EU Taxonomy and the EU Directive on corporate sustainability reporting, as well as the requirements set out in the EIB's PATH
- an assessment of the necessary of investments, potential investment sources and their eligibility

Regarding the value chain, suppliers have an important role in ensuring the continuity of high-quality services. SNTGN Transgaz SA collaborates both with suppliers from the domestic market and with suppliers from the foreign market. The Annual Program of Sectoral Acquisitions (PAAS) includes all the contracts that the company is going to award during the year, following the implementation of procurement procedures, direct purchases, as well as the framework agreements on the basis of which subsequent contracts are awarded, in accordance with the provisions of Law no. 99/2016 on sector purchases, with subsequent additions and updates. According to the Annual Sectoral Procurement Program for 2023 (PAAS 2023), the amount allocated for this purpose is 2,239,148,226.77 lei.

The clients of SNTGN Transgaz SA are legal entities, mainly suppliers of natural gas, a small part being made up of legal entities connected directly to the National Transport System.

The total revenues related to the financial year 2023, as included in the individual financial statements of SNTGN Transgaz SA, are presented in the table below:

<b>Operating revenue before the balancing and construction, of which</b>	<b>1,712,546,183.79</b>
- revenue from the domestic transmission activity	1,451,982,193.55
- revenue from the international transmission activity and similar	116,305,611.86
- other revenue	144,258,378.38

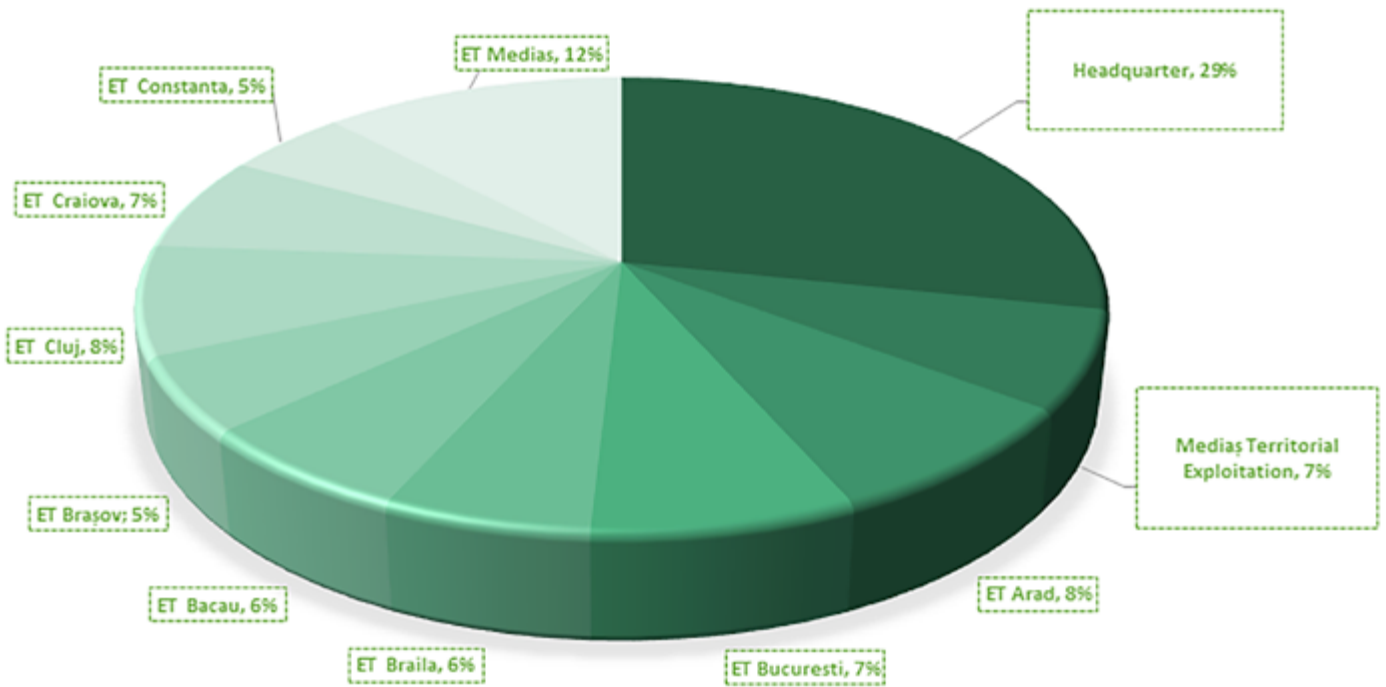
SNTGN Transgaz SA is registered and operates on the territory of Romania, and at the end of 2023 the company had a number of 4,022 employees. Regarding the regional distribution of employees on the territory of Romania, on 31.12.2023, the following aspects can be noted:

- 29% of the existing human resources in the company's records on the reference date are

allocated at the level of the headquarters, which also includes the Bucharest Representative Office;

- at the Territorial Exploitation level, there are less than 10% of human resources allocated below, with the exception of the Mediaş Territorial Exploitation, where 12% of the employees work.

The distribution of employees at the regional level is presented below:



## Interests and Views of Stakeholders

### SBM-2

The company is ethically committed to the practice of transparent and responsible business, and transparency and communication are integrated values in the activity of SNTGN Transgaz SA.

The relationship with the interested parties is another important aspect related to the ethics of SNTGN Transgaz SA. The adoption by the company of internal procedures regarding both transparency and communication, as well as the management of conflicts of interest, when granting sponsorships, represents the management's interest that all interested parties are frequently informed in order to create and maintain a correct image of the company's sustainable development, improving in

the same time the quality of life of employees and their families, as well as the communities and society in which they operate.

The activity of SNTGN Transgaz SA is regulated and controlled by public environmental authorities and is always under the close supervision of control authorities, non-governmental organizations, the media and the public. SNTGN Transgaz SA implements internally instruments to ensure compliance with applicable national legislation, specific to the field of environmental protection, with the aim of protecting the environment, personnel and the population.

Also, collaboration with other companies for the development of joint projects supports sustainable economic growth at the national and regional level and contributes to the creation of jobs and the



stimulation of local economic activity. Through these partnerships, innovative and sustainable solutions are identified for challenges facing the community, such as natural resource conservation, pollution reduction or infrastructure development.

Finally, the active involvement of companies in supporting the community and collaborating with other business entities can contribute to creating a favorable atmosphere for the economic and social development of the region, having a positive impact on all residents. Thus, the social responsibility of companies becomes an essential element for building a more sustainable and fair society.

During 2023, the objectives and sponsorships of human resources were oriented with predilection oriented towards the promotion optimize human resources and the continuation of educational projects and sponsorships in the fields of social interest (see section Transgaz SA – Affected communities)

The main categories of interested parties of SNTGN Transgaz SA are the following:

- ✓ employees
- ✓ management
- ✓ shareholders
- ✓ financial institutions
- ✓ customers
- ✓ ministries
- ✓ public and local administrations
- ✓ suppliers
- ✓ mass media
- ✓ local communities and the general public
- ✓ NGOs

SNTGN Transgaz SA, as the technical operator of the National Natural Gas Transport System (NTS), 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 sustainable development projects in which society engages.

By actively engaging interested parties, SNTGN Transgaz SA can create solid partnerships and maximize the positive impact of its interventions in the community. The organization is open to the feedback and suggestions of those involved and assumes responsibility together with them for achieving the common goals of sustainable development.

The identification and prioritization of the interested parties were carried out during an internal consultation, with the involvement of representatives from the management of SNTGN Transgaz SA and within which a list of relevant interested parties was drawn up, taking into account all the categories with which the company interacts or whose interests are affected by this.

The expectations of the interested parties in relation to SNTGN Transgaz SA are:

- **Central authorities, local authorities, regulatory and control authorities.** SNTGN Transgaz SA is expected to comply with legal requirements (i.e. compliance obligations from authorizations, notices, etc. or specific requirements of the authorities) and to operate the owned facilities within the limits and conditions imposed by the owned regulatory acts. SNTGN Transgaz SA is also expected to deliver the gas in safe and quality conditions.
- **Business partners (clients, legal entities and consumers, natural persons).** SNTGN Transgaz SA is expected to provide gas distribution services in compliance with all legal requirements in the field of environmental protection and with the voluntary implementation in its own work system of the latest standards in the field of environment and occupational health and safety, thus providing the confidence of a partnership successful business. All agreements signed

with them regarding environmental protection become obligations of compliance.

- **NGO, Public, Local Community.** The organization is expected to carry out its activity with care towards the environment and towards the population, and the interested parties need to be made aware of relevant information regarding the activity carried out by SNTGN Transgaz SA, in compliance with all legal requirements in the field of protection the environment. The above-mentioned expectations are for SNTGN Transgaz SA compliance obligations towards these entities. They also expect to be periodically informed about environmental performance, to be consulted in relation to future projects, to be consulted in the authorization process, in accordance with the rights conferred and by the legislative framework regulated at national level. They are expected to respond to requests for information and concerns expressed on the communication channels with SNTGN Transgaz SA through the information centers and public relations departments.
- **SNTGN Transgaz SA employees.** They expect their work to be recognized and rewarded according to their performance expectations, and they need a healthy and safe work environment. All agreements signed with contractors for services or products, in terms of environmental protection, become compliance obligations.

The requirements of the interested parties and the applicable legal and regulatory requirements are integrated into the processes, activities and documentation of the integrated management system, and through the set of verification, monitor and control activities it is aimed not only to fulfill these requirements, but also to increase the satisfaction of the interested parties.

## Significant Impacts, Risks and Opportunities and Their Interaction with the Strategy and Business Model

### SBM-3

Information on the management of significant impacts, risks and opportunities of SNTGN Transgaz SA is provided in each specific chapter of the thematic ESRS and is correlated together with the minimum requirements for presenting information

on the policies, actions and targets established internally.

Environmental, social and governance impacts, risks and opportunities were identified and assessed as part of the dual materiality analysis process, in an internal workshop and consultation of other relevant sources, such as the authorizations required for the proper operation of locations. The identified ESG risks are analyzed and will be integrated into the internal regulatory framework of SNTGN Transgaz SA, taking into account climate risks, physical risks and those of the transition to a low-carbon economy, in relation to the risks identified in the Strategy Climate and Decarbonization of SNTGN Transgaz SA (see E1).

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

Risk management is a continuous cycle in which the following documented stages are carried out annually within all structures in SNTGN Transgaz SA:

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

The risks managed within SNTGN Transgaz SA are classified by risk category. The risk categories provide an overview, structured and manageable of the risks facing the company. 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 oriented way during the risk identification stage;
- include all possible aspects of risk conditions;
- we improve the effectiveness of internal/managerial control systems;
- report risks between organizational structures.

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

- political;
- regulatory/legislative;
- commercial;
- sustainability;
- financial (lending, exchange rate, interest rate, liquidity, capital market).

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

## Managing impacts, risks and opportunities

### Presentation of information on the significance assessment process

### Description of processes for identifying and assessing significant impacts, risks and opportunities

*IRO-1*

#### Double Materiality/Significance Analysis

The company performs a double materiality assessment and evaluate the impacts, risks and opportunities related to sustainability matters in accordance with the requirements of the ESRS standards. The assessment is validated internally by

a dedicated committee of SNTGN Transgaz SA and is approved by the Board of Director, prior to the publication of the sustainability report.

The materiality assessment was carried out considering the contributions of experts of SNTGN Transgaz SA in the field of sustainability and in the field of finance, depending on the personnel who have responsibilities regarding climate change, environmental protection, health and safety, social responsibility, human resources, diversity and inclusion, regulatory compliance and risk management.

A sustainability matter is considered material if it can have a significant financial impact on the company or is likely to trigger such an effect. This occurs when the sustainability matter creates or has the potential to create risks or opportunities that significantly affect (or are reasonably expected to affect) cash flows, development, performance, position, cost of capital or access to finance of the company, both in the short term and in the medium and long term.

As part of the obligations derived from the transposition of the ESRS, SNTGN Transgaz SA prepared a Double Materiality Assessment, following which the topics considered material in terms of impact, risks and opportunities are determined.

In sustainability reporting, accurate and relevant information is provided on all impacts, risks and opportunities (IROs) related to environmental, social and governance issues that are considered material from an impact or financial perspective, or both.

The impact materiality is assessed in terms of actual and potential impacts on sustainability issues generated by SNTGN Transgaz SA 's own activities and/or business relationships in the upstream and downstream value chain, as well as an assessment of actual and potential positive impacts on sustainability.

The financial materiality assessment was carried out considering the risks and the negative reputational, financial or commercial consequences for SNTGN Transgaz SA that are associated with the sustainability topics, as well as potential risks



or opportunities related to sustainability of SNTGN Transgaz SA.

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

- refers to the requirements in the related ESRS to identify the relevant information to be considered for the related reporting, or
- when the impact, risk or opportunity is covered or insufficiently covered by the ESRS, develops a relevant entity-specific presentation.

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

- the significance of the information in relation to the matter it describes or
- decision-making needs.

In order to prepare the sustainability report in accordance with the ESRS standards, SNTGN Transgaz SA applies the specific principles of the Double Materiality Assessment. For the financial year 2023, SNTGN Transgaz SA updated its material topics in accordance with the requirements of the European ESRS standards, and included the characteristics of the Oil & Gas sector. The interests of interested parties, significant external economic, social and environmental impacts of SNTGN Transgaz SA, the substantial financial impact on SNTGN Transgaz SA that a certain topic may have, as well as the associated risks and opportunities, were taken into account throughout the entire value chain. The materiality assessment for the financial year 2023 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 double materiality assessment process included the following steps:

- analysis of the relevant internal and external stakeholders
- carrying out an internal consultation, in a workshop, with the management representatives

of each relevant department in order to assess, for each sustainability matter in the ESRS, the impact on the environmental, social and governance aspects, as well as the assessment of the potential financial effects on the company as a result of climate change. The nature of actual and potential, negative and positive, short, medium and long-term impacts generated on environmental, social and governance aspects was analysed. The financial effects were also analyzed, and the probability of occurrence and the potential magnitude of the financial effects contribute to the assessment of the significance of risks and opportunities within the company;

- based on the stakeholders identified during the workshop, external consultations were carried out by distributing a questionnaire to representatives from all categories of stakeholders. Following the conclusion of the survey session, it was found that 769 responses were received, of which 689 were sent by our own employees, and 80 by the other categories of interested parties.

- review of the material topics within other operators in the industry (peers' analysis);

- evaluation of strategic documents drawn up by the company;

- benchmarking on global trends from specialized literature, as well as collected data related to the history of SNTGN Transgaz SA or other relevant sources as the case may be;

- final internal consultation with top management representatives during which the results of the evaluation were presented for confirmation by which the result of the materiality assessment was approved

The selection of the final list of sustainability matters was based on an assessment of the relevance of impacts, risks and opportunities. As a result of the double materiality assessment, topics and sub-topics that are presented in this report resulted. Presented in the table below are the topics, sub-topics and sub-sub-topics that are addressed in the Sustainability Report 2023 and a brief justification of the non-material aspects that were not considered in the content of the report.

ESRS topic	Sustainability matters - Sustainability Report 2023 ("RS")					
	Topic	Sub-topic	Sub-sub-topic	Explanation		
ESRS E1	Climate change	Climate change mitigation	-	Addressed in SR		
		Climate change adaptation				
ESRS E2	Pollution	Energy	-	Addressed in SR		
		Air pollution				
		Pollution of water				
		Pollution of soil				
		Pollution of living organisms and food resources			-	This is not the case, as the water is not used to irrigate the land
		Substances of concern			-	This is not the case, SNTGN Transgaz SA does not use substances that present reasons for particular concern - i.e. substances considered very dangerous.
		Substances of very high concern			-	This is not the case, SNTGN Transgaz SA does not use substances that present reasons for particular concern - i.e. substances considered very dangerous.
Microplastics	-	This is not the case, SNTGN Transgaz SA does not produce, use, sell or generate microplastics in its activity.				

ESRS topic	Sustainability matters - Sustainability Report 2023 ("RS")			
	Topic	Sub-topic	Sub-sub-topic	Explanation
ESRS E3	Water and marine resources	Water resources	Water consumption	This is not the case, as water consumption is minimal within the company's activity.
			Water withdrawals	This is not the case, as water extraction is immaterial.
			Water discharge	This is not the case, as there are no discharges into surface waters
		Marine resources	Water discharge in ocean waters 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	Addressed in SR
			Land-use change, fresh water-use change and sea-use change	Addressed in SR
			Direct exploitation	This is not the case, no biodiversity or ecosystem exploitation activities are carried out
			Invasive alien species	This is not the case in the areas where SNTGN Transgaz SA operates
			Pollution	Addressed in SR
		Impact on the state of species	Species population size	This is not the case, the activity is local
Species global extinction risk	This is not the case, the activity is local			

ESRS topic	Sustainability matters - Sustainability Report 2023 ("RS")			
	Topic	Sub-topic	Sub-sub-topic	Explanation
		Impacts on the extent and condition of ecosystems	Land degradation	Not the case
			Desertification	Not the case – there is no direct activity on areas at risk of desertification
			Soil sealing	Not the case, the activity is not associated with the footprint in protected areas
ESRS E5	Circular economy	Resource inflows, including resource use	—	Addressed in SR
		Resource outflows related to products and services	—	Addressed in SR
		Waste	—	Addressed in SR
ESRS S1	Own workforce	Working conditions	Secure employment	Addressed in SR
			Working time	Addressed in SR
			Adequate wages	Addressed in SR
			Social dialogue	Addressed in SR
			Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	Addressed in SR



ESRS topic	Sustainability matters - Sustainability Report 2023 ("RS")						
	Topic	Sub-topic	Sub-sub-topic	Explanation			
			Collective bargaining, including the rate of workers covered by collective agreements	Addressed in SR			
			Work-life balance	Addressed in SR			
			Health and safety	Addressed in SR			
		Equal treatment and opportunities for all		Gender equality and equal pay for work of equal value	Addressed in SR		
				Training and skills development	Addressed in SR		
				Employment and inclusion of people with disabilities	Addressed in SR		
				Measures against violence and harassment in the workplace	Addressed in SR		
				Diversity	Addressed in SR		
				Other work-related rights		Child labour	Not the case in Romania
						Forced labour	Not the case in Romania
		Adequate housing	Not the case in Romania				
				Privacy	Addressed in SR		

ESRS topic	Sustainability matters - Sustainability Report 2023 ("RS")			
	Topic	Sub-topic	Sub-sub-topic	Explanation
ESRS S2	Workers in the value chain - suppliers	Working conditions	Secure employment	Addressed in SR
			Working time	Addressed in SR
			Adequate wages	Addressed in SR
			Social dialogue	Addressed in SR
			Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	Addressed in SR
			Collective bargaining, including the rate of workers covered by collective agreements	Addressed in SR
			Work-life balance	Addressed in SR
		Health and safety	Addressed in SR	
		Equality of treatment and opportunities for all	Gender equality and equal pay for work of equal value	Addressed in SR
			Training and skills development	Addressed in SR
			Employment and inclusion of persons with disabilities	Addressed in SR
			Measures against violence and harassment in the workplace	Addressed in SR
			Diversity	Addressed in SR

ESRS topic	Sustainability matters - Sustainability Report 2023 ("RS")			
	Topic	Sub-topic	Sub-sub-topic	Explanation
		Other work-related rights	Child labour	Addressed in SR
			Forced labour	Addressed in SR
			Adequate housing	Addressed in SR
			Privacy	Addressed in SR
ESRS S3	Affected communities	Communities' economic, social and cultural rights	Adequate housing	This is not the case - it is not the subject of Transgaz's activity
			Adequate food	This is not the case - it is not the subject of Transgaz's activity
			Water and sanitation	This is not the case - it is not the subject of Transgaz's activity
			Land related impacts	Addressed in SR
			Security related impacts	Addressed in SR
			Communities' civil and political rights	Freedom of speech
		Rights of indigenous peoples	Freedom of assembly	Addressed in SR
			The impact on human rights defenders	Addressed in SR
			Free, prior and informed consent	Not the case – it is not the subject of the activity. There are no indigenous populations in Romania
			Self-determination	
Cultural rights				

ESRS topic	Sustainability matters - Sustainability Report 2023 ("RS")			
	Topic	Sub-topic	Sub-sub-topic	Explanation
ESRS S4	Consumers and end-users	Information-related impacts for consumers and/or end-users	Privacy	Addressed in SR
			Freedom of expression	Addressed in SR
			Access to (quality) information	Addressed in SR
		Personal safety of consumers and/or end-users	Health and safety	This is not the case – clients are companies
			Security of a person	Not the case – not the subject of the activity
			Protection of children	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 – clients are companies
			Access to products and services	This is not the case – clients are companies
			Responsible marketing practices	This is not the case – clients are companies
ESRS G1	Business conduct	Corporate culture	—	Addressed in SR
		Protection of whistle-blowers	—	Addressed in SR
		Animal welfare	—	It's not necessary. SNTGN Transgaz SA does not conduct experiments on animals
		Political engagement and lobbying activities	—	It's not necessary. SNTGN Transgaz SA has no political interests



ESRS topic	Sustainability matters - Sustainability Report 2023 ("RS")			
	Topic	Sub-topic	Sub-sub-topic	Explanation
		Management of relationships with suppliers, including payment practices	—	Addressed in SR
		Corruption and bribery	Prevention and detection, including training	Addressed in SR
			Incidents	Addressed in SR

**No other topics were identified in addition to the topics and sub-topics of the ESRS standards.**

Details of the impacts, risks and opportunities identified for each material topic are presented in

the corresponding chapter of each relevant thematic ESRS. SNTGN Transgaz SA management reviewed and validated the final list of material topics.



## ESRS disclosure requirements covered by the corporate sustainability report

### IRO-2

Information on the management of SNTGN Transgaz SA's significant impacts, risks and opportunities is provided in each specific chapter of the thematic

ESRS and is correlated together with the minimum disclosure requirements regarding the policies, actions and targets established at the company level.

The list of disclosure requirements related to this report is included in the table below.

Standard	Disclosure Requirements (DR)	Applicable data points
ESRS 2	BP-1 – General basis for preparing sustainability statements	5 (a), 5 (b) i., 5 (c), 5 (d)
	BP-2 – Presentation of information in relation to specific circumstances	10 (b), 15, 16
	GOV-1 – The 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., 22 (d), 23 (a), 23 (b)
	GOV-2 – Information provided to the company's administrative, management and supervisory bodies and the sustainability aspects addressed by them	26 (a), 26 (b), 26 (c)
	GOV-3 – Integration of sustainability-related performance into incentive systems	29 (a), 29 (b), 29 (c)
	GOV 4 – Statement on due diligence	32
	GOV 5 – Statement on due diligence	36 (a), 36 (b), 36 (c)
	SBM-1 – Strategy, business model and value chain	40 (a) i., 40 (a) ii., 40 (a) iii., 42 (c), AR 12
	SBM-2 – Interest parties' interests and views	45 (a) i., 45 (a) ii., 45 (a) iii., 45 (a) iv., 45 (a) v., 45 (b), 45 (d)
	SBM-3 - Significant impacts, risks and opportunities and their interaction with the 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.
	IRO-1 – Description of processes for identification and assessment of 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 – Disclosure requirements from the ESRS covered by the enterprise sustainability statement	56, 59
MDR-P Policies – Policies adopted to manage significant sustainability issues	65 (a), 65 (b)	

Standard	Disclosure Requirements (DR)	Applicable data points
	Actions MDR-A – Actions and resources in relation to material sustainability matters	72
	<i>Indicators and targets</i>	
	MDR-M – Indicators on significant sustainability aspects	72, 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	ESRS 2 GOV-3 Integrating sustainability-related performance into incentive systems	13
Climate change	E1-1 – Transition plan for climate change mitigation	17
	ESRS 2 IRO-1 – Description of processes for identifying and assessing significant climate-related impacts, risks and opportunities	20 (a), 20 (b) i., 20 (b) ii., 20 (c) i., 20 (c) ii., AR 9 (b), AR 11 (a), AR 11 (c)
	E1-2 – Policies related to climate change mitigation and adaptation	25 (a), 25 (b), 25 (c), 25 (d)
	E1-3 – Actions and resources related to climate change policies	29 (b)
	E1-4 – Climate change mitigation and adaptation targets	33, 34 (c), 34 (d), 34 (e)
	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 (d), 38 (e), 39, 40, 42
	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
ESRS E2		
Pollution	E2-1 – Policies related to pollution	14, 15 (a), 15 (c), AR 11
	E2-2 – Actions and resources related to pollution	18
	E2-3 – Pollution related targets	23 (a), 23 (b), 23 (c), 25

Standard	Disclosure Requirements (DR)	Applicable data points
	E2-4 – Air, water and land pollution	28 (a), 30 (b)
	E2-5 – Substances of concern and substances of very high concern	34, 35
	E2-6 – Anticipated financial effects from pollution-related impacts, risks and opportunities	40 (c), 41
ESRS E4  Biodiversity and ecosystems	E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model	13 (a), 13 (b), 13 (c), 13 (d), 13 (e), 13 (f)
	E4-2 – Policies related to biodiversity and ecosystems	23 (f), 24 (a)
	E4-3 – Actions and resources related to biodiversity and ecosystems	25
	E4-4 – Targets related to biodiversity and ecosystems	32 (a) i., 32 (a) ii., 32 (a) iii., 32 (f)
	E4-5 – Impact indicators related to biodiversity and ecosystem changes	35
	E4-6 – Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	45 (c)
ESRS E5  Resource use and circular economy	E5-1 – Policies related to the use of resources and the circular economy	14
	E5-2 – Actions and resources related to the use of resources and the circular economy	20(f)
	E5-3 – Targets related to resource use and the circular economy	23
	E5-5 – Resource outflows	37 (a), 37 (b) i., 37 (b) ii., 37 (b) iii., 37 (c) i., 37 (c) ii., 37 (c) iii., 37 (d), 38 (a), 38 (b)
	E5-6 – Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	43 (c)



Standard	Disclosure Requirements (DR)	Applicable data points
ESRS S1  Own workforce	S1-1 – Policies related to own labor force	19, 20 (a), 20 (b), 20 (c), 21, 23, 24 (a), 24 (b), 24 (c), 24 (d), AR 13
	S1-2 – Processes for engaging with own workers and worker representatives on impacts	27 (a), 27 (b), 27 (c), 27 (e), 28
	S1-3 – Processes for remediation of negative impacts and channels through which workers can voice their concerns	32 (a), 32 (b), 32 (c), 32 (d), 32 (e), 33
	S1-4 – Adopting measures regarding significant impacts on own workforce and approaches to mitigating significant risks and pursuing significant opportunities related to own workforce, as well as the effectiveness of these actions	38 (a), 38 (b), 38 (c), 38 (d), 40 (a), 40 (b), 41, 43, AR 42
	S1-5 – Targets related to managing significant negative impacts, promoting positive impacts and managing significant risks and opportunities	46, 47 (a), 47 (b), 47 (c)
	S1-6 – Characteristics of the company's employees	50 (a), 50 (b) i., 50 (b) ii., 50 (b) iii., 50 (c), AR 55
	S1-7 – Characteristics of non-salaried workers within the company's own workforce	55 (a)
	S1-8 – Coverage of collective bargaining 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)

Standard	Disclosure Requirements (DR)	Applicable data points
	S1-16 – Remuneration indicators (remuneration difference and total remuneration)	97 (a), 97 (b), AR 100, AR 101 (a)
	S1-17 – Incidents, complaints and serious human rights issues and incidents	102, 103 (a)
ESRS S2  Workers in the value chain	S2-1 Value Chain Workers Policies	17 (a), 17 (b), 17 (c), 18, 19
	S2-2 – Collaborative processes with value chain workers on impacts	22 (b)
	S2-3 – Processes for remediation of negative impacts and channels through which workers in the value chain can voice their concerns	27 (b), 27 (c), 27 (d), 28
	S2-4 – Taking action on significant impacts on value chain workers and approaches to managing significant risks and pursuing significant opportunities related to value chain workers, and the effectiveness of these actions	32 (a), 32 (c), 33 (a), 35, 38
	S2-5 – Targets related to managing significant negative impacts, promoting positive impacts and managing significant risks and opportunities	42 (a)
ESRS S3  Affected communities	S3-1 – Policies related to affected communities	16 (a), 16 (b), 16 (c), 17
	S3-2 – Collaborative processes with affected communities regarding impacts	21 (a), 21 (b)
	S3-3 – Processes to remediate negative impacts and channels through which affected communities can voice their concerns	27 (a), 27 (b), 27 (c), 27 (d)
	S3-4 – Taking action on significant impacts on affected communities and approaches to managing significant risks and pursuing significant opportunities related to affected communities, and the effectiveness of these actions	32 (a), 32 (b), 32 (c), 34 (a), 34 (b), 35, 36, 38

Standard	Disclosure Requirements (DR)	Applicable data points
	S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	41
ESRS S4  Consumers and end users	S4-1 – Consumer and End User Policies	17
	S4-2 – Processes for collaboration with consumers and end users on impacts	20 (a), 20 (b), 20 (d), 21
	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 – Taking measures regarding significant impacts on consumers and end-users and approaches to managing significant risks and pursuing significant opportunities related to consumers and end-users, and the effectiveness of these measures	30, 31 (a), 31 (b), 31 (c), 31 (d), 34, 35
	S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	40
ESRS G1  Professional conduct	G1-1 – Corporate culture and policies on professional conduct and corporate culture	10 (a), 10 (c) i., 10 (c) ii., 10 (e), 10 (g), 10 (h)
	G1-2 – Supplier relations management	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)
	G1-6 – Payment practices	33 (a), 33 (b), 33 (c), 33 (d)

## The minimum requirement for presenting information on policies and actions

### Policies adopted to manage significant sustainability issues

#### *MDR-P Policies*

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

The policies and actions required for each material topic (relevant ESRS topic) are presented in ESRS report sections E1-E5, S1-S4, and G1. If no policies or actions have been adopted, the company has stated this and would present a time frame in which it intends to adopt these.

### Actions and resources regarding significant sustainability issues

#### *MDR-A Actions*

Actions required for each material topic (relevant ESRS topic) are presented in ESRS report sections E1-E5, S1-S4, and G1. If applicable, specify whether the implementation of an action plan requires significant operational expenditure (OPEX) and/or significant capital expenditure (CAPEX) in Annex 1 of the taxonomy report, where the amount of current financial resources is provided and explain how they relate to the most relevant values presented in the financial statements.

During 2023, the Company did not resort to sustainable financing instruments such as green bonds, social bonds and green loans.

## Indicators and targets

### Indicators regarding significant sustainability aspects

#### *MDR-M*

Indicators and targets regarding significant sustainability aspects are presented in the sections of the report (ESRS E1-E5, S1-S4, and G1), which are allocated to each material topic (relevant ESRS topic). If there are no adopted indicators and targets,

SNTGN Transgaz SA presents the reasons why they were not adopted and can present a time frame in which it intends to adopt them.

The indicators are also presented in the section of the report - 1.6 List of presentation requirements, which centralizes the material topics, presentation requirements and material/significant data points, related to the material topics and the indicators that SNTGN Transgaz SA uses to evaluate the performance and effectiveness of regarding topics with significant impact, risk or opportunity.

### Tracking the effectiveness of policies and actions through targets

#### *MDR-T*

SNTGN Transgaz SA monitors the effectiveness of its actions to address significant impacts, risks and opportunities, through annual performance monitoring and reporting in the sustainability report, including the performance on the indicators it uses for this purpose presented in the section of the report - Presentation requirements of ESRS information covered by the corporate sustainability statement.

SNTGN Transgaz SA 's performance, indicators and targets for each material topic (relevant ESRS topic) are detailed in ESRS report sections E1-E-6, S1-S4, and G1. If no targets that are measurable, results-oriented, and time-bound have been adopted, the time frame in which SNTGN Transgaz SA intends to adopt them is presented, in the sections of the report related to ESRS E1-E-6 and S1-S4, and G1, including cases if such targets would not be set and the reasons why the enterprise would not intend to set such targets. Report indicates whether and how the effectiveness of policies and actions related to each material topic is monitored.

## Data points arising from other EU legislation

Data points arising from other EU legislation related to this report are included in the table below:



Disclosure requirement and related data point	SFDR reference <sup>8</sup>	Pillar 3 reference <sup>9</sup>	Benchmarks regulation reference <sup>10</sup>	EU Climate regulation reference <sup>11</sup>
	<b>Not the case</b>	<b>Not the case</b>		
ESRS 2 GOV-1 Gender diversity in management bodies point 21 letter (d)	Indicator nr. 13 from table 1 from annex 1	-	Delegated regulation (EU) 2020/1816 of The Commission <sup>12</sup> , Annex II	-
ESRS 2 GOV-1 The percentage of members within the management bodies who are independent point 21 letter (e)	-	-	Delegated regulation (EU) 2020/1816, Annex II	-
ESRS 2 GOV-4 Statement regarding the due diligence process point 30	Indicator nr. 10 from table 3 from annex 1			
ESRS E1-4 Greenhouse gas emission reduction targets point 34	Indicator nr. 4 from table 2 from annex 1	article 449a Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453 Model 3: Banking portfolio - Climate change transition risk: alignment indicators	Delegated regulation (EU) 2020/1818, article 6	

<sup>8</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability information in the financial services sector (OJ L 317, 9.12.2019, p. 1).

<sup>9</sup> Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 regarding prudential requirements for credit institutions and investment companies and amending Regulation (EU) no. 648/2012 (Regulation on capital requirements, "CRR") (OJ L 176, 27.6.2013, p. 1).

<sup>10</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>11</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 Law") (OJ L 243, 9.7.2021, p. 1).

<sup>12</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 statement of how environmental factors are reflected, social and governance in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

Disclosure requirement and related data point	SFDR reference <sup>8</sup>	Pillar 3 reference <sup>9</sup>	Benchmarks regulation reference <sup>10</sup>	EU Climate regulation reference <sup>11</sup>
ESRS E1-5 Fossil energy consumption disaggregated by source (high climate impact sectors only) point 38	Indicator nr. 5 from table 1 and Indicator nr. 5 from table 2 from annex 1			
ESRS E1-5 energy consumption and energy mix point 37	Indicator nr. 5 from table 1 from annex 1			
ESRS E1-5 Energy intensity associated with activities in sectors with a high impact on the climate paragraphs (40)-(43)	Indicator nr. 6 from table 1 from annex 1			
ESRS E1-6 Gross values from 1, 2, 3 and total GHG emissions point 44	Indicatorii nr. 1 and nr. 2 from table 1 from annex 1	Article 449a of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453 Model 1: Banking portfolio - Climate change transition risk: credit quality of exposures by sector, emissions and residual maturity	Delegated regulation (EU) 2020/1818, article 5 paragraph (1), article 6 and article 8 paragraph (1)	

Disclosure requirement and related data point	SFDR reference <sup>8</sup>	Pillar 3 reference <sup>9</sup>	Benchmarks regulation reference <sup>10</sup>	EU Climate regulation reference <sup>11</sup>
ESRS E1-6 Intensity of gross GHG emissions paragraphs (53)-(55)	Indicator nr. 3 from table 1 from annex 1	Article 449a of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453 Model 3: Banking portfolio - Climate change transition risk: alignment indicators	Delegated regulation (EU) 2020/1818, article 8 paragraph (1)	
ESRS E1-7 GHG absorptions and carbon credits point 56				Regulamentul (EU) 2021/1119, article 2 paragraph (1)
ESRS E1-9 Benchmark portfolio exposure to climate-related physical risks point 66			Delegated regulation (EU) 2020/1818, Annex II Delegated regulation (EU) 2020/1816, Annex II	
ESRS E1-9 Breakdown of monetary values according to acute and chronic physical risk point 66 letter (a) ESRS E1-9 Location of significant assets that are subject to significant physical risk point 66 letter (c).		Article 449a of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; Model 5: Banking portfolio - Physical risk related to climate change: exposures subject to physical risk.		

