



# **REPORT ISSUED BY THE BOARD OF ADMINISTRATION FOR 2024**

**- CONSOLIDATED -**

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## **THE ADMINISTRATORS' MESSAGE**

*With a long tradition in Romania, gas transmission is a strategic activity for the national economy. The performance of this activity increased year by year through the work, passion and professionalism of those who have worked in this field and contributed to what SNTGN TRANSGAZ SA is today -the fourth company in the top pf Gas Transmission system operators (TSO) in the European Union according to the length of the transmission network managed, a group of sustainable companies with responsibility for the future, a company in which the corporate governance model added value and the transparency needed to increase of the stakeholders in the management and performance of the company.*

*Acting with professionalism, integrity and responsibility, the members of the Board of Administration demonstrated through the performance obtained every year that they have become a strong team, adapted to the requirements of the current context, able to undertake and fulfil responsibilities of great scope and strategic importance not only for the future of the company but also for the sustainable development of the national economy.*

*The undertaken strategic objectives regarding the management of SNTGN Transgaz SA in 2021-2025 aim at optimizing the company's performance, streamlining the company's activity, aligning it with modern standards of performance and corporate governance and enhancing the international recognition of SNTGN Transgaz SA, its role as a leader on the energy market in the region, making the most of all existing and future opportunities for Romania to become an important energy corridor for natural gas to Europe.*

*For SNTGN Transgaz SA, an objective of strategic importance deriving from the European Green Deal for a transition to the green economy is the establishment and implementation of a strategy for the repurposing and retrofitting of the existing natural gas transmission infrastructure for the use of hydrogen and other green gases, for decarbonization.*

*Our guarantee for success in the face of the challenges and constraints of the external and internal context in which the Transgaz group operates and will operate is the link between the efficient management strategies and the vast expertise and professional experience of the human resources employed to operationalize these strategies.*

Yours sincerely,

**ION STERIAN**

**Executive Administrator**

**Director - General**

**PETRU ION VĂDUVA**

**Non-Executive Administrator**

**Chairman of the Board of Administration**

**NICOLAE MINEA**

**Non-Executive Administrator**

**ILINCA VON DERENTHALL**

**Non-Executive Administrator**

**ADINA LĂCRIMIOARA HANZA**

**Non-Executive, Interim Administrator**

## 1. REPORT AND ISSUER GENERAL DATA

<b>Basis of the report</b>	Report for 2024, prepared in accordance with the provisions of Law 24/2017 on issuers of financial instruments and market operations (Article 65) and FSA Regulation 5/2018 on issuers of financial instruments and market operations (Annex 15), as amended - <b>Financial year 2024</b>
<b>Date of the report:</b>	18 March 2025
<b>Name of the issuer</b>	The National Gas Transmission Company TRANSGAZ SA
<b>Headquarters</b>	Mediaş, 1 C.I. Motaş Square, code 551130, Sibiu county
<b>Phone/fax</b>	0269-803333/0269-839029
<b>Web/e-mail</b>	<a href="http://www.transgaz.ro">www.transgaz.ro</a> / <a href="mailto:cabinet@transgaz.ro">cabinet@transgaz.ro</a>
<b>Trade register number</b>	J32/301/2000
<b>Tax registration code</b>	RO13068733
<b>Regulated market on which the securities issued are traded</b>	Bucharest Stock Exchange
<b>Subscribed and paid-up share capital</b>	1.883.815.040 lei
<b>Main characteristics of securities issued</b>	188.381.504 shares with a nominal value of 10 lei. The shares are registered, ordinary, indivisible, issued in dematerialised form and freely tradable since 2008 under the TGN stock exchange symbol

## 2. EXECUTIVE SUMMARY 2024

### 2.1. Transgaz

		Share (%)
<b>SNTGN Transgaz SA</b>	Parent company	
<b>Eurotransgaz SRL, the Republic of Moldova</b>	Company held by SNTGN Transgaz SA	100%
<b>Vestmoldtransgaz SRL, the Republic of Moldova</b>	Company held by Eurotransgaz SRL	75%
	BERD	25%

The establishment of the company EUROTRANSGAZ SRL on the territory of the Republic of Moldova was approved by Extraordinary General Meeting of the Shareholders Resolution (EGMS) 10/12.12.2017 for enabling participation in the privatization procedure of the State Enterprise Vestmoldtransgaz. Transgaz is the sole shareholder of EUROTRANSGAZ SRL.

Since 2018, following the procurement of Vestmoldtransgaz SRL of the Republic of Moldova by Eurotransgaz SRL, Transgaz, as a parent company, prepares consolidated group financial statements.

As at 25.08.2021 the European Bank for Reconstruction and Development (EBRD) became a shareholder, holding a 25% stake in the share capital of the natural gas transmission company VESTMOLDTRANSGAZ SRL, a subsidiary of TRANSGAZ in the Republic of Moldova, which owns, operates, maintains and dispatches the Ungheni-Chisinau gas transmission pipeline.

As of 19 September 2023 SNTGN TRANSGAZ SA, through Vestmoldtransgaz SRL (VMTG), company certified on the ownership unbundling model, took over from Moldovatransgaz SRL the operation, maintenance, dispatching and transmission of natural gas in the Republic of Moldova.

### 2.2. Indicators of the consolidated economic and financial results

#### ***Consolidated standard performance indicators***

The economic and financial activity of the National Gas Transmission Company Transgaz S.A. since the beginning of the year until 30 June 2024 was conducted based on the indicators included in the Revenue and Expense Budget (REB) approved by OGMS Resolution no. 1 / 21.02.2024.

The value of the standard performance indicators on 31 December 2024 as compared to their value as at 31 December 2023 is as follows:

No.	Performance criteria	Performance objective	MU	Weighting factor	Achieved	
					2024	2023
1.	<b>Commissioned investments</b>	Plan achieved	Thousand lei	0,15	218.077	378.814
2.	<b>EBITDA</b>	EBITDA increase	Thousand lei	0,15	912.247	560.105
3.	<b>Labour productivity</b>	Increasing labour productivity in units of value (turnover / average no. of employees);	Thousand lei/pers.	0,15	594	509
4.	<b>Outstanding payments</b>	Payments made during the contract duration (in current prices)	Thousand lei	0,15	0	0
5.	<b>Outstanding receivables</b>	Diminished amount of outstanding receivables (in current prices)	Thousand lei	0,1	668.872	640.441
6.	<b>NTS gas consumption</b>	Remaining within the gas quantities representing NTS gas consumption	%	0,15	108,30%	80,16%
7	<b>OPEX at lei 1000 operating revenue</b>	Diminishing of OPEX at lei 1000 operating revenue	lei	0,15	855	940

**Table 1- Consolidated standard performance indicators for Half I 2024 compared to Half I 2023**

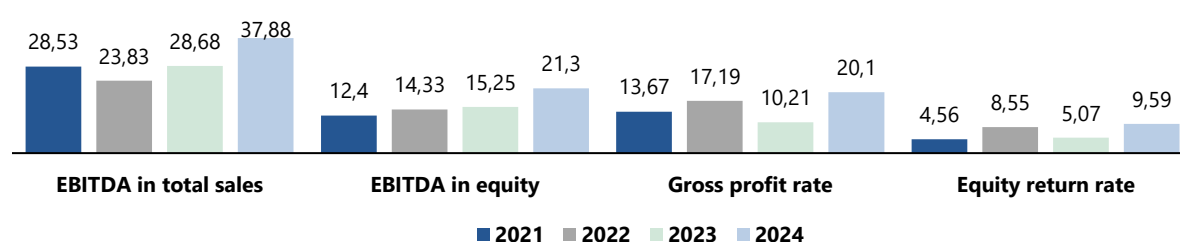
### Consolidated profitability, liquidity, risk and management indicators

The values of the profitability, liquidity, risk and management indicators in the period 2021-2024:

No.	Indicators	Calculation formula	2021	2022	2023	2024	
1.	Profitability indicators						
	EBITDA in total sales	EBITDA	28,53%	23,83%	28,68%	37,88%	
		Turnover					
	EBITDA in equity	EBITDA	12,40%	14,33%	15,25%	21,30%	
		Equity					
	Gross profit share	Gross profit	13,67%	17,19%	10,21%	20,10%	
		Turnover					
	Return on equity	Net profit	4,56%	8,55%	5,07%	9,59%	
		Equity					
2.		Liquidity indicators					
	Current liquidity indicator	Current assets	1,42	1,43	1,08	1,31	
		Short term debts					
	Acid test ratio	Current assets - Stocks	1,09	0,79	0,72	0,98	
		Short term debts					
3.		Risk indicators					
	Leverage indicator	Borrowed capital	49,01%	50,62%	51,46%	79,54%	
		Equity					
	Interest coverage ratio	EBIT	9,93	3,82	1,99	3,97	

No.	Indicators	Calculation formula	2021	2022	2023	2024
		Interest expense				
4.		<b>Management indicators</b>				
	Days' sales outstanding	Average accounts receivable x 181 days	165,09	123,09	151,39	146,95
		Turnover				
	Days' payable outstanding	Average accounts payable x 181 days	73,14	55,95	49,85	55,21
		Turnover				

**Table 2 - Consolidated profitability, liquidity, risk and management indicators in the period 2021-2024**



**Chart 1- Consolidated profitability indicators evolution in the period 2021-2024**

The main consolidated economic and financial indicators achieved in the period 2021-2024 are as follows:

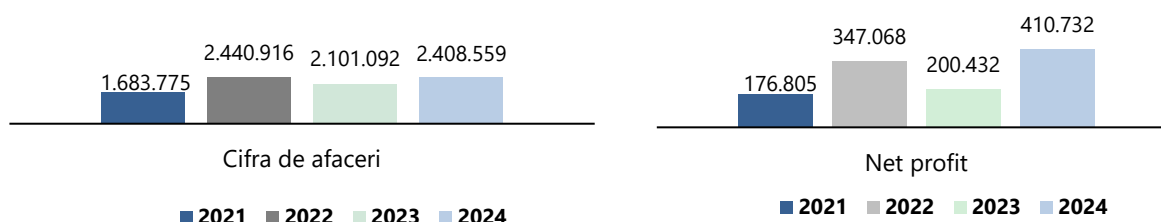
Thousand lei

Tag no.	Indicator	Achievements as at 31 December (thousand lei)				Dynamics (%)
		2021	2022	2023	2024	
0	1	2	3	4	5	6=5/4*100
1.	Turnover	1.683.775	2.440.916	2.101.092	2.408.559	114,63
2.	Operating revenue before balancing and the construction activity according to IFRIC12	1.364.950	1.579.284	1.784.240	2.305.477	129,21
3.	Revenue from balancing	442.200	1.005.544	458.811	249.300	54,34
4.	Revenue from the construction activity according to IFRIC12	704.027	299.868	182.450	1.876.822	1.028,68
5.	Financial revenue	152.208	498.370	258.397	212.906	82,40
6.	Operating cost before balancing and the construction activity according to IFRIC12	1.244.239	1.432.968	1.663.837	1.914.524	115,07
7.	Cost of balancing gas	442.200	1.005.544	458.811	249.300	54,34
8.	Cost of constructed assets according to IFRIC12	704.027	299.868	182.450	1.876.822	1.028,68
9.	Financial cost	42.669	225.110	164.230	119.841	72,97
10.	Gross profit	230.250	419.576	214.569	484.018	225,58
11.	Profit tax	53.445	72.709	14.138	73.286	518,37



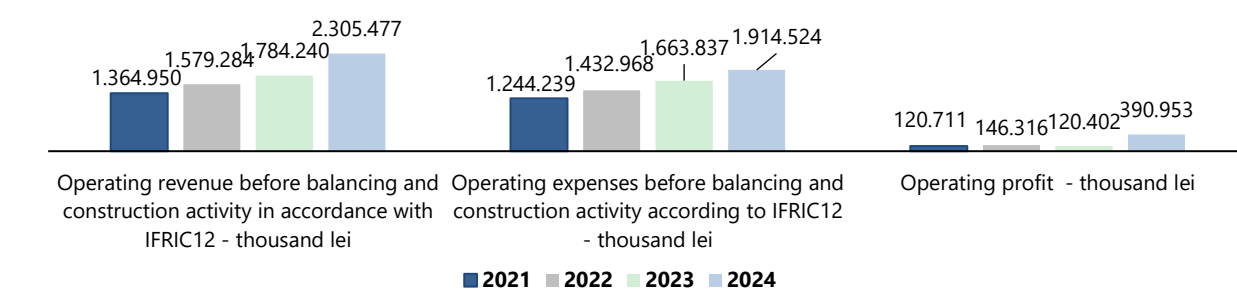
Tag no.	Indicator	Achievements as at 31 December (thousand lei)				Dynamics (%)
		2021	2022	2023	2024	
12.	Net profit	176.805	347.068	200.432	410.732	204,92
13.	Total comprehensive result related to the period	224.237	341.124	221.687	403.796	182,15
14.	Transmitted gas -thousand cm-	14.026.269	13.032.066	13.055.920	13.197.787	101,09
15.	Investment cost	817.916	302.539	217.287	1.958.732	901,45
16.	Rehabilitation cost	18.717	21.341	44.111	114.172	258,83
17.	Technological consumption thousand lei	76.005	152.430	106.268	104.646	98,47
18.	Technological consumption thousand cm	70.188	70.739	57.690	65.773	114,01

**Table 3- Evolution of the main consolidated economic and financial indicators in the period 2021-2024**



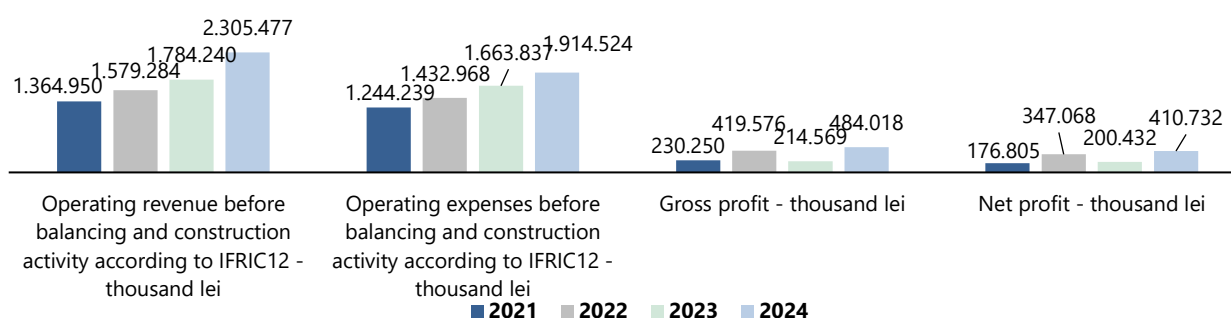
**Chart 2 – Net profit in the period 2021-2024**

**Chart 3- Turnover in the period 2021-2024**

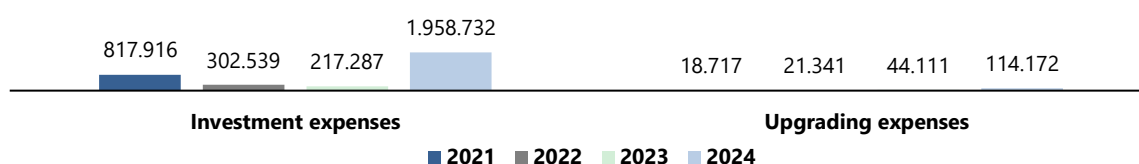


**Chart 4-Evolution of the operating revenue, expense and profit, before the construction activity according to IFRIC 12 – in the period 2021-2024 (thousand lei)**





**Chart 5- Evolution of the main economic-financial indicators in the period 2021-2024 (thousand lei)**



**Chart 6 - Evolution of the investment and upgrading expenses in the period 2021-2024 (thousand lei)**

## 2.3. Indicators of the separate economic and financial results

### Standard performance indicators

The economic and financial activity of the National Gas Transmission Company Transgaz S.A. since the beginning of the year and until 31 December 2024 was conducted based on the indicators established in the Revenue and Expense Budget (REB) approved by Resolution 1 /21 February 2024 of the Ordinary General Meeting of the Shareholders.

The comparative situation of the value of the standard performance indicators at the end of 2024 compared to their value at the end of 2023 is illustrated in the table below:

No.	Performance criteria	Performance objective	MU	Weighting factor	Achieved	
					2024	2023
1.	Commissioned investments	Plan achieved	Thousand lei	0,15	218.077	378.814
2.	EBITDA	EBITDA increase	Thousand lei	0,15	811.474	560.105
3.	Labour productivity	Increasing labour productivity in units of value (turnover / average no. of employees);	Thousand lei/ pers.	0,15	554	509
4.	Outstanding payments	Payments made during the contract duration (in current prices)	Thousand lei	0,15	0	0
5.	Outstanding receivables	Diminished amount of outstanding receivables	Thousand lei	0,1	668.872	640.441

		(in current prices)				
6.	<b>Technological consumption</b>	Remaining within the gas quantities representing technological consumption	%	0,15	108,30%	80,16%
7	<b>OPEX at lei 1000 operating revenue</b>	Diminishing of OPEX at lei 1000 operating revenue	lei	0,15	838	940

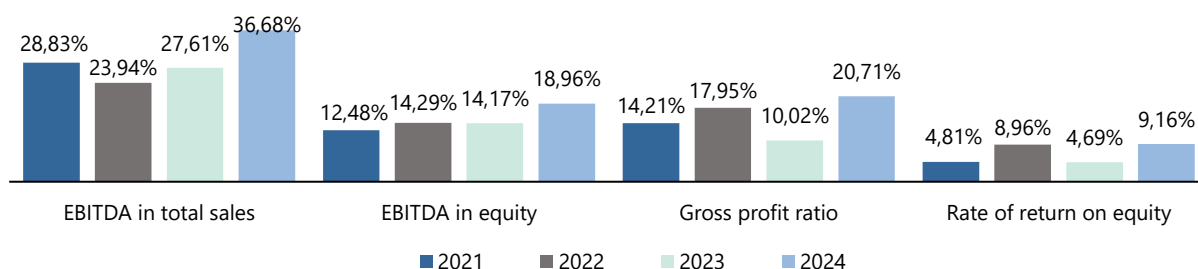
**Table 4 – Separate standard performance indicators in 2024 compared to 2023**

### **Profitability, liquidity, risk and management indicators**

Values of profitability, liquidity, risk and management indicators in the period 2021-2024:

Indicators	Calculation formula	2021	2022	2023 (restated)	2024
<b>Profitability indicators</b>					
EBITDA in total sales	EBITDA Turnover	28,83%	23,94%	27,61%	36,68%
EBITDA in equity	EBITDA Equity	12,48%	14,29%	14,17%	18,96%
Gross profit share	Gross profit Turnover	14,21%	17,95%	10,02%	20,71%
Return on equity	Net profit Equity	4,81%	8,96%	4,69%	9,16%
<b>Liquidity indicators</b>					
Current liquidity indicator	Current assets Short term debts	1,25	1,39	1,08	1,31
Acid test ratio	Current assets - Stocks Short term debts	0,92	0,75	0,70	0,96
<b>Risk indicators</b>					
Leverage indicator	Borrowed capital Equity	44,02%	45,84%	47,10%	76,04%
Interest coverage ratio	EBIT Interest expense	5,63	3,07	1,87	3,59
<b>Management indicators</b>					
Days' sales outstanding	Average accounts receivable x 181 days Turnover	165,09	114,13	156,45	159,99
Days' payable outstanding	Average accounts payable x 181 days	73,14	56,10	51,51	60,11

**Table 5 – Evolution of profitability, liquidity, risk and management indicators in the period 2021-2024**

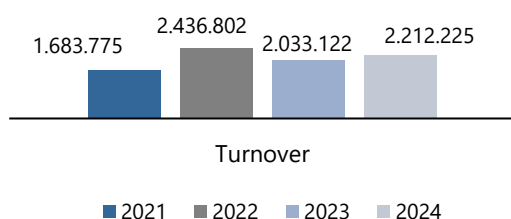


**Chart 7 – Evolution of profitability indicators in the period 2021-2024**

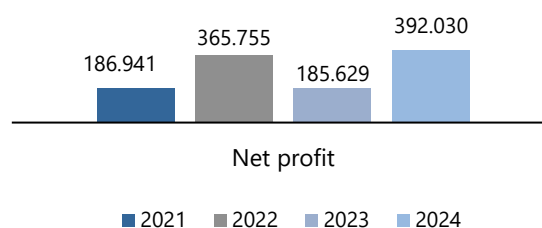
The value of the main separate economic and financial indicators achieved in the period 2021-2024 are as follows:

Tag no.	Indicator	Achievements as at 31 Decemeber (thousand lei)				Variation %
		2021	2022	2023 Restated	2024	
0	1	2	3	4	5	6=5/4*100
1.	Turnover	1.683.775	2.436.802	2.033.122	2.212.225	108,81
2.	Operating	1.364.511	1.575.186	1.711.286	2.105.069	123,01
3.	Revenues from balancing	442.200	1.005.544	458.811	248.967	54,26
4.	Revenue from the construction activity according to IFRIC12	704.027	299.868	182.450	1.876.822	1028,68
5.	Financial revenues	130.013	461.287	230.123	203.923	88,61
6.	Operating expenses before balancing and construction activity according to IFRIC12	1.230.118	1.415.554	1.607.248	1.764.049	109,76
7.	Balancing gas expenses	442.200	1.005.544	458.811	248.967	54,26
8.	Cost of assets constructed according to IFRIC	704.027	299.868	182.450	1.876.822	1028,68
9.	Operating profit	134.393	159.633	104.039	341.020	327,78
10.	Financial expenses	25.138	183.446	130.533	86.838	66,53
11.	Gross profit	239.268	437.474	203.629	458.105	224,97
12.	Profit tax	52.327	71.921	41.381	67.714	163,64
13.	Revenues from deferred profit tax	-	202	23.381	1.639	7,01
14.	Net profit	186.941	365.755	185.629	392.030	211,19
15.	Total comprehensive result for the period	202.724	368.207	188.509	384.524	203,98
16.	Transported gas thousand cm	14.026.269	13.032.066	13.055.920	13.197.787	101,09
17.	Investment costs	803.509	333.988	223.123	1.915.219	858,37
18.	Upgrading costs	18.561	21.002	22.879	39.977	174,73
19.	Technological consumption thousand lei	76.005	152.430	106.268	104.646	98,47
20.	Technological consumption thousand cm	70.188	70.739	57.690	65.773	114,01

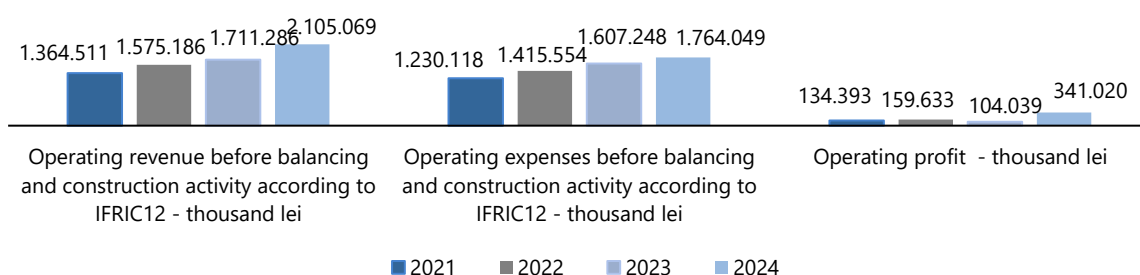
**Table 6 - Evolution of the main economic-financial indicators in the period 2021-2024**



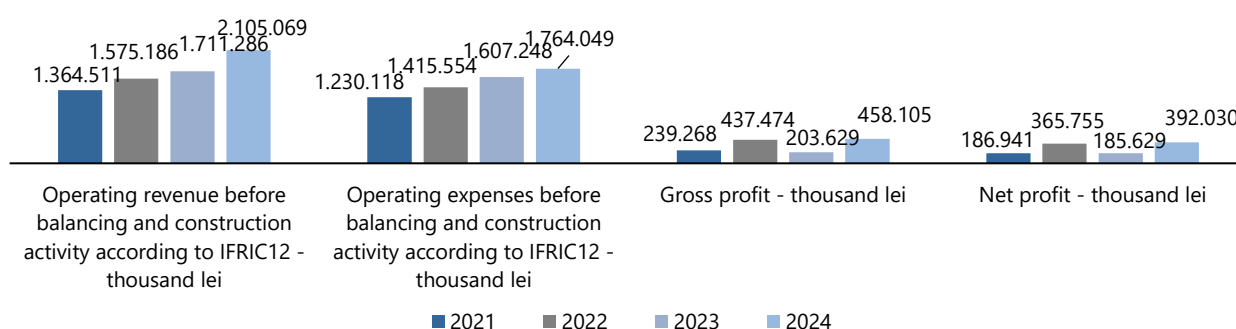
**Chart 8 - Turnover 2021-2024 (mil. lei)**



**Chart 9 - Net profit 2021-2024 (mil. lei)**



**Chart 10 – Evolution of operating revenue, expense and operating profit before the construction activity according to IFRIC – in the period 2021-2024 (mil. lei)**



**Chart 11 – Evolution of the main economic and financial indicators in the period 2021-2024 (thousand lei)**

Transgaz holds a monopoly position in Romania in terms of natural gas transmission and circulates approximately 90% of the total natural gas consumed.



**Chart 12 - Evolution of investment and upgrading costs in the period (thousand lei)**

## **2.4. Summary of the main achievements in terms of sustainability matters during 2024**

According to the provisions of Order 2844 / 12 December 2016 of the Minister of Finance for the approval of the Accounting Regulations pursuant to the International Financial Reporting Standards, as amended and taking into account the provisions of chapter V of Order 85/2024 of the Minister of Finance, Transgaz prepared and published as part of this consolidated administrators' report, at Annex 1, its consolidated sustainability statement aligned with the European Sustainability Reporting Standards (ESRS). In accordance with the EU Corporate Sustainability Reporting Directive (CSRD), Transgaz presents the information at consolidated level by including in the reporting framework the three companies of the consolidated: SNTGN Transgaz S.A, Eurotransgaz and Vestmoldtransgaz. The scope of consolidation was the same as in the financial statements.

The European Sustainability Corporate Reporting Directive (CSRD) implemented for financial year 2024, requiring large companies, including Transgaz, to present extensive and detailed information on sustainability results and associated strategic implications.

The information presented by Transgaz is in accordance with those established by the European Sustainability Reporting Standards (ESRS) and covers environmental, social and governance aspects.

Transgaz applied the guidance provided by the European Financial Reporting Advisory Group (EFRAG) in combination with the European Sustainability Reporting Standards (ESRS) for the double materiality assessment (DMA), based on which, Transgaz' Consolidated sustainability statement for financial year 2024 was structured. We believe that the results presented in the Consolidated sustainability statement included in this report accurately reflect our business and the significant sustainability aspects associated with the Transgaz field. Due to the continuous developments, interpretation and market implementation of ESRS, we expect our methodology to be improved this year. In 2025, our goal is to further refine and develop the DMA methodology through progressive information collected following the evaluation process initiated at Transgaz level.

Transgaz will focus on continuous improvement of ESG data management and internal controls to enhance data quality, performance management and reporting. At the same time, Transgaz will monitor the sector-specific standards to be implemented and prepare for subsequent legislative requirements to ensure the preparation and compliance of the annual report.

On a voluntary basis, the entity SNTGN Transgaz S.A. started the implementation of the CSRD/ESRS requirements already for the reporting of financial year 2023. The implementation and compliance process continued in 2024, but with a more mature approach and an integration of Eurotransgaz and Vestmoldtransgaz in the Consolidated sustainability statement.

The Consolidated sustainability statement focuses on affected stakeholders and users of the sustainability statements and was prepared in accordance with cross-cutting and thematic ESRS standards, depending on the material topics identified in the double-materiality assessment. At the time of publication of this Annual Report, there is no approved ESRS sector standard. In relevant cases, other international sector reporting standards or frameworks (e.g. IPIECA, IOGP, SASB, GRI) were used, together with a reference to clarify the guidance applied.

This approach allows Transgaz to integrate international best practices into its sustainability reporting, ensuring that it remains aligned with global expectations and emerging industry

requirements. By using internationally recognized standards and frameworks, the company can provide stakeholders with greater transparency and demonstrate its commitment to responsible and sustainable business practices.

The Consolidated sustainability statement and the quantitative data points included therein are validated by Ernst & Young Assurance Services SRL, which issued a limited assurance opinion.

### **Approach on Double Materiality Assessment and Methodology Used**

In accordance with the requirements of the ESRS, Transgaz carried out the Double Materiality Assessment (DMA), the first time at the consolidated level and the second time for SNTGN Transgaz S.A., marking a significant milestone in our efforts to align sustainability initiatives with stakeholder expectations. This exercise not only strengthened the foundation of our existing ESG strategy, but also aligned and collected the views of all stakeholders on the impacts, risks and opportunities of our business operations. This approach ensures a fair and reliable representation of our impacts, risks and opportunities (IROs) as a basis for continuous improvement in future assessments.

A comprehensive review of Transgaz's entire value chain was carried out using several sources as input: internal documentation, international standards and frameworks (SASB, (GRI) and IPIECA), competitors from other European countries, trends in the sector and media analysis. This review aims to identify potential issues and sustainability issues relevant to Transgaz and the associated industry. In addition, all the above-mentioned sources were correlated with ESRS topics, sub-topics and sub-sub-topics to determine which sub-topics or sub-sub-topics are potentially relevant to Transgaz. This long list was consulted with external stakeholders whose views were collected through the questionnaires. They awarded grades and scores for each theme and sub-theme in the long list.

A workshop was also organized internally with the participation of internal stakeholders. These were key employees, who offered a point of view of the field in which they operate and represented the voice of the departments they lead. They covered different sectors of activity, both in the Republic of Moldova and in Romania. In this way, internally, it was ensured the adequate representation of all sustainability topics and how they can impact the various aspects of the industry in which Transgaz operates. They gave scores and ratings to each subtopic included in the ESRS standards and expressed the concerns of the external stakeholders interacting with each of them.

According to the ESRS standards, scores were awarded and the positive or negative, actual or potential impact of Transgaz's activities with regard to ESRS sustainability topics, was assessed. Subsequently, grades were awarded to assess the extent of the physical impact, Transgaz's possibility to mitigate a possible negative impact (only for negative impacts identified on the value chain and in its own operations on each sustainability subtopic) and the probability of the impact.

For each identified impact, subsequent ratings were given to assess the level of the actual or potential financial effect and the likelihood of occurrence of the risk and/or opportunity related to the described impact.

The results of the various workshops described, as well as the information collected from sources and questionnaires with external parties, were carefully collected and reviewed by the core project team. Based on all the scores received, the list showed the subtopics considered material, taking into account both the financial materiality and the materiality of the impact. This double materiality assessment, from the inside-out, but also from the outside-in, represents the foundation of the

double materiality as defined and explained within the ESRS standards. The materiality of the impact reflects the inside-out perspective: Transgaz's actual or potential impacts on people and the environment in the short, medium and long term. Financial materiality reflects the outside-in perspective: the most significant sustainability-related risks and opportunities for Transgaz in the short, medium and long term.

The final list of subtopics with impacts, risks or material opportunities for Transgaz was reviewed and agreed with top management during interviews held by sustainability experts, part of the work team. This list, presented below, represents the significant topics identified for Transgaz. How Transgaz reacted and addressed those, either through dedicated procedures or set actions and objectives, are described in the Consolidated sustainability statement for financial year 2024.

## **Environment**

### **E1 – Climate changes**

1. Climate change adaptation
2. Climate change mitigation
3. Energy

### **E4 - Biodiversity and ecosystems**

4. Direct impact drivers of biodiversity loss

## **Social**

### **S1 - Own workforce**

5. Working conditions
  - a. Secure employment
  - b. Working time
  - c. Adequate wages
  - d. Social dialogue
  - e. Freedom of association, the existence of works councils and the information, consultation and participation rights of workers
  - f. Collective negotiation, including the rate of workers covered by collective agreements
  - g. Work-life balance
  - h. Health and safety
6. Equal treatment and opportunities for all
  - a. Gender equality and equal pay for work of equal value
  - b. Training and skills development
  - c. Employment and inclusion of persons with disabilities
  - d. Measures against violence and harassment in the workplace
  - e. Diversity
7. Other work-related rights
  - a. Privacy



## **S4 - Consumers and end-users**

8. Information-related impacts for consumers and/or end-users
  - a. Privacy
  - b. Freedom of expression
  - c. Access to (quality) information

## **Corporate governance**

### **Business Conduct**

9. Corporate culture
10. Management of relationships with suppliers including payment practices
11. Political engagement and lobbying activities

The themes presented above are part of the ESRS sustainability standards, and the related report for financial year 2024 includes information on how Transgaz aligned its policies, actions and targets with them. In 2024, Transgaz continued to manage the material topics presented above through internal policies and processes and integrated ISO management systems. These policies ensure compliance with legal requirements and alignment with international best practices.

Sustainability indicators and targets are presented in the Consolidated sustainability statement for each material theme. In the absence of adopted targets, Transgaz explains the reasons why and provides a time frame for their adoption. The effectiveness of policies and actions is monitored by tracking annual performance and reporting in the Consolidated sustainability statement. Transgaz focuses on continuously improving ESG data management and internal controls, procedures and policies to enhance data quality, performance management, minimizing potential environmental impacts, capitalizing on opportunities and improving reporting. Transgaz's Consolidated sustainability statement reflects the company's commitment to sustainable development, environmental protection and improving the quality of life in local communities. Transgaz adopts a forward-looking management style for risk management, anticipating the risk factors that may arise from changes in the internal or external context, including environmental, social and governance factors. All processes are supported by well-defined responsibilities and roles, facilitating the mitigation of risks associated with specific activities.

### **Environmental and biodiversity aspects included in the Consolidated sustainability statement**

Transgaz, the natural gas transmission system operator in Romania and in the Republic of Moldova, has a crucial role in the process of decarbonization of the energy system. In this context, the chapter dedicated to the environment of the Consolidated sustainability statement covers a wide range of initiatives and strategic measures that the company implemented or will implement to reduce its environmental impact and support the transition to cleaner energy sources. These measures include significant investments in transport infrastructure, energy efficiency programmes and the adoption of advanced technologies to monitor and reduce greenhouse gas emissions. The environmental topic included in the ESRS Consolidated sustainability statement includes information on the three subtopics identified as material, climate change mitigation, climate change adaptation and energy.

In December 2023, the Climate and Decarbonization Strategy of SNTGN Transgaz SA was developed, with the aim of complying with national and international requirements and regulations on climate action. The strategy is applicable to the entire Transgaz company, but the specific objectives are set only for Romania. The Climate and Decarbonization Strategy of SNTGN Transgaz SA can be accessed at:

<https://www.transgaz.ro/en/sustainability/climate-and-decarbonisation-strategy>

The decarbonisation and climate strategy complies with both national and international regulations on climate change, as well as other broader regulations related to environmental management. The decarbonisation and climate strategy includes:

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

Transgaz's climate and decarbonization strategy provides a comprehensive picture of the most significant physical and transition risks that could impact the company's assets. This strategy not only identifies potential risks, but also proposes a detailed assessment of essential measures to mitigate climate change. The analysis covered the entire range of Transgaz's activities, ensuring that it is not limited to a specific place or project. This strategic approach underlines Transgaz's firm commitment to protecting the environment and supporting a sustainable future for the entire community. As part of the climate risk analysis, Transgaz assessed physical risks in terms of hazard, exposure and vulnerability, ensuring a detailed and comprehensive approach. The residual physical risks and potential financial impacts were analysed taking into account the possible financial effects of each climate risk, also taking into account the implementation of the proposed adaptation measures. Although the exact quantification of financial values is complex, qualitative analyses provided valuable insight, revealing that the potential financial risks associated with physical risks are mostly very low or low. In this way, Transgaz demonstrates a prudent and well-informed approach, without identifying medium or high risks, underlining its dedication to protecting assets and ensuring a sustainable future.

The chapter dedicated to Climate Change addresses and presents the results of Transgaz's Decarbonization and Climate Strategy, highlighting its approach to physical risks.

The same chapter of Transgaz' Consolidated sustainability statement highlights not only the rigorous assessment of climate risks made within the Decarbonization Strategy, but also the company's firm commitment to achieving its sustainability goals. The document clearly outlines the specific targets set for reducing emissions and improving operational efficiency, demonstrating a vision for a greener and more sustainable future. By collaborating with international and local partners, Transgaz, both through its activities in Romania and in the Republic of Moldova, aims to remain a leader in the adoption of best practices in the field of sustainable energy. This proactive

approach not only minimizes financial and operational risks, but also contributes significantly to national and European environmental objectives, thus ensuring a positive and sustainable impact on the community and the environment.

Among the actions included in Transgaz's Climate and Decarbonization Strategy are the implementation of a leak detection and repair system (LDAR) and the purchase of certified electricity from renewable sources. Transgaz also plans to expand the use of gas recompression technology to prevent emissions during maintenance and construction works. In the long term, the strategy envisages replacing existing vehicles with electric vehicles powered by renewable energy and the use of biomethane or hydrogen in heating installations.

The implementation of these measures will substantially contribute to the decarbonization of Transgaz's natural gas transmission activity in the short, medium and long term, when gas will still be a transition fuel.

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

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

The Climate and Decarbonisation Strategy (consisting of 6 documents) was finalised in December 2023 and includes the following reports:

- Report 1 - Baseline Assessment Report
- Report 2 - Short-Term Decarbonization Action Plan
- Report 3 – Mid-Long Term Decarbonization Action Plan
- Report 4 - Transgaz Decarbonisation Strategy including the Stakeholder Engagement Plan
- Report 5 - High-Level Climate Vulnerability Assessment
- Report 6 - Short-term medium-term and long-term investment plan

The action plan for the implementation of the measures set out in the strategy for the decarbonization of Transgaz's activities will be developed and approved in 2025. This plan will detail the responsible organisational structures, designate the persons with clear attributions and set precise deadlines for achieving the objectives. Once completed, the plan will be submitted for approval to the Board of Administration, ensuring strategic and operational alignment with the highest governance standards.

In the context of its commitment to reduce emissions and promote sustainability, Transgaz recognizes the importance of effective risk management as an integral part of its decarbonization strategy. By aligning organizational structures and clarifying responsibilities, the company aims not only to implement decarbonization measures, but also to ensure proactive management of associated risks. This holistic approach allows Transgaz to anticipate and mitigate potential threats, thus ensuring a smooth and efficient transition to a more sustainable operating model.

Transgaz applies a forward-looking management style for risk management, anticipating possible risk factors in the internal and external environment, including environmental, social and

governance aspects. Each process within Transgaz is supported by well-defined roles and responsibilities, facilitating the mitigation of risks associated with specific activities. Risk management is integrated into decisions at all levels, helping to achieve objectives and minimize negative environmental impact. For Vestmoldtransgaz SRL, there are still no separate risk management systems, but the implementation of an internal managerial control system started in May 2024, with completion planned by 2026.

In this context, exposure to natural hazards such as earthquakes and floods represents an identified physical risk, which is also of interest to stakeholders in the double materiality assessment.

The Climate Change and Vulnerability Assessment analyses physical and transition risks, providing adaptation measures to reduce the impact of climate change. Climate analysis takes into account climate models and projections for Romania until 2100. Climate risks are defined under the IPCC (The Intergovernmental Panel on Climate Change), as potential adverse effects on life, health, ecosystems and infrastructure. The assessment of risks and opportunities related to the climate transition was carried out in accordance with the requirements of principle 2 of the Equator Principles – EP4. The transition risk assessment was carried out on the basis of climate change scenarios in the medium-term future, taking into account the Net Zero 2050 scenario as a 'favourable case scenario', in line with the objectives of the Paris Agreement, the IPCC recommendations, and the 'worst-case scenario' considered the Nationally Determined Contributions scenario.

Climate-related physical risks were assessed under the Climate and Decarbonisation Strategy, considering hazard, exposure and vulnerability. The residual physical risk and the potential financial risk were assessed, taking into account the financial effects of each climate risk and the proposed adaptation measures. The monetary quantification was complemented by qualitative assessments considering the complexity of defining the exact values for the risk scenarios. The potential financial risks of the effects of physical risks were assessed as either very low or low, with no medium or high risks identified.

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

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

These targets are based on scientific evidence and compatible with limiting global warming to 1.5°C, following a sectorial decarbonisation trajectory. The decarbonisation strategy is aligned with national and international regulations and was developed according to the European Investment Bank's PATH framework. Between 2020 and 2024, Romania's National Gas Transmission System was modernized, including new compressor stations, which led to an increase in energy consumption and GHG emissions. Resource efficiency policies have reduced emissions associated with unforeseen events, but the carbon footprint increased mainly due to infrastructure

development. Scope 1, Scope 2 and Scope 3 carbon footprint data are included in the Consolidated sustainability statement.

While Transgaz' decarbonization strategy sets ambitious targets for reducing emissions and aligning with international standards, implementing these targets requires significant investments in infrastructure. The modernization of the National Gas Transmission System and the integration of advanced technologies are essential to support these efforts. By accessing financing dedicated to the expansion and modernization of infrastructure, Transgaz not only ensures its ability to meet environmental requirements, but also strategically positions itself to meet future challenges. The preparation of the infrastructure for natural hydrogen gas blends underlines the company's commitment to sustainable development and energy security, thus integrating decarbonization initiatives with grid expansion and modernization.

Transgaz obtained financing for the expansion and modernization of the natural gas transmission infrastructure, prepared for mixing natural gas with hydrogen, confirming the orientation towards sustainable development and energy security.

In 2024, Transgaz submitted eight investment projects for financing from the Modernization Fund, with the aim of strengthening the natural gas transmission infrastructure and supporting the transition to a low-carbon economy. Transgaz received approval for the financing of a gas supply project for the Işalnița and Turcenii power plants, amounting to EUR 8.9 million, with a total value of the grants obtained for four projects of EUR 109.3 million. Transgaz continues to analyse the financing opportunities through non-reimbursable funds in order to optimize the costs of the projects in the investment plan. In 2024, the amounts approved by the European Commission for the projects submitted by SNTGN Transgaz S.A. comprised EUR 100.4 million, related to the following three projects: Gas Transmission Pipeline Black Sea-Podisor, Gas Transmission Pipeline Ghercești - Jitaru and Gas Transmission Pipeline to supply Mintia Plant.

In terms of biodiversity and ecosystems, Transgaz is committed to minimizing environmental impact through environmental assessments and measures to mitigate the impact on protected natural areas. The company complies with all environmental regulations and works with the competent authorities to ensure the protection of biodiversity. In 2024, no significant risks in the field of biodiversity were identified and the activities carried out did not generate significant negative impacts on the environment.

The double materiality assessment identified as significant the determinants of the direct impact on biodiversity loss. No systemic risks were identified in the activities carried out by Transgaz, and the use of natural gas as a transition fuel represents an opportunity for environmental protection.

Limited access to natural gas can maintain a high level of pollutant emissions, indirectly affecting biodiversity. In 2024, Transgaz was not sanctioned for non-compliance with the legal provisions in the field of biodiversity. For all development projects, appropriate measures were adopted to avoid, reduce, restore and compensate for adverse effects on the environment and biodiversity, in accordance with international regulations and good practices.

The development projects of Transgaz are subject to environmental impact assessment, integrating the impact assessment on protected natural areas, in line with the environmental legislation. Currently, Transgaz does not have a specific transition plan for biodiversity, but intends to develop one by the end of 2025. "Vestmoldtransgaz" S.R.L. submits all development objectives to environmental impact assessment, according to the specific legislation of the Republic of Moldova.

Addressing the impact on biodiversity and ecosystems is essential for Transgaz, especially in the construction and maintenance phases of gas transmission facilities. The company conducts environmental assessments, implements mitigation measures, and engages stakeholders in project initiation. Transgaz provides robust monitoring systems to track the impact on biodiversity throughout the life cycle of its projects. In Romania, Transgaz prepared the Development Plan for the National Gas Transmission System for 2021-2030, which was subject to a strategic environmental assessment and for which an Environmental Permit was issued.

Transgaz integrates environmental aspects into its current business and development, using environmental assessments to facilitate the integration of environmental considerations. The company implements the hierarchy of mitigation of the impact on biodiversity, adopting measures to reduce adverse effects on the environment at all stages of activity. In the Republic of Moldova, Vestmoldtransgaz S.R.L. prepared a development plan for 2023-2032, approved by ANRE, without requesting consultations with environmental authorities.

Transgaz addresses the protection of the environment, biodiversity and ecosystems by applying the principles of environmental legislation, focusing on the conservation of natural habitats and wildlife. The company implements measures to avoid the impact on protected natural areas and, when this is not possible, applies ecological reduction and restoration measures. Transgaz does not use resources that generate direct risks to habitats.

As Transgaz carries out its activities to modernize and expand its gas transmission networks, the company is aware of the potential impact on local biodiversity. However, it is important to note that any disruption caused by infrastructure works is temporary and during a short period of time. Transgaz implements rigorous environmental management measures to ensure that the period of intervention on ecosystems is as short as possible. Local biodiversity can be affected only if the conditions provided for in the environmental agreement are not observed, an obligation that Transgaz rigorously respects. Through careful and responsible planning, the company manages to minimize the effects on the environment, contributing to the protection of biodiversity and maintaining the natural balance in the regions where it operates.

In the ESRS report, Transgaz rigorously addresses environmental issues, integrating the EU Taxonomy as an essential part of its commitment to sustainability. The EU taxonomy is a classification system that provides a clear and transparent framework for identifying sustainable economic activities. The Taxonomy Report is comprised in the ESRS report and includes the assessments made on Transgaz's eligible and/or aligned activities according to the Taxonomy, but also demonstrates its commitment to comply with international best practices and regulations. This process is essential to highlight Transgaz's commitment to complying with international best practices and regulations, but also to facilitate the understanding by investors and other stakeholders of its sustainability commitments. In order to assess whether the Transgaz Group's activities are eligible under the EU taxonomy, the descriptions of the activities and/or services offered were compared with the descriptions of the activities in the taxonomy contributing to the 6 objectives. The main activity consists of providing "Transport via pipeline" services, according to NACE code 4950 (NACE equivalent H49.50), with over **99% of revenues coming from natural gas transmission**.

In 2024, the transmission activity was strictly related to fossil gas (the turnover being generated by the transmission of fossil gas), and therefore **there is no eligible OPEX turnover or operating expenses** associated with the gas transmission services offered in 2024. However, rigorous studies were carried out and it was concluded that the grid in Romania may be capable of transporting a



gas mixture with up to 10% hydrogen. The share of hydrogen contributes to a low-carbon gas mixture, which can also be combined with biogas – renewable gas/biogaz. Based on this, **all investments in Romania in networks / gas pipelines (part of total CAPEX) were considered eligible**, because they can be used in the future for the transport of hydrogen and other renewable gases. The company is committed to further investing in the possibility of transporting low-carbon gases and a higher percentage of hydrogen across the network in the near future. In addition, they were identified as **eligible secondary activities, for which CAPEX expenses were identified**. Additional investments related to Taxonomy-eligible activities include **7.2. Renovation of existing buildings** and **6.5 Transportation by motorcycles, cars and light commercial vehicles**.

Within the taxonomy report comprised in the Consolidated sustainability statement according to the ESRS standards, Transgaz reports the turnover, operating expenses and CAPEX for each activity presented above, which are eligible and/or aligned with the requirements of the European Union taxonomy.

### **Environmental, social and human capital aspects included in the Consolidated sustainability statement**

Transgaz' Consolidated sustainability statement, according to the ESRS standards, is not limited only to environmental aspects, but also includes essential dimensions related to human capital and social impact. By applying the principle of Double Materiality, Transgaz identified S1 - Own workforce and S4 - Consumers and end users, as significant material topics. These aspects underline the company's commitment to addressing sustainability in a comprehensive way, with a focus on human resource well-being and gas end-user satisfaction.

Human capital is recognized as a crucial element for the success of the organization, influencing innovation, productivity and business growth. Therefore, the company focuses on attracting, retaining, motivating and continuously developing its human resources, in order to achieve organizational objectives and provide superior quality services. Competent and dedicated employees contribute to the improvement of processes, generating efficiency and reducing costs. Investing in professional development increases employee motivation and performance.

Regarding S1 – Own workforce, Transgaz's main objectives are to develop talent and attract new employees for the available positions, while ensuring their efficient integration. The company is committed to the continuous training and development of personnel, the correct evaluation and reward of performance, as well as the promotion of internal mobility. Particular emphasis is placed on reviewing compensation and benefits policies to maintain domestic fairness and competitiveness in the foreign market. It also aims to advance the automation and digitization process in human resources activities. Ensuring succession for critical roles is a priority and this is done through developing personalized development programs for future leaders. Furthermore, Transgaz aims to collaborate in various educational projects, such as dual school programs and internships, and to strengthen partnerships with the universities of interest.

With regard to the Working Conditions of its employees, Transgaz recognizes the potential negative impact that it could have, if the rights of its employees and the legal requirements regarding the working conditions applicable to employees are not observed (working hours, adequate remuneration, work-life balance, etc.). Transgaz identifies existing opportunities to ensure adequate working conditions, equipment, protective clothing, specific equipment and/or machinery, etc. and ensures the proper management of employees' rights through specific internal procedures that are properly applied.



Transgaz also recognizes its own positive impact on the inclusive and diverse work environment, through internal policies that ensure opportunities for development and equal treatment for all employees. These have an impact on employee loyalty and the group's reputation in the market as an employer. Also, downstream, companies have a potentially positive impact. Therefore, there is the opportunity for Transgaz to offer equal opportunities to all employees, through policies of non-discrimination and equal treatment, similar remuneration for both women and men, as well as periodic training courses for employees.

Transgaz also identified its own positive impact on the labour rights of its employees through its employee privacy policies, which have an effect on the work environment and the group's reputation as an employer, which subsequently leads to Transgaz's opportunity to have a positive impact on society.

Transgaz aligns its human resources policies with the ESRS standards and promotes talent through recruitment, integration, training and objective assessment. The company encourages internal mobility and reviews compensation policies to ensure fairness and competitiveness. Automating and digitizing HR activities are priorities, along with ensuring succession for key roles. Transgaz collaborates with educational institutions and universities to develop training programs.

The rights and responsibilities of employees are established in accordance with labour law and respect for human rights. The Human Resources Division manages personnel administration, salary rights, work organization and professional development. Transgaz ensures an inclusive work environment, complying with national and European legislation. Collective labour agreements regulate labour relations, and the company is committed to respecting employees' rights and promoting development opportunities. Workforce risks and opportunities are managed to ensure the long-term success of the company.

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

At SNTGN Transgaz S.A., since its establishment, there has been permanently Collective Labour Agreement negotiated and registered according to the provisions of the Social Dialogue Law.

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

Transgaz' strategy and business model are interconnected with impacts on the workforce, recognizing the importance of respecting employees' rights and legal requirements. The company continuously assesses these impacts, in order to adapt its strategy and business model and to keep them aligned with workforce considerations. Transgaz identifies and manages significant risks, such as non-compliance with human rights, and implements proactive measures to ensure adequate working conditions. The company's business model is based on human resources, emphasizing the importance of managing risks related to the respect of human rights.

Transgaz implements policies that guarantee equal treatment and professional development opportunities for all employees. The policies are applied uniformly in all regions of activity and promote a standard of ethics and social responsibility, essential for long-term success. The risks and opportunities identified arise from the company's dependence on the human workforce.

No significant impacts on its own workforce were identified as a result of the transition plans, and the company does not face significant risks of incidents of forced labour or child labour.

Transgaz operates with a firm commitment to respect for human rights and international ethical standards. The risks and opportunities arising from dependencies on its own workforce refer to the entire Transgaz personnel. Risks on one's own workforce concern all personnel equally, without identifying persons with specific characteristics exposed to a different risk.

Transgaz, active in the transmission of natural gas in Romania and the Republic of Moldova, is assessing its operational impact, including issues related to GDPR, corruption and social dialogue. Transgaz's human resources policies are aligned with the UN Guiding Principles, promote human rights, non-discrimination and diversity and ensure fair and safe working conditions.

The company established mechanisms for reporting human rights violations, included in the publicly available Code of Ethics.

In 2024, no cases of gender discrimination or exploitation of children were reported in Romania and the Republic of Moldova, considering also national and international legislation.

Transgaz optimizes its human resources to cover operational needs, by attracting and retaining qualified personnel and reducing dependence on external recruitment. The company promotes constructive discussions and knowledge sharing to increase internal solidarity and improves the use of personnel through flexible organizational models. Respecting human rights, Transgaz implements fair rewards and equal opportunities, without discrimination.

The company developed a general data protection regulation, ensuring a high level of security according to the GDPR. In the Republic of Moldova, data protection is regulated by Law no. 133/2011, and the ANPDP supervises the application of the legislation. Transgaz's human resources policy is also applied in the Republic of Moldova subsidiaries, with a focus on employee training and alignment with European standards. Vestmoldtransgaz complies with the occupational safety and health instructions, according to the Moldovan legislation.

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

Transgaz complies with international laws on human rights and social dialogue, with the rights and obligations of employees specified in the Collective Labour Agreements. Continuous social dialogue improves working conditions and maintains competitiveness.

According to the Collective Labour Agreement of SNTGN Transgaz S.A., social dialogue is a continuous process that focuses on improving working conditions and maintaining competitiveness in the workplace. In this dialogue, the parties involved inform each other, consult and negotiate in order to reach agreements on issues of common interest. In order to ensure a climate of social stability within the company, the Collective Labour Agreement maintains the mechanisms of consultation and permanent dialogue between the social partners, having the following objectives:

- establishing levels of social dialogue within society;

- defining the general rules and principles structuring the consultation and negotiation between the parties;
- conflict prevention.

Engaging in a permanent dialogue with employees is a central objective for Transgaz, being essential for creating a harmonious and productive work environment. The company recognizes that job satisfaction is closely linked to professional performance, which is why it is committed to maintaining open and effective communication channels with its personnel. To this end, Transgaz implements various tools to evaluate and improve the employee experience. One of these tools is the use of anonymous questionnaires, which allow the collection of honest and constructive feedback, thus providing a clear insight into the level of employee satisfaction. In addition, the company's Code of Ethics plays a crucial role in ensuring a fair and inclusive work environment. It eliminates discrimination in any form and promotes equal opportunities by ensuring that all employees are treated with respect and dignity. Through these measures, Transgaz not only improves working conditions, but also strengthens the trust and loyalty of employees, thus contributing to increasing organizational performance and developing a climate of social stability.

In the Republic of Moldova, social dialogue is regulated by Law no. 102 of 2017.

Transgaz' Internal Regulations include the rights and obligations of employees, rules on non-discrimination and the settlement of complaints. The Code of Ethics defines the values and norms of conduct and violations are reported to the Ethics Counsellor. Complaints are managed confidentially, and the Ethics Commission analyses and proposes solutions. The integrity advisor manages the reporting of irregularities, and the notifications include acts of corruption, violations of procedures and other misconduct. Transgaz ensures a fair working environment and complies with the rules of ethics and conduct.

The inclusion of people with disabilities is promoted, although some positions require specific health requirements, according to the legislation in force. The health status of employees is assessed both at the time of employment and periodically, through occupational medicine, to ensure that it corresponds to the occupational risks associated with each position. Transgaz believes that investments in professional training are considered crucial for achieving organizational objectives, given that the success of the business model depends to a large extent on the skills of employees.

Training and professional development are carried out according to an annual schedule, in accordance with the Labour Code. The training programs target areas such as engineering, management of natural gas transmission systems, research, design, economics, law, human resources and information technology, among others.

Employee performance evaluation is an annual process that aims to improve professional performance and set directions for further development. It is based on objective and systematic criteria, having an important impact on the sustainable development of the company.

The integration of new employees plays an essential role in adapting them to the company's values and procedures. An integration guide, which contains essential information about the company and the position, is provided to each new employee to facilitate effective settling in and collaboration.

Chapter S1 – Own workforce in the Consolidated sustainability statement includes quantitative data on workforce structure, diversity and inclusion, as well as professional development initiatives. In

this chapter, Transgaz presents detailed information on the total number of employees, gender and age distribution, level of education, and personnel turnover rate. The report also highlights the company's commitment to promoting diversity and equal opportunities, highlighting the measures implemented to ensure an inclusive work environment. This information reflects Transgaz's ongoing efforts to improve the employee experience and develop an organizational culture based on respect, collaboration and excellence.

In continuation of its commitment to sustainability and social responsibility, the ESRS S4 – Consumers and end users chapter of Transgaz' Consolidated sustainability statement explores the company's relationship with those who directly benefit from its services. This chapter highlights the efforts made by Transgaz to ensure the provision of high-quality services and to meet the needs and expectations of consumers and end-users. Transgaz aims to create added value and improve the user experience, giving special importance to communication and transparency towards customers.

During the double materiality workshop, the sub-theme Information Related Impacts was identified as material. The potential positive impact of Transgaz on the information of interested parties was highlighted, as they must benefit from access to interesting and qualitative information. Considering the fact that SNTGN Transgaz S.A. is listed on the stock exchange, it has a potential significant impact on the information that capital market participants benefit from.

The company constantly updates the information available on the online platform on matters of public interest, such as press releases and legislative changes. As part of the procedures for obtaining regulatory acts, community members participate in public debates and their comments are taken into account in authorization decisions. Transgaz ensures transparency in the acquisition, auction and sales processes, providing detailed information on the company's website.

The interests and perspectives of natural gas customers and end-users are diverse and complex, reflecting economic, social and environmental needs. They can be divided into several main categories, including:

- **Continuity of service:** End-users, regardless of their category, 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 tariffs:** Customers want affordable and competitive tariffs for natural gas transmission, given the direct impact on production costs and their budgets.
- **Cost transparency:** End users value transparency in the tariff structure and clarity in invoicing.
- **Quality standards:** Ensuring a high level of quality of services, including reaction times to requests and promptness in solving problems are appreciated by final beneficiaries and consumers.
- **Reducing emissions:** Customers are increasingly concerned about their environmental impact and prefer companies that take steps to reduce emissions of greenhouse gas and other pollutants.
- **Compliance with legislation:** End-users want to be sure that the carrier complies with all applicable regulations and legal standards.

- **Ethics and responsibility:** Transparency and ethics in the operation of the company, 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.

Risks related to the privacy of collaborators' and employees' data are managed efficiently and transparently. The company implemented internal regulations on data protection, the fairness of data collection and the consent of data subjects. Counselling and training sessions are organized for employees, presenting the risks of non-compliance with the European Union's General Data Protection Regulation (GDPR). In 2024, training sessions were organized for employees who process personal data.

Transgaz recognizes the importance of transparency and corporate responsibility in business relations. The company did not register any warnings/sanctions/fines/recommendations from the National Supervisory Authority for Personal Data Processing, and no risk incidents generated by non-compliance with the provisions of the internal regulations issued for data protection purposes were identified internally. The company intends to develop an effective communication mechanism by the end of 2025, allowing stakeholders to voice their concerns and receive support in a transparent way. In 2024, no complaints or notifications were made to the National Supervisory Authority for Personal Data Processing, and the company did not receive any sanctions related to data protection.

Customer satisfaction is an important indicator for Transgaz. The company annually requests feedback from customers on the quality of products and services, through satisfaction questionnaires. This feedback influences the remuneration policy of the Board of Administration, being included in the financial and non-financial performance indicators. In 2025, Transgaz plans to develop a strategic plan for managing the impacts, risks and opportunities associated with consumers and end-users.

Transgaz monitors the effectiveness of its policies through internal evaluations, ensuring a high level of satisfaction and protection for consumers. Transgaz aims to set clear and quantifiable targets to effectively manage impacts and risks related to consumers and end-users. The company demonstrates its commitment to continuous improvement and alignment with ESRS requirements, planning for these goals to be defined by the end of 2027. Currently, Transgaz focuses on closely monitoring the effectiveness of its policies through rigorous internal evaluations. This process aims to guarantee a high level of satisfaction and protection for consumers, reflecting the company's dedication to meeting current and future market demands.

In conclusion, Transgaz is firmly committed to protecting the interests of consumers and end users, through the implementation of certain policies. The company promotes transparency and facilitates access to high-quality information, ensuring that customers can make informed decisions. Through strict safety measures and adequate training, Transgaz minimizes the risks associated with the use of its services, demonstrating a continuous commitment to the well-being and protection of all users. This holistic approach reflects the company's dedication to maintaining customer trust and satisfaction, preparing to respond to future market challenges.

## **Governance aspects included in the Consolidated sustainability statement**

In the Consolidated sustainability statement, Transgaz underlines the importance of corporate governance as a central pillar of its sustainable development strategy. The governance aspects presented in the report reflect the company's commitment to implementing ethical and transparent practices in all its activities, thereby strengthening the confidence of investors and other stakeholders. Transgaz aims to maintain a robust governance framework that ensures regulatory compliance, promotes accountability at management level and aligns with international best practices. These efforts are essential to support strategic decisions, manage risks and ensure long-term sustainable performance.

In the double materiality assessment, topic G1 - Business Conduct was identified as significant for stakeholders. As part of the double materiality assessment, Transgaz identified essential sub-topics that influence both the company's internal operations and external relations and which are presented below:

- Organizational culture plays a crucial role in creating a positive working environment within Transgaz. Promoting and complying with the Code of Ethics and internal procedures contributes to strengthening a climate of trust and integrity.
- Whistleblower protection is essential for maintaining a healthy and motivating work environment. Lack of trust in protective mechanisms can have a negative impact on employee morale and organizational culture.
- Managing supplier relationships, including payment practices, is important for supply chain stability. Improper practices can affect supplier relations, negotiation power and delay the completion of works.
- Corruption and bribery are major risks that can affect relations with investors, regulators and society in general. Adopting strict ethical behaviours is essential to prevent such practices and maintain a solid reputation.

Transgaz developed principles of corporate governance and responsible business practices, ensuring a rigorous framework for corporate management.

Transgaz regularly reviews the Risk Management Strategy 2021-2025 and documents the risk management procedures. It aims to optimise risk management processes and keep them at acceptable levels. The Audit Advisory Committee verifies the effectiveness of financial reporting and assists the Board in accounting and financial control decisions. Vestmoldtransgaz implements SCIM, adapting SNTGN Transgaz S.A. standards to ensure compliance.

The Code of Ethics, adopted in 2021, defines the values and principles of professional conduct, promoting professionalism, impartiality, confidentiality and moral integrity. Internal procedures include anti-fraud and anti-corruption policies, whistleblower protection and compliance with competition rules. The Audit Committee ensures the absence of conflicts of interest, and the specific conflict of interest management policy protects Transgaz's interests.

Transgaz carries out the procurement procedures entirely online through SEAP, ensuring transparency and compliance with the legislation. Declarations of compliance with environmental, social and labour regulations are mandatory for suppliers. The exploitation of children and gender discrimination are not relevant issues in Romania and the Republic of Moldova, as the legislation prohibits such practices.



In 2024, no human rights-related disputes were identified at the level of the Transgaz Group. Vestmoldtransgaz adopted a Code of Ethics that regulates the principles of conduct, ensuring the impartiality and integrity of employees. Transgaz continues to assess the potential negative effects of its operations, including GDPR and corruption, to ensure compliance and human rights protection.

There were no integrity incidents during 2024 and no notification in this regard.

Transgaz focuses on the computerization of internal processes to improve operational efficiency. The company identifies vulnerable areas and corruption risks, implementing a management system for these risks to ensure the integrity of operations. An effective complaint management and customer satisfaction rating system is in place with the aim of improving internal processes based on the feedback received.

Transgaz invests in increasing the level of professional and civic education of employees, promoting the obligations of professional conduct and ethics. Employees are informed about the ways of reporting corruption and about the institutions responsible for preventing and combating them. A strong organizational culture is developing that discourages corruption, categorically rejecting any temptation to violate job duties in exchange for advantages. The company inventories vulnerabilities and assesses the risk of corruption, implementing integrity management tools, focused on internal communication and performance.

The actions and measures described and undertaken in financial year 2024 are planned to be continued in the following year.

Vestmoldtransgaz S.R.L. does not have implemented risk management systems. In this regard, the company plans to develop and implement a risk management system that includes the identification, assessment and monitoring of potential risks. Initial plans include consultation with field experts to develop customized policies and procedures that meet the specific needs of the company and alignment with international risk management standards. Training sessions for personnel are also planned, ensuring that all employees are aware of the importance and correct application of risk management measures. It is intended to implement them in the next 3 years.

Employees who have suspicions of violating the law or internal rules can report possible misconduct and unlawful acts to the e-mail address [integritate@transgaz.ro](mailto:integritate@transgaz.ro).

Transgaz maintains a neutral position regarding political parties and candidates for public office. The company does not engage in political activities and does not provide corporate donations to political parties or candidates. Transgaz's name and resources are not used to support the political interests of any party or candidate. Transgaz also does not participate in activities or commitments aimed at exerting political influence. Therefore, there is no information to report related to lobbying activities or political influences that could have a significant impact on the group. In accordance with the transparency requirements on political influence and political contributions, Transgaz states that it does not carry out lobbying activities and has no political commitments or contributions. Thus, there are no types or interests in lobbying activities that require reporting. This underlines the company's commitment to transparency and integrity in all aspects of its operations.

In conclusion, Transgaz reaffirms its commitment to transparency, integrity and accountability in all aspects of its operations, maintaining a firm position of political neutrality. By avoiding involvement in political activities, donations to political parties or candidates, and lobbying activities, the company protects its integrity and ensures that its resources and name are not used



to support political interests. This approach reflects the desire of Transgaz to focus on providing quality services and maintaining a relationship of trust with all stakeholders, without being influenced by political factors.

Transgaz focuses on the digitalization of internal processes to improve operational efficiency, identification of vulnerable areas and risks, and implementing a management system for these risks to ensure the integrity of operations. An effective complaint management and customer satisfaction rating system is in place with the aim of improving internal processes based on the feedback received. In addition, the company invests in increasing the level of professional and civic education of employees, promoting professional conduct and business ethics. Employees are informed about the ways of reporting corruption and about the institutions responsible for preventing and combating them. A strong organizational culture is developed, one that discourages corruption, categorically rejecting any temptation to violate job duties in exchange for advantages. The company verifies its vulnerabilities and assesses the risk of corruption, implementing integrity management tools, focused on internal communication and performance.

Through these measures, Transgaz strengthens its reputation as a trusted partner in the energy sector, dedicating itself to sustainable development and compliance with the highest standards of corporate governance.

The ESRS report, enclosed to the Annual report issued by the Board of Administration reflects a solid commitment to sustainability, corporate governance and social responsibility, highlighting the company's efforts to align with international best practices. Transgaz demonstrates an integrated approach to sustainability, focusing on continuous improvement of operational efficiency, environmental protection and human capital development. By maintaining a position of political neutrality and promoting a strict code of ethics, the company protects its integrity and ensures transparency in all its activities. By adopting measures to manage risks, protect customer privacy and educate employees, Transgaz strengthens its reputation as a reliable partner and leader in the sector in which it operates. This commitment to sustainable development and compliance with corporate governance standards ensures not only the long-term success of the company, but also its positive contribution to the communities and environment in which it operates.

Transgaz' Consolidated sustainability statement 2024 is integrally presented in Annex 1 hereto.

## Quality management

At the end of 2024 the following certificates were in force at the company level obtained from the recertification audit carried out in September 2024:

- **Certificate No. 3533/09.09.2024 related to SR EN ISO 9001:2015;**
- **Certificate No. 529/09.09.2024 related to SR EN ISO 14001:2015;**
- **Certificate No. 3276/09.09.2024 related to SR ISO 45001:2018,**

By its activity, the Quality Management Department ensured/advised:

- implementation of the requirements of SR EN ISO 9001:2015;
- implementation of the requirements of SR EN ISO 14001:2015 and SR EN ISO 45001:2023 common with SR EN ISO 9001:2015;
- implementation of corrective actions and corrections related to the areas for improvement identified by the SRAC in the previous audit;

- raising awareness of personnel on the contribution to the effectiveness of the QMS;
- assessing customer satisfaction,

in order for SNTGN TRANSGAZ SA to maintain its certification according to SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR EN ISO 45001:2018 when assessed by the certification body-SRAC within the recertification audit.

The commitment undertaken by the company's management through the *Environmental Quality Management System Policy Statement* is a definite proof that TRANSGAZ acknowledges the importance of ensuring an organizational climate where all stakeholders: employees, shareholders, customers, suppliers, community and the environment can effectively and responsibly network both from an economic and social point of view.

### Occupational health and safety

In 2024, the occupational health and safety activity was carried out in an organized manner, according to planning, aimed at reducing and/or eliminating the risks of occurrence of events, work accidents, dangerous incidents and occupational diseases at workplaces within the company, as well as compliance with the legislative provisions in the field of safety and health at work, by implementing the measures included in the ***Prevention and Protection Plan for 2024*** no. DMPS 70/03.01.2024 and fulfilling the duties established by the Rules of procedure and organization of the company.

**In 2024, no occupational diseases were reported/researched/declared**

### Environmental management

The main environmental management activities in 2024 aimed at preventing pollution, reducing the risks of environmental incidents on the company's sites, as well as complying with the legislative provisions in the field.

### Corporate social responsibility (CSR)

Corporate Social Responsibility is a matter of governance through which companies initiated a range of social responsibility actions that can be quantified in terms of sustainability and sustainable performance.

SNTGN TRANSGAZ SA, consistent with the principle of applying a responsible management in fulfilling the undertaken mission, is aware of the importance that sometimes financial support for a noble cause or for an important purpose is vital and, in this respect, through the programs and projects of social responsibility initiated, it is actively involved in community life, demonstrating its status as a *good citizen*.

Corporate social Responsibility is an aspect of corporate governance, with TRANSGAZ's key role in the energy field in Romania and Europe being naturally complemented by the desire to support the real needs of all those who are constantly contributing to the smooth way of its activity.

As part of Transgaz' sustainable development strategy, the *social responsibility policy* aims to increase the company's commitment to employees, shareholders, partners, the community and the environment, as well as streamlining the impact of social responsibility programs initiated for this purpose.

The company's social responsibility policy is based on a set of principles that define this interaction between Transgaz on the one hand and employees, shareholders, partners, community and the environment on the other. The priority areas in which TRANSGAZ carries out social responsibility programmes are: sport, community development ( churches, schools, kindergartens), education, arts and culture, humanitarian actions, health (hospitals), environment.

**SPORT - *We are among those who believe that sport has the power to ensure harmony between body and mind!***

We support the entire sports movement for the for the harmonious development of the younger generation.

**COMMUNITY DEVELOPMENT - *We are where it's needed!***

TRANSGAZ supports through financial aid the construction and/or reconstruction of churches, monasteries; restoration of national heritage vestiges; construction and/or reconstruction, renovation of buildings of educational institutions (schools, kindergartens).

**EDUCATION - *We believe in the potential of the young generation and that's why we invest in their education!***

We are involved through financial and social support in the educational construction of the young generation. We support through financial partnership technical projects, symposiums and conferences on natural gas topics and related activities organized by universities. We are active through various professional and social partnerships in the training of a new generation of gas workers. We contribute financially and through material support to the provision of teaching material in educational institutions, so necessary for a continuous education.

**ART AND CULTURE - *Development through culture ensures a sustainable development of society, and we are at the side of those who initiate projects in this regard!***

We support financially through partnerships, cultural events, the organization of theatre performances and music festivals, competitions and artistic creations of pupils and students. We support cultural foundations in their work. We support both the established values of Romanian art and culture and young talents.

**HUMANITARIAN ACTIONS - *TRANSGAZ is always there for those who really need help!***

We try through our financial support to get involved in solving some of the life problems of disabled people, needy people, people without material possibilities, or people who need medical care. We are next to those who, whether our employees or not, have suffered damage due to natural disasters. We financially support cultural, sports, artistic actions of disabled pupils and students as well as NGOs and foundations that care for these people.

**HEALTH- *We take care of other people's health as well as our own!***

We contribute financially to investments in hospitals in Romania through the project "HEALTH FOR ROMANIA" and we are present when financial support is needed to solve medical cases of our employees or their relatives.

**ENVIRONMENT- *We all want a healthy life and a clean environment, and that's why we care about everything around us!***

We financially support the partnerships concluded by NGOs with schools or public institutions for environmental protection projects and the development of green spaces; we also support greening projects initiated by the local administrations, where Transgaz has units.