Disclosure requirement and related data point	SFDR reference <sup>8</sup>	Pillar 3 reference <sup>9</sup>	Benchmarks regulation reference <sup>10</sup>	EU Climate regulation reference <sup>11</sup>
ESRS E1-9 Splitting of book value of real estate assets according to energy efficiency classes point 67 letter (c).		Article 449a of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453 point 34; Form 2: Banking portfolio - Climate change transition risk: Loans secured by real estate - Collateral energy efficiency.		
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities point 69			Delegated regulation (EU) 2020/1818, Annex II	
ESRS E2-4 The quantity of each pollutant listed in Annex II to the E-PRTR Regulation (European Register of Pollutants Released and Transferred) emitted into air, water and land point 28	Indicator nr. 8 from table 1 from annex 1 Indicator nr. 2 from table 2 from annex 1 Indicator nr. 1 from table 2 from annex 1 Indicator nr. 3 from table 2 from annex 1			
ESRS E3-1 Water and marine resources point 9	Indicator nr. 7 from table 2 from annex 1			
ESRS E3-1 Specific policy point 13	Indicator nr. 8 from table 2 from annex 1			



Disclosure requirement and related data point	SFDR reference <sup>8</sup>	Pillar 3 reference <sup>9</sup>	Benchmarks regulation reference <sup>10</sup>	EU Climate regulation reference <sup>11</sup>
ESRS E3-4 Total recycled and reused water point 28 letter (c)	Indicator nr. 6.2 from table 2 from annex 1			
ESRS E3-4 The total consumption of water consumed in cubic meters per net income from own operations point 29	Indicator nr. 6.1 from table 2 from annex 1			
ESRS 2- IRO 1 - E4 point 16 letter (a) point (i)	Indicator nr. 7 from table 1 from annex 1			
ESRS 2- IRO 1 - E4 point 16 letter (b)	Indicator nr. 10 from table 2 from annex 1			
ESRS 2- IRO 1 - E4 point 16 letter (c)	Indicator nr. 14 from table 2 from annex 1			
ESRS E4-2 Sustainable land/ agricultural practices or policies point 24 letter (b)	Indicator nr. 11 from table 2 from annex 1			
ESRS E5-5 Unrecycled waste point 37 letter (d)	Indicator nr. 13 from table 2 from annex 1			
ESRS E5-5 Dangerous and radioactive waste point 39	Indicator nr. 9 from table 1 from annex 1			
ESRS S1-1 Human rights policy commitments paragraph (20)	Indicator nr. 9 from table 3 and Indicator nr. 11 from table 1 from annex 1			

Disclosure requirement and related data point	SFDR reference <sup>8</sup>	Pillar 3 reference <sup>9</sup>	Benchmarks regulation reference <sup>10</sup>	EU Climate regulation reference <sup>11</sup>
ESRS S1-1 Due Diligence Policies on Matters Addressed by Fundamental Conventions 1-8 of the International Labor Organization paragraph (21)			Delegated regulation (EU) 2020/1816, Annex II	
ESRS S1-1 Processes and measures to prevent human trafficking point 22	Indicator nr. 11 from table 3 from annex I			
ESRS S1-1 The workplace accident prevention policy or their management system point 23	Indicator nr. 1 from table 3 from annex I			
ESRS S1-3 complaint/ complaint resolution mechanisms point 32 letter (c)	Indicator nr. 5 from table 3 from annex I			
ESRS S1-14 The number of deaths and the number and rate of work-related accidents point 88 literale (b) and (c)	Indicator nr. 2 from table 3 from annex I		Delegated regulation (EU) 2020/1816, Annex II	
ESRS S1-16 Gender pay gap in unadjusted form point 97 letter (a)	Indicator nr. 12 from table 1 from annex I		Delegated regulation (EU) 2020/1816, Annex II	

Disclosure requirement and related data point	SFDR reference <sup>8</sup>	Pillar 3 reference <sup>9</sup>	Benchmarks regulation reference <sup>10</sup>	EU Climate regulation reference <sup>11</sup>
ESRS S1-16 An excessive level of the ratio between the remuneration of the CEO and that of the workers point 97 letter (b)	Indicator nr. 8 from table 3 from annex I			
ESRS S1-17 Discrimination incidents point 103 letter (a)	Indicator nr. 7 from table 3 from annex I			
ESRS S1-17 Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines point 104 letter (a)	Indicator nr. 10 from table 1 and Indicator nr. 14 from table 3 from annex I		Delegated regulation (EU) 2020/1816, Annex II at the Delegated regulation (EU) 2020/1818, article 12 paragraph (1)	
ESRS 2- SBM3 – S2 Significant risk of child labor or forced labor in the value chain point 11 letter (b)	Indicators nr. 12 and nr. 13 from table 3 from annex I			
ESRS S2-1 Human rights policy commitments point 17	Indicator nr. 9 from table 3 and Indicator nr. 11 from table 1 from annex 1			
ESRS S2-1 Policies on workers in the value chain point 18	Indicators nr. 11 and nr. 4 from table 3 from annex 1			
ESRS S2-1 Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines point 19	Indicator nr. 10 from table 1 from annex 1		Delegated regulation (EU) 2020/1816, Annex II at the Delegated regulation (EU) 2020/1818, article 12 paragraph (1)	

Disclosure requirement and related data point	SFDR reference <sup>8</sup>	Pillar 3 reference <sup>9</sup>	Benchmarks regulation reference <sup>10</sup>	EU Climate regulation reference <sup>11</sup>
ESRS S2-1 Due Diligence Policies on Matters Addressed by Fundamental Conventions 1-8 of the International Labor Organization point 19			Delegated regulation (EU) 2020/1816, Annex II	
ESRS S2-4 Human rights issues and incidents related to its upstream and downstream value chain point 36	Indicator nr. 14 from table 3 from annex 1			
ESRS S3-1 Human rights policy commitments point 16	Indicator nr. 9 from table 3 from annex 1 and Indicator nr. 11 from table 1 from annex 1			
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 nr. 10 from table 1 from annex 1		Delegated regulation (EU) 2020/1816, Annex II at the Delegated regulation (EU) 2020/1818, article 12 paragraph (1)	
ESRS S3-4 Human rights issues and incidents point 36	Indicator nr. 14 from table 3 from annex 1			
ESRS G1-1 United Nations Convention against Corruption point 10 letter (b)	Indicator nr. 15 from table 3 from annex 1			

Disclosure requirement and related data point	SFDR reference <sup>8</sup>	Pillar 3 reference <sup>9</sup>	Benchmarks regulation reference <sup>10</sup>	EU Climate regulation reference <sup>11</sup>
ESRS G1-1 Whistleblower protection point 10 letter (d)	Indicator nr. 6 from table 3 from annex 1			
ESRS G1-4 Fines for violating anti-corruption and anti-bribery laws point 24 letter (a)	Indicator nr. 17 from table 3 from annex 1		Delegated regulation (EU) 2020/1816, Annex II	
ESRS G1-4 Anti-corruption and anti-bribery standards point 24 letter (b)	Indicator nr. 16 from table 3 from annex 1			





# ESRS E1

## CLIMATE CHANGE

### Climate change

#### Strategy

#### Transition plan for climate change mitigation

##### ESRS E1-1

SNTGN Transgaz SA, as the natural gas transmission operator in Romania, holds a pivotal role in the decarbonization of the country's entire energy system. To this end, in December 2023, SNTGN Transgaz SA formulated its Climate & Decarbonization Strategy to align with both national and international climate policy mandates and regulations.

The decarbonization strategy is in compliance with climate change regulations at both the national and international levels, as well as broader environmental management standards. The strategy encompasses:

- An evaluation of the carbon footprint resulting from current operational processes;
- Short- and medium-term goals for quantitative emission reduction, including high-level proposed actions and the necessary measures to achieve these targets;
- Long-term decarbonization pathways;
- An explanation of the role of compensations and their influence on stakeholders;
- A stakeholder engagement plan that outlines SNTGN Transgaz SA's potential collaborations with stakeholders, both downstream and upstream of the natural gas transmission system, in projects aimed at decarbonization;

- Essential actions required by SNTGN Transgaz SA to comply with national and international climate-related directives, such as the National Integrated Plan for Energy and Climate Change.

The climate strategy outlines a range of the most pertinent physical and transition risks relevant to SNTGN Transgaz SA's assets in Romania and evaluates measures for mitigating climate change. This analysis encompasses all SNTGN Transgaz SA activities without focusing on any specific location or project. The climate strategy includes:

- A comprehensive climate vulnerability assessment for SNTGN Transgaz SA and its key stakeholders;
- Required actions to ensure SNTGN Transgaz SA's compliance with the EU Taxonomy and the CSRD Directive, as well as the stipulations set forth in the European Investment Bank's (EIB) alignment framework with the Paris Agreement (referred to as PATH);
- An evaluation of investment necessities, potential sources of investment, and their eligibility.

The objectives outlined in the Decarbonization Strategy aim to reduce greenhouse gas (GHG) emissions, using the year 2020 as a reference point. These targets are defined for the short term (up to 2030), medium term (by 2040), and long term (by 2050). The achievement of these targets is expected to contribute significantly to keeping the global temperature rise well below 2°C above pre-industrial levels, in line with the reduction goals set by SNTGN Transgaz SA for 2030.

**Targets for the reduction of GHG emissions in the short, medium and long term compared to the base year 2020**

Scope	Targets 2030	Targets 2040	Targets 2050
Scope 1*	30%	40%	
Scope 2**	70%	90%	90%
Scope 3***	20%	30%	

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

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

\*\*\* For Scope 3 the following categories are considered as sources of emissions: purchased goods and services, generated waste, work trips and employee commuting.

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 concerns the preparation

of the infrastructure (pipelines, compression stations, regulation measurement stations, auxiliary equipment, etc.) in order to transport large quantities of alternative fuels, such as biomethane or hydrogen.

**Summary of the proposed measures for emission reduction within the decarbonization strategy**

Measure – Short term	Measure – Medium term	Measure – Long term
Leak Detection and Repair (LDAR) implemented on a regular basis, according to EN 15446, US EPA’s Method 21 and OGMP Level 5	Use of hot-tapping technique for pipeline connections and Recovery of blowdown gas at compressor stations using stationary compressors	Use of the gas in-line recompression technology, to recompress gas instead of venting it during maintenance/ construction works on the network
Reduce pipeline pressure at the lowest possible level to reduce gas flow rate from leaks, compatibly with National Grid Code	Replace diesel with biodiesel as fuel for emergency generator sets	Recover NG/N2 mixture currently flared in compressor stations and reuse it in boilers used for gas heating
Replace devices with high losses, if present, to reduce methane emissions from the network	Convert potential energy of compressed gas at delivery plants, where pressure drop and gas flow are high (expanders).	Replace part of natural gas used in turbo-compressors and boilers for gas heating with biomethane or hydrogen
Implement an Energy Monitoring System of all plants (both consumption and production) taking advantage of the existing SCADA	Replace heating solutions/ processes based on natural gas combustion with electric heat pumps fed with electricity 100% from renewable sources, or where applicable with cogeneration based on heat demand, if possible, using biogas, or mixture of natural gas and hydrogen	Install power recovery systems based on ORC modules or conventional steam cycles, able to produce electricity from thermal energy available in turbo-compressor exhaust gases

Measure – Short term	Measure – Medium term	Measure – Long term
Purchase electricity certified from renewable sources	Implement CO <sub>2</sub> SCS (Separation, Compression and Sequestration/ Storage), or selling CO <sub>2</sub> to industry	Replace existing vehicles using diesel/ gasoline with electric vehicles, charged using electricity 100% from renewable sources, or supply existing vehicles with biodiesel and bioethanol
Install photovoltaics at company sites	Put into operation the wind turbine in SRM Navodari, and install new ones in other proper locations	Actions to reduce GHG emissions associated to employees' commuting
Actions to reduce GHG emissions associated to purchased goods and services	Implement energy efficiency actions on company assets to reduce electricity and heat consumption	Actions to reduce GHG emissions associated to business trips
		Offsetting residual GHG emissions through the purchase of certificates corresponding to verified emission reduction projects from the market (after implementation of other actions, only if the result does not ensure that the proposed targets are met).

The implementation of these measures will significantly contribute to the decarbonization of the natural gas transportation activities carried out by SNTGN Transgaz SA in the short, medium and long term, when gas will still represent a transitional fuel.

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

1. Identification of climate model variations;
2. Description of specific climatic changes;
3. Estimation of the associated impacts resulting from these changes
4. Assessment of physical and transition risks;
5. Proposal of adaptation measures for the Company to consider in response to potential future climate scenarios (extending up to the year 2100);
6. Assessment of residual risk and potential financial implications.

The Climate and Decarbonization Strategy (comprised of 6 documents) was finalized in December 2023.

- Report 1 - Baseline Assessment Report
- Report 2 - Short-Term Decarbonization Action Plan
- Report 3 - High-level Action Plan for medium- and long-term decarbonization
- Report 4 - SNTGN Transgaz SA's decarbonization strategy including the Stakeholder Engagement Plan
- Report 5 - High-Level Assessment of Climate Vulnerability
- Report 6 - Short-, Medium- and Long-Term Investment Plan

The Plan of action for the implementation of the measures established in the strategy adopted in order to decarbonize the activities of SNTGN Transgaz SA is to be developed and approved in 2024. It will include structures with responsibilities, responsible persons and deadlines and will be subject to approval at the level of the Board of Directors.

Reports made by SNTGN Transgaz SA to the authorities and other obligations, established according to the requirements of national legislation - Law no. 121/2014 on energy efficiency, with subsequent amendments and additions (aligned with European directives and regulations):

- Declaration of total annual energy consumption and the energy analysis questionnaire of the energy consumer (Appendix 2 and 3) – submitted annually, by June 30 of each year;
- Energy efficiency improvement program that includes short-, medium- and long-term measures - submission deadline September 30.

Additionally, according to the requirements of the national legislation, the following actions were taken at SNTGN Transgaz SA:

- Carrying out energy audit missions, once every 4 years, on an energy consumption outline 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 was appointed, certified by the Ministry of Energy or the National Energy Regulatory Authority, within the validity period of the certificate, according to the legislation in force, or to conclude an energy management contract with a natural person certified by the Energy Efficiency Directorate, who has the status of an authorized natural person, or with a legal entity providing energy services, certified under the law; - Department of Energy Management, Automation and Scada - Head of energy service.





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

*SBM-3, IRO-1*

SNTGN Transgaz SA adopts a forward-looking management style for its risk management process, which anticipates risk factors that may arise due to changes in the internal or external context in which the company operates, including environmental, social, and governance factors.

All SNTGN Transgaz SA 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 by both increasing the likelihood of achieving objectives in an efficient and effective manner, and by reducing the negative impact of operational activities on the environment, while simultaneously intensifying positive effects for people and nature.

In the Risk Register, at company level, the physical risk RS11 was identified: SNT can be exposed to a series of natural climatic and geological hazards: earthquakes, floods, landslides, extreme temperatures, massive snowfalls – rated at medium level.

The climate and climate vulnerability assessment investigates both physical and transition risks and

provides an evaluation of adaptation measures to mitigate the impact of climate change. After assessing the effect of climate pattern variations and adaptation measures, the residual risk is estimated. The residual risk represents the risk that remains after efforts have been made to identify and eliminate some or all types of risk. The climate change assessment focuses on analyzing climate models in Romania, including observed trends for temperature, precipitation, drought, wind, and dangerous climate phenomena in recent years and projections for the coming decades, up to 2100.

Climate-related risks are defined - in accordance with IPCC recommendations - as the potential negative consequences of the effects of climate change on people's lives, livelihoods, and health, as well as on ecosystems and biological resources, structures, infrastructure, and services. Additionally, it is worth mentioning that the analysis is conducted considering climate change scenarios up to 2100, in line with the operational lifespan of the infrastructure.

Specifically, it has been found that, in the long term, the Company's assets may be affected by the predicted increase in average annual temperatures and the decrease in precipitation, as well as by the increase in the number and intensity of extreme events (especially events with high and medium risk levels). To assess risks, an approach based on a risk matrix is used. The risk matrix consists of three components: hazard, exposure, and vulnerability.





### Physical risks and potential financial risks

Climate-related hazard	Hazard	Hazard level	Exposure level	Vulnerability level	Physical risk	Adaptation measure	Residual physical risk	Potential financial risk
					Acute			
Temperature-related	Extreme heat event	Medium	Medium	Medium	Medium	Adequate design to prevent the potential effects of these acute phenomena. Additional provision of equipment to compensate for acute temperature rise phenomena. Preventive maintenance to keep surface pipelines, buildings, components and equipment in working order. Procedures and qualified personnel to ensure manual control intervention where control equipment is affected by extreme heat. Implement a worker health awareness program to educate workers (and contractors) about the importance of drinking water and identifying early signs of heat stroke/dehydration.	Low	Low
Water-related	Extreme precipitation events	Low	Medium	Low	Low	Concept protection, preventive maintenance, conservation treatment. Means of intervention and equipment to deal with extreme rainfall. Insurance policies covering weather damage (including extreme events) Availability of spare parts / components in sufficient quantity.	Very low	Very low
	Drought	Low	Low	Low	Low	Availability of water resources that can be used during drought. Availability of spare parts / components in sufficient quantity.	Very low	Very low

Climate-related hazard	Hazard	Hazard level	Exposure level	Vulnerability level	Physical risk	Adaptation measure	Residual physical risk	Potential financial risk
	Flooding	Low	Low	Low	Low	Availability of water resources that can be used during drought. Availability of spare parts / components in sufficient quantity.	Medium	Low
Wind-related	Extreme wind phenomena Storms, hurricanes, cyclones	Low	Low	Low	Low	Upstream walls and obstacles, protective fences. Appropriate means of intervention and equipment. Procedures and qualified personnel to ensure manual control intervention where control equipment is affected by extreme winds. Insurance covering damage caused by weather conditions (including extreme phenomena)	Very low	Very low
Solid mass-related	Extreme mass movement Landslides, avalanches, subsidence	Medium	High	High	High	Adequate design to prevent the potential effects of these phenomena. Increased use of sonar to monitor ground movements.	Medium	Low
Wildfires	Fire type changes	Low	Low	Low	Low	Appropriate design by choosing solutions that increase the protection of above-ground facilities against natural fires (premises made of materials that prevent the spread of fire in the premises and the provision of fire detection and intervention facilities in accordance with regulatory requirements). Physical protection areas with periodic maintenance. Ensuring that emergency services are adequately trained to respond to bushfires.	Very low	Very low

Climate-related hazard	Hazard	Hazard level	Exposure level	Vulnerability level	Physical risk	Adaptation measure	Residual physical risk	Potential financial risk
					Chronic			
Temperature-related	Average temperature variation	Low	Low	Low	Low	Elaboration of emergency intervention plans specific to extreme heat events. This should include procedures for monitoring and forecasting high temperature conditions (using forecast data provided by relevant institutes - INMH), identifying triggers and establishing communication protocols. Implementation of heat-resistant materials, improved cooling systems.	Very low	Very low
Water-related	Changes in average precipitation	Very low	Very low	Very low	Very low	Procedures to minimize water consumption.	Very low	Very low



Climate-related hazard	Hazard	Hazard level	Exposure level	Vulnerability level	Physical risk	Adaptation measure	Residual physical risk	Potential financial risk
Wind-related	Changes in average wind values	Low	Low	Low	Low	Adequate design to prevent potential wind effects Implement wind monitoring systems and keep abreast of weather forecasts to track changes in wind patterns and anticipate potential risks. Protection by design, safeguards. Insurance policies covering weather damage (including extreme events) Availability of spare parts / components in sufficient quantity.	Very low	Very low
Solid mass-related	Erosion	Very low	Low	Low	Low	Protection by design, safeguards. Insurance policies covering weather damage (including extreme events) Availability of spare parts / components in sufficient quantity.	Very low	Very low





The assessment of risks and opportunities related to climate transition was conducted in accordance with the requirements of Principle 2 of the Equator Principles – EP4<sup>13</sup>. The transition risk assessment was based on climate change scenarios for future medium-term horizons, considering the ‘Net Zero 2050’ scenario as the ‘favorable scenario,’ in line with the goals of the Paris Agreement and the recommendations of the IPCC, and the ‘nationally determined contributions’ scenario as the ‘reasonable worst-case scenario.’

Furthermore, in developing the Strategy, the basic requirements defined in the SBTi (Science Based Targets initiative) 2020 guidance project for companies in the oil, gas, and integrated energy sector were considered, although this project does not include activities in the category of Pure Players in natural gas transportation, which SNTGN Transgaz SA falls under. Although no official methodology for the Oil & Gas sector had been published at the time of the study’s preparation, it is considered that for this sector, all objectives defined up to 15 years from the year of application can be considered short-term objectives. According to SBTi, the objectives related to Scope 1 and Scope 2 must be in line with the level of decarbonization necessary to keep the global temperature increase to 1.5°C compared to pre-industrial temperatures.

By using the Absolute Contraction Approach (ACA) and the SBTi’s short-term target setting tool, it was possible to identify the absolute target that must be met to be in line with the 1.5°C scenario. Considering

the year 2020 as the reference year and the year 2030 as the target year, the absolute GHG emissions reduction target is 42% for both Scope 1 and Scope 2.

Regarding Scope 3 emissions, the SBTi criteria state that, at a minimum, short-term Scope 3 targets must be aligned with methods compatible with the level of decarbonization necessary to keep the global temperature increase well below 2°C compared to pre-industrial temperatures. For Scope 3 GHG emissions related to selected categories, the tool has set an absolute emission reduction target of 25% to be in line with the well-below 2°C scenario and 42% to be in line with the 1.5°C scenario.

For targets covering more than 15 years from the date of submission, SBTi is currently considering the net-zero scenario, encouraging companies to come as close as possible to the condition of carbon dioxide emission neutrality and leading to a reduction of emissions from Scope 1, 2, and 3 by at least 90% in absolute terms.

The nationally determined contribution scenario assumes that the moderate and heterogeneous climate ambition reflected in the conditional NDCs at the beginning of 2021 continues throughout the 21st century (low transition risks). Emissions are falling, but still lead to 2.6°C warming associated with moderate to severe physical risks.

Also, in accordance with TCFD (Task Force on Climate Financial Information) recommendations, transition risks were assessed according to four main aspects: political and legal, technology, market, reputation.



<sup>13</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)



Transition trend	Potential risk	Potential financial impact	Adaptation measures and management actions	Residual financial impact	
				Favorable scenario	Reasonable worst case scenario
<b>Political and legal risks</b>					
<b>Increasingly strict efficiency regulations, emission limits and circularity requirements, along with higher carbon prices</b>	High level of taxation for greenhouse gas emissions	Increase in operating costs	<p>Making an allowance for the possible introduction of GHG taxes and insurance costs, as well as for demand reduction, in financial models for estimating investment efficiency and cost planning.</p> <p>Timely identification of changes in regulatory requirements already in their preparation phase.</p> <p>Strategic planning and appropriate control of greenhouse gas emissions (using all reasonable tools).</p> <p>Preparation, verification and periodic publication of reports on GHG emissions.</p>	L	M
	Possible lawsuits for high GHG emissions	Rising natural gas costs		L	M
	Electricity dispatch regulations	Decrease in demand for electricity from non-renewable sources		M	H
	Reporting obligations	Decrease in company revenue		L	L
<b>Technological risks</b>					
<b>Changes in consumer preferences, competition from low-carbon products, market disruptors (e.g. innovations in design, materials, services) and new business models (e.g. retail or subscription market, rental or leasing)</b>	Declining demand for technologies based on natural gas fuels due to preference for other products and energy sources with lower greenhouse gas emissions	Decrease in the market value of the Company	<p>Periodic market studies to identify new emerging technologies or consumer preferences for different energy sources and products.</p> <p>Development of multi-factor financial models for effective cost management.</p> <p>Effective production management with control of improvement opportunities.</p> <p>Taking research results into account in company management and planning.</p> <p>Research and development with a preliminary assessment of costs and risks.</p>	L	M
	New technologies for natural gas production and storage	Installed equipment quickly becomes obsolete		L	M
	The need to transition to technologies with lower GHG emissions	Capital costs of transitioning to technologies with lower greenhouse gas emissions		M	M
	Failed investments in new technologies	Process optimization costs		L	M
		Research and development costs			

Transition trend	Potential risk	Potential financial impact	Adaptation measures and management actions	Residual financial impact	
				Favorable scenario	Reasonable worst case scenario
<b>Market risks</b>					
<b>Competition from low-carbon technologies</b>	Uncertainty about market trends	Poor management efficiency due to inaccurate forecasting of natural gas demand	Periodic market research to identify new emerging natural gas consumption technologies or consumer preferences for different energy sources	L	M
	Changes in consumer behavior regarding energy use and services	Decrease in demand for natural gas Decrease in Company revenues		L	M
<b>Reputational risks</b>					
<b>Increasing expectations for responsible conduct from stakeholders, including investors, creditors, consumers and workers</b>	Stakeholders' negative attitude towards the unchanged level of GHG emissions	Strict requirements for publishing the Company's GHG management reports Limited access to foreign investment Increased requirements on GHG emissions where foreign investments are involved Difficulties in recruiting staff	Planning and evaluating effective external investments Strategic planning and appropriate control of greenhouse gas emissions (using all reasonable tools). Preparation, verification and periodic publication of reports on greenhouse gas emissions.	L	M
	Negative public perception of the oil and natural gas industry			L	M

In the investment plan, 22 measures were established (7 short-term, 7 medium-term and 8 long-term), and their implementation will contribute to the reduction of greenhouse gas emissions. In the short-term phase (2030), with an allocated investment of over 16.2 million euros, SNTGN Transgaz SA 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 euros to achieve an additional reduction in GHG emissions of 12,456 tCO<sub>2</sub>/year. Looking to the long-term horizon, up to 2050, an additional investment commitment of €18.6 million is estimated to lead to an additional GHG emission reduction of 37,723 tCO<sub>2</sub>/year.

## Integration of sustainability-related performance in incentive schemes

### GOV-3

At SNTGN Transgaz SA, the policy and remuneration criteria of the Administrators, the Director General and the Economic Director of SNTGN Transgaz SA were developed, approved at the level of the Board of Directors by HCA no. 3/27.04.2021. Remuneration policy and criteria for the Administrators of the Director General and the Economic Director of SNTGN Transgaz SA.

Based on the remuneration policy, performance indicators (14 indicators) were established for granting the variable component established for the members of the Board of Directors, the director general and the financial director, which take into account the following components:

- financial component;
- operational component: monitoring the implementation of the investment and implementation 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 transport and system service, optimizing the internal control system /managerial, Optimizing the risk management process, Timely reporting of performance indicators, monitoring the implementation of internal measures to align with the requirements of the National Anti-Corruption Strategy 2021-2025.

In the 2023 reporting year, there were no specific indicators with reference to climate-related considerations in the remuneration of SNTGN Transgaz SA management members.

## Policies related to climate change mitigation and adaptation

### ESRS E1-2

Since the Climate and Decarbonization Strategy was developed at the end of 2023, SNTGN Transgaz SA has not yet adopted a plan for its implementation. Such a policy will be developed during 2024. The company is in the analysis stage in order to align the business strategy with the new legislative

requirements in the field of sustainability.

However, SNTGN Transgaz SA has established an integrated management policy to systematically achieve performance in the field of quality, environment, safety and health in work and energy , through which the company undertakes to ensure, among others, also:

- Prevention of pollution by reducing emissions, promoting and implementing the best available techniques for adapting to climate change and mitigating its effects.
- Continuous improvement of energy performance, acting in a sustainable way to reduce the consumption of electricity and fuels used in SNTGN Transgaz SA activities.
- Taking into account the improvement of energy performance in new projects and investments.

Current policies and procedures include:

- compliance with local/national legal requirements in the environmental field
- implementation of ISO 14001 - the recognized international standard for the implementation and maintenance of environmental management systems (EMS). The standard allows SNTGN Transgaz SA to integrate environmental management practices by supporting environmental protection, preventing pollution, minimizing the amount of waste generated by the ongoing activity, as well as reducing the consumption of energy and materials;
- initiating steps to implement ISO 50001 – is the international standard that specifies the requirements for establishing, implementing, maintaining and improving an energy management system (EnMS), with the aim of creating the conditions to achieve continuous improvement of energy performance, which includes energy efficiency, energy use and energy consumption.

The Deputy General Director - Leahu Mihai Leontin is the person appointed within SNTGN Transgaz SA with the highest level in the organization responsible for the implementation of climate change policies.

<sup>14</sup> <https://www.transgaz.ro/ro/activitati/sistemul-de-management-integrat-calitate-mediu-ssm/declaratia-de-politica>

## Actions and resources in relation to climate change policies

### ESRS E1-3

At the company level, measures are to be adopted to establish an action plan for the implementation of the short-, medium- and long-term investment plan established in the Climate and Decarbonization Strategy of SNTGN Transgaz SA, a document that

was finalized in December 2023. The transition plan was defined/established in the Climate and Decarbonization Strategy of SNTGN Transgaz SA and the implementation and approval are to be initiated in 2024, with the appropriate highlighting in the financial statements. It will include structures with responsibilities, responsible persons and deadlines and will be subject to approval at the Board of Directors level.

Measure – short term (2030)	Proposed CAPEX* €	Costs (-) or savings (+) €/an	Reduction of greenhouse gas emissions tCO <sub>2</sub> e/an	Costs per unit of avoided CO <sub>2</sub> e emissions €/tCO <sub>2</sub> e
Leak Detection and Repair (LDAR) implemented on a regular basis, according to EN 15446, US EPA's Method 21 and OGMP Level 5	-	- 1,600,000	22,385	71
Reduce pipeline pressure at the lowest possible level to reduce gas flow rate from leaks, compatibly with National Grid Code.	200,000	-	2,239	4.5
Replace devices with high losses, if present, to reduce methane emissions from the network	9,000,000	-	18,655	
Implement an Energy Monitoring System of all plants (both consumption and production) taking advantage of the existing SCADA	800,000	186,000	879	-166
Purchase electricity certified from renewable sources	-	- 117,000	1,200	98
Install photovoltaics at company sites	6,174,000	765,000	942	-474
Actions to reduce GHG emissions associated to purchased goods and services	n.e.	n.e.	3,900	n.e.

\*the value of investments for 2023 are presented in annex 1 regarding the Taxonomy

Reduction of GHG emissions achieved	emissions	NA. The implementation of the strategy and the establishment of the investment plan will start from 2024
Expected reduction of GHG emissions	emissions	See the table above (forecasted annual reductions) after the implementation of all measures

Emissions		2020	2021	2022	2023
Natural gas emissions	mc	4,162,813	3,251,688	2,674,807	2,862,165
GHG emissions (Scope 1+ Scope 2*)	tCO <sub>2</sub>	94,553.82	92,380.67	81,963.81	<b>99,914.900</b>
Ration CO <sub>2</sub> emissions/energy consumed	tCO <sub>2</sub> /MWh	0.97	0.59	0.57	0.43

\* Scope 2 market-based (tCO<sub>2</sub> eq)

At SNTGN Transgaz SA, measures are to be adopted to establish a robust action plan for the execution of the Stability Investment Plan within SNTGN Transgaz SA Climate & Decarbonization Strategy, which was completed in 2023.

The "Fit for 55" package encompasses a suite of measures poised to transform EU energy systems, impacting industries deemed polluting. The stimulation of greenhouse gas reduction is prioritized, with non-reimbursable financing directed accordingly.

Funding for natural gas infrastructure is diminishing, yet natural gas remains a vital component of the energy mix for many EU member states, including Romania, offering significant potential to reduce local pollution and CO<sub>2</sub> emissions by supplanting more polluting fuels.

It is obvious that the emergence of new types of gas, particularly biomethane and hydrogen, presents numerous challenges for the existing gas infrastructure, necessitating investments for its development and proper functioning (technical aspects such as mixing, conversion, flow management, etc.) and digitalization (smart metering, gas quality assessment, data sharing and certification, etc.). This also involves providing data within and among companies managing gas networks, thereby supporting climate impact mitigation.

Given these circumstances, it is imperative to secure an appropriate financial framework for projects in hydrogen energy and natural gas transportation (research, modernization of infrastructure technologies, digitalization, etc.), which can significantly contribute to decarbonization goals by promoting the use of renewable and low-carbon hydrogen.

In 2023, the European Commission approved funding totaling 100.4 million euros for SNTGN Transgaz SA - submitted projects, allocated to the following three projects:

- Natural gas transport pipeline Black Sea-Podișor: EUR 85,544,422

- Ghercești-Jitaru gas transport pipeline (including electricity supply, cathodic protection, and optical fiber): EUR 8,038,348
- Gas transport pipeline for supplying CET Mintia (also serving other industrial and household consumers): EUR 6,826,947

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

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

SNTGN Transgaz SA submitted in 2023 (13 applications were submitted during the two sessions), through the Ministry of Energy, a number of 8 investment projects, with a requested non-refundable value from the MF of EUR 571.7 million. In accordance with the financing mechanism, the projects are evaluated by the European Investment Bank (EIB), which submits a recommendation regarding the financing and/or the financing rate of the analyzed projects. The decision-making forum is the Investments 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.

The status of funds requested from the Modernization Fund (submitted in Session 1 and Session 2 of 2023)



- funding was requested for a number of 8 projects:

- Total value of projects - EUR 912,949,388.09
- Eligible value of projects - EUR 816,760,073 .22
- Amount requested from FM - EUR 571,732,049.69

The non-approval of certain submitted projects and the underfunding of approved ones have several implications for maintaining the current energy balance and for the evolution and development of the natural gas supply sector within the energy industry:

- The challenge of ensuring energy security, both for the supply to existing and future electricity production plants and for the natural gas storage component.

- The difficulty in securing natural gas for the expansion of the natural gas distribution infrastructure, funded under the "Anghel Saligny Program."
- The hindrance to completing the energy sector's decarbonization process, as the phase-out of coal-based energy production units must coincide with the commissioning of combined cycle gas turbine (CCGT) plants. The gas plants at Ișalnița, Turceni (CEO), and Mintia (CEH) are particularly impacted, with a combined electricity production capacity exceeding 3025 MW.



Therefore, regardless of the type of green gas pursued, a secure and functional infrastructure at the European level is essential to ensure energy security and facilitate the transportation of gas from producer to end consumer. In this context, SNTGN Transgaz SA plays a pivotal role not only in national gas transportation but also at the European level.

In addition, at the company level, the opportunity to install photovoltaic panels on some buildings (headquarters) where SNTGN Transgaz SA operates was analyzed.

In this sense, steps will be taken to access external funds to finance some projects that will result in a decrease in the consumption of energy purchased from suppliers and, implicitly, an increase in energy efficiency.

At the moment, 5 locations are under final analysis, with a total of 531 kW of installed power. Applications for funding through the Modernization Fund, Key Program 1: Renewable energy sources and energy storage are coming.

In addition to the aspects mentioned previously, we emphasize that in the year 2024, the financing decision was issued by the European Commission and the European Investment Bank for the project 'Supply Pipeline for the Işalnița and Turceni power plants,' valued at 8.9 million euros, for which a financing contract with the Ministry of Energy will be concluded. Thus, the total value of the non-repayable funds that SNTGN Transgaz SA will obtain for the four projects will be 109.3 million euros.

At the same time, SNTGN Transgaz SA, through its specialized department, namely the Department of Accessing European Funds and International Relations, continuously analyzes national and European programs to identify opportunities for financing through non-repayable funds, in order to ensure the realization of the projects established in the investment plan at optimal costs.

## Targets related to climate change mitigation and adaptation

### ESRS E1-4

Using the Science Based Targets initiative (SBTi) tools, short-term and net-zero targets were established. As part of the Climate and Decarbonization Strategy development for SNTGN Transgaz SA, 2020 was selected as the reference year, and 2030 as the target year for the Short-term Action Plan for decarbonization.

- In defining the objectives, several variables were considered that could impact their achievement, including:
  - The activity sector of SNTGN Transgaz SA.
  - The 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.
  - Solutions to reduce GHG emissions, based on cost-benefit analysis and the applicability of the best available technologies.
  - The experience of other gas transportation companies and benchmarking, as well as standards from the US EPA and OGMP.
  - The objectives required by official methodologies such as SBTi or TPI, considering potential future developments.

By adopting these objectives, the total greenhouse gas emissions (including Scope 1, 2, and 3 for selected categories) could be reduced by 31% by 2030, compared to 2020, namely 30% for Scope 1, 70% for Scope 2, and 20% for Scope 3. As for the year 2040, the reduction targets proposed for SNTGN Transgaz SA aim for 40% for Scope 1, 90% for Scope 2, and 30% for Scope 3 (for selected categories). For 2050, the reduction targets proposed for SNTGN Transgaz SA correspond to a 90% reduction from Scope 1, 2, and 3 (selected categories).

The absolute values are presented in the table below.

**Obiectivele privind reducerea emisiilor de GES pe termen scurt, mediu și lung față de anul de referință 2020**

	Base year 2020	2022	2023	Target 2030	Target 2040	Target 2050
GHG emissions (tCO <sub>2</sub> eq) *	103,483	96,391	106,029	72,351	61,750	10,349
Absolute value of GHG emissions reduction (tCO <sub>2</sub> eq)	-	-7,092	+10,901	31,132	41,733	93,134
Percentage of GHG emissions reduction – from the emissions of a reference year - %	-	-6.85%	+10.53%	-30.08%	-40.33%	-90%
Absolute value of GHG emissions reduction (tCO <sub>2</sub> eq) – Scope 1 (tCO <sub>2</sub> eq)	91,767	-18,310	3,637	53,225	-	-
Percentage of GHG emissions reduction – from the emissions of a reference year – Scope 1 - %	-	-19.76%	+3.96%	30%	70%	20%
Absolute value of GHG emissions reduction (tCO <sub>2</sub> eq) – Scope 2 (tCO <sub>2</sub> eq)*	2,519	8,060	4,243.786	1,461	-	-
Percentage of GHG emissions reduction – from the emissions of a reference year – Scope 2 - %	-	+219.97%	+33.74%	-70%	- 90%	-90%
Absolute value of GHG emissions reduction (tCO <sub>2</sub> eq) – Scope 3 (tCO <sub>2</sub> eq)*	9,197	5,498	6,114	6,897,8	-	-
Percentage of GHG emissions reduction – from the emissions of a reference year – Scope 3 - %	-	-40%	-33.5%	-20%	-30%	-90%

\* The targets for Scope 2 will be established and monitored according to the "market-based" method, being consistent with the initial approach used in the Strategy, based on which the impact was also determined for the target year. Also, this approach is representative of the decarbonization concerns of the company's activities, given that the issue of changing the location cannot be raised.

	2023	2020	Difference 2023 - 2020
Electricity consumption (kWh)	16,953,081	12,298,352	+4,654,729
GHG emissions associated with electricity*	4,243.786	2,518,948	+1,724.838
Natural gas combustion processes – (m <sup>3</sup> )	19,603,436	6,993,910	+12,609,526
GHG emissions associated with burned natural gas	42,196.396	15,054.391	+27,142.005
Unburned emitted natural gas (accidents, losses, pipeline filling after repairs, etc.) (fugitive) mc	2,862,165	4,162,813	-1,300,648
Emissions associated with fugitive gases	51,304.308	74,618.423	-23,314.115
<b>Total emissions</b>	<b>99,914.900</b>	<b>94,553.82</b>	<b>+ 5.361,079</b>

\* Scopul 2 în funcție de piață (tCO<sub>2</sub> eq).



In the period between the reference year (2020) and the analyzed year (2023), the National Natural Gas Transport System experienced extensive development and modernization, through the construction of new pipeline routes and the modernization of existing work points. The greatest relevance in this context is the increase in the number of natural gas compression stations (3 on the BRUA pipeline and 2 on the pipeline that makes the interconnection with the Republic of Moldova). The other 3 compression stations used in the SNT operation were also modernized.

These compression stations represent the most relevant reason for the increase in the primary consumption of electricity and natural gas, according to the table, i.e. an increase of 4,654,729 kWh of electricity and 12,609,526 m<sup>3</sup> of burned natural gas. The increase in energy consumption was also reflected in their associated GHG emissions, namely +1,724.838 tCO<sub>2</sub> equivalent associated with electricity and +27,142,005 tCO<sub>2</sub> equivalent associated with the burning of natural gas.

Through the policies of efficient use of resources and the application of measures to reduce the amount of gases emitted into the atmosphere due to accidents, ruptures, repairs, pipe fillings, it was possible to reduce the amount of gas associated with these events by 1,300,648 cubic meters and reduce the carbon footprint associated with 23,314.115 tCO<sub>2</sub> equivalent. The carbon footprint associated with SNTGN Transgaz SA had an increase of +5.361,079 tCO<sub>2</sub> equivalent, due to the increase in primary energy consumption, an increase following the development and modernization of the National Natural Gas Transport System and the appearance of significant consumption sites, but important and necessary for maintaining the technical conditions of gas flow control.

### Energy consumption and energy mix

#### ESRS E1-5

SNTGN Transgaz SA supports in the long term the increase in energy efficiency and performance in the operation of the National Natural Gas Transport System and the reduction of the impact on the environment, acting through measures that contribute to supporting the concept of sustainable development.



Energy consumption and energy mix	Comparison with 2022*	Year 2023
(1) Fuel consumption from coal and coal-based products (MWh)	-	0
(2) Fuel consumption from crude oil and petroleum products (MWh)	-	11,188.06
(3) Fuel consumption from natural gas (MWh)	-	205,873.097
(4) Fuel consumption from other fossil sources (MWh)	-	0
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	-	16.953,14**
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	-	<b>233.967</b>
Share of fossil sources in total energy consumption (%)		99.97%
7) Consumption from nuclear sources (MWh)	-	._**
Share of consumption from nuclear sources in total energy consumption (%)	--	._**
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	-	0
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	-	._**
(10) The consumption of self-generated non-fuel renewable energy (MWh)		61.32
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	-	61.32
Share of renewable sources in total energy consumption (%)	--	0.03%
<b>Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)</b>		<b>233.968</b>

\* 2023 is the first reporting year in ESRS format. No data collected in ESRS format for 2022.

\*\* The share (fossil/nuclear/renewable) depends on the electricity supplier.