Complying with the principles of financial prudence and transparency, the communication and CSR actions for 2024 were rigorously quantified both in structure and value and responded to Transgaz's reporting requirements as a securities issuer, but also to the requirements related to the company's image and reputation.

Detailed information on social responsibility is available on the Transgaz website at: <http://www.transgaz.ro/responsabilitate-sociala>.

### **Internal management control system (IMCS)**

The internal management control system of SNTGN Transgaz SA covers all the company's operations having the following objectives:

- the economic, efficient and effective use of resources;
- compliance with legislation, regulations and internal policies;
- fraud and error prevention and detection;
- credibility of financial reporting (accuracy, completeness and fair presentation).

SNTGN Transgaz SA considers internal/management control to be the continuous monitoring of activities using a set of management rules applicable in each department, in response to the question: **`What can be done to have the most effective control over the company's activities?`**

The specific activities of the Internal/Management Control System carried out at the company's level in 2024 were carried out in full compliance with both the requirements of the Order 600/2018 of the General Secretariat of the Government on the approval of the Internal Management Code of Public Entities and the provisions of internal procedures.

#### **The specific activities of the Internal/Management Control System carried out in 2024 were as follows:**

- assessment of the status of implementation and development of the company's internal/management control system **as at 31.12.2023;**
- submission of *Reports* to the Director - General **for 2023:**
  - Report on company's performance monitoring **for 2023;**
  - Report on the implementation of the internal/management control system within SNTGN Transgaz SA **for 2023;**
  - Report on the conduct of the risk management process **for 2023;**
  - Report on the analysis of the achievement of the specific objectives and directions for action set out in the Programme for the implementation of the measures set out IN THE RISK MANAGEMENT STRATEGY 2021-2025, 2023, within SNTGN TRANSGAZ SA.
- evaluation of the internal management control system **for 2023**, an action carried out on two levels: at department level, carried out by the organisational structures by completing the Self-Assessment Questionnaires, and at company level, a task to be carried out by the Monitoring Committee. The established conclusion is that the Internal Management Control System, **in 2023**, maintained its degree of compliance at the Compliant stage, with all 16 internal/management control standards implemented, and the average degree of

implementation of the standards of the Internal Management Control System increased to 99,79% compared to 2022 when the percentage was 99,78%;

- submission of the internal/management control system assessment documents **for 2023** to the Public Supervisory Body (GSG) within the requested deadline.
- report to the Board of Administration on the implementation of the internal management control system and performance monitoring **for 2023**;
- report to the Risk Management Committee on the specific activities of internal management control **for 2023**;
- updating, **for 2024**, the Internal Decision establishing the Monitoring Committee and its functioning in accordance with its own Rules of Procedure;
- approval and publication of the Programme for the Development of the Internal Management Control System, updated progress **for 2024**, for the purpose of continuous development of the Internal Management Control System;
- documentation of the internal/management control system, **for 2024**, in accordance with internal procedures, at the level of the organisational structures and of the company regarding:
  - setting specific, operational objectives and performance indicators associated with operational objectives;
  - the establishment of activities and risks related to operational objectives;
  - identification of situations leading to discontinuity;
  - management of procedural actions and processes;
  - risk management;
  - establishing the monitoring system for operational and general objectives;
- reporting to the Risk Management Committee on specific internal management control activities carried out within TRANSGAZ in half I 2024;
- the conduct of the IMCS self-assessment operation for year 2024 at the level of the 340 organizational structures;
- preparation of the annexes to the *Centralized Progress Report on the implementation and development of the internal/management control system within TRANSGAZ as at 31 December 2024*; they shall serve as supporting documents for the data entered in the Centralized Statement;
- preparation of the IMCS Self-Assessment Questionnaire within the company for 2024.

Through the development of the Internal/Management Control System, SNTGN Transgaz SA is moving to a type of management suitable for a flexible company, which includes strategic management, performance management and risk management.

## **Risk Management**

The strategic requirements for the safe and economically efficient operation of the National Natural Gas Transmission System lead the company to approach risk management in a forward-looking manner to identify and treat potential losses before the generating events occur.

Risk management is an integral part of the management process at all levels and adds value by increasing the probability of achieving objectives in an efficient and effective manner, based on the following internal regulations approved by the company's management:

- The Risk Management Strategy 2021-2025 - sets out both the actions required to optimise the risk management process and the framework for identifying, assessing, monitoring and controlling significant risks in order to keep them at acceptable levels within the *risk tolerance limit*;
- *The Statement of commitment by the Director - General on Risk Management for 2021-2025*;
- System Procedure PS 05 SMI Risk Management, published in the "Zonapublic" intranet. System Procedure PS 05 SMI establishes a uniform set of rules for risk management and for the preparation and updating of the Risk Register;
- the tolerance limit **for 2024**, using a five-step matrix representation;
- the company risk profile for 2023;
- the decisions on the establishment of the structures coordinating the risk management process - i.e. the Monitoring Committee and the Risk Management Team, updated for 2024;
- the global risk (GR), calculated as a weighted average of the risk exposure value in relation to the tolerance limit, both at the level of each division/unit/independent department/regional offices/Medias Subsidiary and at company level. This parameter was introduced starting from 2023.

In Half I 2024 the risk management process **carried out in 2023** was analysed. This process was carried out in full and timely compliance with internal regulations, by going through the following stages successively:

- establishment of a coherent set of objectives, with sufficient specificity to allow risks to be identified and assessed;
- establishment of the internal/external context in which each structure operates;
- risk identification and analysis;
- risk assessment;
- responding to risk (action plans to minimise risk);
- risk monitoring;
- risk review and reporting

All 329 organisational structures, according to the organizational chart in force, completed the above steps by integrating risk management data into risk registers.

The final stage of risk management was the review and reporting of risks and the submission of *Risk Management Progress Reports for 2023* to the Technical Secretariat of the Monitoring Committee for review.

In compliance with the requirements of the Order 600/2018 of the General Secretariat of the Government on the approval of the Internal Management Code of Public Entities, the following were developed and approved **for 2023 at the level of the company**:

- the Transgaz REVISED Risk Register, 2023. Thus, as at 31.12.2023, 20 significant risks were summarised and prioritised, of which 17 strategic risks and 3 operational risks;
- Information report for the Director - General on risk management and monitoring within SNTGN Transgaz SA for year 2023;
- Information report for the Board of Administration on risk management and monitoring within SNTGN Transgaz SA, year 2023;



- Information report for the Board of Administration on the analysis of the specific objectives and action directions set out in the "Programme for the implementation of the measures set out in the Risk Management Strategy, 2021-2025, year 2023;
- Report for the Risk Management Committee, on the evolution of risk management, at SNTGN Transgaz SA, 2015 – September 2023;
- Regular reports for the Risk Management Committee, on significant milestones in the development of the risk management process, 2023.

For carrying out the risk management activity **in 2024**, the revised System Procedure "Risk Management" code PS 05 SMI, in force as at 03.01.2024, was applied. The main risk management development included in the procedure revision is **the introduction of the five-step risk assessment matrix**: a more analytical risk assessment resulted demonstrating more mature risk management implemented within the company. This scale can become a basic component of the basis for decisions.

**Activities specific to the risk management process performed in 2024 were focused on the following:**

- Identification of the risks related to each organizational structure and the preparation of the documents established in the System Procedure "Risk Management" code PS 05 SMI.
- Analysis and synthesis of the documents at company level resulting in:
  - Risk Register at SNTGN Transgaz SA level, which integrates significant risks (17 strategic risks and 2 operational risks), year 2024;
  - Plan of measures to minimize significant risks at company level, year 2024.
- Reporting to the Risk Management Committee with respect to the TRANSGAZ' risk management process for Half I 2024;
- Conducting the risk revision and reporting at the level of the organizational structures;
- Analysing the *Reports on the conduct of the risk management process for 2024* submitted to the organizational structures for the preparation of TRANSGAZ's "Report on risk management" for 2024.

## 2.5. Important events 2024

**11 January 2024** - Transgaz completed the Climate and Decarbonization Strategy.

With the support of the European Investment Bank (EIB), Transgaz has developed the Climate and Decarbonization Strategy with a view to a phased transition to a climate-neutral activity and to strengthening climate resilience, taking into account best practices and national and international climate change policies and regulations. The project was developed in the context of the European Investment Advisory Hub (EIAH).

**11 January 2024** – At Transgaz SA headquarters in Bucharest the strategic meeting of the TSOs within the Vertical Corridor initiative took place.

At the initiative of SNTGN Transgaz SA, the meeting of the natural gas Transmission System Operators signatories of the Memorandum of Understanding for the Vertical Corridor - Transgaz S.A., DESFA S.A., Gastrade S.A., Bulgartransgaz EAD, ICGB AD, FGSZ Ltd and with observer status, Eustream S.A., Gas TSO of Ukraine and Vestmoldtransgaz of the Republic of Moldova - was held in Bucharest.

**19 January 2024** - The cooperation for the Vertical Corridor is strengthened by the signing of a Memorandum of Understanding which provides for the participation of three new operators: GTSO from Ukraine, Vestmoldtransgaz from the Republic of Moldova, Eustream from Slovakia.

This corridor will bring prestige to Romania and energy security for the countries of Eastern Europe, the Republic of Moldova and Ukraine, as well as for Central Europe.

**23 January 2024** - The Ministry of Energy and Transgaz signed financing contracts worth 93 million euro.

The Minister of Energy and the Director - General of SNTGN Transgaz SA, signed the financing contracts for two investment projects: the Black Sea - Podișor natural gas transmission pipeline and the Ghercești-Jitaru natural gas transmission pipeline (including power supply, cathodic protection and optical fiber).

**31 May 2024** - The Ministry of Energy and Transgaz have signed the financing contract for the gas supply to the Mintia power plant. The Energy Ministry's support amounts to almost 7 million euro. The Minister of Energy and the Director - General of SNTGN Transgaz SA have signed a financing contract for the construction of a natural gas transmission pipeline to supply the Mintia power plant in Hunedoara County. The pipeline will also supply other industrial and also domestic consumers.

**31 May 2024** – SNTGN Transgaz SA informs all stakeholders that by Order no. 17/29 May 2024 issued by the National Energy Regulatory Authority, the regulated revenue, the corrected regulated revenue and the transmission tariffs for the regulatory year from 1 October 2024 to 30 September 2025, for the activity of natural gas transmission through the National Transmission System, carried out by the National Gas Transmission Company TRANSGAZ S.A., were approved.

**01 August 2024** – TRANSGAZ signed a syndicated loan agreement amounting to a total value of Lei 1,93 billion to ensure the financing of investment projects included in the National Gas Transmission System Development Plan. UniCredit Bank successfully completed the coordination of a syndicated loan for SNTGN Transgaz SA, acting as Mandated Lead Arranger, Bookrunner, Lender, Documentation and Payment Agent and Facility Agent. The banks participating in the transaction as Lead Arrangers are Banca Transilvania, Banca Comercială Română, Raiffeisen Bank, Unicredit Bank and CEC Bank.

**05 August 2024** – The Romanian and Serbian Ministers of Energy signed a Memorandum of Understanding between the Governments of Romania and the Republic of Serbia regarding the Project for the construction of the gas interconnection Serbia-Romania within a ceremony held at Portile de Fier 1 on the territory of the Republic of Serbia. On 19 August, Srbijagas's Director-General, Mr. Dušan Bajatović, had a visit to Bucharest and on this occasion the conclusion of a new Memorandum of Understanding between Transgaz and Srbijagas on the development of the Romania – Serbia interconnection project and of other joint projects was agreed.

**09 August 2024** - TRANSGAZ notifies all stakeholders that under Order no. 55/6 August 2024 issued by the National Energy Regulatory Authority published in Official Journal no. 777/08.08.2024 a level of 6,94% was approved for the regulated rate of return on invested capital, expressed in real

terms, before tax, applied on the determination of tariffs for power and natural gas transmission and distribution services, for the fifth regulatory period (1 October 2025 - 30 September 2030).

**27 September 2024** - The Minister of Energy and TRANSGAZ signed the financing contract for 'Increasing the transmission capacity of the NTS and the security of natural gas supply of the Işalnița Electrocentrale Branch (Dolj county) and the Turceni Electrocentrale Branch (Gorj county)'. The financing is provided under the Modernization Fund and amounts to approximately EUR 8,5 million.

**17 December 2024** – the National Energy Regulatory Authority (ANRE) according to Art. 125 (8) of Electricity and Gas Law no. 123/2012 as amended, approved the Plan for the Development of the National Gas Transmission System for the period 2024-2033 under Decision no. 2717/17.12.2024.

**31 December 2024** – Further to GD 1102/04.09.2024, the financing contracts were signed by the Environmental Fund, in the amount of lei 500.000.000, for 3 projects for the upgrading and/or extension of the national natural gas transmission network, belonging to SNTGN Transgaz SA:

- *Gas transmission pipeline Prunișor-Orșova-Băile Herculane-Jupa (including power supply, cathodic protection and fiber optics);*
- *Gas transmission pipeline Tetila-Horezu-Râmnicu Valcea (including electricity supply, cathodic protection and fiber optic);*
- *Gas transmission pipeline DN 600 Mihai Bravu-Siliștea and transformation into a piggable pipeline.*

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**In 2024 the activity of the Board of Administration of SNTGN Transgaz SA materialized in a number of 44 meetings, of which the following are subject to analysis, approval and/or endorsement mainly, but not limited to the following:**

**17 January 2024**

- By Board of Administration Resolution No. 2/17 January 2024 the following were endorsed and/or approved:
  - Draft Revenue and Expense Budget for 2024 and the estimates for 2025-2026;
  - Revised values for some financial key performance indicators included in the Management Plan of SNTGN Transgaz SA for 2021-2025;
  - Revenue and Expenditure Budget of Eurotransgaz SRL for 2024 and the estimates for 2025-2026.

**31 January 2024**

- The following were approved by Board of Administration Resolution No. 4/31 January 2024:
  - Policy on granting sponsorships and financial support at the level of SNTGN Transgaz SA in 2024;
  - Activity report of the Advisory Committees set up at the level of the Board of Administration of SNTGN Transgaz SA in 2023;
  - The corrected regulated revenue and the regulated tariffs for the natural gas transmission activity for the transition year from the fourth to the fifth regulatory period, i.e. 1 October 2024 - 30 September 2025, for submission for analysis and approval to the National Energy Regulatory Authority.

**22 February 2024**

- The Management Plan of SNTGN Transgaz SA for 2021-2025, updated February 2024, was approved by Board of Administration Resolution No. 7/22 February 2024.

**14 March 2024**

- By Board of Administration Resolution No. 12/14 March 2024, the conclusion of the Agreement for Technical and Administrative Support Services for the establishment of ENNOH (European Network of Hydrogen Transmission System Operators), enclosed to the report, was approved, as well as the payment of the amount of 10.000 Euro, which Transgaz, as member of the Plenary Group for the establishment of ENNOH, is liable to pay.

**20 March 2024**

- By Board of Administration Resolution No. 14/20 March 2024, the following were acknowledged, endorsed and/or approved:
  - The company's separate and consolidated annual financial statements for 2023;
  - Financial audit report on the separate annual financial statements for year 2023;
  - Financial audit report on the consolidated annual financial statements for year 2023;
  - Consolidated report of the administrators of SNTGN Transgaz SA for the activity carried out in 2023;
  - Remuneration report for 2023;
  - SNTGN Transgaz SA accounting policies;
  - Assessment of the fulfillment of financial and non-financial performance indicators for 2023;
  - Report on the execution of the Director - General's mandate for year 2023;
  - Report on the performance of the Chief Financial Officer's mandate for year 2023;
  - Separate financial statements of Eurotransgaz SRL for year 2023;
  - The consolidated financial statements of Eurotransgaz SRL for year 2023;
  - Report of the independent auditor on the separate financial statements of Eurotransgaz SRL for year 2023;
  - Report of the independent auditor on the consolidated financial statements of Eurotransgaz SRL for year 2022;
  - Report on the activity of Eurotransgaz SRL administrators for year 2023.

**26 April 2024**

- By Board of Administration Resolution No. 18/26 April 2024 the following were noted, endorsed and/or approved:
  - Evaluation report on the activity of SNTGN Transgaz SA's directors regarding the execution of the mandate contracts and the management component of the Management Plan for 2023.
  - Establishment of a limited liability company with the object of activity of hydrogen transmission, with SNTGN Transgaz SA as sole shareholder.

**13 May 2024**

- By Board of Administration Resolution No. 19/13 May 2024, the Board of Administration took note/notified/approved the following:
  - Report on the execution of the mandate of the Director - General of SNTGN Transgaz SA for the Q I 2024;
  - Report on the situation of economic and financial indicators as at 31 March 2024;

- Appointment of ERNST& YOUNG ASSURANCE SERVICES SRL as financial auditor of SNTGN Transgaz S.A. for a period of three years.

**20 June 2024**

- By Board of Administration Resolution No. 23/20 June 2024 the "Development Plan of the National Gas Transmission System 2024-2033" was approved for submission for approval to ANRE.

**21 June 2024**

- By Board of Administration Resolution No. 24/21 June 2024, the projects to be submitted by SNTGN Transgaz SA for financing under the measure "Supporting investments in new production capacities of electricity produced from renewable sources for self-consumption, within the Key Program 1: Renewable Energy Sources and Energy Storage" were approved, as well as the approval of the co-financing of projects and the coverage of the countervalue of ineligible expenses, namely the financing of costs incurred from own sources for investments Transgaz S. A. in the installation of photovoltaic panels.

**28 June 2024**

- The Sustainability Report for year 2023 was approved by Board of Administration Resolution No. 25/28 June 2024.

**30 July 2024**

- The Report on the activity of the Consulting Committees established within TRANSGAZ's Board of Administration in 1 January – 30 June 2024 was approved by Board of Administration Resolution No. 29/30 July 2024.

**14 August 2024**

- Under Board of Administration Resolution No. 31/14 August 2024 the following were approved/endorsed/acknowledged:
  - Consolidated report of the Board of Administration of TRANSGAZ regarding the activity carried out in Half I 2024;
  - Rules of Procedure and Organization of the Board of Administration of TRANSGAZ;
  - Amendment of the Internal Rules on the organization and functioning of the Advisory Committees established at the level of the TRANSGAZ Board of Administration,
  - Report on the execution of the mandate of Director - General of TRANSGAZ for Half I 2024;
  - Separate and consolidated interim financial statements for Half I ended 30 June 2024, prepared in accordance with international financial reporting standards adopted by the European Union.

**25 September 2024**

- Under Board of Administration Resolution No. 35/25 August 2024 the following were approved/endorsed/acknowledged:
  - Regulated tariffs for activities related to the operation of the natural gas transmission system for 1 October 2024 – 30 September 2025;
  - Tariffs to be charged by the natural gas balancing market administrator in 1 October 2024 – 30 September 2025.

**22 October 2024**

- The Revenue and Expense Budget ("REB") of Vestmoldtransgaz SRL for 2025 and the estimations for 2026 and 2027 were approved by Board of Administration Resolution No. 38/22 October 2024.

**12 November 2024**

- By Board of Administration Resolution No. 40/12 November 2024 the following were approved/ acknowledged:
  - Report on the execution of TRANSGAZ's Director-General mandate for Q3 2024;
  - The statement of the economic-financial indicators as at 30 September 2024.

**19 December 2024**

- By Board of Administration Resolution No. 44/19 December 2024 the following were approved:
  - the Company's investment programs for 2025 and the estimates for 2026-2027;
  - Annual Employee Training and Development Program for year 2025.

and the following was acknowledged:

- Report on transmission scenarios for safe operation of the NTS during the cold season 2024-2025.

**2.6. Main risks related to 2025****Strategic risks**

- the national and international macroeconomic and geopolitical framework changes may affect the conclusion of gas transmission contracts as well as the implementation of the strategic projects;
- decreasing natural gas consumption following the increasing of the share of consumption of green energy, generated from natural/renewable resources, i.e. wind energy, solar energy as well as nuclear energy consumption;
- restricting funding for gas projects
- the war in Ukraine has increased the level of geopolitical risk, which is now to one of its highest levels seen in the last years;
- the evolution of the Romanian economy, the global and European macro-financial climate, the internal mix of economic policies, can determine additional financing considering the increasing in the costs of some investments and the additional costs determined by the fluctuation of qualified personnel.
- frequent changes and bottlenecks in the legislative process at national level;
- instability of gas price in Romania;
- cybersecurity - cyber attacks, company information security.

**Financial risks** - arising from the way in which the company's business is financed, given the sensitivity of the result to changes in funding conditions (lending, exchange rate fluctuations, interest rate changes, liquidity).



### Operational risks

- failure to perform on time and within the scheduled parameters the works provided in the Maintenance and Technical Revision Program of MRSs and pipelines or of the SCADA system;
- impossibility to perform maintenance due to external factors such as adverse weather conditions;
- increasing expenses with maintenance and repairs in the NTS due to extreme weather phenomena;
- failure to perform the contract as a result of the contractor's reduced ability to perform the contract in accordance with the contract terms;
- lack of materials and spare parts for the execution of preventive and corrective maintenance works at the main NTS facilities;
- failure to apply environmental legal requirements during the main works at the company level;
- recruitment difficulties for certain positions in specific areas of activity;
- lack of specialised/job-specific vocational training programmes on offer.

### Investment activity risks

- failure to realise the investment programme for the following reasons:
  - ✓ lack of landowners' agreements;
  - ✓ unforeseen soil conditions;
  - ✓ failure to obtain within the established time the approvals and agreements of the landowners necessary to obtain the Building Permit;
  - ✓ lacking information or late transmission of the information reflecting the real situation in the field;
  - ✓ provision of incomplete / inaccurate data regarding the identification of land owners, by the competent bodies;
  - ✓ deficient cadastral records, at the level of local / county authorities;
  - ✓ temporary cessation of land use as a result of the discovery of vestiges;

The most appropriate **measures to minimize risks** are identified in accordance with risk management responsibilities so as to result in the lowest possible exposure to risk, including:

- strengthening cooperation relations with Natural Gas Transmission System Operators from neighbouring countries, but also with natural gas companies and other Natural Gas Transmission System Operators from the European Union and non-EU countries, with particular impact on the Balkan area and the Southern Gas Transmission Corridor in order to anticipate changes in the interconnection architecture at European level;
- analysis and preparation of the studies necessary for the development of new natural gas transmission corridors; achievement of savings in operational costs recognized by the authorities by accurately determining the technological consumption at the level of the NTS and the quantities of natural gas transported;
- optimizing the expenditure incurred at the level of organizational structures and keeping within the approved annual amounts for ongoing investment programs;
- staff training;
- planning cyber vulnerability scanning activities;
- developing or revising procedures.



## 3. ABOUT SNTGN TRANSGAZ SA

### 3.1. Mission, vision, organizational values

#### **Mission**

The fulfilment in conditions of efficiency, transparency, safety and competitiveness of the national energy strategy established for gas transmission, natural gas dispatching and research and design in the field of natural gas transmission.

**Transgaz' mission** aims at:

- The safe operation of the NTS based on economic efficiency;
- NTS rehabilitation, upgrading and development;
- NTS interconnection with the natural gas transmission systems of the neighbouring countries;
- Development of new gas transmission infrastructures towards Western Europe;
- Ensuring non-discriminatory access to the NTS;
- The implementation of participatory management in all of the company's action fields;
- Development of the organizational culture and of the national performance standards;
- Implementation of the regulations in the natural gas sector;
- Improvement of the natural gas transmission activity informatization, preparation of the normative acts draft and European actions to support them;
- The good corporate governance principles integration into the business practice.

#### **Vision**

The company intends to become a transmission operator recognized on the international gas market, a leader on the energy market in the region with a modern gas transmission system integrated at European level and with an effective management system.

#### **Vision as a message to the community**

The responsible fulfilment of the public service mission, the safe operation of the National Gas Transmission System, high quality services, safe connection to the NTS under non-discriminatory and transparent conditions for all network users and the integration at European level of the national gas market.

#### **Vision as a message to the shareholders**

A proficient company oriented towards continuous growth of the plus value for the shareholders.

#### **Vision as a message to employees**

The company as an attractive, stable and motivating working environment with a continuous commitment to professional excellence.

**The organisational values** defining Transgaz's business ethics are the following:

- Professionalism and performance;
- team spirit;
- mutual respect;
- responsibility towards the environment and people;

#### **Transgaz' core strengths:**

- The quality of licensed NTS operator - monopoly;
- The solid financial profile of the company;

- The continuity of the technical, economic and financial performance;
- The predictability of the cash-flow due to the regulated character of the gas transmission activity;
- Dividends granted to shareholders.

### 3.2 The activity of the company

SNTGN TRANSGAZ is the technical operator of the National Gas Transmission System and ensures the performance in terms of efficiency, transparency, safety, non-discriminatory access and competitiveness of the object of activity established for:

- **Natural gas transmission;**
- **Natural gas dispatching;**
- **research and design in the field of gas transmission,**

in compliance with the national and European legislation and standards of quality, performance, environment and sustainable development.

The natural gas transmission activity is carried out based on the Concession Agreement for the pipelines, installations, equipment and facilities related to NTS, in the public domain of the Romanian state, concluded with the National Agency for Mineral Resources (ANRM), as the representative of the Romanian state, approved by Government Resolution 668/20 June 2002 (published in Official Journal 486/8 July 2002), valid until 2032, as further amended and supplemented by 7 addenda approved by Government resolutions, and based on the natural gas transmission system operating licence no. 1933/20.12.2013 issued by the National Energy Regulatory Authority (ANRE), effective until 08.07.2032.

*By ANRE Order 3/22 January 2014 on the approval of the certification of the National Gas Transmission Company Transgaz - SA Mediaș as transmission system operator of the National Gas Transmission System it was established that the company must be organized and must operate as an `independent system operator`.*

**The operation** by SNTGN Transgaz SA of the National Gas Transmission System mainly includes the following activities:

- commercial balancing;
- contracting natural gas transmission services;
- dispatching and technological regimes;
- measurement and monitoring of gas quality;
- gas odorization and international gas transmission.

**SNTGN TRANSGAZ S.A.** may also carry out other related activities to support the main object of activity, in accordance with the legislation in force and its own bylaws, being able to proceed even to the purchasing of gas only for the balancing and safe operation of the National Transmission System.

The quality of the transmission service is a constant concern of both SNTGN Transgaz SA and the National Energy Regulatory Authority. In order to monitor the quality of the natural gas transmission service based on specific indicators and minimum performance levels, starting with 1 October 2022, **ANRE Order 140/2021** on the **Performance Standard for the natural gas transmission service**, as amended, entered into force, repealing ANRE Order no.161/2015.

### 3.3. NTS infrastructure

- **13,992.33 km** main gas transmission pipelines and connections for gas supply, of which 481 km BRUA;
- **1,178** metering regulating stations (MRS) in operation (**1,284** metering directions);
- **60** valve control stations (VCS, TN);
- **6** gas metering stations for import/export (GMS) **Giurgiu, Medieșu Aurit, Isaccea 1, Isaccea 2, Negru Vodă 1, Negru Vodă 2**;
- **2** gas metering stations located on gas transit pipelines (GMS) (**Isaccea Transit III, Negru Vodă III**);
- **8** gas compressor stations (GCS) (**Șinca, Onești, Siliștea, Jupa, Podișor, Bibești, Onești M, Gherăești**);
- **1,079** cathodic protection stations (CPS);
- **1,093** gas odorization units (GOU)

The National Transmission System (NTS) has coverage across the entire national territory and has a radial-ring structure. The gas transmission and transit capacity is provided through a network of pipelines and supply connections with diameters between 50 mm and 1200 mm at pressures between 6 bar and 63 bar.



Figure 1 - Map of the National Gas Transmission System and the NTS cross-border interconnection points

### **Future NTS infrastructure**

A competitive, upgraded natural gas transmission system providing a high degree of interconnection, flexibility and access to multiple sources of supply with a total length of 15.694 km (13.992 km existing, 652 km under construction and 1.050 km planned to be built).

### **Cross-border interconnection points**

At the end of 2024, the import/export of natural gas to/from Romania was achieved by seven cross-border interconnection points, as follows:

Country	Interconnection pipeline	Technical specifications	Total technical capacity
<b>UKRAINE</b>	Orlovka (UA) - Isaccea (RO) * LLC GAS TSO UA → Transgaz	DN 1000, Pmax = 45 bar	6,85 Sbcm/y
	Tekovo (UA) - Medieșu Aurit (RO) ** LLC GAS TSO UA → Transgaz	DN 700, Pmax = 75 bar	2,71 Sbcm/y at Pmin=47 bar
	Isaccea 1 (RO) - Orlovka 1 (UA) Transgaz ↔ LLC GAS TSO UA	DN 1000, Pmax = 55 bar	6,85 Sbcm/y at import capacity at Pmin=46,5 bar 4,12 Sbcm/y export capacity*** at Pmin=35,4 bar
<b>HUNGARY</b>	Szeged (HU) - Arad (RO) - Csanádpalota (HU) FGSZ ↔ Transgaz	DN 700, Pmax = 64 bar	2,63 Sbcm/y import capacity at Pmin=40 bar 2,63 Sbcm/y export capacity at Pmin=40 bar****
<b>REPUBLIC OF MOLDOVA</b>	Iași (RO) - Ungheni (MO) Transgaz ↔ Vestmoldtransgaz	DN 500, Pmax = 55 bar	2,19 Sbcm/y export capacity at Pmin=42,7 bar 0,73 Sbcm/y import capacity la Pmin=24 bar
<b>BULGARIA</b>	Giurgiu (RO) - Ruse (BG) Transgaz. ↔ Bulgartransgaz	DN 500, Pmax = 50 bar	1,50 Sbcm/y export capacity at Pmin=40 bar 0,92 Sbcm/y import capacity at Pmin=30 bar
	Kardam (BG) - Negru Vodă 1 (RO) Transgaz ↔ Bulgartransgaz	DN 1000, Pmax = 55 bar	6,36 Sbcm/y on export capacity at Pmin=31,5 bar (of which 2,31 Sbcm/year at Pmin 41 bar available from the NTS) ***** 5,31 Sbcm/y import capacity at Pmin=45 bar

\* This interconnection point is not used since there is no interconnection agreement concluded. Gas import from Ukraine is currently performed through Isaccea 1.

\*\*For this point the Romanian TSO and the Ukrainian TSO are having discussions on the signature of a new Interconnection Agreement.

\*\*\*capacity is offered on an interruptible basis (commercially) as the Annex to the Interconnection Agreement on gas quality requirements is not signed. Capacity conditional on the capacity booking at the Negru Vodă 1 IP, in the BG-RO direction.

\*\*\*\*\*The difference of capacity 6,36-2,31=4,05 billion Scm/year is available for transit, conditional on entry capacity booking at the Isaccea 1 IP in the UA-RO direction.

### **3.4. Shareholding**

As of 14 November 2019, the exercising of the rights and the fulfilment of the obligations arising from the quality of shareholder of the Romanian State at the National Gas Transmission Company Transgaz SA is performed by the Romanian State through the General Secretariat of the Government, following the transfer of shares from the account of the Romanian State through the

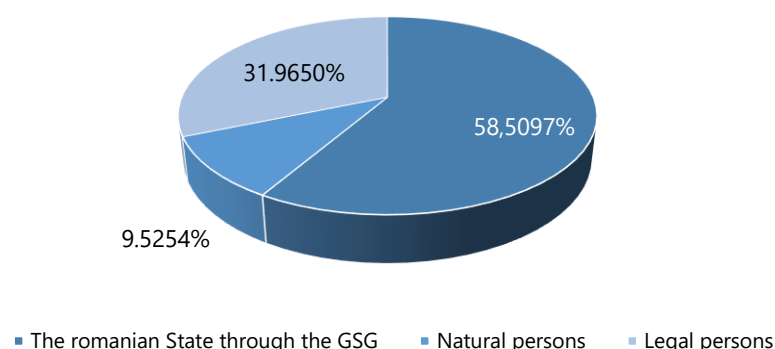
Ministry of Economy, according to GEO 68/06.11.2019 on the establishment of measures at the level of the central public administration and for the amending and supplementation of some normative acts.

According to the recordings of Depozitarul Central, on 31.12.2024 Transgaz` consolidated summary structure of holders of financial instruments was as follows:

Shareholder's name	Number of shares	Percentage %
The State of Romania represented by the General Secretariat of the Government	110.221.440	58,5097
Free float - Other shareholders (natural and legal persons) out of which:	78.160.064	41,4903
✓ legal persons	16.943.220	8,9941
✓ natural persons	61.216.844	32,4962
<b>Total</b>	<b>188.381.504</b>	<b>100</b>

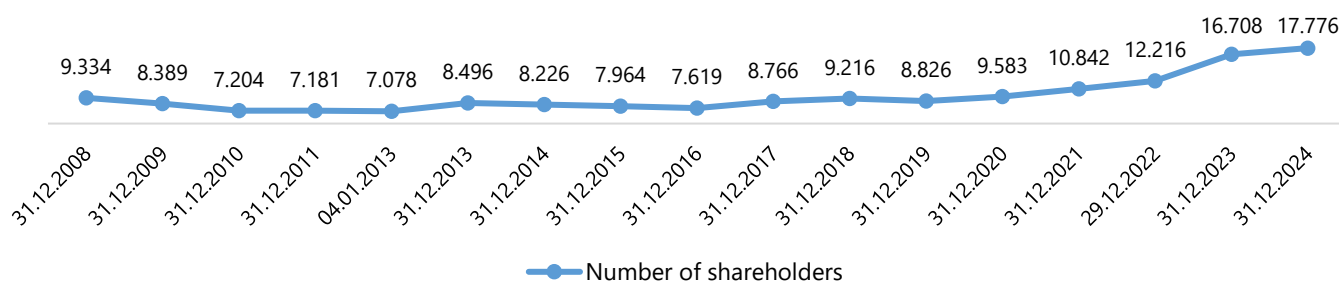
**Table 7 - Shareholding structure as at 31 December 2024**

### Shareholding structure on 31 December 2024



**Chart 13 - Shareholding structure as at 31 December 2024**

Regarding the number of shareholders, as at 31 December 2024, the company had 17.776 TGN shareholders, which is 1.068 shareholders more than the ones registered on 31.12.2023.



**Chart 14 – Evolution of the number of Transgaz shareholders from the BSE listing date and until 31 December 2024**

### 3.5 Structure

SNTGN TRANSGAZ SA is structured into functional entities (divisions, units, departments, offices, compartments, etc.) and production entities (9 regional offices, sectors, laboratories, work units, etc.)

**SNTGN Transgaz SA** conducts its activity at the premises as follows:

**MEDIAS, SIBIU county - Romania**

- **Transgaz registered office:** 1 C. I. Motaş Square, code 551130;
- **Maintenance Division:** 11 George Enescu Street, code 551018;
- **Research and Design Division:** 6 Unirii Street, code 550173.

**BUCHAREST - Romania**

- **Transgaz Representative Office – Romania:** 55 Primaverii Blvd;
- **General Inspection Division:** 155 Victoriei Blvd., District 1, code 010073;
- **Bucharest Gas Market Operation Division:** 155 Victoriei Blvd., building D1, area 6, floor 11.

### CHISINAU, THE REPUBLIC OF MOLDOVA

**The SNTGN Transgaz SA subsidiaries in the Republic of Moldova are the following:**

- EUROTRANSGAZ Limited Liability Company: 7/E Balcani Road, outside the build-up area, Ghidighici village;
- VESTMOLDTRANSGAZ Limited Liability Company: 7/E Balcani Road, outside the build-up area, Ghidighici village.

**SNTGN Transgaz SA has 9 regional offices and a subsidiary:**

- **Arad Regional Office**, 56 Poetului Street, Arad, Arad County, code 310369;
- **Bacău Regional Office**, 63 George Bacovia Street, Bacău, Bacău County, code 600238;
- **Brăila Regional Office**, 5 Ion Ghica Street, Brăila, Brăila County, code 810089;
- **Braşov Regional Office**, 102A Griviţei Bvd, Braşov, Braşov County, code 500449;
- **Bucharest Regional Office**, 24 Lacul Ursului Street, District 6, Bucharest, code 060594;
- **Cluj Regional Office**, 12 Crişului Street, Cluj-Napoca, Cluj County, code 400597;
- **Craiova Regional Office**, 33 Arhitect Ioan Mincu Street, Craiova, Dolj County, code 200011;
- **Mediaş Regional Office**, 29 George Coşbuc Street, Mediaş, Sibiu County, code 551027;
- **Constanţa Regional Office**, 2 bis Caraiman Street, Constanţa, Constanţa County, code 900117;
- **Mediaş Subsidiary**, 59 Sibiului Street, Mediaş, Sibiu County.





**Figure 2 - Transgaz administrative map**

### 3.6 Management

#### THE ADMINISTRATIVE MANAGEMENT

The company is managed in a unitary system by the Board of Administration, consisting of 5 administrators, 1 executive administrator and 4 non-executive administrators, appointed by the General Meeting of the Shareholders. 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 a legal auditing obligation.

The members of the company's Board of Administration on 31.12.2024 were as follows:

- **ION STERIAN** - Executive Administrator - Director – General;
- **PETRU ION VĂDUVA** - Non-Executive Administrator – Chairman (duration of the mandate until 29.04.2025) ;
- **NICOLAE MINEA** - Independent Non-Executive Administrator;
- **ILINCA VON DERENTHALL** - Non-Executive Interim Administrator until 16.03.2024;
- **ADINA LĂCRIMIOARA HANZA** - Non-Executive Interim Administrator.

The CVs of the members of Transgaz' Board of Administration are available on the company's website at: [www.transgaz.ro/Despre noi/Consiliul de administrație](http://www.transgaz.ro/Despre noi/Consiliul de administrație)



## EXECUTIVE MANAGEMENT

The Board of Administration delegated the management of the company to the Director - General of Transgaz. The Director - General of Transgaz represents the company in its relations with third parties and is responsible for taking all measures related to management, within the scope of activity of the company and in compliance with the exclusive powers established by law, the Articles of Incorporation or delegated by the Board of Administration and the General Meeting of Shareholders.

The members of the executive management of the company, with the exception of the Director - General and the Chief Financial Officer, are employees of the company, with an individual labour contract for an indefinite period of time.

The management and execution personnel within Transgaz is employed, promoted and discharged by the Director - General, based on the duties delegated by the Board of Administration.

The members of the executive management holding shares at Transgaz on 31 december 2024:

No.	Name and first name	Position	Number of shares on 30.06.2024	Interest share (%)
1	Tătaru Ion	Director	400	0,000212
2	Lupean Marius Vasile	Director	320	0,000169
3	Şai Alexandru	Director	160	0,000084
4	Niţă Viorel	Director	80	0,000042
5	Pângăleanu Maria Carmen	Director	32	0,000017

**Table 8 - Members of Transgaz' executive management holding TGN shares in the company on 31.12.2024**

### The executive management of SNTGN Transgaz SA as at 31 December 2024:

No.	Name and first name	Position	Division/Unit
1.	Sterian Ion	Director - General	SNTGN Transgaz SA
2.	Lupean Marius Vasile	Chief Financial Officer	SNTGN Transgaz SA
3.	Leahu Mihai Leontin	Director/Deputy Director - General-delegated	Research and Design Division
4.	Iuga Alexandru	Deputy Director-General	SNTGN Transgaz SA
5.	Tătaru Ion	Director/Deputy Director - General-delegated	Development Division
6.	Simionescu Alexandru Adrian	PMU 1 Project Manager NTS Developments in North-East/ Deputy Director - General-delegated	Project Management Unit
7.	Ghidiu Elisabeta	Director	Strategy and Corporate Management Division
8.	Mateş Angela Aneta	Director	HR Organization Division
9.	Târsac Grigore	Deputy Director/ Development Division Director -delegated	Natural Gas Quality Measurement Unit
10.	Bunea Florin	Director	Operation Division

11.	Sârbu Ionel	Director	Land Regulation and Acquisition Division
12.	Oancea Paul	Director/ Exploitation Maintenance Division Director -delegated	Regional Operating Center Mediaș
13.	Andronic Bogdan Constantin	Director	EU Funds and International Relations Division
14.	Luca Bogdan Avram	Director	Sectoral Procurement and Contracting Division
15.	Costea Dragoș Vasile	Director	Gas Compression Division
16.	Iancu Cristina Daniela	Director/ Legal Division Director delegated	Projects Legal Assistance Unit
17.	Stroi Dan	Director/Research and Design Division delegated	Chief Engineer Design
18.	Codreanu Liudmila Gabriela	Director	Internal Audit Unit
19.	Ene Alin	Director/General Inspection Division Director delegated	Control Unit
20.	Dragoman Irina	Director	Gas Regulation Unit
21.	Drăghici Aurelian	Director	Projects Analysis, Checking and Endorsement Unit
22.	Lupu Emil	Director	Archaeological Unit
23.	Caminschi Sebastian	Expert/Environment Protection and Security Unit- delegated director	Protection Security and Emergency Situations Department
24.	Grosuleac Mihai	Economist/Director Administration, Supply and Transport Unit -delegated	Administrative Management Department
25.	Voican Nicolae Adrian	Subsidiary Director	Mediaș Subsidiary
26.	Alexandru Ionel	Director	Arad Regional Office
27.	Schmidt-Hăineală Eduard-Cristian	Director	Bacău Regional Office
28.	Dumitru Nicușor	Director	Braïla Regional Office
29.	Pârlea Mirel	Engineer/Regional Office Director delegated	Brașov Regional Office
30.	Gurgu Victorel	Regional Office Director/PMU Project Manager delegated	Bucharest Regional Office
31.	Goia Petru	Cluj Sector Engineer/Regional Office Director delegated	Cluj Regional Office
32.	Andrei Romeo	Director	Constanta Regional Office
33.	Niță Viorel	Director	Craiova Regional Office
34.	Tiriba Aurel	Chief Engineer/Director Mediaș Regional Office- delegated	Chief Engineer Mediaș Subsidiary

**Table 9 -Transgaz' executive management on 31.12.2024**

### VESTMOLDTRANSGAZ SRL management team structure:

	VESTMOLDTRANSGAZ	Name and Surname
1	Company Board	1. Mihai Leontin Leahu – Chairman on behalf of Transgaz 2. Luca Bogdan Avram- Member on behalf of Transgaz 3. Octavian Costas – Member on behalf of EBRD 4. Pop-Gîscă Sanda – Member on behalf of Transgaz 5. Iancu Cristina – Member on behalf of Transgaz
2	Company Administrator	Duminică Liviu Valentin

Table 10 - Vestmoldtransgaz SRL management members on 31.12.2024

### EUROTRANSGAZ SRL management team structure:

	EUROTRANSGAZ	Name and Surname
1	Administrator	Lupean Marius Vasile
2	Administrator	Vasilica Grăjdan
3	Administrator	Stoica Marius Constantin

Table 11 - Eurotransgaz management members on 31.12.2024

## 3.7 Human resources

The company's human resources strategy aims to cover the operational needs of the organization, through the efficient use of the human resources.

The optimal dimensioning of the number of personnel in the company is correlated with the real personnel needs required by the operational activities carried out by the company, with the modernizations and refurbishments realized for increasing the safety and efficiency in NTS operation and annex facilities, as well as the realization of the major development projects of company.

As at 31 December 2024, Transgaz Group had 4.054 employees, of which SNTGN Transgaz SA had 3.976 employees.

No.	Indicator	2021	2022	2023	2024
1	Number of Transgaz employees	4.050	4.029	4.022	3.976
2	Number of VMTG employees	34	31	61	75
3	Number of Eurotransgaz employees	3	3	3	3
<b>TOTAL</b>		<b>4087</b>	<b>4.063</b>	<b>4.086</b>	<b>4.054</b>

Table 12 - The evolution of the number of Transgaz Group personnel in the period 2021-2024

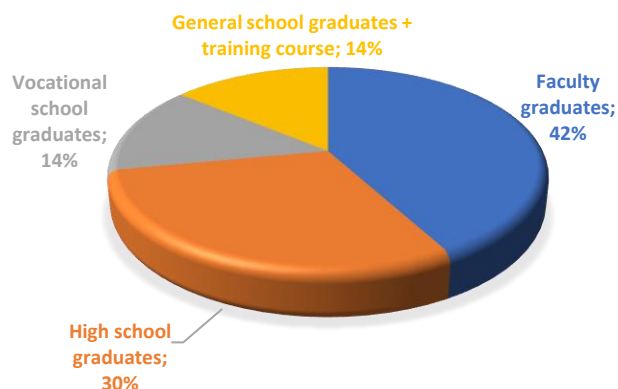
The evolution of the number of Transgaz personnel in the period 2021 - 2024:

Specification	2021	2022	2023	2024
Number of employees at the beginning of the period	4.145	4.050	4.029	4.022
Number of persons employed/resuming activity	210	243	258	198
Number of employees who terminated/suspended their working relations with the company	305	264	265	244
<b>Number of employees at the end of the period</b>	<b>4.050</b>	<b>4.029</b>	<b>4.022</b>	<b>3.976</b>

Table 13 – The evolution of the number of Transgaz employees in the period 2021-2024

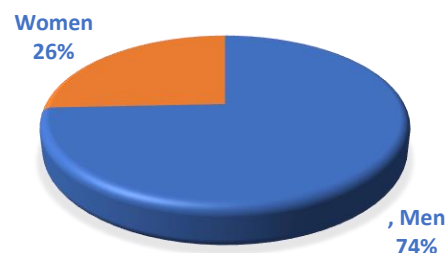
## SNTGN Transgaz SA employees structure as at 31 December 2024:

### a) By category of studies



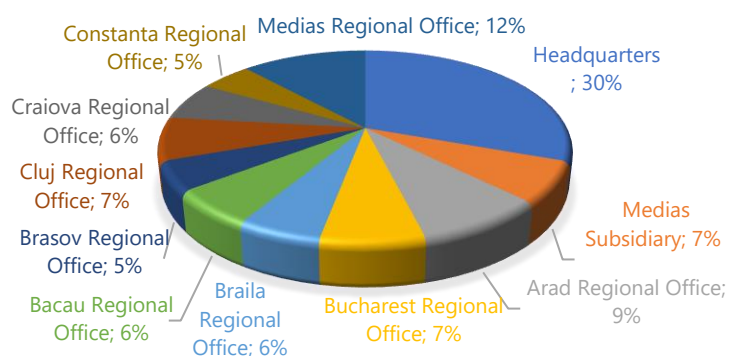
**Chart 15 - Personnel structure by categories of studies as at 31 December 2024**

### b) By gender



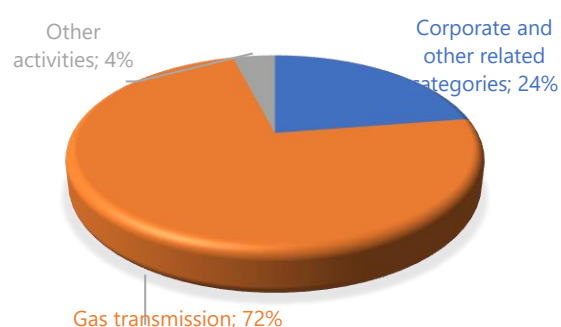
**Chart 16 - Personnel structure by gender as at 31 December 2024**

### a) By headquarters and regional offices



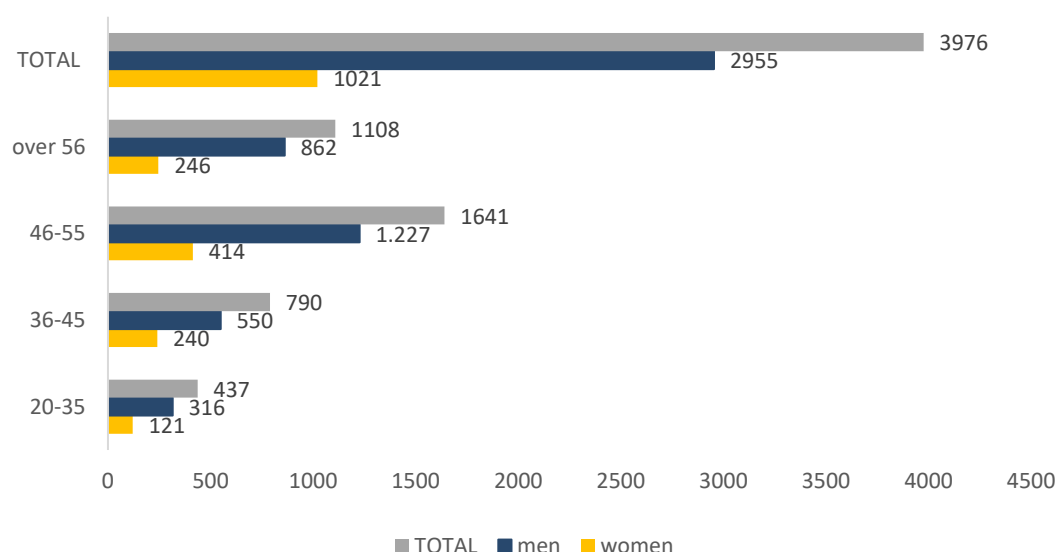
**Chart 17 – Personnel structure by headquarters and regional offices as at 31 December 2024**

### b) By activities



**Chart 18 - Personnel structure by activities as at 31 December 2024**

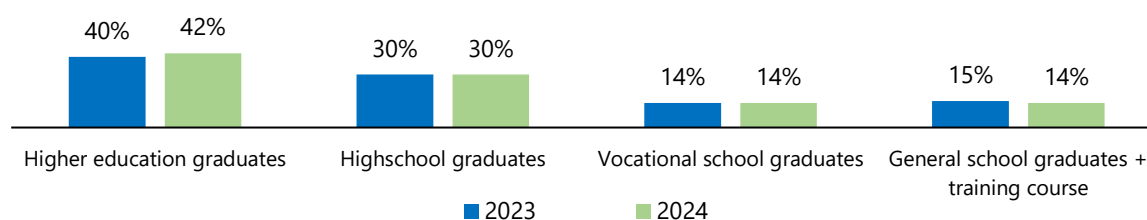
### a) By age categories



**Chart 19 - Personnel structure by age categories as at 31 December 2024**

The personnel structure by category of studies reveals the interest of the company to cover the needs of personnel through the employment of highly qualified specialists as well as the continuous improvement of the existing personnel, considering the tendencies of increasing the number of employees with higher education in parallel with the decrease of the number of employed persons with secondary education and the number of employees with general education and in training.

### Evolution of the structure of personnel per categories of studies



**Chart 20 - Personnel structure by categories of studies in 2024 compared to 2023**

### Improving staff training, instruction and professional development

The high level of professional competence of employees is considered a prerequisite for achieving the objectives of any organisation, which is why investment in human resources is considered profitable in all areas of activity.

The training, improvement and professional development of the company's employees is carried out on the basis of the 'Annual training and professional improvement program for employees',

drawn up at company level, taking into account the provisions of Articles 194 and 195 of Law 53/2003 (Labour Code), republished, with subsequent amendments and additions, according to which the legal entity employer with more than 20 employees shall draw up annual training programs and shall ensure the participation of employees in courses at least once every two years.

In the field of training and professional development, the programs cover the areas of interest for the company's activity, namely, engineering, management of natural gas transmission systems, including SCADA, research and design, economics, legal, human resources, corporate strategy and management, information technology and communications and quality - environment, health and safety at work, security, safety, internal audit, internal and financial management control, as well as other topics of general interest necessary for the company's activity.

**In 2024**, through the External Training and Career Management Unit, together with the Performance Evaluation and Improvement Office and the Authorization and Compliance Office, **147 training** and professional development **courses** were initiated and carried out for a total of **1.430 participants**.

The in-house training activities (with in-house trainers) carried out by the Training and Professional development Center continued in 2024 as well, by the development of activities that were successful in 2023 and also by the introduction of Specialist courses in the Coaching and Manager activity authorized by COR code, held by in-house trainers for the company's employees.

At the same time, the Conflict Management and Emotional Intelligence, First Aid and Preparation of the personal assets Declaration were introduced, essential courses for the development of competences and fulfilling the objectives of the company.

The "Courses implementation strategy" was also approved within the company; it became applicable starting with the end of the month of September 2024.

The new employees induction program within the company is being carried out by the Specialization and Induction Department and to supplement such program the "Leaflet of the New Employee" and the "Guide of the New employee" were prepared.

**At the end of 2024**, the degree of unionization of the labour force was 97,71 %, out of a total of 3.976 employees, 3.885 being union members.

At SNTGN Transgaz SA there are 4 trade union organizations that employees can choose to affiliate to, namely:

- The Transport Gaz Mediaș Trade Union;
- The Metan Mediaș Professional Trade Union;
- The CERTEH Mediaș Technological Research Trade Union;
- The SNTGN TRANSGAZ SA Mediaș Free Trade Union;

The Transport Gaz Medias Trade Union is the representative union at the unit level, according to Law 367/2022 of the Social Dialogue, Art. 54 (1) C, which is why they represent the employees of the company when concluding and carrying out the collective labour contract concluded at the level of SNTGN TRANSGAZ SA. The relations between the employer and the employees are regulated by the Collective Labour Contract at the company level as well as by the individual labour contracts.

Since 25.06.2024 a new Collective Labour Contract entered into force at SNTGN TRANSGAZ SA, with a validity of 24 months, registered at the Territorial Labour Inspectorate Sibiu under no. 104/18.06.2024 in the Single Register of Records of Collective Labour Contracts.

The relations between the employer and the employees are in line with the legal provisions in force in 2024 and there are no conflicting elements connected to these relations.

### **3.8. Transgaz on the Bucharest Stock Exchange**

TGN shares are attractive portfolio shares due to the business scope, the monopoly Transgaz holds in the natural gas transmission, the position on the national and international energy market, the strong financial profile and the capacity of the company to generate performance, stable and predictable income, attractive dividend policy the quality of the management act of the company as well as the investments in the Development Plan of the National Gas Transmission System for the following 10 years in which Transgaz proposes major investment projects, estimated at euro 9,2 billion, investments for the strategic and sustainable development of the gas transmission infrastructure in Romania and the compliance to the European regulations in the field.

For the financial year 2023, in accordance with the provisions of Resolution 3 of the Ordinary General Meeting of the Shareholders of 24.04.2024, the National Gas Transmission Company Transgaz SA makes dividend payments through Depozitarul Central SA and Banca Transilvania, the designated payment agent, as of 18 July 2024 (the payment date), for the shareholders registered as at 28 June 2024, **the value of the gross dividend/share being lei 0,35.**

#### **TGN share**

In 2024, the closing price of TGN shares followed an upward trend, registering values significantly higher compared to the same period of 2023, with a period peak of lei 25,60/share recorded on 18.07.2024, in line with the dynamics of the market when the BET index market the third historical maximum higher by 21% from the beginning of 2024.

In January 2024, the closing price of the TGN share followed an upward trend, recording higher values compared to the same period of 2023.

Thus, against the background of Transgaz's development of the Climate and Decarbonization Strategy for a phased transition to a climate-neutral activity, as well as the steps taken by the company's management for the signing between SNTGN Transgaz SA and the Ministry of Energy of financing contracts amounting to EUR 93 million for two investment projects (the Black Sea - Podișor gas transmission pipeline and the Ghercești-Jitaru gas transmission pipeline), the closing price of the TGN share recorded the value of lei 19,14/share, 6% higher than in January 2023.

Later, following the publication of the preliminary financial results as at 31.12.2023, the closing price of TGN shares recorded a slight decrease, reaching on 29.02.2024 the value of lei 19,02/share.

In March, following the publication of the documents for the General Meeting of the Shareholders on the approval of the final annual financial results and the proposal of the dividend amount for financial year 2023, the TGN share price reaches on 28.03.2024 a monthly peak of lei 19,62/share. Compared to the end of March 2023, the closing price of TGN share on 29.03.2024 was lei 19,42/share, which is lower by 0,4%.



In April, the closing price of the TGN share continued its downward trend, registering on 30.04.2024 the value of lei 18,90/share, approximately 10% less than on 30.04.2023, i.e. lei 21,03/share.

In May, against the background of the publication of the financial results for the Q I 2024, in the context of Fitch's affirmation of the company's BBB- rating with a stable outlook, following the signature by the company's management of the financing contract with the Ministry of Energy for gas supplying to Mintia Power Plant and based on the approval of the transmission tariffs by ANRE, the TGN share price increased by approximately 46% compared to the same period of the previous year, amounting to lei 22,45/share on 31.05.2024.

In June the TGN share continued its upward trend, registering on 21.06.2024 the value of lei 24,30/share, mainly due to approaching 28.06.2024, the registration date for the payment of dividends for financial year 2023. Compared to the end of June 2023, the closing price of the TGN share on 30.06.2024 increased to lei 23.70/share, which is higher by 34%.

Throughout July the closing price of TGN share was continuously rising achieving in 18.07.2024 the maximum of the analysed period, 25,60 lei/share, influenced by the positive dynamic of the market, respectively the attainment of a historical maximum of the BET index which increased by 21% since the beginning of 2024.

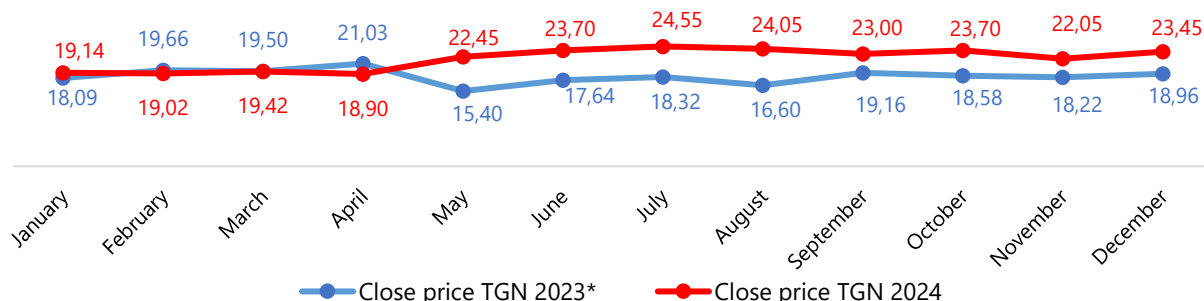
In August, the closing price of TGN share oscillated around the value of 24,00 lei/share exceeding by 45% the values of the same month of 2023, subsequent to the publication of the half year financial statements and the steps taken by the company's management to sign a syndicated loan contract in the total amount of 1,93 billion lei to ensure the financing of strategic investment projects included in the Development Plan of the National Gas Transmission system (NTS) approved by ANRE, strategic investments supported by the Romanian Government and meant to contribute in a real manner to the fulfilment of the sustainable and competitive development of the gas transmission infrastructure, to ensure the strengthen the national, regional and European energy security and solidarity.

Also, in September, SNTGN Transgaz SA obtained new financing from the Modernization Fund for strategic projects by signing the financing contract for "Increasing the transmission capacity of the NTS and the security of gas supply of the Electrocentrale Isalnita Branch (the county of Dolj) and of the Electrocentrale Turceni Branch (the county of Gorj) in the total amount of approximately 8,5 million euro, as for the stock evolution in September Transgaz share continued its upward trend reaching in the end of the month the value of 23,00 lei/share, 20% more than in the same period of 2023.

In the beginning of October 2024, based on the optimism on the European financial markets that registered an upward trend due to a favourable economic context, the BET index increased by 1,65% reaching the highest daily yield in the period September 2023-October 2024 and Transgaz share recorded an increase of 3,7% reaching on 07.10.2024 the maximum of October namely, 24,15 lei/share.

Subsequently, based on the publication of the financial statements for the nine months period ended 30 September 2024, the TGN share continued its upward trend oscillating around the value of 24 lei/share. In the second part of November the fear of investors on the escalation of the tensions between Russia and Ukraine lead to the decrease of the stocks exchanges at a world level locally, the BSE indices registered decreases in the context of political instability.

Subsequently, in December the TGN share continued its upward trend recording in the last trading day of the year the amount of 23,45 lei/share, approximately 24% more than the value recorded in the last trading day of 2023, namely 18,96 lei/share.



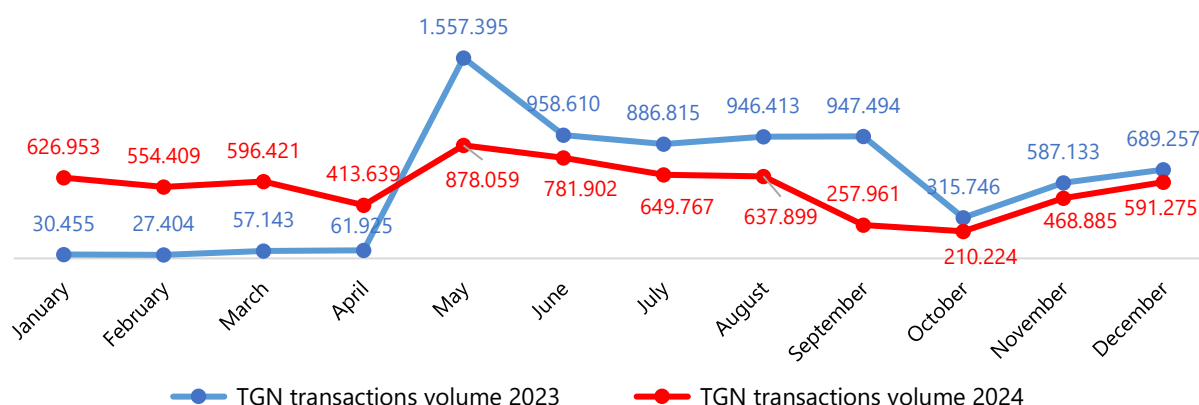
**Chart 21 - The closing price of the TGN shares in 2024 compared to 2023**

\* To ensure the most accurate reflection of the TGN share value evolution, the price indicated in the chart is adjusted by the 1:16 ratio for the period 03.01-28.04.2023, taking into account the operation of increasing the share capital of SNTGN Transgaz SA by incorporating the reserves with 03.05.2023 the registration date and 04.05.2023 the payment date.

Traded volumes and transaction values for the period ended 31 December 2024 registered oscillating values compared to 2023. Thus, in the first 4 months of 2024 the traded volumes recorded an average growth approximately 16 times higher than compared to the same period of 2023.

In the period May and September 2024, they registered lower values compared to the same period of 2023, and on 04.05.2023 the operation of increase of the share capital of SNTGN Transgaz SA took place by incorporation of reserves, constituted from the net profit of the previous financial years in the amount of lei 1.766.076.600 from the amount of lei 117.738.440 to the amount of lei 1.883.815.040, by issuing 176.607.660 new shares, and each shareholder registered in the Transgaz shareholder register on the registration date received free of charge a number of 15 shares for 1 share held.

In the period October to December 2024, volumes traded followed an upward trend but with lower values than in the same period last year



**Chart 22 - TGN transactions volume in 2024 compared to 2023**

In terms of transaction values, they fluctuated throughout the year 2024, compared to 2023, with the daily maximum being reached in August, namely on 05.08.2024, when a traded value of 3.650.905,10 lei was recorded.

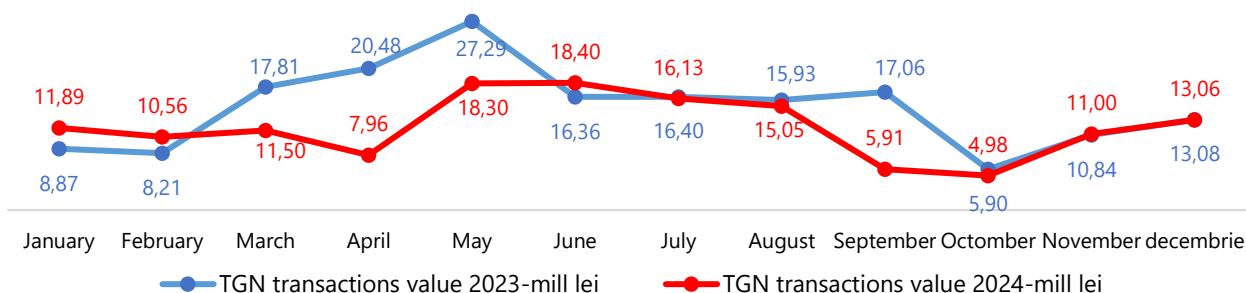
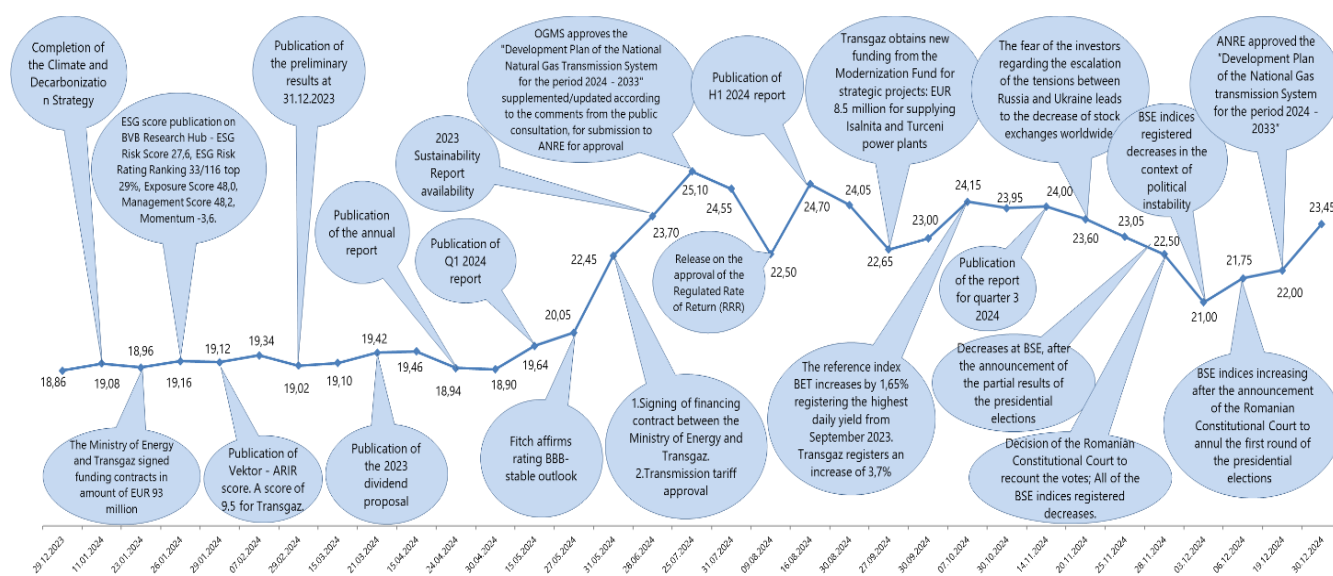


Chart 23 - TGN trading value – mill. lei in 2024 compared to 2023

## Main corporate events with an impact upon the TGN share price in 2024



## Stock Market Indices: P/BV, EPS, PER, DIVY

Date	P/BV	PER*	DIVY	EPS
30.12.2024	1,02	15,17	1,49	1,55
29.12.2023	0,89	14,77	3,71	1,28

In the period ended 30 December 2024, **the P/BV ratio** (a share price to book value ratio) increased compared to the same period of 2023, the over-unit value of this indicator showing that the TGN share is correctly valued by the market.

At the same time, **the PER ratio** (share price to earnings ratio) recorded a net higher value compared to the value recorded on 29.12.2023, reflecting investors' confidence in the company's activity but also the optimistic expectations of the market.

The decrease in **dividend yield (DIVY)**, compared to the value recorded on 29.12.2023, was determined by the lower value of the gross dividend for financial year 2023, namely lei 0,35/share (according to OGMS 3/24.04.2024) as compared to lei 0,70/share (according to OGMS 5/27.04.2023).

Also, from the data presented it results that the **EPS (profit per share)** increased in the period ended 30 december 2024 as compared to the same period of 2023, recording a value of 1,55 due to the decrease in the profit related to 2023 and the increase in the total number of shares on the market as a result of the company's share capital increase.

#### **TGN share in the stock market indices (BET, BET-TR, BET Plus, BET-NG, BET-XT, BET-BK)**

On 30 December 2024, the last trading day of the year, the weighting of the TGN share in the composition of the stock market indices is as follows:

<b>Name of stock market index</b>	<b>Place</b>	<b>Share in index</b>
<b>BET</b> (the BSE reference index, it represents the 10 most liquid companies listed on the BSE)	9	3,24%
<b>BET-BK</b> (benchmark index, calculated as a price index weighted by the free float capitalisation of the most traded companies listed on the BSE regulated market)	10	4,93%
<b>BET-NG</b> (sector index / energy - utilities)	6	5,93%
<b>ROTX</b> (an index developed by the BSE together with the Vienna Stock Exchange - Wiener Borse AG - which reflects in real time the movement of blue chip shares traded on the BSE)	9	3,63%
<b>BET-XT</b> (blue-chip index reflects the price evolution of the most liquid 25 traded companies)	9	3,27%
<b>BET-TR</b> (the first total return index, launched by BSE, based on the structure of the market reference index, BET reflects both the price evolution of the component companies and the dividends they offer)	9	3,24%
<b>BET-XT-TR</b> (the total return BET-XT index, including the 25 most traded Romanian companies listed on the Bucharest Stock Exchange. The BET-XT-TR index reflects both the price evolution of the component companies and the dividends they offer)	9	3,27%

## Stock market capitalization

The stock market capitalization of the company at the end of the period ended 30 December 2024 increased compared to the same period of the year 2023 by 24,34%, that is by lei 865 million (~ EUR 174 million), from lei 3.553 million (EUR 714 million) registered on 29.12.2023 to lei 4.418 million (~EUR 888 million) registered on 30.12.2024.

Currency	2024		2023	
	03.01.2024	30.12.2024	03.01.2023	29.12.2023
LEI	3.541.572.275	4.417.546.269	3.396.753.994	3.552.875.165
EURO	712.145.799	887.699.194	689.374.301	714.203.185
Euro/BNR exchange rate	4,9731	4,9764	4,9273	4,9746

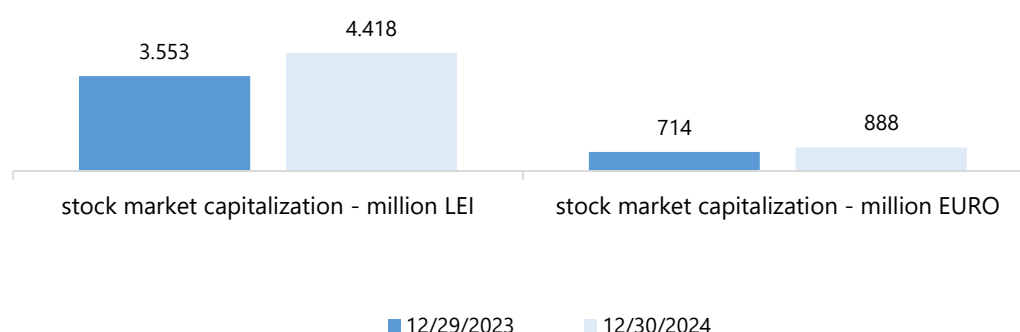


Chart 24 - Stock market capitalization of Transgaz on 30.12.2024 vs. 29.12.2023

Following the market capitalization registered by the company in December 2024, the Bucharest Stock Exchange ranked Transgaz 10 in the Top 15 companies listed on the Bucharest Stock Exchange, by market capitalization.

## The TGN share compared to BET, BET-BK, BET-TR, ROTX, BET-NG and BET-XT stock indices in 2024:

### TGN VERSUS BET



### TGN VERSUS BET-BK



### TGN VERSUS ROTX



### TGN VERSUS BET-NG



### TGN VERSUS BET-TR



### TGN VERSUS BET-XT



Source: <http://www.bvb.ro>

**Chart 25 – The TGN share evolution compared to stock exchange indices BET, BET-BK, BET-TR, ROTX, BET-NG and BET-XT in 2024**

## Dividend policy

In 2024 the value of the dividends for financial year 2024 was established based on GO 64/30 August 2001 on the distribution of profit to national enterprises, national companies and trading companies with full or majority state capital, as well as to autonomous administrations subject to the application of the 51,1209099% rate to the distribution of profit as dividends.

According to Article 67 (2) of Law 31/1990 on trading companies, republished as amended, dividends are distributed to shareholders proportionally to their stake in the share capital. The share capital of Transgaz is lei 1.883.815.040, meaning 188.381.504 shares with a nominal value of lei 10/share.

Thus, in accordance with OGMS Resolution 3/24.04.2024, SNTGN Transgaz SA paid dividends through Depozitarul Central SA and Banca Transilvania, the appointed paying agent, starting from 18 July 2024 (the date of payment), for the shareholders registered at the registration date of 28 June 2024, the value of the gross dividend/share amounting to lei 0,35.

Up to the end of 2024, the company paid net dividends to shareholders for financial year 2023 amounting to lei 60.546.480,88 for a total of 187.509.761 shares.



### **Transgaz' rating**

From 2006 to March 2019, S&P Global Ratings rated and monitored the Transgaz rating. Getting this rating was a necessary step in addressing an openness policy to international capital markets, with a view to obtaining the most advantageous sources of funding and also providing a valuable instrument to investors in the IPO stock listing process as well as the SPO. Thus, S&P Global Ratings published the latest report in 2018, revising the outlook for Transgaz, from stable to negative, and, at the same time, it affirmed the company's credit rating at BB +.

In 2019, following the internal analysis and in compliance with all the legal provisions regarding the procurement of rating services, the company concluded a credit rating contract with Fitch Ratings. Thus, following the evaluation, on 17 July 2019 the agency awarded Transgaz the 'BBB-' rating, Stable Outlook.

In 2024, Fitch Ratings confirming the company's rating of 'BBB-' with Stable Outlook. According to the agency's report *"The ratings reflect SNTGN TRANSGAZ SA's (Transgaz) solid business profile as the concessionaire and operator of the gas transport network in Romania, which we perceive as broadly unchanged following the recent addition of Moldova's gas TSO operations, as well as our expectation of regulatory continuity into the new five-year regulatory period (RP5), whose start has been postponed by one year to October 2025"*.

### **3.9 List of all entities where Transgaz holds shares**

- **SC MEBIS SA Bistrita**, based in Bistrita, (J06/150/1991), where SNTGN Transgaz SA owns 17.47% of the share capital, having as object the realization of metal structures and complex welded assemblies, assemblies and hydraulic products; is in liquidation proceedings, which is why the shareholding in SC MEBIS SA was fully provisioned. SNTGN Transgaz SA has no obligations towards SC MEBIS SA;
- **SC EUROTRANSGAZ SRL** with headquarters in Chisinau, Republic of Moldova, where SNTGN Transgaz SA owns 100% of its share capital with the objective of producing, transporting, distributing, storing and supplying natural gas, pipeline transport, storage as well as business consulting activities; management (establishment of this subsidiary was approved by EGMS Resolution No. 10 of 12.12.2017); in 2018, the subsidiary purchased State Enterprise Vestmoldtransgaz.
- **Shareholding in TRANSPORT ROMÂNIA HIDROGEN S.R.L**

By EGMS Resolution No. 5 of 05 June 2024 the establishment of a limited liability company with the object of activity of hydrogen transport, with sole shareholder SNTGN Transgaz SA, was approved.

## 4 ACTIVITY ANALYSIS

### 4.1. Operation activity

**Domestic gas transmission** ensures the fulfilling of all obligations of Transgaz to provide NTS access to network users in equivalent, non-discriminatory and transparent conditions and contract clauses.

In 2024, a total of 1.268 contracts were concluded and signed with network users, of which 1.253 contracts for domestic points and 15 contracts for cross-border interconnection points, for gas transmission services, including annual, quarterly, monthly, daily, within-day capacity products for National Gas Transmission System entry/exit points, including for the Csanadpalota, Ruse - Giurgiu, Negru Vodă 1/Kardam and Isaccea 1/Orlovka and Ungheni interconnection points.

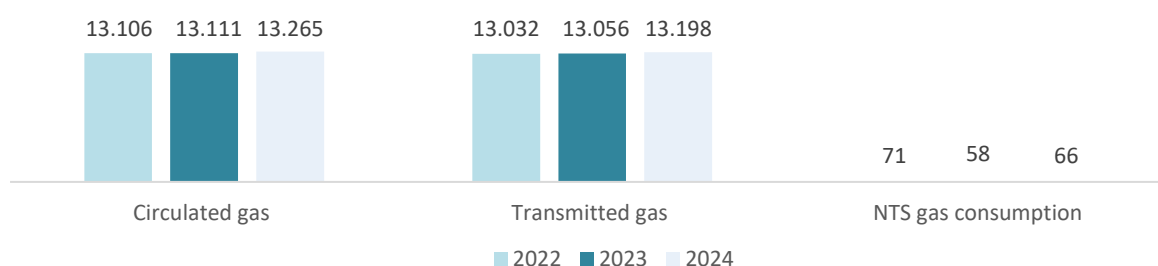
**The number of gas contracts for gas transmission with capacity booking at the domestic NTS entry/exit points**, concluded in January- December 2024 by type of booked capacity product is as follows:

Contract type	Annual	Quarterly	Monthly	Daily	Total
No. of contracts	102	148	960	43	1.253

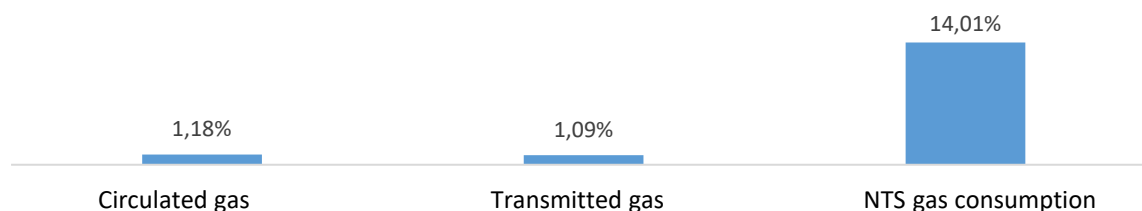
The gas quantities circulated and transmitted through the National Transmission System (NTS) and the technological consumption in 2022-2024 are as follows:

Indicator	MU	2022	2023	2024	+/-	%
1	2	3	4	5	6=5-4	7=5/4-1
<b>Circulated gas</b>	thousand cm	13.106.226	13.110.875	13.265.284	154.409	1,2%
<b>Transmitted gas</b>	thousand cm	13.032.066	13.055.920	13.197.787	141.867	1,1%
<b>NTS gas consumption</b>	thousand cm	70.739	57.690	65.773	8.083	14,0%
<b>The share of NTS gas consumption / circulated gas</b>	%	0,54%	0,44%	0,50%		

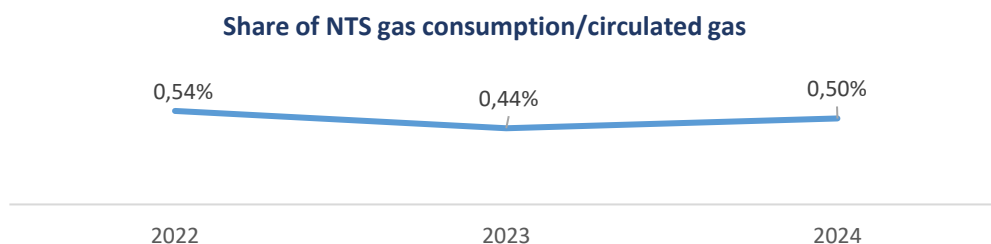
**Table 14 – Evolution of gas quantities circulated, transmitted, and NTS gas consumption in 2022-2024**



**Chart 26 - Circulated, transmitted gas quantities and NTS consumption in 2022-2024**



**Chart 27 - Circulated and transmitted gas quantities and NTS gas consumption in 2024 compared to 2023**

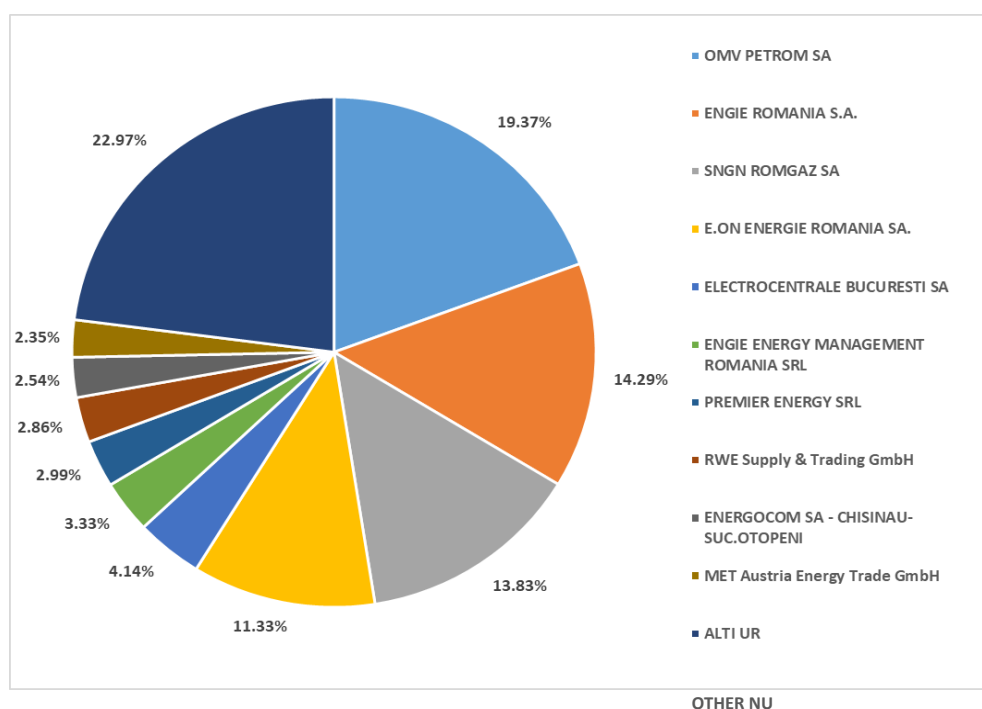


**Chart 28 – The evolution of the share NTS gas consumption in total circulated gas in 2022-2024**

	2022	2023	2024
<b>PLANNED NTS GAS CONSUMPTION–thousand cm</b>	86.136	60.880	58.493
<b>ACHIEVED NTS GAS CONSUMPTION–thousand cm</b>	70.739	57.690	65.773

**Table 15– Gas quantities as NTS gas consumption achieved vs planned in 2022-2024**

**The main beneficiaries** of the gas transmission service in 2024:



**Chart 29 - The share of the main NTS u:**

Through the **transmission services** contracted in 2024, the total quantity of 141.653.475,812333 MWh (13.211.478,811 thousand cubic meter) was transmitted to:

	MWh	thousand cm	%
<b>Distribution</b>	69.938.724,865963	6.522.917,820	49,37
<b>Direct customers</b>	27.630.534,620156	2.576.994,462	19,51
<b>Storage</b>	19.166.575,526277	1.787.593,315	13,53
<b>Export Csanadpalota, Giurgiu Ruse, Negru Voda, Ungheni</b>	24.917.640,799937	2.323.973,214	17,59

## 4.2 The investment activity

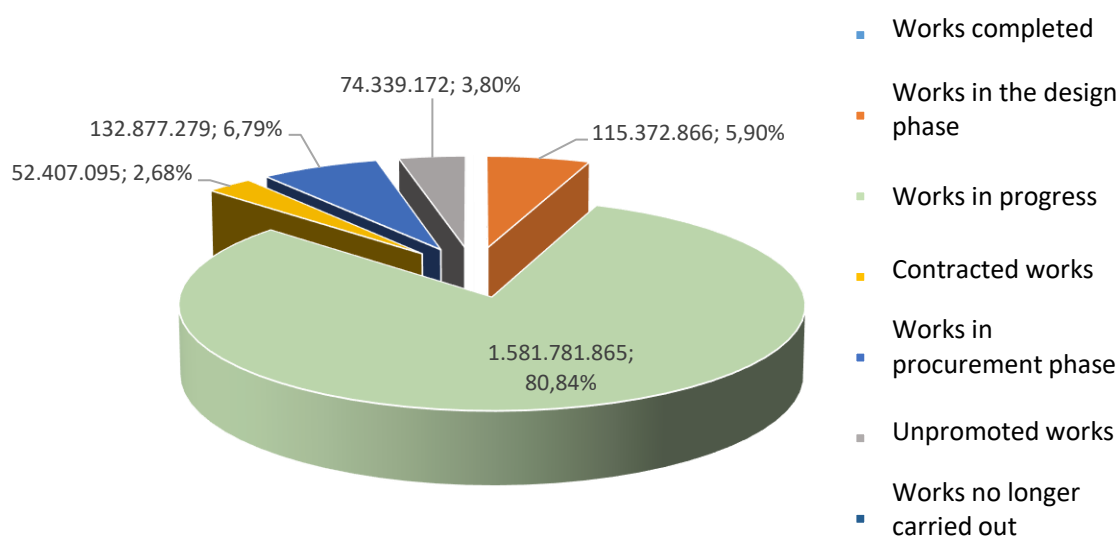
The investment activity is mainly directed towards the modernization and development of the NTS in order to improve efficiency, to increase its capacity and to develop new consumption areas.

The amount of investment development and upgrading programme for 2024, approved in the revenue and expense budget was lei **1.956.778.277** according to Board of Administration Resolution 36/19.12.2023.

Compared to the total value of the program of **lei 1.956.778 thousand**, the total value of achievements is **lei 1.797.832 thousand**, which is a program fulfillment of **92 %**.

**In January 2024, the structure of the Modernisation and Investment Development Plan was as follows:** 80,84% works in progress from 2023, 6,79% works in the procurement procedure, 5,90% works in the design phase, 3,80% works not requested and 2,68% contracted works awaiting start order.

**Modernisation and Investment Development Plan – January 2024**

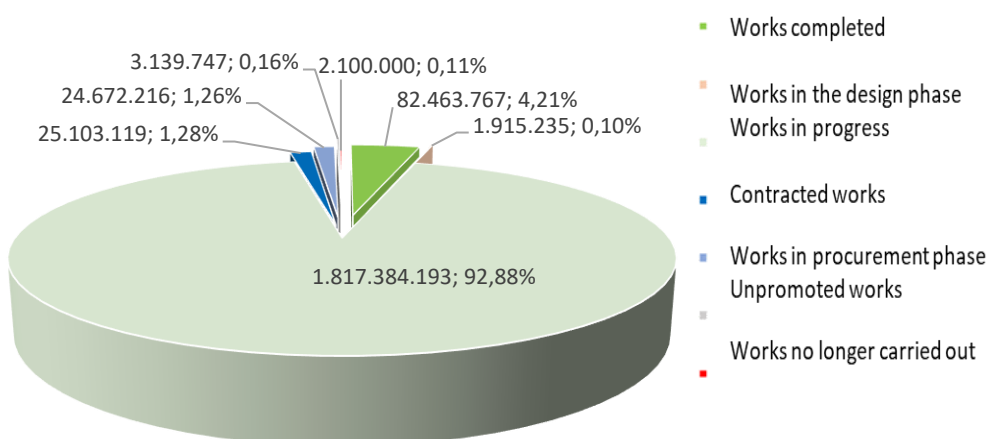


**Chart 30 – Modernization and Development Plan 2024 – January 2024**

**At the end of 2024 the structure of the Modernisation and Investment Development Plan was as follows:** 92,88% works in progress, 4,21 works completed, contracted works awaiting start order 1,28%, works in the procurement procedure 1,26%, works in other stages 0,37%.

Compared with the situation of the works at the end of January, the percentage of works in progress increased, mainly in conjunction with a decrease in the percentage of works in the design and procurement phase.

**Modernisation and Investment Development Plan – December 2024**



**Chart 31 – Modernization and Development Plan 2024 – December 2024**

**The main investment objectives completed until the end of 2024 are the following:**

- DN600 Mihai Bravu – Siliștea gas transmission pipeline and transformation into a piggable pipeline, Danube Undercrossing Măcin Arm and Borcea Arm;
- Securing DN500 Hurezani-Corbu-București F1 and F2 pipelines at the abovecrossing of Amarazuia, River, Stejari area, Gorj county;
- DN 500 Plătărești–Bălăceanca gas transmission pipeline;
- TN Racova - power supply to actuator and automation components;
- Capacity increase PRMS Lețcani;
- Connection and PRMS Dumbrava, Ciurea, Iași county;
- Connection and PRMS Gușoeni, Valcea county;
- Connection and PRMS Dorobanț (Aroneanu), Iași county;
- Construction of crossroad between DN73A - KM 16+305 with the access road to TN Stâlp 89 Râșnov and modernization of the access road to the objective;
- Securing DN300 connection pipeline Stejari MP connection in the vicinity of Amărăzuia stream, Stejari, Gorj county;
- Securing the abovecrossing of Valea Tarsei River with CTGN DN 700 Izvor Plateau Sinaia - Filipești, Valea Tarsei, Prahova countyCathodic protection on the gas transmission DN400 connection pipeline MRS Alprom Slatina, Olt county;
- Power supply and interior power installations at MRS Marpod;

- Relocation of cathodic protection station Bradu 8 5/8", Argeş county;
- Location of metallic containers module for offices and storage spaces for Ploieşti sector;
- Modernization of Bacau Regional Office premises;
- Computers;
- Flow computer type ERZ-2000 NG;
- Securing gas transmission pipelines DN 500 Filipeşti - Răzvad and DN 400 Filipeşti - Moreni, undercrossing of the Cricovul Dulce river, I.L. Caragiale area, Dâmboviţa county;
- Securing the abovecrossing over the Tarnava Mica river with DN200 Fântânele-Sovata gas transmission pipeline, Chibed area, Mures county
- Replacement of the undercrossing of the county road, railway Bucharest Beltway and railway Progresu of the gas transmission pipeline DN 700 Bucharest Ring, Moara Domneasca-Măgurele section;
- Securing DN 350 Căşei-Baia Mare gas transmission pipeline at the undercrossing of the Craica stream, Baia Mare area, Maramureş county - acceptance underway;
- Securing gas transmission pipeline DN700 Platou Sinaia - Filipeşti, Talea - Breaza area, Prahova county;
- Securing gas transmission pipeline DN 500 Schitul Golesti-Govora, Slanic area, Arges county;
- Power supply and interior power installations at MRS Şelimbăr;
- Cathodic protection on the DN300 Nedelea-Scaieni gas transmission, Scaieni area, Prahova county;

#### **The main works in progress:**

- Development on the Romanian territory of the Southern Transmission Corridor for taking over the Black Sea gas, Black Sea-Podişor Gas Transmission Pipeline;
- MRS Timişoara I – MRS Timişoara III gas transmission pipeline (including power supply, cathodic protection and optical fiber);
- Timişoara- Deta- Denta- Moraviţa gas transmission pipeline, Timiş county;
- Tg. Neamţ - Balăteşti gas transmission pipeline, Neamţ county;
- CTGN Bentu, CTGN Siliştea Bucureşti-Cotu Ciorii;
- Modernization of central hardware and software infrastructure - servers and SCADA operator stations;
- Securing DN 800 Butimanu - Brazi gas transmission pipeline at the Prahova river undercrossing, Stănceşti area, Prahova county;
- Deviation of DN 800 Oneşti-Han Domneşti and DN 500 Oneşti-Adjudul Vechi gas transmission pipelines at Căiuţi, Bacău county;
- Modernization of CS Vinţu;
- Ariniş - Oarţa de Jos gas transmission pipeline (including power supply, cathodic protection and optical fiber);
- Securing DN 800 BRUA gas transmission pipeline, Jupâneşti area, jud. Gorj;
- Replacement of DN 500 Moineşti-Dărmăneşti gas transmission pipeline, Dărmăneasca-Dărmăneşti area, Bacău county;
- Securing DN700 Izvor Plateau Sinaia - Filipeşti gas transmission pipeline, Ghioşşti Comarnic area, Prahova county;



- Securing DN 700 Moghioroș-Onești and DN 800 Moghioroș-Onești gas transmission pipelines, Ferăstrău area, Bacău county;
- Securing Arieș River abovementioned with DN 500 Ozd - Câmpia Turzii gas transmission pipeline in the Lunca area, Cluj county;
- Securing DN 700 Tăuții Măgherauș-Ulmeni gas transmission pipeline at the Lăpuș River undercrossing, Bușag area, Maramureș county;
- Connection of Siret River abovementioned with the DN 800 Han Domnești-Tecuci gas transmission pipeline, Cosmești zone;
- MRS Moinești I (Dealul Mare) connection to national gas transmission system and to gas distribution system;
- Construction of administrative building and materials storage at the Bucharest Regional Office (design and execution);
- Rehabilitation and modernization of the Transgaz building in 30 Dorobanți Road Bucharest;
- Connection and PMRS CC Thermoenergy, Bacău, Bacău county;
- PRMS Rediu capacity increase, Iași county;
- Connection and PRMS Copalau, Botoșani county;
- Connection and PRMS Valea Mare Pravăț, Argeș county;
- Connection and PMRS Visina, Olt county;
- Connection and PMRS Borlești, Neamț county;
- Connection and PRMS Almaj, Dolj county;
- Connection and PRMS Zănești, Neamț county;
- Connection and PRMS Fertilplant Crizbav, Brașov county;
- Connection and PRMS Niculești, Dâmbovița county;
- Connection and PRMS Botești, Neamț county;
- Connection and PRMS Târgu Trotuș, Bacău county;
- Connection and PRMS Toplița, Harghita county;
- Connection and PRMS Costișa, Neamț county;
- Connection and PRMS Vatra Dornei, Suceava county;
- Connection and PRMS Asphalt Plant S.C. FAR FOUNDATION S.R.L., Bistrița-Năsăud county;
- PRMS Cârliși capacity increase, Neamț county;
- Connection and PRMS Timișești Neamț county;
- Connection and PRMS Poiana, Dâmbovița county;
- Connection and PRMS Budești, Vâlcea county.

**The main works with signed contract but awaiting start order:**

- Ghercești – Jitaru gas transmission pipeline;
- Râmnicu Vâlcea - Tetila gas transmission pipeline (including power supply, cathodic protection and optical fibre);
- Securing DN 300 gas transmission pipeline bypass Piatra Neamț in Valeni area and mounting a gas pressure regulating equipment in Savinesti area, Neamț county;
- Connection and PRMS Bălteni, Vaslui county;
- Mounting of regulating valve at TN Hurezani in the Hurezani-Corbu-Bucharest direction, pigging pipeline;

**The main works under procurement:**

- Prunișor-Orșova-Băile Herculane-Jupa gas transmission pipeline;
- TN Hurezani – Bibești – TN Turburea gas transmission pipeline, județul Gorj county;
- Connection and PRMS Segarcea, Dolj county;
- Connection and PRMS Ciumeghiu, Bihor county;
- PRMS Tămășeni (current) capacity increase, Neamț county;
- PRMS Brătuleni capacity increase, Vorovești, Iași county;
- Connection and PRMS Roserv Green Energy Onesti, Bacau county;
- Connection and PRMS Scornicești Olt county;
- Connection and PRMS Brezoele, Dâmbovița county;
- Increasing the transmission capacity of the NTS and the security of natural gas supply of the Ișalnița Electrocentrale Branch (Dolj county) and the Turceni Electrocentrale Branch (Gorj county);
- Connection pipeline capacity increase and PRMS Luna, Cluj county;

**The main works under the preparation of the technical and design documentation phase:**

- Segarcea-Băilești-Calafat gas transmission pipeline;
- Vladimirescu-Lipova gas transmission pipeline;
- BRUA (Phase II);
- DN 500 Horia-Borș gas transmission pipeline;
- Techirghiol-Ovidiu gas transmission pipeline;
- DN 800 Bordoșiu-Coroi gas transmission pipeline (including power supply, cathodic protection and optical fibre);
- CS Coroi;
- Mounting pig receiving station DN600/ANSI400 in TN RECAS;
- DN700 Gănești - Botorca transmission pipeline and interconnections between new DN700 Coroi - Gănești pipeline and the DN700 Band - Idrifaia and DN600 Coroi - Botorca - Băcia (West II) pipelines, in the Bahnea and Gănești areas;
- Securing DN 300 Agârbiciu - Sibiu pipeline, Șeica Mare area;
- Mounting a gas flow metering system at GMS Negru Voda Transit 1 (flow computers, master computer system and transducers);
- Securing DN500 Schitu Golesti-Tigveni gas transmission pipeline at the abovecrossing of the Valea Danului River, Valea Danului area, Argeș county;
- Connection and PRMS Craiova Sud, Dolj county;
- Upgrading and replacement of technological installations at MRS Miercurea Ciuc;
- Modernization of the work capacity and professional training area MK Constanta;
- Modernization of the Valea Lungă storage;

## MAJOR PROJECTS

For compliance with Art. 22 of European Directive EC/73/2009 on the obligation of all EU gas transmission system operators to prepare **TYNDPs**, SNTGN Transgaz SA Mediaș, as the technical operator of the National Gas Transmission System of Romania, prepared the **Development Plan for the gas transmission system for 2024-2033, approved by ANRE by Decision No.1944/01.11.2022 updated and approved by ANRE by Decision No. 2717/17.12.2024.**

Through the proposed major projects, the company aims to become an energy hub in Eastern Europe both from the perspective of achieving a gas transmission network strongly interconnected with similar gas transmission networks in the region, and from the perspective of gas supplying.

### ***Development on the Romanian territory of the National Gas Transmission System on the Bulgaria – Romania – Hungary – Austria Corridor – Phase II***

#### **Description of the project:**

**BRUA Phase II** consists in the achievement of the following objectives:

- Gas transmission pipeline Receaș–Horia 32"x 63 bar approx. 50 km long.
- Expansion of the three compressor stations (CS Podișor, CS Bibești and CS Jupa) by mounting an additional compressor unit in each station;
- Expansion of the existing gas metering station GMS Horia.

The implementation of the BRUA-Phase II Project results in enabling the physical possibility of permanent bi-directional flow between the interconnections with Bulgaria and Hungary.

## **2. Project status:**

SNTGN Transgaz SA together with FGSZ initiated at the end of 2017 the Open Season procedure for the Romania-Hungary Interconnection Point (Csanadpalota). Initially, the offered capacity was oversubscribed thus demonstrating market interest and ensuring the commercial viability of the BRUA Phase II project, the economic tests were successfully passed.

Within the legal deadline (until 14 December 2018), some network users who had booked capacity under the Open Season procedure exercised their step down right to their booked capacity. In this situation, the procedure would not be resumed in its previous form.

SNTGN Transgaz SA would apply the provisions of Regulation (EU) No 459/2017 establishing a network code on capacity allocation mechanisms in gas transmission systems **in order to determine the appropriateness of opening an incremental capacity process.**

On 05.07.2021, Transgaz has launched a process of assessment of non-binding requests for incremental capacity, starting with the gas year 2021-2022. The results of the assessment process of non-binding market requests for incremental capacity carried out in 2021 are included in the Incremental Capacity Demand Assessment Reports between Romania and Bulgaria, between Romania and Hungary, and between Romania and Ukraine and are published on the SNTGN Transgaz SA website and on the ENTSO-G website at the following links:

- <https://www.transgaz.ro/rapoarte-evaluare-cerere-piata>
- <https://www.entsog.eu/capacity-allocation-mechanisms-nc#incremental-capacity-process-2021-demand-assessment>.

The initiation of an incremental capacity process is a legal obligation for all TSOs in the EU, at least every odd year, whereby adjacent TSOs assess in two distinct steps the non-bidding/bidding demands from the market for incremental capacity.

The Technical Documentation for obtaining the Construction Permit is finalized and submitted to the Competent Authority for Projects of Common Interest and the updated FEED is endorsed by the ETC.

### ***Development on the Romanian territory of the transmission pipeline for taking over the Black Sea gas (Tuzla – Podișor)***

#### **Description of the project:**

The main objective of this investment is the construction of a natural gas transmission pipeline Tuzla-Podișor, 308.3 km long and DN 1.200 respectively DN 1.000, connecting the natural gas resources available on the Black Sea coast with the BULGARIA-ROMANIA-HUNGARY-AUSTRIA corridor, thus ensuring the possibility of transporting natural gas to Bulgaria and Hungary through the existing interconnections Giurgiu-Ruse (with Bulgaria) and Nădlac-Szeged (with Hungary).

The pipeline has been designed to transport natural gas at a pressure of 63 bar and is located in the south-eastern part of the country, and its route follows the general direction from south-east to west, crossing the counties: Constanta, Calarasi and Giurgiu.

The pipeline consists of two sections as follows:

- Section I, Black sea coast–Amzacea, 32,4 km long, diameter Ø48" (Dn1200) and technical capacity of 12 bcma;
- Section II, Amzacea–Podișor, 275,9 km long, diameter Ø40" (Dn1000) and technical capacity of 6 bcma.

#### **Impact on the cross border capacity:**

A phased capacity increase of the Bulgaria-Romania-Hungary-Austria bi-directional transmission corridor, which currently provides 2.63 bcma of transmission capacity with Hungary. Three levels of capacity development with Hungary at 2.98 bcma, 4.38 bcma and 5.32 bcma are proposed in the incremental capacity process for gas transmission on the Vertical Corridor.

#### **Project status:**

The natural gas transmission contracts concluded as a result of the procedure on the booking of incremental capacity in the NTS with ROMGAZ BLACK SEA LIMITED and OMV PETROM were signed. The work is in the construction phase.

The works are performed by the company KALYON INSAAT SANAYI VE TICARET ANONIM SIRKETI, TURKEY, on the basis of the works contract number 51/05.02.2021 and the Construction Authorization No. 5 dated 17.05.2018 issued by the Ministry of Energy.

The Administrative Order of Commencement was issued on 16 June 2023. Main activities and works achieved:

- site management and pipe storage;
- works for access roads to the working aisle and valve stations;
- works for the stripping of topsoil in the working aisle;
- delivery and reception of pipe material in storage / site management;
- stringing of pipe material on construction corridor;
- linear pipe welding with automatic welding machines;
- non-destructive testing, blasting and insulation of welds carried out;
- pipe trenching;
- preparation and execution of crossing/undercrossing works on special objectives;
- works at the valve stations located on the pipeline route (civil, mechanical, electrical and automation works); installation of fiber optic monotube; restoration of the land to its original state;
- biodiversity monitoring and environmental protection works.

#### 4.3 Maintenance activity

##### Repair and Rehabilitation Works Programme for NTS Maintenance

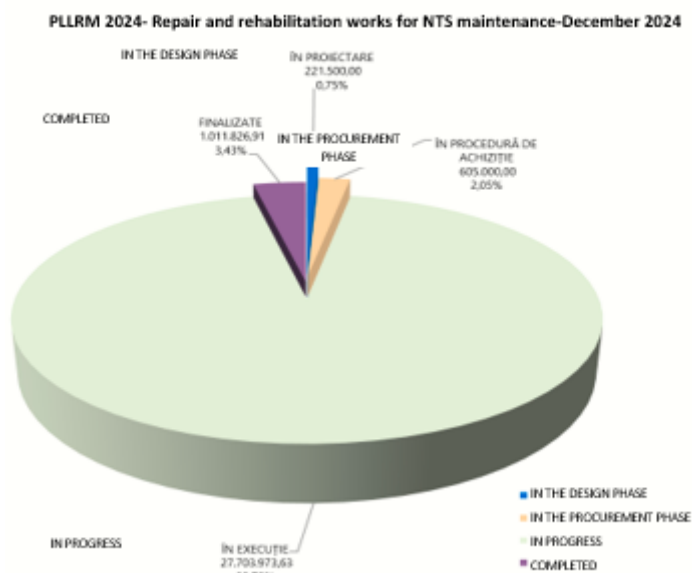
The **Repair and Rehabilitation Work Plan for NTS Maintenance (PLRRM) 2024** had an allocated value of **lei 29.542.300,54**.

The implementation of the Repair and Rehabilitation Works Programme for NTS Maintenance at the end of 2024 compared to the planned level is as follows:

No.	Chapter name	Programme 2024	Achieved in 12 months 2024	%
0	1	2	3	$4=3/2*100$
<b>Chap. A. REPAIR AND REHABILITATION WORKS FOR NTS MAINTENANCE (lei)</b>				
1.	Repairs and rehabilitation of main pipelines	29.160.100,54	27.850.365,38	95,51%
2.	Metering regulating stations (MRS) repairs	-	-	-
3.	Repair of technological nodes		-	-
4.	Compressor stations repairs	-	-	-
5.	Repairs to special constructions related to MRSs and VCSs	225.000,00	141.012,17	62,67%
6.	Cathodic protection systems (CPS) repairs	-	-	-
7.	Repairs to CT installations and equipment	35.000,00	24.089,00	68,83%
8.	Building repairs	122.200,00	105.161,60	86,06%
<b>TOTAL WORKS</b>		<b>29.542.300,54</b>	<b>28.120.628,15</b>	<b>95,19%</b>

**Table 16 - Implementation of the Repair and Rehabilitation Works Programme for NTS Maintenance (PLRRM)-31 December 2024**

On 31.12.2024 the works in the Repair and Rehabilitation Works Programme for NTS Maintenance (PLRRM) 2024-2026 were at different stages: 93,78% works in progress 3,43% completed works, 2,05% works in the procurement phase and 0,75% works in the design phase.



**Chart 32 - PLRRM 2024 - Repair and rehabilitation works for NTS maintenance - December 2024**

**The works completed in 2024 are as follows:**

- Securing DN 400 Filipești-Ghirdoveni and DN 500 Filipești-Răzvad pipeline in the Cioc plateau area;
- Repair of DN 1000 Isaccea-Șendreni pipeline, following smart pig inspection;
- Repair of DN 800 Șendreni-Butimanu pipeline, following smart pig inspection;
- Repair of optical fiber network between GMS Horia-Csanadpalota.
- Repairs/aerial painting at Mediaș Regional Office; Cluj Regional Office, Brașov Regional Office;

**The repair and rehabilitation works for NTS maintenance in progress in 2024 are as follows:**

- Repairs/aerial painting at Bucharest Regional Office;
- Preparation of DN 700 Seleuș Cristur Bățani gas transmission pipeline and transformation into a piggable pipeline - phase 2B (Harghita county);
- Repair of DN 500 Mașloc-Caransebeș pipeline, following smart pig inspection.

**The repair and rehabilitation works for NTS maintenance in the design phase in 2024 are as follow:**

- Preparation of DN 400 Micfalău-Sfântu Gheorghe gas transmission pipeline and transformation into a piggable pipeline;
- Rehabilitation of DN 700 Bucharest Ring pipelin; preparation for transformation into a piggable pipeline, Linde Gaz-Moara Domnească section.



**The repair and rehabilitation works for NTS maintenance in the procurement phase in 2024 are as follow:**

- Preparation of DN 500 Munteni-Bârlad pipeline for trasformation into a piggable pipeline;
- Repair of DN 500 Drăgășani-Căldăraru pipeline following smart pig inspection.

**Preventive works** are the works preparing the pipelines for diagnosis, followed by targeted rehabilitation works designed on the basis of diagnosis to restore nominal gas transmission capacity.

Preparing pipelines for the cleaning and diagnostic equipment is achieved by replacing or reconsidering components that do not allow running of such equipment.

The technological activity of internal pipeline cleaning has also the aim of maintaining the pipeline at its original gas transmission capacity by periodically removing impurities (solid and liquid) from upstream sources. All these activities aim to carry out maintenance of necessity, based on the principle of in-service risk assessment.

As described above, an important category of the **repair works is that based on diagnosis**, resulting from the interpretation and evaluation of the reports obtained by analysing the information provided by running intelligent pigs, which resulted in spot or area repair projects carried out using welding or seamless technologies.

Considering Art. 12 of Law 346/3 December 2007 on measures to ensure security of gas supply, **in January 2024–March 2024 no NTS works with the interruption of gas supply for more than 12 hours were performed.**

**With regard to the efficiency and effectiveness of the process of carrying out the repair and rehabilitation works on main pipelines**, the main external factors with a negative impact were as follows:

- late delivery of the materials (pipes and valves) needed to carry out the work in the current economic and political context;
- lack or expiry of the necessary permits; lack of landowner agreements.

**The following measures were taken to address the problems of carrying out repair and rehabilitation works:**

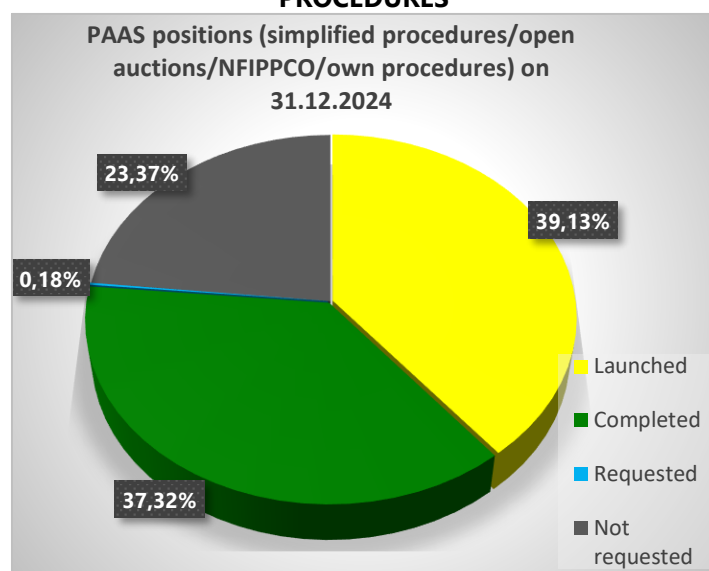
- documentation for obtaining permits/authorisations was re-drafted and submitted to the competent authorities;
- in some more difficult areas, in terms of obtaining agreements from landowners or at the request of local administrations, it was taken the decision to re-design the pipeline route and the technical solutions for construction;
- the priority works were achieved inhouse (Mediaș Subsidiary and regional offices).

#### 4.4 The procurement activity

The **Annual Sectoral Procurement Plan** (PAAS) includes all contracts that the company is to award during a year, following the conduct of procurement procedures, direct procurement and framework agreements based on which subsequent contracts are awarded, in accordance with the provisions of Law 99/2016 on sectoral procurement, as amended. **The Annual Sectoral Procurement Plan for 2024** (PAAS 2024) had an assigned value of lei **1.838.036.638,95**.

The situation of the physical implementation of procurement procedures is as follows:

##### SIMPLIFIED PROCEDURES/OPEN BIDS/ NFIPPCO/OWN PROCEDURES



##### DIRECT PROCUREMENTS

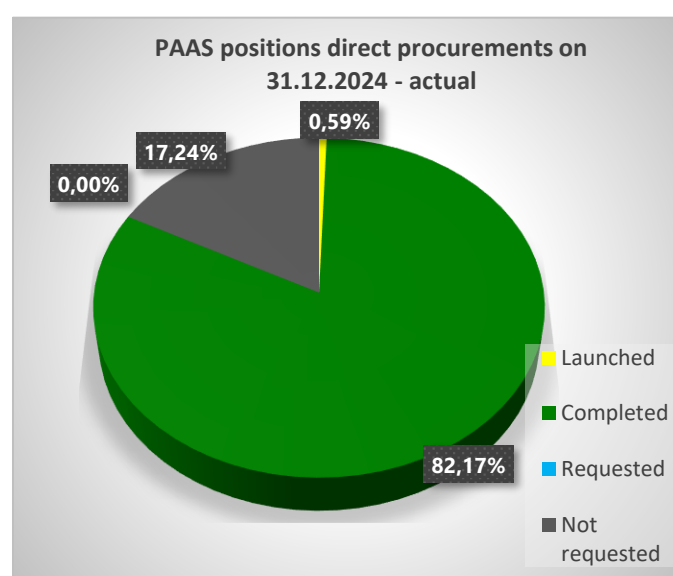


Chart 33 – Actual status of procurement procedures on 31.12.2024

#### 4.5 The legal assistance and representation activity

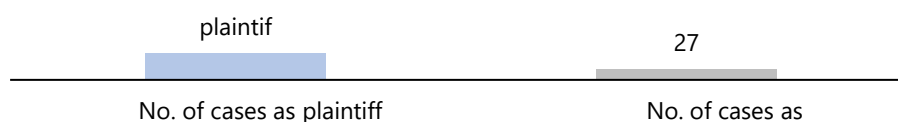
The activity of legal assistance and representation of **SNTGN Transgaz SA** before the courts and other bodies with jurisdictional activity aimed mainly at:

- ensuring legal assistance before courts of all levels of jurisdiction and other bodies with jurisdictional activity;
- initiating legal actions, establishing claims, filing statement of defence, preparing answers to statements of defence, examinations, setting objectives of expertise and / or objecting to judicial expertises approved by the court, administration of evidence, etc.
- promoting remedies at law;
- enforcement of the enforceable titles obtained;

- assistance and legal representation of Transgaz within the enforcement procedure (formulation of enforcement requests and any other steps specific to the enforcement procedure);
- preparation of various reports/evidence on the state of litigation to which the company is a party;
- participation in commissions set up to evaluate tenders submitted under the sectoral procurement procedures;
- participation in various working groups/committees in order to support normative acts promoted by various public institutions with an impact on Transgaz's activity.

According to case registry records, until 31.12.2024 there were a total of **95 cases** in which SNTGN Transgaz SA was plaintiff and defendant as follows:

- **68 cases** as plaintiff;
- **27 cases** as defendant;



**Chart 34 - Structure and number of cases in which the company was involved in 2024**

#### **Solutions:**

- **51 favourable decision cases** Transgaz (final decisions);
- **25 unfavourable decision cases** Transgaz (final decisions).

## **4.6. International cooperation activity**

In 2024, the international cooperation activity was mainly focused on:

- cooperation with Natural Gas Transmission Operators from neighboring countries (Bulgaria, Hungary, Ukraine, Moldova, Serbia) in order to jointly establish and operate cross-border interconnections;
- collaboration with European and neighbouring Transmission System Operators within the Trans-Balkan Corridor Project;
- cooperation with European and neighbouring Transmission System Operators within the Vertical Gas Corridor Project (Transgaz, DESFA Greece, ICGB, Bulgartransgaz Bulgaria, FGSZ Hungary);
- cooperation with national and international bodies, the European Commission and other institutional relations;
- working with Regional Gas Transmission Operators to develop new partnerships with relevance to the energy sector and conclude cooperation agreements or memoranda.

In order to expand its activity, **TRANSGAZ is considering the development of new partnerships with various international companies relevant to the energy sector** and, in this regard, is actively discussing the signing of cooperation agreements.

Over the years, SNTGN Transgaz SA has initiated contacts with natural gas transmission operators in the European Union and beyond, with the aim of developing partnerships for exchanging experiences and analyzing the potential of bilateral cooperation for the promotion of possible joint projects (Gaz-System Poland, ICGB - the company implementing the Greece-Bulgaria Interconnection project, Botaş-Turia GasConnect Austria, CEGH Austria, FGSZ - Hungary, SOCAR - Azerbaijan, EGAS Egypt, Energy Community Secretariat (SEEGAS initiative), etc.).

**Cooperation with European and adjacent Transmission System Operators within the Vertical Gas Corridor Project (Transgaz, DESFA Greece, ICGB, Bulgartransgaz Bulgaria, FGSZ Hungary, Gastrade)**

At the initiative of SNTGN Transgaz SA, on January 11, 2024, the meeting of the natural gas Transmission and System Operators, signatories of the Memorandum of Understanding on the Vertical Gas Corridor - SNTGN Transgaz SA, DESFA S.A., Gastrade S.A, Bulgartransgaz EAD, ICGB AD, FGSZ Ltd and. as observer, Eustream S.A., Slovakia, LLC Gas TSO of Ukraine and Vestmoldtransgaz the Republic of Moldova, took place in Bucharest. The meeting focused on the development of the work on the Vertical Corridor, which interconnects the gas transmission networks of Greece, Bulgaria, Romania and Hungary, allowing bi-directional flow of natural gas by involving non-EU states (Ukraine, Republic of Moldova) as this approach is relevant for the implementation of the Vertical Corridor.

Another important point on the agenda of the meeting was the harmonization of the planned infrastructure developments in the region, taking into account CESEC expectations and relevant EU level strategies and policies and regional aspects.

Following this meeting, the new Memorandum on the Vertical Gas Corridor was signed in Athens within the CESEC Ministerial Meeting on 19 January 2024, which marked the officialization of the opening of the Vertical Corridor to TSOs from Ukraine and the Republic of Moldova.

The coordinated work of the TSOs involved in the Vertical Corridor Initiative contributes to the removal of infrastructure barriers, thus improving gas supply and gas market liquidity in the region, while providing diversified access to LNG or other gas resources for several countries in the CEE and Balkan region.

The members of the Vertical Corridor Initiative (DESFA, Gastrade, ICGB, Bulgartransgaz, Transgaz, FGSZ, Eustream, Vestmoldtransgaz and Gas Transmission System Operator of Ukraine) worked together to achieve a harmonized incremental capacity process as required by the Network Code on Capacity Allocation Mechanisms (NC CAM).

On **01.05.2024**, the binding phase of the incremental capacity processes began.

In accordance with the provisions of Regulation (EU) No 459/2017, Transgaz, together with the members of the Vertical Corridor Initiative, held on **22.05.2024** a joint stakeholder info day on the Incremental Capacity Procedure and its offer together with the existing available capacity within the yearly annual capacity product auction, scheduled for July 1, 2024.

Within the Incremental Capacity Auction Process, no incremental capacity was allocated, the level of demands (binding demands) for incremental capacity being lower than the ones required in order for positive economic tests to be recorded.

The participants in the Vertical Corridor held a coordinated presentation of the status of the Vertical Gas Corridor Initiative projects within the CESEC Meeting on 24 September 2024.

The Vertical Corridor Gas System Operators also held a series of meetings during the last quarter of 2024 to update the Vertical Corridor Concept Paper.

### **Collaboration with European and neighbouring Transmission System Operators within the Trans-Balkan Corridor Project**

The CESEC ministerial meeting of 19 January 2024 in Athens reaffirmed the importance of harmonising gas quality and asked the regional TSOs to analyse the gas quality requirements that can be met, with a view to finding a regional solution. CESEC ministers also approved the CESEC Action Plan on Gas, which includes dedicated actions to harmonise quality parameters in the region by the end of 2024.

On June 25, 2024, a new virtual meeting was held for discussions on the harmonization of natural gas quality on the Trans-Balkan corridor. During this meeting, the following were agreed:

- 1) DG ENER to organise a dedicated workshop during the second half of June 2024 to discuss the proposals included in the document and to collect feedback from participants. In the light of this meeting, TSOs are invited to engage at technical level and to assess internally the technical feasibility of the proposed solution, as well as the actions necessary for a possible implementation, e.g. changes to existing network codes, decisions of competent regulatory authorities, etc.
- 2) Inclusion of the agreed solution(s) in a Joint Memorandum of Understanding, including an action roadmap to be signed by TSOs and relevant regulatory authorities, possibly within the next CESEC ministerial meeting to be held on 29 October 2024 in Budapest, Hungary. This would provide a tangible outcome for the next ministerial meeting, responding to the expectations resulting from the strong support received on this topic in the ministerial conclusions and the CESEC gas action plan.
- 3) Implementation of the roadmap and the necessary negotiations to amend and adapt the existing rules setting out the requirements for the quality of natural gas.

Discussions on harmonisation of natural gas quality on the Trans-Balkan corridor were continued within the workshop on the harmonisation of gas quality organised by DG ENER on 18 September 2024 and within the CESEC meeting, held in hybrid format, on 24 September 2024.

The TSOs asked the European Commission to support the regional discussion on gas quality harmonisation and to further support the parties involved in solving this issue, DG ENER has outlined a draft Memorandum of Understanding that includes concrete actions of the TSOs in the CESEC region and a timetable for their implementation.

TSOs from the CESEC Region held discussions with a view to finalizing the text of the Memorandum of Understanding proposed by DG ENER, and this Memorandum of Understanding was signed within the CESEC Summit in Budapest on 29 October 2024

## **ENNOH**

On 30 January 2024, SNTGN Transgaz SA responded to the invitation of Gasunie Netherlands and confirmed, in its capacity as gas transmission system operator in Romania, its participation in the activity of setting up ENNOH – European Network of Hydrogen Network Operators.

On 23 January 2024, a number of 32 companies (future hydrogen network operators), including Transgaz, met to start the work of setting up ENNOH. The European Commission also participated in this meeting.

The participants concluded that in the next period, the parties will work together in order to establish ENNOH, in order to submit the legally necessary documents: draft statute, list of members and draft rules of procedure to ACER and the European Commission, by 30 June.

Within the Plenary of 23 September the proposed options for the Pre-ENNOH legal and governance model were discussed and a consensus was reached on the swift transition to the establishment of Pre-ENNOH.

## ***Activities carried out in 2024 to obtain financing under the Modernization Fund***

For submission within the First Session of 2024 on the Modernization Fund, Financing Applications were prepared for the following projects:

1. Development on the territory of Romania of the National Gas Transmission System on the Bulgaria-Romania-Hungary-Austria (BRUA) Corridor – Phase II;
2. Timișoara-Deta-Denta-Moravița natural gas transmission pipeline (including fiber optics and electricity supply to cathodic protection stations);
3. Natural gas transmission pipeline on the Ghergheasa - Focșani direction (including fiber optics and electricity supply of CPS);
4. Romania-Serbia interconnection – interconnection of the National Gas Transmission System with the similar natural gas transmission system in Serbia;
5. Șăușă-Târgu Mureș natural gas transmission pipeline;
6. Increasing the transmission capacity of the NTS and the security of natural gas supply of the Ișalnița Electrocentrale Branch (Dolj County) and the Turceni Electrocentrale Branch (Gorj County);
7. Prunișor-Orșova-Baile Herculane-Jupa gas transmission pipeline (including electricity supply, cathodic protection and fiber optics) – value requested from the Modernization Fund;
8. DN600 Mihai Bravu-Siliștea gas transmission pipeline and transformation into a piggable pipeline;
9. Tetila-Horezu-Râmnicu Vâlcea gas transmission pipeline (including electricity supply, cathodic protection and fiber optics).



The total value of these projects is **EUR 558,806,399.75** and the requested value of the grant is **EUR 355,927,998.89**.

On 12.06.2024, Decision C(2024) 4190 final was issued for the financing of the project *Increasing the transmission capacity of the NTS and the security of natural gas supply of the Işalnița Electrocentrale Branch (Dolj County) and the Turceni Electrocentrale Branch (Gorj County)*.

Following the publication of the financing decision, the documents related to the financing contract were drawn up and sent to the Ministry of Energy. On 27.09.2024, SNTGN Transgaz S.A. and the Ministry of Energy signed the financing contract for the project *Increasing the transmission capacity of the NTS and the security of natural gas supply of the Işalnița Electrocentrale Branch (Dolj County) and the Turceni Electrocentrale Branch (Gorj County)*, with a non-reimbursable financing of lei 42,131,102.75 (equivalent to EUR 8,464,480.00).

During Session II of 2024 on the Modernization Fund, Financing Applications were prepared for the following projects:

1. Development on the territory of Romania of the National Gas Transmission System on the Bulgaria-Romania-Hungary-Austria (BRUA) Corridor – Phase II;
2. Timișoara-Deta-Denta-Moravița natural gas transmission pipeline (including fiber optics and electricity supply to cathodic protection stations);
3. Natural gas transmission pipeline on the Ghergheasa - Focșani direction (including fiber optics and electricity supply of CPS);
4. Romania-Serbia interconnection – interconnection of the National Gas Transmission System with the similar natural gas transmission system in Serbia;
5. Șăușa-Târgu Mureș natural gas transmission pipeline;
6. Prunișor-Orșova-Baile Herculane-Jupa gas transmission pipeline (including electricity supply, cathodic protection and fiber optics) – value requested from the Modernization Fund;
7. DN600 Mihai Bravu-Siliștea gas transmission pipeline and transformation into a piggable pipeline;
8. Tetila-Horezu-Râmnicu Vâlcea gas transmission pipeline (including electricity supply, cathodic protection and fiber optics).

The Ministry of Energy, after a preliminary assessment, sent to SNTGN Transgaz S.A., on 12.08.2024, the letter no. 5.700 by which it communicates that the non-priority investment proposals initiated by SNTGN Transgaz S.A. represent investment proposals that have already been submitted by Romania to the EIB in several stages and have been negatively assessed, which is why the Supervisory Committee decided to return the investment proposals to the beneficiary for review.

Following the launch of the First Session 2025 of the Modernization Fund regarding the submission of non-priority investment proposals, SNTGN TRANSGAZ SA promotes the following non-priority projects for financing under the Modernization Fund:

1. Development on the territory of Romania of the National Gas Transmission System on the Bulgaria – Romania-Hungary – Austria Corridor (BRUA) – Phase II

2. Romania-Serbia interconnection - interconnection of the National Gas Transmission System with the similar natural gas transmission system in Serbia
3. Natural gas transmission pipeline Timișoara - Deta - Moravița (including fiber optics and electricity supply of cathodic protection stations)
4. Natural gas transmission pipeline in the Ghergheasa-Focșani direction (including fiber optics and electricity supply to SPC)
5. Șăușa - Târgu Mureș natural gas transmission pipeline

The projects are under evaluation at the Ministry of Energy, the Managing Authority of the Modernization Fund.

The total value of these projects is **EUR 282.566.638,05** and the requested value of the grant is **EUR 185.210.268,89**.

***Activities carried out to obtain financing under the Modernisation Fund - Key Programme 1: Renewable energy sources and energy storage - Supporting investments in new capacities for the production of electricity produced from renewable sources for self-consumption:***

The following projects were drafted and submitted on 11.07.2024, through the MySMIS information system:

- Installation of photovoltaic panels for the production of electricity for self-consumption purposes at the Administrative Building belonging to SNTGN TRANSGAZ SA, located in Mediaș, C.I. Motaș square, no. 1, Sibiu county – ID 323811;
- Installation of photovoltaic panels for the production of electricity for self-consumption at TCS SILIȘTEA, belonging to S.N.T.G.N. TRANSGAZ S.A., located in Siliștea, Brăila county – ID 328054;
- Installation of photovoltaic panels for the production of electricity for self-consumption at GMS Isaccea, belonging to SNTGN TRANSGAZ SA, located in the city of Isaccea, Tulcea county – ID 328400;
- Installation of photovoltaic panels for the production of electricity for self-consumption purposes at the Administrative Building belonging to SNTGN TRANSGAZ SA, located in Medieșu Aurit – ID 328825;
- Installation of photovoltaic panels for the production of electricity for self-consumption at TCS ȘINCA, belonging to S.N.T.G.N. TRANSGAZ S.A., located in Șinca Noua, Brașov county – ID 328963.

The projects are under evaluation at the Ministry of Energy, the Managing Authority of the Modernization Fund.

The total value of these projects is lei **5.176.619,40** and the requested value of the grant is lei **935.431,52**.

**Activities carried out in 2024, in order to obtain financing under the Environment Fund:**

Preparation and submission to the Environment Fund Administration of the synthetic sheets that include brief descriptions of the projects, as well as substantiation of the reduction of CO<sub>2</sub> emissions with the justifications of financing under the Environment Fund, for the following investments:

- Increasing the transmission capacity of the NTS and the safety in the natural gas supply of the Işalnița Electrocentrale Branch (Dolj County) and the Turceni Electrocentrale Branch (Gorj County);
- The gas transmission pipeline for supplying the Mintia power plant (covering other industrial and household consumers);
- Prunișor-Orșova-Băile Herculane-Jupa gas transmission pipeline (including electricity supply, cathodic protection and fiber optics);
- Tetila-Horezu-Râmnicu Vâlcea gas transmission pipeline (including electricity supply, cathodic protection and fiber optics);
- DN 600 Mihai Bravu-Siliștea gas transmission pipeline and transformation into a piggable pipeline;
- Black Sea-Podișor gas transmission pipeline;
- Ghercești-Jitaru gas transmission pipeline (including electricity supply, cathodic protection and fiber optics).

Initiation and transmission to the GSG, in order to be included in the interministerial endorsement cycle, of the following documents:

- Substantiation note for the issuance of an Emergency Ordinance for amending and supplementing certain normative acts in the field of environment and climate change;
- The draft EMERGENCY ORDINANCE for amending and supplementing some normative acts in the field of environment and climate change.

This initiative took into account the fact that one of the objectives included in the legislative package on climate neutrality refers to the reduction of greenhouse gas emissions, the fact that natural gas mixed with hydrogen is a transition fuel replacing coal-fired power plants and in this regard it is necessary to identify sources of financing for the development of this infrastructure from the Environment Fund.

As a result of the steps taken:

- the Emergency Ordinance for amending and supplementing certain normative acts in the field of environment and climate change was issued, which specifies in Article 13 paragraph (1) letter hh, that investments for the upgrading and/or extension of the national natural gas transmission network belonging to the National Gas Transmission Company Transgaz SA may be financed under the Environment Fund.
- on 04.09.2024, Government Decision no. 1.102 was issued for the approval of financing in the amount of lei 500.000.000 for the upgrading and/or expansion projects of the national gas transmission network, belonging to SNTGN Transgaz S.A.:
  - Prunișor-Orșova-Băile Herculane-Jupa gas transmission pipeline (including electricity supply, cathodic protection and fiber optics);

- Tetila-Horezu-Râmnicu Vâlcea gas transmission pipeline (including electricity supply, cathodic protection and fiber optics);
- The DN 600 Mihai Bravu-Siliștea gas transmission pipeline and the transformation into a piggable pipeline.

On 30.12.2024, the financing files related to the Projects for the upgrading and/or expansion of the national gas transmission network, belonging to SNTGN Transgaz S.A., were approved, and on 31.12.2024, the following financing contracts were signed:

- No. 801/31.12.2024 for the Tetila-Horezu-Râmnicu Vâlcea gas transmission pipeline (including electricity supply, cathodic protection and fiber optics);
- No. 802/31.12.2024 for the DN 600 Mihai Bravu-Siliștea gas transmission pipeline and the transformation into a piggable pipeline;
- No. 803/12.12.2024 for the Prunișor-Orșova-Băile Herculane-Jupa gas transmission pipeline (including electricity supply, cathodic protection and fiber optics).

Project	Eligible costs (lei)	EFA financing (lei)
Prunișor-Orșova-Băile Herculane-Jupa gas transmission pipeline (including electricity supply, cathodic protection and fiber optics)	511.692.854,02	229.108.514,31
Gas transmission pipeline DN600 Mihai Bravu – Siliștea and the transformation into a piggable pipeline	374.702.980,44	169.178.357,24
Tetila-Horezu-Râmnicu Vâlcea gas transmission pipeline (including electricity supply, cathodic protection and fiber optics)	220.556.501,32	101.71.128,45
<b>TOTAL</b>	<b>1.106.952.335,78</b>	<b>500.000.000,00</b>

#### 4.7. Internal audit

According to the approved Plan for 2024, a total of 8 internal audit missions were planned to be carried out during the year.

In 2024 all planned missions and one ad hoc audit mission were carried out:

No.	Internal audit mission	Planned mission	Ad hoc mission	Current status
1	Evaluation of the work of the Prognosis Division	X		Finalized (Report approved by the Director General and approved by BoA Resolution no. 18/26.04.2024).
2	Evaluation of direct purchases	X		Finalized (Report approved by the Director General and approved by BoA Resolution no. 21/30.05.2024).

No.	Internal audit mission	Planned mission	Ad hoc mission	Current status
3	Evaluation of concessions activity	X		Finalized (Report approved by the Director General and approved by BoA Resolution no. 29/30.07.2024).
4	Evaluation of the Quality Management Division	X		Finalized (Report approved by the Director General and approved by BoA Resolution no. 39/30.10.2024).
5	Evaluation of the work of the IT Services Division	X		Finalized (Report approved by the Director General and approved by BoA Resolution no. 32/29.08.2024).
6	Evaluation of the work of the DEAS Technical Support Division	X		Finalized (Report approved by the Director General and approved by BoA Resolution no. 39/30.10.2024).
7	Evaluation of maintenance of technological installations	X		Finalized (Report approved by the Director General and approved by BoA Resolution no. 44/19.12.2024).
8	Evaluation of design-research activity (projects prepared by own forces)	X		Finalized (Report approved by the Director General and approved by BoA Resolution no. 44/19.12.2024).
9	Evaluation of the operation of framework agreements for the procurement of internal accommodation, external accommodation and air transportation services		X	Finalized (Report approved by the Director General and approved by BoA Resolution no. 44/19.12.2024).

The audit reports prepared following the verifications carried out and endorsed by the Director-General were sent to the Audit Committee within the Board of Administration for information.

A permanent concern of the internal audit structure is to monitor the implementation of the recommendations made in the audit reports and to increase the efficiency of their implementation, as well as compliance with the implementation deadlines set in the action plan.

#### 4.8. Investor relations

SNTGN TRANSGAZ SA set up a specialized organizational structure to manage the capital market activity, namely - *Investor Relations and Sustainability Department* - structure whose activity is dedicated to the relationship with investors and shareholders. The personnel of the department is permanently formed, instructed, professionally trained on the aspects concerning the company's relationship with its shareholders, the principles of corporate governance, management, relation with stakeholders.

The Company makes regular and continuous reporting of material events, including but not limited to financial condition, performance, ownership and management, both in the media and on its website ([www.transgaz.ro](http://www.transgaz.ro)).

In accordance with the provisions of the legal regulations on the capital market, in December 2023 the company prepared and published the *Financial Communication Calendar for 2024*, which informs the public about the dates of the general meetings of shareholders for the approval of the financial statements for the previous year and the publication of the annual report, the dates of publication of quarterly and half-yearly reports, the dates of meetings with financial analysts, investment advisors, brokers, SSIFs for the presentation of financial results.

TRANSGAZ prepares and discloses relevant periodic and ongoing information in accordance with the Order of the Minister of Public Finance no. 2844/2026, the European Electronic Single Electronic Reporting Format (ESEF) and other reporting standards, respectively Environmental, Social and Governance (ESG).

These are published on the BVB, ASF and Transgaz websites in both Romanian and English.

The company organizes meetings with financial analysts, brokers, market specialists as well as investors, on the occasion of the dissemination of the financial statements, on which occasion it publishes materials relevant to the investment decision.

In order to inform investors transparently, SNTGN Transgaz SA carried out the following activities in 2024:

- call- conference organized with financial analysts and investors to present the preliminary financial results for 2023 – **05 March 2024**;
- call-conference organized with financial analysts and investors for the presentation of the interim financial results for Q1 2024 - **21 May 2024**;
- call conference organized with financial analysts, investment advisors, brokers and investors to present interim financial results for the first half of 2024 - **21 August 2024**;
- Call conference organized with financial analysts, investment advisors, brokers and investors on the presentation of the interim financial results for the nine-month period ended 30 September 2024 - **19 November 2024**.
- responding to requests for information from financial analysts and investors.

The company also created a special section on its website called *Investor Relations*, where relevant information of the company is published in Romanian and English with regard to the procedures for access and participation in the General Meeting of Shareholders (GMS), GMS summons, supplementations to the GMS agenda, BoA's answers to shareholders' questions, exercise of voting rights at the GMS, GMS agenda materials, special and general proxy forms, current reports, company financial statements, financial calendar, corporate governance, dividend distribution, ratings, transaction notifications, etc. They are constantly updated and accessible, thus contributing to transparent and fair information for all stakeholders.

#### 4.9. The tariff setting methodology

By Order no.68/30 May 30, 2023, ANRE approved the regulated revenue and the corrected regulated revenue for the fourth and fifth regulatory years, October 1, 2022 - September 30, 2023, respectively October 1, 2023 - September 30, 2024, of the fourth regulatory period, for the activity of natural gas transmission through the National Transmission System.

By Order no.17/29 May 2024, ANRE approved the regulated revenue, the corrected regulated revenue and the transmission tariffs for the regulatory year from October 1, 2024 - September 30, 2025 for the activity of natural gas transmission through the National Transmission System.

#### 4.10 Consolidated financial results (consolidated factorial analysis of the activity)

##### **Indicators of consolidated economic and financial results (SNTGN Transgaz SA, Eurotransgaz SRL, Vestmoldtransgaz SRL)**

By EGMS Resolution no. 10 of 12.12.2017, the establishment of EUROTRANSGAZ SRL on the territory of the Republic of Moldova was approved in order to successfully participate in the privatization procedure of the State Enterprise Vestmoldtransgaz.

Transgaz is the sole shareholder of EUROTRANSGAZ SRL.

As of 2018, following the acquisition of Vestmoldtransgaz SRL of Moldova by Eurotransgaz SRL, Transgaz, as the parent company, prepares consolidated group financial statements.

The European Bank for Reconstruction and Development (EBRD) became, as of 25.08.2021, a 25% equity shareholder in the natural gas transmission company VESTMOLDTRANSGAZ SRL, a subsidiary of TRANSGAZ of the Republic of Moldova, which owns and operates the Ungheni-Chisinau natural gas transmission pipeline.

##### **Consolidated companies in Transgaz' group:**

		Shareholding (%)
<b>SNTGN Transgaz SA</b>	Parent company	
<b>Eurotransgaz SRL</b>	Company owned by SNTGN Transgaz SA	100%
<b>Vestmoldtransgaz SRL</b>	Company owned by Eurotransgaz SRL and the European Bank for reconstruction and Development (EBRD)	75% 25%

(thousand lei)

Indicator	Consolidated statements 2024	Transgaz separate statements 2024	ETG, VMTG, adjustments 2024
<b>0</b>	<b>1=2+3</b>	<b>2</b>	<b>3</b>
Revenue from the domestic transmission activity-Romania	1.954.194	1.954.194	0
Revenue from the transmission activity - Republic of Moldova	196.000	0	196.000
Other revenue	155.283	150.875	4.408



Indicator	Consolidated statements 2024	Transgaz separate statements 2024	ETG, VMTG, adjustments 2024
0	1=2+3	2	3
<b>Operating revenue before the balancing and construction activity according to IFRIC12</b>	<b>2.305.477</b>	<b>2.105.069</b>	<b>200.408</b>
Depreciation	521.294	470.454	50.841
Employees costs	636.820	626.693	10.127
Technological consumption, materials and consumables used	146.810	146.810	0
Cost of royalty	224.732	224.732	0
Maintenance and transport	132.779	58.584	74.195
Taxes and duties due to the state	89.963	89.534	428
Revenue/ (Costs) of provisions for risks and charges	-46.794	-47.556	762
Receivable impairment loss/(gain)	-10.120	-18.237	-8.118
Other operating cost	219.039	213.035	-6.004
<b>Operational profit before the balancing and the construction activity according to IFRIC12</b>	<b>390.953</b>	<b>341.020</b>	<b>49.933</b>
Revenue from the balancing activity	249.300	248.967	333
Cost of balancing gas	-249.300	-248.967	-333
Revenue from the construction activity according to IFRIC12	1.876.822	1.876.822	0
Cost of constructed assets according to IFRIC12	1.876.822	1.876.822	0
<b>Operational profit</b>	<b>390.953</b>	<b>341.020</b>	<b>49.933</b>
Financial revenue	212.906	203.923	8.983
Financial cost	119.841	86.838	-33.003
<b>Financial revenue, net</b>	<b>93.065</b>	<b>117.085</b>	<b>-24.020</b>
<b>Profit before tax</b>	<b>484.018</b>	<b>458.105</b>	<b>25.913</b>
Profit tax expense	73.286	66.075	-7.211
<b>Net profit for the period</b>	<b>410.732</b>	<b>392.030</b>	<b>18.702</b>
Attributable to the parent company	<b>404.130</b>		<b>404.130</b>
Attributable to the non-controlling interests	<b>6.602</b>		
Exchange rate differences	570		570
Actuarial gain/loss for the period	-7.506	-7.506	0
<b>Total comprehensive income for the period</b>	<b>403.796</b>	<b>384.524</b>	<b>19.272</b>

**Table 17- Indicators of consolidated economic and financial results (SNTGN Transgaz SA, Eurotransgaz SRL, Vestmoldtransgaz SRL)**

## Consolidated achievements 2024 compared to consolidated achievements 2023

The consolidated financial results achieved in 31 December 2024 compared to 2023 are presented in the table below:

(thousand lei)

No.	Name	Achieved 2024	Achieved 2023 (restated)	Changes
0	1	2	3	4=2/3x100
1.	Operating revenue before the balancing and construction activity, according to IFRIC12	2.305.477	1.784.240	129%
2.	Revenue from the balancing activity	249.300	458.811	54%
3.	Revenue from the construction activity according to IFRIC12	1.876.822	182.450	1029%
4.	Financial revenue	212.906	258.397	82%
5.	Operating costs before the balancing and construction activity, according to IFRIC12	1.914.524	1.663.837	115%
6.	Costs of balancing activity	249.300	458.811	54%
7.	Cost of constructed assets according to IFRIC12	1.876.822	182.450	1029%
8.	Financial costs	119.841	164.230	73%
9.	<b>GROSS RESULT</b> , of which:	484.018	214.569	226%
	• from operation	390.953	120.402	325%
	• from the financial activity	93.065	94.167	99%
10.	<b>Income tax</b>	73.286	14.138	518%
11.	<b>NET PROFIT</b>	<b>410.732</b>	<b>200.432</b>	<b>205%</b>
12.	<b>Exchange rate difference</b>	<b>570</b>	<b>12.455</b>	<b>4%</b>
13.	<b>Actuarial gain/loss for the period</b>	<b>-7.506</b>	<b>2.880</b>	<b>X</b>
14.	<b>Total comprehensive result of the period</b>	<b>403.796</b>	<b>215.767</b>	<b>187%</b>

Table 18 – Consolidated financial results in 2024 compared to 2023

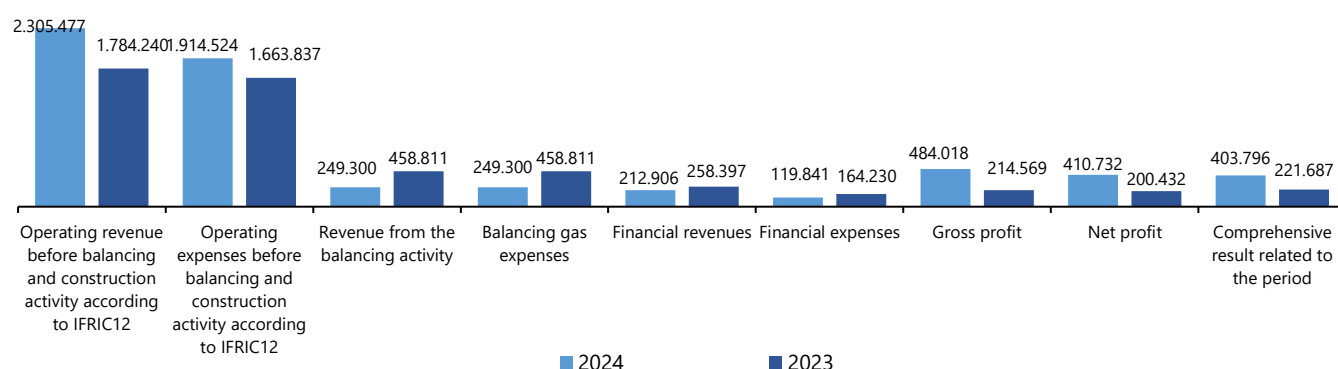
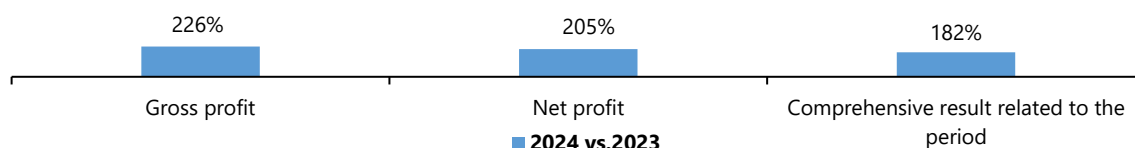


Chart 35 - Consolidated financial results in 2024 compared to 2023 (thousand lei)



**Chart 36 - Consolidated financial results in 2024 compared to 2023 (%)**

The variation of the consolidated economic-financial indicators at 31 December 2024, compared to the indicators obtained in the similar period of 2023 is mainly determined by the variation of the separate economic-financial indicators recorded by SNTGN Transgaz SA on 31 December 2024 compared to the indicators obtained in the similar period of 2023.

In 2024 Vestmoldtransgaz SRL of the Republic of Moldova provided natural gas delivery services amounting to lei 196.000 thousand.

As of 19 September 2023, on the basis of ANRE MD Decision No.434/2023, Vestmoldtransgaz SRL of the Republic of Moldova was appointed operator of the entire natural gas transmission system in the Republic of Moldova.

On 04.09.2023 the contract on the lease of natural gas transmission networks No. 70-SJ of 04.09.2023 between Moldovatrangaz SRL and Vestmoldtransgaz SRL was signed. This contract entered into force as of 19.09.2023, and it was concluded for a period of 5 years.