### Energy production from non-renewable sources and energy production from renewable sources in MWh

Energy production from non-renewable sources (MWh)*	0
Energy production from renewable sources (MWh)	61.32

Electricity used: 01.01.2023 – 31.08.2023 - Enel Furnizare = 11,589,448 kWh, - 01.09.2023 – 31.12.2023 – Tinmar Energy SA = 5,424,953 kWh. The energy used<sup>15</sup> taking into account the energy produced by the photovoltaic panels:- 01.01.2023

<sup>15</sup> The most recent suppliers' labels, emission factors used in the Scope 2 emissions calculation:

<https://www.ppcenergy.ro/wp-content/uploads/eticheta-pl-ee-22.pdf>  
<https://www.tinmar.ro/media/documents/230606/475540793c.pdf>

– 31.08.2023 - Enel Supply = 11,548,568 kWh- 01.01.2023 – 31.08.2023 – from photovoltaic panels = 40,880 kWh- 01.09.2023 – 31.12. 2023 – Tinmar Energy SA = 5,404,512 kWh- 01.09.2023 – 31.12.2023 – from photovoltaic panels = 20,440 kWh.

SNTGN Transgaz SA carries out a high-risk economic activity.



Energy intensity per net income	Comparison with 2022*	N(2023)	% N / N-1
Total energy consumption from activities in economic sectors with high climate impact per net income from activities in climate sectors with high impact ( ) (MWh/thousand RON)	NA	0.131	143.75%
Total energy consumption from activities in economic sectors with high climate impact (MWh)	NA	233,968	NA
Net income from activities in economic sectors with a high impact on the climate used to calculate energy intensity (RON)	NA	1,712,546,184	NA
Net income from other activities in economic sectors with high climate impact high (monetary unit)	NA	0	NA
Total net income (financial statements - operating income)	NA	1,712,546,184 RON	NA

\* The data for the year 2022 has not been calculated, 2023 is the first ESRS reporting year.

## Gross Scope 1, 2, 3 GHG emissions and Total GHG emissions

ESRS E1-6

	Retrospective				Milestones and target years			
	Base year 2020	Comparison with 2022	N 2023	% N / N-1	2030	2040	(2050)	Annual % target / Base year
<b>Scope 1 GHG emissions</b>								
Gross Scope 1 GHG emissions (tCO <sub>2</sub> eq)	91,767	73,904	95,671	129.45%	64,237	55,060	9,177	Not set
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0	0	0	-	-	0
<b>Scope 2 GHG emissions</b>								
Gross location-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)	2,621	3,679	3,785	102.88%	807	2,422	2,422	Not set
Gross market-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)	2,519	8,060	4,244	52.65%	756	252	252	Not set

	Retrospective				Milestones and target years			
	Base year 2020	Comparison with 2022	N 2023	% N / N-1	2030	2040	(2050)	Annual % target / Base year
<b>Scope 3 GHG emissions</b>								
Total Gross (Scope 3) GHG emissions (tCO <sub>2</sub> eq) <sup>16</sup>	9,197	5,498	6,114	111%	7,358	6,438	920	Not set
1 Purchased goods and services (Optional sub-category: Cloud computing and data centre services)	-	-	-	-	-	-	-	-
2 Capital goods	-	-	-	-	-	-	-	-
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	-	-	-	-	-	-	-	-
4 Upstream transportation and distribution	-	-	-	-	-	-	-	-
5 Waste generated in operations	-	-	-	-	-	-	-	-
6 Business traveling	-	-	-	-	-	-	-	-
7 Employee commuting	-	-	-	-	-	-	-	-
8 Upstream leased assets	-	-	-	-	-	-	-	-
9 Downstream transportation	-	-	-	-	-	-	-	-
10 Processing of sold products	-	-	-	-	-	-	-	-
11 Use of sold products	-	-	-	-	-	-	-	-
12 End-of-life treatment of sold products	-	-	-	-	-	-	-	-
13 Downstream leased assets	-	-	-	-	-	-	-	-
14 Franchises	-	-	-	-	-	-	-	-
15 Investments	-	-	-	-	-	-	-	-
<b>Total GHG emissions</b>								
Total GHG emissions (location-based) (tCO <sub>2</sub> e)	103,483	83,081	105,570	-	72,351	61,750	10,349	Not set
Total GHG emissions (market-based) (tCO <sub>2</sub> eq)	-	87,462	106,029	-	74,381	63,790	12,399	Not set

\* Total GHG emissions by site (tCO<sub>2</sub> equivalent) = Gross GHG emissions Scope 1 + Gross GHG emissions Scope 2 by site + Gross GHG emissions Scope 3 by site

\*\* Total GHG emissions based on market (tCO<sub>2</sub> equivalent) = Gross Scope 1 GHG emissions + Market-based gross Scope 2 GHG emissions + Market-based gross Scope 3 GHG emissions

<sup>16</sup> There is NO data in ESRS format for significant categories, Scope 3, 2023 is the first year of ESRS reporting.

GHG intensity per net revenue <sup>17</sup>	Comparison with 2022	N 2023	% N / N-1
Total GHG emissions (location-based) per net revenue (tCO <sub>2</sub> eq/Monetary unit)	0.06103 tCO <sub>2</sub> /thousand RON	0.061645 tCO <sub>2</sub> /thousand RON	105%
Total GHG emissions (market-based) per net revenue (tCO <sub>2</sub> eq/Monetary unit)	Not calculated	0.061913 tCO <sub>2</sub> /thousand RON	-

\* income from exploitation

### GHG removals and GHG mitigation projects financed through carbon credits

ESRS E1-7

Offsetting residual greenhouse gas emissions is one of the established long-term decarbonization measures. However, this is the last option that can be

obtained to reach the 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 SNTGN Transgaz SA's activity. There were no GHG removals and GHG mitigation projects financed by carbon credits in 2023.

Removals	Comparative	N 2023	% N / N-1
GHG removal activity 1	Not the case	0	Not the case
<b>Total GHG removals from own operations (tCO<sub>2</sub>eq)</b>	Not the case	0	Not the case
GHG removal activity 1	Not the case	0	Not the case
<b>Total GHG removals in the upstream and downstream value chain (tCO<sub>2</sub>eq)</b>	Not the case	0	Not the case
<b>Reversals (tCO<sub>2</sub>eq)</b>	Not the case	0	Not the case

Carbon credits cancelled in the reporting year	Comparative	N (2023)
<b>Total (tCO<sub>2</sub>eq)</b>	Not the case	0
Share from removal projects (%)	Not the case	0
Share from reduction projects (%)	Not the case	0
Recognised quality standard 1 (%)	Not the case	0
Share from projects within the EU (%)	Not the case	0
Share of carbon credits that qualify as corresponding adjustments (%)	Not the case	0

<sup>17</sup> The activity of SNTGN Transgaz SA falls into the category of economic sector with high climate impact

**Carbon credits planned to be cancelled in the future**

**Amount until 31 December 2023**

**Total (tCO<sub>2</sub>eq)**

**0**

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

**Internal carbon pricing**

*ESRS E1-8*

By setting an internal carbon price, SNTGN Transgaz SA can generate internal funds by charging operating units for their carbon emissions, which can then be allocated to decarbonization projects. This can be implemented through an ANRE order or even through a Government decision. In 2023, SNTGN Transgaz SA has not yet established an internal carbon price.

**Anticipated financial effects from material physical and transition risks and potential climate-related opportunities**

*ESRS E1-9*

In the Climate & Decarbonization Strategy, physical climate-related risks have been evaluated in terms of hazard, exposure, and vulnerability. The residual physical risk and potential financial risk were determined by considering the possible scale of the financial consequences of each climate risk. This assessment took into account the implementation of proposed adaptation measures. However, due to the challenges in assigning precise monetary values to potential risk scenarios, the quantification was particularly augmented with qualitative evaluations. Consequently, the potential financial impact of physical hazard effects was deemed to be very low to low. No medium or high risks were identified, despite the climate risk itself being rated as high.

The table Physical risks and potential financial risks presents the significant physical risks that have been identified, along with the proposed climate change adaptation measures.



# ESRS E2 POLLUTION

## Pollution

### General disclosures

#### ESRS 2

The „Pollution“ chapter provides information on air, water, and soil pollution, as well as hazardous substances.

“Air pollution” refers to potential gas emissions released into the air from SNTGN Transgaz SA's activities, including the transportation of natural gas through its systems, and the measures for preventing, controlling, and reducing these emissions. “Pollution of water” refers to the emissions to water (surface and underground water), and prevention, control, and reduction of such emissions. “Pollution of soil” refers to the emissions into soil and the prevention, control, and reduction of such emissions.

Within SNTGN Transgaz SA, the Environmental Management System is implemented according to the SR EN ISO 14001:2015 standard. Its goals are to reduce the environmental impact of activities by preventing pollution, using resources and energy efficiently, managing waste effectively, and protecting ecosystems.

The SNTGN Transgaz SA's operations are under environmental protection regulations, continually monitored, and overseen by both regulatory authorities and the public. All categories of stakeholders are consulted whenever new regulatory acts are needed or revisions of existing ones are required. SNTGN Transgaz SA's activity fully complies with all legal requirements, as well as all requirements of authorization procedures. Stakeholders are regularly consulted to ensure adequate community involvement in SNTGN Transgaz SA decision-making processes.

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

#### ESRS 2 IRO-1

In the risk management stage, the “Pollution” aspect is analyzed in detail, taking into account both the associated financial and non-financial risks. To reduce the potential negative consequences, at the company level control measures are adapted to the specific identified risks. Internal measures consist of establishing and following strict standards and procedures for managing potential environmental pollution and promoting sustainable practices in all activities of SNTGN Transgaz SA.

With the aim of increasing the efficiency and effectiveness of the pollution risk management process, specific actions are established and implemented to reduce the potential negative impact. These actions include training employees to prevent pollution, constantly monitoring the impact on the environment and local communities, as well as collaborating with the competent authorities and other stakeholders to identify and implement the best practices.

Each of the company's locations was subjected to a detailed analysis at the time of the request for regulatory acts as part of the environmental impact assessment stage. This comprehensive assessment aimed to identify and understand all the potential negative effects of the activities carried out. SNTGN Transgaz SA aims to apply all measures to prevent and reduce pollution in all stages of its activity. Environmental factors that were considered included:

- Air pollutant emissions, which can affect the air



- quality in the area and human health;
- Discharges of pollutants into water, which can influence water quality and aquatic life;
- Soil and subsoil pollution, including direct discharges onto the soil or subsoil, which may affect soil fertility and contaminate groundwater;
- The use of chemical products, with their potential to pollute air, water, and soil and to have adverse effects on human health and ecosystems;
- The generation of waste, either hazardous or non-hazardous, that requires proper management to minimize the impact on the environment and public health;
- The production of noise and vibrations, which may affect the comfort and health of the local community and wildlife;
- Affecting biodiversity, including local fauna and flora, by modifying natural habitats or by introducing invasive species;
- Technological leaks from equipment or systems, such as oils and cleaning solutions, which may contaminate the environment and create health and environmental risks;
- Energy consumption.

Environmental pollution can occur only in accidental circumstances, primarily during construction periods, and is confined to a local context. The company implements measures to substantially minimize its impact on the environment and natural resources.

Environmental pollution is only possible in accidental circumstances, especially during construction periods, and in such situations, pollution is limited to a local context. Through the measures implemented, the company aims to carry out its activity in a way that minimizes the impact on the environment and natural resources.

According to the regulatory acts held (17 environmental authorization and 141 water management permits for all watercourse crossings with natural gas transport pipelines) the company has the obligation to fulfill both the conditions imposed by them and the environmental legislation conditions. In the Biodiversity chapter of this Sustainability Report, in the sub-chapter SBM 3 Significant impacts, risks and

opportunities and their interaction with the strategy and business model, the procedure for obtaining environmental regulatory acts is presented.

The assessment of the environmental impact is performed when obtaining the following regulatory documents: Notification Decision/Screening Decision/Environmental Agreement issued by the environmental protection authorities and, as the case may be, the Water Management Approval issued by the Water Basin Administrations, through local water management systems. Environmental Permits and Water Management Permits are obtained for the operating period.

In order to provide an adequate representation of the activities carried out by SNTGN Transgaz SA, its performances and the generated impact, a double materiality analysis was carried out according to the requirements of the new sustainability standards, during an internal meeting with management representatives who were actively involved in this process. Relevant material topics for the activity of SNTGN Transgaz SA were identified, which were agreed together with the company's management and based on them, an online questionnaire was drawn up to request the opinions of interested parties.

For SNTGN Transgaz SA, consultation with stakeholders is an ongoing activity, and employees from different departments of the company get feedback on how the company's activity is perceived, as well as what stakeholders want to see about SNTGN Transgaz SA's activity in the short and medium term. The consultation with all categories of interested parties started from the analysis of the company's value chain and the identification of material topics derived from the main risks and opportunities found. All results received as feedback are analyzed within the company and, to the extent possible, these recommendations are incorporated into the programs that are developed, as well as into the activity of SNTGN Transgaz SA.

In addition, various sources of information were consulted, such as the reports of economic operators operating in an industry similar to SNTGN Transgaz SA's activity, the regulatory documents held by the company and other internal documents such as the internal risk register and various standards in the field. The results of the analysis are summarized in the table below.

Subtopic	Impact	Risks	Opportunities
Air pollution	<p><b>Negative impact</b> during construction (dust, emissions from work vehicles).</p> <p><b>Negative impact</b> in the event of accidental gas leaks (during maintenance periods or only in case of breakdowns/damages).</p> <p><b>Negative impact</b> on climate change, especially at the time of accidental methane losses.</p>	<p><b>Reduced financial risk</b> during the construction period as a result of the emissions generated (dust, emissions from motor vehicles).</p> <p>For thermal power plants, restrictive conditions for the discharge of pollutant emissions could appear.</p> <p>Methane gas from fugitive emissions can create an operational, reputational, and regulatory risk if transport facilities are not properly sealed.</p>	<p>Installation of photovoltaic panels on administrative buildings with the aim of replacing gas-fired thermal plants with electric thermal plants.</p> <p>To foster long-term competitiveness, the company could ensure the transport of other types of renewable resources (biofuels, hydrogen, ethanol, etc.).</p> <p>Natural gas generates fewer greenhouse gas emissions (GHG emissions) than other fossil fuels.</p>
Water pollution	<p><b>Negative impact</b>, only in situations of accidental pollution (leaks of various chemical substances, used oils, etc.) during the construction period and during the maintenance periods, if the working conditions are not respected.</p>	<p>Only if accidental spills of chemical substances are produced, there is a risk of pollution of surface or underground water bodies.</p> <p><b>Reduced financial risk</b> due to the application of fines.</p>	<p>The use of natural gas as a transition fuel for heating in the residential environment, instead of wood, coal, fuel oil, etc., brings several benefits from the point of view of environmental protection*.</p>
Soil pollution	<p><b>Negative impact</b>, only in situations of accidental pollution (leaks of various chemical substances, used oils, etc.) during the construction period and during the maintenance periods, if the working conditions are not respected.</p>	<p><b>Reduced financial risk</b>- fines applied because of soil pollution in breakdown situations, accidental pollution and/ or improper management of hazardous and non-hazardous waste.</p> <p>Risk of improper handling of containers for waste collection and direct spreading of various products, substances, and hazardous waste on the ground.</p>	
Hazardous substances	<p><b>Negative impact</b> on water, groundwater and/or soil when hazardous substances are not properly managed or stored.</p>	<p><b>Risk</b> of local contamination of various surfaces in the event of improper handling of hazardous substances. Employees can be injured if they do not handle hazardous substances properly, and the environment can be affected.</p> <p><b>Financial risk:</b> significant remediation costs.</p>	

\* The following aspects are opportunities:

- the decrease in the volume of wood destined for firewood and the increase in the share of wood with higher value by the wood industry, in products with high added value and with a long useful life, with a direct contribution to combating climate change by reducing greenhouse gas emissions;
- reduction of greenhouse gas emissions and atmospheric pollutants caused by the incomplete combustion of wood;
- reduction of environmental and safety risks in operation as a result of the increase in the quality of the equipment and installations used for heating;
- reduction of environmental problems and discomfort generated by the transport, processing, storage of firewood and fueling of combustion installations;
- contribution to the fulfillment of the obligations assumed by Romania regarding the increase in energy efficiency and the reduction of emissions of greenhouse gases and pollutants.

The potential negative impact that the natural gas transmission system can have on air, water and soil

quality is of low intensity, temporary, reversible on environmental factors, in the short term, during the execution period of the works, and an insignificant direct negative impact and permanently during the exploitation period by definitively removing some land surfaces from their original use.

The development and maintenance of National Natural Gas Transmission System (SNT) does not generate significant negative impacts in terms of air, water and soil quality. In the case of all SNT development projects implemented by SNTGN Transgaz SA, appropriate measures have been adopted to avoid, reduce, restore and/or compensate adverse effects on the environment, as well as additional measures to enhance the positive effects of the projects on the environment, in accordance with the regulatory acts, the legislative provisions, the specific requirements of the project and of the national strategies/plans and with the good international practices in the field.

At the company level, previous to the issuance of ESRS standards, internal processes have been conducted to identify and assess the risks associated with SNTGN Transgaz SA's activities. Measures were established to manage or mitigate these risks through the implementation of a risk management process, as follows:

### Assessing compliance with legal and other regulatory requirements

Risk associated with the process	Risk mitigation measures
<p>Late completion of the Assessment Report of compliance with legal provisions, when changes occur in the company or when a new place of business is opened</p>	<ul style="list-style-type: none"> <li>• Communicating organizational changes in a timely manner;</li> <li>• Facilitate access to legal provisions applicable to organizational structures;</li> <li>• Processing articles from legal provisions and other applicable requirements in departments in the form of information or training;</li> <li>• Retention of informational documents as evidence of compliance assessment results;</li> <li>• Ensure knowledge and understanding of the compliance level for each workplace.</li> </ul>

## Determination of legal and other requirements

### Risk associated with the process

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

### Risk mitigation measures

- Periodic analysis and identification of regulatory acts applicable to the company;
- Update the List with environmental protection legislation applicable at the company level;
- Development of Information on legislative news;
- Identification, analysis and dissemination at the company level of information regarding new legislative requirements or the impact of legislative changes;
- Promote awareness and understanding of legal responsibilities applicable to environmental activities/ aspects;
- Staff training on applicable environmental legislation.

## Waste management

### Risk associated with the process

Non-compliant waste management

### Risk mitigation measures

- Implementation of policies in accordance with the legislation and good practices regarding the prevention and/or reduction of waste quantities, in the 5 stages of waste management activities: prevention/ reduction; reuse; recycle; energy recovery; disposal/ storage;
- Conducting reports in the field at the company level, according to the requirements of the applicable normative acts in the field;
- Monitoring information on waste management at the company level.

## Monitoring regulatory acts for environmental protection in the company

### Risk associated with the process

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

### Risk mitigation measures

- Monitor the commissioning of new objectives related to the national natural gas transport system that require environmental permits;
- Prepare specific documentation for obtaining the annual review/endorsement of the environmental permits.

### Prepare and monitor the annual environmental management program

#### Risk associated with the process

Failure to comply with the implementation schedule of the measures proposed in the Environmental Management Program

#### Risk mitigation measures

- Elaboration of the Environmental Management Program at the company level;
- Monitor the implementation stage of the Environmental Management Program;
- Monitor and establishing corrective actions.

### Identification of environmental aspects and environmental impact assessment

#### Risk associated with the process

Failure to identify all environmental aspects related to the processes

#### Risk mitigation measures

- Elaboration and implementation of the Environmental Aspects Identification Program;
- Drafting and completing the centralizer with the significant environmental aspects at company level.

### Monitoring of pollution sources at SNTGN Transgaz SA sites

#### Risk associated with the process

Non-compliance with the monitoring requirements provided for in the Pollution Source Monitoring Program

#### Risk mitigation measures

- Elaboration and implementation of the Pollution Sources Monitoring Program;
- Preparation of Monitoring Reports and communicate them in the territory;
- Monitor the implementation stage of the measures proposed in the plan of measures, at the company level.





**Financial effect** on SNTGN Transgaz SA in the short, medium, and long term of the significant risks and opportunities arising from the impacts associated with pollution were assessed in the double materiality process and were assessed as having negative financial effects (risks) with minimal financial effects (below 0.1% of turnover) for Air Pollution, Water Pollution, Soil Pollution and Chemicals.

### Pollution policies

#### ESRS E2-1

The company has prepared a General Policy Statement for 2021-2025. This document is signed and endorsed by the company's management and serves to outline and communicate the company's vision and mission, the organizational values that define business ethics, and the strategic objectives and action directions, all aligned with European energy policy. The SNTGN Transgaz SA's overall objective is to provide natural gas transportation services safely and efficiently, in compliance with current legislation and performance standards, to develop a strong and high-performing future for the national natural gas transmission infrastructure and the Romanian energy sector.

In addition, a Policy on the Integrated Management System is being prepared with the aim of developing and maintaining the provision of natural gas transport services through pipelines at exceptional standards for its customers, in conditions of safety, accessibility and sustainability. Thus, the company is engaged in planning and implementing processes in accordance with the requirements of the reference standards: SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR EN ISO 45001:2018.

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

#### ✓ **The principle of environmental integration**

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

#### ✓ **The preventive action principle**

Aims at assuming a pro-active attitude, of responsible involvement. Thus, good practice solutions are



considered in the main activities, so that the impact on environmental factors is prevented, diminished, or even eliminated as much as possible.

✓ **The principle of retaining pollutants at source**

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

✓ **The principle of conservation of biodiversity and ecosystems specific to the natural biogeographic framework**

Implică conservarea și protecția habitatelor naturale și a speciilor de floră și faună sălbatică, care sunt obiective comunitare esențiale și de interes general. Ca atare, pentru diminuarea impactului asupra biodiversității, în special în cazul proiectelor dezvoltate, se aplică măsuri de evitare, pe cât posibil, a impactării ariilor naturale protejate, măsuri de reducere a acestuia când nu poate fi evitat și restaurarea ecologică a terenurilor.

✓ **Principiul de informare și participare a publicului la luarea deciziilor**

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

However, SNTGN Transgaz SA has not yet developed a Policy in accordance with the provisions of the ESRS standards specifically for the Pollution aspect. The company has a System Procedure PS 05 SMI Risk Management which establishes a unitary set of rules for risk management and for drawing up and updating the Risk Register.

Since 2023 is the first year of reporting in accordance with the requirements of the ESRS standards, in 2024 the SMI Policy will be updated according to the requirements of the standard on pollution of environmental factors.

## Actions and resources related to pollution

### ESRS E2-2

The natural gas transport activity is an environmental protection regulated activity. SNTGN Transgaz SA holds all the regulatory acts necessary to carry out the activity. All legal and authorizations requirements are 100% monitored through the Environmental Management Program. Integrated environmental management system was developed with the aim of ensuring in an organized manner the protection and control of the environment.

SNTGN Transgaz SA ensures environmental quality monitoring and annually reports data on air quality, water quality, quantities of hazardous substances used, as well as noise level, as appropriate, to local Environmental Protection Agencies.

### Integrated Environmental Quality Management System

SNTGN Transgaz SA has established an integrated management policy to systematically achieve environment performance and safety and health in work and energy performance. The Integrated Management System contributes to achieving results that lead to sustained business development and to a high level of satisfaction of the clients.

In this regard, the company holds the following quality, environment and occupational health and safety certifications:

- International quality standard certification - ISO 9001:2015<sup>18</sup>;
- International quality standard certification - ISO 14001:2015<sup>19</sup>;
- Standard certification OHS - ISO 45001:2018<sup>20</sup>.

According to the 2023 Calendar of Key Activities for Continuous Improvement of the Adequacy and Effectiveness of the CMSSM SMI (Integrated Quality Management-Environment-Protection and Safety), all activities are aimed at increasing the overall performance of the CMSSM SMI.

<sup>18</sup> <https://www.transgaz.ro/sites/default/files/uploads/users/admin/Certificat%20si%20Anexe%209001%20-%202015%20SRAC%20si%20IQnet.pdf>

<sup>19</sup> <https://www.transgaz.ro/sites/default/files/uploads/users/admin/Certificat%20si%20Anexe%2014001%20-%202015%20SRAC%20si%20IQNet.pdf>

<sup>20</sup> <https://www.transgaz.ro/sites/default/files/uploads/users/admin/Certificat%20si%20Anexe%2045001%20-%202018%20SRAC%20si%20IQNet.pdf>

SNTGN Transgaz SA monitors pollution sources annually, according to the requirements of the regulatory acts it holds. Compliance obligations and relevant information are communicated to the authorities through the Annual Environmental Report. The degree of achievement of the monitoring of pollution sources and the assessment of environmental aspects was 97%, in 2023.

Internal and external audits verify the functionality of the company's processes. Top management analyzes the activity records with the aim to achieve the proposed environmental goals and targets. After the analysis, the necessary resources are allocated to maintain the performance of the certified management system. Annual independent audits confirm that the company has a functional environmental management, part of an integrated management system, in continuous improvement and aligned with the international requirements for the protection of the environment and the population.

Regarding the value chain, no pollution-related actions have been taken that extend to upstream or downstream commitments.

The key activities carried out by SNTGN Transgaz SA in order to comply with the conditions imposed by legislation and the regulatory acts issued by the competent authorities for environmental protection regarding the reduction of pollution at the time of the implementation of the construction-assembly projects of gas transport pipelines consist of:

- the inclusion in the technical projects / the documentation regarding the procurement of gas pipeline execution works of the requirements set out in the environmental protection legislation related regulatory acts, detailed technical specifications regarding environmental monitoring and the responsibilities and obligations of the contractors and/or specialists who provide environmental monitoring services during project implementation;
- preparation, by our internal specialists and/or external consultants, of the Environmental Management Plan and other specific documents, which present the management requirements applicable to NTS development projects, the actions and measures to avoid and/or reduce the





impact of the works on the environment which the contractor must carry out (e.g. Procedures/ Work instructions for ensuring environmental protection, etc.);

- reviewing and updating project documents regarding environmental protection whenever the situation requires it;
- evaluating and ensuring that the contractor's offer complies with the requirements of the procurement documentation regarding environmental protection and its monitoring;
- the placement of qualified specialists in the own structure responsible for the implementation and monitoring of NTS execution/development projects, with roles and responsibilities regarding the management of environmental protection aspects;
- assure training of its own staff involved in the activities of supervising the execution of the works on the construction site regarding the requirements and commitments of the project related to the environment and making available to them the project documents related to environmental protection;
- initial training of management staff and contractor workers on the project's environmental requirements and commitments;
- making the project documents available to the contractors in the environmental protection area;
- periodic monitoring, verification and auditing of the activity and performance of contractors and specialists who monitor environmental aspects, during the execution of gas transport pipeline construction-installation works;
- centralization and management of documents, reports and information on environmental protection developed by contractors;
- registration, communication of environmental incidents and cooperation with the authorities and the contractor for their investigation;
- participation in control actions, verification, audit of project activities by control authorities, external auditors, etc. and the elaboration of the information, presentations and documents requested by them

during the actions or afterwards;

- 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 events, etc.);
- notification and reporting to the environmental protection competent authorities and to the administrators/custodians of protected natural areas regarding the start of the construction works of the projects, periodic reporting the monitoring stage of biodiversity and reporting upon the completion of the activity of monitoring biodiversity during the execution of the projects.

### Targets related to pollution

#### ESRS E2-3

General environmental objectives are established within SNTGN Transgaz SA, through by which the company's long-term performance is ensured. These objectives are:

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

There are 2 objectives related pollution specifically applicable to SNTGN Transgaz SA's activity:

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

Within the company **the main specific actions to combat pollution are established as follows:**

- Reduce the impact of technological processes on the environment;
- Develop action plans for compliance, tracking and contributing to their realization;
- Monitor of pollution sources in relation to SNTGN

objectives, according to the Environmental Permits held by the company;

- Identification and assessment of environmental aspects through the annual program Monitoring of Pollution Sources and Assessment of Environmental Aspects;
- Assessment of compliance with legal requirements, with the provisions of environmental agreements and authorizations;
- Promote investment projects that contribute to the realization of a sustainable natural gas transport system, under the safety conditions provided by the legislation in force, with the limitation of the impact on the environment and the population;
- Implement projects so that the impact on biodiversity is minimal;
- Conducting specific trainings according to the Training Plan in the field of environmental protection.

Regarding soil pollution, SNTGN Transgaz SA has the obligation to comply with the requirements of the Order. No. 756/1997 for the approval of the Regulation regarding the assessment of environmental pollution.

Regarding hazardous substance SNTGN Transgaz SA did not set targets other than those of avoiding spreading on the ground or avoiding discharge into

surface waters. In order to ensure the appropriate monitoring of environmental aspects within the company, SNTGN Transgaz SA holds Environmental Factors Monitoring Laboratory, which has the following objectives:

- monitoring of pollution sources at sites within Territorial Exploitations;
- assessment of environmental aspects for sites within Territorial Exploitations.

As part of the activity related to the year 2023, 404 objectives were monitored, belonging to the Territorial Exploitations of Arad, Bacău, Braşov, Bucharest, Cluj, Constanţa, Craiova, Mediaş, Brăila, as well as the Compression Stations Şinca, Bibeşti and Jupa, being identified a total number of 577 non-compliances, respectively: 10 non-compliances exceeding the noise limit, 99 non-compliances of ethyl mercaptan emissions, 506 non-compliances of methane emissions and 17 non-compliances of atmospheric pollutant emissions from combustion gases. Upon completion of these activities, monitor and measurement reports were drawn up by the Environmental Factors Monitoring Laboratory, which were sent to the territory. The Territorial Exploitations developed Action Plans to eliminate the non-compliances identified and mentioned in the Monitoring Reports received. At the end of 2023, the implementation stage of the measures was 98%, some of these measures being implemented.





For air, water or soil pollution, even if this field was not considered to have a high or significant risk for the environment, SNTGN Transgaz SA had established targets for the year 2023, as follows in the table from below:

No.crt	Operational objective	Significant process/ activity	Proposed target value	Realized value in 2022	Realized value in 2023
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**Objective: Prevention of pollution and reduction of the impact of technological processes on the environment**

1	Regular staff training on environmental risks.	Training in the field of environmental protection	100%	100%	100%
2	Ensuring the proper management of generated waste.	Appropriate management of waste (collection, storage, transport)	>70%	84%	98%
3	Evaluating the environmental aspects of the company's objectives.	Elaboration and implementation of the Environmental Aspects Identification Program	>70%	69%	90%
4	Monitoring of pollution sources related to company sites	Development and implementation of the Pollution Sources Monitoring Program	>70%	78%	94%
5		Realization and follow-up of the fulfillment stage of the measures from the monitoring reports, at the company level	>70%	66%	97%
6	Annual assessment of compliance with environmental legal and regulatory requirements.	Elaboration and implementation of the annual inspection program, planned at the sub-division level	100%	80%	100%
7		Realization and follow-up of the fulfillment status of the measures from the internal inspection reports, at the company level	>85%	86%	100%
8		Realization and follow-up of the fulfillment stage of the measures from the external inspection reports, at the company level	100%	100%	100%
9	Monitoring the Environmental Management Program at the company level.	Monitoring of the Environmental Management Program.	>75%	100%	100%
10	Prevention and intervention in case of emergency situations.	Monitoring specific risks, generating dangerous situations.	100%	100%	100%
11	Prevention and intervention in case of emergency situations.	Monitoring specific risks, generating dangerous situations.	100%	100%	100%

## Pollution of air, water and soil

### ESRS E2-4

Air, water, and soil pollution as a result of the activity carried out by SNTGN Transgaz SA can occur locally during the construction period of various objectives. During operation, the transport of gases is carried out in a closed and sealed system (under pressure), generating an insignificant impact only in accidental cases, such as improper handling or storage of the substances used or poor waste management or the generation of methane emissions in accidental situations, revisions, etc.

Direct methane emissions originate, intentionally or unintentionally, from different segments of the natural gas chain. They consist of:

- fugitive emissions that leak unintentionally due to leaks or failures along the gas network (e.g., gradual leaks due to imperfect sealing of infrastructure components). Regardless of the reason for the gas leaks, each cubic meter represents – in addition to a GHG emission – a net loss of value which, in the end, is transferred to downstream customers in the form of higher energy prices;
- blown/purged emissions released by equipment for safety reasons or operational requirements (for example, emissions from controlled emissions due to maintenance or "pneumatic emissions" from control systems, or uncontrolled emissions due to accidental failures);
- emissions of incomplete combustion discharged during natural gas combustion when they cannot be used or recovered (for example, methane emissions resulting from flaring, along the network).

Water quality can be affected during construction work through excavations for laying pipes, aerial or underground crossings of watercourses. Under normal operating conditions, the transit of natural gas through pipelines does not affect the quality of the waters crossed. Natural gas, even in the event of technical failures or accidents, will rise into the atmosphere, not polluting the water course. In emergency situations, the pipeline is equipped with alarm systems and shut-off valves to stop the circulation of natural gas and implicitly in the water

underpass area until the damage is repaired.

During the operation period of the installations that make up the natural gas NTS, only domestic wastewater will result as a result of the current activities carried out by the personnel involved in its operation.

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

- noise level measurements;
- checking technological installations from the point of view of tightness to detect methane and ethyl mercaptan emissions;
- determination of atmospheric pollutant emissions (CO, NO<sub>x</sub>, SO<sub>2</sub>) from combustion gases from compression stations, thermal power plants, convector stoves and gas heaters;
- identification of various non-compliant situations with environmental protection legislation and/or regarding accidental pollution;
- drawing up measurement bulletins, assessment sheets of environmental aspects and monitoring reports.

The completion of the monitoring activity is achieved by drawing up the measurement bulletins, the assessment sheets of the environmental aspects and the monitoring reports, related to each territorial unit that has been subjected to this process. Following the identified aspects, the territorial exploitations draw up Action Plans in which the necessary measures/actions, the deadlines and the responsible persons are established.

In its relationship with the contractors, SNTGN Transgaz SA ensures, within the procurement processes, that the mandatory regulations of environment, social, labor relations and labor protection area are respected, according to the provisions of art. 64 para. 2 of Law no. 99/2016 on public procurement, with subsequent additions and amendments.

In 2023, there was no pollution related to water

and soil. Information on emissions generated in the air is presented in chapter E1 Climate change in this report. Only in breakdowns/accidents, during repair periods or when pipelines are filled, methane emissions can be emitted into the atmosphere.

SNTGN Transgaz SA reports the quantities of natural gas, in terms of pollution, annually to the environmental protection agencies and ANRE (National Energy Regulatory Authority). The quantities of natural gas and the recording of the information underlying their calculation are determined according to ANRE Order no. 85/20.09.2023 for the modification and completion of some orders of the president of the National Energy Regulatory Authority and for the approval of the Methodology for calculating the technological consumption in the natural gas transport system.

By means of specific applications at the sector level (GIS, GMOIS, SCADA applications, etc.) data/information is collected at the level of each Territorial Exploitation. This data/information are necessary to determine the quantities of natural gas handled.

The NTS Technological Works and Consumption Records Office verifies the collected data/information and ensures compliance with the Methodology approved by ANRE Order no. 85/20.09.2023. It also centralizes these quantities at the level of society. The data collection and verification process were audited (Internal Audit of SMI-CMSSM no. 19) during 01.09.2022 – 15.11.2022. For the year 2023, a process procedure was not developed.

In 2023, at the level of SNTGN Transgaz SA, 8 environmental inspections were carried out by the control structures of the National Environmental Guard and the National Administration of Romanian Waters, respectively ABA Buzău-Ialomița, ABA Siret, SGA Bacău, ABA Prut-Bârlad, SGA Gorj, GNM Bucharest, GNM Satu Mare and the Local Police Bucharest. Following the inspection actions carried out by the authorities, the following measures were ordered to remedy or improve some situations:

- submission to the ABA Buzău - Ialomița of the Pollution Prevention Plan for the Slobozia Sector - measure fulfilled;
- transmission to ABA Siret of the Program of measures for the remediation of watercourse

crossings with non-compliant natural gas transport pipelines - measure fulfilled;

- removal of the natural gas transport pipeline from the water flow section of the Călmățui river – completion date Quarter III 2024;
- notification of stock of dangerous chemical substances at SMG Medieșul Aurit - measure fulfilled;
- elimination of hazardous waste from the Bucharest Territorial Exploitation – measure fulfilled.

At the same time, during the reference period, only one environmental complaint was registered, regarding the smell of ethyl mercaptan and the noise level at SRM Titan (Territorial Exploatarea Bucharest), which was resolved within the deadline stipulated by national legislation. The actions undertaken consisted in the movement of a team from the Environmental Factors Monitoring Laboratory to perform measurements on ethylmercaptan emissions and noise levels. It performed equivalent continuous sound pressure level measurements at the boundary of the SRM enclosure as well as indoor/outdoor installations. From the analysis of the measurements, it was found that the noise level at the boundary of the SRM Titan enclosure falls within the limit of 65 dB (A) imposed by the environmental permit. Regarding the report on the existence of the smell of ethyl mercaptan, natural gas odorization operations are not carried out within the Titan Regulation-Measurement Station, they are odorized at other points of the national natural gas transport system. Following these actions, an address was sent to the Bucharest Local Police, with all the findings on the ground.

### Substances of concern and substances of very high concern

#### ESRS E2-5

Regarding hazardous substances management, the company uses chemicals that are strictly necessary in carrying out the maintenance activities of the National Natural Gas Transport System. At the end of each year, all territorial exploitations carry out a monitor the quantities of chemical and dangerous substances used, which they report to the company's internal structures.

In the case of incidents and emergency situations, at

the company level, the system procedure Preparation for Emergency Situations and response capacity (code PS 20 SMI) is approved, which regulates the mode of action in the following situations:

- Preparation for emergency situations, through:
  - identification of risk sources;
  - the preparation of intervention scenarios;
  - simulation exercises for potential emergency situations.
- Responding to emergency situations by:
  - notifying the interested parties;

- information assessment and situation analysis;
- establishing options for action and their implementation in order to restore the situation to normality.

On the management of dangerous substances at the company level, in 2023 a quantity of 139,345 kg of ethyl mercaptan, used for the odorization of methane gas, was purchased.

The table below shows the centralized amounts of dangerous chemical substances and preparations used in 2023 within SNTGN Transgaz SA. Hazardous chemical substances and preparations used in the activity are mentioned below:

2023	Chemical substances and preparations	Quantity of chemical substances and preparations
<b>Hazardous chemical substances and preparations used in the activity</b>	Ethyl Mercaptan (kg)	171,444.28
	Technical oxygen (mc)	2,237.75
	Nitrogen (mc)	1,517.60
	Helium (mc)	4,178.30
	Standard Gas - Methane (mc)	100.00
	Acetylene (kg)	916.40
	Sulphate of CU (kg)	0.00
	CaOCl <sub>2</sub> (kg)	0.00
	Thinner (L)	2,889.10
	Primer (kg)	3,418.00
	Oil (L)	3,52.20
	Enamel paint (kg)	20,100.50
	Vaseline (kg)	509.94
	NaOH* (kg)	70.00
	NaOCl* (L)	0.00
	Gas mixture (mc)	630.00
	Antifreeze (L)	365.00



SNTGN Transgaz SA activity is not subject to the Industrial Emissions Directive (IED), E-PRTR (Register of Pollutant Emissions and Transfers) or BAT – Best Available Techniques requirements. SNTGN Transgaz SA does not operate targets that fall under the scope of the Seveso Directive at the upper or lower limit of the relevant quantities of hazardous substances, and no substances of particular concern (very hazardous substances) are used.