On 18.09.2023 the maintenance contract No. 25/23 was signed between Moldovatrangaz and Vestmoldtransgaz for ensuring the technical and industrial safety of the natural gas transmission networks. The maintenance contract was concluded for the period 19.09.2023 - 31.12.2024, with the possibility of extension for periods of 12 months if neither of the Parties notifies the other Party about its termination. The amount achieved from the Contract is disclosed in the Comprehensive Result under the category "Maintenance and transport".

On 18.09.2023, the technical operation contract No. 26/23 was signed between Moldovatrangaz Ltd. and Vestmoldtransgaz Ltd., with the purpose of ensuring the interconnection and interoperability of the natural gas transmission network managed by Vestmoldtransgaz and the natural gas transmission network managed by Moldovatrangaz.

The Technical Operation Agreement entered into force as of 19 September 2023, is valid until 31 December 2024 and is automatically extended for each subsequent year if neither Party notifies the other Party of its termination within 15 days. The value achieved from the Contract is disclosed in the Comprehensive Result under the category "Maintenance and Transport".

#### 4.11. Separate financial results (factorial analysis of the separate activity)

##### Separate Achievements 2024 compared to separate achievements 2023

The financial separate results achieved in 2024 compared to 2023 are presented in the table below:  
(thousand lei)

Name	Obtained 2024	Obtained 2023	Dynamics
0	1	2	$3 = 1/2 \times 100 - 100$
Operating revenue before the balancing and construction activity, according to IFRIC12	2.105.069	1.711.286	123%
Revenue from the balancing activity	248.967	458.811	54%
Revenue from the construction activity according to IFRIC12	1.876.822	182.450	1.029%
Financial revenue	203.923	230.123	89%
Operating costs before the balancing and construction activity, according to IFRIC12	1.764.049	1.607.248	110%
Costs of balancing gas	248.967	458.811	54%
Cost of assets according to IFRIC12	1.876.822	182.450	1.029%
Financial costs	86.838	30.533	67%
<b>GROSS PROFIT -total, of which:</b>	<b>458.105</b>	<b>203.629</b>	<b>225%</b>
· from operation	341.020	104.039	328%
· from the financial activity	117.085	99.590	118%
Profit tax	66.075	18.001	367%
<b>NET PROFIT</b>	<b>392.030</b>	<b>185.629</b>	<b>211%</b>
Other elements of the comprehensive result	-7.506	2.880	X
<b>Total comprehensive result related to the period</b>	<b>384.524</b>	<b>188.508</b>	<b>204%</b>

Table 19 - Separate financial results in 2024 compared to 2023

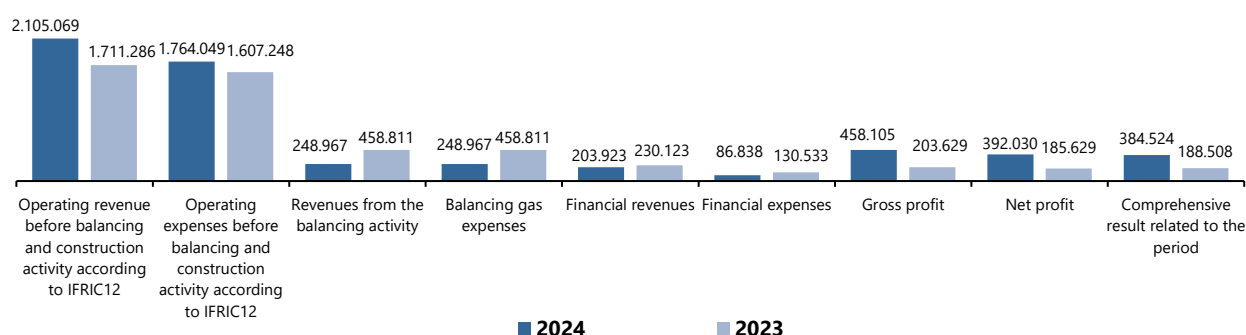
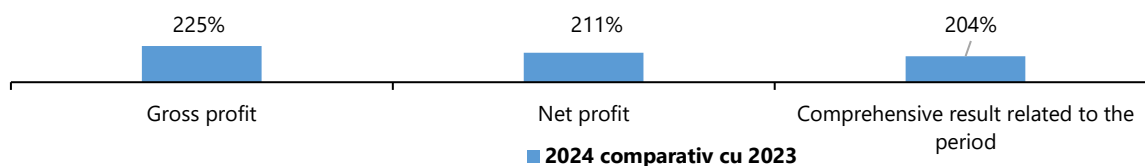


Chart 37 - Separate financial results in 2024 compared to 2023 (thousands lei)



**Chart 38 - Separate financial results in 2024 compared to 2023 (%)**

**Operating revenue before the balancing and construction activity, according to IFRIC12** registers an increase of **123%** compared to the revenues achieved on 31 December 2023, i.e. an increase of lei 393.928 thousand.

**The revenue was influenced mainly by the following factors:**

- *revenue from capacity booking* higher by **lei 435.600 thousand** due to:
  - *capacity booking tariff* higher by lei cu 1,538 /MWh, with a positive influence of lei 525.348 thousand;
  - *booked capacity* lower by 17.560.208 MWh, with a negative influence of lei 49.906 thousand;
  - *capacity overrun revenue* higher by lei 33.158 thousand. Capacity overrun revenue at 31 December 2023 amounted to lei 121.196 thousand, and at 31 December 2024 to lei 154.354 thousand;
  - *revenue from the auction premium* lower by lei 73.000 thousand further to the capacity booking auctions performed according to the CAM-NC by interconnection points; revenue from the auction premium at 31 December 2023 amounted to lei 133.343 thousand, and at 31 December 2024 to lei 60.343 thousand.
- *commodity revenue* higher by **lei 66.617 thousand** due to:
  - *the commodity transmission tariff* higher by lei 0,47 lei/MWh, with a positive influence of lei 66.120 thousand;
  - *the gas transmitted capacities* higher by 133.845 MWh as compared to 2023, with a positive influence of lei 491 thousand, detailed by categories of consumers as follows:

		2024	2023	Differences
Quantity transmitted for direct consumers	MWh	71.714.751	71.894.881	-180.130
	thousand m <sup>3</sup>	6.658.533	6.548.241	110.292
Quantity transmitted for distribution	MWh	69.938.725	69.624.750	313.975
	thousand m <sup>3</sup>	6.539.254	6.507.679	31.575
Total	MWh	141.653.476	141.519.631	133.845
	thousand m <sup>3</sup>	13.197.787	13.055.920	141.867

At the end of 2020, the legacy transmission contract related to the pipeline Isaccea 3 – Negru Voda 3 was terminated by the conclusion of an Agreement for the termination of the Legacy Contract between SNTGN Transgaz SA and Gazprom Export LLC, which created the necessary framework for

the conclusion of the Interconnection Agreements for Interconnection Points Isaccea 2,3 and Negru Voda/Kardam 2,3, enabling free access of third parties to the capacity booking on the transit pipelines T2 and T3 and the collection of the outstanding amounts under the legacy contract. The Agreement for the termination of the Legacy Contract between SNTGN Transgaz SA and Gazprom Export LLC concluded at the end of 2020 expired on 31 December 2023.

- *other operating revenue* higher by **lei 7.876 thousand**.

*The revenue from the balancing activity* was lower by **lei 209.844 thousand** based on the following factors:

- trading price lower by lei 55,06 /MWh, with the negative influence of lei 78.430 thousand;
- quantity lower by 571.785 MWh with a negative influence of lei 131.414 thousand;

*The revenue from the construction activity* higher by **lei 1.694.592 thousand**, registered in line with IFRIC 12, according to which revenue and costs related to the construction activity or the improvement of the transmission network, in exchange of which the intangible asset is registered, must be acknowledged in line with IAS 11, Construction Contracts;

*The financial revenue* has a negative influence of **lei 26.200 thousand** mainly due to the recording of the updating of the regulated assets value with the inflation rate of 5,14% at 31 December 2024 as opposed to 6,61% at 31 December 2023 (lei 128.489 thousand at 31 December 2024 as compared to lei 138.389 thousand at 31 December 2023). In 2023 the company recorded revenue of lei 13.504 thousand from the decrease of Eurotransgaz's share capital, amount received in August 2023.

**Operating costs before the balancing and construction activity according to IFRIC12** increased by **110%** as compared to 31 December 2023, which is higher by **lei 156.801 thousand**.

**The company made savings of lei 186.366 thousand** to the following cost elements:

- transmission system gas consumption of lei 1.553 thousand due to:
  - achieved medium purchase price lower than achieved in 2023 by 19,18 lei/MWh with a positive influence of lei 13.357 thousand;
  - the quantity of natural gas for NTS gas consumption higher by 69.258 MWh as compared to 2023, with a negative influence of lei 11.735 thousand;

As at 31 December 2024, the Company capitalized the amount of lei 41.986 thousand (lei 10.113 thousand as of 31 December 2023), representing the difference between the costs related to technological consumption incurred in excess of the one approved in the transmission tariff, in accordance with GEO 27/2022;

- loss/(gain) on account of the current assets impairment: lei 126.412;
- risk and expense provision costs: lei 61.332 thousand.

**Overruns of lei 346.167 thousand** were recorded in respect of the following cost elements:

- personnel costs: lei 55.898 thousand;
- tax and duties costs: lei 2.028 thousand;
- royalty costs: lei 169.447 thousand. By Law no. 296/2023 *on fiscal-budgetary measures to ensure Romania's long-term financial sustainability*, the provisions of Article 103, paragraph (2) of the Power and Natural Gas Law no. 123/2012, were repealed. As of 30 October 2023, the

royalty rate changed from 0,4% to 11,5% of the value of the gross revenues achieved from transmission and transit operations through the national transmission systems, in accordance with Art. 49, paragraph (2) letter b) of the Oil Law No 238/2004;

- depreciation costs: lei 13.215 thousand accounted by the completion and commissioning of investment projects;
- auxiliary material costs: lei 231 thousand;
- transport and maintenance costs: lei 17.021 thousand.
- other operating expenses: lei 88.300 thousand, mainly due to the write-off to expenses of the fine imposed by the Competition Council, the receivable for Romsilva - Ocolul Silvic Giurgiu and the ANAF final decision.

**The financial costs** decreased by **lei 43.695 thousand** mainly due to lower foreign exchange and bank interest expenses. In 2023 Eurotransgaz' share capital decreased by lei 13.504, amount collected in August 2023.

**The gross profit as at 31 December 2024 compared to the achievements as at 31 December 2023 increased by 225%, i.e. by lei 254.476 thousand, and the net profit is higher by 211 %, i.e. by lei 206.401 thousand.**

#### Achievements 2024 compared to the REB 2024

The main economic and financial indicators realized in 2024, compared to the revenue and expense budget approved by OGMS Resolution 1/21 February 2024 are presented in the table below:

(thousand lei)

Indicator	REB 2024	Achieved 2024	Dynamics
0	1	2	$3 = 1/2 \times 100 - 100$
Operating revenue before the balancing and construction activity, according to IFRIC12	2.057.551	2.105.069	102%
Revenue from the balancing activity	454.595	248.967	55%
Revenue from the construction activity, according to IFRIC12	2.117.715	1.876.822	89%
Financial revenue	215.152	203.923	95%
Operating costs before the balancing and construction activity, according to IFRIC12	1.958.028	1.764.049	90%
Costs with balancing gas	454.595	248.967	55%
Cost of assets according to IFRIC12	2.117.715	1.876.822	89%
Financial costs	103.067	86.838	84%
<b>GROSS PROFIT - total, of which:</b>	<b>211.608</b>	<b>458.105</b>	<b>216%</b>
- from operations	99.523	341.020	343%
- from the financial activity	112.085	117.085	104%
Income tax	38.690	66.075	171%
<b>NET PROFIT</b>	<b>172.918</b>	<b>392.030</b>	<b>227%</b>

Table 20 - Separate financial results in 2024 compared to Budget for 2024



**Operating revenue before the balancing and construction activity according to IFRIC12** increased by **lei 47.518 thousand** as compared to the REB.

The revenue was influenced by the following:

- Gas transmission services increased by **lei 63.306 thousand** due to:
  - *capacities booked* higher by 10.572.662 MWh with a positive influence of **lei 83.565 thousand**;
  - *average capacity booking tariff, determined by the structure of the booked products*, higher by 0,126 lei /MWh, with a positive influence of **lei 42.658 thousand**
  - *the gas transmitted capacities* lower than planned by 34.866.698 MWh with a negative influence of **lei 60.309 thousand**;
- Other operating revenue decreased by **lei 15.788 thousand** as compared to the REB; the financial statements of Transgaz do not present the value of revenue from the production of tangible assets or the amount of the relevant expenses according to Order 2.844/2016 on the approval of the Accounting Regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market.

**Revenue from the balancing** activity decreased by **lei 205.629 thousand** based on the following:

- trading price lower by 76,4 lei /MWh, with a negative influence of lei 108.834 thousand;
- quantity lower by 385.369 MWh with a negative influence of lei 96.795 thousand;

**Financial revenue** decreased by **lei 11.229 thousand** as compared to the REB mainly due to the reduction in foreign exchange income.

**Operating costs before the balancing and construction activity according to IFRIC12** is lower by **lei 193.979 thousand** as compared to the REB.

**Savings amounting to lei 266.045 thousand** were recorded mainly the following cost elements:

- natural gas consumption on the transmission system: lei 15.650 thousand
- employee costs: lei 62.517 thousand;
- auxiliary materials and other material costs: lei 44.464 thousand;
- cost of maintenance and transport: lei 27.523 thousand;
- cost of taxes and duties: lei 26.821 thousand;
- depreciation costs: lei 1.679 thousand
- loss/(gain) from the impairment of receivables: lei 18.237 thousand
- costs for the provision of risks and expenses: lei 69.154 thousand.

**Overruns of lei 72.066 thousand** was recorded mainly in relation to the following cost elements:

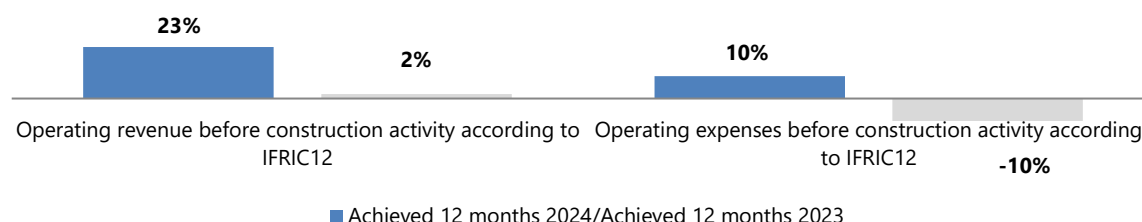
- NTS concession royalty costs: lei 7.280 thousand;
- other operating expenses: lei 64.786 thousand, mainly due to the write-off to expenses of the fine imposed by the Competition Council, the receivable for Romsilva - Ocolul Silvic Giurgiu and the ANAF final decision.

**The financial cost** is lower by **lei 16.229 thousand** than as provided for in the REB.

**The gross profit increased by lei 246.497 thousand as compared to the REB registering an increase of 216%, and the net profit is lei 219.112 thousand higher than the one provided in the REB .**

Name	Achieved 12 months 2024 compared to Achieved 12 months 2023	Achieved 12 months 2024 compared to REB 12 months 2023
Operating revenue before the balancing and construction activity, according to IFRIC12	23%	2%
Operating costs before the balancing and construction activity, according to IFRIC12	10%	-10%
Gross result	125%	116%
Income tax	267%	71%
Net profit	111%	127%

**Table 21 – 12 months 2024 achievements compared to 12 months 2023 achievements and 12 months 2024 achievements compared to REB 2024 (%)**



**Chart 39 – Separate achievements 12 months 2024 compared to separate achievements 12 months 2023 and Separate Achievements 12 months 2024 compared to REB 12 months 2024**

## Separate achievements 2024 compared to the Management Plan 2024

The key financial performance indicators were substantiated on the basis of data from the company's Revenue and Expense Budget approved by Resolution 1/2024 of the Ordinary General Meeting of the Shareholders.

The level of financial performance indicators achieved compared to those set out in the Management Plan is presented in the table below:

(thousand lei)					
No.	Performance criteria	Management plan 2024	Achieved 2024	Percentage	Difference
1.	Outstanding payments-thousand lei	0	0	100%	0
2.	Operating expenses (less depreciation, balancing, construction activity and provisions for impairment of assets and for risks and expenses)-thousand lei	1.486.728	1.366.591	109%	-120.137
3.	Acid test ratio	1	1,31	131%	0,31
4.	Net leverage	5,5	3,19	172%	-2,31
5.	EBITDA-thousand lei	579.907	811.474	140%	231.567

**Table 22 – Separate achievements in 2024 compared to the Management Plan 2024**

## 5. CONSOLIDATED ECONOMIC AND FINANCIAL STATEMENT

### 5.1 Consolidated financial position

According to Article 1 of Order 881/25 June 2012 of the Ministry of Public Finance on the application of the International Financial Reporting Standards by companies having securities admitted to trading on a regulated market, starting with financial year 2012, the companies having securities admitted to trading on a regulated market are obliged to apply Order no. 2844/2016 of the Minister of Public Finance upon preparation of the annual separate financial statements.

The statement of the consolidated financial position as at 31.12.2024 as compared to 31.12.2023 is as follows:

Indicator	Thousand lei		
	31.12.2024	31.12.2023 (restated)	Dynamics
	Thousand lei	Thousand lei	(%)
0	1	2	3=1/2
Tangible assets	710.016	768.831	92%
Rights of use for the leased assets	156.239	173.446	90%
Intangible assets	5.117.109	3.654.207	140%
Goodwill	10.150	10.126	100%
Other receivables	2.648.908	2.392.525	111%
Deferred tax	81.112	89.731	90%
Restricted cash	2.301	1.956	118%
<b>Total fixed assets</b>	<b>8.725.834</b>	<b>7.090.823</b>	<b>123%</b>
Inventories	514.143	582.638	88%
Trade receivables	345.848	323.743	107%
Income tax receivables	15.184	40.985	42%
Other receivables	104.048	76.304	136%
Cash and cash equivalent	1.064.299	710.857	150%
<b>Current assets –TOTAL</b>	<b>2.043.522</b>	<b>1.734.527</b>	<b>118%</b>
<b>TOTAL ASSETS</b>	<b>10.769.356</b>	<b>8.825.349</b>	<b>122%</b>
Debts to be paid over a one-year period	1.562.530	1.608.395	97%
Debts to be paid over a period of more than one year	4.817.274	3.165.265	152%
<b>Total debts</b>	<b>6.379.804</b>	<b>4.773.660</b>	<b>134%</b>
<b>Equity</b>	<b>4.389.552</b>	<b>4.051.689</b>	<b>108%</b>
Share capital	1.883.815	1.883.815	100%
Hyperinflation adjustment of share capital	441.418	441.418	100%
Share premium	247.479	247.479	100%
Other reserves	1.265.797	1.265.797	100%
Retained earnings	433.984	103.373	420%
Consolidation exchange rate differences	9.923	9.486	105%
Non-controlling interests	107.136	100.321	107%
<b>Total equity and debts</b>	<b>10.769.356</b>	<b>8.825.349</b>	<b>122%</b>

Table 1- Statement of consolidated financial position in 2024 compared to 2023

### ***Tangible assets***

Tangible assets include auxiliary buildings of operating assets, office buildings, land, assets used for the transit activity, as well as objectives related to the national transmission system taken over free of charge.

***Tangible assets decreased by lei 58.815 thousand*** as compared to the value as at 31.12.2023, mainly due to the fact that the tangible assets entries were exceeded by the depreciation cost for tangible assets.

### ***Rights of use of leased assets***

As at 1 January 2019 the company applies IFRS 16 for lease contracts complying with the recognition criteria and recognized as intangible asset right of use related to the lease contracts.

***The rights of use of leased assets decreased by lei 17.207 thousand*** as compared to 31 December 2023, mainly determined by the input value of the leased asset contracts of the subsidiary Vestmoldtransgaz SRL.

As of 19 September 2023, on the basis of ANRE MD Decision No. 434/2023, Vestmoldtransgaz SRL of the Republic of Moldova was appointed as the operator of the entire natural gas transmission system in the Republic of Moldova. Thus, on 04.09.2023, the contract on the lease of natural gas transmission networks was concluded between Moldovatrangaz SRL and Vestmoldtransgaz SRL No. 70-SJ dated 04.09.2023. The contract entered into force as of 19.09.2023 for a period of 5 years and the amount of annual rent is MDL 165 mln., VAT excluded.

### ***Intangible assets***

#### ***IT Programmes***

The purchased licenses related to the rights to use the IT programmes are capitalized on based on the costs incurred with the procurement and commissioning of the respective IT programmes. Such costs are depreciated over their estimated useful life (three years). Costs related to the development or maintenance of the IT programmes are recognized as costs during the period when they are registered.

#### ***Service concession agreement***

From 2010, in accordance with the EU approval process, the parent company started to apply IFRIC 12, ***Service Concession Arrangements***, adopted by the EU.

The scope of IFRIC 12 includes: the existing infrastructure at the time of signing the concession agreement and, also, modernization and improvement brought to the gas transmission system, which are transferred to the regulatory authority at the end of the concession agreement.

The parent company is entitled to charge the users of the public service and, consequently, an intangible asset was recognized for this right. As they occur, costs of replacements are recorded as expense, while the improvements of assets used within SCA are recognized at fair value. Intangible assets are amortized at zero value during the remaining period of the concession agreement.

**Intangible assets increased by lei 1.462.902 thousand** as compared with the value as at 31.12.2023, this decrease is mainly due to the fact that intangible fixed assets entries were exceeded by the depreciation charge on intangible fixed assets.

#### ***Trade receivables and other receivables/Fixed assets***

**The increase of the receivable regarding the right to receive the undepreciated regulated value remaining after the termination of the concession agreement on 31 December 2024 by the amount of lei 256.383 thousand**, a receivable registered in accordance with the provisions of Law 127/2014 of 5 October 2014, which states that in the event of termination of the concession contract for any reason or upon termination of the contract, the investment made by the national transmission system operator is transferred to the owner of the national transmission system or to another grantor in exchange for the payment of compensation equal to the undepreciated regulated value determined by ANRE.

The increase of lei 256.383 thousand compared to the value at 31 December 2023 is mainly due to the updating of the receivable with the changes recorded in the regulated asset base and the adjustment of the regulated value of assets with the inflation rate starting 2019, in accordance with ANRE Order no. 41/2019. Assets recognized in the regulated asset base in a gas year are discounted at the rate of inflation from the following gas year onwards.

#### ***Inventories***

**As at 31 December 2023 inventories decreased by lei 68.495 mii lei** comparativ cu valoarea de la 31 decembrie 2023, fiind determinată în principal de scăderea stocului de gaze naturale achiziționate pentru acoperirea consumului tehnologic cu 78.589 mii lei, creșterea stocului de materii prime și materiale cu 20.679 mii lei și creșterea ajustării pentru depreciere stocuri cu 11.035 mii lei.

#### ***Trade receivables and other receivables***

**As at 31 December 2024**, the balance of the trade receivables and other receivables **increased by 24.048 thousand** as compared to 31 December 2023, mainly due to the following factors:

- increase of the client receivables balance by lei 34.918 thousand mainly generated by the collection of the outstanding receivables resulted from the domestic transmission and balancing activity;
- increase of the adjustment of impairment of the trade receivables and of other receivables by lei 11.369 thousand;
- decrease of the balance of other receivables by lei 22.238 thousand.

#### ***Cash at hand and in bank***

**As at 31 December 2024 the company's cash increased by lei 353.442 thousand** as compared to the end of 2023. The cash in bank accounts in lei increased by lei 682.834 thousand and the cash in bank accounts in currency decreased by lei 329.400 thousand. Other cash and cash equivalents increase by lei 8 thousand compared to 2023.

### **Debts to be paid over a one-year period**

In the structure of debts to be paid over a one-year period, the following changes were recorded compared to 31 December 2023:

- increase of the balance of the trade liability and other debt by lei 96.639 thousand;
- increase of current liabilities related to the rights of use of leased assets by lei 5.659 thousand;
- decrease of the provision for risks and charges by lei 36.534 thousand mainly due to the reversal of the provision for litigation and the recording of the provision for employee profit-sharing recorded in 2024;
- increase the current part of the provision for employee benefits in the amount of lei 537 thousand;
- decrease of the deferred revenue over the short term by lei 10.318 thousand;
- decrease of short-term loans by lei 101.848 thousand.

### **Long-term debts**

The evolution of long-term debts is due to the following aspects:

- increase of short-term loans in the amount of lei 1.372.694 thousand;
- increase of the provision for employee benefit by lei 7.108 thousand;
- the increase in deferred revenues and subsidies by lei 291,294 thousand, mainly due to the receipt in 2024 of non-reimbursable funds for financing the projects Black Sea - Podișor gas transmission pipeline and Ghercești - Jitaru gas transmission pipeline;
- the decrease in debts related to the rights of use of leased assets in the amount of lei 19.087 thousand.

### **Equity**

There was no change in the subscribed and paid-up capital.

Retained earnings increased by lei 330.611 thousand.

## **5.2. Consolidated comprehensive income**

The situation of the profit and loss account as at 31 December 2024 compared to 31 December 2023:

- thousand lei -

Specification	Achieved (thousand lei)		Dynamics (%)
	31.12.2024	31.12.2023	
1	2	3	4=2/3
<b>TOTAL revenue of which:</b>	<b>4.644.506</b>	<b>2.683.897</b>	<b>173%</b>
Operating revenue before the construction activity, according to IFRIC12 and balancing	2.305.477	1.784.240	129%
Revenue from the balancing activity	249.300	458.811	54%
Revenue from the construction activity according to IFRIC12	1.876.822	182.450	1029%
Financial revenue	212.906	258.397	82%
<b>TOTAL costs of which:</b>	<b>4.160.488</b>	<b>2.469.327</b>	<b>168%</b>
Operating costs before the construction activity, according to IFRIC12, and balancing	1.914.524	1.663.837	115%

Specification	Achieved (thousand lei)		Dynamics (%)
	31.12.2024	31.12.2023	
Cost of balancing	249.300	458.811	54%
Cost of constructed assets according to IFRIC12	1.876.822	182.450	1029%
Financial costs	119.841	-64.230	73%
<b>GROSS PROFIT, of which:</b>	<b>484.018</b>	<b>214.569</b>	<b>226%</b>
Result from operation	390.953	120.402	325%
Financial result	93.065	94.167	99%
<b>PROFIT TAX</b>	<b>73.286</b>	<b>14.138</b>	<b>518%</b>
<b>NET PROFIT</b>	<b>410.732</b>	<b>200.432</b>	<b>205%</b>
Attributable to the parent company	404.130	195.830	206%
Attributable to the non-controlling interests	6.602	4.602	143%
<b>Number of shares</b>	188.381.504	188.381.504	100%
<b>Other comprehensive income</b>			
Basic and diluted earnings per share (in lei per share)	2,18	1,07	204%
Actuarial (gain)/loss of the period	-7.506	2.880	x
Exchange rate differences	570	12.455	3%
<b>Total comprehensive income for the period</b>	<b>403.796</b>	<b>215.767</b>	<b>182%</b>
Attributable to the parent company	396.981	203.721	187%
Attributable to the non-controlling interests	6.816	12.046	73%

**Table 2 - Consolidated profit and loss account in 2024 compared to 2023**

### 5.3. Consolidated cash flow statement

The consolidated cash flow statement as at 31 December 2024 is as follows:

-thousand lei-

Indicator	Financial year ended 31 December (thousand lei)	
	2024	2023 (restated)
<b>Profit before tax</b>	484.018	214.569
Adjustments for:		
Depreciation	523.327	482.294
Gain/(loss) from the transfer of fixed assets	182	-123
Provisions for risks and charges	-35.772	9.999
Provisions for the impairment of inventories	11.035	3.840
Revenue from connection fees, grants and goods taken free of charge	-105.215	-113.957
Concession Agreement receivable adjustment	-127.698	-145.223
Loss on amounts receivable and sundry debtors	25.267	126
Adjustment of impairment of receivables	-10.120	110.298
Provisions for employee benefits	8.227	8.604



Indicator	Financial year ended 31 December (thousand lei)	
	2024	2023 (restated)
Effect of updating the provision for employee benefits	9.056	8.656
Interest revenue	-71.595	-58.852
Interest expenses	97.607	105.113
The effect of the currency exchange rate variation on other elements than operation	-482	-1.941
Other revenue/costs	-144	-330
<b>Operating profit before the changes in working capital</b>	<b>807.691</b>	<b>623.071</b>
(Increase)/decrease in trade and other receivables	-116.328	-126.081
(Increase)/decrease in inventories	64.418	18.969
Increase/(decrease) in trade payables and other payables	-18.209	98.745
<b>Cash from operations</b>	<b>737.573</b>	<b>614.704</b>
Paid profit tax	-35.637	-80.998
<b>Net cash inflows from operation</b>	<b>701.935</b>	<b>533.705</b>
<b>Cash flow from investments</b>		
Payments for the acquisition of intangible assets	-1.754.581	-236.045
Payments for the acquisition of tangible assets	-21.681	-20.149
Receipts from the transfer of tangible assets	110	230
Repaid loans	0	0
Collected interest	12.493	4.318
<b>Net cash used in investment activities</b>	<b>-1.763.659</b>	<b>-251.647</b>
<b>Cash flow from financing activities</b>		
Drawdowns long term loans	1.417.670	246.610
Cash form connection fees and funds	16.268	4.477
Repayments of long term loans	-148.091	-136.659
Credit drawdowns/payments for the working capital	2.174	175.431
Guvernmental grant collection	382.871	0
Leasing payments (IFRS 16)	-51.107	-17.616
Paid interests	-138.538	-128.150
Dividends paid	-66.080	-132.399
<b>Net cash used in financing activities</b>	<b>1.415.166</b>	<b>11.694</b>
<b>Net change in cash and cash equivalents</b>	<b>353.442</b>	<b>293.753</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>710.857</b>	<b>417.104</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1.064.299</b>	<b>710.857</b>

*Table 3 - Consolidated cash flow statements in 2024 compared to 2023*

The analysis of the cashflow as at 31 December 2024 shows an increase of liquid assets by lei 353.442 thousand compared to 31 December 2023.

The changes to the structure of the cash flow are:

- cash flow generated from operations is lei 701.936 thousand, by lei 168.230 thousand higher than in 2023;
- cash flow from investing activities is lei -1.763.659 thousand, by lei 1.512.012 thousand lower than in 2023;
- cash flow from financing activities is lei 1. 415.166 thousand, by lei 1.403.472 thousand higher than in 2023.

#### 5.4. Evaluation of the activity related to the financial risk management

##### Financial risk factors

By the nature of the activities performed, the company is exposed to various risks, which include: market risk (including currency risk, interest rate risk on fair value, interest rate risk on cash flow and price risk), credit risk and liquidity risk.

The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The Company does not use derivative financial instruments to protect itself from certain risk exposures.

##### Market risk

###### Riscul valutar

###### Currency risk

The Company is exposed to currency risk by exposures to various foreign currencies, especially to EUR. Currency risk is associated to assets and recognized liabilities.

The Company does not perform formal actions to minimize the currency risk related to its operations.

The following table shows the sensitivity of profit or loss and equity, to reasonably possible changes in exchange rates applied to the end of the reporting period of the functional currency of the Company, with all variables held constant:

	31 December 2024	31 December 2023
<i>Impact on profit and loss and on equity of:</i>		
USD appreciation by 8%	566.392	547.243
USD depreciation by 8%	(566.392)	(547.243)
EUR appreciation by 2%	(23.264.663)	(8.662.927)
EUR depreciation by 2%	23.264.663	8.662.927

### Price risk

The company is exposed to commodity price risk for the gas purchased for its own consumption. If the gas price had been 5% higher/lower, the net profit related to the period would have been lower/higher by lei 6.161.452 thousand (December 2023: 4.888.012 lei).

### Riscul de rată a dobânzii privind fluxul de trezorerie și valoarea justă

The Company is exposed to interest rate risk through its deposits with banks and borrowings at variable interest rates. The Company has not entered into any commitments to mitigate the risk. For the average exposure for the period, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the profit for the period and equity would have been lei 10,863,638 higher/lower (December 2023: lei 9,012,228 higher/lower), as a net effect of the change in the interest rate on floating rate loans and the interest rate on bank deposits.

The amount of 50 basis points represents management's assessment of the reasonable change in interest rates.

### **Credit risk**

Credit risk is especially related to cash and cash equivalents and trade receivables. The Company prepared a number of policies ensuring that products and services are sold to proper customers.

The accounting value of the receivables without the adjustments for uncertain receivables represents the maximum value exposed to credit risk.

The Company's credit risk is concentrated on the five main customers, which together account for 42% of trade accounts receivable balances at 31 December 2024 (31 December 2023: 43%). Although the collection of receivables may be influenced by economic factors, management believes that there is no significant risk of loss exceeding the adjustments already created.

As at 31 December 2024 the company has available payment guarantees to clients amounting lei 614.828.887 thousand.

The cash is placed in financial institutions which are considered to be associated with a minimum performance risk.

	31 December 2024	31 December 2023
Without rating	71.598.559	33.048.306
BB+	-	251.805.038
BBB-	890.375.218	276.682.320
BBB	-	614.290
BBB+	101.888.737	150.261.015
A+	134.273	134.911
AA-	157.385	-
AA	-	156.187
<b>Total</b>	<b>1.064.154.172</b>	<b>712.702.067</b>

*All financial institutions are presented to Fitch rating or equivalent.*

### **Liquidity risk**

Cautious liquidity risk management involves the maintenance of sufficient cash and the availability of funds through an adequate amount of committed credit facilities.

The Company forecasts cash flows. The Company's finance function continually monitors the Company's liquidity requirements to ensure that sufficient cash is available to meet operational requirements while maintaining a sufficient level of undrawn borrowing facilities (Note 16) at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. These forecasts take into account the Company's debt financing plans, compliance with covenants, compliance with internal targets for balance sheet indicators and, where applicable, external regulations or legal requirements.

The Company's finance department shall invest the additional cash in interest-bearing current accounts and term deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide the appropriate framework, determined in accordance with the above-mentioned provisions.

The following table presents the obligations as at 31 December 2024 by remaining contractual maturity. The amounts presented in the maturity schedule represent contractual undiscounted cash flows.

Maturity analysis of financial liabilities as at 31 December 2024:

*(lei)*

	<b>Total amount</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>
Loans	4.920.354.544	534.841.486	2.142.499.066	2.243.013.992
Trade and other payables	780.438.682	780.438.682	-	-
Lease liabilities	187.376.694	42.254.606	145.122.088	-
Other debts	<u>194.293</u>	<u>194.293</u>	<u>-</u>	<u>-</u>
	<b><u>5.888.911.452</u></b>	<b><u>1.357.729.067</u></b>	<b><u>2.287.621.154</u></b>	<b><u>2.243.561.231</u></b>

Maturity analysis of financial liabilities at 31 December 2023:

*(lei)*

	<b>Total amount</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>
Loans	3.093.774.456	582.926.342	1.395.339.865	1.115.508.249
Trade and other payables	555.757.798	528.124.416	27.633.382	-
Lease liabilities	<u>164.633.409</u>	<u>35.587.643</u>	<u>129.045.766</u>	<u>-</u>
	<b><u>3.814.165.663</u></b>	<b><u>1.146.638.401</u></b>	<b><u>1.552.019.013</u></b>	<b><u>1.115.508.249</u></b>

Trade and other payables comprise trade payables, suppliers of fixed assets, dividends payable and other debts which are not included: debt generated as a result of the legal provisions imposed by the authorities, debts to employees and deferred revenue.

Categories of financial instruments:

*(lei)*

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Financial assets</b>		
Cash and cash equivalents	625.958.233	123.999.082
Term bank deposits	440.642.262	588.813.963
Credits and receivables	2.752.119.841	2.468.973.548
	<b><u>3.818.720.335</u></b>	<b><u>3.181.786.592</u></b>

	31 December 2024	31 December 2023
<b>Financial liabilities</b>		
Debts measured at depreciated cost:		
- Loans	3.727.247.285	2.483.777.461
Debts measured at fair value:		
-Financial guarantees related to contracts	134.724.059	66.600.727
-Trade and other payables	662.059.049	458.863.925
	4.524.030.393	3.009.242.113

The loans and receivables category does not include the receivables from the relationship with employees and advance expenses.

### Capital risk management

The company's objectives related to capital management refer to maintaining the Company's capacity to continue its activity in order to provide compensation to shareholders and benefits to the other stakeholders and maintain an optimal structure of the capital, as to reduce capital expenditure.

There are no capital requirements imposed from outside. Like the other companies in this sector, Transgaz monitors the capital based on the debt leverage.

This factor is calculated as net debt divided by total capital.

The net debt is calculated as total borrowings (including `current and long-term borrowings`, as indicated in the statement of financial position), except cash and cash equivalent. The total capital is calculated as `equity`, according to the statement of financial position, plus the net debt.

The net leverage as at 31 December 2024 and as at 31 December 2023 is as follows:

	31 December 2024	31 December 2023
Total loans	3.774.984.289	2.500.094.091
Less: cash and cash equivalents	<u>(1.064.299.187)</u>	<u>(710.857.030)</u>
Net cash position	<u>2.710.685.102</u>	<u>1.789.237.061</u>
Equity	4.389.551.942	4.051.689.042
Leverage	0,61	0,44

(lei)

### Fair value estimate

The fair value of financial instruments traded on an active market is based on market prices quoted at the end of the reporting period.

The fair value of financial instruments that are not traded on an active market is set using valuation techniques.

The book value less the adjustment for the impairment of trade receivables and trade payables is deemed to approximate their fair value.

The fair value of financial liabilities is estimated by discounting the future contractual cash flows using the current market interest rate available to the Company for similar financial instruments.

## 6. SEPARATE ECONOMIC AND FINANCIAL STATEMENT

### 6.1 Separate financial position

According to Article 1 of Order 881/25 June 2012 of the Ministry of Public Finance on the application of the International Financial Reporting Standards by companies having securities admitted to trading on a regulated market, starting with financial year 2012, the companies having securities admitted to trading on a regulated market are obliged to apply OMFP 2844/2016 upon preparation of the individual annual financial statements.

The statement of the financial position as at 31.12.2024 as compared to 31.12.2023 is as follows:

Indicator	31.12.2024 thousand lei	31.12.2022 (restated) thousand lei	Dynamics (%)
0	1	2	3=1/2 -1
Tangible assets	333.770	377.640	88%
Rights of use for the leased assets	19.695	14.501	136%
Intangible assets	5.117.106	3.654.198	140%
Financial assets	177.644	177.619	100%
Other receivables	2.648.908	2.392.525	111%
Deferred tax	82.718	86.121	96%
Restricted cash	2.301	1.956	118%
<b>Fixed assets</b>	<b>8.382.143</b>	<b>6.704.560</b>	<b>125%</b>
Inventories	508.219	577.164	88%
Trade receivables	322.973	294.526	110%
Corporate tax receivables	17.148	40.985	42%
Other receivables	82.997	65.334	127%
Cash and cash equivalent	993.072	675.601	147%
<b>Current assets –TOTAL</b>	<b>1.924.409</b>	<b>1.653.610</b>	<b>116%</b>
<b>TOTAL ASSETS</b>	<b>10.306.552</b>	<b>8.358.170</b>	<b>123%</b>
Debts to be paid over a one-year period	1.471.506	1.533.288	96%
Debts to be paid over a period of more than one year	4.556.229	2.864.656	159%
<b>Total debts</b>	<b>6.027.735</b>	<b>4.397.944</b>	<b>137%</b>

Shareholders' equity			
Share capital	1.883.815	1.883.815,040	100%
Hyperinflation adjustment of share capital	441.418	441.418	100%
Issuance premium	247.479	247.479	100%
Other reserves	1.265.797	1.265.797	100%
Retained earnings	440.308	121.717	362%
<b>Total equity and debts</b>	<b>10.306.552</b>	<b>8.358.170</b>	<b>123%</b>

*Table 23- Statement of separate financial position in 2024 compared to 2023*

### Tangible assets

Tangible assets include auxiliary buildings of operating assets, office buildings, land, assets used for the international transmission activity, as well as objectives related to the national transmission system taken over free of charge.

**Tangible assets decreased by lei 43.870 thousand** as compared to the value as at 31.12.2023, mainly due to the fact that the tangible assets entries did not exceed the depreciation cost for tangible assets.

### Rights of use of leased assets

As at 1 January 2019 the company applies IFRS 16 for lease contracts complying with the recognition criteria and recognized as intangible asset right of use related to the lease contracts.

**The rights of use of leased assets increased by lei 5.194 thousand as compared to 31 December 2023** due to the fact that the initial value of the leased assets contracts exceeded the depreciation cost.

### Intangible assets

#### *IT Programs*

The purchased licenses related to the rights to use the IT programmes are capitalized on based on the costs incurred with the procurement and commissioning of the respective IT programmes. Such costs are depreciated over their estimated useful life (three years). Costs related to the development or maintenance of the IT programmes are recognized as costs during the period when they are registered.

#### *Service concession agreement*

From 2010, in accordance with the EU approval process, the company started to apply IFRIC 12, **Service Concession Arrangements**, adopted by the EU. The scope of IFRIC 12 includes: the existing infrastructure at the time of signing the concession agreement and, also, modernization and improvement brought to the gas transmission system, which are transferred to the regulatory activity at the end of the concession agreement.

The company is entitled to charge the users of the public service and, consequently, an intangible asset was recognized for this right. As they occur, costs of replacements are recorded as expense, while the improvements of assets used within SCA are recognized at fair value. Intangible assets are amortized at zero value during the remaining period of the concession agreement.



**Intangible assets increased by lei 1.462.908 thousand** as compared with the value as at 31.12.2023, this increase being mainly due to the value of the expenses realized for the major projects of investments under implementation.

#### **Financial assets**

**The financial assets increased compared to the value recorded at 31.12.2023 by lei 25 thousand.** By EGMS Resolution 5/5 June 2024 it was approved the establishment of a limited liability company having hydrogen transmission as its scope of activity, having SNTGN Transgaz SA as sole shareholder.

#### **Trade receivables and other receivables/ Fixed assets**

**The receivables regarding the right to collect the regulated value remaining unamortized at the end of the concession agreement on 30 September 2024 increased by the amount of lei 256.383 thousand.** The receivables are registered according to Law 127/2014 of 5 October 2014, which states that in case of termination of the concession agreement for any reason, or upon termination, the investment of the national transmission system operator shall be transferred to the owner of the national transmission system or another concession provider on payment of a compensation equal to the regulated value remaining not amortized, established by ANRE.

The increase of lei 256.383 thousand compared to the value at 31 December 2023 is mainly due to the updating of the receivables with the changes recorded in the regulated asset base and the adjustment of the regulated value of the assets with the inflation rate starting with 2019, as per ANRE Order 41/2019.

Fixed assets recognised in the regulated asset base in a gas year are discounted with the rate of inflation from the following gas year.

#### **Inventories**

**On 31 December 2024 inventories decreased by lei 68.945 thousand** compared to the value as at 31 December 2023, mainly due to the decreasing by lei 78.589 thousand of the stored gas procured to cover technological consumption and the increasing by lei 20.679 thousand of the stocks of raw and other materials and the increasing of the write-down of inventories.

#### **Trade receivables and other receivables**

**On 31 December 2024, the balance of the trade receivables and other receivables increased by lei 22.273 thousand** as compared to 31 December 2023, mainly due to the following factors:

- increase of the client receivables balance by lei 34.392 thousand mainly generated by the collection of the balance of the receivables from domestic transmission and balancing;
- decrease of the provisions for the impairment of the trade receivables and of other receivables by lei 18.237 thousand;
- increase of the balance of other receivables by lei 30.356 thousand.

#### **Cash at hand and in bank**

**On 31 December 2024 the company's cash increased by lei 317.471 thousand** as compared to the end of 2023. The cash in bank accounts in lei increased by lei 633.865 thousand and the cash in bank accounts in currency decreased by lei 316.402 thousand. Other cash elements and cash equivalent register an increase by lei 8 thousand compared with 2023.

### **Debts to be paid over a one-year period**

The structure of debts to be paid over a one-year period recorded the following changes compared to 31 December 2023:

- increase of the balance of the trade and other payables by lei 81.871 thousand;
- increase in the balance of debts related to rights of use of leased assets by lei 581 thousand;
- decrease of the provision for risks and charges by lei 36.534 thousand mainly on account of the reversal of the provision for litigation and registering the provision for employee profit-sharing in 2024;
- decrease of the current part of the provision for employee benefits by lei 222 thousand;
- decrease of the deferred revenue over the short term by lei 10.318 thousand;
- decrease of short-term loans by lei 97.159 thousand.

### **Long-term debts**

The evolution of long-term debts is due to the following aspects:

- increase of long-term loans by lei 1.388.411 thousand;
- increase of the provision for employee benefits in the amount of lei 7.108 thousand;
- increase of deferred revenue and of the subsidies by lei 291.294 thousand, mainly due to the collection in 2024 of the grants for funding the projects Gas Transmission Pipeline Black Sea-Podisor; and Gas Transmission Pipeline Ghercești - Jitaru;
- increase of the debts related to rights of use of leased assets in the amount of lei 4.759 thousand.

### **Equity**

There was no change in the subscribed and paid-up capital.

Retained earnings increased by lei 318.591 thousand.

## **6.2 Separate comprehensive income**

The situation of the individual profit and loss account in 2024 compared to 2023:

(thousand lei)

Specification	Achieved 2024	Achieved 2023 (restated)	Dynamics (%)
0	1	2	$3 = 1/2 \times 100$
<b>TOTAL revenue of which:</b>	<b>4.434.781</b>	<b>2.582.670</b>	<b>172%</b>
Operating revenue before the construction activity, according to IFRIC12 and balancing	2.105.069	1.711.286	123%
Revenue from the balancing activity	248.967	458.811	54%
Revenue from the construction activity according to IFRIC12	1.876.822	182.450	1.029%
Financial revenue	203.923	230.123	89%
<b>TOTAL costs of which:</b>	<b>3.976.676</b>	<b>2.379.041</b>	<b>167%</b>

Specification	Achieved 2024	Achieved 2023 (restated)	Dynamics (%)
0	1	2	3=1/2*100
Operating cost before the construction activity, according to IFRIC12, and balancing	1.764.049	1.607.248	110%
Cost of balancing gas	248.967	458.811	54%
Cost of assets according to IFRIC12	1.876.822	182.450	1.029%
Financial costs	86.838	130.533	67%
<b>Total GROSS PROFIT, of which:</b>	<b>458.105</b>	<b>203.629</b>	<b>225%</b>
- from operation	341.020	104.039	328%
- from the financial activity	117.085	99.590	118%
Profit tax	66.075	18.001	367%
<b>NET PROFIT</b>	<b>392.030</b>	<b>185.628</b>	<b>211%</b>
Actuarial gain/loss for the period	-7.506	2.880	X
<b>Comprehensive income of the period</b>	<b>384.524</b>	<b>188.509</b>	<b>204%</b>

*Table 24 - Separate profit and loss account in 2024 compared to 2023*

### Operating revenue

Operating revenue before the balancing and the construction activity according to IFRIC 12 obtained in 2024 as compared to 2023 is as follows:

No.	Specification	Achieved (thousand lei)		Dynamics (%)
		2024	2023	
0	1	2	3	4=2/3*100
<b>1.</b>	<b>Revenue from the transmission activity</b>			
	- Thousand lei	1.954.194	1.451.982	135%
	- MWh	141.653.476	141.519.631	100%
	- lei/MWh	13,80	10,26	134%
<b>3.</b>	<b>Revenue from the international transmission activity</b>			
	- Thousand lei	0	116.306	X
<b>4.</b>	<b>Other operating revenue</b>			
	- Thousand lei	150.875	142.999	106%
<b>TOTAL OPERATING REVENUE before the balancing and the construction activity according to IFRIC12</b>		<b>2.105.069</b>	<b>1.711.286</b>	<b>123%</b>

*Table 25 - Revenue from the operating activity –Obtained in 2024 compared to Achieved in 2023*

### Operating expense

The operating expense obtained in 2024 as compared to 2023:

(thousand lei)

No.	Specification	2024	2023 (restated)	Dynamics (%)
0	1	2	3	$4=2/3*100$
1.	Depreciation	470.454	457.211	102,90
2.	Compensation, salaries, other expenditures related to salaries and benefits to employees	626.693	570.794	109,79
3.	Technological consumption, materials and consumables used, of which:	146.810	148.201	99,06
	- Transmission system technological loss and consumption	104.646	106.268	98,47
	- technological consumption quantity - (MWh)	696.420	627.163	111,04
	- Auxiliary materials	37.492	38.398	97,64
	- Other material expenditures	4.672	3.535	132,16
4.	Expenditures related to royalties	224.732	55.285	406,50
5.	Maintenance and transport, of which:	58.584	41.563	140,95
	- Works, services performed by third parties	39.977	22.879	174,73
6.	Taxes and other amounts due to the State, of which:	89.534	87.507	102,32
	- Gas transmission and international transit license fee	8.667	10.414	83,22
	- Monopoly tax	67.951	68.073	99,82
7.	Cost of the provision for risks and charges	-47.556	13.776	x
8.	Loss from impairment of receivables	-18.237	108.175	x
9.	Other operating expense	213.035	124.735	170,79
<b>TOTAL OPERATING EXPENSE before the balancing and the construction activity according to IFRIC12</b>		<b>1.764.049</b>	<b>1.607.248</b>	<b>109,76</b>

Table 26 - Operating cost obtained in 2024 compared to Obtained in 2023

### 6.3 Separate cash flow statement

The cash flow statement on 31 December 2024 is as follows:

Indicator	Financial year ended 31 December (thousand lei)	
	2024	2023 (restated)
<b>Profit before tax</b>	<b>458.105</b>	<b>203.629</b>
Adjustments for:		
Depreciation	470.454	457.211

Indicator	Financial year ended 31 December (thousand lei)	
	2024	2023 (restated)
Gain/(loss) from the transfer of fixed assets	182	-123
Provisions for risks and charges	-36.534	9.826
Provisions for employee benefits	8.227	8.604
Impairment of investments	2.059	0
Write-down of inventories	11.035	2.918
Revenue from connection fees, grants and goods taken free of charge	-105.215	-113.957
Loss on amounts receivable and sundry debtors	25.267	126
Adjustment of impairment of receivables	-18.237	108.175
Interest revenue	-71.391	-58.617
Interest expenses	72.155	90.702
Concession Agreement receivable adjustment	-127.698	-145.223
Effect of discounting the provision for employee benefits	9.056	8.656
The effect of the currency exchange rate variation on other elements than operation	71	5.298
Other costs and revenue	-144	-330
<b>Operating profit before the changes in working capital</b>	<b>697.390</b>	<b>576.895</b>
(Increase)/decrease in trade and other receivables	-104.833	-97.551
(Increase)/decrease in inventories	64.856	23.533
Increase/(decrease) in trade and other payables	-27.851	72.557
<b>Cash from operations</b>	<b>629.563</b>	<b>575.434</b>
Paid profit tax	-35.637	-80.998
<b>Net cash inflows from operation</b>	<b>593.925</b>	<b>494.436</b>
<b>Cash flow from investments</b>		
Payments for the acquisition of intangible assets	-1.754.554	-236.045
Payments for the acquisition of tangible assets	-21.681	-20.149
Receipts from the transfer of tangible assets	110	264
Financial investments/shares	-25	13.504
Collected interest	12.493	4.317
<b>Net cash used in investment activities</b>	<b>-1.763.657</b>	<b>-238.109</b>
<b>Cash flow from financing activities</b>		
Disbursements on long term loans	1.417.670	246.610
Repayments of long term loans	-132.316	-132.099
Credit drawings/payments for the working capital	2.174	175.431
Cash from connection fees and non-reimbursable funds	399.138	4.477

Indicator	Financial year ended 31 December (thousand lei)	
	2024	2023 (restated)
Leasing payments (IFRS 16)	-5.611	-5.601
Paid interests	-127.773	-119.820
Paid dividends	-66.080	-132.399
<b>Net cash used in financing activities</b>	<b>1.487.203</b>	<b>36.599</b>
<b>Net change in cash and cash equivalents</b>	<b>317.471</b>	<b>292.926</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>675.601</b>	<b>382.675</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>993.072</b>	<b>675.601</b>

*Table 27 - Separate cash flow statement in 2024 compared to 2023*

The analysis of the cashflow as at 31 December 2024 shows an increase of liquid assets by lei 317.471 thousand as compared to 31 December 2023.

The changes to the structure of the cash flow for are:

- cash flow from operation is of lei 593.925 thousand, higher by lei 99.489 thousand than in 2023;
- cash flow from the investment activity is of lei -1.763.656 thousand, lower by lei 1.525.548 thousand than in 2023;
- cash flow used in the financing activity is of lei 1.487.203 thousand, higher by lei 1.450.604 thousand than in 2023.

As at 31 December 2024, the balance of liquid assets in the company's bank accounts was lei 992.952 thousand, of which 2% represented liquid assets denominated in foreign currency, mostly in EUR.

#### **6.4 Evaluation of the activity related to the financial risk management**

##### **Financial risk factors**

By the nature of the activities performed, the company is exposed to various risks, which include: market risk (including currency risk, interest rate risk on fair value, interest rate risk on cash flow and price risk), credit risk and liquidity risk.

The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company does not use derivative financial instruments to protect itself from certain risk exposures.

## Market risk

### Currency risk

The Company is exposed to currency risk by exposures to various foreign currencies, especially to EUR. Currency risk is associated to assets and recognized liabilities.

The Company does not perform formal actions to minimize the currency risk related to its operations.

The following table shows the sensitivity of profit or loss and equity, to reasonably possible changes in exchange rates applied to the end of the reporting period of the functional currency of the Company, with all variables held constant:

	31 December 2024	31 December 2023
<i>Impact on profit and loss and on equity of:</i>		
USD appreciation by 8%	566.392	547.243
USD depreciation by 8%	(566.392)	(547.243)
EUR appreciation by 2%	(19.884.379)	(5.332.407)
EUR depreciation by 2%	19.884.379	5.332.407

(lei)

### Price risk

The company is exposed to commodity price risk on gas purchased for its own consumption. If the gas price had been 5% higher/lower, the net profit related to the period would have been lower/higher by lei 6.161.452 (December 2023: lei 4.888.012).

### Interest rate risk on cash flow and fair value

The Company is exposed to interest rate risk by deposits with banks and loans with variable interest taken. The Company did not conclude any commitment to diminish the risk. For the average exposure of the period, if the interest rates had been by 50 basis points lower/higher, with all the other variables maintained constant, the profit related to the period and equity would have been higher/lower by lei 10.098.260 higher/lower (December 2023: lei 7.805.365 (higher/lower), as a net result of the change of interest rate for variable interest loans and interest rate for bank deposits. The value of 50 basis points represents management's assessment of the reasonable change in interest rates.

### **Credit risk**

Credit risk is especially related to cash and cash equivalents and trade receivables. The Company prepared a number of policies ensuring that products and services are sold to proper customers. The accounting value of the receivables without the adjustments for uncertain receivables represents the maximum value exposed to credit risk.

The Company's credit risk is concentrated on the five main customers, which together account for 42% of the trade receivable balances as at 31 December 2024 (31 December 2023: 43%). Although



the collection of receivables can be influenced by economic factors, the management believes that there is no significant risk of loss exceeding the adjustments already made.

On 31 December 2024 the company has payment guarantees from clients amounting to lei 614.828.887.

The cash is placed in financial institutions which are considered to be associated with a minimum performance risk.

(lei)

	31 December 2024	31 December 2023
Without rating	401.496	269.860
BB+	-	251.805.038
BBB-	890.375.218	276.682.320
BBB	-	614.290
BBB+	101.883.477	147.783.067
A+	134.273	134.911
AA-	157.385	-
AA	-	156.187
<b>Total</b>	<b>992.951.849</b>	<b>677.445.673</b>

*All financial institutions are presented to Fitch rating or equivalent.*

### **Liquidity risk**

Cautious liquidity risk management involves keeping enough cash and funds available by a proper value of committed credit facilities. The company forecasts the cash flows.

The financial structure of the Company continuously monitors the Company's liquidity requirement to make sure there is enough cash to meet the operational requirements, maintaining at the same time a sufficient level of unused borrowing facilities (Note 16) at any time, so that the Company does not break the limits or breach loan agreements (where applicable) for any of its credit facilities.

Such forecasts consider the Company's debt financing plans, compliance with agreements, compliance with internal objectives on the balance sheet indicators and, if appropriate, external regulations or provisions.

The Financial Division of the Company invests extra cash in interest bearing current accounts and term deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide the appropriate framework, established under the provisions mentioned above.

The table below shows the obligations as at 31 December 2024 in terms of remained contractual maturity. The amounts disclosed in the maturity table are contractual undiscounted cash flows.

The analysis of financial liabilities on 31 December 2024 in terms of maturity is as follows:

(lei)

	<b>Total amount</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>
Loans	4.703.903.245	510.840.913	2.053.719.820	2.139.342.512
Trade and other payables	758.984.163	758.984.163	-	-
Lease liabilities	20.881.905	3.913.557	16.968.348	-
	<b>5.483.769.313</b>	<b>1.273.738.633</b>	<b>2.070.688.168</b>	<b>2.139.342.512</b>

The analysis of financial liabilities on 31 December 2023:

(lei)

	<b>Total amount</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>
Loans	2.842.179.180	556.350.271	1.298.599.124	987.229.785
Trade and other payables	498.127.534	498.127.534	-	--
Lease liabilities	15.542.003	3.333.037	12.208.966	-
	<b>3.355.848.717</b>	<b>1.057.810.842</b>	<b>1.310.808.090</b>	<b>987.229.785</b>

Trade and other payables comprise trade payables, suppliers of fixed assets, dividends payable and other debts which are not included: debt generated as a result of the legal provisions imposed by the authorities, debts to employees and deferred revenue.

Categories of financial instruments:

(lei)

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Financial assets</b>		
Cash and cash equivalents	554.730.910	96.204.966
Term bank deposits	440.642.262	581.351.685
Credits and receivables	3.027.109.463	2.710.541.673
Financial assets - shares	184.105.881	202.197.382
Adjustments for financial assets - shares	<u>(6.461.736)</u>	<u>(24.578.237)</u>
	<b><u>4.200.126.780</u></b>	<b><u>3.565.717.469</u></b>

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Financial liabilities</b>		
Debts measured at depreciated cost:		
-Loans	3.584.911.807	2.297.704.366
Debts measured at fair value:		
-Financial guarantees related to contracts	118.379.633	50.446.894
- Trade and other payables	<u>640.604.530</u>	<u>447.680.640</u>
	<b><u>4.343.895.970</u></b>	<b><u>2.795.831.900</u></b>

The loans and receivables category does not include the receivables from the relationship with employees and advance expenses.

### Capital risk management

The company's objectives related to capital management refer to maintaining the Company's capacity to continue its activity in order to provide compensation to shareholders and benefits to the other stakeholders and maintain an optimal structure of the capital, as to reduce capital expenditure.

There are no capital requirements imposed from outside.

Like the other companies in this sector, Transgaz monitors the capital based on the debt leverage. This factor is calculated as net debt divided by total capital.

The net debt is calculated as total borrowings (including `current and long-term borrowings`, as indicated in the statement of financial position), except cash and cash equivalent. The total capital is calculated as `equity`, according to the statement of financial position, plus the net debt.

The net leverage at 31 December 2024 and at 31 December 2023 is as follows:

(lei)

	31 December 2024	31 December 2023
Total loans	3.584.911.807	2.297.704.366
Less: cash and cash equivalents	<u>(995.373.172)</u>	<u>(677.556.651)</u>
Net cash position	<u>2.589.538.635</u>	<u>1.620.147.715</u>
Equity	4.278.816.797	3.960.226.089
Leverage	0,61	0,41

### Fair value estimate

The fair value of financial instruments traded on an active market is based on market prices quoted at the end of the reporting period. The fair value of financial instruments that are not traded on an active market is set using valuation techniques.

The book value less the adjustment for the impairment of trade receivables and trade payables is deemed to approximate their fair value. The fair value of financial liabilities is estimated by discounting the future contractual cash flows using the current market interest rate available to the Company for similar financial instruments.

## **7. CORPORATE GOVERNANCE**

Corporate governance includes the totality of systems and processes put in place to lead and control a company to increase its performance and value. Corporate governance basically involves balancing the interests of the company's stakeholders, which may include shareholders, senior management, customers, suppliers, creditors, government and the community. As such, corporate governance encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate development. Practically, it addresses the effectiveness of management systems, emphasising the role of the Board of Administration, the accountability and remuneration of Board members, the credibility of financial/non-financial statements and the effectiveness of risk management systems.

Corporate governance is a key element in improving the company's efficiency and economic growth, as well as increasing investor confidence. It provides the framework/context through which the company's objectives are set and the means by which these objectives are achieved. The existence of an effective system in this regard, both within the company and the economy at large, provides the confidence necessary for the proper functioning of the market economy.

Sustainable corporate governance is a guarantee that the company provides value for its stakeholders over the long term. A priority for the boards of administration is to identify the company's relevant stakeholders, including customers, investors, regulators and suppliers, as well as local communities. It should also be considered that different stakeholder groups are not homogeneous, and a wide range of views and interests may exist within each stakeholder group. It also sets guidelines to help governing bodies clarify purpose and values, ensure that the strategy is aligned with this intent and that it generates value for all relevant stakeholders to strategically achieve the purpose in line with the values.

Responsibility at all levels is another principle of good governance, both the members of the administrative and executive management and those to whom management was delegated must enforce and supervise compliance with the legislation in force. The management of the company is responsible for the actions and omissions of the organisation, therefore the governing bodies must ensure that they define roles and responsibilities and have a functioning reporting and accountability system. As they move towards sustainable business strategies, companies need to ensure that non-financial indicators and targets are as important and meaningful as financial indicators, financial targets and financial reporting.

Non-financial reporting and financial reporting must be integrated so that when the company announces its annual results, they incorporate all types of values generated by the business. Sustainability should be seen as an important part of setting strategy and objectives at company level, with a high level of focus on sustainability issues at both strategic and operational levels.

At SNTGN Transgaz SA level, the development of corporate governance is carried out taking into account its impact on economic performance, market integrity, as well as the context it creates for market participants and the proportion of transparent and efficient markets. Sustainability is an integral part of the company's purpose and strategy, environmental, social and governance (ESG)

issues are embedded in the company's culture and taken into account in the decision-making process at every level as well as in the reports issued by the company.

Shareholders have the right to be informed and to participate in the decision-making on fundamental changes within the company, to consult with other shareholders on issues concerning their rights.

The members of the Board of Administration make decisions and act on the basis of complete information and in the interest of the company and its shareholders. At the same time, the Board operates with high ethical standards and integrity, taking into account the interests of shareholders, stakeholders, sustainability and sustainable development issues.

**The Corporate Governance Rules of SNTGN TRANSGAZ SA** were approved by the Ordinary General Meeting of the Shareholders on 2 March 2011, by GMS Resolution 1/2011 (Art. 4), and the latest updating of the document was approved in the Board of Administration meeting of 24.08.2023 according to the Code of Corporate Governance of the Bucharest Stock Exchange.

The updated corporate governance reference document has a structure in line with corporate governance requirements and has **7 chapters**, as follows:

Chap.1 - <b>Corporate governance structures:</b> Sistemul de Administrare, Consiliul de Administrație, Comitetele consultative, Conducerea executivă;
Chap.2 – <b>Board of Administration:</b> rolul și obligațiile Consiliului de Administrație, structura Consiliului de Administrație, alegerea membrilor Consiliului de Administrație, remunerarea membrilor Consiliului de Administrație;
Chap.3 – <b>Shareholders' rights:</b> drepturile deținătorilor de acțiuni, tratamentul deținătorilor de acțiuni;
Chap.4 - <b>Transparency and Reporting, Internal Audit and Risk Management</b> Transparența și raportarea, Auditul intern, Managementul riscului;
Chap.5 – <b>Conflicts of interest and significant related party transactions:</b> Codul etic al SNTGN Transgaz SA, conflictul de interese; tranzacțiile semnificative încheiate cu părți afiliate;
Chap.6 – <b>Corporate information regime</b>
Chap.7 – <b>Sustainability</b>

## 7.1 CORPORATE GOVERNANCE STATEMENT

### I. STATEMENT ON COMPLIANCE WITH THE CODE

### II. ELEMENTS OF THE CORPORATE GOVERNANCE STATEMENT

- **Section A - Information on the composition, responsibilities and activities of the Board and Committees**
- **Section B - Information on risks and internal control**
- **Section C - Remuneration information**
- **Section D - Shareholder information**

## **I. STATEMENT ON COMPLIANCE WITH THE CODE**

SNTGN Transgaz SA as a company listed on BSE in the Premium category, voluntarily adopted the provisions of the Corporate Governance Code of the Bucharest Stock Exchange and had been reporting since 2010 total or partial compliance with its provisions by the *Statement of Compliance or Non-Compliance with the Code of Corporate Governance*, included in the annual Report issued by the Board of Administration.

In September 2015, a new BSE Code of Corporate Governance was launched for companies listed on the main market, applicable from 4 January 2016. It was developed by the BSE as part of a new corporate governance framework for promoting higher governance and transparency standards for the listed companies.

The implementation of the new rules is based on the "apply and explain" principle which provides the market with clear, accurate and timely information on how listed companies comply with corporate governance rules.

Transgaz is in full compliance with the majority of the provisions of the Code, and the provisions with which the company has not yet been in compliance were explicitly presented in a current report submitted to the BSE in January 2016, which is also published on the company's website in the section: *Investor Information/Current Reports/2016*.

On 12 October 2016, in a Current Report submitted to the BSE, SNTGN TRANSGAZ SA reported to the market its compliance with one more provision, namely A.2. and on 3 May 2022, compliance with provision C.1. of the BSE's Governance Code was also reported. Any further compliance that the Company will achieve in this regard will be reported to the capital market. Subsequently, during 2024, the Bucharest Stock Exchange and the European Bank for Reconstruction and Development worked together to revise the BSE Corporate Governance Code, aligning it with recent regulatory changes, current international standards and the priorities of market participants.

The purpose of the revised Code is to promote effective governance and accountability in companies whose shares are admitted to trading on the regulated market of the BSE and the underlying practices aim to achieve this through several means, namely by ensuring that the Board of Administration and management of the company have the necessary power and responsibilities, as well as the necessary skills, experience and objectivity to perform their functions for the effective development of the company's strategy and oversight of its implementation and by ensuring transparency about the way in which the company is organized and run.

The revised Code reflects changes to the legal framework and developments in corporate governance practice that have taken place since the publication of the previous edition in 2015 and sets out expected standards comparable with those in other EU and OECD member states.

The document is divided into five main sections, each of which addresses a different aspect of the Corporate Governance system, namely: section A - "Governing Bodies", section B - "Risk

Management and Internal Control Framework", section C - "Performance, Motivation and Reward", section D - "Reporting and Investor Relations" and section E - "Sustainability and Stakeholders".

The Code follows the 'apply or explain' approach, which gives Companies the flexibility to decide which practices to adopt to ensure the effectiveness of their governance. They will have to start adapting their practices in line with the revised Code from 1 January 2025. As a result, the annual report for FY 2025 (which contains the corporate governance chapter and the 'apply or explain' statement) will be the first reporting that companies will be required to make under the provisions of the revised Code.

**Table on compliance or non-compliance with the provisions of the 2015 Code**

Provisions of the 2015 Code		Complies	Does not comply or partially complies	The reason for non-compliance
<b>Section A - Responsibilities</b>				
<b>A.1</b>	All the companies must have an internal regulation of the Board which includes the terms of reference/responsibilities of the Board and the key management positions of the company, and which applies, inter alia, the General Principles in Section A.	X		
<b>A.2</b>	Provisions for managing conflicts of interest must be included in the Board's regulation. In any case, Board members must notify the Board of any conflicts of interest that have arisen or may arise and abstain from participating in discussions (including by non-attendance, unless non-attendance would prevent the formation of a quorum) and from voting on a decision on the matter giving rise to the conflict of interest in question.	X		
<b>A.3</b>	The Board of Administration or the Supervisory Board shall be made up of at least 5 members.	X		
<b>A.4</b>	The majority of the members of the Board of Administration must be non-executive. At least one member of the Board of Administration or of the Supervisory Board must be independent in the case of Standard Category companies. In the case of Premium category companies, no fewer than two non-executive members of the Board of Administration or the Supervisory Board must be independent. Each independent member of the Board of Administration or of the Supervisory Board, as the case may be, must make a declaration at the time of his nomination for election or re-election, as well as at the time of any change in his status, indicating the grounds on which he is considered to be independent in character and judgment and in accordance with the following criteria:	X		



Provisions of the 2015 Code		Complies	Does not comply or partially complies	The reason for non-compliance
	<b>A.4.1.</b> is not a Director General/CEO of the company or of a company controlled by it and has not held such a position in the last 5 years.	X		
	<b>A.4.2.</b> is not an employee of the company or of a company controlled by it and has not held such a position in the last 5 years.	X		
	<b>A.4.3.</b> does not receive and has not received any additional remuneration or other benefits from the company or any company controlled by it, other than those pertaining to non-executive administrator.	X		
	<b>A.4.4.</b> is not or has not been an employee or does not have or has not had during the previous year a contractual relationship with a significant shareholder of the company, a shareholder controlling more than 10% of the voting rights, or with a company controlled by it.	X		
	<b>A.4.5.</b> does not have and has not had in the previous year a business or professional relationship with the company or a company controlled by it, either directly or as a client, partner, shareholder, member of the Board of Administration, Director general/CEO or employee of a company if, by its nature or substance, such relationship could affect its objectivity.	X		
	<b>A.4.6.</b> is not and has not been within the last 3 years an external or internal auditor or a partner or salaried associate of the current external financial auditor or internal auditor of the company or of a company controlled by it.	X		
	<b>A.4.7.</b> is not a Director General/CEO of another company where another Director General/CEO of the company is a non-executive administrator.	X		
	<b>A.4.8.</b> has not been a non-executive administrator of the company for more than 12 years.	X		
	<b>A.4.9.</b> does not have family ties with a person in the situations mentioned in points A.4.1 and A.4.4.	X		
<b>A.5</b>	Other relatively permanent professional commitments and obligations of a Board member, including executive or non-executive positions on the Boards of not-for-profit companies and institutions, must be disclosed to shareholders and potential investors prior to nomination and during his or her mandate.	X		
<b>A.6</b>	Any member of the Board must disclose to the Board information concerning any relationship with a shareholder holding directly or indirectly shares representing more than 5% of all voting rights. This		X	The information will be requested from the members of the BoA

Provisions of the 2015 Code		Complies	Does not comply or partially complies	The reason for non-compliance
	obligation covers any relationship that may affect the member's position on matters decided by the Board.			Transgaz will submit to BSE a current report upon compliance.
<b>A.7</b>	The company must designate a Board Secretary responsible for supporting the work of the Board.	X		
<b>A.8</b>	The corporate governance statement will disclose whether an evaluation of the Board has taken place under the leadership of the Chairman or nominating committee and, if so, summarize the key actions and changes resulting from it. The company must have a Board evaluation policy/guideline including the purpose, criteria and frequency of the evaluation process.		X	The activity of the BoA is assessed on the basis of the performance criteria included in the management plan as well as in the mandate contracts, the degree of fulfillment of which is included in the annual report of the BoA. A separate report on the assessment of the fulfillment of financial and non-financial performance indicators shall be presented annually to the General Meeting of Shareholders as an annex to the contracts of mandate of the non-executive administrators. The Company does not have a policy/guideline for the evaluation of BoA work, the evaluation is done based on the above mentioned criteria. TGN will submit a current

Provisions of the 2015 Code		Complies	Does not comply or partially complies	The reason for non-compliance
				compliance report at the time of development of this policy.
<b>A.9</b>	The corporate governance statement must contain information on the number of Board and committee meetings held in the last year, the attendance of administrators ( <i>in person and in absentia</i> ) and a report by the Board and committees on their activities.	X		
<b>A.10</b>	The corporate governance statement must include information on the exact number of independent members of the Board of Administration or the Supervisory Board.	X		
<b>A.11</b>	The Board of Premium Class companies must establish a Nomination Committee of non-executive members, which will lead the nomination procedure for new Board members and make recommendations to the Board. The majority of the members of the Nomination Committee must be independent.	X		
<b>Section B - Risk management system and internal control system</b>				
<b>B.1</b>	The board must establish an audit committee of which at least one member must be an independent non-executive administrator. A majority of the members, including the chairman, must have proven appropriate qualifications relevant to the positions and responsibilities of the committee. At least one member of the audit committee must have proven and appropriate audit or accounting experience. In the case of Premium Category companies, the audit committee must consist of at least three members and a majority of the audit committee members must be independent.	X		
<b>B.2</b>	The chairman of the audit committee must be an independent non-executive member.	X		
<b>B.3</b>	As part of its responsibilities, the audit committee must carry out an annual assessment of the internal control system.	X		
<b>B.4</b>	The evaluation must consider the effectiveness and comprehensiveness of the internal audit function, the adequacy of risk management and internal control reporting to the Board's Audit Committee, the timeliness and effectiveness with which executive management addresses deficiencies or weaknesses identified in internal control, and the presentation of relevant reports to the Board.	X		
<b>B.5</b>	The audit committee must assess conflicts of interest in relation to transactions of the company and its subsidiaries with related parties.	X		

Provisions of the 2015 Code		Complies	Does not comply or partially complies	The reason for non-compliance
<b>B.6</b>	The audit committee must assess the effectiveness of the internal control system and the risk management system.	X		
<b>B.7</b>	The Audit Committee must monitor the application of generally accepted legal and internal auditing standards. The Audit Committee must receive and evaluate the reports of the internal audit team.	X		
<b>B.8</b>	Whenever the Code refers to reports or reviews initiated by the Audit Committee, these must be followed by regular (at least annually) or <i>ad-hoc</i> reports to be submitted subsequently to the Board.	X		
<b>B.9</b>	No shareholder can be granted preferential treatment over other shareholders in connection with transactions and agreements entered into by the company with shareholders and their affiliates.	X		
<b>B.10</b>	The Board must adopt a policy to ensure that any transaction of the Company with any of its closely related companies the value of which equals or exceeds 5% of the Company's net assets (as reported in the latest financial report) is approved by the Board following a binding opinion of the Board's audit committee and fairly disclosed to shareholders and potential investors, to the extent that such transactions fall within the category of events subject to the reporting requirements.		X	This policy will be drafted and approved in accordance with the BA Rules of organization and functioning and the Articles of Incorporation
<b>B.11</b>	Internal audits must be carried out by a structurally separate division (audit department) within the company or by engaging an independent third party.	X		
<b>B.12</b>	In order to ensure the fulfillment of the core functions of the internal audit department, the internal audit department must functionally report to the Board through the audit committee. For administrative purposes and as part of management's obligations to monitor and mitigate risks, it should report directly to the Director General.	X		
<b>Section C - Fair rewards and motivation</b>				
<b>C.1</b>	The company must publish on its website the remuneration policy and include in the annual report a statement on the implementation of the remuneration policy during the annual period under review.  The remuneration policy must be formulated in such a way as to enable shareholders to understand the principles and rationale underlying the remuneration of the members of the Board and the Director General, as well as the members of the Executive Board in a dual Board system. It must describe how the remuneration process is governed and how	X		

Provisions of the 2015 Code		Complies	Does not comply or partially complies	The reason for non-compliance
	<p>remuneration decisions are made detail the components of executive remuneration (such as salaries, annual bonuses, long-term incentives linked to share value, benefits in kind, pensions and other) and describe the purpose, principles and assumptions underlying each component (including the general performance criteria attached to any form of variable remuneration). In addition, the remuneration policy must specify the duration of the Director General's contract and the notice period provided for in the contract, as well as any compensation for dismissal without just cause.</p> <p>The Remuneration Report must disclose the implementation of the Remuneration Policy for the individuals identified in the Remuneration Policy during the annual period under review.</p> <p>Any material changes to the remuneration policy must be published in a timely manner on the company's website.</p>			
<b>Section D - Building value through investor relations</b>				
<b>D.1</b>	The company must organize an Investor Relations department - indicating to the general public the responsible person(s) or organizational unit. In addition to the information required by legal provisions, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including:	X		
	<b>D.1.1.</b> The main corporate regulations: articles of incorporation, procedures for general meetings of shareholders;	X		
	<b>D.1.2.</b> The professional CVs of the members of the governing bodies of the company, other professional commitments of the Board members, including executive and non-executive positions on boards of administration of companies or non-profit institutions;	X		
	<b>D.1.3.</b> Current reports and regular reports (quarterly, half-yearly and annual) - at least those referred to in point D.8 - including current reports with detailed information on non-compliance with this Code;	X		
	<b>D.1.4.</b> Information on general meetings of shareholders: agenda and information materials; procedure for the election of Board members; arguments in support of the proposed candidates for election to the Board, together with their professional CVs; shareholders' questions on agenda items and the company's responses, including resolutions adopted;		X	The company partially applies this provision, the election of the members of the Board is carried out in accordance

Provisions of the 2015 Code		Complies	Does not comply or partially complies	The reason for non-compliance
				with the provisions of art. 29 of GEO 109/2011 on the corporate governance of public enterprises, as amended and supplemented.
	<b>D.1.5.</b> Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events leading to the vesting or limitation of a shareholder's rights, including deadlines and the principles applied to such transactions. Such information shall be disclosed in a timely manner to enable investors to make investment decisions;	X		
	<b>D.1.6.</b> The name and contact details of a person who will be able to provide relevant information on request;	X		
	<b>D.1.7.</b> The company presentations (e.g. investor presentations, quarterly results presentations, etc.), financial statements (quarterly, half-yearly, annual), audit reports and annual reports.	X		
<b>D.2</b>	The Company will have a policy on the annual distribution of dividends or other benefits to shareholders, proposed by the Director general or the Board of Administration and adopted by the Board, in the form of a set of guidelines that the Company intends to comply with respect to the distribution of net income. The principles of the annual distribution policy to shareholders will be published on the company's website.		X	The distribution of the company's profit is carried out in accordance with the provisions of GEO 64/2001 on the distribution of profit in national companies, national companies and commercial companies with full or majority state capital, as well as in autonomous companies, as subsequently amended and supplemented.
<b>D.3</b>	The company will adopt a policy in relation to forecasts, whether they are made public or not.		X	The company's activity is

Provisions of the 2015 Code		Complies	Does not comply or partially complies	The reason for non-compliance
	Forecasts refer to quantified conclusions of studies aimed at establishing the overall impact of a number of factors over a future period (so-called hypotheses): by its nature, this projection has a high level of uncertainty, the actual results may differ significantly from the forecasts initially presented. The forecasting policy will determine the frequency, the time horizon and the content of the forecasts. If published, forecasts may only be included in annual, half-yearly or quarterly reports. The forecasting policy will be published on the company's website;			regulated by ANRE. Transgaz' management plan includes the management strategy during the mandate. This is rigorously structured and includes strategic directions of action regarding the management of all resources, operational and management processes of the company in order to achieve the set performance objectives with maximum efficiency.
<b>D.4</b>	The rules of general meetings of shareholders must not restrict the participation of shareholders in general meetings and the exercise of their rights. Amendments to the rules shall enter into force, at the earliest, with effect from the next shareholders' meeting.	X		
<b>D.5</b>	The external auditors shall be present at the general meeting of shareholders when their reports are presented at such meetings.	X		
<b>D.6</b>	The Board shall present to the annual general meeting of shareholders a brief assessment of the internal control and significant risk management systems, as well as opinions on matters for decision by the general meeting.	X		Those informations are included in the annual report of the Board of Administration as well as in the Management statement drawn up in accordance with Art. 30 of the Accounting Act No. 82/1991
<b>D.7</b>	Any specialist, consultant, expert or financial analyst may attend the shareholders' meeting upon prior invitation by the Board. Accredited journalists may	X		



Provisions of the 2015 Code		Complies	Does not comply or partially complies	The reason for non-compliance
	also attend the general meeting of shareholders, unless the Chairman of the Board decides otherwise.			
<b>D.8</b>	Quarterly and half-yearly financial reports will include information in both Romanian and English on key factors influencing changes in the level of sales, operating profit, net profit and other relevant financial indicators, both quarter-on-quarter and year-on-year.	X		
<b>D.9</b>	A company will organize at least two meetings/teleconferences with analysts and investors each year. Information presented on these occasions will be published in the investor relations section of the company's website on the date of the meetings/teleconferences.	X		
<b>D.10</b>	Where a company supports different forms of artistic and cultural expression, sports, educational or scientific activities and considers that their impact on the innovative character and competitiveness of the company is part of its mission and development strategy, it will publish its policy on its activity in this field.	X		

## II. ELEMENTS OF THE CORPORATE GOVERNANCE STATEMENT

### Section A - Information on the composition, responsibilities and activities of the Board and Committees

#### Management System

Transgaz has a unitary management system and is managed by a Board of Administration. It has the general competence to take out all necessary actions in order to successfully carry out the activity of the company, except for the issues that are within the competence of the General Meeting of the Shareholders according to the provisions of the Articles of Incorporation updated on 11.10.2023, or of the legislation concerned.

The management of Transgaz is provided by a Board of Administration formed mostly by non-executive and independent administrators within the meaning of Art.138<sup>2</sup> of the Law no. 31/1990 on companies, republished, as amended.

The Board of Administration is composed of 5 members that guarantee the efficiency of the supervisory, analysing and evaluating capacity of the company as well as the fair treatment of the shareholders. Members of the Board of Administration are elected by the General Meeting of Shareholders for a four-year term. Depending on the extent to which they have fulfilled their duties,

the administrators' mandates may be renewed or revoked, the decision being taken by the ordinary general meeting.

The Members of the Board of Administration may be shareholders. The Transgaz Board of Administration is chaired by a Chairman appointed by the Board of Administration, from among its, which ensures the optimal functioning of the company's bodies. Members of the Board of Administration will participate in all the General Meetings of the Shareholders and will exercise their mandate in good faith and knowledge for the interest of the Company with prudence without disclosing the confidential information and trade secrets of the Company during the term of office and after its termination.

The Articles of Incorporation of Transgaz, updated on 11.10.2023 and approved by the General Meeting of the Shareholders by Resolution 10/11.10.2023, regulates the duties, responsibilities and powers of the Board of Administration as well as the obligations of the company's administrators.

The Board of Administration operates in accordance with its own regulations and legal regulations in force. Following the implementation of the Corporate Governance Code of the BSE, from 2015, the Board of Administration approved the amendment of the *Rules of procedure and organization for the Board of Administration of TRANSGAZ S.A* in order to comply with its provisions and was approved based on Art. 2 of OGMS Resolution 8/17 December 2018 of the Ordinary General Meeting of the Shareholders. Subsequently, by amending the Emergency Ordinance no. 109/2011, on the corporate governance of public companies, a number of changes were made regarding the organization and composition, as well as the powers of the Board of Administration and advisory committees, which required the amendment of the ROF of the Board of Administration, respectively the approval of its form by art. 2 of the OGMS Resolution no. 8/25.09.2024.

The structure of Transgaz' Board of Administration ensures a balance between executive and non-executive members, so that no individual or restricted group of persons can dominate the decision-making process of the Board of Administration, this will remain a collective responsibility of the Board of Administration, which will be held jointly and severally responsible for all decisions taken in the exercise of its powers.

The renouncement of the mandate by independent administrators shall be accompanied by a detailed statement of the reasons for such renouncement.

The Members of the Board of Administration will constantly improve their competencies and knowledge of the company's business and best corporate governance practices in order to fulfil their role.

### **Members of the Board of Administration of SNTGN Transgaz SA**

By OGMS Resolution 9/11.10.2023 the appointment of Ms. Ilinca Von Derenthall and Ms. Adina-Lăcrimioara Hanza as provisional members of the Board of Administration with a maximum term of office of 5 months, starting with 17.10.2023 was approved, with the possibility of extending the term of office only once by another two months, for justified reasons, and subsequently, by OGMS

Resolution no.2/06.03.2024, the extension of the term of office of the provisional members of the Board of Administration was approved, for two months from the expiration date, i.e. 17 March 2024.

By art. 2.2 of OGMS resolution no. 4/16.05.2024 the appointment of Mrs. Ilinca VON DERENTHALL as member of the Board of Administration of SNTGN Transgaz SA was approved as follows: from 17.05.2024 until 29.04.2025, following the completion of the selection procedure, and by art. 4 the appointment of Ms. Adina-Lăcrimioara HANZA as a provisional member of the Board of Administration was approved for a term of office of maximum 5 months, starting from 17.05.2024, with the possibility of extension, once, for another 2 months, for justified reasons.

Subsequently, by art. 3 of the OGMS Resolution no. 8/25.09.2024 the extension of the provisional mandate of the Board of Administration of SNTGN Transgaz SA, Mrs. Adina-Lăcrimioara HANZA, was approved for two months from the expiration date, i.e. 17.10.2024 and by art. 2.1. of the OGMS Resolution no. /16.12.2024 the appointment of Mrs. Adina-Lăcrimioara HANZA as a provisional member of the Board of Directors of SNTGN Transgaz SA was approved, with a term of office of maximum 5 months, starting from 17.12.2024, under the conditions of art. 291 paragraph (3) of GEO no. 109/2011 on the corporate governance of public enterprises, as amended and supplemented.

Name, Surname	Position in the Board of Administration/Legal basis for appointment		Term of office
STERIAN ION	OGMS Resolution 2/22.04.2021	Executive Administrator	4 years
	BoA Resolution 22/27.07.2021	Appointed Director - General	4 years
VĂDUVA PETRU ION	OGMS Resolution 2/22.04.2021	Non-Executive Administrator	4 years
MINEA NICOLAE	OGMS Resolution 2/22.04.2021	Independent Non-Executive Administrator	4 years
VON DERENTHALL ILINCA	OGMS Resolution 9/11.10.2023	Independent Non-Executive Interim Administrator	5 months, starting with 17.10.2023 with the possibility of extending the term of office only once by another two months for justified reasons
	OGMS Resolution 2/06.03.2024	Independent Non-Executive Interim Administrator	extending the term of office by two months from the date of expiry, i.e. 17 March 2024
	OGMS Resolution 4/16.05.2024	Independent Non-Executive Administrator	as of 17.05.2024 until 29.04.2025, following the completion of the selection procedure

Name, Surname	Position in the Board of Administration/Legal basis for appointment		Term of office
HANZA ADINA LĂCRIMIOARA	OGMS Resolution 9/11.10.2023	Independent Non-Executive Interim Administrator	5 months, starting with 17.10.2023 with the possibility of extending the term of office only once by another two months for justified reasons
	OGMS Resolution no. 2/06.03.2024	Independent Non-Executive Interim Administrator	extension of the term of office by two months from the date of expiry, i.e. 17 March 2024
	OGMS Resolution no. 4/16.05.2024	Independent Non-Executive Interim Administrator	Maximum 5 months, starting with 17.05.2024 with the possibility of extending the term of office only once by another two months for justified reasons
	OGMS Resolution no. 8/25.09.2024	Independent Non-Executive Interim Administrator	extension of the term of office by two months from the date of expiry, i.e. 17 October 2024
	OGMS Resolution no. 10/16.12.2024	Independent Non-Executive Interim Administrator	maximum 5 months, starting from 17.12.2024 under the conditions of art. 29 <sup>1</sup> paragraph (3) of GEO 109/2011

The CVs of the members of the Transgaz Board of Administration are available on the company's website at: [www.transgaz.ro/Despre noi/Consiliul de administrație](http://www.transgaz.ro/Despre noi/Consiliul de administrație).

### Role and obligations of the Board of Administration

Transgaz shall be managed by a Board of Administration, which shall meet at the company's registered office or at another place to be determined by it, as often as necessary but at least once every 3 months.

The Board of Administration shall be chaired by the Chairman. If the chairman is temporarily unable to perform his duties during that state of incapacity, the Board of Administration may entrust another administrator with the duties of chairman.

Within the organizational structure of the company, the Board of Administration and GMS Secretariat Division has been set up to support the work of the Board of Administration.

Meetings of the Board of Administration may be held by telephone or by video-conference or other means of communication, whereby all persons participating in the meeting can hear each other,

and attendance at such a meeting is considered participation in person for the purpose of fulfilling the requirements regarding quorum and voting conditions.

During the year 2024, 44 meetings of the Board of Administration were held, and the attendance of the members of the Board of Administration at such meetings was as follows:

Administrator	Attendance to meetings	
	In person	In absentia (by proxy)
STERIAN ION	44	-
PETRU ION VĂDUVA	44	-
MINEA NICOLAE	43	1 by proxy
VON DERENTHALL ILINCA	44	-
HANZA ADINA-LĂCRIMIOARA	44	-

The discussions shall be recorded in the minutes of the meeting, which shall contain the names of the participants, the order of deliberations, the decisions taken, the number of votes cast and the separate opinions. The minutes shall be signed by the chairperson of the meeting and at least one other director. On the basis of the minutes, the Secretary of the Board of Administration shall draw up the decision of the Board, which shall be signed by the Chairman.

The Board of Administration may delegate the management of the company to the Director - General of SNTGN Transgaz SA, which is not the Chairman of the Board of Administration. The Director - General of the National Gas Transmission Company Transgaz S.A. represents the company in its relations with third parties.

The Director General prepares and submits to the Board of Administration a proposal for the management component of the management plan for the duration of the mandate in order to achieve the financial and non-financial performance indicators.

The Board of Administration may require that the management plan be amended or revised if it does not provide for measures to achieve the objectives set out in the letter of expectation and does not include the expected results to ensure the assessment of the financial and non-financial performance indicators.

After the approval of the management plan by the Board of Administration, the management component or, as appropriate, the approved financial and non-financial performance indicators are an annex to the mandate contract concluded with the Director.

The assessment of the directors' activity by the Board of Administration will concern both the execution of the mandate contract and the management plan management component.

The Director - General prepares and submits to the Board of Administration the reports provided by law. The Director - General submits to the Board of Administration for approval the transactions concluded by the company with the administrators or directors, employees or shareholders holding control over Transgaz or with a company controlled by them, if the transaction has, individually or in a series of transactions, a value of at least the equivalent in lei of EUR 50,000.

The executive directors and the directors of subsidiaries are appointed by the Director-General and are subordinate to him, are officials of TRANSGAZ S.A., carry out its operations and are accountable

to it for the performance of their duties under the same conditions as the members of the Board of Administration.

The duties of the executive directors and of the directors within the subsidiaries are established by Transgaz' Rules of Procedure. Persons who are incompatible under the Companies Law no. 31/1990, republished, as amended, may not act as executive directors or Subsidiary directors.

According to Art. 19 (8<sup>1</sup>) of the Articles of Incorporation, updated on 11.10.2023, the Board of Administration reports, at the first general meeting of the shareholders following the conclusion of the legal act regarding the following:

- Carrying out any transaction with the administrators or with the directors, the employees, the shareholders who control the company or with a company controlled by them;
- Carrying out any transactions concluded with the spouse, with relatives or kin up to the 4th degree including any of the persons above;
- Carrying out any transaction concluded between TRANSGAZ S.A. and another public undertaking or with the public supervisory body, if the transaction has the value, individually or in a series of transactions, of at least the RON equivalent of EUR 100.000.

The Board of Administration has the obligation to provide the general meeting of the shareholders and the financial auditors with the documents of TRANSGAZ S.A. and the activity reports in accordance with the law.

### **Liability of administrators**

The liability of administrators is governed by the legal provisions relating to the mandate, as well as by the special provisions of the Law on Companies no. 31/1990, republished, with subsequent amendments and additions.

### **Incompatibilities**

The persons provided for in the Law on Companies no. 31/1990, republished, with subsequent amendments and additions, are incompatible with the office of member of the Board of Administration.

The Director General of SNTGN TRANSGAZ SA may not be a person who is incompatible with the office of director, according to the Law on Companies no. 31/1990, republished, as amended and supplemented.

### **The responsibilities of the Board of Administration**

The Board of Administration has, mainly, the following responsibilities:

- setting the company's main lines of business and development, preparing the policies of Transgaz S.A., according to the applicable laws;
- preparing the management plan, including the management strategy related to their mandate, for the achievement of the objective and the performance criteria set by the mandate contracts;
- approving the internal rules of organization and procedure of the advisory committees established within the board of administration and their members;
- setting the accounting policies and the financial control system and approving the financial planning;

- approving the organizational structure and the rules of organization and procedure of TRANSGAZ’;
- appointing and revoking the Director-General of TRANSGAZ and setting his/her remuneration;
- approving the management plan during the mandate and for the first year of the mandate of the Director-General of TRANSGAZ;
- supervising the activity of the Director-General;
- preparing the annual report, organizing the general meetings of the shareholders and implementing their decisions;
- submitting the application for the initiation of TRANSGAZ’s insolvency proceedings according to the applicable laws;
- approving the level of guarantees for persons acting as managers;
- concluding legal acts by which to acquire, dispose of, lease, exchange or pledge as security property belonging to TRANSGAZ S.A., with the approval of the general meeting of the shareholders, when required by law;
- approving the competences of the subsidiaries by field of activity (economic, commercial, technical, managerial, financial, legal, etc.) in order to comply with TRANSGAZ’ core business;
- approving the amendment of TRANSGAZ’ secondary core business;
- approving the setting up or closing down of the secondary offices: subsidiaries, agencies, representative offices or other similar units without legal personality as well as of the operational units – facilities related to the NTS;
- approving the execution of any contract for which it has not delegated the competence to TRANSGAZ’ Director-General;
- submitting TRANSGAZ’ activity report, balance sheet and profit and loss account for the previous year to the general meeting of the shareholders annually after the closure of the financial year;
- submitting the activity program and the draft revenue and expense budget for the following year to the general meeting of the shareholders;
- convening the general meeting of the shareholders whenever necessary;
- establishing TRANSGAZ’ employees’ rights, obligations and responsibilities, according to the approved organizational structures;
- deciding on the contracting of bank loans, including foreign bank loans; determining the powers and the level of contracting of domestic and foreign bank loans, commercial loans and guarantees, including by pledging shares in other companies, in accordance with the law; approving the release of guarantees.
- approving the number of jobs and the rules for establishing the operating and production units;
- approving the production, research, development and investment programs;
- approving the environmental protection and occupational security policies according to the applicable laws;



- approving the modification of the revenue and expense budget structure, within limits of the budget approved by the general meeting of the shareholders and of the competences for which it is mandated;
- negotiating the collective employment contract by mandating the Director-General, and approving of the personnel regulations;
- ensuring and bearing the responsibility for the carrying out of any other duties and obligations set by the general meeting of the shareholders or provided by the laws in force;
- deciding on behalf of and for the general meeting of the shareholders of the limited liability company on the territory of the Republic of Moldova;
- adopting any other decision regarding the activity of the company, except for those which fall under the competence of the general meeting of the shareholders.

### **Appointment of the members of the Board of Administration**

The members of the Board of Administration shall be appointed by the General Meeting of the Shareholders on the proposal of the selection and nomination committee, which shall submit to the public supervisory authority, with a view to making proposals for appointment to the General Meeting of the Shareholders, a short list for each post of administrator of the public company, on the basis of the selection criteria communicated publicly by announcement, in the order of the ranking of the candidates for the post in question. The appointment of the members of the board of administration shall be made by the general meeting of shareholders from the short list of candidates drawn up by the selection and nomination committee. If the short list contains only one candidate, that candidate shall be proposed for the position. Where there is more than one candidate included on the short list, the appointment to the post will be made in the order of the ranking. If there are no candidates on the short-list or if no candidate qualifies, the selection process will be repeated.

In the event of a vacancy on the Board of Administration, the election of a new member shall be carried out in accordance with the conditions laid down by law. The period for which the new director is elected to fill the vacancy shall be equal to the remainder of the term of office of his/her predecessor.

### **Advisory committees set up at the level of the Board of Administration**

Following the publication of Law no. 187 of 28 June 2023, amending and supplementing the Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, in accordance with the provisions of Article 34 paragraph (1) and paragraph (2<sup>^</sup>1), the Risk Management Committee is required to be established. Therefore, art. 3 of the Resolution of the Board of Administration no.23/24.08.2023 approved the amendment of the Internal Regulation on the organization and functioning of the Advisory Committees constituted at the level of the Board of Administration of SNTGN Transgaz SA and their composition, the change of the name of some Advisory Committees and the establishment of the Risk Management Committee, as follows:

- The Nomination and Remuneration Committee;
- The Audit Committee;
- The Risk Management Committee;
- The NTS Regulatory, Safety and Security Committee;

- The Corporate Governance and Sustainability Committee

**The Internal Regulation on the organization and functioning of the consultative committees constituted at the level of the Board of Administration of SNTGN Transgaz SA**, updated on 14.08.2024, can be found on the company's website, in the section <https://www.transgaz.ro/guvernanta-corporativa/documente-de-guvernanta-corporativa>.

**The main tasks of the five advisory committees set up at the level of the Board of Administration are as follows:**

ADVISORY COMMITTEE	NOTES	TASKS
<b>THE NOMINATION AND REMUNERATION COMMITTEE</b>	<ul style="list-style-type: none"> <li>▪ the committee will be composed of at least two members of the Board of Administration in accordance with art.140<sup>2</sup> paragraph (1) of the Law no.31/1990 on companies, republished, as subsequently amended and supplemented;</li> <li>▪ the committee shall be composed of non-executive administrators, at least one of the members of the committee shall be an independent non-executive administrator in accordance with Article 140<sup>2</sup> paragraph (2) of the Company Law republished, as amended and supplemented and the Article 34 paragraph (2) of GEO 109/2011 on corporate governance of public enterprises, as amended and supplemented.</li> </ul>	<ul style="list-style-type: none"> <li>▪ assesses the combination of professional skills, knowledge and experience at the level of the Board of Administration, Directors and other management positions;</li> <li>▪ develops and proposes to the Board of Administration the procedure for the selection of candidates for Director and other management positions;</li> <li>▪ recommends candidates for the listed positions to the Board of Administration;</li> <li>▪ applies the best corporate governance practices by improving the knowledge of the company's activities and constantly updating the professional skills of the members of the Board of Directors;</li> <li>▪ develops the remuneration policy for administrators and directors;</li> <li>▪ submit this remuneration policy to the General Meeting of Shareholders for approval on the occasion of each significant change and in any case at least every 4 years;</li> <li>▪ organizes training sessions for Board members;</li> <li>▪ makes proposals for the remuneration of directors and executives, in compliance with the remuneration policy submitted by AMEPIP;</li> <li>▪ informs about the Remuneration Policy in the company's Corporate Governance Regulation;</li> <li>▪ disclose in the Annual Report the total remuneration broken down by component, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration</li> </ul>

ADVISORY COMMITTEE	NOTES	TASKS
		<p>complies with the remuneration policy adopted, including how it contributes to the long-term performance of the issuer, and information on how the performance criteria have been applied; in determining the remuneration of non-executive administrators, it shall comply with the principle of proportionality of remuneration to the responsibility and time dedicated to the performance of their duties;</p> <ul style="list-style-type: none"> <li>▪ produce a clear and understandable annual report on the remuneration and other benefits granted to administrators and directors, which provides a comprehensive overview of remuneration, including all benefits in whatever form granted or due during the last financial year, to individual managers, including new recruits and former managers in accordance with the remuneration policy;</li> <li>▪ support the Board in assessing its own performance, as well as the performance of the executive management, covering both the execution of the mandate contract and the management component of the management plan;</li> <li>▪ may, if necessary, call on some external expertise to fulfil the tasks required.</li> </ul>
<b>THE AUDIT COMMITTEE</b>	<ul style="list-style-type: none"> <li>▪ the committee shall be composed of at least three members of the Board of Administration and the majority of the members must be independent, in accordance with Article B.1. of the BSE Corporate Governance Code;</li> <li>▪ the committee shall be composed of non-executive administrators, the majority of the administrators being independent, in accordance with the art. 140<sup>2</sup> paragraph (2) of the Companies Law, republished, as amended</li> </ul>	<ul style="list-style-type: none"> <li>▪ provides advice and recommendations to the Administrative Board on proposals for the establishment of the accounting and financial control system and approves the financial-budgetary planning;</li> <li>▪ monitors the effectiveness of internal audit systems in relation to the audited entity's financial reporting, without infringing on its independence;</li> <li>▪ monitor the statutory audit of the annual financial statements and the annual consolidated financial statements, in particular the conduct thereof, taking into account the findings and conclusions of the competent authority, in accordance with Article 26(26)(a) of the Financial</li> </ul>

ADVISORY COMMITTEE	NOTES	TASKS
	<p>and supplemented and the art. 34 paragraph (4<sup>1</sup>) of GEO 109/2011 on corporate governance of public enterprises, as amended and supplemented;</p> <ul style="list-style-type: none"> <li>▪ is competent to be a member of the audit committee of a public interest entity, within the meaning of Article 65 para. (3) of Law no. 162/2017, as amended, and the person who has at least 3 years of experience in statutory audit acquired through participation in statutory audit missions in Romania, in another Member State, in an EFTA State, in Switzerland or in the United Kingdom of Great Britain and Northern Ireland or within the Audit Committees formed at the level of the Boards of Administration/supervisory boards of public interest companies/entities, proven by documents;</li> <li>▪ the chairman of the committee must be an independent non-executive member, in accordance with the art.B.2. of the BSE Corporate Governance Code;</li> <li>▪ the chairman of the committee is appointed by its members or by the Board of Administration of the audited entity and is independent from the audited entity, in accordance with the Article 65 paragraph (5) of Law no.162/2017 on statutory audit of annual financial</li> </ul>	<p>Regulation. (6) of EU Regulation 537/2014;</p> <ul style="list-style-type: none"> <li>▪ evaluates the conflicts of interest in connection with transactions of the company and its subsidiaries with related parties;</li> <li>▪ monitors the application of legal standards and generally accepted internal auditing standards;</li> <li>▪ receives and evaluates the reports of the internal audit team;</li> <li>▪ reports regularly to the Administrative Board;</li> <li>▪ develops and submits to the Board of Administration for approval a policy opinion to ensure that any transaction of the company with any of its closely related companies whose value equals or exceeds 5% of the company's net assets (as per the latest financial report) is approved by the Board;</li> <li>▪ meets as often as necessary, but at least twice a year on the occasion of the half-yearly and annual results, when it shall ensure their dissemination to shareholders and the general public;</li> <li>▪ verifies the compliance of the audit reports prepared with the approved company audit;</li> <li>▪ supports the Board of Administrations in monitoring the credibility and completeness of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting standards applied by the company;</li> <li>▪ cooperates with the company's external financial auditors, who will provide it with a report describing all the relations between the latter on the one hand and the company and the group to which it belongs on the other side;</li> <li>▪ is responsible for the selection procedure of the financial auditor or audit firm and recommends to the general meeting of shareholders the financial auditor or audit firm(s) to be appointed in accordance with</li> </ul>

ADVISORY COMMITTEE	NOTES	TASKS
	<p>statements and consolidated annual financial statements and amending some normative acts.</p>	<p>the Article 16 of EU Regulation 537/2014, unless Article 16(8) of EU Regulation 537/2014 applies;</p> <ul style="list-style-type: none"> <li>▪ assess and monitor the independence of financial auditors or audit firms in accordance with the Articles 21-25, 28 and 29 of Law no.162/2017 on statutory audit of annual financial statements and consolidated annual financial statements and amending some normative acts and the Article 6 of EU Regulation no.537/2014 and, in particular, the appropriateness of providing non-audit services to the audited entity in accordance with the Article 5 of that Regulation;</li> <li>▪ informs the Board members of the audited entity of the results of the statutory audit and explain how the statutory audit contributed to the integrity of the financial reporting and what the role of the committee was in this process;</li> <li>▪ monitors the financial reporting process and make recommendations or proposals to ensure its integrity;</li> <li>▪ monitors and analyzes the fulfillment of the performance indicators of the transmission system and economic-financial performance of the company's activity;</li> <li>▪ monitors the degree of achievement of the financial and non-financial performance indicators resulting from the management plan for the company's directors and managers;</li> <li>▪ fulfills the tasks set out in the Article 34 paragraph (3) of GEO 109/2011.</li> </ul>
<b>THE RISK MANAGEMENT COMMITTEE</b>	<ul style="list-style-type: none"> <li>▪ the committee shall be composed of non-executive administrators, at least one of the members of the committee shall be an independent non-executive administrator, in accordance with art. 140<sup>2</sup> paragraph (2)</li> </ul>	<ul style="list-style-type: none"> <li>▪ ensures that control activities are consistent with the risks arising from the activities and processes subject to control;</li> <li>▪ identifies, analyzes, evaluates, monitors and reports the risks identified, the plan of measures to mitigate or anticipate them, other measures taken by the executive management;</li> </ul>

ADVISORY COMMITTEE	NOTES	TASKS
	<p>of the Companies Law, republished, as amended and supplemented and art. 34 paragraph (2<sup>1</sup>) of GEO 109/2011 on corporate governance of public enterprises, as amended and supplemented.</p>	<ul style="list-style-type: none"> <li>▪ shall be responsible for measuring the solvency of the public undertaking by reference to its usual duties and obligations and shall inform or, where appropriate, make proposals to the Board of Administration in this respect;</li> <li>▪ carry out an annual assessment of the internal control system and submit relevant reports to the Board of Administration;</li> <li>▪ monitors the risk management on sustainability issues, ESG issues, industry developments and the implementation of effective crisis management policies;</li> <li>▪ monitors sustainability reporting and the related processes within the Company to identify information reported in accordance with relevant sustainability reporting standards;</li> <li>▪ informs the Board of Administration on the outcome of the sustainability reporting;</li> <li>▪ assists the Board of Administration in defining the Company's ESG (Environmental, Social and Governance) strategy by understanding how the Company is able to create value taking into account ESG influences;</li> <li>▪ monitors external ESG trends, understands the associated risks and opportunities, and the expectations of the Company's major stakeholders in this respect;</li> <li>▪ monitors the company's impact on the natural environment and its adaptation to climate change;</li> <li>▪ monitors the company's interactions with its employees, shareholders and the communities in which it operates, including applicable workplace policies (e.g. employee relations and involvement, diversity, non-discrimination and equal treatment, health, safety and welfare), any social or community projects undertaken by the Company;</li> <li>▪ oversees the Company's policies, practices and performance on ESG issues;</li> </ul>

ADVISORY COMMITTEE	NOTES	TASKS
		<ul style="list-style-type: none"> <li>▪ reports to the Board of Administration on 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 its shareholders;</li> <li>▪ monitors and provides guidance on actions or initiatives taken to prevent, mitigate and manage risks related to ESG issues that may have a material adverse impact on the Company or are otherwise relevant to shareholders;</li> <li>▪ analyzes the risks and opportunities associated with social, environmental and economic impacts, measured from a stakeholder perspective;</li> <li>▪ updates the company's sustainability risk matrix;</li> <li>▪ shall review risk assessment and mitigation plans and informs the Board of Administration thereof.</li> </ul>
<b>THE COMMITTEE ON NTS REGULATION, SAFETY AND SECURITY</b>	<ul style="list-style-type: none"> <li>▪ the committee shall consist of at least two members of the Board of Administration in accordance with Article 140<sup>2</sup> paragraph (1) of the Companies Act, republished, as amended;</li> <li>▪ at least one of the members of the committee shall be an independent non-executive administrator, in accordance with Article 140<sup>2</sup> paragraph (2) of the Companies Act, republished, as amended.</li> </ul>	<ul style="list-style-type: none"> <li>▪ regularly analyzes the list of Transgaz' critical infrastructure objectives and the established security measures;</li> <li>▪ monitors/analyzes the activity to reduce technological consumption at NTS level;</li> <li>▪ monitors/analyzes the activity of the Working Group for the preparation of draft revisions of the Network Code for the National natural gas Transmission System necessary for the configuration of a natural gas market model on the entry-exit system with the use of the virtual trading point (VTP);</li> <li>▪ ensures the necessary conditions for the implementation of protection measures for all critical infrastructure objectives of the company or under the authority/coordination of the company;</li> <li>▪ monitors/updates its own programs to prevent and combat terrorism through optimal physical and organizational protection measures, with recommendations in this regard to the Board of Administration;</li> </ul>



ADVISORY COMMITTEE	NOTES	TASKS
		<ul style="list-style-type: none"> <li>▪ monitors the fulfillment of the maintenance and upgrading and development programs of the NTS as well as the compliance with the technical standards for operation and maintenance of production capacities;</li> <li>▪ analyzes new investment projects that contribute to the realization of a sustainable natural gas transmission system in order to monitor and operate the NTS in a safe, efficient and environmentally friendly manner;</li> <li>▪ monitors the natural gas purchase contracts necessary to balance the NTS, as well as the evolution of purchase prices;</li> <li>▪ monitors the expansion, development and upgrading of natural gas transmission infrastructure;</li> <li>▪ assists the Board of Administration in analyzing the regulatory activity and the legal obligations of the company in this field;</li> <li>▪ monitors the fulfillment by the company of the obligations provided for by the regulations related to the activity carried out;</li> <li>▪ analyzes and submits to the Board of Administration proposals on the creation of a common regulatory framework, a common strategy and vision for the development of the national system with the European natural gas transmission system in order to create an integrated energy market;</li> <li>▪ monitors the collaborative relations with the public authorities and assists the Board of Administration in setting and managing the collaboration policy.</li> </ul>
<b>THE CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE</b>	<ul style="list-style-type: none"> <li>▪ the committee shall be composed of at least two members of the Board of Administration in accordance with the art.140<sup>2</sup> paragraph (1) of the Companies Act, republished, as amended;</li> </ul>	<ul style="list-style-type: none"> <li>▪ assesses the company's overall performance and regularly compares the results achieved with those planned;</li> <li>▪ monitors the effectiveness/efficiency of governance practices in the company;</li> <li>▪ monitors and resolves potential conflicts of interest;</li> </ul>

ADVISORY COMMITTEE	NOTES	TASKS
	<ul style="list-style-type: none"> <li>at least one of the members of the committee shall be an independent non-executive administrator, in accordance with Article 140<sup>2</sup> paragraph (2) of the Companies Act, republished, as amended.</li> </ul>	<ul style="list-style-type: none"> <li>recommends to the Board of Administration improvements to the Company's corporate governance processes;</li> <li>assists the Board of Administration in the fulfillment of its responsibilities in the area of elaborating and updating the overall development strategy of the company;</li> <li>analyzes identified business development opportunities and makes recommendations to the Board of Administration on them;</li> <li>analyzes and assists the Board of Administration in the company's international development and cooperation directions;</li> <li>monitors and analyzes the fulfillment of the strategic and action plans/programs related to Transgaz' obligations as a technical operator of the NTS and issuer on the stock exchange;</li> <li>develops proposals for improving and streamlining strategic, development and collaborative work;</li> <li>makes recommendations to the Board of Administration on the effective operability of the strategic and action plans/programs, namely the Upgrading Program, Investment Development Program, NTS Repair and Rehabilitation and Maintenance Program, Design Program, Research Program, Supply Program, Program on other services performed by third parties;</li> <li>analyzes the proposals to amend the organizational structure of SNTGN Transgaz SA, in order to streamline and optimise the company's activities;</li> <li>analyzes the proposals contained in the Employee Training and Development Program and monitors its implementation;</li> <li>regularly reviews the stage of implementation of the Annual Sectoral Procurement Program approved at company level;</li> </ul>

ADVISORY COMMITTEE	NOTES	TASKS
		<ul style="list-style-type: none"> <li>▪ analyzes the Policy on granting sponsorships and social aid at SNTGN Transgaz SA;</li> <li>▪ analyzes/monitors the evolution of the stock without movement and the degree of achievement of the plan of measures to reduce the stock without movement at SNTGN Transgaz SA, in order to streamline the activity within the company;</li> <li>▪ analyzes the proposals regarding the establishment/closing down of working facilities within SNTGN "TRANSGAZ" SA;"</li> <li>▪ analyzes the Sustainability Report of SNTGN Transgaz SA, for compliance with European and national legislation on non-financial reporting;</li> <li>▪ makes recommendations to the Board on the structure and responsibilities of the Advisory Committees set up at the level of the Board of Administration;</li> <li>▪ provides oversight on significant public policy issues regarding the Company's relationships with shareholders, employees, customers, competitors, suppliers and the communities in which it operates;</li> <li>▪ reviews the company's Code of Ethics, including its programs to promote ethical conduct, and provides recommendations to the Board of Administration regarding approval of the Code of Ethics;</li> <li>▪ assists the Board of Administration in developing the Management Plan.</li> </ul>

## COMPOSITION OF ADVISORY COMMITTEES SET UP AT THE LEVEL OF THE COMPANY'S BOARD OF ADMINISTRATION

Following the appointment by the OGMS Resolution no. 9/11.10.2023 of Ms. Ilinca Von Derenthall and Ms. Hanza Adina-Lăcrimioara as provisional members of the Board of Administration with a maximum term of office of 5 months, starting from 17.10.2023, with the possibility of extension, once, for a further 2 months, as well as art. 1 of BoA Resolution no. 32/31.10.2023 and art. 4 of BoA Resolution no. 31/14.08.2024 amending the *Internal Regulation on the organization and functioning of the Advisory Committees set up at the level of the Board of Administration of SNTGN Transgaz SA*, their composition is as follows:

Name of the Advisory Committee	Composition of the Committee	
NOMINATION AND REMUNERATION COMMITTEE	Minea Nicolae	non-executive administrator, independent, chairman of the committee
	Văduva Petru Ion	non-executive administrator
	Hanza Adina-Lăcrimioara	non-executive, independent, interim administrator
AUDIT COMMITTEE	Minea Nicolae	non-executive, independent administrator, chairman of the committee
	Hanza Adina-Lăcrimioara	non-executive, independent, interim administrator
	Văduva Petru Ion	non-executive administrator
RISK MANAGEMENT COMMITTEE	Minea Nicolae	non-executive, independent administrator, chairman of the committee
	Văduva Petru Ion	non-executive administrator
	Von Derenthall Ilinca	non-executive, independent, administrator
NTS REGULATORY, SECURITY AND SAFETY COMMITTEE	Hanza Adina-Lăcrimioara	non-executive, independent, interim administrator, chairman of the committee
	Sterian Ion	executive administrator
	Văduva Petru Ion	non-executive administrator
CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE	Von Derenthall Ilinca	non-executive, independent, interim administrator, chairman of the committee
	Hanza Adina-Lăcrimioara	non-executive, independent, interim administrator
	Sterian Ion	executive administrator

The work carried out in 2024 by the five advisory committees set up at the level of the Board of Administration was carried out under the provisions of:

- **Companies' Law no. 31/1990**, republished, as amended, art. 138<sup>1</sup> para. 2, art. 138<sup>2</sup> para. 2, art. 140<sup>2</sup> para. (1) and para. (2);
- **GEO no. 109/2011** on the corporate governance of public enterprises, art. 34 and art. 55 para. (2) and para. (3), as amended;
- **Law no. 162/2017** on the statutory audit of the annual financial statements and of the consolidated annual financial statements and for the amendment of normative acts;
- **Corporate Governance Code** of the Bucharest Stock Exchange;
- **The Articles of Incorporation of SNTGN Transgaz SA**, updated Cap.V, art.19 point 11;
- **Resolutions of the Board of Administration**: BOA Resolution nr. 31/14.08.2024; BOA Resolution nr. 32/31.10.2023; BOA Resolution nr. 23/24.08.2023; BOA Resolution nr. 37/08.12.2022; BOA Resolution nr. 20/20.06.2022; BOA Resolution nr. 19/23.06.2021; BOA Resolution nr. 16/10.05.2021; BOA Resolution nr. 10/28.02.2018; BOA Resolution nr. 22/11.07.2017; BOA Resolution nr. 15/16.05.2017; BOA Resolution nr. 39/17.12.2015; BOA Resolution nr.43/19.11.2014; BOA Resolution nr.21/ 16.06.2014; BOA Resolution nr.2/

10.02.2014; BOA Resolution nr.13/ 29.07.2013; BOA Resolution nr.7/ 27.05.2013; BOA Resolution nr.16/ 30.10.2009; BOA Resolution nr.13/ 24.09.2009, and aimed at monitoring the actions carried out by the members of the Advisory Committees in accordance with the areas in which they have been appointed and is concretized in their half-yearly/annual activity report, which highlights:

- how the members of the Advisory Committees consulted the materials and documents of the different organizational structures of SNTGN Transgaz SA;
- the analyses carried out by the members of the Advisory Committees on the content of the submitted documents and materials, as well as additional information or clarifications requested;
- the proposals/measures/recommendations of the members of the Advisory Committees on the content of the materials and documents submitted for analysis and endorsement/approval to the Board of Administration and
- the documents by which the Board of Administration, in its plenary session, has decided on the content and the issues addressed in the documents submitted for examination/endorsement/ approval.

The structure of the activity report drawn up at the level of the advisory committees set up at the level of the Board of Administration in 2024 has been designed in such a way as to reflect accurately and comprehensively all the activity relating to the analysis, consultation and decision-making process concerning the company's activity.

No.	Description	In charge	Composition of the Committee
1.	Activity Report of the Advisory Committee on Nomination and Remuneration from 1 January to 30 June 2024	Nomination and Remuneration Advisory Committee	Văduva Petru Ion Minea Nicolae Hanza Adina-Lăcrimioara
2.	Activity Report of the Advisory Committee on NTS Regulation, Safety and Security from 1 January to 30 June 2024	NTS Regulatory, Safety and Security Advisory Committee	Sterian Ion Văduva Petru Ion Agafiței Gheorghiță
3.	Activity Report of the Audit Committee, 1 January - 30 June 2024	Audit Advisory Committee	Minea Nicolae Hanza Adina-Lăcrimioara Văduva Petru Ion
4.	Activity Report of the Advisory Committee on Corporate Governance and Sustainability, for the period 1 January - 30 June 2024	Corporate Governance and Sustainability Advisory Committee	Von Derenthall Ilinca Hanza Adina-Lăcrimioara Sterian Ion
5.	Activity Report of the Risk Management Advisory Committee, for the period 1 January - 30 June 2024	Risk Management Advisory Committee	Minea Nicolae Văduva Petru Ion Von Derenthall Ilinca
6.	Activity Report of the Advisory Committee on Nomination and Remuneration for the period 1 January - 31 December 2024	Nomination and Remuneration Advisory Committee	Văduva Petru Ion Minea Nicolae Hanza Adina-Lăcrimioara

No.	Description	In charge	Composition of the Committee
7.	Activity report of the NTS Safety, Security and Regulatory Advisory Committee for the period 1 January - 31 December 2023	NTS Regulatory, Safety and Security Advisory Committee	Sterian Ion Văduva Petru Ion Hanza Adina-Lăcrimioara
8.	Activity Report of the Audit Advisory Committee from 1 January to 31 December 2024	Audit Advisory Committee	Minea Nicolae Văduva Petru Ion Hanza Adina-Lăcrimioara
9.	Activity Report of the Risk Management Advisory Committee, 1 January - 31 December 2024	Risk Management Advisory Committee	Minea Nicolae Văduva Petru Ion Von Derenthall Ilinca
10	Activity Report of the Advisory Committee on Corporate Governance and Sustainability from 1 January to 31 December 2024	Corporate Governance and Sustainability Advisory Committee	Sterian Ion Von Derenthall Ilinca Hanza Adina-Lăcrimioara

## Section B - Information on risks and internal control

An *Audit Committee* is established at the level of the Board of Administration of Transgaz in order to regularly review the compliance of financial reporting, internal control and risk management system and rating of the company. The Audit Committee must consist of at least three members and the majority of the members must be independent. The chairman of the audit committee must be an independent non-executive member. The majority of the members, including the chairman, must have demonstrated that they have appropriate qualifications relevant to the functions and responsibilities of the committee.

Committee members assist and make recommendations to the Board of Administration on the establishment of the accounting and financial control system as well as financial-budgetary planning.

The Committee carries out audit analyses and prepares audit reports on the basis of these analyses and verifies the degree of fulfillment/realization of the approved audit plan at the company level. The Internal Audit Department is functionally subordinated to the Board of Administration.

The Committee assists the members of the Board of Administration in monitoring the credibility and completeness of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting standards applied by the company.

The Committee shall collaborate with the external financial auditors of the company, who shall provide it with a report describing all the relationships existing between the latter on the one hand, and the company and the group to which it belongs on the other.

The Audit Committee shall monitor the independence and fairness of the financial auditor in particular by monitoring the rotation of the company's dedicated partners in the audit firm and

shall make recommendations to the Board of Administration on the selection, appointment, replacement of the financial auditor and the terms and conditions of his remuneration.

### **Conflict of interest**

The members of the Board of Administration will make decisions in the sole interest of the company and will not take part in the debates or decisions that create a conflict between their personal interests and those of the company or the subsidiaries controlled by it.

In this respect, the Board of Administration approved the *Conflict of Interest Management Policy* in order to comply with Art. A.2. of the new Corporate Governance Code of the BSE, and was approved at Art. 2 by the OGMS Resolution 4 of 23 June 2016.

### **Transactions with involved persons**

Each member of the Board of Administration shall ensure that there is no conflict of interest either directly or indirectly with the company or a subsidiary controlled by it, and in the event of such conflict, it will refrain from debating and voting on those matters, in accordance with the legal provisions in force.

In order to ensure the procedural fairness of the transactions with the parties involved, the members of the Board of Administration resort to the following criteria, but not limited to:

- retaining the competence of the Board of Administration or the GMS, as appropriate, to approve the most important transactions;
- asking for a prior opinion on the most important transactions from internal control structures;
- entrusting negotiations relating to these transactions to one or more independent administrators or to administrators who have no links with the concerned parties;
- the use of independent experts.

## **Section C - Remuneration Information**

At the level of the Board of Administration the company established a Nomination and Remuneration Committee approved by Board of Administration Resolution 7 of 27.05.2013, which, in accordance with Law 24/2017 on issuers of financial instruments and market operations, as amended, develops the Remuneration Policy for Transgaz' Administrators', Director-General and Chief Financial Officer, and assists the Board of Administration in establishing/supervising the remuneration policies and practices. In accordance with the provisions of Article 37 of GEO 109/2011 on the corporate governance of public enterprises, as amended, the General Meeting of the Shareholders establishes the remuneration of the Board of Administration members.

Based on the legal provisions and in accordance with the Bucharest Stock Exchange Governance Code, by Article 13 of OGMS Resolution 3/27.04.2021 the **Remuneration Policy and Criteria for the Administrators, Director-General and CFO of SNTGN TRANSGAZ S.A.** was approved, which mainly define the following:

1. Legal framework
2. Scope, coverage, field of application and decision-making process



3. Objectives of the Remuneration Policy
4. General principles underlying the remuneration policy
5. Structure of the remuneration of the administrators, director - general and chief financial officer of SNTGN TRANSGAZ S.A.
6. Other types of benefits
7. Duration of the mandate contracts, applicable notice periods, conditions of termination/termination of contracts
8. Making payments
9. Conflict of interest
10. Policy derogations

The remuneration policy aims to motivate, attract, increase the confidence and commitment of the administrators, the director- general and the chief financial officer in achieving the objectives set and approved by the company's development strategy, measured with a view to optimising performance at company level..

The remuneration and other benefits provided to administrators and directors are disclosed in the annual financial statements and in the annual report of the nomination and remuneration committee on remuneration and other benefits provided to administrators and directors.

The remuneration policy sets the general framework for the remuneration of the administrators, director - general and the chief financial officer in the company, which is supplemented in its implementation by the legal provisions applicable to the core business, the provisions of the Collective Labour Contract of SNTGN TRANSGAZ SA, the mandate contracts as well as the resolutions of the Board of Administration and of the General Meeting of the Shareholders.

#### **STATEMENT ON THE IMPLEMENTATION OF THE REMUNERATION POLICY IN 2024**

The remuneration policy of SNTGN TRANSGAZ S.A. , approved by Resolution 3/27.04.2021 of the Ordinary General Meeting of the Shareholders, Art.13, is based on the good national and international practices as well as on the applicable legislative amendments.

The remuneration policy is consistent with the company's business strategy, objectives, values and long-term interests and includes measures to avoid conflicts of interest and ensure the company's effective corporate governance.

The general principles underlying the Remuneration Policy aim to ensure the long-term sustainability of the company's profits and business, reward achievement of objectives and increase competitiveness.

The remuneration and benefits provided under the law or the mandate contract to the administrators, the director-general and the chief financial officer under the unitary system shall be disclosed in the annual financial statements, the annual report of remuneration and the annual report of the administrators.

The role of the Nomination and Remuneration Committee is to assist the Board of Administration in establishing and monitoring remuneration policies and practices.

The Nomination and Remuneration Committee is responsible for developing and proposing the remuneration policy, monitors its implementation and will ensure that conflicts of interest are avoided.

The remuneration conditions of the members of the Board of Administration, the Director - General and the CFO of SNTGN TRANSGAZ S.A. are established on the basis of a study prepared by a specialized company, carried out on the recommendation of the Nomination and Remuneration Committee.

The remuneration policy of SNTGN TRANSGAZ S.A. aims at stimulating the growth of financial and operational efficiency and sustainable development of the company, in compliance with the principles of good corporate governance.

#### **Section D - Shareholder Information**

All holders of financial instruments issued by Transgaz of the same type and class of securities receive equal treatment and the company always makes sustained efforts to achieve effective, active and permanent communication in order to exercise rights in a fair manner.

All Transgaz shareholders will be treated fairly. All issued shares give the holders equal rights and any modification of the rights conferred by them will be subject to the approval of the holders directly affected in the special meetings of the respective holders.

Transgaz makes every effort to facilitate the participation of shareholders in the works of the General Meetings of the Shareholders, the dialogue between shareholders and members of the Board of Administration and/or management, as well as the full exercise of their rights. The participation of the shareholders in the works of the General Meetings of the Shareholders is fully encouraged, and shareholders who cannot participate in the meetings are given the possibility of voting in absentia - on a special proxy basis, or by correspondence.

The Company created a special section, called *Investor Relations*, on its own website, where relevant information on procedures for access to and participation in the general meetings of the shareholders, convenings, supplementations of agenda, exercise of voting rights, materials for the issues on the agenda, special proxy templates, resolutions, current reports, company financial statements, information regarding dividends, financial calendar, corporate governance are constantly updated and accessible, thus contributing to transparent and fair information to all interested parties.

At the same time, Transgaz set up a specialized organizational structure for the management of the capital market activity, namely the *Investor Relations Department*, whose activity is dedicated to the relationship with investors and shareholders. The personnel of the department is permanently instructed / prepared / professionally trained on issues related to the company's

relationship with its shareholders, the capital market institutions as well as the principles of corporate governance.

## Transparency

Transgaz performs regular continuous reports on the important events related to the company, including, without limitation, the financial standing, performance, ownership structure and management both in mass media and on its own webpage ([www.transgaz.ro](http://www.transgaz.ro)).

The company prepares and disseminates regular continuous and relevant information in accordance with Order 2844/2016 of the Ministry of Public Finance and other reporting standards, namely environmental, social and governance (ESG –Environment, Social and Governance). The information is disseminated both in Romanian and English.

The company organizes regular meetings with financial analysts, brokers, market specialists and investors for the presentation of the financial results (annual, quarterly, half-yearly), relevant meetings in their investment decision.

The general and specific strategic objectives of SNTGN TRANSGAZ SA are set in the context of alignment with the requirements of the new European energy policy on energy security and security, sustainable development and competitiveness.

In this context, the implementation and development of corporate governance principles, the development of responsible, transparent business practices, is increasingly becoming a necessity in substantiating and implementing corporate business strategies and policies.

By subscribing to this goal, SNTGN TRANSGAZ SA also aims, through its own governance regulation, to provide a rigorous framework for sizing and regulating corporate governance at the company level, developing an effective and proactive relationship system with shareholders and stakeholders.

Transgaz' administrators appreciate that, acting in the spirit of the best corporate governance practices, the proposed objectives can be attained and the stakeholders' confidence can be increased in the capabilities of the company to maximize the efficiency of the activity.

## ESG

**ESG (environmental, social and governance) reporting** refers to a broad range of environmental, social and governance factors that can be used to assess how companies manage their sustainability performance and impact.

According to the provisions of the Order of the Minister of Finance No. 2844 of December 12, 2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards, as amended and taking into account the provisions of ch. V of the Order of the Minister of Finance No. 85/2024, Transgaz prepared and published as part of this consolidated administrators' report, in Annex 1, its Consolidated sustainability statement aligned with the European Sustainability Reporting Standards (ESRS). In accordance with the EU Corporate Sustainability Reporting Directive (CSRD), Transgaz presents information on a consolidated level

including in the reporting framework the three companies of the consolidation: SNTGN Transgaz S.A, Eurotransgaz and Vestmoldtransgaz. The scope of consolidation was the same as in the financial statements.

Starting with the reporting for 2023, SNTGN Transgaz SA adopted the principle of dual materiality in its sustainability reporting process. This concept involves the assessment of both the impact of the company's activities on the environment and society, and how risks and opportunities related to ESG factors influence the organization's financial performance and long-term strategy. The implementation of dual materiality allows sustainability risks to be more accurately identified and managed, helping to strengthen the confidence of investors and other stakeholders in the company's commitment to ESG issues.

The Consolidated sustainability statement for 2024 is prepared in line with the Sustainability Reporting Standards – ESRS. Moreover, the sustainability report was subject to a limited assurance revision engagement as required by national and European legislation. This procedure ensures the transparency and credibility of the data presented, strengthening stakeholder confidence in the sustainability reporting process.

Thus, SNTGN Transgaz SA demonstrates its commitment to social and environmental responsibility by aligning with international and national standards in the field of sustainability reporting.

To this end, SNTGN Transgaz SA initiated a process of completing the internal governance structure for the implementation of ESG requirements, and in addition to the Audit Committee, a Corporate Governance and Sustainability Committee was created. In this context, as of 01.12.2023, the Investor Relations and Sustainability Unit was established, consisting of the Investor Relations Department and the Sustainability Department, with responsibilities assigned to manage activities related to ESG requirements.

## **7.2. Legal documents concluded under Article 52 paragraph (1) and paragraph (6) of GEO 109/30.11.2011**

In 2024, no legal documents were concluded in accordance with art. 52 paragraph (1) and paragraph (6) of GEO no.109/ 30.11.2011, as amended.

## **7.3. Main transactions between affiliated parties (concluded in accordance with art.92<sup>3</sup> of Law 24/2017 amended by Law 158/2020)**

In accordance with the provisions of Article 108 of Law 24/2017 on issuers of financial instruments and market operations, as amended, and under the provisions of Article 52 paragraph (1) and paragraph (6) of GEO 109/30.11.2011, as amended, Transgaz reported in 2024 the following material transactions entered into with related parties, respectively with SNGN ROMGAZ SA, the value of which exceeds 5% of the company's net assets value, as per the last published separate

financial statements as at 30 June 2024, as well as 10% of the net turnover of the last annual financial statements.

Details of these transactions, containing information about the date of conclusion, the nature of the transaction, the description of the subject matter, the amount of the transaction, the expiry date, the reciprocal claims and liabilities, the securities provided, the stipulated penalties, the terms and conditions of payment are provided for below:

No.	SNGN Romgaz SA – Contracting Party	Contract scope	Estimated value (LEI)	Achieved value (LEI VAT included)
1.	Contract no. 152T/13.02.2024 (period 1 April 2024 - 1 July 2024)	Provision of natural gas transmission services for the quarterly capacity product related to the NTS exit points	-	17.463,75
2.	Contract no. 28Z/29.02.2024 (period 1 March 2024 – 1 October 2024)	Provision of natural gas transmission services for the daily capacity product related to the NTS exit points	-	401,93
3.	Contract no. 30/26.08.2024 (period 1 October 2024 – 1 October 2025)	Provision of natural gas transmission services for the annual capacity product related to the NTS entry points	276.478.912,10	-
4.	Contract no. 35T/26.08.2024 (period 1 October 2024 – 1 January 2025)	Provision of natural gas transmission services for the quarterly capacity product related to the NTS entry points	695.471,70	-
5.	Contract no. 36T/26.08.2024 (period 1 October 2024 – 1 January 2025)	Provision of natural gas transmission services for the quarterly capacity product related to the NTS exit points	266.093,90	-
6.	Contract no. 458L/17.01.2024 (period 1 februarie 2024 – 1 March 2024)	Provision of natural gas transmission services for the monthly capacity product related to the NTS exit points	-	792.369,60
7.	Contract no. 459L/17.01.2024 (period 1 februarie 2024 – 1 March 2024)	Provision of natural gas transmission services for the monthly capacity product related to the NTS entry points	-	1.367.474,28
8.	Contract no. 532L/21.02.2024 (period 1 March 2024 – 1 April 2024)	Provision of natural gas transmission services for the monthly capacity product related to the NTS entry points	-	1.379.539,14
9.	Contract no. 533L/21.02.2024 (period 1 March 2024 – 1 April 2024)	Provision of natural gas transmission services for the monthly capacity product related to the NTS exit points	-	645.125,29
10.	Contract no. 53L/18.09.2024 (period 1 October 2024 – 1 November 2024)	Provision of natural gas transmission services for the monthly capacity product related to the NTS entry points	2.482.505,17	2.485.841,87

11.	Contract No. 54L/18.09.2024 (1 October 2024 – 1 November 2024)	Provision of natural gas transmission services for the monthly capacity product related to the NTS exit points	2.543.644,82	1.777.928,31
12.	Contract no. 609L/20.03.2024 (period 1 April 2024 – 1 May 2024)	Provision of natural gas transmission services for the monthly capacity product related to the NTS entry points	-	797.905,71
13.	Contract no. 610L/20.03.2024 (period 1 April 2024 – 1 May 2024)	Provision of natural gas transmission services for the monthly capacity product related to the NTS exit points	-	460.548,75
14.	Contract no. 682L/17.04.2024 (period 1 May 2024 - 1 June 2024)	Provision of natural gas transmission services for the monthly capacity product related to the NTS exit points	-	693.725,91
15.	Contract no. 751L/22.05.2024 (period 1 June 2024 - 1 July 2024)	Provision of natural gas transmission services for the monthly capacity product related to the NTS exit points	-	609.571,94
16.	Contract no. 803L/19.06.2024 (period 1 July 2024 - 1 August 2024)	Provision of natural gas transmission services for the monthly capacity product related to the NTS exit points	-	4.027,00
17.	Contract no. 82/26.08.2024 (period 1 October 2024 – 1 October 2025)	Provision of natural gas transmission services for the annual capacity product related to the NTS exit points	9.028.865,16	-
18.	Contract no. 854L/17.07.2024 (period 1 August 2024 - 1 September 2024)	Provision of natural gas transmission services for the monthly capacity product related to the NTS entry points	-	194.860,36
19.	Contract no. 855L/17.07.2024 (period 1 August 2024 – 1 September 2024)	Provision of natural gas transmission services for the monthly capacity product related to the NTS exit points	-	398.116,71
20.	Contract no. 48- RBP/30.12.2021 (period 3 January 2022 - 1 October 2037)	Provision of natural gas transmission services at the points of interconnection between the Romanian NTS and the natural gas transmission systems of countries neighboring Romania, in accordance with the provisions of the interconnection agreements.	-	3.484.120,81
21.	Contract no. 194T/14.05.2024 (period 1 July 2024 – 1 October 2024)	Provision of natural gas transmission services for the quarterly capacity product related to the exit points of the NTS	-	370.991,91
22.	Contract no. 891L/21.08.2024 (period 1 September 2024 - 1 October 2024)	Provision of natural gas transmission services for the monthly capacity product of entry points into the NTS	-	586.890,15

23.	Contract no. 892L/21.08.2024 (period 1 September 2024 - 1 October 2024)	Provision of natural gas transmission services for the monthly capacity product of the exit points out of the NTS	-	3.128,12
24.	Contract 1535/08.04.2024 (period 1 April 2024 - 31 March 2025)	The provision of underground natural gas storage services, meaning all activities and operations carried out by the Provider for or in connection with the booking of storage capacity in underground storage facilities.	6.902.801,69	-
25.	Contract OR1/11.04.2024 (period 1 April 2024 - 31 March 2025)	Sale-purchase of natural gas from the current domestic production of SNGN Romgaz SA for the technological consumption of SNTGN Transgaz SA.	36.000.000,00	-
26.	Contract 1506/28.03.2024 (period 1 April 2024 - 31 March 2025)	The provision of underground natural gas storage services, meaning all activities and operations carried out by the Provider for or in connection with the booking of storage capacity in underground storage facilities.	6.942.551,56	-
<b>TOTAL</b>			<b>341.340.846,10</b>	<b>11.806.261,36</b>

#### **Mutual claims and debts at 01.11.2024 - 4.789.143,83 lei**

#### **GUARANTEES ESTABLISHED, STIPULATED PENALTIES FOR:**

##### **Contracts for the provision of natural gas transmission services:**

##### **ART. 14**

(1) For the fulfilment of the contractual obligations, each party will establish in favour of the other party a guarantee in accordance with the provisions of the Network Code.

(2) For the purpose of fulfilling the obligation stipulated in para. (1) of this article, the TSO shall provide the proof of its credit rating.

(3) The NU is exempted from the obligation to establish the financial payment guarantee to the TSO if:

- a. it produces evidence of a credit rating issued by one of the rating agencies approved by the TSO or at least at the same level as the one granted to the TSO valid for the duration of this contract;
- b. it pays in advance the countervalue of the transmission services.

(4) If, throughout the duration of this contract, either the NU's rating or the agency agreed upon by the TSO changes, the NU shall notify the TSO within 3 working days from the performance of the change and to prove the fulfilment of its warranty obligations comprised in this chapter within no more than 5 working days from the date of the change.

##### **ART. 15**

(1) The financial payment guarantee is presented by the NU in the form of:

- a. a letter of bank guarantee in lei or Euro equivalent at the exchange rate of the European Central Bank on the day of issue of the guarantee (according to the template in Annex 4); and/or



- b. a guaranteed account (collateral deposit) in lei or Euro equivalent at the exchange rate of the European Central Bank on the day of issue of the guarantee; and/or
- c. an escrow account in lei or the Euro equivalent at the exchange rate of the European Central Bank on the day of the issue of the guarantee.

(2) The TSO accepts a letter of bank guarantee issued by a bank rated by one of the rating agencies: Standard & Poor's, Moody's or Fitch, at least at the "investment grade" level. The equivalence between the rating levels awarded by the three agencies is published on the TSO's website.

#### ART. 16

(1) In case the NU proves the creditworthiness according to art. 14 para. (3) letter a), the TSO may in certain justified cases require the provision of a financial payment guarantee in accordance with the provisions of art. 15 or the advance payment of the payment obligations arising from the commercial relationship with the NU. The requirements for a guarantee or an advance payment will be provided for and explained in written form.

(2) In the case of transmission services, it is considered to be a justified case that the NU is in default for the payment of an amount at least equal to 10% of the value of the last invoice or of the amount of the partial payment obligations, after a notification has been received from the TSO in this respect.

#### *B. Annual and quarterly product*

#### ART. 17

(1) The NU has the obligation to submit to the TSO the financial payment guarantee in the amount provided for in para. (2) at least 5 working days before the start of the transmission service period.

(2) The level of the financial payment guarantee established by the NU shall be equal to the average amount of the estimated monthly invoices for the transmission services for the following period of use.

(3) The financial payment guarantee established in accordance with para. (2) shall be valid from the banking day preceding the date of commencement of the provision of the transmission service and shall cease to be valid on the 60<sup>th</sup> calendar day following the termination of the contract by reaching its due date.

(4) The NU may waive the option of establishing a guarantee for the provision of the transmission service by making advance payments. To this end, the NU shall notify the TSO in writing, within a maximum of 7 working days after the end of the capacity booking period, of the prepayment option.

(5) The prepayment amount is equal to the amount of the monthly invoice for the transmission services related to the next period of use.

(6) The advance payment/invoice are compensated by the settlement invoice related to the month for which the payment was made.

(7) If such advance payment does not cover the amount of the settlement invoice for that month, the difference shall be paid by the NU at the due date of the invoice.

(8) The NU may waive the option of advance payment, subject to the establishment of a financial payment guarantee under the conditions of art. 14 para. (3) or art. 15.

#### *C. Monthly product*

#### ART. 18

- (1) The NU has the obligation to submit to the TSO the financial payment guarantee in the amount provided for in paragraph (2) at least 3 working days before the start of the transmission service period.
- (2) The level of the financial guarantee provided by the NU shall be equal to the estimated monthly invoice for the transmission services for the following period of use.
- (3) The financial guarantee payment established in accordance with para. (2) shall be valid from the banking day preceding the date of commencement of the provision of the transport service and shall cease to be valid on the 60<sup>th</sup> calendar day following the termination of the contract by reaching its due date.
- (4) The NU may waive the option of establishing a guarantee for the provision of the transmission service by making advance payments. In this respect, the NU shall, in writing, within a maximum of two working days from the date of the end of the capacity booking period, notify the TSO of the advance payment option.
- (5) The advance payment amount is equal to the monthly invoice for the transmission services for the next period of use.
- (6) The advance payment/Advance payment invoice is compensated by the settlement invoice for the month for which the payment was made.
- (7) If the advance payment in question does not cover the value of the settlement invoice for that month, the difference shall be paid by the NU at the due date of the invoice.

#### *D. Daily product*

##### **ART. 19**

For the daily product, the payment is made in advance, within 24 hours from the acceptance and signing of the transmission contract and before the start of the provision of the transmission services according to art.7.

##### **ART. 20**

- (1) The payment guarantee issued under art. 17 para. (1) shall be valid from the banking day preceding the date of commencement of the provision of the transmission service and shall cease to be valid on the 60<sup>th</sup> calendar day following the termination of the contract by its due date.
- (2) Where the level of the financial payment guarantee:
  - a. decreases by more than 5% below the level specified in art. 17 para. (2), the NU is required to supplement the level of the financial guarantee accordingly;
  - b. increases more than 5% above the level specified in art. 17 para. (2), the TSO is obliged to return to the NU the difference between the effective level of the guarantee and the one specified in art. 17 para. (2).
- (3) The adjustment of the level of the payment guarantee shall be made no later than 5 working days after the decrease/increase from the level established according to art. 17 para. (2).
- (4) The TSO shall have the right to claim the guarantee provided for in this Article within the limit of the damage caused if the NU does not fulfil all or part of its contractual obligations or performs them later.
- (5) Prior to the issue of a guarantee claim, the TSO has the obligation to notify the NU, stating the obligations that have not been complied with.

(6) The notification regarding the establishment of the guarantee shall be sent by fax to the TSO, within 24 hours of the expiry of the period stipulated in art. 23 para. (1) letter a).

(7) In case of execution of the partial or total guarantee, the NU has the obligation to re-establish the guarantee within 5 days from the drawing on.

Penalties:

#### ART. 23

(1) The non-fulfilment of the invoice payment obligation within the deadline provided for in art.7 para.(1) triggers the following effects:

- a. the charging of a late payment rate, calculated on the outstanding amount, equal to the default interest due for non-payment of the budget obligations for each day of delay starting from the 16th calendar day from the date of issue of the invoice to the payment date including the day of payment, or until the guarantee provided in the contract is executed in the event of default, within 15 calendar days of the due date;
- b. the limitation/interruption of the gas transmission service, with 3 calendar days notice, starting on the day immediately following the expiration of the 15 calendar day period stipulated in letter a) in the case of non-fulfilment of the payment obligation;
- c. the limitation / interruption of the natural gas transmission service, with 3 calendar days notice, starting from the day immediately following the day when the amount of the NU imbalances exceeds the value of the balancing guarantees.

(2) If the due date or the day immediately following the expiration of the grace period is a non-working day, the deadlines provided for in paragraph (1) are extended accordingly.

#### ART. 24

If the NU, at the TSO's request, does not voluntarily surrender /does not use the transferred and unused capacity transfer facility, by making the required capacity transfer, the NU is required to pay 5% of the transferred capacity, for the period between the date of the mandatory capacity transfer and that of the cease and termination of the contract.

#### ART. 25

(1) The NU is entitled to request and receive an amount set based on the tariff for non-ensuring the booked capacity, in accordance with the provisions of the Network Code, if the TSO does not keep all the capacity booked by the NU available to the NU.

(2) If the amount stipulated in para. (1) does not fully cover the damage suffered, the NU has the right to claim and receive additional compensatory damages, up to the full coverage of the damage caused, in case the TSO does not fulfil its obligation to provide the gas transmission services, as well as any other obligations set forth in this contract.

**Contracts for the provision of underground natural gas storage services, designating all activities and operations carried out by the Provider for or in connection with the booking of storage capacity in underground storage facilities:**

#### Art. 16.

(1) The Parties undertake to perform their obligations in good faith and to perform their obligations on time and strictly in accordance with the provisions of this Contract.