### Anticipated financial effects from material pollution-related risks and opportunities

#### ESRS E2-6

The anticipated financial effects of significant physical and transition risks and potential opportunities related to soil, water and air pollution are not assessed or quantified in detail. However, their relevance and significance were noted in the double materiality analysis. The environmental aspects register of SNTGN Transgaz SA includes a series of risks to be reanalyzed and aligned with the ESRS reporting requirements in the following period, with 2023 being the first reporting year based on the new ESRS standards.

The company had no major incidents in 2023 and did not record operating expenses related to them or to the owned deposits.

In 2023, there were no contaminated sites, rehabilitation of waste deposits, environmental contamination in production sites, therefore no environmental protection expenses were highlighted for these types/categories.

However, expenses were recorded in other categories, expenses whose final objective was to prevent the pollution of environmental factors, respectively:

- waste management services generated – RON 305,734;
- services for soil protection (development of pedological studies for the development of the SNT) – RON 137,341;
- services for physical-chemical analyzes for waste characterization – RON 30,063;
- services for underground water protection – RON 71,328;
  - maintenance services of various technical equipment (for the purpose of preventing air, water and soil pollution, determining methane and ethyl mercaptan emissions) - RON 1,335,208;
- services for the protection of surface waters (carrying out hydrological studies for the development of the SNT, making safe the crossings of watercourses with natural gas transport pipelines) – RON 35,087,573.



# ESRS E4

## BIODIVERSITY AND ECOSYSTEMS

### Biodiversity and ecosystems

#### Presentation of general information

##### ESRS 2

SNTGN Transgaz SA ensures the transport of natural gas on the territory of Romania by means of a specific infrastructure and thus takes into account the analysis of the ecosystems in the areas related to the gas networks and takes into account the influence it can have on biodiversity. The services offered by SNTGN Transgaz SA are provided through the infrastructure that was developed according to the Development Plan for the National Natural Gas Transport System<sup>21</sup>, a plan that was subject to evaluation in the framework of the environmental procedure, including the evaluation regarding biodiversity and ecosystems.

The company's activity can affect biodiversity, especially during the implementation stage of the development projects of the natural gas transport network. This potential impact is due to the fact that some portions of the route are located on the territory of protected natural areas or in their vicinity. SNTGN Transgaz SA ensures that the impact on biodiversity is minimal when carrying out the projects.

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

##### SBM 3

SNTGN Transgaz SA seeks to apply all measures to prevent, reduce and compensate adverse effects on

biodiversity at the time of implementing 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, and more are strictly observed. Each company project goes through an environmental impact assessment before execution, to identify all forms of impact and establish specific measures to reduce it.

The activity carried out by SNTGN Transgaz SA does not significantly impact the environment from the point of view of biodiversity. The environmental authorizations for the activities carried out and the regulatory acts related to the projects are granted by the environmental authorities under the conditions provided by the national legislation and, sometimes, if the latter deem it necessary, measures are imposed that condition the attainment of approval. SNTGN Transgaz SA can decide, following correspondence with the authorities, to deviate from the originally proposed route for the location of the pipelines.

No sensitive areas regarding biodiversity, that would be negatively impacted by the natural gas transport activity, have been identified.

The categories of regulatory acts issued by the environmental authorities for the projects and activities of SNTGN Transgaz SA are as follows:

- Projects: Classification of the notification/Decision of the framing stage/Environmental agreement;
- Activities carried out by SNTGN Transgaz SA: Environmental Authorizations and Water Management Authorizations;
- Notices issued by the Administrators of protected natural areas for projects/activities that could generate an impact on protected areas. These

<sup>21</sup> <https://www.transgaz.ro/sites/default/files/Downloads/Development%20Plan%20for%20the%20National%20Gas%20Transmission%20System%202022-2031.pdf>

approvals are obtained within regulatory procedures for projects/activities.

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

### 1. Projects:

Every **project** is subject, prior to execution, to the environmental impact assessment procedure through which all associated forms of impact are identified and specific measures to reduce the impact are established.

Projects are subject to the environmental impact assessment procedure, in accordance with the provisions of Directive 2014/52/EU of the European Parliament and of the Council, amending Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, transposed in national legislation through Law no. 292/2018 regarding the impact assessment of certain public and private projects on the environment.

**The environmental impact assessment procedure is conducted by the central or territorial public authorities for environmental protection**, with the participation of central or local public authorities, as the case may be, which have specific duties and responsibilities in the field of environmental protection. Assessment of the impact on the environment for projects that fall under the provisions of art. 28 of the Government Emergency Ordinance no. 57/2007 regarding the regime of natural protected areas, conservation of natural habitats, flora and fauna, approved with amendments and additions by Law no. 49/2011 integrates the appropriate assessment of protected natural areas of community interest, the conservation of natural habitats, flora and fauna.

**The environmental impact assessment procedure is carried out in stages**, respectively:

- a) the project inclusion stage in the environmental impact assessment procedure;
- b) the stage of defining the scope of the assessment and drawing up the report on the impact on the environment;

c) the analysis stage of the quality of the environmental impact report.

**The procedure is preceded by an initial evaluation of the project, carried out by the competent authorities for environmental protection**, in which the location of the project regarding the protected natural areas is identified. An assessment is also carried out from the point of view of water management, in accordance with the provisions of the Water Law no. 107/1994, respectively, if the proposed project is water related or if construction is carried out on water and in areas with water, in order to obtain water management permits.

### 2. Activities carried out by SNTGN Transgaz SA:

Environmental authorizations are obtained according to national legislation in the field of biodiversity, at the level of each Territorial Exploitation ("ET").

The **environmental authorization** at the level of each Territorial Exploitation of SNTGN Transgaz SA **was issued in compliance** with conditions imposed by the authorities in the field of biodiversity:

- compliance with the conditions stipulated 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;
- prohibiting the discharge of hazardous substances used in watercourses or on the ground;
- prohibiting the storage of waste resulting from pipeline maintenance and operation activities in protected natural areas and in watercourses, the waste will be collected and periodically evacuated to authorized waste dumps nearby;
- carrying out maintenance work on 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 (6m on one side and the other of the pipeline axis), not being allowed to occupy additional areas



of land, making maximum use of the available space, thus avoiding damage to neighboring surfaces;

- ✓ no deforestation will be carried out;
- ✓ existing forest roads will be used;
- ✓ exit ways for animals will be provided to prevent fauna from being caught in captivity;
- ✓ any animals caught in captivity between equipment/in pits/in trenches will be identified and released;
- ✓ any direct contact with existing fauna is prohibited, such as animal hunting;
- ✓ welding works near vegetation are prohibited.

In the event of an accident/deflagration on the sections that cross the protected natural areas, the dynamics of the affected surfaces will be monitored, and for the affected areas, works will be carried out to restore the affected habitats. The planning of the maintenance works of the sections crossing the protected natural areas will be done in such way as to avoid the nesting periods of birds or during the reproduction periods of the other designated species. Maintenance works on pipelines that intersect/adjacent to protected natural areas will only be carried out 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 passage, exploitation and safety lanes will be executed in compliance with the strictest measures to reduce the negative impact on the species and protected habitats existing in the area.

For terrestrial, aquatic and underground wild plant and animal species, provided for in GEO no. 57/2007 regarding the regime of natural protected areas, conservation of natural habitats, flora and fauna, with subsequent amendments and additions, are prohibited:

- any form of harvesting, capturing, killing, destroying or harming specimens in their natural environment, in any of the stages of their biological cycle;
- intentional disturbance during the period of reproduction, growth, hibernation and migration;
- intentional damage, destruction and/or 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 stage of their biological cycle.





## Description of processes for identifying and assessing significant impacts, risks and opportunities related to biodiversity

### ESRS 2 IRO-1

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

The process of identifying and assessing impacts, risks and opportunities regarding biodiversity

consisted of the following:

- an internal assessment was carried out according to the principle of double materiality analysis described in chapter Impact, risk and opportunity management;
- an external consultation was also carried out;
- various specialized literature sources were consulted (National plans, guides and standards in the field, etc.);
- analysis of the authorizations held;
- verification of the internal risk register and other internal documents.

Thus, only the Determining Factors aspect of the direct impact on the decline of biodiversity, sub-sub-topic Pollution, was found to be „material“. This refers to results of potential actions that can generate pollution in the respective areas, especially during construction phases.

The conclusions of the dual materiality analysis are summarized in the table below and the relevant topics are addressed in the following sections.

Subtopic	Impact	Risk / Opportunity
<p><b>Determinants of direct impacts on biodiversity decline</b></p> <p><b>- Pollution</b></p>	<p><b>Potentially negative impact</b> during the construction period, if the conditions of the environmental agreement are not respected.</p> <p><b>Potentially negative impact</b> during the operation period if the environmental protection conditions are not respected during the maintenance period of the pipelines and gas transport facilities, through the accidental discharge of various chemical substances (oils, paints, etc.).</p> <p><b>Impactful potential negativ</b> that the natural gas transport system can have on biodiversity is caused, for some situations, by the location of some NTS objectives on the territory of natural protected areas or at a certain distance from them. In general, <b>the negative impact is of low intensity</b>, temporary, reversible on the environmental factors, in the short term, during the execution of the works, and an <b>insignificant direct and permanent negative impact</b> during the exploitation period by definitively removing from the original use of some surfaces of land.</p> <p>The development and maintenance of NTS does not generate significant negative impacts in terms of biodiversity, land degradation, desertification or soil waterproofing.</p>	<p><b>Risk:</b> reputational and contravention if the conditions in the regulatory acts are not respected, both during the construction period and during the operation period.</p> <p><b>Opportunity:</b> 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*..</p>

\*The following aspects represent opportunities:

- decrease in the volume of illegal wood cutting from the forest as a result of the decrease in the demand for firewood, **with direct beneficial effects on the condition of the forest and all the ecosystem services provided by it;**
- increasing the energy efficiency of the use of firewood/biomass by **mobilizing its use in modern cogeneration facilities;**
- offering a viable energy alternative in areas where wood/biomass is currently the only source of energy for heating, **in this way residents have the opportunity to choose the most convenient source and be less vulnerable;**
- **increasing the consumer's flexibility** and control over their own energy consumption;
- **increasing energy efficiency** as a result of the almost complete combustion of gas, compared to the partial combustion of wood, often insufficiently dry, in outdated stoves with a low energy yield;
- **increasing energy efficiency** by replacing the partial heating of homes, practiced in the case of using wood stoves, with their integral heating, practiced in the case of individual or common power plants (block, neighborhood);
- **increasing the number of homes that will be fully heated**, through the use of own or shared power plants;
- **use of natural gas**, known to be the cleanest fossil fuel, represents an appropriate way of transitioning to the large-scale use of renewable energy sources.

Therefore, limited access or lack of access to natural gas will maintain a high level of pollutant emissions in the atmosphere (Sulphur dioxide, carbon monoxide, carbon dioxide, nitrogen oxides and dust) as a result of the use, for heating and production of electricity, of fuels other than methane gas (coal, fuel oil, wood), much more polluting, which will indirectly affect the conservation status of biodiversity.

Within the framework of the double materiality analysis, the short-, medium- and long-term **financial effects** of the risks associated with the

impact on biodiversity were evaluated. It was found that these financial effects associated with the risks are minimal (below 0.1% of the turnover) for the aspect "Direct factors leading to the loss of biodiversity - Pollution".

For SNTGN Transgaz SA, in 2023, no situations that would generate the application of sanctions by the authorities for non-compliance with legal provisions in the field of biodiversity were identified.

In the case of all NTS development projects, implemented by SNTGN Transgaz SA, 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 international good practices in the field.

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

##### ESRS E4-1

All SNTGN Transgaz SA objectives are subject to the environmental impact assessment procedure at the time of project initiation, in accordance with the environmental legislation specific to biodiversity, in force, respectively:

- GEO no. 195/2005 on environmental protection, with subsequent amendments and additions;
- GEO no. 57/2007 regarding the regime of natural protected areas, conservation of natural habitats, flora and fauna approved by Law no. 49/2011 – with subsequent amendments and additions;
- Normative acts for the establishment of the natural protected areas regime.

Thus, at the time of the environmental agreement request, aspects regarding biodiversity and ecosystems are evaluated in detail and specific measures are arranged to ensure the reduction of the impact to a minimum.

For a gas transportation company, addressing the impact on biodiversity and ecosystems is essential, especially during the construction and maintenance phases of gas transportation facilities. Adapting

the company's strategy and business model to biodiversity involves conducting environmental assessments, implementing mitigation measures, engaging stakeholders at project initiation and encouraging continuous innovation. This approach ensures minimal disruption to biodiversity and ecosystems.

The company SNTGN Transgaz SA provides robust monitoring systems to track the impact on biodiversity and ecosystems throughout the life cycle of its projects. Thus, it is established that the activity of SNTGN Transgaz SA does not impact the objectives set out in the EU Nature Restoration Plan.

In accordance with the provisions of Article 22 of the European Directive CE/2009/73 regarding the obligation to draw up the 10-year Development Plan annually for all natural gas transmission system operators in the European Union, SNTGN Transgaz SA, as the technical operator of the National Transmission System natural gas from Romania, developed the Development Plan for the National Natural Gas Transport System for the period 2021-2030. This is a plan that was subjected to the strategic environmental assessment. As part of the environmental assessment for the PDSNT

2021-2030, the Adequate Assessment Study and the Environmental Impact Report were prepared, documents prepared by NaturalNet S.R.L. in collaboration with the Pronatura Foundation, with the support of the EIB.

SNTGN Transgaz SA integrates environmental aspects, including those related to biodiversity, in the current gas transport activity, as well as in the development of SNT, using the following approaches:

- Management of environmental responsibilities, referring to the requirements and practices used by the industry at international level;
- Systematic use of environmental assessment to facilitate the integration of environmental considerations into the activity carried out. Thus, sustainable decisions are adopted that minimize the negative impact on the environment, specific measures to improve the effects are identified and a framework is established for the subsequent evaluation of the projects from the point of view of environmental protection.
- Implementation of the hierarchy of mitigating impact on biodiversity (avoidance, minimization,





rehabilitation and compensation of impact) 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), in all stages of activity: planning, design, construction, operation, decommissioning.

The hierarchical proactive approach to biodiversity and ecosystems within the strategy and business model consists in applying the following measures:

1. Avoiding the impact by spatially adjusting the route of the pipelines related to the National Natural Gas Transport System (SNT), so that they do not intersect with areas of high biodiversity value;
2. Minimizing the impact by applying the best technologies and best management practices currently available (for example: minimizing the disturbance of soil, watercourses);
3. Restoration of biodiversity and affected habitats if the adverse effects on biodiversity cannot be avoided or minimized, whereby the affected ecosystems and species are rehabilitated in situ, thus the affected biodiversity is restored in the same place where it was negatively affected;
4. Biodiversity compensation consists in the implementation of compensatory measures if 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 regarding the environment allows the Company to reduce the impact and potential risks that could be generated by the activity carried out on the environment and biodiversity.

### Biodiversity and ecosystems related policies

#### ESRS E4-2

The continuous monitoring and improvement of environmental performance, in order to protect biodiversity and ecosystems, constitutes a general objective for environmental protection within SNTGN Transgaz SA, according to the General Policy adopted through the Integrated Management System<sup>22</sup>.

<sup>22</sup> <https://www.transgaz.ro/en/activities/integrated-management-system/policy-statement>

Within the activities carried by SNTGN Transgaz SA regarding the management of associated risks, no significant biodiversity risks were identified. The main aspects regarding the Policy adopted at the company level regarding biodiversity are addressed in the Policy of the Integrated Management System.

The natural gas transport activity is organized and carried out in accordance with the Policy of the Integrated Management System (SMI) regarding Quality, Environment and Occupational Health and Safety adopted at the company level. For the application of SMI within the activities carried out by the Company, quality and performance control assurance documents were developed and implemented: system procedures, process procedures, regulations, methodologies, work instructions, process sheets, etc. **SNTGN Transgaz SA 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 45001:2018.**

According to the internal procedures regarding the identification and reporting of emergencies, 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 applicable). At the level of 2023, there was no environmental incident impacting the protected natural areas.

### Biodiversity and ecosystems related actions and resources

#### ESRS E4-3

The key activities carried out by SNTGN Transgaz SA to comply with the conditions imposed by legislation and the regulatory acts issued by the competent authorities for environmental protection regarding the management of biodiversity in the implementation of the construction-installation projects of gas transport pipelines consist of:

- the inclusion in the technical projects/ documentation regarding the procurement of gas pipeline execution works of the requirements set out in the legislation and related regulatory acts regarding biodiversity management,



detailed technical specifications regarding biodiversity monitoring and the responsibilities and obligations that fall to contractors and/or specialists who provide biodiversity monitoring services during project implementation;

- the elaboration, by our own specialists and/or external consultants, of the Biodiversity Management Plan and other specific documents, which present the biodiversity management and conservation requirements applicable to NTS development projects, the actions and measures to avoid and reduce the impact of the works on biodiversity that the contractor must implement (e.g. Biodiversity Action Plans, Procedures/Working Instructions for biodiversity management, etc.);
- reviewing and updating project documents regarding biodiversity whenever the situation requires it;
- evaluating and ensuring that the contractor's offer complies with the requirements of the procurement documentation regarding environmental protection;
- placing qualified specialists in the own structure responsible for the implementation and monitoring of SNT development projects, with roles and responsibilities regarding the management of protection aspects the environment, including those specific to biodiversity;
- training the own staff involved in the activities of supervising the execution of works on the construction site regarding 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 contractor workers on the project's environmental and biodiversity requirements and commitments;
- making the project documents available to contractors 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 during the execution of construction-installation works for gas transport pipelines;
- monitoring and reporting of risks, non-conformities, incidents related to biodiversity management, tracking the remediation of situations by contractors and/or biodiversity monitoring specialists;
- centralization and management of documents, reports and information regarding the management of biodiversity developed by contractors and reporting to the management of the company, competent authorities for environmental protection, administrators/custodians of protected natural areas, as appropriate;
- checking and approving the documents drawn up by contractors/biodiversity specialists (work plans, work delivery schedules, monitoring methodologies, data collection and monitoring results reporting sheets, biodiversity management plans, action plans of biodiversity, measures to prevent and reduce the impact of project works on biodiversity, biodiversity compensation strategies/plans, activity reports, work reports and supporting documents, etc.);
- registration, communication of environmental incidents and cooperation with the authorities and the contractor for their investigation;
- performing control actions, verification, audit of activities related to the project, by control authorities, external auditors, etc. and the elaboration of the information, presentations and documents requested by them during the actions or afterwards;
- 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 the administrators/custodians of protected natural areas regarding the start of the construction works of the projects, periodic reporting

regarding the monitoring of biodiversity and reporting upon the completion of the activity of monitoring biodiversity during the execution of the projects.

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

**The actions regarding biodiversity and ecosystems, as well as the resources allocated for their implementation, are as follows:**

- Budgeting in the gas pipeline execution projects of compliance works with the legal provisions or from the environmental regulatory acts of the project;
- Elaboration of action plans for biodiversity, drawn up mainly for major projects, which present the specific, practical and effective actions and measures for managing biodiversity and avoiding and/or mitigating negative effects on it that apply during the execution of the works, in accordance with those provided in the project documents (environmental agreement, additional environmental and social assessment report, biodiversity management plan). 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 features, located in the area of influence of the project, without being strictly limited to them.

All the measures communicated by the authorities for obtaining environmental authorizations 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. National/local

environmental authorities carry out, as appropriate, the final (on-site) assessment to verify the conditions imposed by the environmental agreement.

Additionally, at the level of each Territorial Exploitation, there is an environmental inspector who has responsibilities regarding the monitoring of the conditions imposed by the environmental authorization.

The potential impact that the company's projects can have on biodiversity is reflected in their location, on some sections of the route, on the territory of protected natural areas or in their vicinity. Therefore, SNTGN Transgaz SA pays special attention to this aspect, with the activities carried out being managed in such a way as to avoid/minimize the impact on the flora and fauna of the protected natural areas.

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

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

At the company level, there are environmental studies carried out for the Development Plan, in order to identify the relevant environmental objectives. Impact studies are developed within the environmental impact assessment procedure, in the case of projects for which the environmental authority has decided the need for their development (Environmental Impact Assessment report; Appropriate Assessment study).

Biodiversity monitoring is carried out in 2 ways:

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

The environmental studies and approvals obtained by SNTGN Transgaz SA for the Development Plan – PDSNT are as follows:

- Environmental Report - PDSNT 2021-2030;
- Appropriate Assessment study developed for PDSNT 2021-2030;
- Environmental notice no. 59 of 15.10.2021 for PDSNT 2021-2030, issued by the Ministry of the Environment;
- Screening Decision no. 1/14.02.2022 regarding the proposal to amend the Development Plan of the National Natural Gas Transport System 2021 – 2030 (PDSNT 2021 - 2030);
- Screening Decision no. 3/12.05.2022 regarding the proposal to amend the PDSNT 2021-2030 (changing the implementation period of the Plan from 2021-2030 to 2022-2031).

In 2023, there was no need to use compensatory measures for the loss of biodiversity. There were no situations where the result of the appropriate assessment for the projects revealed a significant negative impact on the protected natural areas of community interest and the adoption of compensatory measures to protect the integrity of the Natura 2000 network.

### Biodiversity and ecosystems targets

#### ESRS E4-4

Activities in the field of environmental protection (and implicitly those related to biodiversity and

ecosystems) are approached from the perspective of the principles at the core of environmental legislation. Thus, among others, the Principle of conservation of biodiversity and ecosystems specific to the natural biogeographic framework is followed. It involves the conservation and protection of natural habitats and species of wild flora and fauna, which are essential community objectives and of general interest. As such, to reduce the impact on biodiversity, especially in the case of developed projects, measures are applied to avoid the impact of protected natural areas as much as possible, to reduce it when it cannot be avoided and to contribute to the ecological restoration of the land.

No additional biodiversity and ecosystem targets have been set. The activity carried out by SNTGN Transgaz SA has no significant impact on biodiversity. The national legislation does not establish such an obligation for the activity carried out by SNTGN Transgaz SA. In the risk assessment process, no significant risks with an impact on **biodiversity and ecosystems** were identified.

### Impact indicators regarding biodiversity and ecosystem changes

#### ESRS E4-5

For protected areas, specific prevention and reduction measures are developed at the site/project level. According to the environmental assessment<sup>23</sup> (adequate assessment study for the Development Plan of the National Natural Gas Transport System 2021-2030) it was assessed that the areas on which the potential impacts can take place are relatively limited.

### Anticipated financial effects of risks and opportunities related to biodiversity and ecosystems

#### ESRS E4-6

In relation to the activity carried out at the level of SNTGN Transgaz SA regarding the management of associated risks, no significant risks were identified in the field of biodiversity and, consequently, the potential financial effects were not estimated.

<sup>23</sup> [https://www.moew.government.bg/static/media/ups/articles/attachments/Appropriate%20assessment%20study%20\(EN\)4c7ac5ecfc5057ed41aea3100dd38f44.pdf](https://www.moew.government.bg/static/media/ups/articles/attachments/Appropriate%20assessment%20study%20(EN)4c7ac5ecfc5057ed41aea3100dd38f44.pdf)

## ESRS E5

# UTILIZAREA RESURSELOR ȘI ECONOMIA CIRCULARĂ

### Resource Use and Circular Economy

#### Presentation of general information

##### ESRS 2

The use of resources causes major effects on the environment, such as climate change, pollution, water and marine resources and biodiversity. A circular economy promotes the sustainable use of resources at all stages, from extraction to waste management.

SNTGN Transgaz SA is committed to promoting the principles of the circular economy, maintaining the value of products, materials and resources purchased and used as long as possible. SNTGN Transgaz SA aims to increase the efficiency of the use of resources in its activity, thus reducing the impact on the environment. In all stages of the life cycle of the resources used, including extraction (raw materials, does not include natural gas), processing, and use, including subsequent waste management, the company applies the waste hierarchy in order to minimize the waste generated.

Waste management is executed in accordance with the provisions of GEO no. 92/2021 on the waste regime, with subsequent additions and amendments, following the waste hierarchy: prevention, reuse, recycling, recovery and disposal, without endangering human health and the environment. The company also follows the provisions of Law no. 132/2010 on the selective collection of waste in public institutions.

Through the instruments used, SNTGN Transgaz SA aims to:

- avoid the generation of risks for environmental factors;

- avoid negatively affecting the landscape or areas of special interest;
- avoid an acoustic or olfactory impact on the areas where the projects are developed.

In addition, the company monitors its environmental performance and evaluates the results and effectiveness of the adopted Policy.

#### Description of processes for identifying and assessing significant impacts, risks and opportunities related to pollution

##### ESRS 2 IRO-1

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

Thus, for the activity carried out by SNTGN Transgaz SA, only the Waste aspect resulted as "material", since renewable and non-renewable resources are not permanently used and in significant quantities during the operating period.

The results of the double materiality analysis for the Waste aspect are summarized in the table below.



Subtopic	Impact	Risk / Opportunity
<b>Waste</b>	<b>Negative impact</b> on the soil, subsoil and surface and underground waters - in the case of improper management of hazardous and non-hazardous waste generated both during the construction period and during the operation (maintenance) period.	<b>Risk:</b> reputational and contravention in the case of improper management of hazardous and non-hazardous waste generated, both during the construction period and during the operation (maintenance) period.

At the company level, prior to the issuance of the ESRS standards, internal processes were carried out to identify and assess the risks associated with the activities of SNTGN Transgaz SA. Thus, some

measures were established to manage or mitigate the risks associated with waste management by implementing a risk management process, as follows:

### Assessing compliance with legal and other regulatory requirements

Risk associated with the process	Risk mitigation measures
Non-compliant waste management	<ul style="list-style-type: none"> <li>• Implementation of policies in accordance with the legislation and good practices regarding the prevention and/or reduction of waste quantities, in the 5 stages of waste management activities: prevention/ reduction; reuse; recycle; energy recovery; disposal/storage;</li> <li>• Conducting reports in the field at the company level, according to the requirements of the applicable normative acts in the field;</li> <li>• Monitoring information on waste management at the company level.</li> </ul>

### Resource use and circular economy related policies

#### ESRS E5-1

SNTGN Transgaz SA does not have a policy regarding waste management in accordance with the provisions of the ESRS standard, respectively for the management of its significant impacts, risks and opportunities related to the circular economy. The company has a Policy<sup>24</sup> regarding the Integrated Management System through which it undertakes, among other things, to ensure the protection of the environment through the efficient and sustainable use of natural resources, energy, and the practice of efficient management in the field of waste

management. In addition, the company monitors its environmental performance and evaluates the results and effectiveness of the adopted Policy.

Regarding the transition from the use of primary resources, including the relative increase in the use of secondary (recycled) resources, the activity carried out by SNTGN Transgaz SA aims, as appropriate, to reuse certain types of materials with the aim of keeping them in use as long as possible, considering the safety of the facilities at the same time. All installations and pipelines are put into operation only after a thorough check and in compliance with all standards specific to the activity.

<sup>24</sup> <https://www.transgaz.ro/en/activities/integrated-management-system/policy-statement>

## Actions and resources regarding the use of resources and the circular economy

### ESRS E5-2

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

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

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

The quantity of waste generated is centralized in the waste record, and the data is contained in the annual environmental report, as per each organizational entity. The total amount of waste generated at the company level in 2023 was 542,041.24 kg and 6,795.00 liters.

At office premises and various work points, specific containers are provided for separate collection of waste as follows: blue for paper and cardboard waste, yellow for metal and plastic waste and white/green for white/colored glass.

The company has a Plan of measures regarding selective collection that contains, without fail, the following information:

- the name and contact details of the person

responsible for organizing the selective collection;

- description of the organization of selective collection (purpose, types of containers, plans specifying the location of the locations);
- the obligations of employees and the applicable measures in case of failure to comply with duties;
- the method of temporary storage of collected waste;
- employee training program regarding selective waste collection;
- the results reporting program;
- visitor information program;
- the details of the contract for delivery of selectively collected waste.

In order to recover and/or dispose waste, SNTGN Transgaz SA has contracts with authorized waste operators for such activity, for each type of waste generated, specific recovery and/or dispose solutions are established.

SNTGN Transgaz SA employees are regularly trained on the prevention of waste generation and the obligation to reuse certain products/materials, where possible.

The company obtained the ISO 14001:2015 certification, which was reconfirmed for compliance following the audit carried out by SRAC in September 2023, which also covered the way in which the company ensures the proper management of the generated waste.



## Targets regarding resource use and the circular economy

ESRS E5-3, ESRS 2 MDR - T

Through the Integrated Management System implemented by SNTGN Transgaz SA, the company's impact on the environment and implicitly with a view to the proper management of waste is minimized and measures are set in place, such as: reducing

Waste type	Quantity generated in 2023
Hazardous waste	6,795.00 liters
	18,310.31 kg
Non-hazardous waste	523,730.93 kg
Total	6,795.00 liters
	542,041.24 kg

## Resource outflow

ESRS E5-5

Waste is the only type of material that can be considered under the "Resource Outputs" chapter. The main categories of waste generated at the company level come mainly from the maintenance

No	Waste category	Waste code	Unit	Quantity (2022)	Quantity (2023)	Type of waste
1	Ferrous metallic waste	16 01 17	kg	563,334.87	428,461.20	Non-hazardous
2	Non-ferrous metallic waste	16 01 18	kg	609.80	572.00	Non-hazardous
3	Materials with asbestos cement content	17 06 05*	kg	13,675.00	3,680.00	Hazardous
4	Insulating materials, mineral wool	17 06 04	kg	1,573.00	2,124.00	Non-hazardous
5	Mixed concrete, bricks	17 09 04	kg	12,445.00	50,000.00	Non-hazardous

pollution risks, reducing the risks of degradation of SNTGN Transgaz SA sites and establishing environmental objectives.

In 2023, no specific targets have been established for the generated waste. The table below shows the amounts of hazardous and non-hazardous waste generated in 2023:

### 2023 Waste quantities



activity of the natural gas transport network and from the construction activity / development of the gas transport infrastructure. Below there are types of waste generated and directed to recovery/disposal activity, as the case may be, in 2023, as reported to the County Environmental Protection Agencies.

No	Waste category	Waste code	Unit	Quantity (2022)	Quantity (2023)	Type of waste
6	Used tires	16 01 03	kg	10,181.00	7,844.00	Non-hazardous
7	Used batteries	16 06 01*	kg	2,783.00	4,713.00	Hazardous
8	Spent activated carbon	06 13 02*	kg	105.00	77.00	Hazardous
9	Used oil	13 02 06*	L	124.00	1,145.00	Hazardous
10	Used hydraulic oil	13 02 11*	L	190.00	5,650.00	Hazardous
11	Oil filters	16 01 07*	kg	148.00	210.00	Hazardous
12	Electrical equipment waste contaminated with hazardous components	20 01 35*	kg	124.00	7.50	Hazardous
13	Electrical equipment waste contaminated with hazardous non-components	20 01 36	kg	3,298.25	1,959.29	Non-hazardous
14	Printer toners	08 03 18	kg	16	464.00	Non-hazardous
15	Paper packaging - cardboard	15 01 01	kg	19,383.7	18,797.80	Non-hazardous (recyclable)
16	Plastic packaging	15 01 02	kg	3,533.48	6,003.44	Non-hazardous (recyclable)
17	Glass packaging	15 01 07	kg	753.00	848.00	Non-hazardous (recyclable)
18	Paper waste	20 01 01	kg	881.00	3,971.00	Non-hazardous
19	Plastic materials	20 01 39	kg	3,334.00	356.20	Non-hazardous
20	Rubber materials	19 12 04	kg	10.00	0.00	Non-hazardous
21	Filter material, uncontaminated protective clothing	15 02 03	kg	220.00	265.00	Non-hazardous
22	Filter material, contaminated protective clothing with hazardous substances	15 02 02*	kg	1,056.00	1,013.80	Hazardous
23	Spent filter clays	05 01 15*	kg	3,040.00	5,810.00	Hazardous
24	Filter cartridges	15 02 07*	kg	960.00	0,00	Hazardous
25	Packaging contaminated with hazardous substances	15 01 10*	kg	2,187.65	2,526.85	Hazardous
26	Lighting objects	20 01 21 *	kg	136.24	140.16	Hazardous



No	Waste category	Waste code	Unit	Quantity (2022)	Quantity (2023)	Type of waste
27	Fluorescent tubes	20 01 01*	kg	86.00	132.00	
28	Batteries	16 06 04	kg	232.00	30.00	Non-hazardous
29	Bituminous waste	05 01 17	kg	2,450.00	650.00	Non-hazardous
30	Welding waste	12 01 13	kg	143.00	360.00	Non-hazardous
31	Ferrous filings/turnings	12 01 01	kg	1,000.00	70.00	Non-hazardous
32	Wood	20 01 38	kg	100.00	955.00	Non-hazardous
	<b>TOTAL</b>		kg	610,981.48	542,041.24	-
			L	314.00	6,795.00	-
	<b>Total non-hazardous waste</b>		Kg	-	523,730.93	-
	<b>Total hazardous waste</b>		Kg	-	18,310.31	-
	<b>Total hazardous waste</b>		L	-	6,795.00	-
	<b>Total recyclable waste</b>		kg	-	25,649.24	-



### Hazardous and non-hazardous waste

Within SNTGN Transgaz SA, the application of the waste hierarchy is strictly followed, the first option being the prevention of waste generation, through periodic information of employees and other control tools. When avoiding the production of waste is not possible, the aim is to minimize the amount generated, by identifying some options for their reuse, recycling and energy recovery, without however affecting the operational processes.

As a result of the activities carried out by SNTGN Transgaz SA, both hazardous waste and non-hazardous waste are generated. The total amount of waste generated (in kg) in 2023 decreased compared to the amount generated in 2022, from 610,981.48 kg to 542,041.24 kg, but the amount of hazardous waste generated increased from 314.00 liters to 6,795.00 liters. Below is the centralized situation with all the amounts of waste, amount generated, recovered, disposed and remaining in stock for the year 2023.

No	Waste category	Waste code	Waste quantities				UM
			Generated	Recovered	Disposed	Stock	
1	Ferrous metallic waste	16 01 17	428,461.20	195,651.40	0.00	232,809.80	kg
2	Non-ferrous metallic waste	16 01 18	572.00	444.00	0.00	128.00	kg
3	Materials with asbestos cement content	17 06 05*	3,680.00	3,080.00	0.00	600.00	kg
4	Insulating materials, mineral wool	17 06 04	2,124.00	1,438.00	0.00	686.00	kg
5	Mixed concrete, bricks	17 09 04	50,000.00	50,000.00	0.00	0.00	kg
6	Used tires	16 01 03	7,844.00	7,530.00	0.00	314.00	kg
7	Used batteries	16 06 01*	4,713.00	1,538.00	0.00	3,175.00	kg
8	Spent activated carbon	06 13 02*	77.00	8.00	55.00	14.00	kg
9	Used oil	13 02 06*	1,145.00	513.00	63.00	569.00	l
10	Used hydraulic oil	13 02 11*	5,650.00	5,650.00	0.00	280.00	l
11	Oil filters	16 01 07*	210.00	195.00	0.00	15.00	kg
12	Electrical equipment waste contaminated with hazardous components	20 01 35*	7.50	7.50	0.00	0.00	kg
13	Electrical equipment waste contaminated with hazardous non-components	20 01 36	1,959.29	1,658.69	0.00	300.60	kg
14	Printer toners	08 03 18	464.00	464.00	0.00	0.00	kg
15	Printer toners containing hazardous substance	16 02 13*	0.00	0.00	0.00	0.00	kg
16	Paper packaging - cardboard	15 01 01	18,797.80	18,774.80	0.00	23.00	kg
17	Plastic packaging	15 01 02	6,003.44	5,970.44	0.00	33.00	kg

Nr. crt	Categorie deșeu	Cod deșeu	Cantitate / kg				UM
			Generată	Valorificată	Eliminată	Stoc	
18	Glass packaging	15 01 07	848.00	848.00	0.00	0.00	kg
19	Paper waste	20 01 01	3,971.00	3,971.00	0.00	0.00	kg
20	Plastic materials	20 01 39	356.20	303.20	48.00	5.00	kg
21	Rubber materials	19 12 04	0.00	0.00	0.00	0.00	kg
22	Filter material, uncontaminated protective clothing	15 02 03	265.00	241.00	0.00	24.00	kg
23	Filter material, contaminated protective clothing with hazardous substances	15 02 02*	1,013.80	318.80	695.00	0.00	kg
24	Spent filter clays	05 01 15*	5,810.00	4,000.00	1,810.00	0.00	kg
25	Filter cartridges	15 02 07*	0.00	0.00	0.00	0.00	kg
26	Packaging contaminated with hazardous substances	15 01 10*	2,526.85	889.75	514.00	1,123.10	kg
27	Septic tank sludge	20 03 04	34.00	0.00	34.00	0.00	mc
28	Lighting objects	20 01 21*	140.16	23.00	0.00	117.16	kg
29	Fluorescent tubes	20 01 01*	132.00	132.00	0.00	0.00	kg
30	Batteries	16 06 04	30.00	24.00	6.00	0.00	kg
31	Bituminous waste	05 01 17	650.00	650.00	0.00	0.00	kg
32	Welding waste	12 01 13	360.00	250.00	0.00	110.00	kg
33	Ferrous filings/turnings	12 01 01	70.00	70.00	0.00	0.00	kg
34	Wood	20 01 38	955.00	945.00	0.00	10.00	kg

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

**Non-hazardous waste** consists mainly of metal waste, mixtures from construction waste, household and assimilable waste.

In accordance with the legal provisions of GEO no. 92/2021 and in accordance with the requirements of the Environmental Authorizations held, SNTGN

Transgaz SA performs annual reports on waste management as follows:

- the management of hazardous and non-hazardous waste generated at each work point for which there is an Environmental Authorization;
- the program for the prevention and reduction of waste generated for each work point where there is an Environmental Authorization;
- separate record of the management of synthetic and semi-synthetic mineral oils.



All quantities of hazardous and non-hazardous waste generated and delivered for recovery / disposal are weighed at each waste delivery.

Quantity of reused materials

Regarding the activities carried out in order to manage the waste resulting from the activity carried out by SNTGN Transgaz SA, we mention that they are generated at the level of the Sectors and the Mediaș Branch, they are being managed by the environmental protection inspectors at the level of Territorial Exploitations.

To manage the waste generated by the activity of SNTGN Transgaz SA, at least the following stages are completed:

- identification of the waste generated/drawing up the list of the waste generated from the company's activity;

- temporary waste collection/storage;
- waste transport;
- recovery/disposal of waste;
- drawing up the waste management records;
- sending reports to the authorities with responsibilities in the field of waste management.

### Anticipated financial effects of impacts, risks and opportunities regarding resource use and circular economy

#### ESRS E5-6

The anticipated financial effects of the risks and opportunities related to the use of resources and the circular economy have not been evaluated or quantified in detail. With the year 2023 being the first reporting year based on the new ESRS standards, they are to be evaluated for the year 2024.





# ESRS S1

## OWN WORKFORCE

### Own workforce

#### General disclosures

##### ESRS 2

Human capital is an essential element for a company's success, significantly influencing innovation, productivity, and business growth. To achieve the organization's goals and provide the highest quality service, it is essential to attract, retain, motivate, and continuously develop human resources. Competent, involved, 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 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, revising compensation and benefits policies to ensure internal equity and external competitiveness, advancing automation and digitization of human resources (HR) activities, ensuring succession for key roles, developing and implementing customized development programs for potential successors, continuing collaboration in educational projects (such as dual school and practices/internships) and strengthening partnerships with universities.

Within SNTGN Transgaz SA, the rights, and responsibilities of employees, as established in the Collective Bargaining Agreement (CBA) and in the Organization and Operation Regulation, are formulated in accordance with the respect for human rights and

the right to work, according to the principles stipulated in the International Charter of Human Rights and in the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. These are transposed into employment law and are governed by the principles of consensus and good faith, which underpin employment interactions.

The Organization, Human Resources Department operates within the company, having the following structures in its composition:

- Human Resources Administration Department
- Payroll Department
- Human Resources Organization and Planning Unit
  - Organization Department
    - Organizational Management Office
    - Labor Standard Office
  - Human Resources Planning Department
    - Office of Relations with Social Partners
- Human Resources Development Unit (Transgaz Academy)
  - External Training and Career Management Service
    - Office of Performance Evaluation and Improvement
    - Office of Authorizations and Compliance
  - Internal Training and Professional Development Department
    - Vocational School Qualification and

Improvement Office

- Induction and Specialization Office
- Biroul Inducție si Specializare
- Center for the Administration of Spaces for the Restoration of Work Capacity and Professional Training

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

**The Human Resources Organization and Planning Unit** develops and applies the human resources policy in accordance with the Administration Plan and the Management Plan of SNTGN Transgaz SA, is responsible for ensuring, developing, motivating, and maintaining human resources, as well as applying labor legislation in the field of labor and social protection within the company.

**The Human Resources Development Department** ensures the fulfillment of the company's objectives regarding the training and improvement of employees, the assessment of professional performances, career management and organizational development, as well as the management of work capacity recovery and professional training spaces within the company.

Regarding **the main duties of the department in the field of human resources**, they are:

- Personnel administration
- Administration of salary rights
- Organization of activity and work
- Standardization of work and employed personnel
- Planning and tracking personnel expenses
- Managing relations with social partners
- Professional development of the employed staff
- Employee career management
- Administration of work capacity recovery and professional training spaces
- Managing the mandate contracts of the General Director and administrators
- Establishing and monitoring managerial

performance indicators.

### Characteristics of own workforce

*ESRS S1-6; ESRS S1-7*

The SNTGN Transgaz SA team is composed of professionals with experience, skills, and solid technical knowledge, as it is necessary, in addition to continuous development, to encourage the transfer of knowledge of these key employees, 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 re-technologies carried out to increase the safety and efficiency in the operation of the NTS (National Natural Gas Transport System) and the auxiliary facilities, as well as with the objectives established for the realization of the major development projects of the company.

### Number of employees

At SNTGN Transgaz SA, we consider ensuring a homogeneous team, with a balanced structure both in terms of age groups and gender categories, but, considering the operational nature of the activity, the number of male employees represents 75% of the total

2023	
Gender	Number of employees (number of people)
Male	3,012
Female	1,010
Another	0
Undeclared	0
<b>Total Employees</b>	<b>4,022</b>

## Employees by type of contract, broken down by gender

2023				
FEMALE	MALE	OTHER*	NON-DISCLOSED	TOTAL
<b>Number of employees (head count)</b>				
1,010	3,012	0	0	4,022
<b>Number of permanent employees (head count)</b>				
928	2,815	0	0	3,743
<b>Number of temporary employees (head count)</b>				
82	197	0	0	279
<b>Number of non-guaranteed hours employees (head count)</b>				
0	0	0	0	0
<b>Number of full-time employees (head count)</b>				
1,003	3,003	0	0	4,006
<b>Number of part-time employees (head count)</b>				
7	9	0	0	16

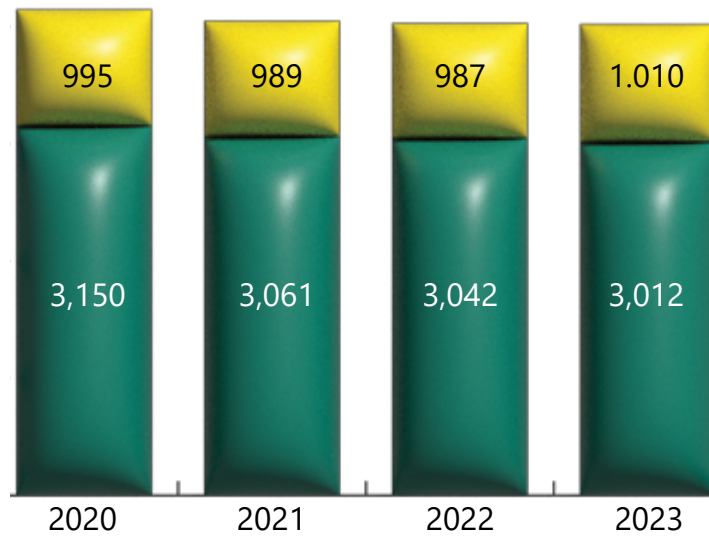
\* Gender as specified by the employees themselves.

Out of the total of 4,022 individual employment contracts active in 2023, 16 contracts are part-time and 4,006 are full-time. Full-time is considered 40 hours/week, and part-time work 4 hours/day/20 hours/week and/or 6 hours/day/30 hours/week.

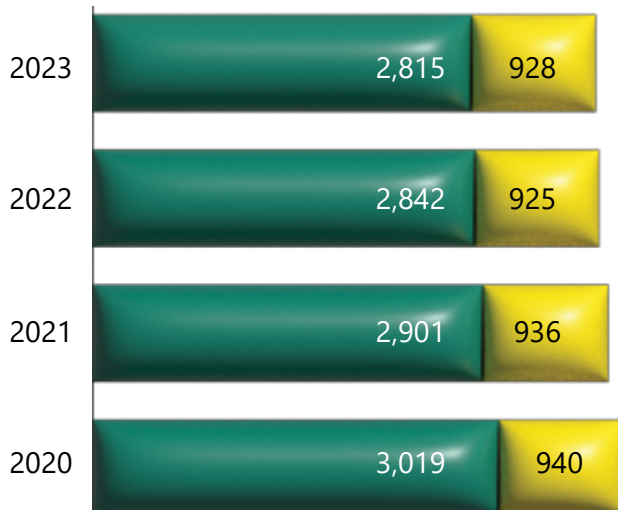
## Total percentage of female employees

	2020	2021	2022	2023
<b>The total percentage of women employed at SNTGN Transgaz SA</b>	24%	24.4%	24.5%	25%
<b>Total percentage of women on the Board of Directors</b>	0%	20%	20%	40%
<b>Total percentage of women in executive management</b>	33%	30%	32%	28%

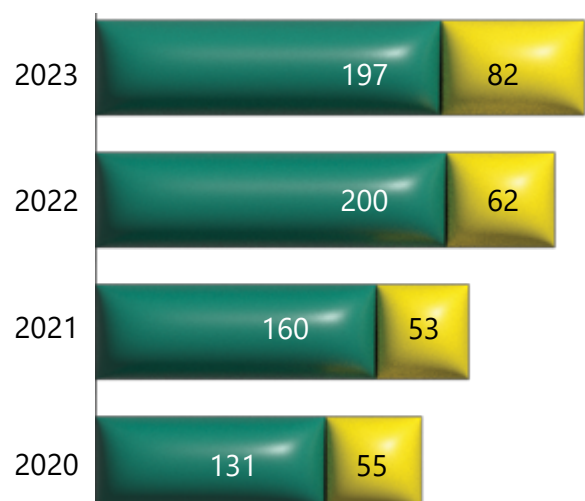
### Employees by gender at the end of the year



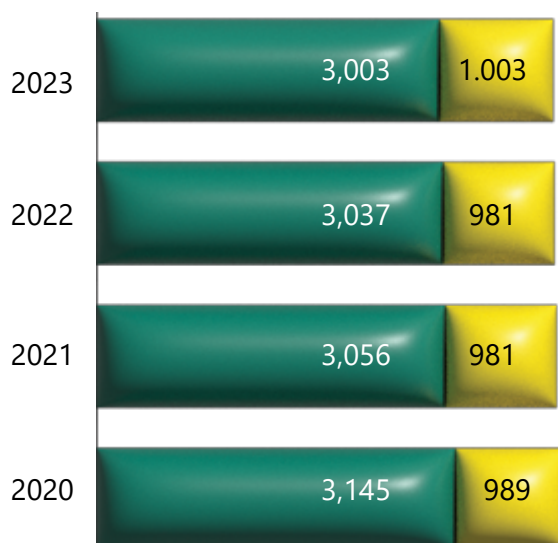
### Employees with a permanent employment contract



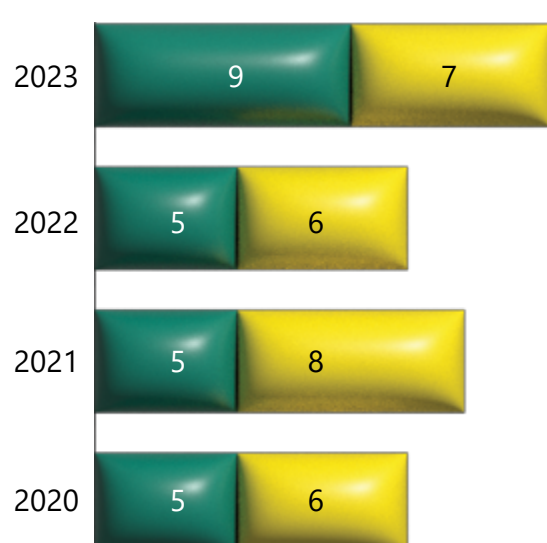
### Fixed-term contract employees



### Employees with full-time norm



### Part-time employees



Men Women



## Employees by contract type, broken down by location

For the activity of SNTGN Transgaz SA, the location is considered the territory of Romania. The company does not carry out activities outside the country. Thus, the information presented in the Employees by type of contract, broken down by gender, the TOTAL column is also relevant for this section.

The evolution of the number of employees by type of employment contract, work schedule and gender in the last four years is presented in the graphs below.

In 2023, a number of 265 employees left the company. The employee turnover rate was 6.13%, which is comparable to 2022 (the employee turnover rate in 2022 being 6.03%). With respect to the causes that generated the termination of employment relations, a significant share of exits from the organization through the voluntary departure program is noted, namely 57.4%, while the share of employees who terminated employment relations as a result of retirement was 19.2% out of the total number of employees who left the organization.

## Interest and views of stakeholders

### SBM-2

To create an inclusive environment where every employee feels safe, engaged, and valued, we constantly focus on developing and improving our organizational culture. Our human resources policy is focused on employees, offering them opportunities

for promotion and access to professional development programs adapted to the specifics of their work. In addition, we encourage employees to communicate openly both with colleagues and with the management team of SNTGN Transgaz SA, because we believe that only through effective communication can we achieve internal goals and those established in the relationship with our collaborators.

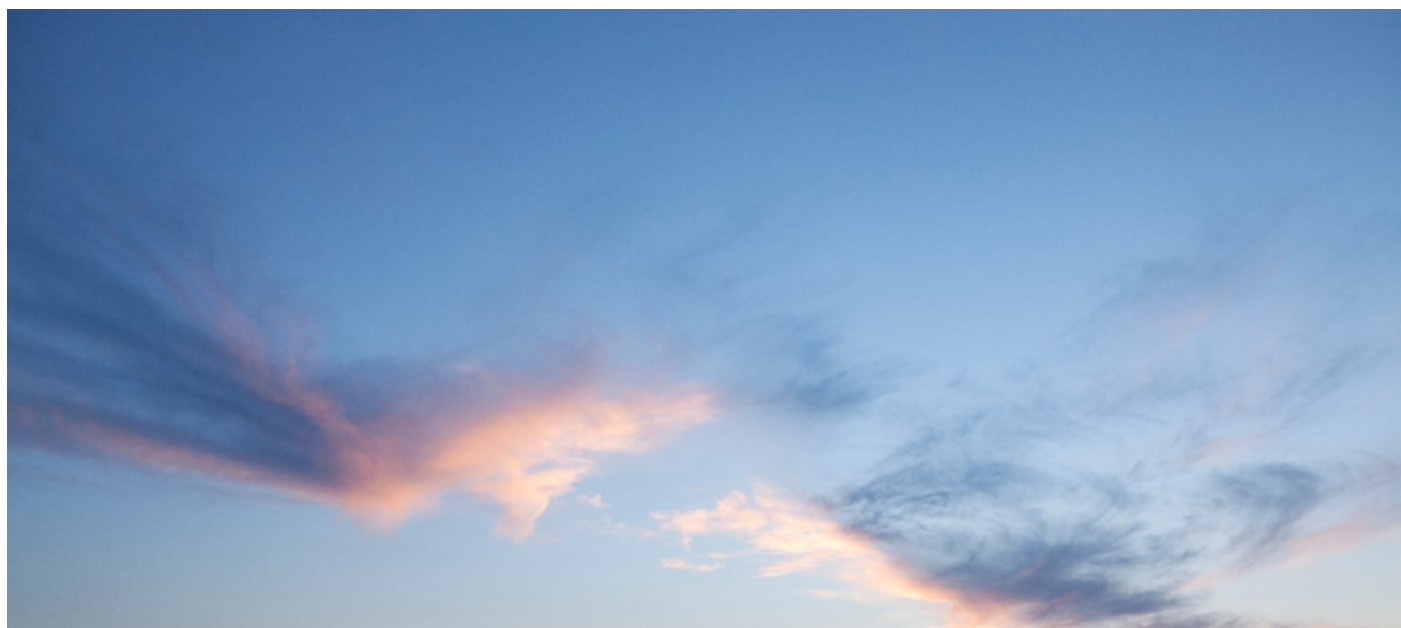
SNTGN Transgaz SA, as an employer, is constantly concerned with compliance with national and European legislation in the field of labor relations, relations with social dialogue partners, information, and consultation of employees. Relations between the employer and the employees are regulated by the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

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

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

### SBM-3

The impacts, risks and opportunities associated with the own workforce are identified and assessed as part of the dual materiality analysis process, in an internal workshop, as well as by consulting other literature sources and risk registers, summarized in the table below and addressed in the following sections.



Subtopic	Impact (I)	Risk (R)	Opportunity (O)
<b>Working conditions</b>	<p><b>Potentially negative impact</b> on a large scale if the rights of own employees and legal requirements regarding working conditions applicable to employees are not respected (working schedule, adequate remuneration, balance between professional and private life, etc.) resulting in the possibility of damage to the reputation SNTGN Transgaz SA</p>	<p><b>Risk</b></p> <p>Non-compliance with occupational health and safety (OSH) regulations represents a significant potential risk for both employees and the company.</p> <p>For employees, this risk manifests itself as an increase in the likelihood of work-related accidents and occupational diseases, which can lead to serious injury, disability or even loss of life.</p> <p>For the company, the consequences include significant financial losses due to compensation and legal fines, decreased productivity due to the absence of injured employees, damage to the reputation and morale of remaining employees, and potential litigation.</p> <p>In addition, non-compliance with OSH regulations can attract sanctions from the relevant authorities, adversely affecting the operations and long-term sustainability of the company.</p>	<p><b>Opportunity</b></p> <p>SNTGN Transgaz SA ensures appropriate working conditions, equipment, protective clothing, specific equipment and/or machines, etc. The proper management of employees' rights is ensured through specific internal procedures that are properly applied. Working conditions are continuously improving.</p>
<b>Equal opportunities and treatment for all</b>	<p><b>Positive impact</b></p> <p>Within the company, there are internal policies that ensure opportunities for the development and equal treatment for all employees.</p>	<p><b>Risk</b></p> <p>No significant risks related to equal opportunities and treatment for SNTGN Transgaz SA employees were identified.</p>	<p><b>Opportunity</b></p> <p>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.</p>
<b>Other rights related to the work of own employees</b>	<p><b>Positive impact</b></p> <p>At the company level, there is a policy to respect the confidentiality of employees.</p>	<p><b>Risk</b></p> <p>No significant risks related to own workforce confidentiality were identified.</p>	<p><b>Opportunity</b></p> <p>SNTGN Transgaz SA has policies regarding the prohibition of forced labor, OSH and respect for employee confidentiality.</p>

**The financial effects** on SNTGN Transgaz SA in the short, medium, and long term of the opportunities arising from the impacts on its own workforce are assessed as being of a moderate level (between 0.1% and 0.7% of the annual turnover), and the impact of the risks is assessed as being of a significant level (above 0.7% but below 2.0% of the turnover) within the double materiality analysis process.

The performance of SNTGN Transgaz SA related to the requirements of the ESRS standard, reported for the financial year 2023 and presented in this report, has not been validated by an auditor, considering that the legal requirements establish the audit obligation for the reporting related to the 2024 financial year.

### Processes for engaging with own workforce and workers' representatives about impacts

#### ESRS S1-2

SNTGN Transgaz SA strictly respects international laws and treaties that regulate human rights, both within the company and in relations with its partners and collaborators. The general rights and obligations of the employees of SNTGN Transgaz SA are specified in the Collective Bargaining Agreement (CBA), a document resulting from the social dialogue and collective negotiations between management and employee representatives.

In addition, the company has implemented Rules of Procedure, applicable to all employees, which establishes the norms of 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 representatives of the employees or the persons with attributions in the field of human resources within the organizational structures in which they carry out their activity.

According to the Collective Labor Agreement (CLA) of SNTGN Transgaz SA, **social dialogue is a continuous activity**, mainly focused on improving working conditions and maintaining competitiveness at the workplace. Within this dialogue, the parties inform themselves, consult and negotiate to establish agreements on topics of common interest. In order to ensure a climate of social stability in the company, CLA maintains permanent consultation and dialogue mechanisms between social partners, with the

following goals:

- establishing the levels of social dialogue within society
- defining the general rules and principles that structure the consultation and negotiation between the parties
- conflict prevention

Engaging in a permanent dialogue with employees is an important objective 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. Given that this information can often be sensitive, completed questionnaires are anonymous.

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

#### ESRS S1-3

**The Rules of Procedure** of SNTGN Transgaz SA contain the rights and obligations of employees and the employer, including rules regarding the observance of non-discrimination and violation of human dignity, rules regarding the conflict of interests, the disciplinary procedure or regarding the resolution of requests or complaints of employees. 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 rules that SNTGN Transgaz SA contractual staff must respect and apply:

- in the activity carried out within the company - in accordance with the values and objectives of the company, to maintain a positive organizational climate
- in the activity carried out outside the company - in the relations it develops with all categories of the public, to develop the notoriety and maintain the reputation of SNTGN Transgaz SA

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

of the Ethics Counselor. The contractual staff within SNTGN TRANSGAZ SA who **report or suspect a violation** of the provisions of the Code of Ethics can directly address the Ethics Counselor at the company level or at the Territorial Exploitation level or at the e-mail address [etica@transgaz.ro](mailto:etica@transgaz.ro), mentioning in subject of the e-mail "Notification of violation of the Code of Ethics". The email address will be managed by the company advisor. Notifications can also be sent through any of the following means of communication:

- by post, to the address of SNTGN Transgaz SA, Piața CI Motaș, no. 1, CP 551130, Sibiu County, Romania with the mention "At the attention of the Ethics Counselor of TRANSGAZ S.A.
- by fax to the number displayed on the website
- by registered mail in a sealed envelope marked "Report to the attention of the Ethics Counselor"
- personal submission of the notification to the Ethics Counselor

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

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

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

- acts of corruption, as defined in criminal law
- facts related to accounting, financial-accounting control, or internal audit
- violations of procurement procedures
- preferential or discriminatory practices or treatments in the exercise of duties
- violation of provisions regarding incompatibilities

and conflicts of interest

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

In addition, the company can be notified by its staff regarding the coercion or threat, exercised on the employee submitting the notification, in order to cause him to violate the legal provisions in force or to apply them improperly.

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

- the name of the person making the notification, with the mention if he wishes to keep his identity confidential
- description of the ascertained fact, with possible implications for societ
- the date/period of the violation of the law or rules of procedure
- persons considered guilty
- any other information deemed relevant.

Notifications and complaints from within the company are centralized by the Ethics Counselor in an electronic database necessary to identify the causes that lead to violations of the Code of Ethics, identify ways to prevent violations of the Code of Ethics, and adopt measures to reduce and elimination of cases of non-compliance with the provisions of the Code of Ethics.



The Ethics Advisor forwards the notifications received to the Ethics Commission and it will order, under the conditions of the law and rules of procedure, the verification of the documents and facts for which it was notified. The Ethics Commission, depending on the information presented regarding suspected violations of the Code of Ethics, may propose several solutions, as appropriate:

- classifying the notification when it considers that there is no violation of the ethics rules
- counseling the employee when the misconduct is not serious and is not the subject of a disciplinary investigation
- triggering an internal control/audit mission, to establish whether the legislative norms have been violated and to quantify the damage
- setting up a multidisciplinary commission to investigate/analyze the reported facts
- constitution of the disciplinary commission in case of disciplinary violations
- notifying the competent institutions of the state when the violation is within the competence of

these institutions.

Complaints will be resolved within 20 working days from the date of their registration. The Director General can approve exceeding the deadline for good reasons, at the request of the Ethics Commission appointed to implement the notification. The decision on how to resolve each individual notification will be based on the specific facts and circumstances, the degree of guilt of the employee, the general job behavior of the employee. 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 act and may also attract disciplinary liability according to the Labor Code and the rules of procedure (including the disciplinary termination of the employment contract) and legal action. Also, the company's staff can be held patrimonial liable, according to the law, if, through the committed acts, they have caused damage to the company or other partners of the company.

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. Retaliation of any kind will result in disciplinary action



being taken against those found guilty. The same measures will be taken in relation to the persons who provided false information intentionally in the notification.

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

The CLA stipulates the obligation of SNTGN Transgaz SA to take all necessary measures to protect the life and health of employees, and if the expected measures, aimed at improving working conditions and the appropriate protection according to the legal provisions in force, are not possible, monetary compensation shall be provided or of another nature, under the conditions of the law. Thus, the company provides, without implying any cost for the employees, individual protective equipment for those jobs where the working conditions require it.

Details regarding the provision of personal protective equipment are presented in the section *Working conditions - Taking measures on significant impacts and approaches to mitigating significant risks and pursuing significant opportunities related to own work force, as well as the effectiveness of these actions and approaches.*

The evaluation of the effectiveness of the corrective measures in the field of Safety and health at work is carried out through focused analyzes carried out in a documented way through Status Reports of the implementation of the OSH program and the annual OSH Report. The conclusions and possible resulting actions are recorded in the Minutes of the meetings of the internal audit missions and in the Plan of actions taken at the level of SNTGN Transgaz SA.

During the reporting period, there were **zero complaints from own workforce through the available complaint means, to express any dissatisfaction (including through the mechanisms of solutioning the complaints).**

## Work conditions

### Policies related to own workforce

#### ESRS S1-1

Article 20 of the Romanian Constitution ratifies universal and European human rights treaties. SNTGN Transgaz SA activity consists of **Pipeline Transport** according to **CAEN 4950** and is carried out exclusively in Romania. Organizations in Romania assess potential negative impacts associated with their operations, including GDPR, corruption, whistleblowing/complaints/complaints, collective bargaining, and other important social topics identified as material. All operational policies and procedures of SNTGN Transgaz SA. it applies to the entire organization.

Gender and child labor exploitation or human trafficking are not a concern for employees in Romania, given the fact that no reported cases of gender discrimination, gender-based violence or child labor exploitation are identified, except for cases in the contexts by family. The Constitution of Romania stipulates that minors under 15 cannot be employed as employees, and the exploitation and use of minors in activities that would harm their health, morals or that would endanger their life or normal development are prohibited. Currently, in Romania, there are no UNICEF or other NGO reports indicating the existence of cases of child labor exploitation.

The company's strategy in the field of human resources aims to cover the operational needs of the organization, through the efficient use of human resources. In this field, the definition of the requirements is considered by developing the norms for the basic activities, identifying, and removing the possible restrictive limits of the available human resources which, by their nature, could affect the implementation and running of the projects in progress.

The company's personnel policy aims to ensure the necessary personnel in correlation with the company's development objectives, anticipating possible fluctuations in the shortage or surplus of personnel. The main directions of action are:

- attracting, professional training within professional development plans and maintaining qualified personnel with the necessary skills, specialized knowledge, and skills

- 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 running employee training programs
- the development by managers of organizational structures, using mentoring principles and programs, of well-prepared 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, to increase solidarity within the company
- improving the use of staff by introducing flexible organizational models.

The company respects and upholds internationally recognized human rights and implements fair rewards (meritocracy) and equal opportunities for all its employees, without discrimination and respecting the diversity of its staff.

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

#### ESRS S1-4

Maintaining a safe work environment is a daily priority for our company. We constantly focus on identifying and improving processes related to the management of safety and security in the workplace. In addition, we actively promote training, awareness, and engagement programs for our employees. SNTGN Transgaz SA has implemented an Integrated Management System for Quality, Environment, Health, and Safety at Work in accordance with SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR ISO 45001:2018 standards.

In 2023, the activity in the field of safety and health at work was carried out in a planned and organized manner, aiming at the elimination of the risks of events, work accidents, dangerous incidents and occupational diseases at workplaces, as well as compliance with the legislative provisions in the field of safety and health at work, by implementing the measures included in the "2023 Prevention and Protection Plan" no. 94618/29.11.2022 and fulfilling the duties established

by the Organization and Operation Regulation of the company.

The "2023 Prevention and Protection Plan" by the Logistics Department, through the Environment, Protection and Security Directorate, respectively the Occupational Safety and Health Service. The Environment, Protection and Security Directorate has duties and is responsible in the following areas: environmental protection, guarding and protection of objectives, identification, designation and protection of critical infrastructure, emergency situations, prevention and protection of employees. The management ensures the fulfillment of its objectives 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 own activities
- ensuring the physical security and integrity of the objectives
- prevention and evaluation of emergency situations
- protection of critical infrastructure
- provision of human and material resources in crisis or war situations
- compliance with 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 what was established in the above-mentioned plan, SNTGN Transgaz SA adopted a series of measures and actions to mitigate the significant risks related to its own workforce, implicitly ensuring a safe working environment, among which we mention:

- ensuring the contracting of services for the performance of occupational medicine medical control 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 signposted places
- carrying out periodic staff training, with content specific to the PSI topic
- purchase of first aid kits, kit kits and medicines
- organization of first aid courses by specialized staff
- purchasing individual protective equipment and wearing it according to the job
- installation of signaling/warning panels to prevent events
- conducting training and testing sessions in the field of OSH and distributing course materials (brochures, books, magazines, DVDs) with the specific materials

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

ESRS S1-5

The adoption of specific targets related to own employees has not yet been carried out in an internal process, based on materiality. However, the company has implemented a number of codes of conduct and management systems that set annual indicators and targets, described in the section Health and safety indicators - ESRS S1-14. They concern the occupational health and safety process and include: ensuring the protection of personnel during the performance of activities at SNTGN Transgaz SA, complying with legal requirements, maintaining the health status of personnel and complying with the training program.

The establishment and communication of a set of targets according to ESRS is considered by the management of SNTGN Transgaz SA for the reporting period related to the financial year 2024.

### Collective bargaining coverage and social dialogue

ESRS S1-8

At SNTGN Transgaz SA, there are four trade union organizations that employees can join. These are:

1. "Transport Gaz Mediaş" trade union





2. "Metan" Mediaș Professional Union
3. "CERTEH" Technology Research Union
4. Free Trade Union Transgaz SA Mediaș

Out of a total of 4,022 employees, 3,918 are union members, resulting in a degree of unionization of 97.41%.

The "Transport Gaz Mediaș" union is the representative union at unit level, according to the provisions of Law no. 367/2022 of the Social Dialogue, art. 54. paragraph (1) point C, reason for which he represents the company's employees at the conclusion and implementation of the collective labor agreement concluded at the level of SNTGN Transgaz SA.

The relations between the employer and the employees are regulated by the Collective Labor Agreement at the company level, as well as by individual employment contracts. It should be noted that at SNTGN Transgaz SA, the Collective Labor Agreement registered with ITM Sibiu under no. 60/23.06.2021 is in force. The validity of the Collective Labor Agreement was extended by the Additional Act registered with ITM Sibiu under no. 60/4 on 23.05.2023 for one year, until 25.06.2024.

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
- professional training
- working time and rest time
- salary
- service rights and obligations, work discipline
- social protection of employees
- other rights and obligations arising from employment relationships
- mutual recognition, rights and obligations of the employer and the trade union organizations.

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

2023	TOTAL
<b>Number of employees subject to collective labor agreements</b>	4,022
<b>Number of employed members in the union</b>	3,918

The relations between the employer and the employees fall within the legal provisions in force, and no conflicting elements related to these relations were identified in 2023.

### Adequate Wages

#### ESRS S1-10

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

The remuneration policy, approved at the level of the Ordinary General Meeting of Shareholders, is harmonized with the business strategy, with the objectives, values and long-term interests of the company, includes measures to avoid conflicts of interest and to ensure an efficient corporate governance of the company. Also, the purpose of the remuneration policy is to stimulate the growth of financial and operational efficiency and the sustainable development of the company, respecting the principles of good corporate governance.

In order to monitor the implementation of the requirements set out in the remuneration policy, the Nomination and Remuneration Committee was established, an advisory committee established at the level of the Board of Directors. The Nomination and Remuneration Committee has the role of assisting the Board of Directors in the establishment and supervision of remuneration policies and practices and is also assigned responsibilities regarding the formulation of proposals regarding the manner of applying the remuneration policy, supervising its implementation

and ensuring avoiding the appearance/manifestation of conflicts of interest.

The remuneration conditions of the members of the Board of Directors, the director general and the financial director within SNTGN Transgaz SA are established on the basis of a study, developed by a specialized company, carried out on the recommendation of the Nomination and Remuneration Committee.

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

The remuneration of SNTGN Transgaz SA personnel is regulated by the Collective Labor Agreement (CLA). The CLA includes a hierarchy of functions and jobs within the company, establishing 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 considered, as well as a comparative assessment 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 CLA. When determining these limits, the average levels achieved in similar activities at national and international level were considered.

At the level of SNTGN Transgaz SA, **there are no employees who earn below the reference level of the appropriate salary applicable at the national level.**

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 CLA, contains provisions in accordance with the applicable national legislation 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.

## Social protection

### ESRS S1-11

The social protection of employees in a natural gas transportation company is essential to ensure their well-being and maintain a stable and safe working environment. This includes comprehensive occupational health and safety measures, ensuring adequate working conditions, access to medical services and social assistance programs. 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. It also promotes training and awareness programs for the prevention of occupational risks and encourages a constant dialogue between employees and management to identify and solve social and labor problems. Thus, a climate of safety and trust is created, essential for the smooth running of activities in such a critical and specialized sector.

According to the Collective Labor Agreement (CCM), **all SNTGN Transgaz SA employees benefit from social protection at the workplace.**

All our employees have the right to maternity/paternal/parenting leave, in accordance with the legislation in force and the provisions of the Collective Labor Agreement, applicable to all employees. In 2023, 16 of our employees benefited from parental leave (16 women and 0 men).

SNTGN Transgaz SA is a responsible employer and offers its employees, in addition to the employment wages and negotiated increases, a series of benefits provided for in the collective labor agreement. **The main categories of additional benefits offered to employees refer to:**

- professional development opportunities
- multiple training and improvement programs
- meal tickets
- expenses borne by the employer on behalf of the employees in optional pension schemes

- expenses borne by the employer with the employees' voluntary health insurance premiums
- holiday allowance, salary increases, employee profit sharing, depending on the financial situation of the company
- material benefits granted on the occasion of special events and/or for rest leave/treatment tickets
- benefits and discounts to cover transportation expenses for commuting employees
- reduction of working time for pregnant employees

### Health and safety metrics

#### ESRS S1-14

In order to ensure a unified approach and the efficiency of the training process of workers at SNTGN Transgaz SA, the training/testing program in the field of safety and health at work at the level of the company and training topics for all phases of OSH training (general introductory training - upon employment, on-the-job training, periodic training, and additional periodic training). Staff training was provided at all levels for all newly hired employees as well as third party staff performing work in company objectives.

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

In accordance with the provisions of Law no. 319/2006 on safety and health at work, at all workplaces within SNTGN Transgaz SA, hazards are identified, and risks are assessed for each component of the work system, respectively, executor, workload, work tools/

work equipment and the work environment. These assessments are available to all workers and are included in the annual occupational safety and health training.

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

#### **The situation of occupational accidents occurring at workplaces within SNTGN Transgaz SA units, during the reporting period**

In 2023, within SNTGN Transgaz SA, 13 work events were identified, analyzed, and resolved that had an impact on the ongoing activity and the employees, 6 of which were classified as work accidents.

The main causes that generated work events are the following: natural causes, medical causes and/or traffic accidents. At the company level, procedures for the analysis and resolution of work events are developed and implemented, which provide for investigation stages of the events, the dissemination of the minutes drawn up following the occurrence of the event at the level of all organizational structures, the analysis and reassessment of the risks of occupational injury and illness, the establishment of a term for the review of the medical control for the employees involved in the work events and/or the completion of some training sessions on the date of the resumption of the activity.

Events	2020	2021	2022	2023
<b>No. work accidents with temporary incapacity for work (own employees)</b>	2	2	4	6
<b>No. work accidents with disability (own employees)</b>	0	0	0	0
<b>No. occupational accidents with death (own employees)</b>	0	0	0	0
<b>Total events (own employees)</b>	2	6	8	13
<b>No. occupational accidents with death (contracted employees)</b>	0	0	0	0

During the reporting period, SNTGN Transgaz SA recorded no work accidents resulting in disability, and accidents with temporary incapacity for work are kept at a low level. Also, in 2023, no occupational diseases were reported/ researched/declared.

**The number of deaths as a result of work-related injuries and work-related diseases at the headquarters of SNTGN Transgaz SA**

<b>2023</b>			
<b>OFFICE</b>	<b>DEATH OF OWN EMPLOYEES</b>	<b>CONTRACTOR DEATHS</b>	<b>TOTAL WORK-RELATED DEATHS</b>
Medias Branch	0	0	0
Territorial Exploitation Arad	0	0	0
Territorial Exploitation Bucharest	0	0	0
Territorial Exploitation Braila	0	0	0
Territorial Exploitation Bacau	0	0	0
Territorial Exploitation Brasov	0	0	0
Territorial Exploitation Cluj	0	0	0
Territorial Exploitation Craiova	0	0	0
Territorial Exploitation Constanta	0	0	0
Territorial Exploitation Medias	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

The presented findings contain exclusively the situation of deaths as a result of work-related injuries, it does not include events that were not related to work-related activities.

**The number and rate of work accidents registered at SNTGN Transgaz SA**

<b>2023</b>			
<b>UNIT</b>	<b>ACCIDENT - TEMPORARY INABILITY TO WORK</b>	<b>ACCIDENT - DISABILITY</b>	<b>ACCIDENT - DEATH</b>
SNTGN Transgaz SA	6	0	0
<b>Total</b>	<b>6</b>	<b>0</b>	<b>0</b>



The number of days lost as a result of work-related injuries and deaths caused by work-related accidents, work-related diseases and deaths caused by diseases at the level of SNTGN Transgaz SA.

2023				
UNIT	NUMBER OF DAYS LOST DUE TO WORK-RELATED INJURIES	NUMBER OF DAYS LOST DUE TO DEATHS DUE TO WORK-RELATED ACCIDENTS	NUMBER OF DAYS LOST DUE TO WORK-RELATED ILLNESSES	NUMBER OF DAYS LOST DUE TO DEATHS DUE TO WORK-RELATED DISEASES
SNTGN Transgaz SA	145	0	0	0
<b>Total</b>	<b>145</b>	<b>0</b>	<b>0</b>	<b>0</b>

The 145 days represent working days of temporary incapacity for work, caused by work accidents, of own employees who were involved in the 6 work accidents mentioned in the section The situation of work accidents occurring at workplaces within SNTGN Transgaz SA units, during the reporting period.

**The number of employees trained in the field of Safety and Health at Work**

The training of SNTGN Transgaz SA employees regarding occupational health and safety is carried out in accordance with the provisions of Law no.

319/2006 on employment, at work, periodically and additionally, when necessary, based on programs and topics established differently by jobs and professions. All employees compulsorily go through mandatory, on-employment, on-the-job, periodic and additional OSH training when appropriate. Specialist staff with specific responsibilities in the field of OSH are trained by participating in training programs dedicated to the responsibilities held within the internal Labor Security services organized at the undertaking level.

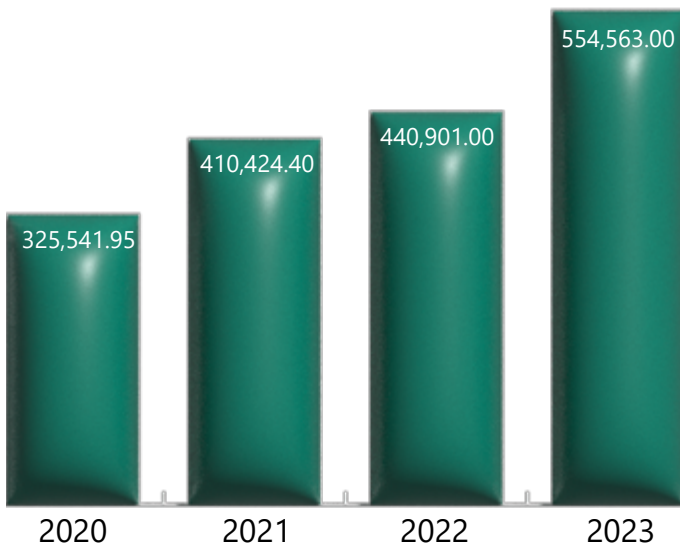
	2020	2021	2022	2023
<b>Competent OSH specialists and employees with specific responsibilities in the OSH field (number of people)</b>	33	33	34	35
<b>General trained staff including OSH topics (number of people)</b>	4,145	4,050	4,029	4,022

Regarding the measures adopted to prevent the manifestation of work events, we specify that they considered at least: the review/update of the protection and prevention plans drawn up for the year 2024, the addition of training programs in the field of health and safety at work, processing at the internal level of the internal regulatory framework issued in the field of health and safety at work, the intensification of controls and/or the allocation of additional responsibilities for carrying out periodic checks.

SNTGN Transgaz SA did not register any disputes following the work events identified in 2023 and it was not necessary to pay damages following their occurrence.