(2) In case of the Beneficiary's two breaches of the obligation for the payment of the Tariff or other contractual obligations, the Provider may require the Beneficiary to provide, within 10 (ten) calendar days from the date of the notification sent by the Provider, a performance bond to secure the performance of the contractual obligations of the Beneficiary in the event of a default by the Beneficiary. The performance bond shall consist of a letter of bank guarantee and shall be equal to 10% of the value of the services provided under this Contract. The letter of bank guarantee, shall be valid for a further 45 days after the finalization of the contract. If the guarantee provided under the above conditions is called on, the Party in question is obliged to re-establish (in part or in full, as the case may be) the guarantee deposited, within 7 (seven) calendar days from call-on.

Art. 17.

If the Parties establish actual guarantees, the Parties shall separately enter into separate collateral agreements and register them in the official publicity records.

*Contractual liability*

Art. 23.

(1) In the event that the Provider fails to fulfil its obligation to provide underground gas storage services in accordance with the agreed schedule under this Contract as well as any other obligations laid down in the Contract, the Beneficiary shall be entitled to claim and receive damages corresponding to the caused and proved damage. For the avoidance of doubt, failure to fulfil the obligation to store natural gas underground as a result of the Beneficiary's failure to comply with the storage schedule will not result in the Provider being liable.

(2) Failure to fulfil the payment obligation of the tariff or of other obligations of the Contract, by the Beneficiary (including, but not limited to, the incorrectness of the data provided to the Provider for the provision of the services by the latter), triggers the following sanctions: the levying of a late payment penalty rate, calculated on the outstanding amount, equal to the level of interest due on non-payment of budgetary obligations, for each day of delay, from the 16th calendar day after the issuance of the invoice until its full payment, including the day of payment, in the event of non-fulfillment of the payment obligation within a grace period of 15 (fifteen) calendar days from the due date; interruption of the provision of natural gas injection/withdrawal services into/from underground gas storage facilities, with a 3 (three) calendar days' prior notice, commencing on the 31st calendar day following the date of issuance of the invoice; enforcement of the guarantee established by the Beneficiary (if it is set up).

(3) Where the use of the above measures above cannot ensure full coverage of the damage incurred by the Provider, the Beneficiary shall also pay damages to the Provider in accordance with the legal provisions in force.

**Contract for the sale and purchase of natural gas from the current domestic production of SNGN Romgaz SA for the technological consumption of SNTGN Transgaz SA.:**

Art. 5.

5.1. Payments under this contract shall be made in lei, by payment order. Any payment shall be deemed to have been made on the date on which the amounts are recorded in the Seller's accounts: • RO08 RNCB 0231 0195 2533 0001 opened at BCR Mediaş Branch; • RO12 BRDE 330S

V024 6190 3300 opened at BRD Groupe Societe Generale; - RO07 BTRL 0580 1202 6813 97XX opened at Banca Transilvania; • RO55 RZBR 0000 0600 0273 7034 opened at Raiffeisen Bank SA; - RO23 INGB 0015 0000 3020 8911 opened at ING Bank NV Amsterdam, Bucharest Branch; • Treasury account: RO94 TREZ 5765 069X XX00 4512.

5.2 After the month of delivery, the Seller shall invoice the Buyer for: • the value of the monthly quantity of natural gas actually delivered, as provided for at point 6. of Annex no. 1 to this Agreement; • the value of the quantities of natural gas not taken, if applicable, as provided for in point 4.2.; and • excise duty, if applicable. The due date for payment of the monthly invoice representing the value of the natural gas delivered during the month in question and/or the value of the natural gas not taken over shall be 30 calendar days from the date of issue. Where the due date for payment is a non-business day, the due date for payment shall be deemed to be the first following business day.

5.3. In the event of non-payment of the monthly invoice when due, the Seller shall be entitled to stop the delivery of natural gas completely. The cessation of deliveries shall take effect after 3 (three) calendar days from the date of sending a notice to this effect. V. Penalty clause Art. 6. In the event that the Buyer fails to meet its obligations to pay the monthly invoice for the value of the natural gas delivered, the value of the quantities of natural gas not taken over, and excise duty, if applicable, at the due date, the Buyer shall be obliged to pay the Seller a penalty for each day of delay for each outstanding amount. The penalties shall be calculated from the first day after the due date, including the day of payment, i.e. the date of crediting the Seller's account. The percentage of late payment penalties is 0.1%/day.

#### Art. 7.

In the event of non-payment of the amount of the late payment penalties invoiced in accordance with the contractual provisions, the Seller is entitled, within 5 days of the invoice notification, to stop the delivery of natural gas in its entirety. The cessation of deliveries shall take effect after 3 (three) calendar days from the date of notification to this effect. After the due date for payment of the principal obligation, the party liable to pay the penalty shall be in default by operation of law without the need to give notice to that party.

#### Art. 12.

12.1. The parties guarantee to each other that this contract is a valid, legal, enforceable and legally enforceable obligation under the terms of this contract.

12.2. Except for obligations for the non-fulfillment of which specific clauses are provided for in this Contract, for non-performance or improper performance of any other contractual delivery/purchase obligations, the Contracting Parties shall be entitled to claim and receive damages. In the event of termination due to the fault of one of the Parties, it shall not be entitled to claim any compensation for damages caused.

12.3. The Parties are obliged to notify, in writing, as soon as possible, but not later than 24 hours after the incident, of any situation that could cause a temporary interruption or limitation of consumption.

## **TERMS AND METHODS OF PAYMENT:**

### **Contracts for the supply of natural gas transmission services:**

#### **ART. 6**

(1) The NU shall pay to the TSO the value of the booked transmission capacity, determined on the basis of the capacity booking tariff applicable at the time when the booked capacity can be used.

(2) The TSO shall pay the NU the countervalue of the unprovided transmission capacity, determined on the basis of the unprovided capacity tariff applicable at the time when the NU could not use the booked capacity.

(3) The network user shall pay to the transmission system operator, in addition, where applicable, the tariffs set out in the Network Code.

(4) The tariffs referred to in para. (1) and (2) are set out in Annex 1 to this contract.

(5) By the 15th day of the month following the month for which it provided the transmission service, the TSO shall send the NU separate invoices (hereinafter referred to as 'monthly invoices'), as appropriate:

- a. invoice for transmission services rendered for the previous month;
- b. invoice for the amount of the charge for exceeding the booked capacity, calculated in accordance with the provisions of Article 99 of the Network Code, and/or the amount of the charge for not providing the booked capacity, calculated in accordance with the provisions of Article 101 of the Network Code, as applicable;
- c. invoice for the value of additional capacity, calculated in accordance with the provisions of Article 51 of the Network Code, resulting from the nomination by the NU of a quantity of natural gas exceeding the capacity booked by the NU at an NTS entry point.

(6) Where the NU chooses the advance payment, the TSO shall issue and send to the NU, at least 5 calendar days prior to the starting date of each month of provision of services, an advance payment invoice, the amount of which shall be equal to the amount of the booked capacity calculated for the period of the month of provision of services.

- i. at least 5 calendar days prior to the starting date of each month of provision of services, an advance payment invoice, the amount of which shall be equal to the value of the booked capacity calculated for the period of the month of provision of services, plus the value of the commodity component, calculated at the contractual capacity level for the same period;
- ii. within 15 working days of the end of the month in which the services are provided, a payment settlement invoice drawn up on the basis of the final allocation.

#### **ART. 7**

(1) Payment of the value of the invoices referred to in Art. 6 para (5) shall be made within 15 calendar days of the date of issue of the invoices. If the due date falls on a non-business day, the deadline shall be deemed to fall on the following business day.

(2) Payment of the value of the invoices referred to in Art. (6) shall be effected by the date on which the transmission service is to commence on the basis of the advance payment invoice issued for that purpose.



**Contracts for the provision of underground natural gas storage services, designating all activities and operations carried out by the Provider for or in connection with the booking of storage capacity in underground storage facilities:**

**Art 11**

(1) The Provider shall issue monthly to the Beneficiary, by the 10th (tenth) day of the following month, the invoice for the value of the storage services performed at the Tariff set out in Annex no. 6 in the previous month. The invoice shall be issued and completed in accordance with the Romanian legislation in force, i.e. an electronic invoice shall be issued and transmitted through the national electronic invoice system RO e- factura. Any notifications shall be sent by the Provider to the address included in Art. 28 of Section XV below.

(2) Payment for the storage services shall be made in RON within 15 (fifteen) calendar days from the date on which the electronic invoice is available to the Beneficiary for downloading from the RO e-Invoice system, by bank transfer or any other legal payment instrument agreed between the Parties and shall be deemed to be made at the moment of actual receipt of the amounts into the Provider's bank account no. RO36 BTRL RONC RT03 RT03 1706 6401, opened with Banca Transilvania Ploiești. Failure to pay within the deadline mentioned in this paragraph shall entail the application of penalties in accordance with Art. 23 para. 2.

(3) If the due date falls on a non-business day, the period shall be deemed to end on the following business day.

(4) The Parties agree that, at the expiry of the Term, the regularization/revision of the payment/recollection obligations/entitlements related to the capacity reservation shall be carried out in accordance with the procedure included in Annex no. 6. Termination of the Contract for any reason before the final amount of the regularization/revision has been established shall not release the Parties from the financial obligations arising from the regularization.

**Art 23**

(2) Failure by the Beneficiary to comply with the obligation to pay the Tariff or other obligations under the Contract (including, but not limited to, the incorrectness of the data provided to the Provider for the provision of the Services by the latter) shall give rise to the following sanctions:

- a) the levying of a late payment penalty calculated on the amount unpaid, equal to the level of interest due for failure to pay budgetary obligations on time, for each day of delay, starting from the 16th calendar day after the invoice is issued until the invoice is paid in full, including the day of payment, in the event of failure to meet the payment obligation within a period of grace of 15 (fifteen) calendar days after the due date;

**Contract for the sale and purchase of natural gas from the current domestic production of SNGN Romgaz SA for the technological consumption of SNTGN Transgaz SA.:**

**Art. 5.**

5.1. Payments under this contract shall be made in lei, by payment order. Any payment shall be deemed to have been made on the date on which the amounts are recorded in the Seller's accounts: • RO08 RNCB 0231 0195 2533 0001 opened at BCR Mediaș Branch; • RO12 BRDE 330S V024 6190 3300 opened at BRD Groupe Societe Generale; - RO07 BTRL 0580 1202 6813 97XX



opened at Banca Transilvania; • RO55 RZBR 0000 0600 0273 7034 opened at Raiffeisen Bank SA; - RO23 INGB 0015 0000 3020 8911 opened at ING Bank NV Amsterdam, Bucharest Branch; • Treasury account: RO94 TREZ 5765 069X XX00 4512.

5.2 After the month of delivery, the Seller shall invoice the Buyer for: • the value of the monthly quantity of natural gas actually delivered, as set out in item 6. of Annex no. 1 to this Contract; • the value of the quantities of natural gas not taken over, if applicable, as set out in item 4.2; and • excise duty, if applicable. The due date for payment of the monthly bill representing the value of the natural gas delivered during the month in question and/or the value of the natural gas not taken shall be 30 calendar days from the date of issue. Where the due date for payment is a non-business day, the due date for payment shall be deemed to be the first following business day.

5.3. In the event of non-payment of the monthly invoice when due, the Seller shall be entitled to stop the delivery of natural gas completely. The cessation of deliveries shall take effect after 3 (three) calendar days from the date of sending a notice to this effect. V. Penalty clause Art. 6. In the event that the Buyer fails to meet its obligations to pay the monthly invoice for the value of the natural gas delivered, the value of the quantities of natural gas not taken over, and excise duty, if applicable, on the due date, the Buyer shall be obliged to pay the Seller a penalty for each day of delay for each outstanding amount. The penalties shall be calculated from the first day after the due date, including the day of payment, i.e. the date of crediting the Seller's account. The percentage of late payment penalties is 0.1%/day.

## 8. KEY PERFORMANCE INDICATORS ESTABLISHED IN THE CONTRACTS OF MANDATE

By OGMS Resolution 8/6.12.2021 the financial and non-financial performance indicators for 2021 - 2025, which are annexed to the administrators' contracts of mandate, were approved and the revision of some financial key performance indicators was approved by OGMS Resolution 3/28 February 2022, OGMS Resolution 10/7 December 2022, OGMS Resolution 1/12 January 2023 and by OGMS Resolution 1/21 February 2024.

### Achievement of key financial and non-financial performance indicators

#### Key financial performance indicators for the calculation of the variable component of the remuneration (separate)

No.	Indicator	Objective	2024		Achievement degree
			Budgeted	Achieved	
1.	<b>Outstanding payments</b>	<i>Maintenance of the outstanding payments at zero.</i>	0	0	100%
2.	<b>Operating expenses</b> (less depreciation, balancing, construction activity and provisions for impairment of	<i>Maintenance of the operating expenses at the level under the Management Plan</i>	1.486.728	1.348.354	110%

No.	Indicator	Objective	2024		Achievement degree
			Budgeted	Achieved	
	assets and for risks and charges) (thousand lei)				
3.	<b>Liquidity ratio</b>	<i>Liquidity ratio to record values higher than 1</i>	1	1,31	131%
4.	<b>Net leverage rate</b>	Maintenance of a net leverage rate below the limits set for obtaining bank financing, i.e.: 5-2021, 5,5-2022, 5 – 2023-2024, 4,5 2025	5,5	3,19	172%
5.	<b>EBITDA (thousand lei)</b>	Achievement of the EBITDA target under the Management Plan	579.907	811.474	140%

**Table 28- Key financial performance indicators for the calculation of the variable component of remuneration in 2024 compared to the 2024 Budget (according to the Management Plan 2021-2025)**

## Key non-financial performance indicators for the calculation of the variable component of the remuneration

No.	Indicator	Objective	No.	2024		Achievement degree
				Planned	Achieved	
Operational						
6	Monitoring the Investment Strategy and Implementation	Achievement of the FID projects under the TYNDP (2022-2031) <i>I = (achieved+initiated actions)/proposed actions</i>				
		Development on the Romanian territory of the <b>Southern Transmission Corridor</b> for taking over the Black Sea gas	6.1	Construction 2023-2025 The completion date depends on the upstream offshore projects implementation schedules.	On 16 June 2023, the works commencement order was signed. The work is in progress according to the schedule.	100%
		Achievement of the pilot project for metering and using the hydrogen gas blending	6.2	The design, execution and mounting of the pilot project installation related to the use of hydrogen gas blend and the studying of the influences on materials, metering systems and	All activities related to the design, execution and mounting of the pilot project installation for the use of natural gas mixture with hydrogen and the study of the influences on materials, measurement systems and combustion equipment were completed.	100%

				combustion equipment.		
7	Increasing energy efficiency	Maintaining the share of the NTS gas consumption in the total circulated gas below 1%	7.1	<1	0,50%	100%
8	Customer satisfaction	Achievement of the targets established in the management plan (According to PP 165 Evaluation of Clients satisfaction, a score between 6-8 represents the fact that the services offered satisfied accordingly the requirements of the clients)	8.1	8	Achieved – 8 Report SMC/ 20511/11.03.2025 on the evaluation of SNTGN Transgaz SA clients satisfaction for 2024	100%
9	Strengthening and diversifying cooperation and collaboration relations with European gas transmission system operators	Conclusion of memoranda of cooperation and collaboration with European gas transmission system operators (minimum 5 operators) regarding the collaboration on hydrogen injection	9.1	1	The Memorandum of Understanding was signed between four gas transmission system operators in Central Europe (Transgaz - Romania, Gaz-System - Poland, Eustream - Slovakia and FGSZ – Hungary), on exploring the possibilities of decarbonising their operations, transmitting green gas and investigating the potential of transmitting CO <sub>2</sub> .	100%
Public service oriented						
10	Performance indicators related to the gas transmission service	Achievement of the targets established in the Performance Standard for the gas transmission service (ANRE Order 140/2021 entered into force as at 1 October 2022).	10.1	$IP_0^1 \geq 90\%$	99,12%	100%
			10.2	$IP_1^1 \geq 90\%$	100%	
			10.3	$IP_1^2 \geq 95\%$	*	
			10.4	$IP_1^3 \geq 95\%$	*	
			10.5	$IP_1^4 \geq 95\%$	99,76%	
			10.6	$IP_1^5 \geq 95\%$	*	
			10.7	$IP_2^1 \geq 95\%$	100%	
			10.8	$IP_3^1 \geq 95\%$	98,46%	
			10.9	$IP_3^2 \geq 95\%$	*	
			10.10	$IP_4^1 \geq 95\%$	*	
			10.12	$IP_5^1 \geq 98\%$	100%	
			10.12	$IP_5^2 \geq 98\%$	100%	
			10.13	$IP_6^1 \geq 98\%$	100%	
			10.14	$IP_6^2 \geq 98\%$	100%	
Corporate governance						
11	Optimization of internal/management control system	Implementing the provisions of GSG Order 600/2018 for the approval of the Internal/Management Control Code of public enterprises as amended.	11.1	Development of the internal/managemement control system for maintaining it at a level considered compliant with the standards included	Achieved - Monitoring Committee Decision 908/14.06.2024; - letter to GSG 7133/ 26.01.2024, entry no. to GSG 2687/26.01.2024 regarding the submission of the following internal/management	100%

		<p><i>I = implemented standards/ standards provided for in the Order 600/2018*100</i></p> <p><i>Implementation of the measures established in the internal/management control system</i></p> <p><i>Implementation Plan</i></p> <p><i>I = Implemented measures /proposed measures *100</i></p>		<p>in the Internal/Management Control Code.</p>	<p>control system reporting documents:</p> <p>✓ Report of the Director General on the Internal/Managerial Control System as at December 31, 2023, no 7138/26.01.2024;</p> <p>✓ Centralizing situation on the status of implementation and development of the internal/managerial control system within SNTGN Transgaz SA, as at 31 December 2023, no. 7135/ 26.01.2024.</p> <p>✓ The data provided for in the above documents are uploaded in the SCIM (Internal Management Control System) – GSG (The General Secretariat of the Government) IT Platform. The General Secretariat of the Government notifies the approval of the forms uploaded in the IT Platform by e-mail dated 23.02.2024);</p> <p>- SCI/M (Internal Management Control System) development program, updated for the year 2024, no. DSMC/20442/07.03.2024;</p> <p>- information on the state of implementation of the internal/managerial control system at Transgaz level for the year 2023, no. DSMC/20390/ 07.03.2024;</p> <p>- information on performance monitoring at Transgaz level for 2023, no. DSMC/20389/ 07.03.2024;</p> <p>- the transmission to the Risk Management Committee, by letter no. 93751/07.11.2024, of the "Report on the specific activities of the Internal Managerial Control System carried out within SNTGN Transgaz SA, first semester", registration no. DSMC/87386/ 18.10.2024.</p> <p>-development of the self-assessment of the status of implementation and development of the internal/managerial control system within SNTGN Transgaz SA, year 2024, in accordance with the letter no. 85631/14.10.2024".</p>	
	11.2	Streamline the processing and management of SCI/M documentation by		<b>Achieved</b>	100%	
				<p>- Tender book no. 43806/08.06.2021 for the design and implementation of the SCI/M web platform . The analysis,</p>		

				implementing an SCI/M web platform (preparation of procurement documents).	<p>diagnosis, assessment of the Internal/Managerial Control System is included in Chapter 2 of the Specifications.</p> <p>- Necessity report no. DSMC/61781/22.08.2023 on the budgeting of the product 'Automated Information System dedicated to the development, management and continuous monitoring of the Internal/Managerial Control System;</p> <p>-The implementation of the platform was postponed to 2025.</p>	
12	<b>Optimization of risk management process</b>	Implementation of the requirements of Standard 8 of GSG Order no. 600/2018 for the approval of the internal/management Control Code of public entities as further amended. Moving to a 5-step risk assessment scale	12.1	Continuous monitoring and adaptation of the organisational, conceptual and methodological framework of the risk management process	<p><b>Achieved</b></p> <p>- EGR Decision No 228/15.02.2024;</p> <p>-EGR Decision no. 909/14.06.2024;</p> <p>- Risk Management Strategy, 2021-2025; no. DSMC/38586/19.05.2021 was approved by Board of Administration Resolution. 25/31.08.2021;</p> <p>- the meeting of the Board of Administration held on 20 March 2024 (BoA Resolution 14/20.03.2024) took note of the "Report no. DG/20398/07.03.2024 on the analysis of the specific objectives and action directions set out in the Program for the implementation of the measures set out in the Risk Management Strategy, 2021-2025, period under review - 2023";</p> <p>- the revision of the Risk Management System Procedure is approved in order to introduce the five-step risk assessment matrix. The System Procedure rev1 ed.1 has entered into force on 03.01.2024 (notification via Internal Newsletter about the internal publishment of the procedure in the public area);</p> <p>- delivery by Internal Newsletter on 11.01.2024, to all organizational structures of the document "Training on the implementation of the System Procedure PS 05 SMI ed.1 rev.1" which summarizes all the new aspects introduced by the 1st revision of the procedure, with emphasis on risk assessment in the 5-step risk matrix.</p> <p>- for the year 2024, the 5-step risk tolerance limit no. DSMC/2851/12.01.2024 was approved,</p>	100%

					disseminated by publication in the public area: <a href="https://portal.intranet.transgaz.ro/zonapublica/scim/Managementul%20riscurilor/6.%20Limita%20de%20toleranta/7.%20Limita%20toleranta%20C8%9B%C4%83%202024%20Transgaz.pdf">https://portal.intranet.transgaz.ro/zonapublica/scim/Managementul%20riscurilor/6.%20Limita%20de%20toleranta/7.%20Limita%20toleranta%20C8%9B%C4%83%202024%20Transgaz.pdf</a>	
			12.2	Systematic analysis of risks associated with operational objectives at the level of organisational structures.	<p><b>Achieved</b></p> <p>In accordance with the letter No. DSMC/2144444/11.03.2024 all organizational structures have posted in the dedicated area:</p> <ul style="list-style-type: none"> <li>- the list of operational objectives, activities and risks, year 2024;</li> <li>- The Risk Registers at service and departmental level, year 2024;</li> <li>- The plans of measures to minimize risks at service, departmental level, year 2024;</li> </ul> <p>According to Letter No. DSMC/91253/04.12.2023 all organizational structures have posted the revised Risk Registers, December 2023, and Risk Management Report, year 2023 at the level of the divisions, independent units, independent departments and offices, regional offices, the Medias Subsidiary.</p>	

			12.3	Implementation of risk management policy, procedures and legal requirements and monitoring their application at company level.	<b>Achieved</b> <ul style="list-style-type: none"> <li>- Company-wide Risk Register, 2023, No. DSMC/14825/22.12.2023, REVISED December 2023;</li> <li>- Company-wide Risk Register, year 2024, no. DSMC/20439/07.03.2024;</li> <li>- Risk Minimization Measures Plan, at company level, year 2023, no. DSMC/20444/07.03.2024;</li> <li>- Report on risk management and monitoring, within SNTGN Transgaz SA, for the year 2023, no. DSMC/12873/13.02.2024;</li> <li>- The Board of Administration acknowledged Report no. DG/20388/07.03.2024 on risk management and monitoring within SNTGN Transgaz SA, by BoA Resolution 14/20.03.2024;</li> <li>- the risk profile, December 2023 No DSMC/2851/12.01.2024;</li> <li>- The report of the Risk Management Committee on the approval of the Tolerance Limit for the year 2024 and the Risk Profile, December 2023, Registration No. DSMC/7931/30.01.2024;</li> <li>- transmission to the Risk Management Committee, by letter no. 93751/07.11.2024, of the "Risk Management Report for the first semester of 2024", registration no. DSMC/85426/11.10.2024.</li> <li>- REVISED Risk Register at company level, year 2024 no. DSMC/20439/07.03.2024/31.12.2024.</li> </ul>	
13	Timely reporting of the performance indicators	Compliance with the legal deadlines for reporting I = actual reporting deadlines/reporting deadlines provided *100	13.1	Calendar for Financial communication to BSE	<b>Achieved</b> (see the company's website) <a href="https://www.transgaz.ro/ro/calendar-financiar-2024">https://www.transgaz.ro/ro/calendar-financiar-2024</a>	100%
			13.2	Report on the status of implementation of the 10-Year Development Plan of the National Gas Transmission System	<b>Achieved</b> Letter DSMC/14.323/16.02.2024 Deadline 1 March 2024	



			13.3	Internal/management control system reporting	<p><b>Achieved</b></p> <p>It was sent to the General Secretariat of the Government by Letter no. DSMC/ 7133/26.01.2024, entry no. SGG 2687/26.01.2024,</p> <p>- Centralized Progress Report on the implementation and development of the internal/management control system in SNTGN Transgaz SA on 31 December 2023;</p> <p>- Report on the internal/management control system on 31 December 2023.</p> <p>- It was sent to the General Secretariat of the Government by letter no DSMC/ 5899/27.01.2025:</p> <p>-Report on the status of implementation and development of the internal/managerial control system within SNTGN Transgaz SA, as of 31 December 2024, no. 5899/27.01.2025;</p> <p>-Report on the internal/managerial control system as at 31 December 2024, no. 5899/27.01.2025</p>	
			13.4	Reporting related to the achievement of the performance indicators of the gas transmission service	<p><b>Achieved</b></p> <p>Letter 97388/19.11.2024 ANRE report for gas year 2023-2024</p>	
			13.5	Reporting form S1100 on the monitoring of the application of the provisions of GEO 109/2011	<p><b>Achieved</b></p> <p>- Letter no .2016/09.01.2024 Report H1100 for H2 2023;</p> <p>- Letter no. 55962/03.07.2024 H1100 reporting for H1 2024;</p> <p>- Letter no. 520/08.01.2025 H1100 reporting for H2 2024.</p>	
14	2021-2025 NAS implementation	Implementation of the measures established in the NAS I = measures achieved within the deadline /proposed measures *100	14.1	Achievement of the objectives under the Integrity Plan for the implementation of the Anti-Corruption Strategy 2021-2025	<p><b>Achieved</b></p> <p>The measures foreseen in the Integrity Plan for the implementation of the National Anti-Corruption Strategy 2021-2025, for 2024, were realized:</p> <p>- elaboration, submission to the GSG (The General Secretariat of the Government) and publication on the Intranet page of the Report on the status of implementation of the measures envisaged in the SNA 2021-2025 for 2023, at the level of S.N.T.G.N. Transgaz S.A.;</p> <p>-preparation, submission to the General Secretariat of the Government and publication on the Intranet page of Transgaz' Integrity Incident Assessment Report for 2023,</p>	100%

				<ul style="list-style-type: none"> <li>- preparation, submission to A.N.I. and publication on the Intranet page of the Report on the application of Law no. 361/2022 on the protection of the public interest warnings in 2023, at SNTGN Transgaz SA level;</li> <li>- updating the system procedure PS 06 SMI prevention of corruption was updated;</li> <li>- Development and approval of the Rules of Operation of the Working Group for the Prevention of Corruption REG DP 01;</li> <li>- preparation of the Corruption Risk Monitoring Report;</li> <li>- Review of the Corruption Risk Register;</li> <li>- Verification, on the basis of a survey, of the completion of the Declaration of Confidentiality and Impartiality in procurement procedures</li> <li>- carrying out an anti-corruption training activity (2 employees of the company participated - key positions in terms of whistleblower protection in the public interest);</li> <li>- participation of 2 persons within the General Inspection Division in the webinar "Artificial Intelligence - ethics and integrity";</li> <li>- participation of 2 persons from the D.I.G. in the information session on the public interest whistleblower organized by the National Integrity Agency</li> <li>- participation, within the Business Cooperation Platform organized by the Technical Secretariat of the NAC, in the Working Group on the second phase of the evaluation of Romania by the O.C.D.E.;</li> <li>- on-line participation in the working session on integrity in the business environment organized by the OECD in Paris;</li> <li>- participation in three working meetings in the framework of the Business Cooperation Platform organized by the Technical Secretariat of the NAC.</li> <li>- the necessary steps were taken to implement the provisions of Law no. 361/2022 on the protection of whistleblowers in the public interest and PS 21 SMI on</li> </ul>	
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					<p>the protection of whistleblowers in the public interest, regarding the display of reporting channels and the person designated according to the law (poster, report preparation and approval, transmission to the concerned Divisions, Regional Operating Centres, Subsidiary);</p> <p>- permanent updating of the database of companies that have not properly executed the contracts concluded with SNTGN Transgaz SA and its use as a permanent working tool.</p>	
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**Table 31 – Key non-financial performance indicators achievements for the calculation of the variable component of remuneration at 31.12.2024**

**Note:** Given that in the period analysed for the performance indicators of the gas transmission service marked \* no requests/notifications/complaints were registered, we conclude that the potential risk did not materialize, and, therefore, it results that the indicators are met according to the requirements established in the Performance Standard, although the degree of fulfilment of these indicators cannot be determined by mathematical calculation.

In order to optimize the performed activities, the company's administrators and management will continue to act with maximum responsibility and will efficiently use modern administration/management methods and techniques, adequate for the optimization of all processes and activities carried out by the company, as they are presented:



**NOTE:** Annex 1 – Transgaz' Consolidated sustainability statement 2024 is an integral part of this Report.

**ION STERIAN – Executive Administrator – Director – General**

**PETRU ION VĂDUVA – Non-Executive Administrator**

**NICOLAE MINEA – Non-Executive Administrator**

**ILINCA VON DERENTHALL – Non-Executive Administrator**

**ADINA LĂCRIMIOARA HANZA - Non-Executive, Interim Administrator**

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

***CONSOLIDATED SUSTAINABILITY STATEMENT***

***TRANSGAZ***

***2024***



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### **Distinguished partners,**

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

We all know that energy is essential not only for people's lives, but also for sustaining the economy. Energy is essential for the functioning of modern society, but we need to use it responsibly and ensure that energy sources are sustainable and do not harm the environment. We are aware of the essential role that Transgaz plays not only in the development, modernization and consolidation of the energy infrastructure of Romania and of the Republic of Moldova, but also in improving the standard of living and the effective transition of the entire society towards achieving all the Sustainable Development Goals.

### **Sustainable development and decarbonisation strategies**

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

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

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

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

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

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

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

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

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

### **Commitment to diversity**

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

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

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

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

aims to maximize energy efficiency throughout the entire chain of activities and to create an efficient, reliable and flexible intelligent natural gas transmission system.

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

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

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

### GENERAL DISCLOSURES

#### ESRS 2 – Basis for reporting

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

###### BP-1

The National Gas Transmission Company Transgaz S.A. (hereinafter referred to as the "Company") is the technical operator of the National Gas Transmission System (NTS) and ensures the fulfilment, under conditions of efficiency, transparency, safety, non-discriminatory access and competitiveness of the national strategy regarding the domestic and international transmission of natural gas, natural gas dispatching, as well as research and design in the specific field of its activity, in compliance with the requirements of the European and national legislation, quality, performance, environment and sustainable development standards. Transgaz is a joint-stock company where the state has a controlling interest and carries out its activity in accordance with the national legislation in force, having the financial statements prepared according to the OMF 2844/2016.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Disclosures in relation to specific circumstances**

### **BP-2**

Transgaz publishes the first sustainability statement at group level, which includes information for the period January 1, 2024 – December 31, 2024. In previous years, the parent company SNTGN Transgaz SA issued sustainability reports over four consecutive years. The

sustainability statement for the financial year 2022 was prepared according to GRI standards. In that year, SNTGN Transgaz SA was evaluated and voluntarily published the ESG rating obtained from the Bucharest Stock Exchange. The ESG score aims to assess the sustainability of listed companies, considering three main criteria: environmental impact, social governance and corporate governance. For 2023, SNTGN Transgaz SA has chosen to report voluntarily based on the new ESRS standards, according to the Order of the Minister of Finance 85/2024, which implements the Corporate Sustainability Reporting Directive (CSRD).

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

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

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

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

### **Time horizons**

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

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

### **Value chain estimation**

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

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



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

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

Also, no material errors were found in previous reports.

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

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

### **Inclusion of information through references**

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

## ***Governance and business practices***

### **Role of administrative, management and supervisory bodies**

#### **GOV-1**

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

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

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

Risk management as identified within the ESRS is integrated into Transgaz' overall risk process. Sustainability risks are considered as potential factors to accentuate the other types of risks, factors that could contribute to the materialization of risks, to increase the frequency of occurrence or to increase the impact generated by the occurrence of the event. To manage them, Transgaz incorporated ESG factors into its risk assessment methodologies. The

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

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

impacts and opportunities, as identified within the double materiality process, will be taken into account in Transgaz' business strategy. These include assessing impacts on operations and identifying opportunities to develop more sustainable energy solutions or continue commitment to sustainable solutions. By integrating these aspects, Transgaz aims to improve long-term resilience and align its business objectives with sustainability requirements.

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

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

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

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

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

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

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

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

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

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

- Sole Associate;

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

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

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

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

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

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

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

There is a separation between the non-executive, control function (non-executive director) and the executive function (directors) – mandatory separation, in the case of joint-stock companies whose annual financial statements are subject to legal audit requirements. The Director General of Transgaz represents the company in relations with third parties and is responsible for taking all measures related to the management of the company, within the limits of the company's object of activity and in compliance with the exclusive powers reserved by law or by the Articles of Association or expressly assigned by the Board of Administration and the

General Meeting of Shareholders. The CVs of the members of the Board of Administration of SNTGN Transgaz SA are available on the company's website at: <https://www.transgaz.ro/en/about-us/board-administration>.

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

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

### Composition of the Board of Administration

No.	Name	Position	Relevant experience	Date of appointment	Political affiliation	Status
1	Mr. Ion Sterian	Executive Administrator and Director General	General management, expertise in the field of natural gas	OGMS resolution no. 2/22.04.2021, administrator mandate, starting with 30.04.2021 until 29.04.2025 BA resolution no. 22/27.07.2021, mandate of Director General, starting with 27.07.2021 until 26.07.2025	No political affiliation	Final
2	Mr. Petru Ion Văduva	Non-Executive Administrator and Chairman of the Board of Administration	Project management, investments and financial analysis	OGMS resolution no. 2/22.04.2021, administrator mandate, starting with 30.04.2021 until 29.04.2025 BA resolution no. 23/24.08.2023, mandate of Chairman of the Board of Administration until 29.04.2025	No political affiliation	Final
3	Mr. Nicolae Minea	Non-Executive Administrator	Project management, economics	OGMS Resolution no. 2/22.04.2021, administrator mandate, starting with 30.04.2021 until 29.04.2025	No political affiliation	Final
4	Mrs. Adina Lăcrimioara Hanza	Non-Executive Administrator	Operational Management and Internal Audit	OGMS Resolution no. 9/11.10.2023, provisional administrator mandate, 5 months, starting with 17.10.2023 until 16.03.2024	No political affiliation	Provisional

No.	Name	Position	Relevant experience	Date of appointment	Political affiliation	Status
				OGMS Resolution no. 2/06.03.2024 extension of the mandate of provisional administrator by two months, starting with 17.03.2024 until 16.05.2024  OGMS Resolution no. 4/16.05.2024, provisional administrator mandate, 5 months, starting with 17.05.2024 until 16.10.2024  OGMS Resolution no.10/16.12.2024, mandate of provisional independent non-executive director, maximum 5 months, starting with 17.12.2024		
5	Ms. Ilinca von Derenthall	Non-Executive Administrator	Management, Audit and Expertise in Capital Markets and Financing	OGMS Resolution no.9/11.10.2023, mandate of provisional administrator, 5 months, starting with 17.10.2023, until 16.03.2024  OGMS Resolution no.2/06.03.2024 extension of the mandate of provisional administrator by two months, starting with 17.03.2024 until 16.05.2024  OGMS Resolution no.4/16.05.2024, administrator mandate, starting with 17.05.2024 until 29.04.2025	No political affiliation	Provisional in 2023 Final now

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

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

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

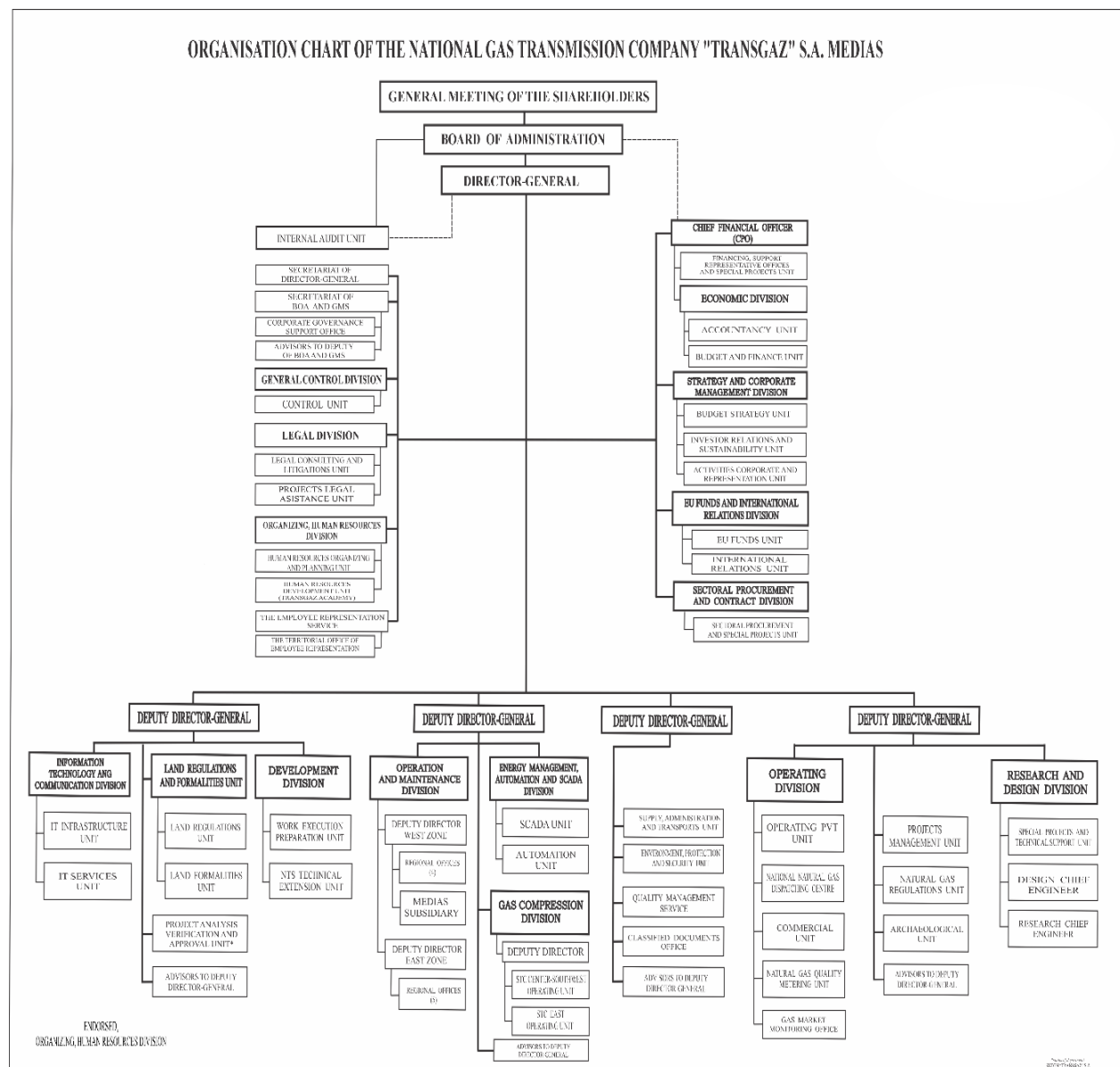
Considering the nature of the services offered by SNTGN Transgaz SA, as well as the composition of the shareholding, interaction with public authorities is frequent (reporting, obtaining authorizations, etc.). The Director General of the company is vested with the

authority to represent the company in all legal acts carried out. This authority may be delegated to other employees within the company.

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

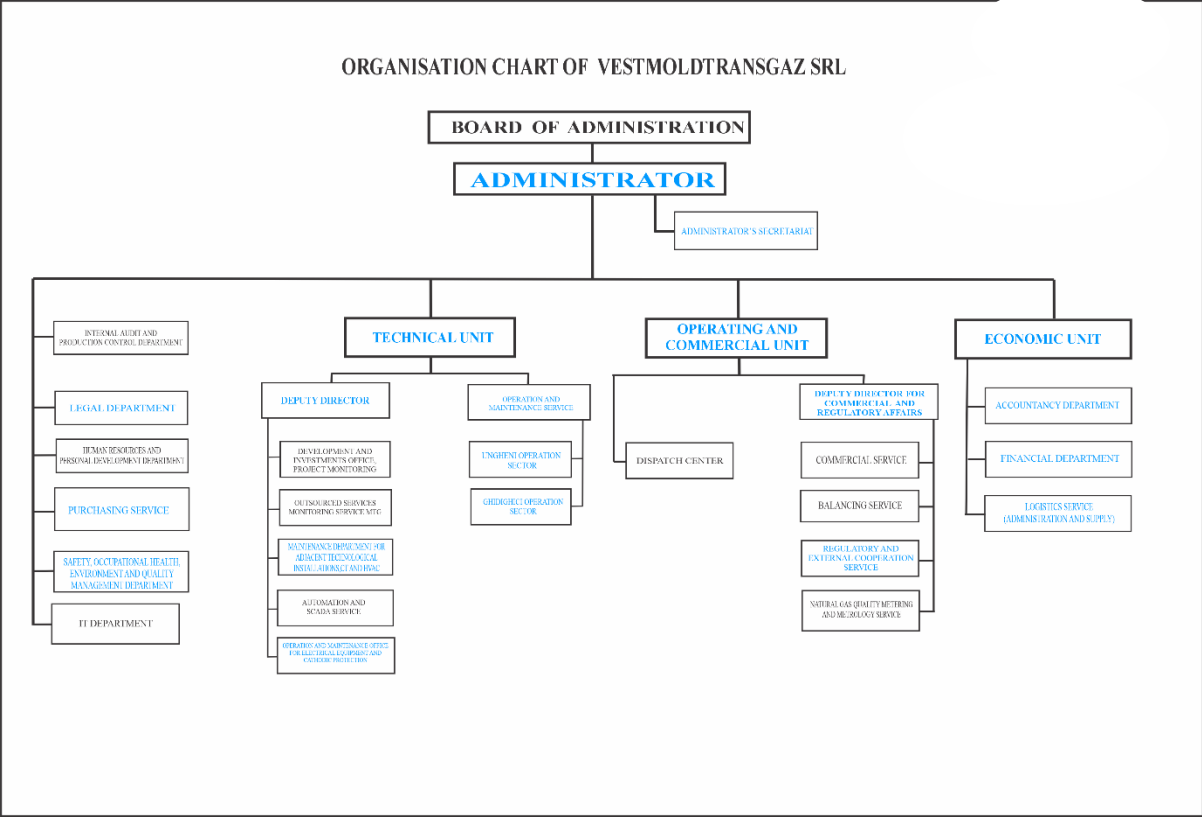
Reporting can be made directly to the Director General of Transgaz and/or to the Board of Administration through the Secretariat of the Board of Administration and the General Shareholders' Meeting Department:

The organizational structure of SNTGN Transgaz SA is as follows:

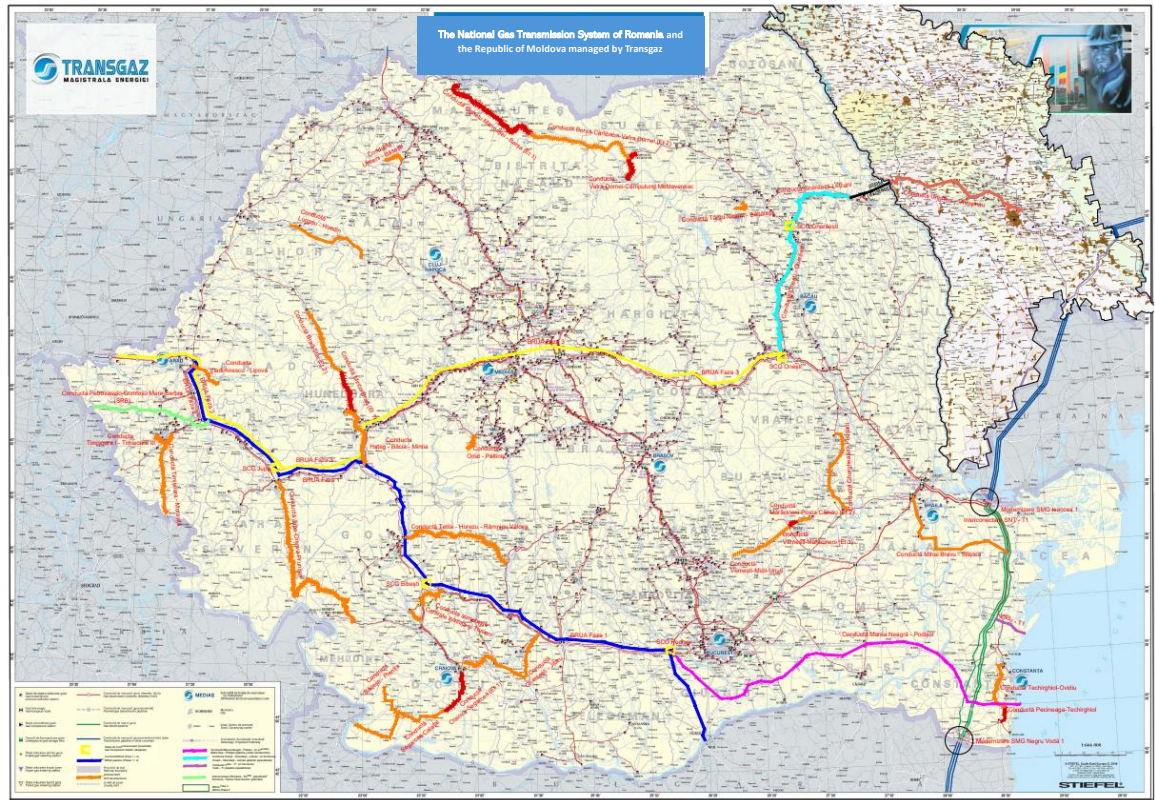




The organizational structure of Vestmoldtransgaz SRL is as follows:



At the territorial level, Transgaz operates at various branches depending on the regional operating centre served:





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

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

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

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

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

#### **GOV-2**

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

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

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

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

- Report on the risk profile December 2023 and the Tolerance limit for 2025, no. DSMC/7931/30.01.2024;
- Information report on the risk management process within SNTGN Transgaz SA, first semester 2024. The purpose of this Information is to present the conclusions resulting from the completion of the risk management stages carried out in the first semester of 2024, no. DSMC/85426/11.10.2024.

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

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

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

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

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

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

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

Management System Procedure. Through regular briefings, the Director General ensures that risks are identified, assessed, monitored and correctly mitigated.

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

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

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

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

## Integration of sustainability-related performance into incentive schemes

### GOV-3

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

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

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

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

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<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>

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

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

## ***Risk management and control systems***

### **Statement on the due diligence process**

#### **GOV-4**

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

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

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

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

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

SNTGN Transgaz SA has obtained the certification of the integrated quality management system SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR EN 45001:2023 through IQ

Net (International Quality Network), a company recognized for ensuring quality, health and safety.

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

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

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

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

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

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

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

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

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

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

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

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

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

#### External audits:

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

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

Main elements of the due diligence process	Points in the sustainability statement
a) Including due diligence in governance, strategy and business model	The team responsible for procurement and compliance with public procurement processes and rules in accordance with national legislation coordinates the integration of the due diligence process into procurement activities, operations and stakeholder relations. Further details – Governance Chapter - G1
b) Working with affected stakeholders at all key stages of the due diligence process	Transgaz maintains a continuous dialogue and active collaboration with its employees and customers.  Additional details above, in the materiality section and in chapters S1 – Own workforce, S4 – End users and consumers.
c) Identification and assessment of negative impacts	The Double Materiality Assessment (DMA) identifies significant adverse impacts on its own operations and value chain. Additional Details - General ESRS 2.
d) Taking measures to address these negative impacts	The Company implements proactive measures to reduce the negative impact of its activities. In addition, the company takes steps to manage the significant impacts identified in the DMA assessment, working together with business

	partners to implement corrective plans, improve pre-contractual screening processes. More details: Governance Chapter - G1
e) Monitoring the effectiveness of these efforts and communicating	The performance of Transgaz' initiatives is continuously monitored, and the results are openly presented through the annual sustainability reports. These documents contain information on the evolution in achieving ESG objectives and the effects of the actions implemented on the environment, the community and governance.  Further details – Governance – G1

## Risk management and internal controls related to sustainability reporting

### GOV-5

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

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

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

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

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

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

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



- determine the common causes that lead to the highest concentrations of risks;
- develop better responses to risk;
- think in a structured and targeted way during the risk identification phase;
- encompass all possible aspects of the risk conditions;
- improve the effectiveness of internal/managerial control systems;
- report risks across organizational structures.

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

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

## ***Company, business model and stakeholder engagement***

### **Strategy, business model and value chain**

#### ***SBM-1***

SNTGN Transgaz SA carries out the following activities:

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

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

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

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

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

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

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

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

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

On 11 December 2019, the European Commission presented the 'Green Deal', an ambitious package of measures promoting resource efficiency, the circular economy and the fight

against climate change, supporting the objectives of the Paris Treaty. Hydrogen has become an important vector for the decarbonisation of the energy sector according to EU objectives.

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

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

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

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

The decarbonisation strategy includes:

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

The climate strategy includes:

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

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

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

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

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

Transgaz' main suppliers are:

- KALYON INSAAT SANAYI VE TICARET ANONIM Sirketi ISTANBUL- BUCHAREST BRANCH
- SNGN ROMGAZ SA
- REVICON D CANALTECH SRL
- ROMANIAN COMMODITY EXCHANGE
- E.ON Energie Romania SA

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

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

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

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

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

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

Our customers are legal entities, mainly natural gas suppliers, of which a small part is made up of legal entities and consumers directly connected to the National Transmission System.

The main distribution channels and end users are distributors, underground gas storage, export, direct customers.

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

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

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

<b>Operating income before balancing and construction, of which (RON)</b>	2.105.068.746
- revenue from domestic transmission (Romania)	1.954.193.929
- other income	150.874.817

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

<b>Operating income before balancing and construction, of which (RON)</b>	2.305.477.037
- revenue from domestic transmission (Romania and the Republic of Moldova)	2.150.193.837
- other income	155.283.200

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

<b>Geographical area:</b>	<b>Number of people</b>
Republic of Moldova	75
Romania	3976
Total	4,051

## Interests and views of stakeholders

### SBM-2

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

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

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

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

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

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

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

- Employees
- management
- Shareholders
- Financial Institutions
- customers
- Ministries
- Public and local administrations
- suppliers
- Media
- local communities and the general public
- NGOs

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

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

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

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

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

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

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

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

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

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

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

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

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

The relationship with the ministries is governed by periodic meetings.

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



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

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

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

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

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

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

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

- **Central Authorities, Local Authorities, Regulatory and Control Authorities:** Transgaz is expected to comply with legal requirements (i.e. compliance obligations from authorizations, permits, etc. or specific requirements of the authorities) and to operate the owned installations within the limits and conditions imposed by the regulatory acts held. Transgaz is also expected to deliver natural gas safely and in good quality.
- **Business partners, shareholders, financial institutions** (corporate customers and consumers, suppliers, individuals): Transgaz is expected to provide natural gas transmission services in compliance with all legal requirements in the field of environmental protection and with the voluntary implementation in its work system of the latest standards in the field of environment and occupational health and safety, thus providing the confidence of a successful business partnership. All agreements signed with them regarding environmental protection become compliance obligations.
- **NGO, Public, Media, Local Community:** the organization is expected to carry out its activity with care for the environment and the population, and the interested parties need to be made aware of relevant information regarding the activity carried out by Transgaz, in compliance with all legal requirements in the field of environmental protection. The above-mentioned expectations represent compliance obligations for the group towards these entities. They are also expected to be periodically informed about the environmental performance, to be asked about future projects, to be

consulted in the authorization process, in accordance with the rights conferred by the legislative framework regulated at national level. They are expected to be answered to requests for information and concerns expressed on the communication channels with Transgaz through the information centers and public relations departments.

- **Transgaz** employees expect their work to be recognized and rewarded according to the expectations they have in relation to the required performance, and they need a healthy and safe working environment. All agreements signed with contractors of services or products, in terms of environmental protection, become compliance obligations.

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

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

### *SBM-3*

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

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

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

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

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

Sustainability is integrated into all Transgaz operations, depending on the strict legislative requirements to which Transgaz adheres. The materiality assessment helps to prioritise risks in the annual review process. Transgaz has systematic procedures in place to assess and

address the material environmental, social and governance impacts of its own operations and business relationships. Transgaz' sustainability activity is based on daily practices in all the company's operations. Our corporate sustainability priorities are based on material impacts within the business, the growing expectations of customers, investors and other stakeholders, as well as the commitment to the Transgaz Code of Ethics and the agreed international sustainability principles.

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

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

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

## Impacts

Theme	Subtopics	Description	Location in the value chain	Anticipated impact time horizon
Climate Change	Climate change mitigation	1. Negative impact on climate change resulting from methane losses in the transmission network	Own operations	Short term, medium term
		2. Negative impact resulting from the consumption of natural gas and other CO2-emitting fuels	Own and downstream operations	Short term, medium term
		3. Negative impact resulting from electricity consumption associated with burning fuel for electricity production	Upstream	Short term, medium term
	Climate Change Adaptation	1. Potential negative impact (low/medium) as a result of the degradation of Transgaz' infrastructure due to climate hazards (extreme heat, extreme rainfall, drought, floods) - potential negative impact as a result of expansion, breakage and cracking of infrastructure on	Own operations	Medium, long term

Theme	Subtopics	Description	Location in the value chain	Anticipated impact time horizon
		greenhouse gas emissions		
		2. Potential negative impact due to decreased availability of water resources for different processes required for above-ground components.	Upstream and own operations	Medium, long term
	Energy	1. Impact on electricity consumption if energy efficiency measures are not taken	Own operations	Short, medium, long term
		2. Impact on substantial fossil fuel consumption if measures are implemented	Own operations	Short, medium, long term
Biodiversity and ecosystems	Direct impact of biodiversity loss	1. Potential negative impact during the construction period, if the conditions of the environmental agreement are not respected, local biodiversity can be impacted.	Own and upstream operations	Short term
		2. Potential negative impact during the operating period on local biodiversity, if environmental protection conditions are not complied with during the maintenance period of gas pipelines and transmission facilities.	Own operations	Short term
		3. The potential negative impact on biodiversity in certain protected natural areas, in case of the location/interests of the NTS in those areas. In general, the minimum temporary negative impact, reversible on environmental factors, during the period of execution of the works	Own operations	Short term

Theme	Subtopics	Description	Location in the value chain	Anticipated impact time horizon
		4. Minimal negative impact during the exploitation period on biodiversity/organisms in a specific area of land, very small areas, necessary for the location of surface installations (tap stations).	Own operations	Short term
Own employees	Working conditions	1. Potential negative impact on a large scale, if the rights of its own employees and the legal requirements regarding the working conditions applicable to employees (working hours, adequate remuneration, work-life balance, etc.) are not respected, it can negatively affect employees' financial and personal well-being, job satisfaction and mental health.	Own operations	Short, medium, long term
	Equal treatment and opportunities for all	2. Positive impact on the inclusive and diverse work environment, through internal policies that ensure opportunities for development and equal treatment for all employees. They impact employees' working conditions through protective measures against harassment, abuse or sexual, physical and psychological threats (e.g. discrimination complaint mechanism)	Own operations	Short, medium, long term
	Other work-related rights	1. Positive impact on the work-related rights of its employees through employee privacy policies. Impact on the work environment and the group's reputation as an employer	Own operations	Short, medium, long term

Theme	Subtopics	Description	Location in the value chain	Anticipated impact time horizon
Consumers and end-users	Information-related impacts for consumers and/or end-users	1. Transgaz has a potentially positive impact on informing stakeholders, and thus they can benefit from access and quality of information of interest, especially for final gas consumers. Considering the fact that SNTGN Transgaz SA is listed on the stock exchange, this has a potential significant impact on the information available to capital market participants.	Downstream	Short, medium, long term
Business conduct	Corporate culture	1. Positive impact on the working environment within the group by promoting and complying with the code of ethics and internal procedures.	Upstream and own operations	Short, medium, long term
	Management of relationships with suppliers including payment practices	1. Potentially negative impact on the relationship with suppliers and the stability of the supply chain. Potential negative impact on bargaining power and time to completion of works.	Upstream and own operations	Short, medium, long term
	Political engagement and lobbying activities	1. Transgaz is part of associations such as the Oil and Gas Employers' Federation and the Energy Employers' Federation, which represent a "strong interface and a creator of dialogue with representatives of the Government and Parliament, as well as with the regulatory authorities in the field" that dealt with activities of "contribution to the dialogue necessary for the creation of a legislative framework conducive to the development of the energy sector" "supporting and	own operations	Short, medium, long term

Theme	Subtopics	Description	Location in the value chain	Anticipated impact time horizon
		representing the interests expressed by representatives of the energy industry". energy". They have a potentially positive impact on the development of society, through energy security.		

## Risks & Opportunities

Theme	Subtopics	Risk description Or opportunity	Financial effect
Climate Change	Climate change mitigation	1. <b>(R)</b> Financial risk associated with methane losses on the network, fines, litigation related to non-compliances and reputational risks associated with methane losses. There is a risk of possible negative campaigns in the press/social media. Risk of declining group revenues/ declining group market value due to network losses. The gas transmission activity also has the risk of a decrease in the group's revenues/ a decrease in the group's market value due to the decrease in the demand for natural gas. There is also a risk of a negative perception of the oil and gas industry.	(R&O) 1 – 5 Financial performance  Access to finance  Financial effect on the cost of capital in the short and medium term
		2. <b>(R)</b> Moderate financial risk associated with the price of natural gas consumed by Transgaz and other fuels, which will include the price of carbon emissions.	
		3. <b>(R)</b> Financial risk associated with the cost of carbon emissions in electricity production (the price of upstream carbon emissions will have to be covered by Transgaz entities).  Potential negative financial impact as a result of increased GHG emission requirements where external investment/limited access to foreign investment is involved	
		4. <b>(O)</b> Opportunity related to the possibility for the group to maintain its competitiveness in order to ensure the transport of other types of renewable resources (biofuels, hydrogen, ethanol, etc.)	
		5. <b>(O)</b> The opportunity is to install photovoltaic panels on administrative buildings in order to replace gas-fired power plants with electric power plants.	
	Climate Change Adaptation	1. <b>(R)</b> Financial risk associated with the increase in capital costs for the improvement and repair of transmission infrastructure and the costs associated with potential necessary repairs of gas infrastructure.	(R) 1-3 Financial performance  Financial effect on the cost of capital in the short and medium term



Theme	Subtopics	Risk description Or opportunity	Financial effect
		2. <b>(R)</b> Risks of increased insurance costs as a result of increased climate risks	Capital flows
		3. <b>(R)</b> The financial risk associated with cost increases in ensuring the water needs of other more remote areas with sufficient resources or risk of delays in the supply of the necessary water	
	Energy	1. <b>(R)</b> Low/medium financial risk as a result of rising electricity costs	(R&O) 1-4 Financial performance Access to finance Capital Flow
		2. <b>(R)</b> Risk from rising fossil fuel costs resulting from rising carbon costs	
		3. <b>(O)</b> Opportunities for significant long-term savings by reducing own energy consumption and associated costs and opportunities related to sustainable financing sources. Opportunities related to investments in energy efficiency can ensure the reduction of consumption, as well as compliance with the new strict legislative requirements on carbon emissions and the use of energy resources, thus avoiding fines and penalties.	
Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	4. <b>(O)</b> Fleet renewal and replacement of fossil fuel consumers and replacement with renewable energy, photovoltaic panels, etc.	
		1. <b>(R)</b> 1-4 Risk: reputational and contravention if the conditions of the regulatory acts are not respected, both during the construction period and during the operation period.	(R) 1-4 Financial performance Access to finance
		2. <b>(R)</b> Risk of accidental spillage of various chemicals (oils, paints, etc.) This can be translated into subsequent fines for the group.	(O) 1-4 Financial performance
		3. <b>(O)</b> 1 - 4. The use of natural gas as a transition fuel for heating in the residential environment, instead of wood, coal, fuel oil, etc., brings a number of benefits from the point of view of environmental protection, including from the perspective of protecting biodiversity.	

Theme	Subtopics	Risk description Or opportunity	Financial effect
Own workforce	Working conditions	<p>1. <b>(R)</b> 1. Failure to comply with occupational safety and health (OSH) rules represents a potential significant risk for both employees and the group.</p> <p>For employees, this risk manifests itself in an increased likelihood of work-related accidents and diseases, which can lead to serious injury, disability or even loss of life.</p> <p>For the group, the consequences include considerable financial losses due to compensation and legal fines, decreased productivity due to the absence of injured employees, damage to the reputation and morale of the remaining employees, as well as potential litigation.</p> <p>In addition, lack of compliance with OSH regulations can attract sanctions from the competent authorities, negatively affecting the company's operations and long-term sustainability.</p>	<p>(R) Financial performance, access to finance, capital flow</p> <p>(O) Financial performance</p>
		<p>2. <b>(O)</b> Transgaz ensures adequate working conditions, equipment, protective clothing, specific equipment and/or machinery, etc. The adequate management of employees' rights is ensured through specific internal procedures that are properly applied. Working conditions are continuously improving.</p>	
	Equal treatment and opportunities for all	<p>1. <b>(O)</b> 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>	(O) Impact on enterprise development, financial performance (impacted by job retention).
	Other work-related rights	<p>1. <b>(R)</b> No significant risks related to the respect of the privacy rights of its employees have been identified.</p> <p>2. <b>(O)</b> Transgaz has policies regarding the prohibition of forced labour, OSH and respect for employee privacy.</p>	(O) Impact on enterprise development, financial performance (impacted by job retention).
Consumers and end- users	Information-related impacts for consumers and/or end-users	<p>1. <b>(R)</b> If the right to confidentiality, freedom of expression and access to quality information of end users is not respected, there is a risk that Transgaz' activity may affect the end users in its area of activity at the same time as a reputational risk for the group arises.</p>	(R) Financial impact on the financial performance, access to financing, financial position of SNTGN Transgaz SA on the stock exchange.
Business conduct	Corporate culture	<p>1. <b>(O)</b> Opportunity related to retaining the workforce within the group and maintaining the positive image of the group, which can bring new investments.</p>	(O) Financial impact on the financial position of SNTGN Transgaz SA on the stock exchange.
	Management of relationships with suppliers including payment practices	<p>2. <b>(R)</b> Damage to Transgaz' reputation and financial risk for suppliers in case of violation of contractual conditions.</p>	(R) Financial impact on the financial performance, financial position of SNTGN Transgaz SA on the stock exchange.

Theme	Subtopics	Risk description Or opportunity	Financial effect
	Political engagement and lobbying activities	3. (O) Opportunity related to maintaining the workforce within the group and maintaining the financial stability of the group that can bring new investments and other financing opportunities.	(O) Financial impact on financial position, financial performance, access to finance.

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

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

##### *IRO-1*

#### **Double materiality/significance analysis**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The process of analysing the double materiality took into account:

- analysis of relevant stakeholders, internal and external
- conducting an internal consultation, in a workshop, with the management representatives of each relevant department to assess and represent each entity of the group, for each material theme of the ESRS, the impact on environmental, social and governance aspects, as well as the assessment of the potential financial effects on the company because of climate change. The nature of the actual and potential, negative and positive, short-, medium- and long-term impacts on environmental, social and governance issues was analysed. The financial effects were also analysed, and the probability of occurrence and the potential magnitude of the financial effects contribute to the assessment of the significance of the risks and opportunities within the company;
- Based on the results of the internal review carried out and the fact that no new stakeholders were identified, the results of the external consultations for the financial year

2023 were used for the financial year 2024. These were obtained by distributing a questionnaire to representatives from all categories of stakeholders. Following the end of the survey session, it was found that 769 responses were received, of which 689 were submitted by its own employees, and 80 responses were submitted by the other categories of stakeholders.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Topical ESRS	Sustainability themes - Sustainability Statement 2024 ("SS")			
	Topic	Sub-topic	Sub-sub-topics	Explanations
ESRS E1	Climate Change	Climate change mitigation Climate Change Adaptation Energy	—	They are addressed in SS
ESRS E2	Pollution	Pollution of air	—	The result is below the limit of materiality.
		Pollution of water	—	The result is below the limit of materiality.
		Pollution of soil	—	The result is below the limit of materiality.
		Pollution of living organisms and food resources	—	The activity of the group does not imply a direct impact on living

Topical ESRS	Sustainability themes - Sustainability Statement 2024 ("SS")			
	Topic	Sub-topic	Sub-sub-topics	Explanations
				organisms or food resources.
		Substances of concern	—	This is not the case, Transgaz does not use substances that are of particular concern – namely substances considered very dangerous.
		Substances of very high concern	—	This is not the case, Transgaz does not use substances that are of particular concern – namely substances considered very dangerous.
		Microplastics	—	This is not the case, Transgaz does not produce, use, sell or generate microplastics in its activity.
ESRS E3	Water and marine resources	Water	Water consumption	This is not the case, as water extraction is immaterial.
			Water sampling	This is not the case, as water consumption is minimal within the company's activity.
			Water discharge	This is not the case, as there are no discharges into surface waters.
		Marine resources	Discharging water into the oceans Extraction and use of marine resources	This is not the case, no water from marine sources is used and no water is discharged into the oceans.
ESRS E4	Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Climate change	They are addressed in E1
			Land use change and sea use change	They are addressed in SS
			Direct exploitation	This is not the case, there are no activities to exploit biodiversity or ecosystems.
			Invasive alien species	This is not the case in the areas where Transgaz operates.



Topical ESRS	Sustainability themes - Sustainability Statement 2024 ("SS")			
	Topic	Sub-topic	Sub-sub-topics	Explanations
		Impacts on the state of species	Pollution	This is not the case.
			Population size of the species	This is not the case, the activity is local.
			Global risk of species extinction	This is not the case, the activity is local.
		Impacts on the extent and condition of ecosystems	Soil degradation	This is not the case.
			Desertification	This is not the case – there is no direct activity on areas at risk of desertification.
			Soil sealing/waterproofing	This is not the case, the activity is not associated with the footprint in protected areas.
ESRS E5	Circular economy	Resources inflows, including resource use	—	The result is below the limit of materiality. The gas is not owned by the group.
		Resource outflows related to products and services	—	The result is below the limit of materiality.
		Waste	—	The result is below the limit of materiality.
ESRS S1	Own workforce	Working conditions	Secure Workplaces	They are addressed in SS
			Working time	They are addressed in SS
			Adequate salaries	They are addressed in SS
			Social dialogue	They are addressed in SS
			Freedom of association, the existence of works councils and workers' rights to information, consultation and participation	They are addressed in SS
			Collective bargaining, including the proportion of workers covered by collective agreements	They are addressed in SS
			Work-life balance	They are addressed in SS
			Health and safety	They are addressed in SS
			Gender equality and equal pay for work of equal value	They are addressed in SS

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

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

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

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

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

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

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

## ESRS reporting requirements covered in the report

### IRO-2

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

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

Standard	Presentation Requirements (PR)	Applicable data points
ESRS 2	BP-1 – General basis for the preparation of the sustainability statement	5 (a), 5 (b) i., 5 (c), 5 (d)
	BP-2 – Disclosures in relation to specific circumstances	9 (a), 10 (b), 15, 16
	GOV-1 – Role of administrative, management and supervisory bodies	21 (a), 21 (b), 21 (c), 21 (d), 22 (a), 22 (c) i., 22 (c) ii., 22 (c) iii., 23 (a), 23 (b)
	GOV-2 – Information provided to the administrative, management and supervisory bodies of the enterprise and the sustainability issues addressed by them	26 (a), 26 (b), 26 (c)
	GOV-3 – Integration of sustainability-related performance into incentive schemes	29 (a), 29 (b), 29 (c)
	GOV-4 – Due Diligence Process Statement	32
	GOV-5 – Risk management and internal controls related to sustainability reporting	36 (a), 36 (b)
	SBM-1 – Strategy, Business Model and Value Chain	40 (a) i., 40 (a) ii., 40 (a) iii., 40 (b), 40 (c), 40 (e), 40 (f), 40 (g), 42 (a), 42 (b), 42 (c), AR 12
	SBM-2 – Interests and Views of Stakeholders	45 (a) i., 45 (a) ii., 45 (a) iii., 45 (a) iv., 45 (a) v., 45 (b), 45 (c), 45 (d)
	SBM-3 - Significant Impact, Risks and Opportunities and Their Interaction with Strategy and Business Model	48 (a), 48 (b), 48 (c) i., 48 (c) ii., 48 (c) iii., 48 (c) iv., 48 (d), 48 (e) i., 48 (e) ii., 48 (f)
	IRO-1 – Description of processes for identifying and assessing significant impacts, risks and opportunities	53 (a), 53 (b) i., 53 (b) ii., 53 (b) iii., 53 (b) iv., 53 (c) i., 53 (c) ii., 53 (c) iii., 53 (d), 53 (e), 53 (f), 53 (g), 53 (h)
	IRO-2 – ESRS reporting requirements covered by the sustainability statement of the enterprise	56, 59
	MDR-P policies – Policies adopted to manage significant sustainability issues	65 (a), 65 (b)
	MDR-A Actions – Actions and Resources on Significant Sustainability Issues	72
ESRS E1 Climate change	MDR-M – Significant sustainability indicators	75, 77 (a), 77 (c)
	MDR-T targets – tracking the effectiveness of policies and actions through targets	81 (b) i., 81 (b) ii.
	ESRS 2 GOV-3 Integration of Sustainability-Related Performance into Incentive Systems	13
	E1-1 – Climate Change Mitigation Transition Plan	16 (a), 16 (b), 16 (c)
	ESRS 2 SBM-3	18 ,19 (a), 19 (b), AR 7 (b), 19 (c), AR 8 (b)
	ESRS 2 IRO-1	20 (a), AR 9, 20 b, AR 11 (a), AR 11 (a), AR 11 (b), AR 11 (c), AR 11 (d)
	E1-2 – Policies related to the mitigation of climate change and adaptation to them	24, 25
	E1-3 – Actions and resources related to climate change policies	28, 29 (a), 29 (b), AR 21, 29 (c) i, 29 (c) ii,16 (c), 29 (c) iii,16 (c)
	E1-4 – Targets related to climate change mitigation and adaptation	32, 33, 34 (a), 34 (b), 34 (c), 34 (d), AR 25 (a), AR 25, 34



Standard	Presentation Requirements (PR)	Applicable data points
		(e), 16 (a), 34 (f), 16 (b), AR 30 (c)
	E1-5 – Energy consumption and energy mix	37 (a), 37(b), 37 (c) i., 37 (c) ii., 37 (c) iii., 38 (a), 38 (b), 38 (c), 38 (e), 39, 40, 42, 43
	E1-6 – Gross GHG emissions of categories 1, 2, 3 and total GHG emissions	46, 48 (a), 48 (b), 49 (a), 49 (b), 51, 53, AR 39 (b), AR 39 (c), AR 43 (c), AR 45 (b), AR 45 (e), AR 46 (d), AR 46 (g), AR 47 (b), AR 48, 52 (a), 52 (b), 44, AR55, 55, 53
	E1-7 – GHG removals and GHG mitigation projects financed by carbon credits	Omitted
	E1-8 – Domestic carbon pricing	Omitted
	E1-9 – Anticipated financial effects of significant physical and transition risks and potential climate-related opportunities	66 (a), 66 (c), AR 70 (c) i, 66 (b), 66 (d), AR 69 (a), AR 69 (b), 67 (a), 67 (b), 67 (c), AR 72 (a), AR 72 (b), AR 73 (a), AR 73 (b), 67 (d), 67 (e), 68 (a), 68 (b), 69 (a), 69 (b)
ESRS E4 Biodiversity and ecosystems	E4-1 – Transition plan and consideration of biodiversity and ecosystems in the framework of strategy and business model	13 (a), 13 (b), 13 (c), 13 (d), 13 (e), 13 (f)
	ESRS 2 SBM-3	
	ESRS 2 IRO-1	
	E4-2 – Biodiversity and ecosystem policies	23 (f), 24 (a)
	E4-3 – Actions and resources related to biodiversity and ecosystems	25
	E4-4 – Biodiversity and ecosystem targets	32 (a) i., 32 (a) ii., 32 (a) iii., 32 (f)
	E4-5 – Impact indicators related to biodiversity and ecosystem change	35
	E4-6 – Financial Effects	
ESRS S1 Own workforce	ESRS 2 SBM-2	
	ESRS 2 SBM-3	14 (a), 14 (c), 14 (d), 14 (f) i., 14 (g) i., 15, 16
	S1-1 – Own workforce policies	19, 20 (a), 20 (b), 20 (c), 21, 23, 24 (a), 24 (b), 24 (c), 24 (d), AR 13
	S1-2 – Processes for working with own workers and workers' representatives on Impacts	27 (a), 27 (b), 27 (c), 27 (e), 28
	S1-3 – Processes for remediation of negative impacts and channels through which their own workers can express the concerns	32 (a), 32 (b), 32 (c), 32 (d), 32 (e), 33
	S1-4 – Adoption of measures on significant impacts on their own workforce, and approaches to mitigate significant risks and to pursue significant opportunities related to one's own workforce, as well as the effectiveness of these actions	38 (a), 38 (b), 38 (c), 38 (d), 39, 40 (a), 40 (b), 41, 43, AR 42
	S1-5 – Targets related to managing significant adverse impacts, promoting positive impacts, and managing significant risks and opportunities	ESRS 2 81
	S1-6 – Characteristics of the company's employees	50 (a), 50 (b) i., 50 (b) ii., 50 (b) iii., 50 (c), 50 (d), AR 55
	S1-7 – Characteristics of workers who are not employed in the workforce of the enterprise	55 (a)
	S1-8 – Collective negotiations coverage and social dialogue	60 (a)
	S1-9 – Diversity indicators	66 (a), 66 (b)
	S1-10 – Adequate salaries	69
	S1-11 – Social protection	74 (a), 74 (b), 74 (c), 74 (d), 74 (e)
	S1-12 – Persons with disabilities	79
	S1-13 – Training and skills development indicators	83 (a), 83 (b)

Standard	Presentation Requirements (PR)	Applicable data points
	S1-14 – Health and safety indicators	88 (a), 88 (b), 88 (c), 88 (d), 88 (e), AR 91
	S1-15 – Work-Life Balance Indicators	93 (a), 93 (b)
	S1-16 – Remuneration indicators (pay gap and total remuneration)	97 (a), 97 (b), AR 100, AR 101 (a)
	S1-17 – Incidents, Complaints, and Serious Human Rights Issues and Incidents	103 (a), 103 (b), 103 (c), 104 (a), 104 (b)
ESRS S4 Consumers and end-users	ESRS 2 SBM-2	
	ESRS 2 SBM-3	
	S4-1 – Consumer and end-user policies	15, 16 (a), 16 (b), 16 (c), 17
	S4-2 – Collaborative processes with consumers and end-users on impacts	22
	S4-3 – Processes for remediation of negative impacts and channels through which consumers and end-users can express their concerns	25 (a), 25 (b), 25 (c), 25 (d), 26
	S4-4 – Adoption of measures related to significant impacts on consumers and end-users and approaches for managing significant risks and pursuing significant opportunities related to consumers and end-users, as well as the effectiveness of these measures	30, ESRS 2 62
	S4-5 – Targets related to managing significant adverse impacts, promoting positive impacts, and managing significant risks and opportunities	ESRS 2 81 (1), 81 (b)
ESRS G1 Professional conduct	ESRS 2 GOV-1	5(a), 5(b)
	ESRS 2 IRO-1	
	G1-1 – Corporate Culture and Policies on Professional Conduct and Corporate Culture	7, 9, 10 (a), 10 (c) i., 10 (c) ii., 10 (e), 10 (g), 10 (h)
	G1-2 – Supplier Relationship Management	14, 15 (a), 15 (b)
	G1-3 – Prevention and detection of corruption and bribery	18 (a), 18 (b), 18 (c), 20, 21 (a), 21 (b), 21 (c)
	G1-4 – Confirmed cases of corruption or bribery	25(a)
	G1-5 – Exercise of political influence and lobbying activities	29(a), 29(b), 29(c), 30
	G1-6 – Payment Practices	33 (a), 33 (b), 33 (c), 33 (d)

### Minimum policy and action information disclosure requirement

#### Policies adopted to manage significant sustainability issues

##### MDR-P

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

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

#### Actions and resources on significant sustainability issues

##### MDR-A

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

current financial resources and explain how they relate to the most relevant values presented in the financial statements.