The situation of occupational health and safety expenses for the last four years, more precisely medical visits for own employees, is presented in the graph below.

**Occupational health and safety expenses**



**Work-life balance**

*ESRS S1-15*

An essential condition for SNTGN Transgaz SA to maintain its status as a top employer among the specialists it wants to attract to its teams is to offer, in addition to the salary part, an extensive package of benefits established according to the annual budgets. The benefits package is an important factor that contributes to employee satisfaction, engagement, and loyalty to the institution. Details of the elements included in this benefits package are presented in the Social Protection section.

Employees have the right to be absent from work in unforeseen situations, determined by a family emergency 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 absent period up to full coverage of the employee's normal working hours.

In case of special family events, employees have the right to paid days off, which are not included in the duration of the vacation. Special family events and the number of paid days off are established by law, by the applicable collective labor agreement or by rules of procedures, according to the Labor Code.

Through the collective labor contract, unique at national level, applicable to all commercial companies, **employees have the right to paid days off for special events in the family or for other situations, like this:**

- employee marriage – 5 days
- marriage of an employee's child – 2 days



- birth of a child – 5 days + 10 days if the child's father attended a childcare course
- death of spouse, child, parents, in-laws – 3 days
- death of grandparents, brothers, sisters – 1 day
- blood donors – 1 day
- change of job within the same company, with relocation of residence to another city – 5 days
- 30 days leave without pay for the preparation and presentation of the diploma thesis in higher education

2023			
	FEMALE	MALE	TOTAL
<b>Total number of employees</b>	<b>1,010</b>	<b>3,012</b>	<b>4,022</b>
<b>Employees entitled to family leave</b>	1,010	3,012	4,022
<b>Employees who have taken maternity, paternity, or parental leave</b>	16	0	16
<b>Employees who have taken carer's leave</b>	475	154	629
<b>The percentage of employees who are entitled to receive leave for family reasons</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>% of employees who took leave for family reasons</b>	11.81%	3.82%	15.63%
<b>% of employees who took maternity, paternity, or parental leave</b>	1.57%	0%	1.58%
<b>% of employees who took care leave</b>	5.96%	2.04%	8%

Additionally, in 2023, maternity leave was paid at SNTGN Transgaz SA level - pre-natal and post-natal, for female or male employees or for adopted children regardless of the gender of the parents, in a total amount of 395,712 lei, the total number of hours of maternity leave granted to employees in 2023 being 7,272 hours.

### Equal treatment and opportunities for all Policies related to equal treatment

#### ESRS S1-1

At SNTGN Transgaz SA, there is an obligation to ensure equal opportunities and treatment regarding the personal development of all staff through relationships based on responsibility, loyalty, mutual respect, respect for freedom of expression, collaboration, and professional support. We value the professional skills, integrity, and ethical values of our employees. **Our employees benefit permanently**

**from equal and non-discriminatory treatment**, according to international standards in the industry in which we operate, while respecting national legislation. The motivational packages are adapted to the macroeconomic and microeconomic specifics of Romania, ensuring equity and competitiveness.

Within SNTGN Transgaz SA, we always demonstrate the respect we have for all parties with whom we interact. In our daily work we come into contact with people of different ethnicities, cultures, religions, political beliefs, ages, genders, disabilities, and different sexual orientations.

It is prohibited to discriminate by using practices that disadvantage people of a certain sex, ethnicity, of a certain age, with disabilities, in relation to social and professional relations, regarding:

- announcing, organizing contests, interviews, exams and selecting candidates to fill vacant positions

- conclusion, suspension, modification and/or termination of the legal employment relationship
- establishing or changing the duties in the job description/work instructions
- determining salary and rewards or benefits, other than those of a salary nature
- professional information and advice
- evaluation of individual performances
- professional promotion
- application of disciplinary measures
- the right to join the union and the facilities granted by it

Monitors the undertaking's interactions with its employees, shareholders and the communities in which it operates, including the applicable policies Rules of Procedure on the organization and operation of Advisory Committees established at the level of the undertaking's Board of Directors at the workplace (for example, employee relations and involvement, diversity, non-discrimination and equal treatment, health, safety and welfare), any social or community projects undertaken by the undertaking is ensured by the Risk Management Committee.

The Collective Labor Agreement, the Rules of Procedure and the Code of Ethics contain detailed rules on direct or indirect non-discrimination based on gender, sexual orientation, genetic characteristics, age, nationality, race, color, ethnicity, religion, political belief, social origin, disability, family situation or responsibility, membership, or trade union activity.

**The undertaking 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. The diversity of the staff is one of the greatest advantages of the undertaking, allowing us to benefit from both a variety of professional and educational knowledge, but also diverse points of view. Integrating these differences helps increase the undertaking's agility and ability to respond appropriately to changes in the business environment and allows us to work more cooperatively.

Taking action 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 and approaches

*ESRS S1-4*

The human resources policy is aligned both with the values of the institution and with the provisions of the Universal Declaration of Human Rights of the United Nations and the conventions of the International Labor Organization. Within SNTGN Transgaz SA, any form of forced labor, exploitation of minors, physical or psychological abuse or harassment is prohibited.

Equal treatment and opportunities among our employees are fundamental pillars of the way we carry out our current activities, therefore discrimination based on gender, religion, nationality, age, sexual orientation, disability, or political affiliation is also firmness forbidden within society. **During the reporting period, there were no incidents of discrimination among SNTGN Transgaz SA employees.**

The undertaking also runs transparent staff recruitment processes that offer equal opportunities to all participants, regardless of their gender, nationality, or age. We offer equal opportunities and equal treatment to both our current employees and those who want to join us. The concepts of equal opportunities and equal treatment are at the same time applied to staff promotion processes, both within the executive and management departments.

We support and encourage diversity among our employees, both in executive and leadership roles. In the reporting period, of the 4,022 employees, 1,010 are women and 3,012 are men, **the ratio being approximately 1:3**, this is mainly justified by the nature of the undertaking's activity, which is predominantly technical.

A crucial component of ensuring equality in the workplace is providing training and awareness sessions to employees and management about the importance of equality and the elimination of discrimination. This includes training sessions on unconscious behavior patterns, diversity, and inclusion.

Also essential are the implementation of monitoring and reporting systems to assess the effectiveness



of adopted policies and procedures. Thus, SNTGN Transgaz SA pays attention to monitoring the composition of the work teams, the results of the conducted opinion polls, the employee retention rate, and any other relevant metrics.

SNTGN Transgaz SA respects the dignity of all personnel in an environment free from any manifestation and form of exploitation, humiliation, contempt, threat, or intimidation. The contractual staff of the undertaking are obliged to adhere to the values of tolerance towards the differences between people, between opinions, beliefs, and intellectual preferences.

Debates within SNTGN Transgaz SA are conducted through rational arguments, the use of offensive language, personal attacks, and insulting behavior being prohibited.

### Targets related to employees' equal treatment

#### ESRS S1-5

The adoption of specific targets related to own employees has not yet been carried out in an internal process, based on materiality. However, the undertaking has implemented a series of codes of conduct, management systems, policies and procedures within which annual indicators and targets are established

regarding the equal treatment of its own employees.

The establishment and communication of a set of targets according to ESRS is considered by the management of SNTGN Transgaz SA for the reporting period related to the fiscal year 2024.

### Diversity metrics

#### ESRS S1-9

Aspects regarding diversity within the structures of SNTGN Transgaz SA are reported to the executive and administrative management and presented annually in the Sustainability Report, as part of the management's commitment to increase the level of diversity at the undertaking level. The aspects presented include indicators that measure the proportion of young people under 30 employed and retained within the undertaking, the proportion of male and female employees, the structure of staff by education category and the number of employees with disabilities.

Details of the company-wide diversity indicators are highlighted in the tables below. The values presented are based on data from the human resources system as of December 31, 2023.

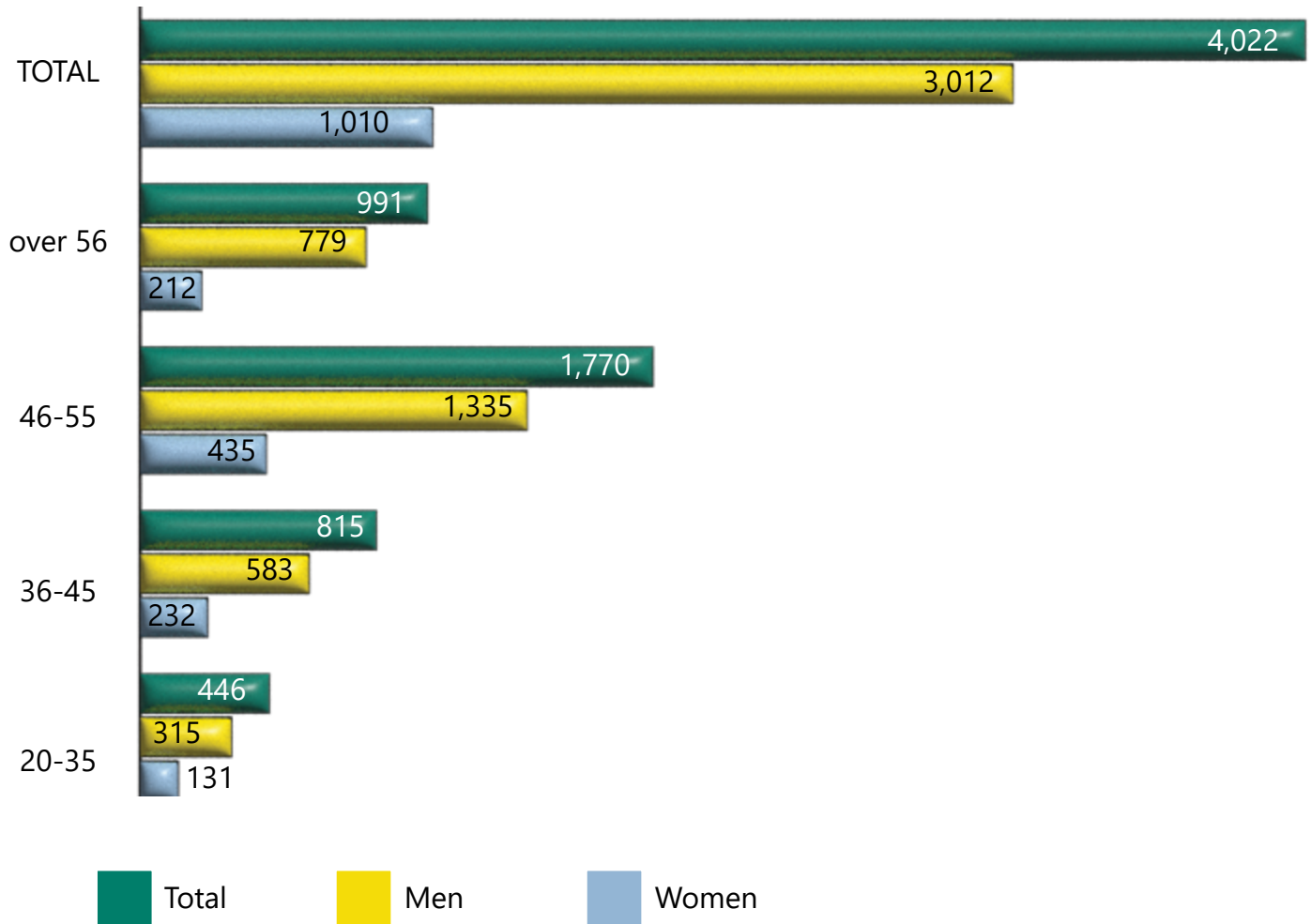
### Gender distribution in number and percentage at senior management level

2023			
	FEMALE	MALE	TOTAL
Number of senior management employees	2	3	5
Percentage of senior management employees	40 %	60 %	100 %

### Distribution of employees by age group

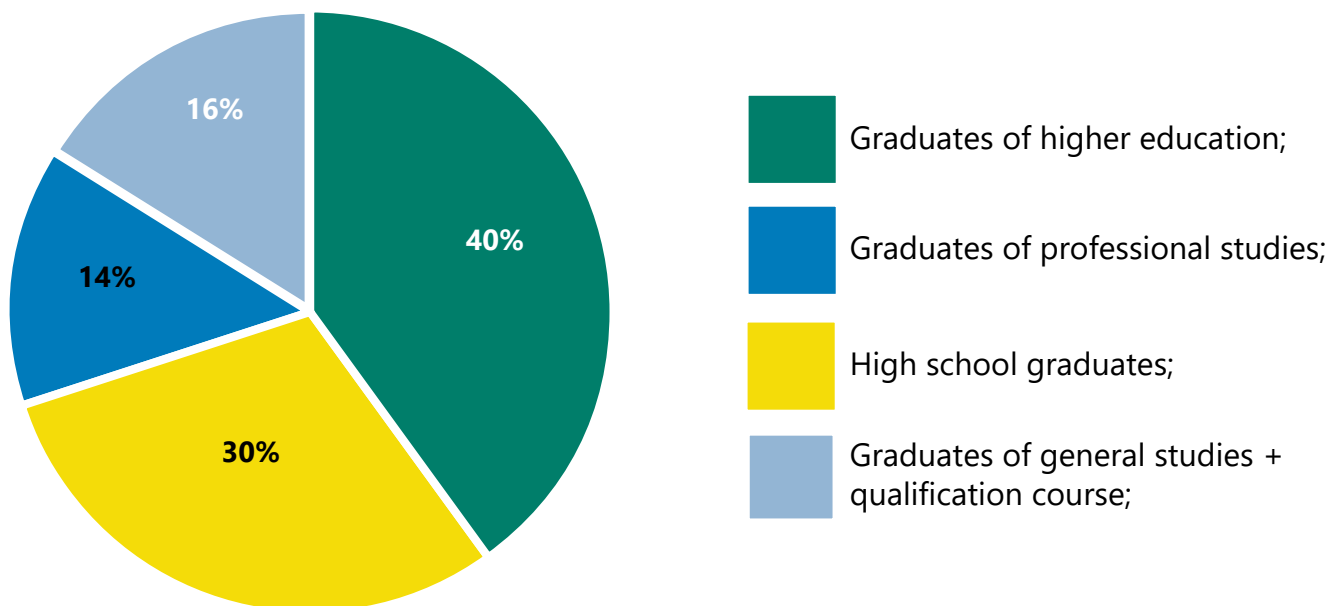
2023				
	< 35 YEARS	35 - 55 YEARS	> 55 YEARS	TOTAL
Number of employees by age group	446	2,585	991	4,022

**Staff structure by age and gender categories**



In the reporting period, from the total number of own employees, the largest share (40%) is of people who have graduated from higher education.

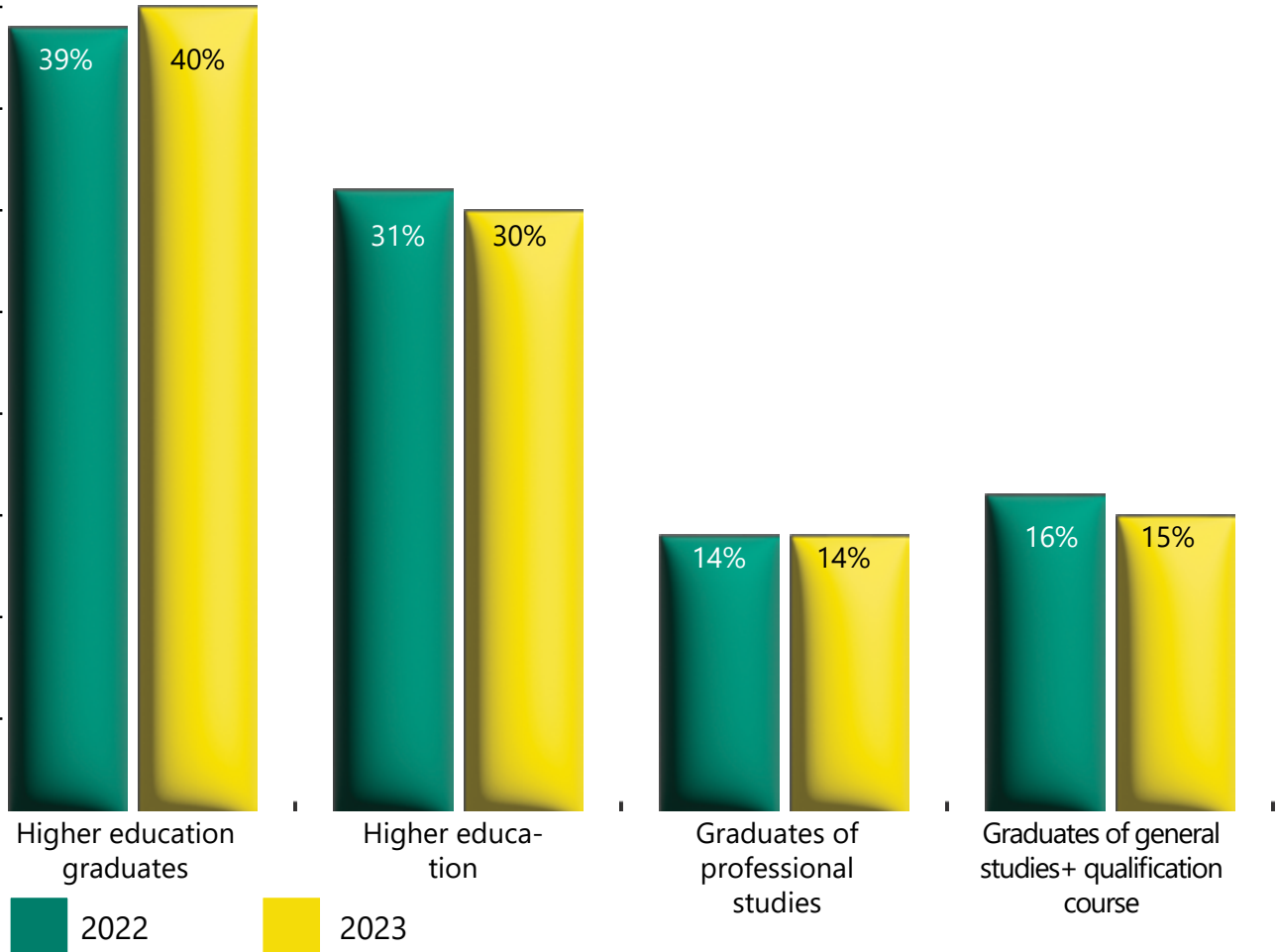
This reflects and confirms the characteristic of the human resources policy to attract and retain the most prepared categories of specialists in the field in which we operate.



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

number of employees with higher education being evident in parallel with the decrease in the number of employees with secondary education and the number of employees with general education and in the process of qualification.

**The evolution of the staff structure by study category**



**Persons with disabilities**

*ESRS S1-12*

We support the inclusion of people with disabilities, although the specifics of the jobs within the undertaking impose, in most of them, specific health requirements for our employees, confirmed according to the legal requirements applicable in the field. The state of health of the staff is certified upon employment and

periodically, by the specialized occupational medicine service provided by the undertaking, so that the state of health of the staff corresponds to the occupational risk factors identified for each position in the organizational chart.

On 31.12.2023, among the employees of SNTGN Transgaz SA, 28 are people with disabilities (18 men and 10 women).

2023			
	FEMALE	MALE	TOTAL
<b>Number of employees with disabilities</b>	10	18	28
<b>Total percentage of employees with disabilities</b>	0.7%		

## Training and Skills Development metrics

### ESRS S1-13

In the conditions of the competition born from the free movement of labor in the space of the European Community, we aim to adapt the human resources policy in such a way as to achieve the alignment of this field at the level of the European operators of natural gas transport systems. 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 for achieving the objectives of any organization, which is why investment in human resources is considered profitable in all fields of activity.

The training, improvement and professional development of employees within the undertaking is carried out on the basis of the "**Annual Program for training and professional development of employees**", developed at the level of the undertaking, taking into account the provisions of art. 194 and art. 195 of Law no. 53 /2003 (Labor Code), republished, with subsequent amendments and additions, according to which the employer, a legal entity with more than 20 employees, develops annual professional training programs and has the obligation to ensure the participation of employees in courses at least once in two years.

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

In 2023, through the External Training and Career Management Service, together with the Performance Evaluation and Growth Office and the Authorizations and Compliance Office, a number of **156 training and professional development courses were initiated and carried out for a number of 1,380 participants**. The training activities with own resources (with internal trainers) supported by the Professional Training and Training Center continued in 2023 by developing the activities that were successful in 2022, but also by continuing some activities aimed at ensuring the necessary qualified personnel in the disciplines and occupations for which there are needs or opportunities.





Professional skills development courses, aimed at ensuring the optimization and efficiency of work, with topics such as "Teamwork skills", "Interpersonal communication", "Advanced communication techniques", "Remote team management", "Conflict management and self-control", "Emotional Intelligence", "Time Management" and "Leadership", were planned through the calendar of courses organized with internal trainers employed in the Human Resources Development Department – Transgaz Academy, and took place throughout 2023.

During 2023, the Internal Training and Professional Development Service carried out with internal trainers, 47 training sessions with the aim of developing professional skills, for a total of 1,006 employees, the average number of training hours per employee being 29.98.

Among the main categories of organized courses, we mention:

- Team Work Skills training;
- Interpersonal communication training;
- Time Management training;
- Advanced communication techniques training;
- Emotional Intelligence training;
- Specialization course in the job of Trainer;
- Qualification training in the profession maintenance and repair mechanic locksmith;
- Interpersonal communication, Advanced communication techniques, Emotional intelligence training.

Details about the induction sessions organized at the level of SNTGN Transgaz SA in the last four years are presented in the table below.

	Unit	2020	2021	2022	2023
Number of hours allocated for company-wide courses/training	hours	<b>26,283</b>	<b>34,030</b>	<b>82,428</b>	<b>62,110</b>
Number of employees who attended the courses	number	<b>879</b>	<b>1,040</b>	<b>1,173</b>	<b>1,006</b>
Average number of training hours/employee	hours	<b>6.33</b>	<b>8.31</b>	<b>20.54</b>	<b>29.98</b>
Average number of training hours allocated to female employees	hours	<b>2.68</b>	<b>4.43</b>	<b>7.55</b>	<b>3.86</b>
Average number of training hours allocated to male employees	hours	<b>7.48</b>	<b>9.54</b>	<b>24.75</b>	<b>11.68</b>
Number of training hours allocated to employees with management positions	hours	<b>1,396</b>	<b>2,748</b>	<b>2,828</b>	<b>2,500</b>
Number of training hours allocated to TESA staff	hours	<b>6,643</b>	<b>14,244</b>	<b>11,372</b>	<b>11,044</b>
Number of training hours allocated to blue collars	hours	<b>18,245</b>	<b>17,038</b>	<b>68,228</b>	<b>48,566</b>

### Performance evaluation

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

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

- evaluating how the employees perform their duties in relation to the established criteria
- establishing directions and ways of professional development of employees and increasing their performance
- the evaluation of individual professional performances is based on the systematic and objective assessment of performance, quality of work, behavior, initiative, efficiency, and creativity

for each employee; And the evaluation criteria are relevant and have an important impact on the sustainable development of our company.

### Integration of new employees

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

The guide contains information about 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 about the occupied position, the working conditions, the expected behavior, the people with whom he will collaborate, etc.

The quantitative indicators of training and skills development recorded in the reporting period are presented in the table below.

2023			
	FEMALE	MALE	TOTAL
<b>Total number of employees</b>	1,010	3,012	4,022
<b>Periodic evaluation participation</b>	1,010	3,012	4,022
<b>% of employees who participated in periodic evaluation</b>	100 %	100 %	100 %
<b>Participation in professional training</b>	576	1,810	2,386
<b>% of employees who participated in professional evaluation</b>	57.02%	60.09%	59.32%

### Remuneration metrics (pay gap and total remuneration)

ESRS S1-16

The remuneration of SNTGN Transgaz SA personnel is regulated in a unitary manner by the Collective Labor Agreement (CLA), which includes a hierarchy

of functions and jobs within the undertaking. Salary limits are mentioned here 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, annexed to the CCM, are considered, a comparative assessment with the average levels of income achieved in similar activities on a national and international level, thus resulting in a salary whose value will be established in accordance with the limits of The Nomenclature for the Hierarchy of Functions provided for in the CCM.

The gender pay gap, defined as the difference between the average remuneration levels of female and male employees<sup>25</sup>, is 12.42%.

The ratio of the total annual remuneration of the highest-paid employee to the median total annual remuneration of all employees<sup>26</sup> is 7.02.

2023	
<b>The pay gap between women and men</b>	12.42%
<b>The pay gap between women and men for management level</b>	2%
<b>The pay gap between women and men for execution level</b>	12.47%
<b>The ratio of total annual remuneration</b>	7.02

## Other work-related rights

### Other policies related to own workforce

#### ESRS S1-1

Gender and child labor exploitation or human trafficking are not a concern for employees in Romania, given the fact that no reported cases of gender discrimination, gender-based violence or child labor exploitation are identified, except for cases in the contexts by family. The Constitution of Romania stipulates that minors under 15 cannot be employed as employees, and the exploitation and use of minors in activities that would harm their health, morals or that would endanger their life or normal development are prohibited. Currently, in Romania, there are no UNICEF or other NGO reports indicating the existence of cases of child

<sup>25</sup> Calculated according to ESRS S1 AR100

<sup>26</sup> Calculated according to ESRS S1 AR101 (c)

labor exploitation. SNTGN Transgaz SA complies with the legislation regarding child labor and forced labor, and aspects regarding adequate housing are not the subject of the company's activity.

With regard to confidentiality aspects, 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.

SNTGN Transgaz SA, as a personal data operator, is constantly concerned with ensuring a high level of security regarding the processing of personal data it carries out, in accordance with the provisions of Regulation (EU) 2016/ 679 of the European Parliament and of the Council of April 27, 2016 on the protection of 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 his personal data is used and to present the purpose for which it is used. The security of your data is important to the undertaking.

**Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches**

#### ESRS S1-4

According to the company's GDPR Policy, the personal data of its own employees that are processed by SNTGN Transgaz SA are identification data (e.g. name, surname, CNP, etc.), contact data, workplace and specialty, studies, experience professional, medical situation, family data and other data necessary for the personnel file, according to the company's legal obligations.

The personal data of the employees 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.

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

#### ESRS S1-5

The adoption of specific targets related to own employees has not yet been carried out in an internal process, based on materiality. 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 establishment and communication of a set of targets according to ESRS is considered by the management of SNTGN Transgaz SA for the reporting period related to the financial year 2024.

### Incidents, complaints, and severe human rights impacts

#### ESRS S1-17

Equality of opportunity and equal treatment among our employees are fundamental pillars of the way we carry out our current activities, therefore discrimination based on gender, religion, nationality, age, sexual orientation, disability, or political affiliation is also

prohibited firmness within SNTGN Transgaz SA. In the financial year 2023, there were no incidents of discrimination among the company's employees.

During the reporting period, there were no employee complaints regarding health and safety at work, discrimination, or human rights.

2023	
<b>Number of incidents of human rights violations</b>	0
<b>Number of employee complaints regarding human rights</b>	0
<b>Number of employee complaints regarding OSH</b>	0





## ESRS S2 VALUE CHAIN

### Value Chain

(working conditions, equal treatment and opportunities for all, other work-related rights)

Interested parties' interests and viewpoints

*SBM 2, SBM3, IRO 1*

To ensure continuity in the process of providing quality services, SNTGN Transgaz SA collaborates both with suppliers from the domestic market and with suppliers from the foreign market. The interests and points of view of the workers in the value chain are usually identified following internal consultations with suppliers, and their analysis is mainly carried out by the company's suppliers.

In order to ensure a fair procurement process, by the decision of the general manager of SNTGN Transgaz SA, all procurement procedures are carried out entirely online, which involves the submission of offers by electronic means and the carrying out of the entire bidding and evaluation process through the Electronic System of Public Procurement (SEAP).

SNTGN Transgaz SA, as contracting entity, in application of the provisions of Law no. 99/2016 regarding sectoral procurements, published in SEAP, at <https://www.e-licitatie.ro/pub>, tender notices/simplified tender notices, with the entire award documentation attached for the preparation and submission of tenders.

Thus, through SEAP, direct, unrestricted, and full access, by electronic means, to the content of the award documentation is ensured to any interested economic operator. The procedures for awarding sectoral contracts are carried out entirely online, with the submission of offers and requests for clarifications in SEAP. This ensures total transparency of the entire procurement process.

The impacts, risks and opportunities associated with value chain workers are identified and assessed as part of the dual materiality analysis process, in an internal workshop, as well as by consulting other literature sources, summarized in the table below and addressed in the following sections.



Sub-topic	Impact (I)	Risk (R)	Opportunity (O)
<b>Working conditions</b>	<p><b>Potentially negative impact</b></p> <p>SNTGN Transgaz SA's activity can have a medium-scale negative impact on society, the economy and the environment if the rights of suppliers' employees regarding working conditions are not respected, affecting the company's reputation, and having potential legal consequences.</p>	<p><b>Risk</b></p> <p>If the rights of the suppliers' employees regarding working conditions are not respected, the activity of SNTGN Transgaz SA may indirectly affect the rights of upstream employees in case of identification of cases of non-respect of human rights.</p>	<p><b>Opportunity</b></p> <p>Working conditions include safe workplaces, working hours, adequate pay, social dialogue, freedom of association and negotiation, work-life balance and the health and safety of suppliers' employees being respected.</p>
<b>Equal treatment and opportunities for all</b>	<p><b>Positive impact</b></p> <p>The civil and political rights of workers in the value chain are respected, such as gender equality and equal pay for work of equal value, training and skills development, as well as employment and inclusion of people with disabilities, measures against workplace violence and harassment of work and diversity.</p>	<p><b>Risk</b></p> <p>No significant risks related to the opportunities and treatment of suppliers' employees have been identified.</p>	<p><b>Opportunity</b></p> <p>Equal opportunities and treatment for all workers in the value chain are assessed in the public procurement process. All suppliers of SNTGN Transgaz SA must respect human rights in the relationship with their employees, suppliers being audited. They adopt the principles of behavior required by SNTGN Transgaz SA contributing to the well-being of their employees, the reputation of the company and compliance with legal requirements.</p>
<b>Equal treatment and opportunities for all</b>	<p><b>Positive impact</b></p> <p>The civil and political rights of workers in the value chain are respected, such as gender equality and equal pay for work of equal value, training and skills development, as well as employment and inclusion of people with disabilities, measures against workplace violence and harassment of work and diversity.</p>	<p><b>Risk</b></p> <p>If the rights of the suppliers' employees related to child labor, forced labor, adequate housing or confidentiality/protection of personal data are not respected, the activity of SNTGN Transgaz SA may indirectly affect the rights of the upstream employees in case of identification of cases of non-respect of their rights.</p>	<p><b>Opportunity</b></p> <p>No significant opportunities related to the work of the suppliers' employees were identified regarding child labor, forced labor, adequate housing, or privacy of individuals.</p>

**The financial effects** on SNTGN Transgaz SA in the short, medium and long term of the significant risks and opportunities arising from the impacts on the suppliers' employees are assessed as minimal (below 0.1% of the annual turnover), within the double analysis process of materiality.

The performance of SNTGN Transgaz SA related to the requirements of the ESRS standard, reported for the financial year 2023 and presented in this report, has not been validated by an auditor, considering that the

legal requirements establish the audit obligation for the reporting related to the 2024 financial year.

### Policies on workers in the value chain

#### ESRS S2-1

Currently, the procurement activity within SNTGN Transgaz SA is carried out by the Department of Sectoral Procurement and Contracts. The department's object of activity is to carry out sectoral procurement and direct procurement procedures, based on the annual

program of sectoral procurement, fulfilling the duties of an internal department specialized in the awarding of sectoral procurement and direct procurement contracts, according to the legislation in force.

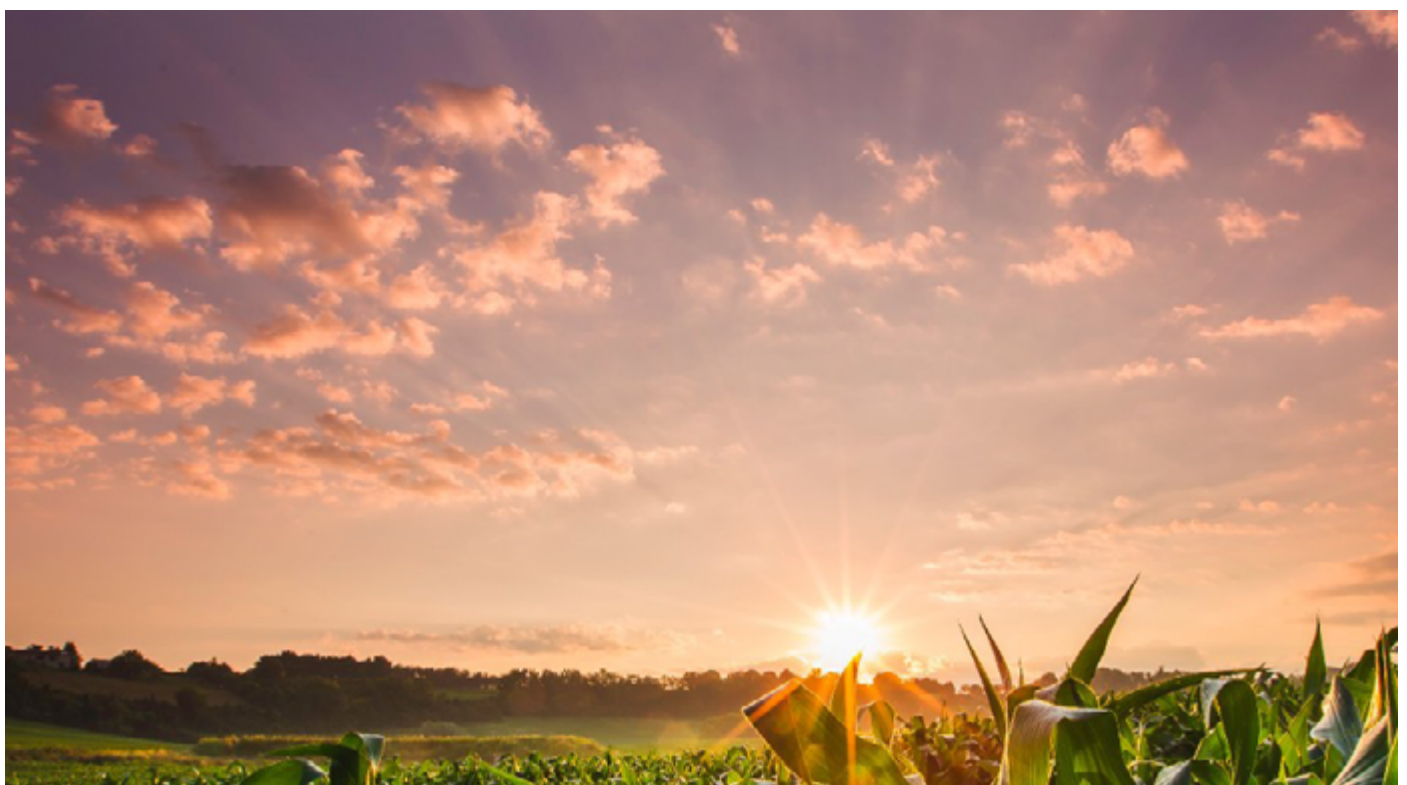
The Department of Sectoral Purchases and Contracts has duties and is responsible in the following areas:

- Elaboration of the Annual Program of Sectoral Acquisitions (PAAS), based on the programs that ensure the funding sources.
- Coordination and supervision of the sectoral procurement process and special project procurement, aiming to ensure the professionalism, impartiality and independence of the decisions adopted during this process.
- Realization of orders/contracts for direct purchases whose estimated value falls below the threshold established according to the provisions of the law on the awarding of sectoral procurement contracts.
- Keeping records of the contracts/framework agreements concluded on the basis of the PAAS and the elaboration of the ascertaining documents regarding the fulfillment of the contractual obligations of the tenderers who have concluded contracts with SNTGN Transgaz SA.

The sectoral procurement activity carried out by the specialized internal department is procedure based, there are standardized models specific to the types of sectoral procurement procedure carried out within the department, with full compliance with the legislation in the field.

In the case of direct purchases, SNTGN Transgaz SA uses the electronic catalog made available by SEAP, respectively publishes advertisements in SEAP, in accordance with the provisions of art. 49 of HG no. 394/2016 for the approval of the Methodological Norms for the application of the provisions relating to the award of the contract sectoral/framework agreement from Law no. 99/2016 on sectoral procurement, with subsequent amendments and additions.

In the value chain of the company there are a number of suppliers of products and services from Romania. Article 20 of the Romanian Constitution ratifies universal and European human rights treaties. The activity of SNTGN Transgaz SA is carried out exclusively in Romania. Organizations in Romania assess the potential negative effects associated with their activities, including GDPR, corruption, whistleblowing/complaints/complaints, collective bargaining and other important social issues as required by law.





The occupational health and safety risk assessments carried out within the company also cover the workplaces where contractors' personnel carry out their activities. The workplace accident prevention policy is followed through the application of strict legislation, aligned with EU requirements and guidelines. Also, at the level of SNTGN Transgaz SA there are specific policies aimed at eliminating discrimination, including harassment, promoting equal opportunities and other ways of promoting diversity, applicable including to the workforce of suppliers.

### Collaborative processes with value chain workers on impacts

#### ESRS S2-2

SNTGN Transgaz SA periodically carries out a materiality analysis process, in which the risks and opportunities related to the suppliers in the value chain and their employees are evaluated. Thus, the company sends an external consultation questionnaire, online, to all interested parties, including suppliers and/or their employees. Through these channels consultation takes place directly with value chain workers, their views being analyzed and implemented to the extent feasible.

Also, the company's complaints policy as well as the related channels are applicable and available including to workers in the value chain. Anyone who wishes to submit a public interest whistleblower, under the law, can submit it according to the options available on the company's website, section Whistleblowing<sup>27</sup>. All referrals are considered for resolution, with the perspectives of value chain workers influencing decisions aimed at managing actual and potential impacts.

### Processes for remediation of negative impacts and channels through which workers in the value chain can voice their concerns

#### ESRS S2-3

Complying with the applicable regulations, SNTGN Transgaz SA establishes objective criteria for choosing its suppliers and service providers. These criteria are based on the performance of the suppliers

and their compliance with the values and norms of ethics and sustainable development defined by the company, in accordance with the legislation in force. Fundamental elements in the choice of suppliers mainly include the prohibition of forced labor and child labor. In relations with its suppliers, service providers and customers, the company prioritizes the fight against corruption. Particular importance is attached to the fact that no employee may give or receive invitations or gifts except in an exceptional, symbolic, non-monetary and low-value manner. When in doubt, employees should consult their superiors.

Also, SNTGN Transgaz SA places particular emphasis on compliance with regulations related to subcontracting and the use of external companies, especially in terms of personnel health and safety. Workers in the value chain can be exposed to negative impacts, which is why occupational health and safety provisions are essential to prevent harmful effects, rather than to remedy them. The company's priority is to minimize and prevent any negative effect on its contractors and subcontractors, with a particular focus on preventing workplace accidents.

SNTGN Transgaz SA and the collaborators in the value chain communicate to each other, immediately, about any event suffered by its own workers in the premises belonging to the company or outside them, if it occurred in connection with the activities performed on the basis of a contract/framework agreement that is the subject of an OSH and emergency convention.

In the event of a work-related event/accident, both parties must immediately take the following measures:

- to maintain the state of affairs that led to the occurrence of the event, except in cases where it is necessary to save personnel;
- to inform each other, as well as the legal investigation bodies, as the case may be, about the event/occurring work accident, with the necessary data according to the legal provisions.

<sup>27</sup> <https://www.transgaz.ro/en/whistleblowing>



Taking action on significant impacts on value chain workers and approaches to managing significant risks and pursuing significant opportunities related to value chain workers, and the effectiveness of these actions

*ESRS S2-4*

The company prevents, through specific procedures, and directly verifies the performance of the suppliers it collaborates with, according to the provisions of the Public Procurement Law. No serious human rights problems and incidents were identified or reported by workers in the SNTGN Transgaz SA value chain or violations of working conditions, the treatment of suppliers' employees or their confidentiality.

Resources for managing by preventing a potentially significant impact are included in procurement budgets. The effectiveness of these actions and initiatives is presented in the annual sustainability report published on the company website<sup>28</sup>.

<sup>28</sup> <https://www.transgaz.ro/en/sustainability/sustainability-report>

Targets regarding the management of significant negative impacts, promoting positive impacts, and managing significant risks and opportunities

*ESRS S2-5*

Setting specific targets related to value chain workers (supplier workforce) has not yet been carried out in an internal process based on materiality. However, the company has implemented a series of codes of conduct and management systems aimed at procurement processes, SNTGN Transgaz SA also being subject to Law no. 99/2016 on sector purchases and strictly complying with its requirements.

The establishment and communication of a set of targets according to ESRS is considered by the management of SNTGN Transgaz SA for the reporting period of the financial year 2024.



# ESRS S3 AFFECTED COMMUNITIES

## Affected Communities

(economic, social and cultural rights and civil and political rights of the communities in which we operate)

Interested parties' interests and viewpoints

*SBM 2, SBM3, IRO 1*

SNTGN Transgaz SA follows a series of legal processes and procedures for consulting the communities potentially affected by the company's activity, which is the main way in which the interests of the affected communities are considered. The strategy and business model of SNTGN Transgaz SA is based on following these processes and procedures. Compliance with the legal requirements for obtaining regulatory acts from the authorities is considered. Consultations with the local community take place at the time of going through the procedures for obtaining environmental agreements and authorizations, in particular.

The types of communities that are subject to a significant impact of SNTGN Transgaz SA's operations are communities that live or work around the company's sites and more distant communities potentially affected by the activities carried out at these sites.

The communities in the areas related to the supply chain of SNTGN Transgaz SA, or other indigenous populations outside of Romania, were not considered to be subject to a significant impact of the company's operations. Romania has no indigenous population.

The interests and points of view of the affected communities also result from additional consultations with the communities in which SNTGN Transgaz SA operates, and their analysis took place within the materiality analysis process. The impacts, risks and opportunities associated with potentially affected communities are identified and assessed as part of the dual materiality analysis process, in an internal workshop, as well as by consulting other literature sources, summarized in the table below and addressed in the following sections.



Sub-topic	Impact (I)	Risk (R)	Opportunity (O)
<p><b>The economic, social, and cultural rights of the communities in which we operate</b></p>	<p><b>Negative impact</b></p> <p>SNTGN Transgaz SA respects the economic, social, and cultural rights of the communities in which it operates. In addition, the rights of the communities are protected by the legislation in force.</p> <p>However, by the nature of its activities, the company has a medium-scale negative impact on the land in the communities in which it operates.</p> <p>On the other hand, there is a potential negative impact on the security of the community, generated by the specifics of the natural gas transport activity, in general.</p>	<p><b>Risk</b></p> <p>In case of non-compliance with the legislation and regulations in force in the company's field of activity, regarding the measures to protect the economic, social and cultural rights of the communities in which it operates, SNTGN Transgaz SA may be affected from a financial and reputational point of view. These risks are associated with (potentially) negative impacts on the land and security of the communities where the company operates.</p> <p>An example of this is the situation in which SNTGN Transgaz SA pipelines pass through areas that may restrict residents from using the land for a certain purpose. For these situations, the company offers compensation to the owners of land on which there is an impact as a result of the expansion of the gas transportation network.</p>	<p><b>Opportunity</b></p> <p>The company's business strategy involves respecting the economic, social and cultural rights of the communities in which SNTGN Transgaz SA operates, in order to create a modernized and competitive natural gas transport system, which ensures a high degree of interconnection, flexibility and access to several sources of supply.</p> <p>By communicating and acting on these principles, the company can ensure that land use is carried out in a way that respects landowners' rights and protects the environment, while enhanced security measures will help increase trust and safety among local communities. These initiatives will also promote an environment of collaboration and mutual support, contributing to the economic and social development of the communities where SNTGN Transgaz SA has an impact.</p> <p>The company operates in cities where it provides jobs with open-ended, well-paid contracts, the same remuneration criteria and conditions being applied to employees in rural areas.</p>
<p><b>The civil and political rights of the communities in which we operate</b></p>	<p><b>Positive impact</b></p> <p>SNTGN Transgaz SA respects the civil and political rights of the communities in which it operates, thus having a positive impact on a large scale. The company regularly conducts stakeholder consultation processes and also makes available to community representatives' mechanisms for submitting notifications and/or complaints, thus ensuring the right to freedom of expression, freedom of assembly and respect for the rights of those who defend human rights.</p>	<p><b>Risk</b></p> <p>No significant risks related to the civil and political rights of the communities where SNTGN Transgaz SA operates have been identified.</p>	<p><b>Opportunity</b></p> <p>The communities in the areas where the company operates are consulted in the materiality procedure and have channels for complaints at their disposal, facilitating the decision-making process in the elaboration of their protection measures.</p>



In the authorization process in the field of environmental protection, for the implementation of projects with environmental impact, public consultation is a mandatory requirement considering the provisions:

- GEO no. 195/2005 on environmental protection, with subsequent additions and amendments.
- Law no. 292/2018 regarding the assessment of the impact of certain public and private projects on the environment, with subsequent amendments and additions.
- Order no. 1798/2007 for the approval of the procedure for issuing the environmental authorization, with subsequent additions and changes.

The activities carried out by SNTGN Transgaz SA serve the collective interest and ensure respect for relations with interested parties. The rules of transparency and ethics are promoted, through which a relationship of permanent trust is built together with the community.

**The financial effects** on SNTGN Transgaz SA in the short, medium, and long term of the significant risks and opportunities arising from the impacts on the communities are assessed as being of a very low level (below 0.1% of the annual turnover), within the double analysis process of materiality.

The performance of SNTGN Transgaz SA related to the requirements of the ESRS standard, reported for the financial year 2023 and presented in this report, has not been validated by an auditor, considering that the legal requirements establish the audit obligation for the reporting related to the 2024 financial year.

### Policies related to affected communities

#### ESRS S3-1

Corporate social responsibility is an important aspect of corporate governance within our company, through which we undertake a series of actions that can be quantified in terms of sustainability and sustainable performance.

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

Therefore, as part of the sustainable development strategy, our social responsibility policy aims to increase

the degree of responsibility of the company towards employees, shareholders, partners, the community, and the environment. It is based on a set of principles that define the interaction between the company and its stakeholders and which are transposed into the life of the community through:

- sponsorship actions and financial aid granted
- CSR projects.

Joining the policy of general communication and corporate social responsibility established at the company level of SNTGN Transgaz SA, **the policy of granting sponsorships** aims to ensure an effective framework for their development and monitoring in accordance with the legal and fiscal regulations in force. Consistent with the principle of applying responsible management in fulfilling the assumed mission, SNTGN Transgaz SA is aware of the importance of the fact that, sometimes, a financial support for a noble cause or for a humanitarian purpose is vital and that is why, both through the initiated CSR programs and through the sponsorship policy, the society is actively involved in the life of the community, thus contributing to increasing the degree of social cohesion and the sustainable development of the community.

SNTGN Transgaz SA granted sponsorships in 2023, complying with the following legal provisions in force and internal procedural regulations:

- **Legal provisions**
  - Law no. 32/19.05.1994 on sponsorship, updated with subsequent amendments and additions
  - Law no. 227/2015 regarding the Fiscal Code, updated, art. 25, point 4, letter (i)
  - The Revenue and Expenditure Budget for the year 2023 (broken down by quarters)
- **Internal procedural regulations**
  - The policy regarding the granting of sponsorships at the level of SNTGN Transgaz SA in 2023 - framework document regarding the provision of appropriate management of the sponsorship activity in accordance with the legal and fiscal regulations in force approved by the Decision of the Board of Directors no. 2/28.01.2021



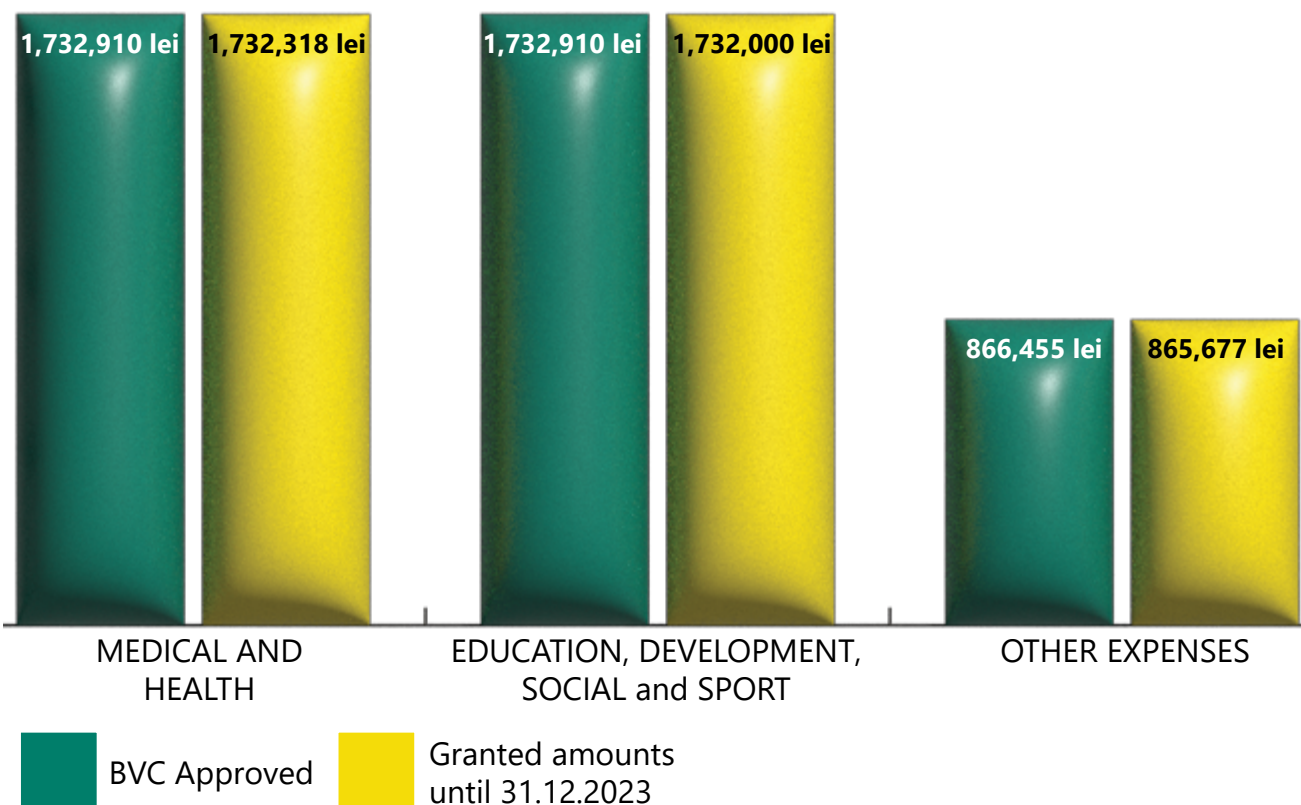
- Process procedure Code PP-DJ 02- Development of sponsorship documents
- Art. 1, from the Board of Administration Decision no. July 22/27, 2021, regarding the assignment of powers to the Director General, to conclude sponsorship contracts within the limit of a maximum monthly ceiling of 200,000 lei, within the annual amount provided for in the Revenue and Expenditure Budget, approved at the level of the Ordinary General Assembly of the Shareholders, with periodic information of the Board of Directors.

RON, an amount that falls within the budgeted and approved value of the Revenue and Expenditure Budget (BVC) for the year 2023, approved through the document concluded by the Decision of the Ordinary General Meeting of Shareholders no. 2/16.02.2023. SNTGN Transgaz SA has contributed and will contribute through sponsorships granted to support social cohesion, the development of the community, the medical sector, education and culture, the environment, and sports.

The detailed summary of the sponsorships granted by SNTGN Transgaz SA in 2023, by areas of social involvement, is presented in the graph below.

On 31.12.2023, the total value of the sponsorships granted by SNTGN Transgaz SA in 2023 was 4,332,275

### Sponsorships granted by SNTGN Transgaz SA in 2023



Lastly, the Sponsorship Policy includes regulations regarding the granting of financial support to SNTGN Transgaz SA employees. At the level of SNTGN Transgaz SA, the granting of financial support to employees who, for justified medical reasons, request this support, is regulated by the process procedure PP-DJ 04 and runs through the Corporate Activities Management Service that processes requests for financial support received

from employees (in accordance with the provisions of the Collective Labor Agreement in force) and submits them to the analysis of the specialized Commission established at the company level and then submits them for approval to the Board of Directors. In order to grant the aid, it is considered compliance with the provision by which the employee requesting financial support must fill in on his own responsibility a

declaration stating that for the medical case for which he is requesting help from the company he did not use the health card, and the supporting documents presented (invoices, receipts, etc.) have not been settled by the County Health Aid House or MEDOC.

### Collaborative processes with affected communities regarding impacts

#### ESRS S3-2

SNTGN Transgaz SA follows a materiality analysis process, during which the communities in which the company operates are consulted on the sustainability aspects associated with SNTGN Transgaz SA's activity and relevant to them. Each interlocutor thus evaluates the level of positive or negative impact, the nature of this environmental, social or governance impact related to the company's activity, this being also the way in which SNTGN Transgaz SA evaluates the effectiveness of its collaboration with the affected communities. The frequency of these consultations takes place at intervals of a maximum of 3 years, or more often, if necessary.

The company also organizes, together with the appropriate environmental authorities, a series of public consultation sessions within the procedures for obtaining regulatory acts from the authorities. Therefore, consultations with the local community take place for environmental agreements and authorizations in particular, in accordance with the legal regulations in force, their frequency also being stipulated in the procedures for obtaining regulatory acts.

The environmental agreement is issued by the competent authority for environmental protection, which establishes the conditions that must be respected in the event of a development or modification project. The (integrated) environmental authorization is the administrative act issued by the competent authority for environmental protection, which grants the right to operate a facility in whole or in part. The environmental impact assessment procedure regarding the assessment of the impact of certain public and private projects on the environment, as well as the authorization procedure, involves carrying out a series of public consultations, according to the transposed EU Directives.

All consultations and public debates are attended by community members regardless of gender, age,

training, or ethnicity. All observations are taken into account in the decisions within the authorization procedures. There is no indigenous population in Romania, in the communities where SNTGN Transgaz SA operates.

### Processes to remediate negative impacts and channels through which affected communities can voice their concerns

#### ESRS S3-3

As a socially responsible entity, SNTGN Transgaz SA assumes full responsibility for actions to remedy negative impacts on the communities in which it operates, in the event that they occur.

The company has established a series of procedures to ensure or cooperate in order to remedy the negative impact on the affected communities, and has made available to these communities' specific channels, including complaint resolution mechanisms for these communities to express their concerns and for any problems to be addressed. The company's complaints policy as well as the related channels are applicable and available to all members of the communities in which SNTGN Transgaz SA operates. Anyone who wishes to submit a public interest whistleblower, under the law, can submit it according to the options available on the company's website, section Whistleblowing<sup>29</sup>. All referrals are considered for resolution, with the perspective of community members influencing decisions aimed at managing actual and potential impacts. Analysis / investigations are carried out for the reports received and corrective measures are implemented. Communities are subsequently informed of remedial actions as appropriate.

Also, at the company level, the Land Regulations and Formalities Department operates, it ensures all the activities necessary to regulate the legal situation of the lands affected by objectives belonging to SNTGN Transgaz SA, all the activities necessary to obtain access to the land for development, modernization, rehabilitation works specific to SNTGN Transgaz SA, it ensures obtaining the agreements under private signature or in authentic form of the owners, for the temporary occupation of the forest area, for the temporary/definitive removal from the agricultural circuit, as well as the **resolution of notifications and**

<sup>29</sup> <https://www.transgaz.ro/en/whistleblowing>

**petitions** regarding the lands affected by objectives related to the National Natural Gas Transport System.

On the other hand, another form through which the communities in which the company has an impact can express their opinion is represented by media channels. The public image of a gas transport company can significantly influence relations with customers, partners, and authorities. Media monitoring helps to quickly identify any negative or critical mentions that may affect public perception. A good reputation can attract new customers and business partners, while a bad reputation can lead to financial losses and difficulties in maintaining existing relationships. In the event of a crisis, such as an accident, gas leak or any other negative event, media monitoring allows the company to react promptly and appropriately to limit the negative impact on reputation. Quickly identifying issues allows the communications team to

craft and deliver clear, coherent messages to control the narrative and reduce public panic or concern.

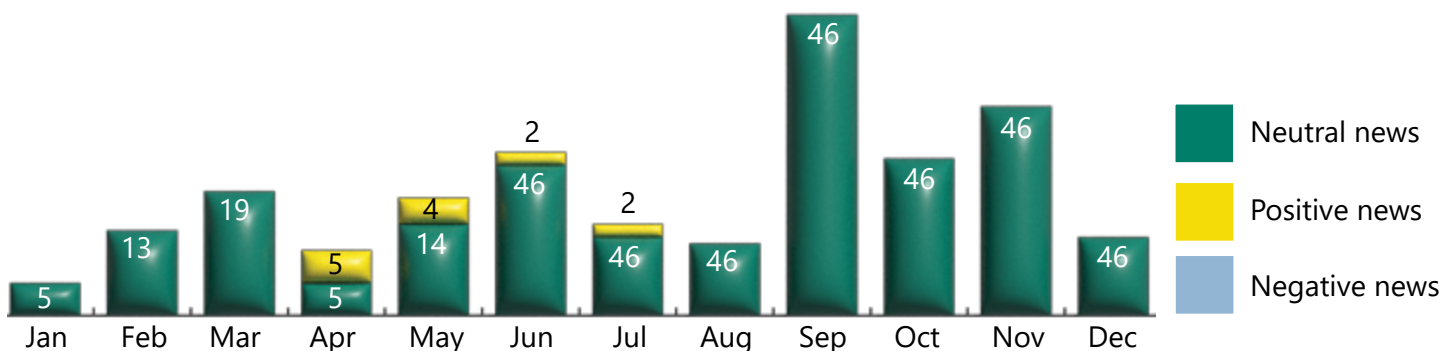
Media monitoring can reveal public and NGO concerns about the impact of company operations, allowing for proactive adjustment of policies and practices. Public and media feedback provides valuable information about the community's perception of the company's activity, enabling the implementation of continuous improvement measures and the adjustment of corporate social responsibility (CSR) strategies.

Thus, in order to monitor the reputational risk that could be generated including by the information published in the media regarding the activity carried out by SNTGN Transgaz SA, the information published on the media channels in 2023 was analyzed, resulting in the following:

News category	2022		2023	
	Number of articles	% articles	Number of articles	% articles
<b>Neutral</b>	89	70%	216	94%
<b>Positive</b>	38	30%	13	6%
<b>Negative</b>	0	0%	0	0%
<b>Total</b>	<b>127</b>	<b>100%</b>	<b>229</b>	<b>100%</b>

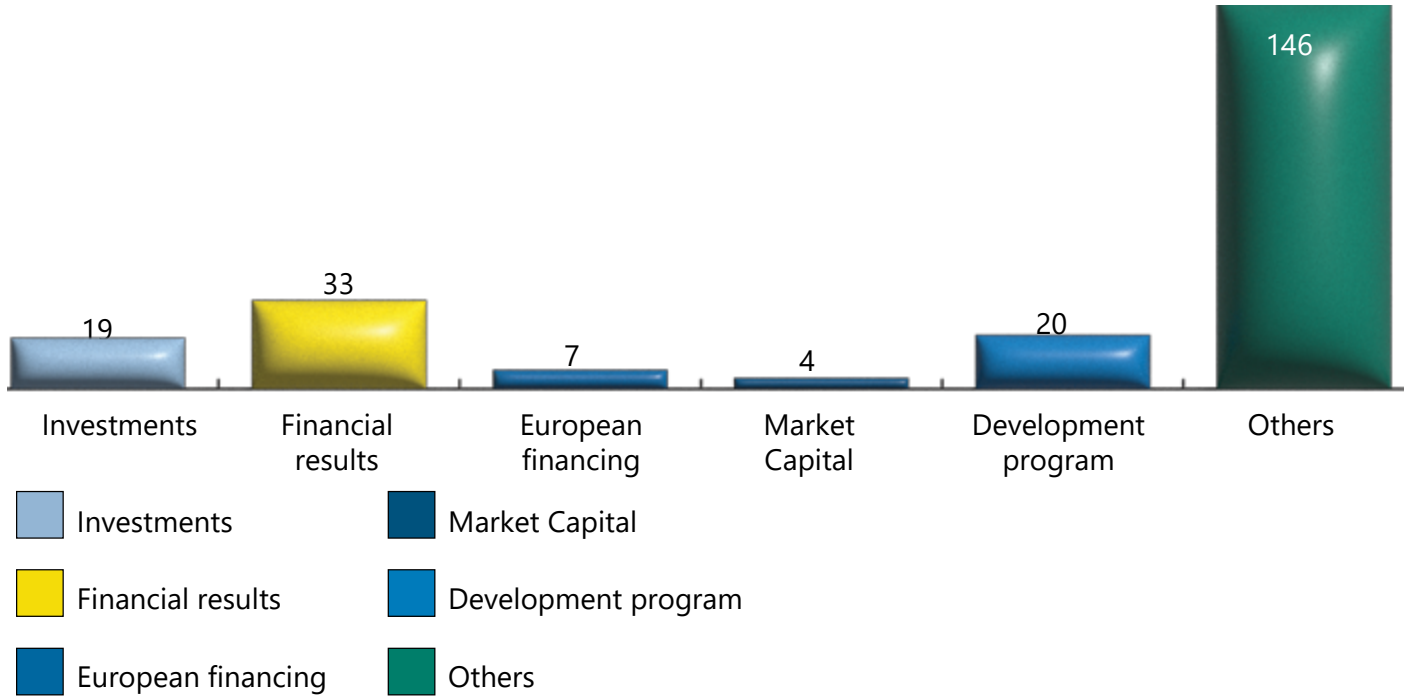
The distribution by month in 2023 of positive, neutral, negative media references published in the press is as follows:

#### Distribution of positive, neutral and negative news on Transgaz' activities in 2023



The total distribution in 2023 of the references appearing according to the topic addressed, investments, financial results, European financing, capital market, development program is presented as follows:

**Monitoring of news according to topic at 31.12.2023**



A solid reputation and effective management of reputational risks can increase investor confidence in the company's stability and future, making it easier to attract capital and investment. Business partners,

suppliers and collaborators value a company that proactively manages reputational risks, which can lead to more stable and productive relationships.





### Taking action on significant impacts on affected communities and approaches to managing significant risks and pursuing significant opportunities related to affected communities, and the effectiveness of these actions

#### ESRS S3-4

SNTGN Transgaz SA, together with the appropriate environmental authorities or other local authorities, establish the measures to remedy the significant environmental impacts on the affected communities within the framework of the agreements and authorizations issued. These are stipulated mainly in environmental and water management permits, internal emergency plans and other policies and plans at SNTGN Transgaz SA sites.

The effectiveness of these actions and initiatives is presented in the annual environmental report submitted to the county environmental agencies, as well as in the annual sustainability report published on the company's website at: <https://www.transgaz.ro/en/sustainability/sustainability-report>

No serious human rights issues and incidents have been reported within the communities in SNTGN

Transgaz SA's area of activity. Resources involved in managing a potential significant impact are included in the company's operating budgets, which include all legal measures related to energy security and environmental protection.

### Targets regarding the management of significant negative impacts, promoting positive impacts, and managing significant risks and opportunities

#### ESRS S3-5

Setting specific targets related to the communities in which the company operates (their economic, social, and cultural rights and their civil and political rights) has not yet been carried out in an internal process based on materiality. However, SNTGN Transgaz SA has implemented a series of policies and procedures for consultation, interaction, and management of impacts on members of affected communities.

The establishment and communication of a set of targets according to ESRS is considered by the management of SNTGN Transgaz SA for the reporting period of the financial year 2024.



## ESRS S4

# CONSUMERS AND END USERS

### Consumers and End Users

(impacts regarding information – privacy, freedom of expression and access to quality information)

Interested parties' interests and viewpoints

*SBM 2*

Consumers and/or end users represent a main group of interested parties for SNTGN Transgaz SA, presented in the list of stakeholders under the category "Customers and users of the infrastructure" and are represented by entities located in the City of Bucharest and in each county in the country.

The interests and viewpoints of a natural gas transmission company's customers and end-users are varied and complex, reflecting economic as well as social and environmental needs. They can be summarized in several main categories, such as:

- **Continuity of service:** End users, regardless of the category they belong to, want to have uninterrupted access to natural gas.
- **System safety:** Customers are concerned about the safety of the transmission network, wanting to avoid the risks of explosions, gas leaks or other accidents.
- **Competitive rates:** Customers want affordable and competitive rates for natural gas transportation, given the direct impact on production costs and their budgets.
- **Cost transparency:** End users appreciate transparency in the tariff structure and clarity in billing.
- **Quality standards:** Ensuring a high level of service quality, including response times to requests and promptness in solving problems are valued by end beneficiaries and consumers.
- **Reducing emissions:** Customers are increasingly concerned about their environmental impact and prefer companies that take steps to reduce emissions of greenhouse gases and other pollutants.
- **Compliance with legislation:** End users want to be sure that the carrier complies with all applicable legal regulations and standards.
- **Ethics and responsibility:** Transparency and ethics in the company's operation, including respect for consumer rights and social responsibility are topics of interest to customers.
- **Community impact:** Customers 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 central to our company's strategies and operations, influencing both customer satisfaction and the long-term success of SNTGN Transgaz SA.

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

*SBM3, IRO 1*

The strategy and business model of SNTGN Transgaz SA are built so that the impacts on consumers and end users are positive in the long term, contribute to the development of society, properly manage the risks

and opportunities deriving from the interaction with customers.

Impacts, risks, and opportunities associated with consumers and end users are identified and assessed as part of the dual materiality analysis process, in an internal workshop, as well as by consulting other literature sources. These are summarized in the table below and addressed in the following sections.

Sub-topic	Impact (I)	Risk(R)	Opportunity (O)
<b>Information-related impacts for consumers and/or end-users</b>	<p><b>Positive impact</b></p> <p>SNTGN Transgaz SA respects the right to confidentiality, freedom of expression and access to quality information of its customers.</p> <p>The company ensures transparency in informing its customers through the company's website at <a href="https://transgaz.ro/en/clients/transparency-information">https://transgaz.ro/en/clients/transparency-information</a></p>	<p><b>Risk</b></p> <p>If the right to confidentiality, freedom of expression and access to quality information of its consumers and/or end-users is not respected, the activity of SNTGN Transgaz SA may affect consumers and/or end-users in its area of activity, simultaneously with the emergence of a reputational risk for the company.</p>	<p><b>Opportunity</b></p> <p>No significant opportunities associated with impacts related to informing consumers and/or beneficiaries/end users were identified.</p>

**The financial effects** on SNTGN Transgaz SA in the short, medium and long term of the significant risks and opportunities arising from the impacts on consumers and end users are estimated to be very low (below 0.1% of the annual turnover). The assessment was carried out under the dual materiality analysis process.

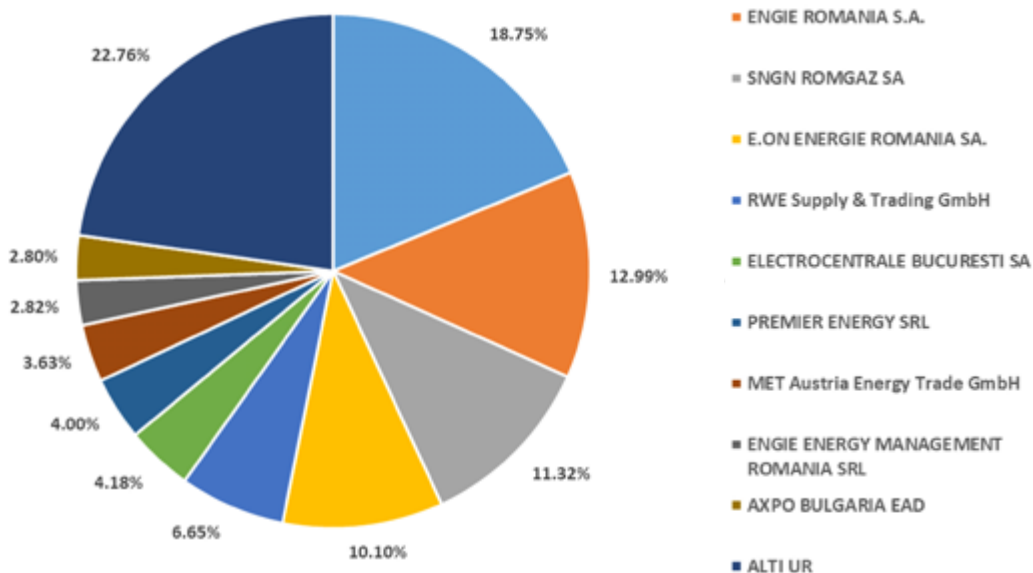
The performance of SNTGN Transgaz SA related to the requirements of the ESRS standard, reported for the

financial year 2023 and presented in this report, has not been validated by an auditor, considering that the legal requirements establish the audit obligation for the reporting related to the 2024 financial year.

### Consumer and End User Policies

*ESRS S4-1*

**The main beneficiaries** of the natural gas transport service in 2023 are presented in the graph below.



Through the transport services contracted in 2023, the total quantity of 139,973,553.599820 MWh (13,055,920,285 thousand cubic meters) was transported to:

	MWh	Thousand cubic meters	%
<b>Distribution</b>	69,624,750.476893	6,507,679.240	49.74
<b>Direct clients</b>	24,109,333.306663	2,262,010.156	17.22
<b>Storage</b>	22,581,021.400026	2,114,253.110	16.13
<b>Export Csanadpalota, Giurgiu-Ruse, Negru Vodă 1, Ungheni</b>	23,658,448.416000	2,171,977.779	16.90

For the confidentiality of the company's customer data, **the personal data protection policy** is implemented and strictly followed. Details about this can also be found on the SNTGN Transgaz SA website at the address <https://www.transgaz.ro/en/public-interest/protection-personal-data> or in the section *Other work-related rights* in this report.

Within SNTGN Transgaz SA, the duties of the data protection officer have been assigned to a compliance officer, within the Document Management and GDPR Service. It monitors the degree and ways of implementing compliance activities and analyzes situations that contravene these principles, to the extent that impactful situations arise.

At the company level of SNTGN Transgaz SA, activities are constantly carried out that lead to the continuous improvement of the personal data protection management processes. Procedures, forms, plans, registers of continuous records of processing, staff training for GDPR implementation, have become essential in the process of awareness and responsibility, as key points in complying with the standards set out in the EU Regulation.

Customer satisfaction is a very important indicator for the company. Annually, SNTGN Transgaz SA requests feedback from customers on the quality of the products and services provided by SNTGN Transgaz SA, through satisfaction questionnaires. The importance of this feedback is highlighted by its inclusion in the remuneration policy of the Board of Directors. Thus, by AGOA Decision no. 8/6.12.2021 the financial and non-financial performance indicators for the period

2021 - 2025 were approved, which constitute an annex to the administrators' mandate contracts. In this sense, when calculating the variable component of the remuneration of the members of the Board of Directors, the level of customer satisfaction is also considered. The objective involves the achievement of the targets set out in the management plan (According to PP 165 Evaluation of customer satisfaction, a score between 6-8 means that the services provided have adequately satisfied the customer's requirements).

### Collaborative processes with consumers and end users regarding impacts

#### ESRS S4-2

SSNTGN Transgaz SA assigns great importance to communication and transparency with customers, so it takes care to constantly update the information available on the company's online platform<sup>30</sup> regarding issues of public interest such as: press releases, internal and/or legislative changes, etc.

Regarding the purchase, auction or sales processes as well as other important information for customers, they have at their disposal the following Customers section on the company's website <https://www.transgaz.ro/en>. Also, transparency in the communication of information of interest to consumers and end users of the company are available at: <https://transgaz.ro/en/clients/transparency-information>.

Lastly, for the relationship with investors there is a dedicated section on the SNTGN Transgaz SA website, and the evolution of the company's shares listed on the Bucharest Stock Exchange is publicly available at the

<sup>30</sup> <https://www.transgaz.ro/en/interes-public/stiri-si-anunturi>



following address: <https://bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=TGN>

### Processes for remediation of negative impacts and channels through which consumers and end users can voice their concerns

#### ESRS S4-3

Risks related to the confidentiality of collaborators' and employees' data, including possible data losses and violations of their confidentiality, are managed efficiently and transparently, as the company has developed documents in this regard, regarding the processing, storage, transmission and archiving of personal data.

At the level of SNTGN Transgaz SA, internal regulations were approved and implemented regarding informing the data subject, data protection, correctness of data collection, guidelines regarding the storage of personal data, the reporting system in case of security breach, advisors and training periodicals, but also guidelines regarding the data subject's consent. Thus, the company ensured that this information was transmitted to all employees and, additionally, a section was created on the intranet page where

documents relevant to the field of data protection can be identified, respectively: Security policy regarding measures to protect natural persons in regarding the processing of personal data and the free circulation of such data, the Regulation regarding the processing of personal data and the free circulation of such data within the National Natural Gas Transport Company "Transgaz" SA, as well as the Record Register with the structures and persons who have participated in training conducted internally to train persons who have access to and manage personal data and to raise awareness of the importance of complying with this regulation.

<https://www.transgaz.ro/en/public-interest/protection-personal-data>

Counseling, training, and awareness sessions for employees are organized in which the risks deriving from non-compliance with the General Data Protection Regulation of the European Union (GDPR) are presented.

With regard to the training of the company's staff, we note that it was primarily carried out among employees who have direct contact or who continuously or



permanently process personal data, thus in 2023 **14 training sessions were organized with a specific topic in which 250 employees participated.**

Taking measures regarding significant impacts on consumers and end-users and approaches to managing significant risks and pursuing significant opportunities related to consumers and end-users, and the effectiveness of these measures

*ESRS S4-4*

In 2023, no complaints or notifications were made to the National Supervisory Authority for the Processing of Personal Data and which required 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 Authority for the Supervision of Personal Data Processing, and at the internal level no risk incidents have been identified caused by non-compliance with the provisions of the internal regulations issued for the purpose of data protection.

The management of the company is periodically informed about the processes implemented regarding the aspects related to the protection and management of personal data through periodic reports and presentations

Targets regarding the management of significant negative impacts, promoting positive impacts, and managing significant risks and opportunities

*ESRS S4-5*

Setting specific targets related to the company's consumers and beneficiaries/end-users (their information-related impacts) has not yet been carried out in an internal process based on materiality. However, SNTGN Transgaz SA has implemented a series of policies and procedures that ensure the confidentiality, freedom of expression and access to quality information of this category of interested parties.

The establishment and communication of a set of targets according to ESRS is considered by the management of SNTGN Transgaz SA for the reporting period related to the financial year 2024.



# ESRS G1

## Professional Conduct

### Professional Conduct

#### Business Conduct

*ESRS 2 GOV-1, IRO 1*

SNTGN Transgaz SA's 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 Directors of SNTGN Transgaz SA** conducts its activities based on the provisions of Government Emergency Ordinance (OUG) 109/2011 regarding the corporate governance of public enterprises, with subsequent amendments. The Board has delegated the management of the company to a Director General who also serves as an administrator, assuming the role of an executive administrator. **SNTGN Transgaz SA's Board of Directors has overall competence** for carrying out all necessary actions to ensure the successful operation of the company. It consists of 5 members who ensure the effectiveness of management, analytical, and evaluative capacities related to the company's activities, as well as fair treatment of shareholders. The roles and competencies of the Board of Directors are outlined in SNTGN Transgaz SA's Organization and Operation Regulation of the Board of Directors.

**The impacts, risks, and associated opportunities** are identified and evaluated through an internal materiality analysis and other sources. Additionally,

at the Board of Directors level, 5 advisory committees have been established. These committees primarily analyze materials submitted to the Board, providing opinions and recommendations to its members. Their focus areas include auditing, remuneration for administrators, directors, auditors, and staff, as well as candidate nominations for various leadership positions, risk management, safety, security, corporate governance, and sustainability. The committees periodically submit reports to the Board regarding their activities.

Specifically, risk assessment is conducted based on the 2021-2025 **Risk Management Strategy** and the principles of the Internal Control Management System (SCIM), in accordance with Order No. 600 dated April 20, 2018, approving the Code of Internal Managerial Control for public entities.

**The Risk Management Advisory Committee** has, among its attributions, also responsibilities regarding the risk management system adopted by the company, namely identifying, analyzing, evaluating, monitoring and reporting the identified risks, the plan of measures to mitigate or anticipate them, other measures taken by the executive management, performs an annual assessment of the internal control system and presents relevant reports to the attention of the Board of Directors, monitors risk management in matters related to sustainability, with regard to ESG aspects, developments in the industry and the implementation of effective policies of crisis management, reports to the Board of Directors current and emerging topics related to ESG issues that may affect the Company's business, operations, performance or public image or that are relevant to the Company and shareholders, monitors actions or initiatives taken to prevent, mitigate and



manage risks related to ESG matters that may have a significant negative impact on the Company or that are otherwise relevant to shareholders and provide guidance in this regard.

SNTGN Transgaz SA periodically monitors the risk portfolio in a structured manner, through the following processes/activities:

- Revision of the Risk Management Strategy, 2021-2025 document, which addresses SNTGN Transgaz SA's attitude and approach to risks, the risk tolerance limit, the risk response, the vision, the specific objectives and the measures necessary to carry them out:
- Documentation of the system procedure PS 05 SMI Risk Management, which sets unitary rules for risk management and for drawing up and updating the Risk Register

- Updating the company's risk profile (annually) and risk tolerance limits
- Reviewing the internal appointment decisions and the Organization and Operation Regulations of the Monitoring Commission and the Risk Management Team
- Revision of the Declaration - commitment regarding Risk Management 2021-2025

At the Board of Directors level, there is an Audit Advisory Committee that frequently verifies the effectiveness of financial reporting. And assists the Board of Directors in making decisions related to establishing the accounting and financial control system. Additionally, it ensures the monitoring of internal audit systems' effectiveness concerning financial reporting, all while adhering to the principle of independence.