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

## **Indicators and targets**

Indicators of significant sustainability aspects

### *MDR-M*

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

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

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

### *MDR-T*

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

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

## Data points stemming from other EU legislation

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

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

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

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

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

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

Reporting requirement and related data point	SFDR Reference <sup>5</sup>	Pillar reference <sup>6</sup> 3	Benchmark Regulation reference <sup>7</sup>	EU Reference from the Climate Law <sup>8</sup>	Location in the report
ESRS E1-5 Energy consumption and energy mix paragraph 37	Indicator no. 5 of Table 1 of Annex 1				E1-5 Energy Consumption and Energy Mix
ESRS E1-5 Energy intensity associated with Activities in sectors with a high impact on the climate Paragraphs 40 to 43	Indicator no. 6 of Table 1 of Annex 1				E1-6 Gross GHG emissions of categories 1, 2, 3 and total GHG emissions
ESRS E1-6 Gross values of 1, 2, 3 and total GHG emissions Point 44	Indicators no. 1 and no. 2 of Table 1 of Annex 1	Article 449a Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book - Climate change transition risk: credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Articles 5(1), 6 and 8(1)		E1-6 Gross GHG emissions of categories 1, 2, 3 and total GHG emissions
ESRS E1-6 Gross GHG intensity Paragraphs 53 to 55	Indicator no. 3 of the table 1 of Annex 1	Article 449a of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking portfolio - Climate change transition risk: alignment indicators	Delegated Regulation (EU) 2020/1818, Article 8(1)		E1-6 Gross GHG emissions of categories 1, 2, 3 and total GHG emissions
ESRS E1-7 GHG absorptions and Carbon credits Point 56				Regulation (EU) 2021/1119, Article 2(1)	E1-7 GHG absorptions
ESRS E1-9 Benchmark portfolio exposure to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		This is not the case
ESRS E1-9		Article 449a of Regulation			This is not the case

Reporting requirement and related data point	SFDR Reference <sup>5</sup>	Pillar reference <sup>6</sup> 3	Benchmark Regulation reference <sup>7</sup>	EU Reference from the Climate Law <sup>8</sup>	Location in the report
Disaggregation of monetary values by acute and chronic physical risk point 66(a) ESRS E1-9 Location of significant assets which are subject to significant physical risk point 66(c).		(EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; Template 5: Banking Portfolio – Physical risk related to climate change: exposures subject to physical risk.			
ESRS E1-9 Breakdown book value of real estate assets by efficiency classes Energy point 67(c).		Article 449a of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraph 34; Template 2: Bank Portfolio – Climate Change Transition Risk: Loans Secured by Real Estate – Energy Efficiency of Collateral.			This is not the case
ESRS E1-9 The degree of exposure of portfolio to the opportunities climate-related Paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		This is not the case
ESRS E2-4 Amount of each pollutant listed in Annex II to the European Pollutants Transfer Register (E-PRTR) Regulation emitted into air, water and soil, paragraph 28	Indicator no. 8 of table 1 of Annex 1 Indicator no. 2 of table 2 of Annex 1 Indicator no. 1 of Table 2 of Annex 1 Indicator no. 3 of Table 2 of Annex 1				It's not material
ESRS E3-1 Water and marine resources point 9	Indicator no. 7 of Table 2 of Annex 1				It's not material
ESRS E3-1 Specific policy point 13	Indicator no. 8 of Table 2 of Annex 1				It's not material

Reporting requirement and related data point	SFDR Reference <sup>5</sup>	Pillar reference <sup>6</sup> 3	Benchmark Regulation reference <sup>7</sup>	EU Reference from the Climate Law <sup>8</sup>	Location in the report
ESRS E3-4 Total recycled and reused water point 28(c)	Indicator no. 6.2 of Table 2 of Annex 1				It's not material
ESRS E3-4 Total water consumption in cubic meters per net income from own operations Point 29	Indicator no. 6.1 of Table 2 of Annex 1				It's not material
ESRS 2- IRO-1 - E4 point 16 (a) point (i)	Indicator no. 7 of Table 1 of Annex 1				It's not material
ESRS 2- IRO-1 - E4 point 16(b)	Indicator no. 10 of Table 2 of Annex 1				This is not the case
ESRS 2- IRO-1 - E4 point 16(c)	Indicator no. 14 of Table 2 of Annex 1				This is not the case
ESRS E4-2 Sustainable land/agriculture practices or policies paragraph 24(b)	Indicator no. 11 of Table 2 of Annex 1				It's not material
ESRS E5-5 Non-recycled waste, point 37(d)	Indicator no. 13 of Table 2 of Annex 1				It's not material
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Indicator no. 9 of Table 1 of Annex 1				It's not material
ESRS S1-1 Human rights policy commitments paragraph (20)	Indicator no. 9 of table 3 and indicator no. 11 of Table 1 of Annex I				This is not the case
ESRS S1-1 Due diligence policies on issues addressed by the International Labour Organization's Fundamental Conventions 1-8 paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		S1-1 Own Labour Policies
ESRS S1-1 Processes and measures to prevent trafficking in human beings Paragraph 22	Indicator no. 11 of Table 3 of Annex I				This is not the case



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

Reporting requirement and related data point	SFDR Reference <sup>5</sup>	Pillar reference <sup>6</sup> 3	Benchmark Regulation reference <sup>7</sup>	EU Reference from the Climate Law <sup>8</sup>	Location in the report
chain point 11(b)					
ESRS S2-1 Human rights policy commitments Paragraph 17	Indicator no. 9 of table 3 and indicator no. 11 of Table 1 of Annex 1				It's not material
ESRS S2-1 Value Chain Worker Policies Paragraph 18	Indicators no. 11 and no. 4 of Table 3 of Annex 1				It's not material
ESRS S2-1 Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD Guidelines Paragraph 19	Indicator no. 10 of Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II to Delegated Regulation (EU) 2020/1818, Article 12(1)		It's not material
ESRS S2-1 Due diligence policies on issues addressed by the International Labour Organization's Fundamental Conventions 1-8 Point 19			Delegated Regulation (EU) 2020/1816, Annex II		It's not material
ESRS S2-4 Human rights issues and incidents related to its upstream and downstream value chain Paragraph 36	Indicator no. 14 of Table 3 of Annex 1				It's not material
ESRS S3-1 Human rights policy commitments, paragraph 16	Indicator no. 9 of table 3 of Annex 1 and indicator no. 11 of Table 1 of Annex 1				It's not material
ESRS S3-1 Failure to comply with the UN Guiding Principles on Business and Human Rights, ILO principles and/or OECD guidelines Paragraph 17	Indicator no. 10 of Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II to Delegated Regulation (EU) 2020/1818, Article 12(1)		It's not material
ESRS S3-4 Human rights issues and incidents, paragraph 36	Indicator no. 14 of Table 3 of Annex 1				It's not material

Reporting requirement and related data point	SFDR Reference <sup>5</sup>	Pillar reference <sup>6</sup> 3	Benchmark Regulation reference <sup>7</sup>	EU Reference from the Climate Law <sup>8</sup>	Location in the report
ESRS G1-1 United Nations Convention against Corruption, point 10(b)	Indicator no. 15 of Table 3 of Annex 1				This is not the case
ESRS G1-1 Whistle-blower protection point 10(d)	Indicator no. 6 of Table 3 of Annex 1				This is not the case
ESRS G1-4 Fines for infringement of anti-corruption and anti-bribery laws point 24(a)	Indicator no. 17 of Table 3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		G1-4 Combating corruption and bribery
ESRS G1-4 Anti-corruption and anti-bribery standards point 24(b)	Indicator no. 16 of Table 3 of Annex 1				This is not the case

## 4. ENVIRONMENTAL INFORMATION

### ESRS E1 – Climate Change

#### *Strategic orientation and concepts for climate protection*

##### *Climate Change Mitigation Transition Plan*

##### *E1-1*

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

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

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

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

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

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

The climate strategy includes:

- a high-level climate vulnerability assessment for SNTGN Transgaz SA and its key stakeholders;

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

The objectives proposed in the Decarbonisation Strategy to reduce greenhouse gas (GHG) emissions are set according to the reference year 2020 and are defined in the short term (until 2030), in the medium term (2040) and in the long term (2050). Keeping the global temperature increase below 2°C compared to pre-industrial levels will be possible by achieving Transgaz' proposed emission reduction targets by 2030, as outlined in the table below. The transition risk assessment was carried out on the basis of medium-term climate scenarios (up to 2100). The Net Zero 2050 scenario was considered as a 'favourable scenario', in line with the objectives of the Paris Agreement and the IPCC recommendations, and the 'worst-case scenario' used the Nationally Determined Contributions scenario.

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

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

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

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

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

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

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

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

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

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

Within this decarbonization strategy, a series of 22 measures included in the short, medium and long-term action plans aimed at reducing greenhouse gas emissions have been established. One of the long-term measures aims to prepare the infrastructure (pipelines, compressor stations, metering stations, auxiliary equipment, etc.) for the transport of large quantities of alternative fuels, such as biomethane or hydrogen.

The Decarbonization Strategy of SNTGN Transgaz SA was developed with 2020 as a reference point for the total greenhouse gas (GHG) emissions associated with the company's activities, which were 103,483 tons of CO<sub>2</sub> e per year. As part of this strategy, Transgaz has identified an ambitious level of decarbonization, with clear emission reduction targets, mentioned below. Key decarbonisation and adaptation actions include assessing the carbon footprint of current operations, setting quantitative emission reduction targets in the short and medium term, and implementing climate change adaptation measures. The strategy also includes working with stakeholders to develop projects that contribute to decarbonisation and aligning with national and international climate regulations.

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

Measure - Short term	Measure - Medium term	Measure - Long term
Regularly implemented leak detection and repair (LDAR) in accordance with EN 15446, US EPA Method 21 and OGMP Level 5	Use of the "hot-tapping" technique for connecting pipelines and recovering exhaust gases to compressor stations using stationary compressors	Use of pipeline gas recompression technology to recompress gases instead of exhausting them during maintenance/construction work in the network
Reducing the pressure in the pipeline to the lowest possible level to reduce the flow of gas from leaks, in accordance with the National Network Code	Replacing diesel with biodiesel as fuel for emergency generators	Recovery of the currently burned GN/N <sub>2</sub> mixture in compressor stations and its reuse in boilers used for gas heating
Replacement of high-loss devices, if present, to reduce methane emissions from the grid	Conversion of the potential energy of compressed gases to delivery plants, where the pressure drop and gas flow rate are higher (expanders)	Replacement of part of the natural gas used in turbo-compressors and heating boilers with biomethane or hydrogen gases
Implementation of an energy monitoring system for all facilities (both consumption and production), taking advantage of the existing SCADA	Replacement of heating solutions/processes based on natural gas combustion with electric heat pumps powered by 100% renewable electricity or, where applicable, with cogeneration based on heat demand, if possible, using biogas or a mixture of natural gas and hydrogen	Installation of energy recovery systems based on ORC modules or conventional steam cycles, capable of producing electricity from the thermal energy available in the exhaust gases of turbo-compressors
Purchase of certified electricity from renewable sources	Implementation of SCS (separation, compression and sequestration/storage) of CO <sub>2</sub> or sale of CO <sub>2</sub> to industry	Replacing existing diesel/petrol vehicles with electric vehicles, charged with 100% renewable electricity, or powering existing vehicles with biodiesel and bioethanol
Installation of photovoltaic panels at the company's premises	Commissioning of the wind turbine in MRS Navodari and installation of new ones in other suitable locations	Actions to reduce greenhouse gas emissions associated with employee travel to work

Actions to reduce GHG emissions associated with purchased goods and services	Implementation of energy efficiency actions on company assets to reduce electricity and heat consumption	Actions to reduce greenhouse gas emissions associated with business travel
		Offsetting residual GHG emissions (after the implementation of other actions) through the purchase of allowances on the market projects to reduce GHG emissions only if the result does not ensure the achievement of the proposed objectives.

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

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

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

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

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

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

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

- The declaration of total annual energy consumption and the energy analysis questionnaire of the energy consumer (Annex 2 and 3) – shall be submitted annually, until 30 June of each year;



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

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

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

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

#### ***SBM-3, IRO-1***

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

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

All Transgaz processes are supported by well-defined responsibilities and roles that facilitate the mitigation of risks associated with specific work activities. Risk Management is an integral part of the decision-making process at all levels and adds sustainable value, both by increasing the probability of achieving objectives in an efficient and effective way, and by reducing the negative impact of operational activities on the environment, while intensifying the positive effects for people and nature.

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

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

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

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

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

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

Climate change risks are defined - in line with the IPCC recommendations - as the potential negative consequences of the effects of climate change on people's lives, livelihoods and health, on ecosystems and biological resources, structures, infrastructure and services. Furthermore, it is worth noting that the analysis is carried out taking into account climate change scenarios up to 2100, in line with the operational lifetime of the infrastructure.

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

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

Climate hazard category	Dangers	Danger level	Exposure level	Level of vulnerability	Physical risk	Adaptation measure	Residual physical risk	Potential financial risk
<b>Acute</b>								
Temperature related	Extreme heat event	Medium	Medium	Medium	Medium	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 above ground pipelines, buildings, components, and equipment in working order. Procedures and qualified personnel to ensure manual control intervention in places where control equipment is affected by extreme heat.	Reduced	Reduced

Climate hazard category	Dangers	Danger level	Exposure level	Level of vulnerability	Physical risk	Adaptation measure	Residual physical risk	Potential financial risk
						Implement a worker health awareness program to educate workers (and contractors) on the importance of drinking water and identifying early signs of a stroke/heat dehydration.		
Water-related	Extreme precipitation events	Reduced	Medium	Reduced	Reduced	Protection by concept, preventive maintenance, conservation treatment. Means of intervention and equipment to cope with extreme precipitation. Insurance policies that cover damage caused by bad weather (including extreme events). Availability of spare parts/components in sufficient quantity.	Very low	Very low
	Drought	Very low	Very low	Very low	Very low	Availability of water resources that can be used during the drought period. Availability of spare parts/components in sufficient quantity.	Very low	Very low
	Flood	Elevated	Elevated	Elevated	Elevated	Walls and obstacles upstream, protective fencing. Use of sacrificial dams. Proper design to prevent the potential effects of these phenomena. Means of intervention and equipment to cope with floods. Insurance that covers damage caused by bad weather (including extreme events).	Medium	Reduced
Wind related	Extreme wind phenomena - Storms, hurricanes, cyclones	Reduced	Reduced	Reduced	Reduced	Walls and obstacles upstream, protective fencing. Appropriate means of intervention and equipment. Procedures and qualified personnel to ensure manual control intervention in places where control equipment is affected by extreme winds. Insurance that covers damage caused by weather conditions (including extreme events).	Very low	Very low
Solid Mass related	Extreme mass movement Landslides, avalanches, ground settlements	Medium	Elevated	Elevated	Elevated	Proper design to prevent the potential effects of these phenomena. Increased use of sonar to monitor ground movements.	Medium	Reduced
Wildfires	Changing the state of the fire	Reduced	Reduced	Reduced	Reduced	Appropriate design by choosing solutions that	Very low	Very low

Climate hazard category	Dangers	Danger level	Exposure level	Level of vulnerability	Physical risk	Adaptation measure	Residual physical risk	Potential financial risk
						increase the protection of above-ground installations against natural fires (enclosures 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 regular maintenance. Ensure that emergency services are adequately prepared to respond to wildfires.		
<b>Chronic</b>								
Temperature related	<b>Average temperature variation</b>	<b>Reduced</b>	<b>Reduced</b>	<b>Reduced</b>	<b>Reduced</b>	Developing emergency response plans specific to extreme heat events. This should include procedures for monitoring and forecasting high temperature conditions (using forecast data provided by the relevant institutes - INMH), identifying the triggers for action and establishing communication protocols. <b>Implementation of heat-resistant materials, improved cooling systems.</b>	Very low	Very low
Water-related	<b>Changes in average precipitation</b>	<b>Very low</b>	<b>Very low</b>	<b>Very low</b>	<b>Very low</b>	Procedures to minimise water consumption.	Very low	Very low
Wind related	<b>Change in average wind values</b>	<b>Reduced</b>	<b>Reduced</b>	<b>Reduced</b>	<b>Reduced</b>	Appropriate design to prevent potential wind effects. Implement wind monitoring systems and keep up to date with weather forecasts to track changes in wind patterns and anticipate potential risks. Protection by design, protective measures. Insurance policies that cover damage caused by bad weather (including extreme events). Availability of spare parts/components in sufficient quantity	Very low	Very low
Solid Mass related	<b>Erosion</b>	<b>Very low</b>	<b>Reduced</b>	<b>Reduced</b>	<b>Reduced</b>	Protection by design, protective measures. Insurance policies that cover damage caused by	Very low	Very low

Climate hazard category	Dangers	Danger level	Exposure level	Level of vulnerability	Physical risk	Adaptation measure	Residual physical risk	Potential financial risk
						bad weather (including extreme events) Availability of spare parts/components in sufficient quantity.		

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

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

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

#### Transition risks for the climate

Transition trend	Potential risk	Potential financial impact	Adaptation measures and management actions	Residual financial impact	
				Favourable scenario	Reasonable worst-case scenario
Policy and legal risks					
Increasingly stringent efficiency regulations, emission limits and circularity requirements, along with higher carbon prices	High level of taxation for greenhouse gas emissions	Increase in operating costs	Making an allocation for the possible	Reduced	Medium
	Possible lawsuits for high GHG emissions	Increase in insurance costs	introduction of taxes and insurance costs for GHGs, as well as for decreasing demand, in	Reduced	Medium
	Electricity dispatching regulations	Increase in natural gas costs	financial models for estimating investment efficiency and cost planning.	Medium	Elevated
	Reporting obligations	Decrease in demand for electricity from non-renewable sources		Reduced	Reduced
		Decrease in company revenue	Timely identification of		

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

		Requirements for the preparation, verification and publication of GHG reports	<p>changes in regulatory requirements already in their preparation phase.</p> <p>Strategic planning and adequate control of greenhouse gas emissions (using all reasonable tools).</p> <p>Preparing, verifying and publishing GHG emissions reports on a regular basis.</p>		
<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. marketplace or subscription, rental or leasing)</b>	Decrease in demand for natural gas-based fuel technologies due to a preference for other products and energy sources with lower greenhouse gas emissions	<p>Decrease in the Company's market value</p> <p>Installed equipment quickly becomes obsolete</p> <p>Capital costs of the transition to Technologies with lower greenhouse gas emissions</p> <p>Process optimization costs</p> <p>R&amp;D costs</p>	Regular market research to identify new emerging technologies or consumer preferences for different energy sources and products.	Reduced	Medium
	New technologies for natural gas production and storage		Development of multifactorial financial models for efficient cost management.	Reduced	Medium
	The need to transition to technologies with lower GHG emissions		Efficient production management with control of opportunities for improvement.	Medium	Medium
	Failed investments in new technologies		<p>Considering the results of research in the management and planning of the company.</p> <p>Research and development with a preliminary assessment of costs and risks.</p>	Reduced	Medium

Market risks					
Competition from low-carbon technologies	Uncertainty about market trends	Poor management efficiency due to inaccurate forecasting of natural gas demand	Regular market studies to identify new emerging natural gas consumption technologies or consumer preferences for different energy sources.	Reduced	Medium
	Changes in consumer behaviour in terms of energy and service use	Decrease in demand for natural gas  Decrease in the Company's revenue		Reduced	Medium
Reputational risks					
Growing expectations for responsible conduct from stakeholders, including investors, creditors, consumers and workers	Negative stakeholder attitudes towards the unchanged level of GHG emissions	Strict requirements for the publication of the Company's GES management reports  Limited access to foreign investment  Increased GHG emission requirements where external investment is involved	Planning and evaluating effective external investments.  Strategic planning and adequate control of greenhouse gas emissions (using all reasonable tools).  Preparing, verifying and regularly publishing greenhouse gas emissions reports.	Reduced	Medium
	Negative public perception of the oil and gas industry	Difficulties in recruiting staff		Reduced	Medium

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

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

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



## ***Policies adopted to manage climate change***

### ***E1-2***

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

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

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

Current policies and actions include:

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

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

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

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

Although funding for natural gas infrastructure is diminished, natural gas remains an essential component of the energy mix for many EU member states, including Romania. They can help reduce local emissions of pollutants and CO<sub>2</sub> by replacing more harmful fuels. The emergence of new gases, such as biomethane and hydrogen, poses challenges for current infrastructure,

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

requiring investment in the development and proper operation of networks. These investments include technological upgrading, digitalization and smart data sharing – all of which are essential for Transgaz in efficiently managing networks and contributing to climate goals.

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

### Climate change actions and resources

#### E1-3

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

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

Measure - Short term (2030)	Proposed CAPEX* €	Costs (-) or savings (+) €/year	Reducing greenhouse gas emissions tCO <sub>2</sub> e/year	Costs per unit of emissions avoided €/tCO <sub>2</sub> e
Regularly implemented leak detection and repair (LDAR) in accordance with EN 15446, US EPA Method 21 and OGMP Level 5	-	- 1.600.000	22.385	71
Reducing the pressure in the pipeline to the lowest possible level to reduce the flow of gas from leaks, in accordance with the National Network Code	200.000	-	2.239	4,5
Replacement of high-loss devices, if present, to reduce methane emissions from the grid	9.000.000	-	18.655	24
Implementation of an energy monitoring system for all facilities (both consumption and production), taking advantage of the existing SCADA	800.000	186.00	879	-166
Purchase of certified electricity from renewable sources	-	- 117.000	1.200	98
Installation of photovoltaic panels at the company's premises	6.174.000	765.000	942	-474

Actions to reduce GHG emissions associated with purchased goods and services	n.e.	n.e.	3.900	n.e.
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\* Market-based Scope 2 (tCO<sub>2</sub>e)

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

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

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

Gas emissions	Metering unit	2020	2021	2022	2023	2024
Natural gas emissions	Mc	4.162.813	3.251.688	2.674.807	2.862.165	5.088.453
GHG emissions (Scope 1 + Scope 2*)	tCO <sub>2</sub> and	94.554	92.381	81.964	99.915	161.099
CO <sub>2</sub> Emissions/Energy Consumed Report	tCO <sub>2</sub> e/MWh	0,97	0,59	0,57	0,43	0,56

\* Scope 2 by market (tCO<sub>2</sub>e)

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

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

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

### **Targets related to climate change mitigation and adaptation**

#### **E1-4**

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

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

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

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

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

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

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

	Reference year 2020	2022	2023	2024	Target for 2030	Target for 2040	Target for 2050
GHG emissions (tCO <sub>2</sub> e)*	103.483	96.391	106.029	177.399	72.351	61.750	10.349
Absolute GHG emission reduction value (tCO <sub>2</sub> e)	-	-7.092	+10.901	+73.916	31.132	41.733	93.134
Percentage reduction in GHG emissions – from emissions in a base year – %	-	-6,85%	+10,53%	+71,43%	-30,08%	-40,33 %	-90%
Absolute GHG emission reduction value (tCO <sub>2</sub> e) – Scope 1 (tCO <sub>2</sub> e)	91.767	-18.310	3.637	+61.136	53.225	-	-
Percentage reduction of GHG emissions – out of emissions in a base year – Scope 1 – %	-	-19,76%	+3,96%	+66,62%	30%	70%	20%
GHG emissions (tCO <sub>2</sub> e) – Scope 2 (tCO <sub>2</sub> e)*	2.519	8.060	4.243,786	8.209	1.461	-	-

Percentage reduction in GHG emissions – out of emissions in a base year – Scope 2 – %	-	+219,97%	+33,74%	+225,88%	-70%	- 90%	-90%
GHG emissions (tCO <sub>2</sub> e) – Scope 3 (tCO <sub>2</sub> e)*	9.197	5.498	6.114	16.286	6.897,8	-	-
Percentage reduction in GHG emissions – out of emissions in a base year – Scope 3 – %	-	-40%	-33,5%	+77,08%	-20%	-30%	-90%

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

	2024	2020	Difference 2024 - 2020
Electricity consumption (MWh)	16.164,74	12.298,35	+3.866,39
Electricity-related GHG emissions (tCO <sub>2</sub> e)*	7.815,66	2.518,95	+5.296,71
Natural gas combustion processes – (m <sup>3</sup> )	24.401.020	6.993.910	+17.407.110
GHG emissions associated with flue natural gas (tCO <sub>2</sub> e)	52.022,97	15.054,39	+36.968,58
Natural gas emitted unburned (accidents, leaks, pipeline fillings after repairs, etc.) (fugitive) (m <sup>3</sup> )	5.088.453	4.162.813	+925.640
Fugitive gas emissions (tCO <sub>2</sub> e)	98.507,36	74.618,42	+23.888,93
<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>158.345,99</b>	<b>92.191,76</b>	<b>+66.154,23</b>

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

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

Energy consumption and energy mix	Comparative 2023	Year 2024	Difference 2024 vs 2023	Percentage difference 2024 vs 2023
(1) Fuel consumption from coal and coal-based products (MWh)	0	0	0	0%
(2) Fuel consumption of crude oil and petroleum products (MWh)	11.188,06	12.645,48	1.457,42	-12%
(3) Fuel consumption from natural gas (MWh)	205.873,09	253.770,61	47.897,52	23%
(4) Fuel consumption from other fossil sources (MWh)	0	0	0	0%
(5) The consumption of electricity, heat, steam and cooling purchased or obtained from fossil sources (MWh)	16.953,14*	16.164,74	-788,40	-5%

(6) Total fossil energy consumption (MWh) (calculated as the sum of rows 1-5)	<b>233.967</b>	<b>282.583</b>	<b>48.616</b>	<b>21%</b>
Share of fossil sources in total energy consumption (%)	99,97	99,98	0	0%
(7) Consumption from nuclear sources (MWh)	- *	- *	0	0%
Share of nuclear consumption in total energy consumption (%)	- *	- *	0	0%
(8) Consumption of fuel from renewable sources, including biomass (including industrial and municipal waste of biological origin, biogas, hydrogen from renewable sources, etc.) (MWh)	0	0	0	0%
(9) Consumption of electricity, heat, steam and cooling purchased or obtained from renewable sources (MWh)	- *	- *	0	0%
(10) Renewable energy consumption, self-produced fuels (MWh)	61,32	61,32	0	0%
(11) Total renewable energy consumption (MWh) (calculated as the sum of rows 8 to 10)	<b>61,32</b>	<b>61,32</b>	<b>0</b>	<b>0%</b>
Share of renewables in total energy consumption (%)	0,03%	0,02%	0	-0%
<b>Total energy consumption (MWh) (calculated as the sum of rows 6, 7 and 11)</b>	<b>234.028</b>	<b>282.644</b>	<b>48.676</b>	<b>21%</b>

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

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

## **Energy and emissions**

### **Energy consumption and energy mix**

#### **E1-5**

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

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

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

### **Scope 1 Emissions - Flue Gases**

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

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

### **Scope 1 Emissions – Fugitive Emissions**

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

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

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

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

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

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

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

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



transmission. So, unlike other entities in the oil and gas sector whose scope 11 emissions are significant, in the case of Transgaz, they are not material.

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

- Increase in the amount of natural gas consumed by combustion at compressor stations, the number of hours of operation of the compressor units registering an increase of 30.22%;
- The amount of flue gas for heating (technological and administrative spaces) also includes the amount related to Vestmoldtransgaz;
- The increase in the amount of gas emitted in its physical state (fugitive) determined by the increase in the number of pipeline deviation works, requested and carried out by third parties, works due to the development/upgrading of road infrastructure (highways, national and county roads, etc.) and rail, which registered an increase of 118% in 2024 compared to 2023 (48 works executed in 2024 compared to 22 works executed in 2023) and which led to an increase in the amount of gas discharged 42.7%;
- Execution of repair, rehabilitation, upgrading and development works of the NTS objectives, scheduled (approved by PMDI for 2024) and unscheduled, works necessary for the development and safe operation of the NTS, which had the largest share in the increase in emissions, respectively of + 1,101.36 thousand cubic meters of natural gas;
- The increase in emissions associated with electricity consumption, due to the high level of the much higher electricity emission index of the supplier SC TINMAR ENERGY SA of 501.44 g CO<sub>2</sub>/kWh compared to 172.21 g CO<sub>2</sub>/kWh for Romania;
- The increase by 18.29%, mainly due to the increase in the value of the services and products purchased, caused by the price increases for goods and services and the increased complexity of the activity, which generated an additional need for services and products.

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

Non-renewable energy production (MWh)	0
Renewable energy production (MWh)	61,32

*Electricity used: 01.01.2024 – 31.12.2024 - Tinmar Energy SA = 15,586.43 MWh.*

The amount of electricity consumed in the Republic of Moldova was 578,312 kWh. The energy used<sup>12</sup> taking into account the energy produced by the photovoltaic panels: 01.01.2024 – 31.12.2024 + 16,226.06 MWh.

Transgaz carries out a high-risk economic activity.

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

Energy intensity per net income	Comparative 2023	N 2024	Percentage difference
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<sup>12</sup> Latest supplier's labels, emission factors used in the calculation of the scope 2 emissions



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

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

E1-6

Transgaz	Retrospective				Milestones and target years			
	Year Value (2020)	Comparative 2023	N (2024)	Percentage difference 2024 vs 2023	2030	2040	(2050)	Percentage difference 2024 vs 2020
<b>GHG Emissions - Scope 1</b>								
Gross GHG emissions - Scope 1 (tCO <sub>2</sub> e)	91.767	95.671	152.904	59.84%	55.060	55.060	9.177	67%
Category 1 Percentage GHG emissions from regulated emissions trading schemes (%)	0	0	0	0	0	0	0	0
<b>GHG Emissions - Scope 2</b>								
Gross GHG emissions - Scope 2 by location (tCO <sub>2</sub> e)	2.621	3.785	2.946	-22,17%	807	2.422	2.422	12%
Gross GHG emissions - Scope 2 by market (tCO <sub>2</sub> e)	2.519	4.244	8.195	+93,09%	756	252	252	225%
<b>GHG Emissions - Scope 3</b>								
Gross GHG emissions - <b>Scope 3</b> (tCO <sub>2</sub> e)	9.197	6.114	32.555	432%	7.358	6.438	920	254%
1 Goods and services purchased	No data	No data	22.209,37	This is not the case***	-	-	-	There are no calculated values for the year 2020

Transgaz	Retrospective				Milestones and target years			
<i>(Optional subcategory: Data center services etc)</i>	No data	No data		This is not the case***	-	-	-	There are no calculated values for the year 2020
2 Capital goods	No data	No data	9.743,98	This is not the case***	-	-	-	There are no calculated values for the year 2020
5 Waste generated during operations	No data	No data	0,7655	This is not the case***	-	-	-	There are no calculated values for the year 2020
6 Business travel	No data	No data	600,83	This is not the case***	-	-	-	There are no calculated values for the year 2020
<b>Total GHG emissions</b>								
Total GHG emissions (by location)* (tCO <sub>2</sub> e)	103.585	103.483	188.405	82,06%	72.351	61.750	10.349	82%
Total GHG emissions (by market)** (tCO <sub>2</sub> e)	103.484	106.029	193.653	82,64%	74.381	63.790	12.399	87%

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

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

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

GHG intensity <sup>13</sup> per net income	Comparative 2023	N 2024	Percentage difference 2024 vs 2023
Total GHG emissions (site-based) per net income (tCO <sub>2</sub> e/monetary unit)	0.061645 (tCO <sub>2</sub> e)/thousand RON	0.081721tCO <sub>2</sub> e/thousand RON	33%
Total GHG emissions (market-based) per net income (tCO <sub>2</sub> e/monetary unit)	0.061913 tCO <sub>2</sub> e/thousand RON	0.083997tCO <sub>2</sub> e/thousand RON	36%

Net revenue used to calculate GHG intensity (RON)	2.305.477.037
Net income (other)	0
Total net income (in financial statements*)	2.305.477.037

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

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

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

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

##### E1-7

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

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

Absorptions	Comparative 2023	N 2024	% N/N-1
GHG absorption activity <sup>1</sup>	0	0	0

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

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

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

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

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

### **Domestic carbon pricing**

#### **E1-8**

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

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

### E1-9

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

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

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

The correlation with financial reporting information is shown below:

The carrying amount of assets or liabilities or income vulnerable to significant physical or transition risks	9.723.659.262
Adjusting Items	Not the case
Assets or liabilities or net income in Financial statements	4.295.331.895

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

In this context, Transgaz plays a crucial role in developing a safe and functional infrastructure for the transmission of natural gas and green gas at European level. The company is also exploring the opportunity to install photovoltaic panels to increase energy efficiency and

reduce purchased energy consumption, with five locations with a total capacity of 531 kW under analysis.

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

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

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

### ***Integration of sustainability-related performance into incentive schemes***

#### **GOV-3**

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

### ***ESRS E4 – Biodiversity and ecosystems***

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

In Romania, the services offered by SNTGN Transgaz SA are provided through the infrastructure that was developed according to the Development Plan of the National Gas Transmission System<sup>14</sup>, a plan that was subject to evaluation within the environmental procedure, including the evaluation in relation to biodiversity and ecosystems.

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

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

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



### **SBM-3**

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

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

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

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

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

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

Site name	Intersected protected natural areas Sites of Community Interest	Status of obtaining environmental agreement (EIA procedure)
<b>Gas Transmission Pipeline Black Sea-Podisor</b>	ROSCI0022 Danube/ROSPA0039 Danube-Ostroave Canaries (overlap in the project area) – the areas are crossed by horizontal directional drilling ROSCI0319 the Fetești Swamp/ROSPA0012 Borcea Arm (overlap in the project area) – partially crossed by horizontal directional drilling  ROSPA0105 the Mostiștea Valley ROSCI0131 Oltenița – Mostiștea – Chiciu (overlap in the project area)  ROSPA0022 Comana/ ROSCI0043 Comana/ROSPA0928 Comana Natural Park (overlap in the project area)	Environmental Agreement no. 1/10.05.2018 issued by ANPM
<b>Deta - Moravița natural gas transmission pipeline, Timiș County</b>	ROSCI0109 Lunca Timișului/ROSPA0128 Lunca Timișului (overlapping sites in the project area) - partially undercrossed by horizontal directional drilling	The decision of the screening stage no. 174/07.07.2022 issued by APM Timiș

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

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

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

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

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

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

## **1. In the case of projects:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### ***IRO-1***

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

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

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

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

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

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

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

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

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

##### ***E4-1***

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

- GEO no. 195/2005 on environmental protection, as amended;
- GEO no. 57/2007 on the regime of protected natural areas, conservation of natural habitats, wild flora and fauna approved by Law no. 49/2011 – as amended;
- Law no. 292/2018 on the assessment of the impact of certain public and private projects on the environment;
- MMAP Order no. 1682/2023 for the approval of the methodological guide on the adequate assessment of the potential effects of plans or projects on protected natural areas of community interest, as amended;
- Normative acts for the establishment of the regime of protected natural areas.
- Management plans for protected natural areas and specific conservation objectives set for species and habitats of Community interest.
- The environmental impact assessment procedure is conducted by the competent authority for environmental protection, with the participation of central or local public authorities that have specific tasks and responsibilities in the field of environmental protection and with the consultation and involvement of stakeholders, being applied to all Transgaz projects from the moment of their initiation.

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

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

- Law no. 86 of 29.05.2014 on environmental impact assessment
- Minister's Order no.37 of 5 April 2017 on the approval of the procedural norms for environmental impact assessment
- Law no. 160 of 22.07.2011 regarding the regulation by authorization of entrepreneurial activity
- Order no. 219 of 01.10.2018 on the approval of the Guide on carrying out the procedures regarding the strategic environmental assessment
- Land Code
- Forest Code
- Water Code
- Law no. 1538 of 25 February 1998 on the fund of natural areas protected by the state
- Law no. 1422 of 17.12.1997 on the protection of atmospheric air
- Law no. 29 of 05.04.2018 on the delimitation of public property
- Law no. 94 of 05.04.2007 regarding the ecological network
- Law no. 209 of 29.07.2016 on waste
- Law no. 851 of 29.05.1996 on ecological expertise
- Law no. 272 of 23.12.2011
- Law no. 11 of 02.03.2017 regarding the strategic environmental assessment
- Law no.1540 of 25.02.1998 on payment for environmental pollution
- Law no. 1515 of 16.06.1993 on environmental protection
- Law no. 239 of 08.11.2007
- Law no. 439 of 27.04.1995 of the animal kingdom
- Law no. 1102 of 06.02.1997 on natural resources
- Law no. 325 of 15 December 2005 on the Red Book of the Republic of Moldova
- GD RM no. 950 of 25.11.2013 for the approval of the Regulation on the requirements for collection, treatment and discharge of wastewater in the sewerage system and/or in water bodies for urban and rural localities
- GD RM no. 167 of 12.03.1992 on the creation of the state nature reserve "Plaiul Fagului"
- GD RM no. 782 of 03.08.2000 for the approval of the framework regulations of national parks, natural monuments, resource reserves and biosphere reserves
- GD RM no. 27 of 19.01.2004 for the approval of the Regulation on the authorization of felling in the forest fund and forest vegetation outside the forest fund

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

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

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

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

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

### **In Romania:**

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

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

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

### **In the Republic of Moldova:**

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

**(2) ... the transmission system operator is obliged, taking into account the energy strategy and the integrated national energy and climate plan, the current and forecast supply and demand, to develop and, after prior consultation with all interested parties, to submit to the Agency for approval a development plan for the natural gas transmission networks for 10 years** The development plan must contain effective measures to guarantee



the reliability of the natural gas system and the security of gas supply and indicate to the participants in the natural gas market the main gas transmission networks that are expected to be rebuilt or rehabilitated in the next 10 years, contain information on the investments already established, identify new investments to be made in the next 3 years and provide a time frame for investment projects. The development plan must contain, but is not limited to:

a) the description of the existing infrastructure, its current state and the degree of wear, the list of interventions carried out in the last year, as well as the results obtained from the studies carried out on the development of natural gas transmission networks and the installation of metering equipment;

b) the description of the natural gas transmission networks and the related objectives that need to be built, modernized in the next 10 years;

c) the calendar for the investment projects planned to be carried out in the next 10 years;

d) estimation of the necessary capacities, forecast of the evolution of cross-border exchanges, of the quantities of natural gas produced and supplied, of the consumption of natural gas, as well as energy efficiency measures;

e) the description of the means and investments necessary to meet the forecast demand for natural gas;

f) the description of the investments that have been approved and are to be approved and carried out in the next 3 years, as well as the calendar for the implementation of these projects;

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

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

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

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

1. Avoiding the impact by spatially adjusting the route of natural gas pipelines, so that they do not cross areas with high biodiversity value;

2. Minimizing the impact by applying the best technologies and best management practices available at the moment (for example: minimizing the disturbance of soil, watercourses);

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

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

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

## **Concepts and measures related to biodiversity and ecosystems**

### **Policies related to biodiversity and ecosystems**

#### **E4-2**

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

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

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

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

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

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

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

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

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

#### ***Actions and resources related to biodiversity and ecosystems***

##### ***E4-3***

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

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

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

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

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

- Budgeting in the gas pipeline execution projects of the works to comply with the legal provisions or from the environmental regulatory acts of the project;
- Developing biodiversity action plans, drawn up mainly for major projects, outlining the specific, practical and effective actions and measures to manage biodiversity and to avoid and/or mitigate adverse impacts on biodiversity that apply during the execution of the works, in accordance with those set out in the project documents (environmental agreement, supplementary environmental and social assessment report, biodiversity management plan). The biodiversity action plans also consider measures to reduce the impact on protected natural areas and sites of high ecological value located in the area of influence of the works and measures to reduce the impact on species designated as critical habitats or priority biodiversity

characteristics, located in the area of influence of the project, without being strictly limited to them.

- Within Transgaz, no specific actions related to biodiversity and ecosystems have been established according to the minimum disclosure requirements of ESRS 2 MDR-A. Also, detailed descriptions of the resources allocated to these actions, the time horizons for their completion, the correlation with significant sustainability aspects, as well as details on monitoring efficiency and measuring progress are currently missing. Transgaz plans to implement these actions in the next 3 years

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

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

The possible impact that company's projects can have on biodiversity is reflected in their location, on some sections of the route, on the territory of protected natural areas or in their vicinity. Transgaz pays special attention to this aspect, the activities carried out being managed in such a way as to generate a minimum impact on the flora and fauna in the protected natural areas or to be totally avoided.

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

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

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

Biodiversity monitoring is carried out in 2 ways:

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

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

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

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

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

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

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

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

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

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

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

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

## Targets related to biodiversity and ecosystems

### E4-4

The activities in the field of environmental protection (and implicitly those related to biodiversity and ecosystems) are approached in the light of the principles underlying the environmental legislation, thus pursuing, among others, *the Principle of biodiversity and ecosystem conservation specific to the natural biogeographical framework*. It involves the conservation and protection of natural habitats and species of wild flora and fauna, which are essential Community objectives of general interest. As such, to reduce the impact on biodiversity, especially in the case of developed projects, measures are applied to avoid, as far as possible, the impact of protected natural areas, measures to reduce it when it cannot be avoided and ecological land restoration. However, there have not yet been cases that required the ecological restoration of protected areas, there are no sites negatively affected by Transgaz, according to the issued documents.

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

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

## Biodiversity and ecosystem protection

### Impact metrics related to biodiversity and ecosystem change

#### E4-5

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

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

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

### E4-6

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

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

## 5. SOCIAL INFORMATION

### ESRS S1 – Own workforce

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

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

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

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

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

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



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

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

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

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

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

## **Consumers and end-users**

### **Interests and views of stakeholders**

#### *ESRS 2 SBM-2*

In order to create an inclusive environment in which every employee feels safe, involved and appreciated, Transgaz constantly focuses on developing and improving the organizational culture. The company's procedures and policies related to human resources are developed and related to specific departments, being employee-centered, providing them with opportunities for promotion and access to professional development programs adapted to the specifics of their activity. In addition, Transgaz encourages employees to communicate openly with both colleagues and the Transgaz management team, as it believes that only through effective communication can the internal objectives and those established in the relationship with Transgaz employees be achieved.

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

At the level of SNTGN Transgaz SA there has been permanently, since its establishment, a Collective Labor Agreement negotiated and registered according to the provisions of the Social Dialogue Law.

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

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

#### **SBM-3**

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

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

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

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

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

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

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

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

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

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

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

### *Policies related to own workforce*

#### *ESRS S1-1*

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

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

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

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

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

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

In 2024, there were no reported cases of gender discrimination, gender-based violence or labour exploitation of minors in the two countries where Transgaz operates (Romania and Moldova), except for possible cases in family contexts (unofficial abuse in households, not being reported or regulated as formal work). The Romanian Constitution provides that minors under the age of 15 cannot be employed as employees, and the exploitation and use of minors in activities that would harm their health, morality or that would endanger their life or normal development are prohibited. Currently, in Romania, there are no reports from UNICEF or other NGOs indicating the existence of cases of child labor exploitation. In the Constitution of the Republic of Moldova, according to Article 50 (4), the exploitation of minors, their use in

activities that would harm their health, morality or that would endanger their life or normal development are prohibited. Transgaz does not employ minors.

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

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

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

The company respects and supports internationally recognized human rights and implements fair rewards (meritocracy) and equal opportunities for all its employees, without discrimination and respecting the diversity of its staff. This commitment is set out in the Code of Ethics.

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

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

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

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

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

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

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

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

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

### ***Equal treatment and opportunities for all***

#### **Processes for working with their own workers and workers' representatives on impacts S1-2**

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

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

In addition, Transgaz has implemented an Internal Regulation, applicable to all employees, which establishes the rules for work organization and discipline, as well as the rights and obligations of both the employer and the employees. Each employee has access to the content of the Collective Labor Agreement through the employees' representatives or the persons with responsibilities in the field of human resources within the organizational structures in which they carry out their activity.

According to the Collective Labor Agreement of SNTGN Transgaz SA, **social dialogue is a continuous activity**, mainly focused on improving working conditions and maintaining competitiveness in the workplace. In this dialogue, the parties are informed, consulted and

negotiate in order to reach agreements on issues of common interest. In order to ensure a climate of social stability in the company, the CCM maintains the mechanisms of consultation and permanent dialogue between the social partners, with the following purposes:

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

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

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

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

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

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

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

#### **S1-3**

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

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

- in the activity carried out within the company – in accordance with the values and objectives of the company, in order to maintain a positive organizational climate;

- in the activity carried out outside the company – in the relationships it develops with all categories of public, in order to develop the notoriety and maintain the reputation of Transgaz.

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

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

- by mail, at the address SNTG Transgaz SA, Piața C.I. Motaș, nr. 1, CP 551130, Sibiu County, Romania with the mention "To the attention of the Ethics Advisor appointed at the level of the company";
- by fax to the number displayed on the website;
- by registration in a sealed envelope with the mention "Notification to the attention of the Ethics Counselor";
- personal submission of the complaint to the Ethics Counselor.

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

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

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

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

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



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

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

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

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

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

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

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

Complaints will be resolved within 20 working days from the date of their registration. The Director - General may approve the exceeding of the deadline for sound reasons, at the request of the Ethics Commission appointed to handle the complaint. The decision on how to solve each complaint will be based on the specific facts and circumstances, the degree of guilt of the employee, the general behaviour of the employee. The violation of any rule of conduct provided by this Code by the contractual staff of SNTGN Transgaz SA may constitute a disciplinary offense depending on the seriousness of the offense and may entail, in addition to disciplinary liability according to the Labour Code and the Internal Regulations (including the disciplinary termination of the employment contract), also legal action. Also, the company's staff may be financially liable, according to the law, if, by the acts committed, they have caused



damage to the company or other partners of the company. There is no formal monitoring system regarding the average resolution time. The targeted users shall be regularly involved according to their stakeholder group in ensuring effectiveness as described in the ESRS 2 chapter.

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

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

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

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

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

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

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

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

##### **S1-4**

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

*risks and for pursuing significant opportunities related to one's own workforce, as well as the effectiveness of these actions and approaches.*

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

Transgaz offers equal opportunities and equal treatment for both current employees and those who want to join us. The concepts of equal opportunities and equal treatment are also applied to staff promotion processes in both executive and management departments. A crucial component of ensuring equality in the workplace is providing training and awareness sessions for employees and managers on the importance of equality and eliminating discrimination. This includes training sessions on unconscious patterns of behaviour, diversity and inclusion.

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

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

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

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

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

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

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

- identifying the risks and opportunities associated with the activities included in the Occupational Health and Safety Management System;
- establishing and planning actions to address these risks and opportunities;

- integration and implementation of the established actions as well as the evaluation of the effectiveness of these actions.

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

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

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

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

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

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

The "Prevention and Protection Plan for 2024" developed by the Logistics Department, through the Environment, Protection and Safety Directorate, respectively the Occupational Safety and Health Service and the Environment, Protection and Security Directorate has attributions and responds in the following areas: environmental protection, security and protection of objectives, identification, designation and protection of critical infrastructure,

emergency situations, prevention and protection of employees. The management ensures the fulfillment of the objectives incumbent on it within the company regarding:

- prevention of pollution, accidents and incidents for all persons participating in the work process;
- waste reduction, optimal management and verification of waste resulting from its own activities;
- ensuring the physical security and integrity of the objectives;
- prevention and assessment of emergency situations;
- critical infrastructure protection;
- providing human and material resources in crisis or war situations;
- compliance with the legislation in the field of security and protection, emergency situations;
- implementing and maintaining an Occupational Health and Safety Management System;
- ensuring the safety and health of workers;
- staff training;
- monitoring the Annual Environmental Management Program and the Prevention and Protection Plan.

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

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

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

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

In the Republic of Moldova, the legislation applicable in the field of health and safety at work, GD RM no. 95 of 05.02.2009 for the approval of some normative acts regarding the

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

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

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

#### **S1-5**

The adoption of the specific targets related to its own employees has not yet been carried out within an internal process, based on materiality, as 2024 is the first year in which Transgaz reports according to ESRS standards. Until the date of writing this report, the identification of uniform targets at Group level has not been prioritized, but the management wants to set them in the next 3 years. However, the company has implemented a series of codes of conduct, management systems, policies and procedures within which annual indicators and targets are established regarding the right to privacy of its employees, the occupational health and safety process and include: ensuring the protection of personnel during the performance of activities at Transgaz, compliance with legal requirements, maintaining the health of the staff and complying with the training program.

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

### ***Diversity and equal opportunities***

#### **Characteristics of the undertaking's employees**

#### **S1-6**

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

The optimal sizing of the number of personnel within the company is correlated with the real personnel needs imposed by the operational activities carried out by the company, with the modernizations and refurbishments carried out to increase the safety and efficiency in the operation of the NTS (National Gas Transmission System) and the annexed facilities, as well as with the objectives set for the realization of the company's major development projects.

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

- **Regular OSH training of workers:** It is measured by the ratio of the number of training sheets checked to the number of planned sheets. The limitation of this methodology is that the measurement is based solely on completed documents and does not reflect the actual effectiveness of the training.
- **Training of visitors and collaborators:** The indicator is determined by the number of trained visitors in relation to the total number of visitors. A possible limitation is that it is not possible to verify the degree of assimilation of information by visitors.
- **Getting feedback from workers on workplace safety:** Measured by the number of questionnaires completed by employees on safety measures. Limitations include the subjectivity of the responses and the degree of employee involvement in completing the questionnaires.
- **Compliance with the proposed safety and health targets:** Comparison between the values achieved and the objectives set. One limitation is that there may be differences between the implementation of the measures and the employees' perception of them.

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

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

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

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

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

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

Employee breakdown by gender:

Year	Gender	Romania	Republic of Moldova	Total
2024	Women	1.021	19	1.040
	Men	2.955	56	3.011
	Others	0	0	0
	Not reported	0	0	0
	<b>Total</b>	<b>3.976</b>	<b>75</b>	<b>4.051</b>

## Employee breakdown (contract types)

Number of employees				
Gender	Gender	Gender	Gender	Gender
2023	Women	928	82	0
	Men	2.815	197	0
	Another	0	0	0
	Not reported	0	0	0
	<b>Total</b>	<b>3.743</b>	<b>279</b>	<b>0</b>
2024	Women	953	87	0
	Men	2.823	188	0
	Another	0	0	0
	Not reported	0	0	0
	<b>Total</b>	<b>3.776</b>	<b>275</b>	<b>0</b>

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

## Full-time equivalent (ENI)

Year	Gender	Romania		Republic of Moldova	
		Full-time	Part time	Full-time	Part time
2023	Women	1.003	7	There are no centralized data for the Republic of Moldova for 2023.	There are no centralized data for the Republic of Moldova for 2023.
	Men	3.003	9	There are no centralized data for the Republic of Moldova for 2023.	There are no centralized data for the Republic of Moldova for 2023.
	Others	0	0	There are no centralized data for the Republic of Moldova for 2023.	There are no centralized data for the Republic of Moldova for 2023.
	Not reported	0	0	0	0
	<b>Total</b>	<b>4.006</b>	<b>16</b>	There are no centralized data for the Republic of Moldova for 2023.	There are no centralized data for the Republic of Moldova for 2023.
2024	Feminine	1.014	7	15	4
	Men	2.943	12	46	10
	Others	0	0	0	0
	Not reported	0	0	0	0
	<b>Total</b>	<b>3.957</b>	<b>19</b>	<b>61</b>	<b>14</b>

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

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

#### **Total percentage of female employees**

	2020	2021	2022	2023	2024
<b>Total percentage of women employed by Transgaz</b>	24%	24,4%	24,5%	25%	25,7%
<b>Total percentage of women on the Board of Administration</b>	0%	20%	20%	40%	40%
<b>Total percentage of women in executive management</b>	33%	30%	32%	28%	31,7%

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

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

#### **Characteristics of non- employees of the undertaking's own workforce**

##### **ESRS S1-7**

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

#### **Fair and safe working conditions**

##### **Collective negotiations coverage and social dialogue**

##### **S1-8**

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

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

Out of the total of 3976 employees, 3885 are union members, resulting in a unionization rate of 97.7%. The degree of unionization was determined by dividing the number of union



members by the total number of employees and multiplying by 100. This percentage has been rounded to ensure clarity in the interpretation of the data.

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

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

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

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

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

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

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

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

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

- conclusion, execution, modification, suspension and termination of Individual Employment Contracts;
- working conditions, safety and health at work;
- Training;
- working time and rest time;
- Remuneration;
- service rights and obligations, labor discipline;
- social protection of employees;

- other rights and obligations arising from employment relations;
- mutual recognition, rights and obligations of the employer and trade union organisations.

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

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

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

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

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

## Diversity metrics

### S1-9

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

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

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

Gender distribution at senior management level		
	Numerical value	%
<b>Age</b>		
< 30	0	0
30 - 50	4	22,2
> 50	14	77,8
<b>Gender</b>		
Women	3	16,6
Men	15	83,3
Another	0	0
<b>Total</b>	<b>18</b>	<b>100</b>

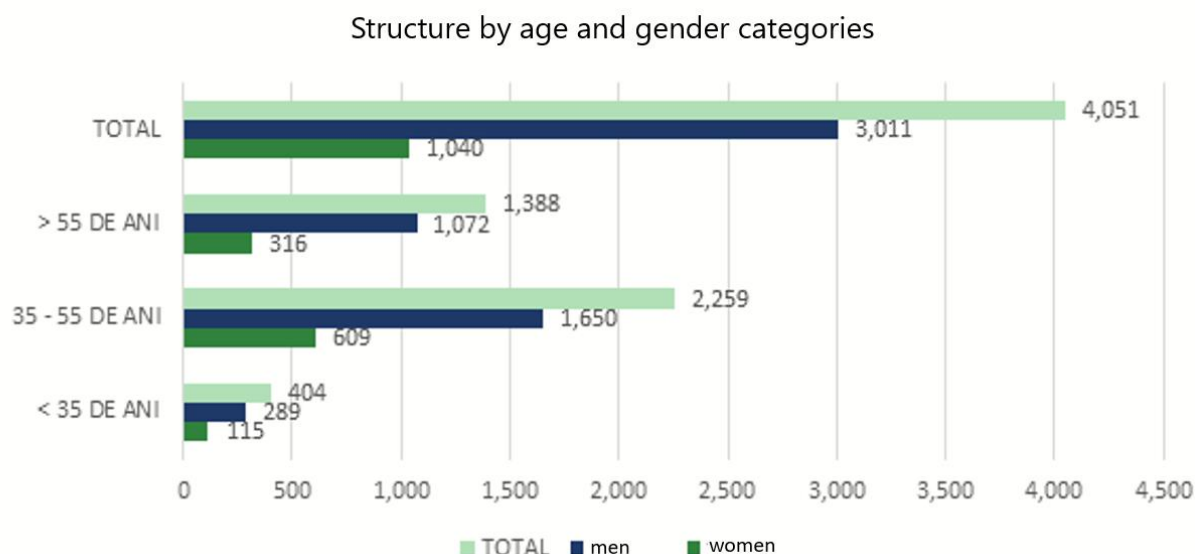
#### Gender distribution in number and percentage at senior management level

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

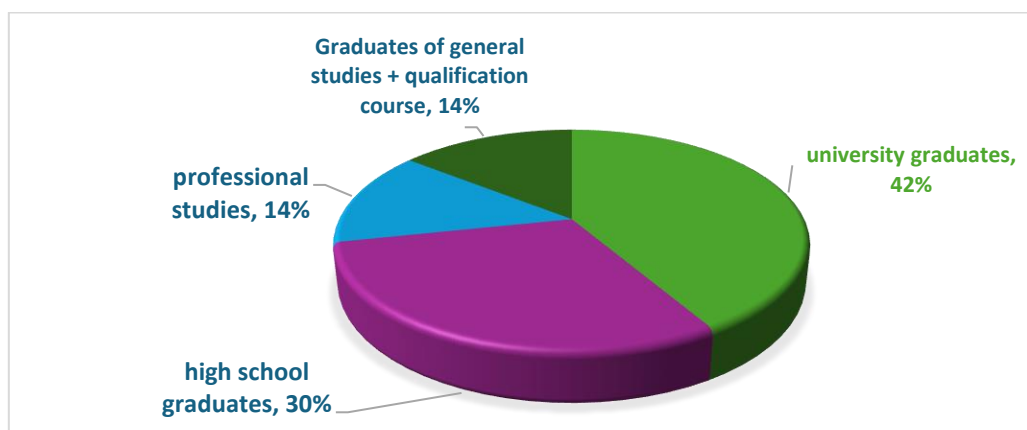
When developing the presentation of information on gender at the level of senior management personnel, Transgaz uses the definition of senior management personnel as being one and two levels below the level of administrative and supervisory bodies.

#### Distribution of employees by age groups

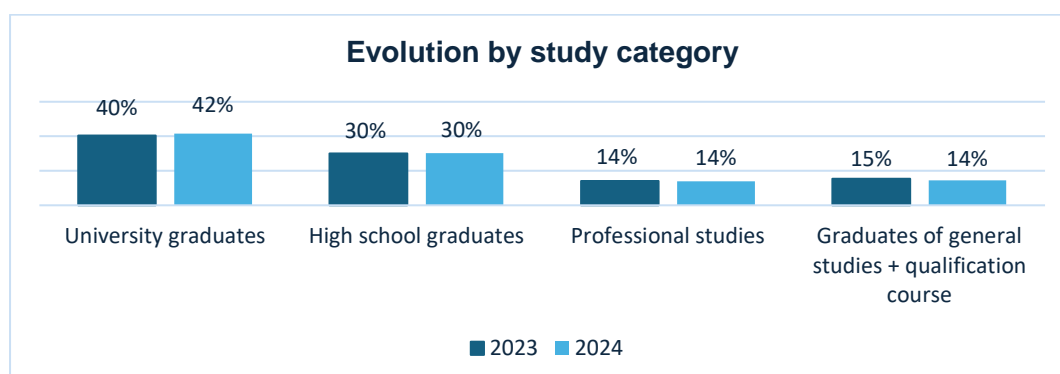
2024	< 35 YEARS OLD	35 - 55 YEARS OLD	> 55 YEARS OLD	TOTAL
Number of employees by age groups	404	2.259	1.388	4.051



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



The evolution of the staff structure by categories of education reflects the company's interest in covering the personnel 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.



## Adequate wages

### S1-10

In Romania, Transgaz has approved the **Policy on the remuneration criteria of the Administrators, the Director - General and the Chief Financial Officer of Transgaz**, which is completed in implementation by the legal provisions applicable to the field of activity, by the provisions of the company's Collective Labor Agreement, by the mandate contracts, as well as by the decisions of the Board of Administration and the General Meeting of Shareholders.

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

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

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

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

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

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

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

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

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

## **Social protection**

### **S1-11**

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

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

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

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

- professional development opportunities;
- multiple training and improvement programs;
- meal vouchers;
- expenses incurred by the employer on behalf of employees in optional pension schemes;
- expenses incurred by the employer with employees' voluntary health insurance premiums;
- holiday allowance, salary increases, employees' participation in profit, depending on the company's financial situation;
- material benefits granted on the occasion of special events and/or for leave/treatment tickets;
- benefits and discounts to cover transportation expenses for commuting employees;
- reduction of working hours for pregnant employees.

## Persons with disabilities

### S1-12

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

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

2023	Feminine	Masculine	Total
Number of employees with disabilities	10	18	28
Total percentage of employees with disabilities	0,7%		

2024	Feminine	Masculine	Total
Number of employees with disabilities	12	21	33
Total percentage of employees with disabilities	0,83 %		

## Training and skills development metrics

### S1-13

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

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

In the field of continuous training and improvement, the theme of the programs is aimed at the areas of interest for the development of the company's activity, respectively, the field of engineering, management of natural gas transmission systems, including SCADA, research and design, the economic field, the legal field, the human resources field, corporate strategy



and management, information and communication technology and the field of quality – environment, occupational safety and health, security, internal audit, internal and financial management control, as well as other topics of general interest necessary for the performance of the company's activity.

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

The training activities with its own resources (with internal trainers) supported by the Internal Training and Professional Development Service, together with the Induction and Specialization Office and the Qualification and Improvement Office, continued in 2024 by developing the activities that were successful in 2023, but also by activities aimed at ensuring the need for qualified personnel in disciplines and trades for which there are needs or opportunities and also by starting the training course Specialist specialization in the Coaching activity, the Manager specialization course, authorized courses with COR code, as well as the First Aid and Wealth Declarations training courses, all held with internal trainers for the company's employees.

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

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

Among the main categories of courses organized, we mention:

- Trainer specialization course;
- Manager specialization course;
- Specialization Course Specialist in Coaching Activity;
- Mechanical Locksmith Maintenance and Repair Qualification Course;
- First Aid Training Course;
- Emotional Intelligence and Conflict Management training course;
- Wealth Declarations Refresher Course;
- Training course in the Operator profession;
- Locksmith training course
- Improvement course in the profession of Electrician;
- Improvement course in the Welder profession.

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

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

The number of hours, course participants and courses are recorded in the records developed and completed in the Microsoft Excel program and managed by the External Training and Career Management Service, respectively the Internal Training and Professional Development



Service. Other information regarding the participants is extracted from the MAIS Information System. The ratios are extracted with a pivot.

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

	Unit of measurement	2021	2022	2023	2024
Number of hours allocated for company-wide courses/trainings	ore	34.030	82.428	62.110	57612
Number of employees who attended the courses	nr	1.040	1.173	1.006	861
Average number of hours of training / employee	ore	8,31	20,54	29,98	12.88
Average number of training hours allocated to employees - women	ore	4,43	7,55	3,86	84
Average number of training hours allocated to employees - men	ore	9,54	24,75	11,68	98
Number of training hours allocated to employees with management positions	ore	2.748	2.828	2.500	6252
Number of training hours allocated to TESA staff	ore	14.244	11.372	11.044	16272
Number of hours of training allocated to workers	ore	17.038	68.228	48.566	35088

## Performance evaluation

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

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

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

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

Transgaz - employees 2024			
	FEMININE	MASCULINE	TOTAL
Total number of employees	1040	3011	4051
Participation in periodic evaluation	1021	2955	3976
% of employees who participated in the periodic evaluation	98,17%	98,14%	98,15%
Participation in professional training	592	1707	2299
% employees who participated in vocational training	56,92%	56,69%	56,75%

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

### Onboarding new employees

The integration of new employees influences organizational structure, social interactions, and psychological well-being. It is essential that they quickly adapt to the company's values, procedures, and culture, facilitating collaboration and reducing anxiety. In order to make the integration of new employees easier and more comfortable, a guide with useful information has been developed and implemented, which is sent to each new employee of the company.

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

### Employee well-being and development measures

#### Health and safety metrics

##### S1-14

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

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

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

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

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

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

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

Work related events	2023	2024
Identified	6	5
Examined	6	5
Solved	6	5

The main causes that generated the work events are the following: natural causes (they relate to environmental events or conditions that cannot be controlled by the employee or Transgaz. Examples may include extreme weather events – storms, floods, or other natural conditions that can affect workplace safety), medical causes (these causes involve employee health issues that can affect their ability to work safely. These may include pre-existing medical conditions, acute episodes of illness, or other health problems that occur suddenly during the course of the activity) and/or traffic accidents (these refer to incidents that occur during business trips and involving vehicles. These accidents can occur either on the way to or from work, or during work activities that require transportation).

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

The situation regarding the occupational health and safety activity has evolved as follows:

Criterion	Indicator	Final target	Earned value
Ensuring the protection of personnel during the performance of activities within Transgaz	Rate of accidents at work	0	0.55
Compliance with legal OSH requirements	Degree of compliance (%) Non-conformities detected by the control bodies	0	The degree of compliance cannot be quantified 28
Fulfilment of the OSH program	Measures carried out/planned measures (%)	100 %	100 %

Ensuring personal health	Occupational illness rate (refers to conditions caused by working conditions, such as exposure to chemicals or noise)	0	0
Performing actions	Degree of achievement of measures and actions on time set	100 %	100 %
Meeting OSH objectives	Degree of achievement of objectives	100 %	100 %
Compliance with the OSH training program	Conducting the training according to the program (no. of trainings carried out/ no. of planned trainings)	100 %	100 %

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

ISO 45001 Certification	2020	2021	2022	2023	2024
Degree of coverage of the certification for Transgaz units	100 %	100 %	100 %	100 %	98,14%

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

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

Number of deaths caused by occupational diseases

2024			
Unit	Deaths of own employees	Contractor deaths	Total deaths caused by occupational diseases
Transgaz locations	0	0	0
Transgaz Headquarters	0	0	0
<b>Total</b>	0	0	0

Number of deaths caused by occupational diseases

2024			
Unit	Deaths of own employees	Contractor deaths	Total deaths caused by occupational diseases
Transgaz locations	0	0	0
Transgaz Headquarters	0	0	0
<b>Total</b>	0	0	0

The situation presented contains exclusively the situation of deaths caused by occupational diseases.

During the reporting period, Transgaz did not register any work accidents resulting in disability, and accidents with temporary incapacity for work remain at a low level. Also, in 2024, no occupational diseases were reported/ investigated/ declared.

Situation of work accidents occurring at workplaces within Transgaz units, during 2023-2024

	Unit	Accidents - temporary incapacity for work	Accidents - disability	Accidents - death
2023	Transgaz locations	2	0	0
	Transgaz Headquarters	4	0	0
	Total	6	0	0
2024	Transgaz locations	3	0	0
	Transgaz Headquarters	0	0	0
	Total	3	0	0

Number of days lost as a result of work-related injuries and deaths due to work-related accidents, work-related diseases and deaths due to illness

2023			
Unit	No. of cases	Total number of hours worked in 2023	Non-attendance rate
Transgaz locations	2	5.422.597	0,37
Transgaz Headquarters	4	1.155.004	3,46
Total	6	6.577.601	0,91

2024			
UNIT	No. of cases	Total number of hours worked in 2024	Non-attendance rate
Transgaz locations	3	5.514.555	0,54
Transgaz Headquarters	0	1.185.070	0,00
Total	3	6.699.625	0,45

The 107 days represent working days of temporary incapacity for work, caused by work accidents of its own employees who were involved in the 3 work accidents mentioned in the section Situation of work accidents produced at the workplaces of Transgaz units, during the reporting period.

Non-attendance rate related to incidents 2023 – 2024 / Lost time incident rate (LTIR)

	2023	2024
Lost time incident rate (LTIR) Number of accidents x 1000000/ total number of hours worked in the year	0,91	0,45

## Number of employees trained in the field of Occupational Safety and Health

The training of SNTGN Transgaz SA employees on health and safety at work is carried out in accordance with the provisions of Law no. 319/2006 upon hiring, at the workplace, periodically and additionally, when necessary, based on programs and themes established differentiated by jobs and professions. All employees must undergo mandatory OSH training, upon hiring, at the workplace, periodic and additional, when applicable. The specialized personnel with specific responsibilities in the field of OSH is trained by participating in training programs dedicated to the responsibilities held within the internal Occupational Safety services organized at the company level.

	2023	2024
Competent OSH specialists and employees with specific responsibilities in the field of OSH (number of persons)	35	34
General trained staff including OSH topics (number of people)	4.022	3976

Within the companies of the Republic of Moldova, no OSH courses were held.

Regarding the measures adopted to prevent the occurrence of work events, we specify that they took into account at least: the revision/ updating of the protection and prevention plans drawn up for 2024, the supplementation of training programs in the field of health and safety at work, the processing at the level of all employees of the provisions of the internal regulatory framework issued in the field of health and safety at work, stepping up controls and/or allocating additional responsibilities to carry out regular checks.

Transgaz did not register any disputes following the work events identified in 2024 and it was not necessary to pay damages following their manifestation.

### Work-life balance

#### S1-15

Transgaz wants to attract specialists to its teams, to whom it offers, in addition to the salary part, an extended package of benefits established according to the annual budgets.

Employees have the right to be absent from work in unforeseen situations, determined by a family emergency situation caused by illness or accident, which make their immediate presence indispensable, provided that the employer is informed in advance and with the recovery of the period of absence, until the full coverage of the employee's normal working hours.