Subtopic	Impact	Risk / Opportunity
<b>Organizational culture</b>	<b>Positive impact</b> of company values on SNTGN Transgaz SA and stakeholders, but there is a potential negative impact on a large scale if codes of ethics and internal procedures are not respected.	<b>Opportunity:</b> Effective management of internal issues and ensuring fair remuneration, as well as adequate working conditions, contribute to the prevention of unpleasant situations within own operations.
<b>Whistleblower Protection</b>	<b>Potential negative impact</b> on a small scale if whistleblowers are not protected.	<b>Risk:</b> Damage to SNTGN Transgaz SA's reputation and violation of legal requirements.
<b>Managing supplier relationships and payment practices</b>	<b>Potentially negative impact</b> on a small scale if timely payments are not made or other inconveniences occur.	<b>Risk:</b> Damage to SNTGN Transgaz SA's reputation through negative financial impact for suppliers and/or violation of contractual conditions.
<b>Corruption and bribery</b>	<b>Medium-scale potential negative impact</b> in case of incidents	<b>Risk:</b> Damage to SNTGN Transgaz SA's reputation and violation of legal requirements.

**The financial effects on SNTGN Transgaz SA** 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% from the annual turnover) for professional conduct risks, as assessed in the double materiality review process.

### Corporate culture and policies on professional conduct and corporate culture

#### ESRS G1-1

**SNTGN Transgaz SA's Code of Ethics** (approved by the Decision of the Board of Directors no. 39/20.12.2021) includes all values and principles of conduct, responsibilities and obligations that define the quality of professional activity. This code serves as a mandatory line of conduct and encourages the



responsibility and involvement of contractual staff within SNTGN Transgaz SA, so that they carry out a competent and responsible activity, in accordance with professional ethics.

Also, the principles that govern the professional conduct of SNTGN Transgaz SA contractual staff are centered on:

- **Professionalism:** Employees must perform their job duties with responsibility, competence, efficiency, fairness and conscientiousness.
- **Impartiality and non-discrimination:** The staff must have an objective attitude, neutral towards any political, economic, religious or other interest, in the exercise of their job duties.
- **Freedom of thought and expression:** Staff can express and substantiate their opinions, respecting the rule of law and good morals.
- **Confidentiality:** The staff has the obligation that during the contract concluded with SNTGN Transgaz SA, but also after its termination, not to transmit data or information of a confidential nature that they became aware of during the execution of the contract.
- **Priority of the interest of the company:** Employees have the duty to consider the interest of the company above the personal interest, in the exercise of the duties of the position.
- **Moral integrity:** It is forbidden for employees to request or accept, directly or indirectly, for themselves or others, any advantage or benefit, moral or material, or to engage in activities, directly or indirectly, that would give rise to a conflict of interests.
- **Honesty and fairness:** Staff must act in good faith and act in the proper performance of their duties.
- **Loyalty:** Staff must demonstrate loyal behavior towards the company, and the company encourages and ensures access to professional training and continuous development, stimulating and rewarding performance at work.

The Code of Ethics of SNTGN Transgaz SA defines the values, principles, and norms that contractual staff of SNTGN Transgaz SA must respect and apply in the following contexts:

- In the activities carried out 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 relationships developed with all categories of the public, contributing to the company's reputation and visibility.

Internal procedures also address aspects related to professional conduct and the promotion of corporate culture. These include:

- Anti-Fraud and Anti-Corruption Policy
- Methodology for evaluating integrity incidents
- Report on the evaluation of integrity incidents related to competition rules
- Declaration of adherence to fundamental values, principles, objectives, and the monitoring mechanism of the National Anti-Corruption Strategy 2021-2025
- Register of corruption risks at the level of SNTGN Transgaz SA
- Approval decision for the Integrity Plan of SNTGN Transgaz SA
- Anti-Fraud and Anti-Corruption Statement of SNTGN Transgaz SA
- Organizational integrity of SNTGN Transgaz SA
- Declaration regarding the commitment to an integrity agenda (Section: Organizational Integrity Plan of SNTGN Transgaz SA).

Regarding conflicts of interest, members of the Board of Directors have a duty of loyalty to the company and will avoid conflicts of interest when their personal or professional interests hinder the objective decision-making in the company's or shareholders' best interest, as well as their role as administrators. The Audit Committee ensures that there are no conflicts of interest between the primary functions and professional activities of the Board of Directors' members. Additionally, the company has established notification processes for significant transactions, preventing affiliated parties from benefiting from their position and safeguarding SNTGN Transgaz SA's

interests. At SNTGN Transgaz SA, there is a specific policy for managing conflicts of interest, supporting compliance with the Corporate Governance Code issued by the Bucharest Stock Exchange.

SNTGN Transgaz SA has also developed and approved a PS 21 SMI system procedure regarding **the protection of whistleblowers in the public interest**. This procedure aims to establish reporting channels within the company, regulate the internal mechanism for protecting whistleblowers, define responsibilities, control procedures, and the responsibilities of committees designated for analyzing and resolving received reports. Additionally, there is a provision related to the confidentiality of the identity of those reporting non-compliance, which will not be disclosed to the individuals subject to the reported violations unless legally required.

Whistleblower reports in the public interest can be submitted at SNTGN Transgaz SA via the email address [integritate@Transgaz.ro](mailto:integritate@Transgaz.ro), through postal correspondence, or directly to the designated person as per the law.

Contractual staff within SNTGN Transgaz SA who observe, or suspect violations of the Code of Ethics can directly contact the Ethics Advisor within the company or at the Territorial Exploitation level, or email [etica@transgaz.ro](mailto:etica@transgaz.ro). Reports received at this address are forwarded to a committee for analysis.

In 2023, **only one report** was received at [etica@transgaz.ro](mailto:etica@transgaz.ro), and after analyzing the report's content, the Ethics Committee determined that no further action was necessary.

## Management of relationships with suppliers

ESRS G1-2

### Selection of suppliers

In order to ensure continuity for the provision of quality services, SNTGN Transgaz SA collaborates both with suppliers from the domestic market and those from the foreign market, whose contractual values can be found below:

	Number of contracts (2023)	Value of RON direct purchases (2023)	Value of RON without VAT procedures	Total
<b>Resident suppliers</b>	391	17,113,889.61	422,198,949.00	439,312,838.61
<b>Non-resident suppliers</b>	3	16,731.00	938,416.77	955,147.77

In order to ensure a fair procurement process, SNTGN Transgaz SA has decided that all procurement procedures will take place entirely online. This involves the submission of tenders by electronic means and carrying out the entire tendering and evaluation process through the SEAP (Electronic System of Public Procurement). In accordance with the provisions of Law no. 99/2016 regarding sectoral procurements, SNTGN Transgaz SA publishes tender notices and simplified tender notices in SEAP, attaching the entire award documentation to allow the preparation and submission of tenders. Through SEAP, any interested economic operator is assured direct, unrestricted, and full access to the content of the award documentation. The procedures for awarding sectoral contracts are

carried out entirely online, including the submission of offers and requests for clarifications in SEAP, thus ensuring total transparency of the entire procurement process.

In the process of submitting offers, to ensure compliance with the applicable legislative framework, all suppliers are required to complete a "Declaration regarding the compliance, when preparing the offer, of the mandatory regulations in the fields of the environment, social, labor relations and labor protection, according to the provisions Art. 64 para. 2 of Law no. 99/2016, regarding sectoral procurements" through which it is ensured that the submitted offers are consistent with:

- obligations in the field of environmental legislation, as stated in national legislation, procurement documents and Article 18(2) of Directive 2014/24/EU
- obligations in the field of social legislation, as stated in national legislation, procurement documents and Article 18(2) of Directive 2014/24/EU
- the obligations in the field of labor law, as mentioned in the national legislation, in the procurement documents and in Article 18(2) of Directive 2014/24/EU

**Labor exploitation of minors or gender discrimination are not relevant aspects for Romania,** considering the fact that no reported cases of gender discrimination, gender violence or labor exploitation of minors are identified, except for cases in family contexts. According to the Romanian Constitution, minors under the age of 15 cannot be employed as employees, and their exploitation and use in activities that would harm their health, morals or that would endanger their life or normal development are prohibited. Although there are no UNICEF or other NGO reports indicating cases of child labor exploitation currently, organizations in

Romania are assessing the potential negative effects associated with their operations, including GDPR, corruption, whistleblowing/complaints/arguments, collective bargaining and other important social topics.

No litigation files related to disrespecting human rights at SNTGN Transgaz SA were identified in 2023.

### Prevention and detection of corruption and bribery

#### ESRS G1-3

The perception of organizational integrity is influenced by the cumulative effect of the integrity displayed publicly by individuals within an organization, both within and outside of it. Although the apparent level of influence of the company's personnel can complicate this process, it contributes to the creation of 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 but has been built up over time (although it can be destroyed much more quickly) and is affected by the conduct displayed, either explicitly or implicitly, by all individuals in the organization.



Thus, preventing and combating fraud and corruption is a priority for the management of SNTGN Transgaz SA, which shows a continuous concern for improving the quality of the managerial act by introducing effective measures to reduce corruption. In this sense, SNTGN Transgaz SA has undertaken, in recent years, several steps to strengthen integrity, the message thus being transmitted being "Zero tolerance for fraud and corruption of any type and under any circumstances". We note the following:

- 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
- implementing mechanisms and tools to reduce bureaucracy and increase transparency.

SNTGN Transgaz SA adopted an "**Anti-Fraud and Anti-Corruption Policy**" and a "Declaration of Anti-Fraud and Anti-Corruption Policy" on 30.05.2018.

The most recent anti-corruption policy documents adopted are:

- The declaration regarding the assumption of an organizational integrity agenda of SNTGN Transgaz SA; it was registered under no. 21850/18.03.2022 and was posted on the company's website, which can be accessed via the link <https://www.transgaz.ro/en/sustainability/institutional-integrity>.
- Declaration regarding the assumption of an organizational integrity agenda of TRANSGAZ SA: was registered under no. 21850/18.03.2022 and was posted on the company's website, which can be accessed via the link <https://www.transgaz.ro/en/sustainability/institutional-integrity>.

Moreover, following the adoption of Government Decision no. 1269/December 17, 2021, regarding the approval of the National Anti-Corruption Strategy (SNA) 2021-2025, several activities were carried out at the company level in conjunction with the objectives of the Strategy:

- Approval of the agenda on adherence to the fundamental values, principles, objectives and monitoring mechanism of the SNA 2021-2025
- Development of the Register of corruption risks for SNTGN Transgaz SA

- Elaboration and approval of the Declaration of compliance with competition rules, the Policy in the field of competition and the Strategy of compliance with competition law
- Facilitating the access of SNTGN Transgaz SA employees to the new SNA portal
- Designation of the persons responsible for providing the technical secretariat for the implementation of the 2021-2025 SNA
- Elaboration of the integrity plan of SNTGN Transgaz SA 2
- Participation in work sessions for the adoption of the Methodology for monitoring the implementation of the National Anti-Corruption Strategy 2021-2025
- Informing the company's employees about all the changes made and publishing the documents on the company's intranet.

Moreover, the following responsibilities were designated:

- By the Director General's Decision 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 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 Ordinance no. 109/2011 on the corporate governance of public enterprises, with subsequent amendments and additions
- In the job description of the head of the Anti-Fraud and Anti-Corruption Service, the duties related to the specific activities of the technical secretariat are provided.

Among the specific objectives established by the National Anti-corruption Strategy 2021-2025 and taken over by SNTGN Transgaz SA, are:

- implementation of integrity measures
- improving the capacity to manage management failure by correlating tools that have an impact



on the early identification of institutional risks and vulnerabilities

- increasing integrity, reducing vulnerabilities and corruption risks in the field of 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, implicitly those aimed at integrity aspects.

SNTGN Transgaz SA also adopted measures to prevent acts of corruption, at the organizational and employee level:

#### **Organization**

- Computerization of internal processes
- Identifying vulnerable areas and corruption risks
- Implementation of a corruption risk management system
- Establishing a complaint management and evaluation system (customer satisfaction survey/ feedback) of the processes in order to improve them

#### **Staff**

- Increasing the level of professional and civic education of employees, as well as assuming the obligations of professional conduct and ethics
- Informing employees about how to report acts of corruption and the institutions that deal with preventing and fighting corruption
- Creating a strong organizational culture to discourage acts of corruption
- Categorical rejection of temptations offered in exchange for defective performance or non-fulfillment of service duties (amounts of money, goods, services, advantages, etc.)
- Inventory of vulnerable points and assessment of the risk of corruption
- Implementation of tools for integrity management, a form of human resources management, with emphasis on internal communication and performance.

The integrity incident evaluation methodology aims to evaluate integrity incidents within SNTGN Transgaz SA by obtaining and analyzing relevant information and proposing prevention and control measures. The methodology provides for the Regulatory Framework, obtaining information regarding the integrity incident, Content of the analysis of integrity incidents, Verification of the implementation of recommendations, Valorization of information in the process of assessing the risks of corruption.

The monitoring of the risks highlighted in the **Register of Corruption Risks** considers:

- The identification and assessment of corruption risks, specifying that, for the most recent assessment session carried out for the year 2023, the risk exposure was considered low level, for 18 risks, and medium level, for 2 of the identified risks
- Establishing intervention measures
- Monitoring the effectiveness of the established measures and reporting to the management body

There is also documentation regarding the functions within the Company that are most exposed to the risks of corruption and bribery. According to the COD PS 11 SMI System Procedure, the document Identification of Sensitive Functions from SNTGN Transgaz SA was issued, as well as the Plan for ensuring the reduction of risks associated with the functions. The procedure is implemented by the leaders of organizational structures/entities, applies to all functions within SNTGN Transgaz SA and is approved at the level of executive management.

Within the Commission for Monitoring and Evaluation of Sensitive Functions, the indicators for estimating the impact in the event of the materialization of the risks associated with sensitive functions are monitored and the following documents are validated annually:

- the list of employees who hold sensitive functions at the level of SNTGN Transgaz SA
- the plan for reducing the risks associated with sensitive roles at SNTGN Transgaz SA

SNTGN Transgaz SA employees who have suspicions regarding violations of the law or internal rules, can report possible violations or crimes to the e-mail address [integritate@transgaz.ro](mailto:integritate@transgaz.ro).

Regarding the **Competition Policy**, the following were adopted:

- Declaration of compliance with competition rules - no. 59338/27.07.2022
- Policy in the field of competition - no. 1069/27.07.2022
- Compliance strategy for the right to compete and Action Plan

At SNTGN Transgaz SA, the management took the responsibility of promoting, protecting, respecting and imposing business ethics, as well as the "rules of the game" in the market economy. Also, an entity responsible for the implementation of the Competition Policy was created. In this sense, the management of SNTGN Transgaz SA publicly expressed its firm commitment (through Declaration no. 59338/2022) regarding the adoption of the necessary internal measures and approved the Compliance Policy with competition rules. This policy establishes clear rules, both for employees and for the company's business partners, in order to promote the values and principles of fair competition.

In 2023, in terms of anti-competitive behavior, there is an ongoing file, File no. 76/2/2021, under appeal before the High Court of Cassation and Justice. Other cases are not recorded.

The code of ethics and conduct establishes the principles that govern the ethics and professional conduct of SNTGN Transgaz SA employees. The anti-corruption policy defines the terms corruption and bribery.

In the year 2023, SNTGN Transgaz SA included in the training program, internal courses presenting the main components of the ethics program, as well as the anti-corruption policy:

- The integrity warning and anti-corruption rules, which were attended by 11 key people (training carried out by the General Inspection Directorate).
- The staff of the Anti-Fraud and Anti-Corruption Service participated in three round tables organized by the Technical Secretariat of the SNA (from the Ministry of Justice) or AmCham, with the object of exchanging information regarding the application of the SNA, as well as identifying and disseminating good practices in this field.





Reporting year	2023
Number of claims/reports	0

There were no integrity incidents during 2023 and no referrals related to it

### Confirmed cases of corruption or bribery

#### ESRS G1-4

There were no integrity incidents during the reporting year 2023, for the following types of crimes:

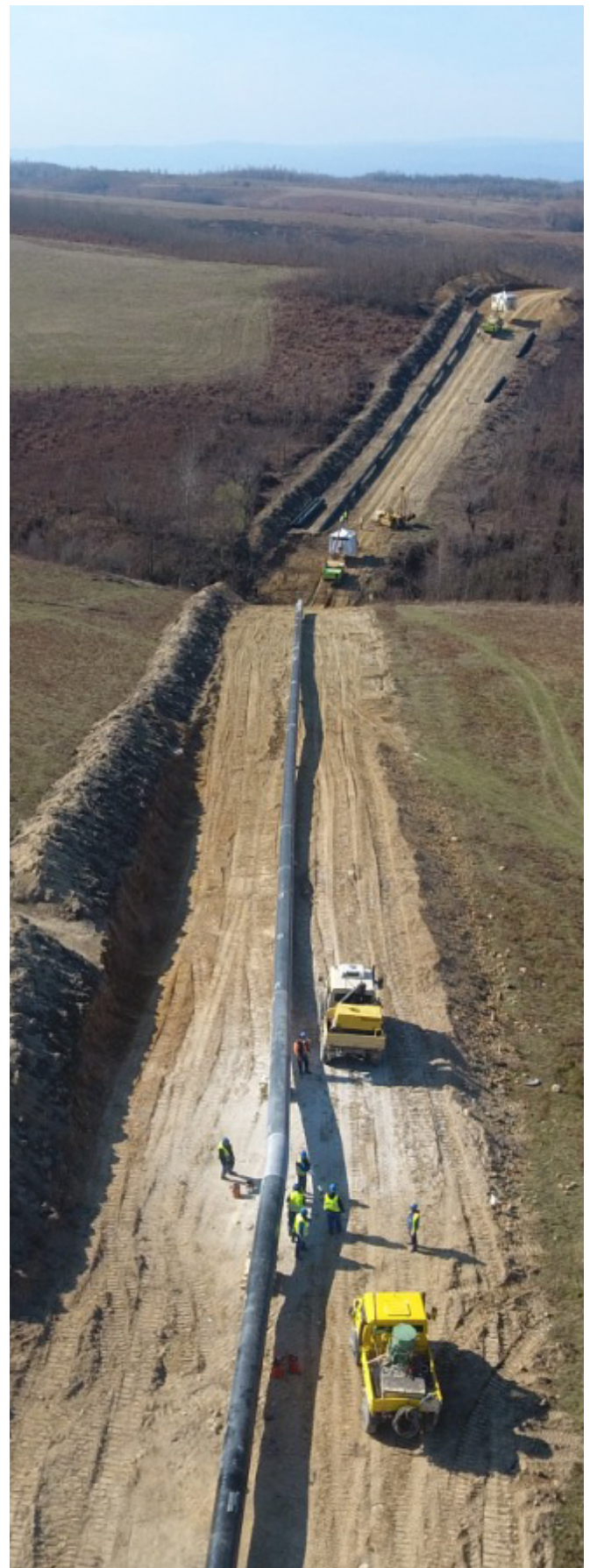
- No. of deviations from ethical norms or other similar provisions intended to protect the integrity of the public function
- No. of corruption offenses or facts related to non-compliance with the regime of prohibitions, incompatibilities, conflict of interests or declaration of assets
- No. of violations of legal obligations regarding unjustified assets, conflict of interests or the regime of incompatibilities

Incident	Status	Summary of remediation actions
They didn't exist	NA	NA

### Payment practices

#### ESRS G1-6

According to the contractual provisions established regarding payment terms, payments to SNTGN Transgaz SA suppliers are made every **30** days (over 95% have this term). At the level of SNTGN Transgaz SA, performance indicators are established to monitor compliance with payment deadlines. Thus, in 2023, there were **no delays for the contractual terms agreed by the parties.**



# ANNEX no. 1

## to the Sustainability Report

### SNTGN Transgaz SA

#### Report under Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council ("Taxonomy Regulation")

Financial Year 2023 (January 1, 2023 – December 31, 2023)

#### Introduction

Taxonomy reporting was developed at the company level of SNTGN Transgaz SA. This section presents the key performance indicators provided for in Article 8 of the EU taxonomy, EU Regulation 2020/852<sup>31</sup> and related delegated regulations<sup>32</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 action plan developed by the European Commission, which aims to redirect capital flows towards a greener and more sustainable 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 the objectives of sustainability and environmental protection. The EU taxonomy is a classification system through which six environmental objectives are established:

- mitigation of climate change
- adaptation to climate change

<sup>31</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council, published in the Official Journal of the European Union on 22 June 2020

<sup>32</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)

- sustainable use and protection of water and marine resources
- transition to a circular economy
- prevention and control of pollution
- protection and restoration of biodiversity and ecosystems

The information complies with the reporting requirements under art. 8 of the Regulation on taxonomy and art. 10 para. (2) of the Delegated Act (Commission Delegated Regulation (EU) 2021/2178) 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.

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 (ie "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 meets one or all of the technical examination criteria provided. An "aligned" activity must comply with the following 4 conditions, as provided for in Article 3 of EU Regulation 2020/852:

- contributes substantially to one or more of the six environmental objectives.
- does not significantly harm any of the other five



environmental objectives.

- respects the minimum social safeguards<sup>33</sup> regarding the duty of care in terms of human rights, the fight against corruption and bribery, fair taxation and fair competition.
- complies with the technical examination criteria that have been set by the EU and are listed in the delegated acts Eligibility and compliance with the EU taxonomy must be reported from a financial point of view, as a percentage of a company's total revenue, total capital expenditure (CapEx) and selected operating expenses (OpEx).

The EU taxonomy is progressively introduced over several years in all EU member states. For the financial year 2023, SNTGN Transgaz SA is required to report its contribution in terms of "eligible" and "aligned" activities for two of the six environmental objectives: climate change mitigation and adaptation to climate change, as well as "eligible" activities for the other four environmental objectives (sustainable use and protection of water and marine resources, prevention and control of pollution, transition to a circular economy, including waste prevention and recycling, protection and restoration of biodiversity and ecosystems) in accordance with Art. 8 of the Regulation on taxonomy and art. 10 para. (2) of the Delegated Act (Commission Delegated Regulation (EU) 2021/2178) and subsequent amending acts.

SNTGN Transgaz SA carried out the assessment for the financial year 2023 using the EU taxonomy regulation acts and related documentation, the additional guidelines issued by the European Commission in the form of frequently asked questions (FAQs) and, where the criteria and guidelines still leave room for

interpretation - independent analysis of the criteria. The EU taxonomy is itself subject to periodic review, and the interpretation of the taxonomy and its criteria may change over time, which could lead to different results in terms of eligibility and alignment with the EU taxonomy in future reporting periods.

## General Presentation

SNTGN Transgaz SA is the technical operator of the National Natural Gas Transport System (SNT) and ensures the fulfillment of the object of activity in terms of efficiency, transparency, safety, non-discriminatory access and competitiveness regarding:

- internal transport of natural gas;
- international transport of natural gas;
- natural gas dispatching;
- 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.

SNTGN Transgaz SA's operation of the National Natural Gas Transport System mainly includes the following activities:

- commercial balancing;
- contracting natural gas transport services;
- dispatching and technological regimes;
- natural gas quality measurement and monitoring;

The table below shows the proportion of non-eligible, eligible and aligned economic activities from of the Taxonomy viewpoint for SNTGN Transgaz SA, according to art. 8, para. (2) Regulation on taxonomy in

<sup>33</sup> Minimum safeguards are procedures implemented by a company carrying out 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 provided for by the eight fundamental conventions identified in the Declaration of the International Organization of Labor on Fundamental Principles and Rights at Work and the International Declaration of Human Rights.



**The proportion of non-eligible, eligible and aligned economic activities from the Taxonomy viewpoint (by turnover, CAPEX and OpEx)**

KPI	Total (RON)	Eligibility – Financial Year 2023		Alignment – Financial Year 2023
		Percentage of economic activities ineligible for taxonomy (%)	Pondereea activităților economice neeligibile pentru taxonomie (%)	Percentage of eligible economic activities aligned to taxonomy (%)
Turnover	1,712,546,184	0%	100%	0%
Capital Expenditure (CapEx)	227,332,387	100%	0%	99.03%
Operational Expenditure (OpEx)	885,879,794	0%	100%	0%

### Activity Description

#### EU Taxonomy Eligibility Assessment for the Financial Year 2023

To assess whether the activities of SNTGN Transgaz SA are eligible based on the EU taxonomy, the descriptions of the activities and/or services offered were compared with the descriptions of the activities in the taxonomy that contribute to the 6 objectives.

The main activity of the company consists in providing "Pipeline transport" services (which also includes equipping pipelines with fans, compressors, pumps and other equipment) according to CAEN code 4950 (equivalent to NACE H49 50) with 92% of revenues coming from gas transport natural.

#### Main Activity

The main activity of SNTGN Transgaz SA corresponds to activity **4.14. Transmission and distribution networks for renewable and low-carbon gases, from Annex no. 1 of Delegated Regulation no. 2021/2139**. Thus, SNTGN Transgaz SA Romania identified its main activity related to CAEN code 4950 as eligible, meeting the requirements of Delegated Regulation no. 2021/2139 which includes the description of the activity. The activity of SNTGN Transgaz SA related to 2023 also includes **investments (CAPEX)** in the conversion, reconversion or modernization of gas networks for the transport and distribution of gases from renewable sources and with low carbon dioxide emissions, or the

construction of pipelines for hydrogen or gases with low carbon dioxide emissions carbon, according to the description of activity 4.14.

In 2023, the transport activity of SNTGN Transgaz SA is strictly related to fossil gases (the turnover being generated by the transport of fossil gases), and therefore there is **no turnover or eligible OPEX operating expenses associated with the gas transport services offered in 2023**. With however, rigorous studies were carried out and it was concluded that the network could be capable of carrying a mixture of gases with up to 10% hydrogen. The share of hydrogen contributes to a gas mixture with low carbon dioxide emissions, which can also be combined with biogas – gases from renewable sources/biogas. Based on this, **all the company's investments in networks (CAPEX)** were considered eligible, as they can serve in the future to transport hydrogen and other renewable gases. The company is committed to further investing in the ability to transport low-carbon gas and a higher percentage of hydrogen throughout the network in the near future.

Additionally, they were identified as eligible **secondary activities, for which CAPEX expenses were identified**. Additional investments related to activities eligible for taxonomy, include **7.2. Renovation of existing buildings and 7.3. Installation, maintenance and repair of energy efficiency equipment**.

The turnover related to secondary income-generating

activities that are eligible and aligned to the taxonomy is worth 0 RON, which represents a weight of 0% of the total turnover. The value of the amount of **CAPEX related to the activities eligible for the taxonomy is 227,332,387 lei**, and the operational expenses (OPEX) related to the activities eligible for the taxonomy are in proportion to 0% of the total value of the operational expenses representing a total of 0 RON.

The results of the DNSH analysis and the results of the verification of the fulfillment of minimum social safeguards can be found in the following tables below.

#### DNSH Analysis Results

#### Eligible activity 4.14 Transmission and distribution networks for renewable and low-carbon gases

Environmental objectives assessed according to technical criteria Substantial contribution	Result
Mitigation of climate change	<b>Yes</b> – Meets the criteria.

Environmental objectives assessed according to the DNSH principle	Result
Adaptation to climate change	<b>Yes – Meets the criteria. There is no significant climate risk at the locations of SNTGN Transgaz SA following the conducted vulnerability study. There is a plan of adaptation measures.</b>
Sustainable use and protection of water and marine resources	<b>Yes – Meets the criteria.</b>
Circular economy, including waste prevention and recycling	<b>N/A</b> – there are no DNSH requirements for this objective.
Prevention and control of air, water or soil pollution	<b>Yes</b> – Meets the criteria.

The activity makes a substantial contribution to the **Mitigating climate change** objective and does not

significantly harm the other 5 objectives, according to the evaluation. The DNSH evaluation was carried out in this regard.

#### Activity 7.2 - Renovation of existing buildings

Environmental objectives assessed according to technical criteria Substantial contribution	Result
Mitigation of climate change	<b>No</b> – Does not meet all criteria.
Adaptation to climate change	<b>No</b> - The economic activity cannot be determined to have implemented physical and non-physical solutions ("adaptation solutions") that substantially reduce the most important physical climate risks that are significant to that activity.

Environmental objectives assessed according to the DNSH principle	Result
Sustainable use and protection of water and marine resources	<b>Yes</b> - no harm identified.
Circular economy, including waste prevention and recycling	<b>No</b> - It cannot be confirmed that it meets the criteria.
Prevention and control of air, water or soil pollution	<b>No</b> - It cannot be confirmed that it meets the criteria.
Protecting and restoring biodiversity and ecosystems	<b>N/A</b> – there are no DNSH requirements for this objective.

The activity does not make a substantial contribution to the objectives of the Taxonomy, according to the

assessment carried out. The DNSH evaluation was carried out in this regard.

### Activity 7.3 - Installation, maintenance and repair of energy efficiency equipment

Environmental objectives assessed according to technical criteria Substantial contribution	Result
Mitigation of climate change	<b>Yes</b> – Meets the criteria.

Environmental objectives assessed according to the DNSH principle	Result
Adaptation to climate change	<b>Yes</b> – Meets the criteria.
Sustainable use and protection of water and marine resources	<b>N/A</b> – there are no DNSH requirements for this objective
Circular economy, including waste prevention and recycling	<b>N/A</b> – there are no DNSH requirements for this objective.
Prevention and control of air, water or soil pollution	<b>No</b> - It cannot be confirmed that it meets the criteria.
Protecting and restoring biodiversity and ecosystems	<b>N/A</b> – there are no DNSH requirements for this objective.

The activity makes a substantial contribution to the **Mitigation of Climate Change** objective, it does not significantly harm the other 4 out of 5 objectives, according to the assessment. The DNSH evaluation was carried out in this sense.



### Verification of Minimum Social Criteria Fulfillment Results

SNTGN Transgaz SA desfășoară o activitate economică  
 SNTGN Transgaz SA conducts an economic activity aligned with the OECD Guidelines for Multinational Organizations and the **UN Guiding Principles on Business and**

**Human Rights** (including gender equality and child labor exploitation, as well as the principles and rights established in the eight fundamental conventions identified in the Declaration International Labor Organization on fundamental principles and rights at work and the International Charter of Human Rights).

Summary - Fulfillment of minimum social safeguards		Result
Commitment to respecting human rights		Yes
Human rights reflected in operational policies and procedures and embedded throughout the organization		Yes
Human rights background check process to identify, prevent and mitigate human rights impacts in operations and supply chain		Yes
Complaints mechanism (including legal rights of action in court)		Yes
External communication on how human rights impacts are addressed		Yes
Identifying and redressing adverse human rights impacts through legitimate processes		Yes
Fiscal risk management policy		Yes
Health and Safety Policy		Yes
Labour Policy (Labour Code)		Yes
Policies that set standards for responsible business conduct:	GDPR – Processing of personal data	Yes
	Anticorruption policy	
	Whistleblower mechanism/procedure	
	Procurement policy/procedure	
	Trade union policy - collective bargaining - employment contract	
	Tax policy	

### Decisions in Identifying the Eligibility and Alignment of our Activities

3 eligible activities have been identified in 2023, one of which is aligned, for which there are CAPEX or OPEX expenses. To evaluate their alignment, the following were performed:

- Evaluation of the contribution to objectives and DNSH
- Verification of the fulfillment of the minimum social criteria;

According to the analysis carried out, during the reporting period January 1, 2023 – December 31, 2023, the following eligible activities carried out by SNTGN Transgaz SA contribute significantly to at least one of the environmental objectives and do not significantly harm any of the other 5 environmental objectives defined in art. 17 of Regulation (EU) 2020/852, and subsequent amendments. However, these activities do

not meet all the minimum social criteria and therefore cannot be aligned.

### CapEx Plan

The CapEx Plan includes the list of taxonomy-eligible economic activities in FY2023 and provides information on the planned CapEx for their financing with the aim of increasing sustainability in the following years up to 2030.

The CapEx plan for eligible activities is based on the most recent business plan approved by management, while the time horizon reflects the five-year period for a CapEx plan set out in Annexes 1-5 to Commission Delegated Regulation (EU) 2020/852 .

Planned CapEx may be subject to revisions and changes.

For the financial year 2023, eligible non-revenue-generating activities have been included in a CapEx plan, as set out in the table below:

Activity	CAPEX 2023 in RON	The year of completion of the investment for which the expenses were incurred in 2023	Total CapEx planned to be invested until 2030*
<b>4.14 - Transmission and distribution networks for renewable and low-carbon gases</b>	<b>225,104,157</b>	2024 - 2030	15,175,000 EURO (75,875,000 RON)
<b>7.2 Renovation of existing buildings</b>	<b>2,199,943</b>	<b>2023 - 2024</b>	<b>N/A</b>
<i>Roof repairs at the TRANSGAZ SA headquarters</i>	681,496	2023	
<i>Modernization of ET Bacău headquarters</i>	1,518,447	2024	
<b>7.3 Installation, maintenance and repair of equipment for energy efficiency</b>	<b>28,287</b>	<b>2023</b>	<b>N/A</b>
Replacement of existing windows with new windows	17,819	2023	
Replacement of existing doors with new doors	10,468	2023	
<b>Total</b>	<b>227,332,387</b>		<b>75,875,000</b>

\* planned investments in the Climate Strategy

## Turnover, CAPEX and OPEX

Key Performance Indicators ("KPI") include Revenue KPI, CAPEX KPI and OPEX KPI. For the 2022 reporting period, KPIs must be disclosed for taxonomy-eligible/aligned and taxonomy non-eligible activities.

We determine 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 was calculated as the share of net turnover derived from products and services associated with taxonomy-eligible/aligned economic activities (numerator) divided by net turnover (denominator), in each case for the financial year from 01.01.2023 to 31.12.2023.

The turnover KPI **denominator** is based on the net turnover in accordance with the Individual statement of profit or loss account and other elements of the comprehensive result for the year ended 31 December, Lines Operating income before balancing, having a total amount of **1,712,546,184 RON**.

The turnover KPI numerator is defined as the net turnover derived from products and services associated with economic activities eligible for the taxonomy.

### CAPEX KPI

**Definition** - CAPEX KPI is defined as taxonomy-eligible/aligned CAPEX (numerator) divided by total CAPEX. The amount represents increases and entries during the year found in Notes 7 and 9 of the individual IFRS Financial Statements, with a total amount of **227,332,387 RON**.

### OPEX KPI

**Definition** - OPEX KPI is defined as taxonomy-eligible/aligned OPEX (numerator) divided by total OPEX. The OPEX expenses, with a total amount of **686,059,563 RON** (related to the accounts - external services 611, 612, 624, 628, 658 and part of personnel costs - those for maintenance included in 641+642+644+645) are presented in the Situations individual IFRS financials in the Profit and Loss Account, part of the Operating Expenses line. Personnel costs for maintenance in 2023 were **368,582,661 RON**.

Total OPEX consists of non-capitalized direct costs relating to research and development, building renovation measures, short-term leases, 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 2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic activities (1)	Code (a) (2)	Turnover (3)	Proportion of turnover, year 2023 (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 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		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
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally Sustainable Activities (Taxonomy-aligned)</b>																			
<b>Turnover of environmentally sustainable activities ( Taxonomy-aligned) (A.1)</b>		0	0%	%	%	%	%	%	%	N	N	N	N	N	N	N	0%		
<b>Of which enabling</b>		0	0%	%	%	%	%	%	%								0%	E	
<b>Of which transitional</b>		0	0%	%													0%		T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)</b>																			
				EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)										
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		0	0%	%	%	%	%	%	%								10%		
<b>A. Turnover of Taxonomy-eligible activities (A.1+A.2)</b>		0	0%	%	%	%	%	%	%								10%		
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																			
<b>Turnover of taxonomy non-eligible activities</b>		1,712,546,184	100%																
<b>TOTAL (A+B)</b>		1,712,546,184	100%																



Financial year	Year 2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic activities (1)	Code (a) (2)	Turnover (3)	Proportion of turnover, year 2023 (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 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		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
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally Sustainable Activities (Taxonomy-aligned)</b>																			
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>225,104,157</b>	<b>99.03%</b>	<b>99.03%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<i>D</i>	<i>D</i>	<i>D</i>	<i>D</i>	<i>D</i>	<i>D</i>	<i>D</i>	<b>0%</b>		
<i>Transmission and distribution networks for renewable and low-carbon gases</i>	<i>CCM 4.14</i>	<b>225,104,157</b>	<b>99.03%</b>	<b>99.03%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<i>D</i>	<i>D</i>	<i>D</i>	<i>D</i>	<i>D</i>	<i>D</i>	<i>D</i>	<b>0%</b>		
<b>Of which enabling</b>		<b>0</b>	<b>0%</b>	<b>0%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>								<b>0%</b>	<b>E</b>	
<b>Of which transitional</b>		<b>0</b>	<b>0%</b>	<b>0%</b>													<b>0%</b>		<b>T</b>
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)</b>																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Renovation of existing buildings	<b>CCM 7.2</b>	2,199,943	0.96%	0.96%	0%	0%	0%	0%	0%								<b>0%</b>		
Installation, maintenance and repair of equipment for energy efficiency	<b>CCM 7.3</b>	28,287	0.01%	0.01%	0%	0%	0%	0%	0%								<b>0%</b>		
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>2,228,230</b>	<b>0.97%</b>	<b>0.97%</b>	<b>0%</b>	<b>%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>10%</b>		
<b>A. CapEx of Taxonomy-eligible activities (A.1+A.2)</b>		<b>227,332,387</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>10%</b>		
<b>B. ACTIVITĂȚI NEELIGIBILE DIN PUNCTUL DE VEDERE AL TAXONOMIEI</b>																			
<b>CapEx aferente activităților neeligibile din punctul de vedere al taxonomiei</b>		<b>0</b>	<b>0%</b>																
<b>TOTAL</b>		<b>227,332,387</b>	<b>100%</b>																

Financial year	Year 2023			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 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Economic activities (1)	Code (a) (2)	Turnover (3)	Proportion of turnover, Year 2023 (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)				
Text		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
<b>A. TAXONOMY - ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally Sustainable Activities (Taxonomy-aligned)</b>																			
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>0</b>	<b>0%</b>	0%	%	%	%	%	%								%		
<b>Of which enabling</b>		0	0%	0%	0%	%	%	%	%								<b>0%</b>	De facilitare	
<b>Of which transitional</b>		0	0%	0%													0%		De tranziție
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
					EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)									
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		0	0%		%	%	%	%	%								10%		
<b>Total (A.1 + A.2)</b>		0	0%		%	%	%	%	%								10%		
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																			
<b>OpEx of Taxonomy non-eligible activities (B)</b>		686,059,563	100%																
<b>Total (A + B)</b>		<b>686,059,563</b>	<b>100%</b>																