In the case of special family events, employees are entitled to paid days off, which are not included in the duration of the leave. Special family events and the number of paid days off are established by law, by the applicable collective labour agreement or by the internal regulations, according to the Labour Code.

The data are extracted from reports generated by the internal MAIS platform, the platform built specifically for SNTGN Transgaz SA. For companies from the Republic of Moldova, the internal C1 program is used.

Through the collective labour agreement, unique at national level, applicable to all companies, **employees have the right to paid days off for special family events or for other situations, as follows:**

- the employee's marriage – 5 days;
- marriage of a child of the employee – 2 days;
- birth of a child – 5 days + 10 days if the child's father has attended a childcare course;
- death of spouse, child, parents, in-laws – 3 days;
- death of grandparents, brothers, sisters – 1 day;
- blood donors – 1 day;
- changing the job within the same company, with moving the domicile to another locality – 5 days;
- 30 days of unpaid leave for the preparation and presentation of the diploma thesis in higher education.

2024			
	FEMININE	MASCULINE	TOTAL
Total number of employees	1040	3011	4051
Employees who are entitled to receive leave for family reasons	1021	2955	3976
Employees who have taken maternity, paternity or parental leave	49	15	64
Employees who took care leave	28	10	38
Percentage of employees entitled to family leave	100%	100%	100%
% of employees who took family leave	1,57	1,49	1,51
% of employees who took maternity, paternity or parental leave	4,8	0,51	1,61
% of employees who took care leave	2,74	0,34	0,96

In addition, in 2024, at the level of SNTGN Transgaz SA, maternity leave – pre-natal and post-natal, for female or male employees or for adopted children regardless of the sex of the parents, was paid, in a total amount of 709087 RON, the total number of maternity leave hours granted to employees in 2024 being 11416 hours.

In the Republic of Moldova, maternity leave includes prenatal leave of 70 calendar days and postnatal leave of 56 calendar days, for a total of 126 calendar days.

The determination of the maternity allowance is carried out by the National Social Insurance House based on the information in the maternity medical certificate, transmitted by the medical service providers through secure inter-systemic connections.

In 2024, at SNTGN Transgaz SA, 32 of our employees benefited from parental leave (25 women and 7 men).

#### Leave for family reasons 2024

2024			
	FEMININE	MASCULINE	TOTAL
<b>Total number of employees</b>	<b>19</b>	<b>56</b>	<b>75</b>
Employees who are entitled to receive leave for family reasons	17 – 25,3%	56 – 74,6%	73 – 99,9%
Employees who have taken maternity, paternity or parental leave	-	2	2
Employees who took care leave	2 (granted in 2022 And 2023)	1 (year 2024)	3
<b>Percentage of employees entitled to family leave</b>	25,3%	74,6%	99,9%
% of employees who took family leave	2,6%	9,3%	11,9%
% of employees who took maternity, paternity or parental leave	-	2,6%	2,6 %
% of employees who took care leave	-	1,3%	1,3 %

## Remuneration indicators (pay gap and total remuneration)

### S1-16

The remuneration of Transgaz staff is regulated in a unitary manner by the Collective Labour Contract (CCM), which includes a hierarchy of functions and jobs within the company. Here are mentioned salary limits for each hierarchical level, established according to the complexity of the work, the degree of technicality and professional competence specific to the positions in the organizational chart.

When negotiating the salary, the requirements contained in the Job Description, annex to the CCM, are taken into account, a comparative evaluation with the average levels of income achieved in similar activities at national and international level, thus resulting in a salary whose value will be established in accordance with the limits of the Nomenclature of Hierarchy of Functions provided in the CCM.

In compiling the information and figures below, for the difference in remuneration between female and male employees, Transgaz used the methodology of the ESRS standard.

The gender pay gap, defined as the difference between average pay levels between female and male employees,<sup>17</sup> is **-3.62%**.

The ratio of the total annual compensation for the highest paid employee to the total median annual compensation for all employees<sup>18</sup> was 7.4 in the year 2024.

Gender pay gap:

Component	Romania (RON)	Republic of Moldova (RON)
<i>Average basic remuneration of women</i>	6194	7375
<i>Average basic remuneration of men</i>	5753	7375
<b>Basic salary gap</b>	- 7,67 %	0,00 %
<i>Female variable average remuneration</i>	6761	3078
<i>Men's average variable pay</i>	6749	3078
<b>Difference in variable remuneration</b>	-0,18 %	0,00 %
<i>Average total remuneration of women</i>	12955	10453
<i>Average total compensation of men</i>	12502	10453
<b>Difference in total remuneration</b>	-3,62 %	0,00 %

The measurement of remuneration indicators is not validated by an external body other than the insurance provider.

<sup>17</sup> calculated in accordance with ESRS S1 AR98 (b)

<sup>18</sup> calculated in accordance with ESRS S1 AR101 (c)



## Human Rights Protection

### Incidents, complaints and serious human rights issues and incidents

S1-17

Equal opportunities and equal treatment among our employees are basic pillars of the way we carry out our daily activities, which is why discrimination based on gender, religion, nationality, age, sexual orientation, disability or political affiliation is also firmly prohibited within Transgaz. In the financial year 2024, there were no incidents of discrimination or harassment among the company's employees and no complaints from employees regarding occupational safety and health were registered.

There were also no work-related incidents and/or complaints or serious human rights impacts (e.g. forced labour, human trafficking or child labour) within the company's own workforce. The company did not receive any significant fines, sanctions or compensation in relation to human rights or its own workforce in 2024.

Transgaz recorded **zero cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Companies** during the reporting period.

#### Incidents of human rights violations

2024	
Number of incidents of human rights violations	0
Number of employee complaints about human rights	0
Number of employee OSH complaints	0

#### Incidents of discrimination and harassment

2024	
Total number of incidents of discrimination, including harassment	0
Number of complaints filed through the channels through which people in the company's own workforce can express their concerns	0
The total amount of fines, penalties and compensation for damages caused by the	0
Remedial actions	NA

## ESRS S4 – Consumers and end-users

Interests and views of stakeholders

### SBM-2

Consumers and/or end-users represent a main group of stakeholders for Transgaz, presented in the list of stakeholders under the category "Customers and infrastructure users" and are represented by entities that are located in the Municipality of Bucharest and in each county in the country. The gas does not belong to Transgaz. It is only a transportation service for the gas holders (producers), these being the customers and the end users are the customers of their distributors.

The interests and points of view of the customers and end-users of a natural gas transmission company are varied and complex, reflecting both economic, social and environmental needs. They can be summarized into several main categories, such as:

- **Service continuity:** End users, regardless of their category, want uninterrupted access to natural gas.
- **System safety:** Clients are concerned about the safety of the transport network, wanting to avoid the risks of explosions, gas leaks, or other accidents.
- **Competitive rates:** Clients desire accessible and competitive rates for natural gas transportation, considering the direct impact on production costs and their budgets.
- **Cost transparency:** End users appreciate transparency in tariff structures and clarity in billing.
- **Quality standards:** Ensuring a high level of service quality, including response times to requests and promptness in resolving issues, is valued by end beneficiaries and consumers.
- **Emission reduction:** Clients are increasingly concerned about environmental impact and prefer companies that take measures to reduce greenhouse gas emissions and other pollutants.
- **Compliance with legislation:** End users want to be assured that the transport operator complies with all current legal regulations and standards.
- **Ethics and responsibility:** Transparency and ethics in the company's operations, including respect for consumer rights and social responsibility, are subjects of interest for clients.
- **Community impact:** Clients are interested in how the company's activities affect local communities and the company's positive contribution to their development.
- **Dialogue and collaboration:** The company's openness to communicate and collaborate with local communities and authorities is appreciated by these categories of stakeholders.

These views and interests are essential to our company's strategies and operations, influencing both customer satisfaction and Transgaz' long-term success.

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

### SBM-3

Transgaz' activities are carried out in such a way that the impacts on consumers and end users are positive in the long term, contribute to the development of society and properly manage the risks arising from the interaction with customers. Transgaz' activity is B2B and its customers are companies in the energy sector, exemplified in the graph in subchapter S4-1 *Policies regarding consumers and end users*.

Also, Transgaz' strategy and business model, through its listing on the stock exchange, ensures transparency and access to quality information, which has a positive impact on final

gas consumers and capital market participants. In addition, through the transparency it offers in its reports, Transgaz effectively manages risks.

In terms of significant positive impacts, Transgaz respects its customers' right to privacy, freedom of expression and access to quality information. This helps to improve the accessibility of information for all consumers and end-users, including people with disabilities.

In this regard, both the General Data Protection Regulation (GDPR) of the European Union and the Code of Ethics of the organization are complied with, as well as the Regulation on the processing of personal data SNTGN Transgaz SA.

As part of the double materiality analysis, Transgaz considered all end-users who are at risk of being significantly affected by its operations, including impacts related to its value chain, services, as well as business relationships. No specific groups of end-users were identified.

Also, as part of the double materiality analysis, Transgaz has developed an in-depth understanding of how end-users may be exposed to a higher risk of harm.

The impacts and risks associated with consumers and end-users are identified and assessed as part of the double materiality analysis process, in an internal workshop, as well as by consulting external stakeholders and other sources of literature. These are summarized in ERS 2 – General Information, under the subchapter called **Significant Impacts, Risks and Opportunities and their interaction with the strategy and business model**.

Thus, even if there are no established processes at the group level for communicating with end users about impacts, the ethical approach is an essential factor in any interactions.

## *Managing impacts, risks and opportunities*

### **Consumer and end-user policies**

#### **S4-1**

SNTGN Transgaz SA demonstrates a strong commitment to quality, safety and responsibility by adopting international certifications. By implementing ISO 14001, the company shows its concern for environmental management, contributing to the well-being of consumers by reducing environmental impact. At the same time, the ISO 45001 certification, which focuses on occupational health and safety, reflects the attention paid to safety, both for employees and end users. In addition, ISO 9001 guarantees a consistent quality of products and services, meeting consumer expectations and increasing consumer satisfaction.

Through these standards, Transgaz promotes transparency and accountability, strengthening consumer confidence and encouraging innovation and continuous improvement for the benefit of end users.

Transgaz holds the Regulation on the processing of personal data SNTGN Transgaz SA, which applies, among others, to consumers and end users. The Regulation aims to protect personal data, ensuring their confidentiality, integrity and security. The monitoring of compliance with the protection measures is carried out by the compliance officer, who verifies the conformity of the processing with the declared purpose. The Regulation applies to the processing of personal data carried out by automatic and non-automatic means within the National Gas Transmission Company "Transgaz" SA. Regulation (EU) 2016/679 (GDPR) and Law no. 190/2018 on GDPR implementation measures. The interests of employees and collaborators are taken into account, ensuring the protection of personal data and respect for their rights. Also, the policy is communicated internally through periodic trainings and is accessible to employees and collaborators.

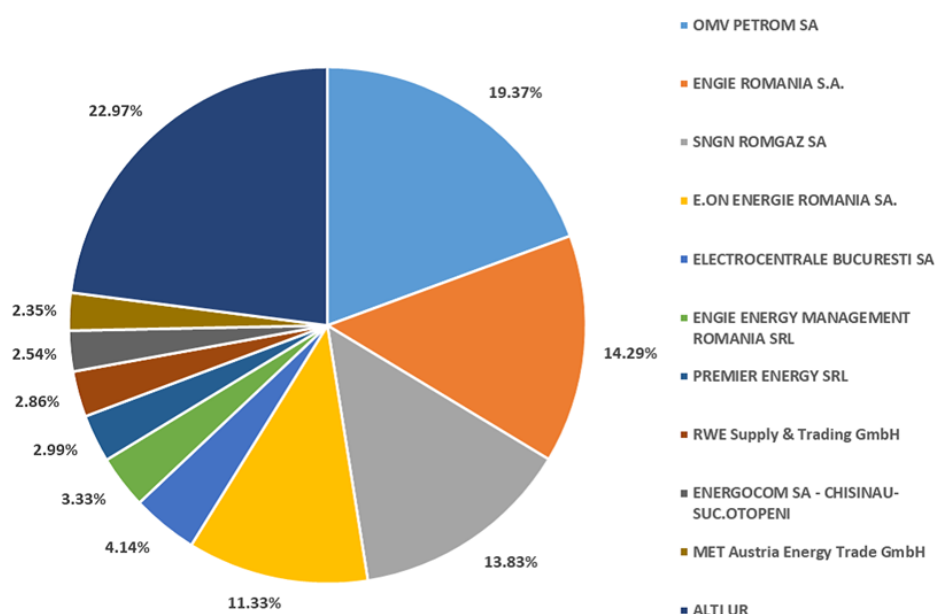
Also, on the Transgaz website there is a section dedicated to Personal Data Protection, where users and end customers can find information and forms for exercising the right of access,

exercising the right to rectify personal data and other rights provided by the GDPR (<https://www.transgaz.ro/en/public-interest/protection-personal-data>).

Transgaz plans to develop and implement in the next 3 years a strategic plan aimed at managing the significant impacts, risks and opportunities associated with consumers and end users. At the moment, such a plan is not available.

Transgaz has not implemented specific policies for areas already regulated by the legislation, but is committed to complying with and implementing the UN Guiding Principles on Business and Human Rights, as well as the OECD guidelines. Transgaz also ensures that its activities comply with the ILO Declaration on Fundamental Principles and Rights at Work, thus aligning itself with international human rights standards. The Constitution, both of Romania and of the Republic of Moldova, includes provisions on fundamental human rights, being aligned with international standards, helping to guarantee their observance within the respective jurisdictions.

**The main beneficiaries** of the natural gas transmission service in 2024 are presented below:



Through the transport services contracted in 2024, the total amount of MWh (thousand m<sup>3</sup>) was transported to:

	MWh	thousand m <sup>3</sup>	%
Distributions	69.938.724,865963	6.529.616,737	49,37%
Direct clients	27.630.534,620156	2.579.640,988	19,51%
Storage	19.166.575,526277	1.789.429,141	13,53%
Export Csanádpalota, Giurgiu-Ruse, Negru Vodă 1, Ungheni	24.917.640,799937	2.326.359,892	17,59%

It should be noted that the numerical indicators related to the total quantities of natural gas transported during 2024 were not verified by an external entity.

At the level of SNTGN Transgaz SA there is the "Processing Record Register", a document in which the information on the processing of personal data at the company level (collected, processed and stored) is centralized, as well as the persons designated within each structure

as a point of contact with the DPO. The register is updated annually or according to the changes in the organizational structure of SNTGN TRANSGAZ SA according to the existing organizational chart.

Example of forms used within the company as an integral part of the Internal Regulation: declaration of agreement on data protection, consent for the processing of personal data, confidentiality statement, information note on the processing of personal data collected through electronic timekeeping/access control and video surveillance systems. Documents through which advice is provided or technical/organizational measures are monitored: Register of trained/advised persons GD.

An advisory and monitoring plan for the DPO is developed annually and training and counselling sessions are held for the staff processing personal data, during which the relevant aspects of the legislation on the processing of personal data are presented. The monitoring of the correct implementation is carried out by checking the documents (physical and electronic) within each structure that processes personal data.

Transgaz acts in accordance with the Code of Ethics, which implies that interaction with end users is also guided by principles such as professionalism, impartiality and non-discrimination, freedom of thought and expression, confidentiality, prioritization of the company's interest, moral integrity, honesty, fairness and loyalty. More details regarding the Code of Ethics can be found in chapter G1 – *Professional Conduct*.

It is envisaged to comply with the legal requirements for obtaining regulatory documents from the authorities. Consultations with consumers and end-users take place at the time of applying for and obtaining environmental agreements and permits in particular.

The consultation processes are addressed to the general public, including consumers and end-users, and are organised according to need, not being a dedicated consultation process. For example, such a process was initiated within the procedure for issuing the environmental agreement for the project "Huedin - Lugașu natural gas transmission pipeline, including electricity supply, cathodic protection and fibre optic". Although this process was also open to the interested public, no suggestions or comments were received at any of the stages of the environmental regulatory procedure. A preliminary information took place by publishing the announcement regarding the submission of the Environmental Impact Report and the Appropriate Assessment Study, as well as the organization of the public debate, on the website and at the headquarters of SNTGN Transgaz SA, on 08.01.2024, together with the details for electronic access by teleconference on 07.02.2024.

## **Collaboration processes with consumers and end users regarding impacts**

### **S4-2**

At Transgaz level, in 2024, no general procedures were established to interact directly with consumers and end users regarding the impacts of the company's activities, being the first year of ESRS reporting at a consolidated level. Transgaz emphasizes communication and transparency towards customers by continuously updating information of public interest on its online platform, including press releases and legislative changes.

## **Processes for remedying negative impacts and the channels through which consumers and end users can express their concerns**

### **S4-3**

The risks related to the confidentiality of the data of collaborators and employees, including possible data losses and breaches of their confidentiality, are managed efficiently and transparently, the company having prepared documents in this regard regarding the processing, storage, transmission and archiving of personal data.

The Regulation on the processing of personal data and the free movement of such data within the National Gas Transmission Company Transgaz SA" disseminated to the entire staff of the company, provides information and outlines the implementation of specific procedures in terms of GDPR compliance by applying technical and organizational measures.

Technical and organizational measures are considered all tools used to implement and monitor compliance with personal data protection legislation through policies, regulations, record books, forms, training sessions, counselling and monitoring.

There is no process for assessing remedial measures. The company did not register any warnings/sanctions/fines/recommendations from the National Supervisory Authority during 2024, with no violations, thefts or loss of personal data of employees or collaborators. There were no requests for access to data, requests for anonymization of personal data, requests for information on data processing activity in 2024, which is why there is no resolution of them.

The contact details are present on the website <https://www.transgaz.ro/en/node/2186>, in the section dedicated to the protection of personal data. The requests of the data subjects can be submitted to the Company Registry in C.I. Motaş Square no. 1, Mediaş Municipality, Sibiu County - Document Management and GDPR Service, can be sent to the e-mail address: [dpo@transgaz.ro](mailto:dpo@transgaz.ro) or by mail to the headquarters of SNTGN Transgaz SA, with registered office in P-ța C.I.Motaş, Nr.1, code 551130, Mediaş, Sibiu County. The [dpo@transgaz.ro](mailto:dpo@transgaz.ro) address is managed by the company's data protection officer. In the "Internal DPO Complaints Register" you can see how to solve a case involving the request for personal data.

Although Transgaz does not collaborate directly with consumers and end users, on the company's public website there is a section on notifications regarding complaints regarding the natural gas transmission and system service according to ANRE Order 140/2021. Through it, Transgaz seeks to maintain a commitment to corporate responsibility and transparency.

The trust of consumers and end-users was not assessed within the complaint channels. Also, there is no policy to protect whistle-blowers according to ESRS, taking into account that it is the first year of ESRS reporting at the consolidated level.

The company constantly updates the information available on the online platform on matters of public interest, such as press releases and legislative changes.

### **Acting on significant impacts on consumers and end-users and approaches for managing significant risks and pursuing significant opportunities related to consumers and end-users, as well as the effectiveness of such measures**

#### **S4-4**

In 2024, no complaints or notifications were made to the National Supervisory Authority for Personal Data Processing and requiring the submission of answers or clarifications regarding the violation of the confidentiality of employees and collaborators.

The company has not registered any warnings/sanctions/fines/recommendations from the National Supervisory Authority for Personal Data Processing, and no risk incidents generated by non-compliance with the provisions of the internal regulations issued for data protection purposes have been identified internally.

The company's management is periodically informed about the processes implemented regarding the aspects related to the protection and management of personal data through periodic reports and presentations.

Customer satisfaction is a very important indicator for the company. On an annual basis, Transgaz asks customers for feedback on the quality of the products and services provided by the group, through satisfaction questionnaires. The importance of this feedback is also highlighted by the inclusion in the remuneration policy of the Board of Administration. Thus,

by OGMS Decision no. 8/6.12.2021, the financial and non-financial performance indicators for the period 2021 - 2025 were approved, which are annexed to the mandate contracts of the administrators. In this regard, the calculation of the variable component of the remuneration of the members of the Board of Administration also takes into account the level of customer satisfaction. The objective involves the achievement of the targets set out in the management plan (According to PP 165 Customer satisfaction evaluation, a score between 6-8 means that the services offered have adequately satisfied the customer requirements).

Counselling, training and awareness sessions are organized for employees during which the risks arising from non-compliance with the European Union's General Data Protection Regulation (GDPR) are presented.

Transgaz is constantly carrying out activities that lead to the continuous improvement of personal data protection management processes. Procedures, forms, plans, continuous records of processing, staff training for the implementation of the GDPR have become essential in the process of awareness and responsibility, as key points in complying with the standards set out in the EU Regulation.

To mitigate the risk regarding the right to privacy, Transgaz ensures that this policy is put into practice and reviewed annually.

Regarding the training of the company's staff, we mention that in 2024 no courses with specific topics for the processing of personal data were organized.

Within Transgaz, no actions were taken regarding consumers and end-users, given that 2024 marks the first year in which Transgaz carries out consolidated reporting.

### **Targets related to the management of significant adverse impacts, the promotion of positive impacts and the management of significant risks and opportunities**

#### **S4-5**

The adoption of the specific targets related to Transgaz' consumers and beneficiaries/end-users (their information-related impacts) has not yet been carried out within an internal process, based on materiality. However, Transgaz has implemented a series of policies and procedures to ensure the confidentiality, freedom of expression and access to quality information of this category of stakeholders. At the moment, there is no process to monitor the effectiveness of policies and actions related to consumers and end-users, considering that it is the first year of reporting under the ESRS.

Transgaz plans to set and communicate a set of measurable targets to manage impacts and risks related to consumers and end-users, in line with ESRS standards. Although there are currently no such targets for the reporting period for the 2024 financial year, it is estimated that they will be defined in the next 3 years.



## 6. INFORMATION ON GOVERNANCE

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### **ESRS G1 – Business Conduct**

#### **ESRS 2 GOV-1**

Transgaz' professional conduct is influenced by the requirements of European energy policies regarding energy safety and security, sustainable development and competitiveness. Thus, we have developed principles of corporate governance and responsible, transparent business, as a necessity in the application of the company's strategy and business policies. We aim to ensure a rigorous framework for sizing and regulating corporate governance at the company level.

The Board of Administration of SNTGN Transgaz SA carries out its activity based on the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented. The Board of Administration delegated the management of the company to a Director General who is also an administrator, becoming an executive administrator. The Board of Administration of SNTGN Transgaz SA has general competence to perform all the acts necessary for the successful performance of Transgaz' activities, being composed of 5 members who ensure the efficiency of the capacity to manage, analyse and evaluate the company's activity as well as the fair treatment of shareholders. The role and powers of the Board of Administration are provided for in the Organization and Functioning Regulations of the Board of Administration.

The expertise of the members of the General Meeting of the Shareholders in the field of governmental conduct is essential for creating an organizational culture based on integrity. Members have a solid knowledge of legal norms and international standards and business conduct, being familiar with governance principles that promote transparency, responsibility and fairness. In this context, they have adopted a Code of Ethics and the policies detailed within the G1, which regulate professional conduct. By upholding ethical values, members contribute significantly to protecting Transgaz' reputation and maintaining an ethical, professional and responsible work environment.

The members of the Board of Administration and of the executive management of Transgaz are elected on the basis of their diverse skills and experience, complying with the principles of ethics and integrity stipulated in the legislation applicable to companies.

Also, for each entity, there is a Board of Administration that has the necessary expertise to meet the selection requirements.

At the moment, Transgaz has not set measurable results-oriented targets. Also, there is no formal process by which the effectiveness of the company's policies and actions is tracked.

The General Meeting of Shareholders of Vestmoldtransgaz SRL is the governing body that decides on its activity and on its economic policy. The General Meeting of Shareholders meets in ordinary meetings at least once a year and in extraordinary meetings whenever necessary, on its own initiative or at the convening of the Board of the Company. Vestmoldtransgaz SRL has a collegial supervisory body, namely the Board of the Company and is managed by a sole Administrator, as an executive body. The Board of Vestmoldtransgaz is made up of 5 members who act based on the provisions of the Company's by-laws and under the Regulations of the Company Council approved by the General Shareholders' Meeting. The members of the Council of the Society and its President are appointed for a term of 4 (four) years and may be released at any time. Four members of the Board of the Company are appointed on behalf of the shareholder Eurotransgaz SRL, and the fifth member is appointed on behalf of the shareholder EBRD. The Chairman of the Board of Administration is appointed by the General Meeting of Shareholders from among the members of the Board of Administration.



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

### ESRS 2, IRO-1

**The impact, risks and associated opportunities** are identified and assessed in the materiality review through internal consultation and other sources. Within the process of double materiality, within the identification of impacts, risks and opportunities, all Transgaz activities and locations were considered.

Specifically, the risk assessment is carried out based on **the Risk Management Strategy 2021-2025** and the SCIM principles, according to Order no. 600 of April 20, 2018 on the approval of the Code of Internal Managerial Control of Public Entities.

**The Risk Management Advisory Committee** has several responsibilities related to the company's risk management system. It deals with the identification, analysis, evaluation, monitoring and reporting of risks. It also develops and supervises the plans of measures to mitigate or anticipate risks and carries out an annual assessment of the internal control system, presenting relevant reports to the Board of Administration. The Committee monitors risk management in the context of sustainability, with a focus on ESG (environmental, social and governance) aspects, industry developments and the implementation of effective crisis management policies. They report to the Board of Administration current and emerging ESG-related topics that may influence the company's business, operations, performance or public image and that are relevant to shareholders. The committee also oversees initiatives aimed at preventing, mitigating and managing ESG risks that may have a significant negative impact and provides guidance in this regard, Transgaz periodically monitors the risk portfolio in a structured manner, through the following processes/activities:

- Revision of the Risk Management Strategy 2021-2025, which addresses Transgaz' attitude and approach to risks, risk tolerance limit, risk response, vision, specific objectives and measures necessary to carry them out;
- Documentation of the PS 05 SMI Risk Management procedure, which sets unitary rules for risk management and for the preparation and updating of the Risk Register;
- Documentation of the system procedure PS 06 SMI Prevention of Corruption, which sets a unitary set of rules for carrying out activities to prevent fraud, acts of corruption and reporting of acts of violation of the law or internal rules;
- Updating the company's risk profile (annually) and risk tolerance limits;
- Review of the internal decisions on the appointment of persons with responsibilities in the activities carried out in order to manage the risk and the Regulations of organization and functioning of the Monitoring Commission and the Risk Management Team;
- Review of the Risk Management Statement – Commitment 2021-2025.

The legislation of the Republic of Moldova does not provide for the mandatory implementation of the internal managerial control system (IMS), but, nevertheless, being part of Transgaz, Vestmoldtransgaz is in the process of implementing the IMS. Thus, it is intended in the next 3 years to take over the standards that apply to SNTGN Transgaz SA and adapt them to Vestmoldtransgaz.

The impacts, risks and opportunities associated with governance are identified and assessed as part of the dual materiality analysis process, in an internal workshop, as well as through consultation with external stakeholders and other sources of literature. These are summarized in ESRS 2 – General Information, under the subchapter called **Significant Impacts, Risks and Opportunities and their interaction with the strategy and business model**.

**The financial effects** on Transgaz in the short, medium and long term of the significant risks and opportunities arising from the associated impacts are assessed as low to medium

(between 0.7% and 1.0% of annual turnover) for the risks of professional conduct, as assessed in the double materiality analysis process.

## Corporate Culture and Policies on Professional Conduct and Corporate Culture

### G1-1

**The Code of Ethics of SNTGN Transgaz S.A.** (adopted by the Board of Administrators' Resolution No. 39/20.12.2021) encompasses all values and principles of conduct, responsibilities, and obligations that define the quality of professional activity. This code serves as a mandatory guideline and encourages accountability and involvement of Transgaz' contractual personnel to perform competent and responsible activities in accordance with professional ethics.

Transgaz promotes and evaluates its corporate culture through the Code of Ethics for both SNTGN Transgaz S.A. and Vestmoldtransgaz. It includes all values and principles of conduct, responsibilities, and obligations that define the quality of professional activities.

Therefore, the principles governing the professional conduct of Transgaz' contractual personnel are centered on:

- **Professionalism:** Employees must perform their duties with responsibility, competence, efficiency, fairness, and conscientiousness.
- **Impartiality and Non-discrimination:** Personnel should maintain an objective, neutral attitude towards any political, economic, religious, or other interests while performing their job duties.
- **Freedom of Thought and Expression:** Personnel may express and justify their opinions while respecting the rule of law and good morals.
- **Confidentiality:** Personnel are obligated, both during and after the term of their contract with Transgaz, not to disclose any confidential data or information they became aware of during the execution of the contract.
- **Priority of the Company's Interest:** Employees have the duty to prioritize the company's interest above personal interest in the execution of their job responsibilities.
- **Moral Integrity:** Employees are prohibited from soliciting or accepting, directly or indirectly, any advantage or benefit, moral or material, for themselves or others, or from engaging in activities, directly or indirectly, that may create a conflict of interest.
- **Honesty and Fairness:** Personnel must act in good faith and work towards the proper fulfilment of their job duties.
- **Loyalty:** Personnel should exhibit loyal behaviour towards the company, and the company encourages and ensures access to continuous professional training and development, stimulating and rewarding workplace performance.

The Code of Ethics of SNTGN Transgaz SA defines the values, principles, and norms that Transgaz' contractual personnel must respect and apply in their professional activities:

- in activities conducted within the company;
- in alignment with the company's values and objectives, to maintain a positive organizational climate;
- in activities conducted outside the company;
- in relations developed with all categories of the public, to enhance the company's notoriety and maintain its reputation.

A series of internal procedures and policies have been implemented to address the impacts, risks, and opportunities related to professional conduct and related actions. The internal procedures of SNTGN Transgaz S.A. include aspects related to professional conduct and how the company promotes its corporate culture:

- Anti-Fraud and Anti-Corruption Policy Statement;
- Anti-Fraud and Anti-Corruption Policy

The statement and policy establish a clear framework for preventing, detecting, and combating risks related to fraud and corruption. This policy applies to all employees, Board of Administration members, suppliers, and business partners, aiming to promote an organizational culture based on transparency, integrity, and accountability. The implementation and adherence to the policy are overseen by the Board of Administration, while the coordination of compliance measures is ensured by the Director General and the Compliance Advisory Committee.

Monitoring mechanisms include internal and external audits, confidential reporting channels for whistle-blowers, and training sessions for employees and partners, ensuring an effective system for preventing and managing risks. The policy is updated in accordance with national and international legislative requirements, thereby contributing to the protection of the company's assets and reputation. SNTGN Transgaz S.A. promotes a zero-tolerance approach to any form of fraud and corruption, thereby strengthening stakeholder trust and adherence to responsible governance principles.

- Statement on the adherence to the fundamental values, principles, objectives, and monitoring mechanism of the National Anti-Corruption Strategy 2021-2025;
- Integrity Incident Evaluation Methodology;
- Integrity Plan for the period 2022 – 2025

The Integrity Plan of SNTGN Transgaz SA for 2022-2025 establishes essential measures for preventing corruption and promoting transparency in alignment with the National Anti-Corruption Strategy 2021-2025. It applies to all employees, management, partners, and suppliers, aiming to reduce fraud risks through prevention mechanisms, training, and periodic auditing. The implementation is overseen by the Director General, the General Inspection Department, and internal structure coordinators. Its effectiveness is monitored through annual evaluations, semi-annual reporting, and biennial internal audits, with periodic updates based on identified risks.

- Decision approving the Integrity Plan of SNTGN Transgaz SA;
- Corruption Risk Register at the level of SNTGN Transgaz SA;
- System procedure regarding the protection of whistle-blowers in the public interest;
- Decision to designate individuals responsible for receiving, registering, and examining public interest whistleblowing;
- Statement regarding compliance with competition rules;
- Decision regarding the appointment of the Compliance Advisory Committee;
- SNTGN Transgaz S.A. policy on compliance with competition rules;
- Strategy for implementing the policy on compliance with competition rules.

All the documents described are applied to all employees of SNTGN Transgaz SA. It is committed to complying with and enforcing competition rules through a compliance strategy aimed at preventing and combating anti-competitive practices. The compliance policy aims to adjust the company's competitive behaviour in order to maintain a fair and competitive business environment. The strategy includes prevention mechanisms through risk analysis and employee training, mechanisms for detecting possible anti-competitive practices and

appropriate response measures. Through these actions, SNTGN Transgaz SA aims to strengthen an organizational culture based on ethics and compliance with competition legislation.

The highest level responsible for the implementation of the Competition Compliance Policy within SNTGN Transgaz SA is the Director General, who ensures compliance with competition legislation and the application of compliance measures. The implementation is coordinated by the Compliance Advisory Committee (CCC), through a designated Director, who has the role of developing, monitoring and applying the compliance strategy, including risk analysis, staff training and prevention and response mechanisms. The Director of the General Inspection Department also contributes to the supervision of compliance and the implementation of the necessary measures.

They contribute to a positive impact on the working environment within the group by promoting and complying with the code of ethics and internal procedures. Any potential negative impact on employees and the work environment or on employee motivation is reduced.

During the webinar on ethics and compliance, topics related to whistle-blower reporting channels were addressed. Also, at the moment there is no policy within Transgaz, specific to trainings for employees on business conduct.

Actions that may affect supplier relations and supply chain stability may also have an impact on bargaining power and extend project completion deadlines. They can influence relations with investors, regulators and other entities, having a negative effect on the group's reputation.

There is also documentation regarding the functions within the Company that are most exposed to the risks of corruption and bribery or bribery.

The following are the positions within the company that are at risk of corruption:

- Employee with an executive function (high level of decision) who ensures control and prevention: Integrity inspectors; Financial controller; Internal auditors; Quality/Environment/Occupational Health and Safety (OSH) Auditors; The function that involves checking the activities/documents in the procurement process.
- Employees with executive function (high level of decision) in the Sectoral Procurement and Contracting Department: The function involved in the management of material goods.
- Employee of the Concessions Office involved in the annual inventory of the patrimony;
- Employee of the Patrimony Office involved in the valuation and valuation of the company's assets: Managers; The position that represents the company in external relations for design and execution projects
- Employee with executive function (high level of decision) involved in the realization of technical projects: Site supervisors; The function involved in the management of financial funds.
- Employee empowered by internal decision to exercise their own preventive control: Cashier; The function involved in granting sponsorships.
- Employee with an executive function (high level of decision) who carries out the sponsorship process.
- The President of the Commission for the Analysis of Sponsorship Applications.
- The position that involves a high level of decision in the recruitment process and competitions for new employees.
- Employee with an executive function (high level of decision) who plans human resources and manages the hiring process.

From a financial point of view, the Group's policies constitute an opportunity to maintain the workforce within the group and to maintain the positive image of the Group, which can bring new investments. Risks related to damage to the Group's reputation and other financial risks related to fines and litigation are also minimized.

With regard to **conflict of interest**, the members of the Board of Administration have an obligation of loyalty to the company and will avoid conflicts of interest, when their personal or professional interests make it difficult to adopt objective measures in the interest of the company or shareholders, and to fulfil their role as Director. The Audit Committee is the body that ensures that there are no conflicts of interest between the main functions and professional activities of the members of the Board of Administration. The company also has stipulated notification processes in the case of significant transactions, which prevent a related party from taking advantage of its position and protect the interests of SNTGN Transgaz SA. Thus, at the level of SNTGN Transgaz SA there is a **specific policy for managing the conflict of interest**, an instrument that supports compliance with the provisions of the Corporate Governance Code issued by the Bucharest Stock Exchange.

At the level of SNTGN Transgaz SA, a system procedure (PS 21 SMI) on the Protection of whistle-blowers in the public interest was developed and approved at the level of the executive management. This procedure aims to establish the reporting channels at the company level, the internal regulation of the mechanism established for the protection of whistle-blowers, the establishment of responsibilities, the control procedures, the responsibilities of the commissions established for the analysis and resolution of the reports received, as well as the information of the management. A mechanism has also been created to protect the identity of whistle-blowers, which will not be disclosed and will remain confidential unless otherwise provided by law.

Public interest disclosures can be submitted via email to [integritate@transgaz.ro](mailto:integritate@transgaz.ro), by mail, or directly reported to the designated person according to the law.

Contractual staff at Transgaz who report or suspect violations of the Code of Ethics can directly approach the Ethics Advisor at the company level or at the Territorial Operation level, or send an email to [etica@transgaz.ro](mailto:etica@transgaz.ro). Reports received at this address are forwarded to a committee for analysis.

Transgaz ensures protection against reprisals and maintains the anonymity of whistle-blowers in accordance with internal procedures. Protective measures consist of multiple established obligations, as well as provisions included in the Integrated Management System.

The mechanism for protecting the identity of whistle-blowers in the public interest, as provided in the system procedure PS 21 SMI for the protection of whistle-blowers in the public interest, is as follows:

- Establishment of reporting channels through procedure;
- Definition, through procedure, of the process for receiving, registering, and resolving alerts;
- Designation of responsible individuals in accordance with the law;
- Upon receipt of the report, the envelope marked "Public Interest Disclosure" must be opened exclusively by the recipient (as applicable: the Director General, Integrity Advisor, or the person designated according to Law No. 361/2022 at the level of SNTGN Transgaz SA) - point 5.2.3.1 letter c) from PS 21 SMI;
- Registration in the software application is done generically ("public interest disclosure no.") - point 5.3 letter d) from PS 21 SMI.
- Resolution is based on a generic document (Information), which does not include the identity of the whistle-blower in the public interest or any information that could lead to their identification - point 5.6.1 letters a) and b) from PS 21 SMI;

- The correspondence for resolving the Information includes mentions regarding the obligation of confidentiality and the basis for this obligation - point 5.3.1 letter b) from PS 21 SMI;
- Provision of the confidentiality obligation for all members of the multidisciplinary committee (if constituted for resolution) - point 5.7.2 letter b) from PS 21 SMI;
- Extension of protection measures (physical, identity, and against retaliation) including facilitators, third parties connected to the whistle-blower, and legal entities owned by the whistle-blower - point 7.5 from PS 21 SMI;
- Establishment of a physical protection mechanism for the whistleblowing - point 7.6 from PS 21 SMI;
- Establishment of an identity protection mechanism - point 7.7 from PS 21 SMI corroborated with the aforementioned provisions

The mechanism of protection against retaliation consists of the multiple measures/obligations established for the protection of identity, as well as the following provisions of the PS 21 SMI system procedure for the protection of whistle-blowers in the public interest:

- the provision, in the procedure, of all forms of retaliation, for the complete information of the employer, as express prohibitions - item 7.2 of PS 21 SMI;
- the express mention, in the procedure, of the legal measures regarding the protection against retaliation, as well as of the reparatory rights - item 7.3 of PS 21 SMI;
- extension of protection measures (physical, identity and retaliation) including for facilitators, third parties who have links with the whistle-blower, legal entities owned by the whistle-blower - item 7.5 of PS 21 SMI;
- the establishment of a mechanism for the physical protection of the warning - item 7.6 of PS 21 SMI;
- the establishment of an identity protection mechanism - item 7.7 of PS 21 SMI in conjunction with the aforementioned provisions.

During 2024, no complaints regarding the violation of the code of ethics at group level were registered.

Although within Vestmoldtransgaz, there are no specific and separate procedures that address only issues related to reporting corruption or protecting whistle-blowers, the Code of Ethics adopted by Vestmoldtransgaz represents a collection of rules in extension of those established by norms, which are considered necessary for the preservation and maintenance of moral values, with the role of establishing and regulating principles and customs according to which those to whom they are addressed can orient themselves. The document supports the actions in an impartial manner, with integrity and loyal to the public interest and society.

Over the next three years, there is an intention to develop, at the level of Vestmoldtransgaz, procedures for reporting corruption incidents, as well as policies for the protection of whistle-blowers.

The Code of Ethics of Vestmoldtransgaz SRL is a guide for the company's employees and includes the set of values and principles of conduct, responsibilities and obligations that define the quality of the professional activity, having the role of serving as a mandatory line of conduct and increasing the responsibility and involvement of the contractual staff within Vestmoldtransgaz SRL, so that they carry out a competent and responsible activity, in accordance with professional ethics.

## Supplier management

### Supplier Relationship Management

#### G1-2

In order to ensure the continuity of providing quality services, Transgaz collaborates with suppliers both from the Romanian market and from the international market, whose contract values are listed below:

	Number of contracts (2024)	Direct procurement value in RON (2024)	Procedures value in RON (excluding VAT)	Total
Resident suppliers (Romania and the Republic of Moldova)	415	12.240.752,58	708.391.996,02	720.632.748,60
Other Suppliers	7	26.618,39	400.982.759,67	401.009.378,06

To ensure a fair procurement process, SNTGN Transgaz SA has decided that all procurement procedures will be conducted entirely online.

This involves submitting bids electronically and conducting the entire bidding and evaluation process through SEAP (Electronic System for Public Procurement). In accordance with the provisions of Law No. 99/2016 regarding sectoral procurement, Transgaz publishes **participation announcements and simplified participation announcements in SEAP**, attaching the entire award documentation to enable the preparation and submission of bids. Through SEAP, any interested economic operator is provided with direct, unrestricted, and full access to the content of the award documentation. The procedures for awarding sectoral contracts are conducted entirely online, including the submission of bids and requests for clarifications in SEAP, thus ensuring complete transparency of the entire procurement process.

In the bidding process, to ensure compliance with the applicable legislative framework, all suppliers are required to complete a "**Declaration regarding the compliance, during the preparation of the bid, with mandatory regulations in the fields of environment, social, labour relations, and occupational safety, according to the provisions of Article 64, paragraph 2 of Law No. 99/2016 on sectoral procurement,**" through which it is ensured that the submitted bids comply with:

- obligations in the field of environmental legislation, as mentioned in national legislation, in the procurement documents, and in Article 18, paragraph (2) of Directive 2014/24/EU;
- obligations in the field of social legislation, as mentioned in national legislation, in the procurement documents, and in Article 18, paragraph (2) of Directive 2014/24/EU;
- obligations in the field of labour legislation, as mentioned in national legislation, in the procurement documents, and in Article 18, paragraph (2) of Directive 2014/24/EU

In the case of entities in the Republic of Moldova, there are no policies for the selection of suppliers. The process complies with public procurement legislation.

**Labour exploitation of minors or gender discrimination are not relevant issues for Romania or the Republic of Moldova**, given the fact that no reported cases of gender discrimination, gender-based violence or labour exploitation of minors are identified, except for cases in family contexts. According to the Romanian Constitution, the exploitation and use of minors in activities that would harm their health, morality or that would endanger their life or

normal development are prohibited. Although there are no reports from UNICEF or other NGOs indicating cases of child labour exploitation at present, Transgaz assesses the potential negative effects associated with their operations, including GDPR, corruption, referrals/complaints/complaints, collective bargaining, and other important social topics.

In the Republic of Moldova, the Constitution stipulates in Article 5 (4) that, "The exploitation of minors, their use in activities that would harm their health, morality or that would endanger their life or normal development are prohibited". According to the Labour Code, Article 46 stipulates that it is forbidden to employ persons up to 15 years of age, the capacity to work is from the age of 16, Article 60 of the Labour Code stipulates that work is forbidden to minors under the age of 16, minors between the ages of 16 and 18 can be employed, but only under certain strict conditions, which ensure their protection.

The Constitution of the Republic of Moldova does not contain detailed regulations on the employment of minors, but their protection is guaranteed by fundamental rights, as well as by articles establishing the state's obligations to protect children and young people. The details of the employment of minors are regulated in the labour legislation and the law on the protection of the rights of the child, which set clear restrictions on the minimum age of employment and special working conditions for young people.

No litigation files related to the respect of human rights at the level of Transgaz in 2024 were identified.

Transgaz does not have a specific policy for preventing delays in making payments to small and medium-sized enterprises (SMEs). However, each department manager is in charge of monitoring payment delays for contracts related to the department he leads, including those signed with small and medium-sized enterprises.

## **Anti-corruption and fair competition**

### **Prevention and detection of corruption and bribery**

#### **G1-3**

The perception of organizational integrity is influenced by the cumulative effect of the integrity publicly displayed by individuals within an organization, both internally and externally. Although the apparent level of influence of company personnel can complicate this process, it contributes to creating an identifiable value: the integrity that others, both inside and outside the organization, perceive as an attribute of it. This process is bidirectional. The integrity identified within an organization is not the result of a single decision; rather, it has been built over time (although it can be destroyed much more quickly) as an intrinsic component of organizational culture and is affected by the conduct exhibited, whether explicitly or implicitly, by all individuals within the organization.

The prevention and combating of fraud and corruption are priorities for the management of Transgaz, which continuously strives to improve the quality of managerial actions by introducing effective measures to reduce corruption. In this regard, Transgaz has undertaken several initiatives in recent years to strengthen integrity, with the conveyed message being *"Zero tolerance for fraud and corruption of any kind and under any circumstances."* The following points are detailed below:

- The public commitment of the Director General regarding the Anti-Fraud and Anti-Corruption Policy, as well as adherence to the values of the National Anti-Corruption Strategy;
- Implementation of mechanisms and tools to reduce bureaucracy and increase transparency.



Transgaz has adopted the "**Anti-Fraud and Anti-Corruption Policy**" and publicly declared this through the "Anti-Fraud and Anti-Corruption Policy Statement" dated 30 May 2018.

Transgaz publishes on its official website the policies on the prevention, detection and investigation of online incidents, ensuring employees' access to these documents. These documents include lists of the persons responsible for these activities, specifying the functions they hold and their contact information.

Transgaz' position on corruption was reaffirmed after the adoption of the National Anticorruption Strategy 2021 – 2025, through the publication of the Declaration on the assumption of an organizational integrity agenda, registered under no. 21850/18.03.2022, which was posted on the company's website, and the link <https://www.transgaz.ro/en/sustainability/institutional-integrity>.

In addition, following the adoption of the Government Decision no. 1269/17 December 2021 on the approval of the National Anticorruption Strategy (NAS) 2021-2025, several activities were carried out at the level of SNTGN Transgaz SA in conjunction with the objectives of the Strategy:

- Adherence to the fundamental values, principles, objectives and monitoring mechanism of the NAS 2021-2025;
- Designation of the persons responsible for ensuring the technical secretariat for the implementation of the NAS 2021-2025;
- Elaboration of the Corruption Risk Register for SNTGN Transgaz SA and its update in December 2023 for 2024;
- Elaboration of the Integrity Plan of SNTGN Transgaz SA and its update in December 2023 for the year 2024;
- Elaboration of the Corruption Risk Monitoring Report at the level of SNTGN Transgaz SA entities, during 2024, based on which the Corruption Risk Register at the level of SNTGN Transgaz SA was revised (in December 2024);
- Facilitating Transgaz employees' access to the new SNA portal;
- Drafting and approving the Declaration of Compliance with Competition Rules, Competition Policy;
- Participation in working sessions for the adoption of the Methodology for monitoring the implementation of the National Anticorruption Strategy 2021-2025;
- Informing the company's employees about all the changes made and publishing the documents on the company's intranet.

Among the specific objectives established by the National Anti-Corruption Strategy 2021-2025 and adopted by Transgaz are:

- Implementation of integrity measures;
- Improving the capacity to manage management failures by correlating tools that impact the early identification of risks and institutional vulnerabilities;
- Increasing integrity, reducing vulnerabilities, and corruption risks in public procurement;
- Increasing integrity, reducing vulnerabilities, and corruption risks in the business environment;
- Strengthening the capacity of the administrative control structure to identify institutional risks and vulnerabilities, including those related to integrity aspects.

The following responsibilities have also been designated:

- By the *Decision of the Director General no. 841/16.06.2022*, provisions were adopted to lead to the implementation of the approved measures and **the coordinator of the implementation** of the integrity plan was appointed, as well as the contact persons;

- By the *Decision of the Director General no. 723/21.05.2024*, the compliance officer **was appointed** for the implementation of the Integrity Plan, according to the provisions of art. 58<sup>^1</sup> of the Emergency Decree no. 109/2011 on the corporate governance of public enterprises, with subsequent amendments and completions
- The job description of the head of the Anti-Fraud and Anticorruption Service provides for the duties related to the specific activities of the technical secretariat.

The management of risks highlighted in the Corruption Risk Register considers the following aspects:

- Identification and assessment of corruption risks: According to the latest update (conducted in December 2023), the risk exposure was considered low for 18 risks and medium for 2 of the identified risks.
- Establishment of intervention measures: Specific strategies are developed to address the identified risks.
- Monitoring the effectiveness of established measures and reporting to the management body: The activity of assessing the effectiveness of the established measures is currently being evaluated, and the Corruption Risk Register will be revised based on the results of this activity. Monitoring is carried out on two levels: 1. institutional reaction in the event of an integrity incident or corruption act (according to PS 06 SMI) and 2. annual evaluation (according to PS 06 SMI). The Corruption Risk Monitoring Report, the Integrity Incident Evaluation Report, the Corruption Risk Re-evaluation Report, and the Corruption Risk Register are submitted for approval to the General Director

During 2024, the Corruption Risk Monitoring Report at the level of SNTGN Transgaz SA entities was drafted, and based on it, the Corruption Risk Register at the level of SNTGN Transgaz SA was revised.

The annual corruption risk assessment within SNTGN Transgaz SA is an essential process for the prevention and management of organizational vulnerabilities. This is carried out under the coordination of the General Inspection Department - Anti-Fraud and Anticorruption Service, in collaboration with the working group for the prevention of corruption. The process involves monitoring and reviewing the identified risks, reassessing the organization's exposure to corruption factors, and updating prevention and control measures. Every year, until 1 December, quantitative and qualitative assessment reports are drawn up, which analyse the effectiveness of the measures applied, the changes in the levels of probability and impact, as well as any incidents of corruption found. In case of the emergence of new risks or changes in existing risks, the identification and assessment sheets are updated, and the Working Group proposes additional measures to reduce the organization's exposure to such risks. Based on these analyses, the General Inspection Department centralizes the data in a revised Corruption Risk Register, a document that underpins the Integrity Plan and is used for the continuous improvement of the company's anti-corruption strategy. This systematic and proactive approach reflects SNTGN Transgaz SA's commitment to transparency, ethics and compliance, ensuring a robust and integral operational framework.

SNTGN Transgaz SA has also adopted measures to prevent acts of corruption, at the organizational level and at the employee level.

### Organizational

- Computerization of internal processes;
- Identification of vulnerable areas and corruption risks;
- Implementation of a corruption risk management system;

- Establishment of a complaint management and evaluation system (customer satisfaction surveys/feedback) of the processes in order to improve them.

### **Employees**

- Increasing the level of professional and civic education of employees, as well as the assumption of obligations of conduct and professional ethics;
- Informing employees about how to report acts of corruption and the institutions involved in preventing and combating corruption;
- Creating a strong organizational culture that discourages acts of corruption;
- Categorically rejecting temptations offered in exchange for poor performance or non-performance of job duties (money, goods, services, advantages, etc.);
- Inventorying vulnerable points and assessing the risk of corruption occurrence;
- Implementing tools for integrity management as a form of human resource management, with a focus on internal communication and performance.

The actions and measures described and undertaken in the financial year 2024 are planned to be continued in the following year as well.

Vestmoldtransgaz SRL currently does not have risk management systems in place. The company plans to develop and implement a risk management system that includes the identification, evaluation, and monitoring of potential risks. Initial plans involve consulting with experts in the field to develop customized policies and procedures that address the company's specific needs and align with international risk management standards. Additionally, training sessions for staff are anticipated to ensure that all employees are aware of the importance and correct application of risk management measures. The company also intends to implement training sessions for staff, as well as prevention, investigation, and anti-corruption response procedures, over the next three years.

Employees who suspect violations of the law or internal norms can report potential breaches or offenses to the email address [integritate@transgaz.ro](mailto:integritate@transgaz.ro).

The Code of Ethics and Conduct sets forth the principles governing the ethics and professional conduct of Transgaz employees.

### **The anti-corruption policy defines the terms of corruption and bribery.**

The methodology for assessing integrity incidents aims to assess integrity incidents by obtaining and analysing relevant information and proposing prevention and control measures. The methodology provides for the regulatory framework, obtaining information on the integrity incident, the content of the analysis of integrity incidents, verifying the implementation of the recommendations, capitalizing on the information in the corruption risk assessment process.

The person responsible for assessing integrity incidents is not part of Transgaz' administrative body.

The analysis and reporting shall be done by the Person responsible for the implementation of the methodology for assessing integrity incidents, according to chapter 6 of the Methodology for assessing integrity incidents (annex to Decision no. 1409/2018). Also, the obtaining of information on integrity incidents is done according to item 5.1.3.1 letter f) of PS 06 SMI and chapter 5 of the Methodology for assessing integrity incidents (annex to Decision no. 1409/2018).

Integrity incidents are notified, by the structures that, due to the nature of their job duties, obtain/hold data in this regard, to the person responsible for implementing the Methodology for the evaluation of integrity incidents (annex to Decision no. 1409/2018).

Also, the structures of SNTGN Transgaz SA at the level of which integrity incidents occur report to the General Inspection Department - Anti-Fraud and Anticorruption Service (the director of the General Inspection Department is designated the person responsible for implementing the Methodology for the evaluation of integrity incidents) the occurrence of an integrity incident by sending a report of the direct boss of the employee who committed the act, endorsed by the hierarchical head, containing information on the prevention and control measures adopted after the integrity incident and assessments on the causes that were the basis for the commission of the act that constitutes an integrity incident, the identification, description and assessment of corruption risks, as well as the revised Register, corresponding to the materialized risk.

To ensure the independence of the person responsible for implementing the Methodology for Evaluating Integrity Incidents in the investigation of integrity incidents, the following provisions have been included in the methodology:

- Explicit mention of the aspects covered in the investigation of integrity incidents - Section 6, paragraph (1) of the Methodology;
- Express provision of the right of the person responsible for applying the Methodology to request information from the National Integrity Agency, the National Anticorruption Directorate, the Prosecutor's Office attached to the High Court of Cassation and Justice, as well as other public authorities or institutions that hold information regarding the integrity incident - Section 5, paragraph (2) of the Methodology;
- Presentation of the final report only to the management of SNTGN Transgaz SA - Section 6, paragraph (3) of the Methodology.

Additionally, the activity of the person responsible for implementing the Methodology for Evaluating Integrity Incidents is audited every two years, according to measure 11 of the Integrity Plan of SNTGN Transgaz SA for the period 2022 - 2025 (updated in 2023).

At SNTGN Transgaz SA, the document Identification of Sensitive Functions has been issued according to the System Procedure COD PS 11 SMI, as well as the Plan to ensure the reduction of risks associated with functions. The procedure is implemented by the heads of organizational structures/entities, applies to all functions within SNTGN Transgaz SA, and is approved at the executive management level.

Within the Commission for Monitoring and Evaluating Sensitive Functions, the indicators for estimating the impact in the event of materialization of risks associated with sensitive functions are monitored, and the following documents are validated annually:

- List of employees holding sensitive functions at Transgaz
- Plan for reducing risks associated with sensitive functions at Transgaz

Regarding the Competition Policy, the following have been adopted:

- Declaration of compliance with competition rules – No. 59338/27.07.2022
- Competition Policy – No. 1069/27.07.2022
- Compliance strategy with competition law and Action Plan

At SNTGN Transgaz SA, the management has taken responsibility for promoting, protecting, respecting, and enforcing business ethics and the "rules of the game" in the market economy. Additionally, an entity responsible for implementing the Competition Policy has been established. In this regard, Transgaz management has publicly expressed its firm commitment (through Declaration No. 59338/2022) to adopt the necessary internal measures and has approved the Compliance Policy with competition rules. This policy sets clear rules for both employees and business partners of the company, aiming to promote the values and principles of fair competition.

At the group level in 2024, regarding anti-competitive behaviour, there is an ongoing case, Case No. 76/2/2021, currently under appeal before the High Court of Cassation and Justice. No other cases are recorded.

In 2024, SNTGN Transgaz SA included in its training program internal courses presenting the main components of the ethics program and the anti-corruption policy.

Within SNTGN Transgaz SA, functions exposed to risk are defined in relation to the level of decision-making and responsibility in managing the company's critical resources and processes. The criteria used to identify these functions include:

**High level of decision-making and control** - Functions that involve making strategic or operational decisions that can directly influence the use of the company's financial and material resources are considered sensitive. For example:

- Employees involved in verifying compliance with legal provisions and internal regulations regarding the use of the company's resources.
- Financial controllers, internal auditors, and quality/environment/occupational health and safety (OHS) auditors

**Access to financial and material resources** – Functions that directly manage funds, assets, or company goods are exposed to risk due to the possibility of improper use. Among these functions are:

- Custodians and employees involved in organizing the inventory of assets.
- Cashiers and employees authorized to exercise self-preventive control over financial funds

**Procurement and contracting process** – Functions involved in evaluating and conducting procurement processes are considered sensitive due to the risk of conflicts of interest or unfair practices. This category includes:

- Employees from the Sectoral Procurement and Contracting Department

**Involvement in strategic projects and external relations** – Functions that interact with external stakeholders and are responsible for executing major projects carry a high risk, as decisions made can significantly impact the company and stakeholders. Examples include:

- Site managers and employees involved in the implementation of technical projects.

**Involvement in sponsorships and recruitment** – Functions that manage sponsorships and the recruitment process are sensitive due to the risk of undue influence or favouritism. These include:

- President of the Sponsorship Requests Analysis Committee.
- Employees responsible for human resources planning and staff recruitment.

7 people were identified as being at minor risk considering the aspects presented above. Members of administrative, management and supervisory structures did not receive specific anti-corruption training during 2024, as in the case of persons at risk. The plan is for next year. The actions described below are not developed according to the requirements of the ESRS, given that it is the first year of reporting at consolidated level. However, at the level of SNTGN Transgaz SA, in 2024, the main components of the ethics program, as well as those of the anti-corruption policy were presented to SNTGN Transgaz SA employees on several levels, as follows:

1. Through training/improvement courses with external trainers – 2 courses, 14 people (all being sensitive positions), as follows:
  - Course "Evaluation of the corruption prevention system within audit missions" – 7 persons;
  - Course "Internal Audit in the Public Sector" – 7 people.

2. Through information/trainings/conferences organized by other societies/institutions – 6 activities, 12 people (all of them being sensitive positions), as follows:
  - information session on the application of Law no. 361 on the protection of whistle-blowers in the public interest (organizer: National Integrity Agency) – 2 persons;
  - online webinar on ethics and compliance – 4 people;
  - OECD Conference on Business Integrity, online – 2 persons;
  - 3 round tables of the business environment organized by the Technical Secretariat of the NAS (from the Ministry of Justice) or AmCham, with the object of exchanging information on the application of the NAS, as well as identifying and disseminating good practices in this field – 6 people;
3. Through a training on whistle-blowers and anti-corruption norms, carried out by the General Inspection Department – 2 key persons regarding the whistle-blower protection mechanism in the public interest;
4. Through internal training (the course "Declarations of assets") – 3 key persons in terms of the application of the relevant legal provisions;
5. By informing employees during periodic professional training – 59 people.

The percentage of functions at risk covered by training programmes is 12.5%.

The information material addressed various perspectives on the definition of corruption, including aspects related to the relevant legislation, its forms, causes and effects, as well as presenting practical examples. Measures to prevent and combat corruption were also discussed. These sessions, held mainly by the heads of service, address topics such as corruption, anti-corruption, as well as the declaration of gifts or conflicts of interest.

In 2024, the training programs did not include companies from the Republic of Moldova.

Reporting year	2024
Number of complaints/reports	0

There were no integrity incidents during 2024 and no notification in this regard.

### Confirmed cases of corruption or bribery

#### G1-4

There were no integrity incidents during the 2024 reporting year, for the following types of facts:

- No. of deviations from the deontological norms or from other similar provisions meant to protect the integrity of the public function;
- No. of corruption crimes or deeds related to non-compliance with the regime of prohibitions, incompatibilities, conflict of interest or declaration of assets;
- No. of violations of legal obligations regarding unjustified wealth, conflict of interest or regime of incompatibilities.

Incident	Status	Summary of remedial actions
There have been none	NA	NA

## Exerting political influence and lobbying activities

### G1-5

Transgaz has maintained neutrality towards political parties and candidates for public office. Transgaz does not participate in political activities and does not make corporate donations to political parties or candidates. Transgaz' name and assets will not be used to advance the interests of political parties or candidates.

Transgaz is not involved in activities and commitments related to the exercise of political influence. Therefore, there is no information to provide regarding lobbying activities or political influences that are related to significant impacts, risks and opportunities for the group.

In accordance with the requirement of transparency regarding activities related to political influence and political contributions, Transgaz declares that it does not carry out lobbying activities and has no political commitments or contributions. Thus, there are no types and purposes of lobbying activities to report. This statement underlines Transgaz' commitment to transparency and integrity in all aspects of its business.

Transgaz maintains a dialogue with stakeholders influencing and participating in legislative processes relevant to Transgaz, including the Energy Employers' Federation (FPE). The involvement of the FPE consists of facilitating social dialogue at national and social level, contributing to the dialogue necessary for the creation of a legislative framework conducive to the development of the energy sector. Those responsible for overseeing these activities are experts in the field of law and public relations. These representatives are dedicated to monitoring and coordinating Transgaz' interactions with FPE and other relevant entities, ensuring that all information exchanges and discussions are geared towards achieving the company's strategic objectives. The activity covers legislative regulations, innovation and technology, social aspects, all of which cover the energy sector.

There are no cases of appointment of members who have held a similar position in the public administration in the two years prior to their appointment.

## Payment Practices

### G1-6

According to the contractual terms established, Transgaz makes payments to suppliers every 30 days, and this term applies in more than 95% of cases, including for small and medium-sized enterprises.

The rotation speed of supplier credits achieved in 2024 was 60 days for SNTGN Transgaz SA. This indicator shows the number of days of credit that the company obtains from suppliers and is calculated as follows:  $\text{Average Supplier Balance} / \text{Turnover} * 365 \text{ days}$

At the level of SNTGN Transgaz SA, performance indicators are established for monitoring compliance with payment deadlines. Thus, during 2024 there were no delays compared to the contractual terms agreed by the parties.

No litigation files related to the delay in the payment terms of SNTGN Transgaz SA in 2024 were identified.

At the level of Vestmoldtransgaz, no performance indicators are established for monitoring compliance with payment deadlines. No litigation files related to the delay of Vestmoldtransgaz' payment deadlines in 2024 have been identified. According to the established contractual terms, payments are made by Vestmoldtransgaz every **30** days, and this term applies, including for small and medium-sized enterprises.

In Transgaz, each structure that manages contracts/invoices/other payment obligations, is responsible for submitting the documents for payment within the due date.

According to *the Procedure on the organization and exercise of their own preventive financial control*, the specialized departments that approve the transactions from the point of view of reality, legality and regularity must specify in the invoices the payment due.

This deadline entered in the invoices by the person responsible for the contract will be respected in the process of planning financial resources and making payments by the Economic Department.



### TRANSGAZ

SNTGN TRANSGAZ SA

Eurotransgaz SRL

Vestmoldtransgaz SRL

Report pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council (the 'Taxonomy Regulation')

Financial Year 2024 (January 1, 2024 – December 31, 2024)

#### **Introduction**

The reporting on the taxonomy was developed at the level of Transgaz. This section presents the key performance indicators set out in Article 8 of the EU Taxonomy, Regulation (EU) 2020/852<sup>19</sup> and related delegated regulations<sup>20</sup>. The EU taxonomy is a classification system that defines economic activities that can be considered environmentally sustainable. The Taxonomy Regulation is a key element of the European Commission's action plan, which aims to redirect capital flows towards a more sustainable and green economy. This regulation defines the criteria and standards necessary to classify sustainable investments, thus facilitating the allocation of financial resources to projects and economic activities that contribute to achieving sustainability and environmental protection objectives. The EU taxonomy is a classification system that sets out six environmental objectives:

- climate change mitigation;
- adaptation to climate change;
- sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

The information complies with the reporting requirements pursuant to Article 8 of the Taxonomy Regulation and subsequent amending acts, Delegated Regulation (EU) 2021/2139, Delegated Regulation (EU) 2022/1214, Delegated Regulation (EU) 2023/2485 and Delegated Regulation (EU) 2023/2486.

An 'eligible' economic activity is an activity that corresponds to the description of one of the activities defined in Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2022/1214. An 'eligible' activity has the potential to be considered environmentally sustainable (i.e. 'aligned') if it also meets the additional criteria listed in the delegated acts under the Regulation. More specifically, an economic activity is eligible regardless of whether it already

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<sup>19</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council, published in the Official Journal of the European Union of 22 June 2020.

<sup>20</sup> Delegated act on climate change (Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021) and Delegated act on information to be provided (Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021)

fulfils one or all of the technical screening criteria. An 'aligned' activity must comply with the following 4 conditions, as set out in Article 3 of Regulation (EU) 2020/852:

- contribute substantially to one or more of the six environmental objectives;
- does not cause significant harm to any of the other five environmental objectives;
- respects minimum social safeguards<sup>21</sup> relating to human rights due diligence, the fight against corruption and bribery, fair taxation and fair competition;
- comply with the technical screening criteria that have been set by the EU and are listed in delegated acts Eligibility and compliance with the EU taxonomy must be reported financially, as a percentage of a company's total revenue, total capital expenditure (CapEx) and selected operating expenditure (OpEx). The data presented are extracted from the Consolidated Financial Statements.

Transgaz carried out the assessment for the financial year 2024 using the acts under the EU Taxonomy Regulation and related documentation, the additional guidance issued by the European Commission in the form of Frequently Asked Questions (FAQs) and, where the criteria and guidelines still leave room for interpretation, its own analysis of the criteria. The EU taxonomy is itself subject to regular review and the interpretation of the taxonomy and its criteria may change over time, which could lead to different results in terms of eligibility and alignment with the EU taxonomy in future reporting periods. Financial data includes turnover, CAPEX, OPEX at consolidated level, after eliminating inter-company operations.

### General Presentation

Transgaz includes 3 entities, SNTGN TRANSGAZ SA, Eurotransgaz SRL, Vestmoldtransgaz SRL, however, eligible activities have been identified only for the Romanian company, SNTGN Transgaz SA. SNTGN Transgaz SA is the technical operator of the National Gas Transmission System (NTS) and ensures the fulfilment in conditions of efficiency, transparency, safety, non-discriminatory access and competitiveness of the object of activity regarding:

- internal transmission of natural gas;
- international natural gas transmission;
- natural gas dispatching;
- research and design in the specific field of its activity,

in compliance with the requirements of European and national legislation, as well as quality, performance, environment and sustainable development standards.

The operation by SNTGN Transgaz SA of the National Gas Transmission System mainly includes the following activities:

- trade balancing;
- contracting natural gas transmission services;
- dispatching and technological regimes;
- measurement and monitoring of natural gas quality;
- natural gas odorization and international natural gas transmission.

The table below shows the proportion of ineligible economic activities, eligible and aligned from the perspective of the Taxonomy for Transgaz, according to art. 8, para. (2) The Taxonomy Regulation

**Proportion of ineligible, eligible and aligned economic activities from the perspective of the Taxonomy (by turnover, CAPEX and OpEx)**

<sup>21</sup> Minimum safeguards are procedures implemented by a company engaged in an economic activity with the aim of ensuring compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the International Declaration of Fundamental Human Rights.

		Eligibility – Financial Year 2024		Alignment – Financial Year 2024
KPI	Total (RON)	Share of economic activities eligible for the Taxonomy (%)	Share of economic activities not eligible for the Taxonomy (%)	Share of eligible economic activities aligned with the Taxonomy (%)
Turnover	2,305,477,037	0%	100%	0%
Capital expenditures (CapEx)	1,980,179,214	97.98%	2.12%	0%
Operating expenses (OpEx)	619,883,658	0.53%	99.47%	0%

### Description of activities

#### Assessment of eligibility for the EU taxonomy for the financial year 2024

In order to assess whether Transgaz' activities are eligible under the EU taxonomy, the descriptions of the activities and/or services offered were compared with the descriptions of the activities in the taxonomy contributing to the 6 objectives. The main activity consists of providing "Pipeline transport" services (which also includes equipping pipelines with fans, compressors, pumps and other equipment), according to NACE code 4950 (NACE equivalent H49.50), with over **99% of revenues coming from the transport and sale of fossil gas**.

#### Main activity

Transgaz' main activity corresponds to activity **4.14. Transmission and distribution networks for renewable and low-carbon gases, from Annex no. 1 of the Delegated Regulation no. 2021/2139**. Thus, Transgaz in Romania has identified its main activity related to NACE code 4950 as eligible, meeting the requirements of Delegated Regulation no. 2021/2139 contained in the description of the activity. Transgaz' activity for 2024 also includes **investments (CAPEX)** in the conversion, reconversion or modernization of gas networks for the transmission and distribution of gas from renewable sources and with low carbon dioxide emissions, or the construction of pipelines for hydrogen or gases with low carbon dioxide emissions, according to the description of activity 4.14.

In 2024, the transmission activity was strictly related to fossil gas (the turnover being generated by the transmission of fossil gas), and therefore **there is no eligible OPEX turnover or operating expenses** associated with the gas transmission services offered in 2024. However, technical studies have been carried out and it has been concluded that the grid in Romania could be capable of transporting a gas mixture with up to 10% hydrogen. The share of hydrogen contributes to a low-carbon gas mixture, which can also be combined with biogas – renewable gas/biogas. Based on this, **investments in Romania in networks (CAPEX) were considered eligible**, because they can be used in the future for the transport of hydrogen and other renewable gases. The company is committed to further investing in the possibility of transporting low-carbon gases and a higher percentage of hydrogen across the grid in the near future.

We have examined all the economic activities carried out by the group to see which of them are eligible and aligned according to Annexes I and II of the Climate Delegated Act. Below are described the potentially eligible activities and the analysis of the environmental objective for which they can qualify as eligible, identified at the level of Transgaz.

In 2024, the eligible activities are exclusively of the SNTGN Transgaz SA entity. Consolidated financial data, including revenue, operating costs (OPEX) and capital expenditures (CAPEX), are extracted from the group's consolidated financial statements and are audited to prevent double counting. OPEX expenses do not involve transactions with other entities in the group, eliminating the risk of intercompany transactions (ICOs). Also, purchases included in CAPEX do not feature ICO activities, thus eliminating the associated risks.

In addition, they were identified as **eligible secondary activities, for which CAPEX and/ or OPEX expenses were identified**. Additional investments related to Taxonomy-eligible activities include **6.5 Transport by motorbikes, passenger cars and light commercial vehicles** and **7.2. Renovation of existing buildings**.

The table below presents the activities identified as eligible within SNTGN Transgaz SA.

### Economic activities eligible for the Taxonomy

Eligible activity	Description
4.14 Transmission and distribution networks for renewable and low-carbon gases	The activity consists of the modernisation of gas transmission and distribution networks that allows the integration of hydrogen and other low-carbon gases into the network, including any gas transmission or distribution activity that allows the increase of the mixture of hydrogen or other low-carbon gases in the gas system. The work involves detecting and repairing leaks from existing gas pipelines and other network components to minimize methane emissions.
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	The activity refers to the acquisition, financing, renting, leasing, and operation of vehicles designated as belonging to category M1, N1, both of which fall within the scope of Regulation (EC) No. 715/2007 of the European Parliament and of the Council.
7.2. Renovation of existing buildings	The renovation of the building complies with the requirements applicable for major renovations according to the Delegated Regulation no. 2021/2139.

The turnover related to the eligible and taxonomy-aligned income-generating secondary activities is RON 0, which represents a share of 0% of the total turnover. The value of the **CAPEX amount related to the Taxonomy-eligible activities is RON 1,938,193,110** and the operating expenses (OPEX) related to the Taxonomy-eligible activities are **RON 3,291,726**.

### **Determination of the alignment of the eligible economic activities of SNTGN Transgaz SA.**

3 eligible activities have been identified in 2024, as they meet the description of the activities defined in EU Regulation 2020/852 and the related delegated regulations, for which there are expenditures incurred of the CAPEX or OPEX type:

- 4.14 Transmission and distribution networks for renewable and low-carbon gases;
- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles;
- 7.2. Renovation of existing buildings.

In order to be considered sustainable or aligned, eligible economic activities must contribute substantially to at least one of the six environmental objectives listed in Article 9 of the EU Taxonomy Regulation, not significantly harm any of the other environmental objectives, and comply with the minimum social safeguards referred to in Article 18 of the Regulation.

Following the assessment carried out on the basis of the applicable technical criteria, it was found that they are not fully fulfilled, therefore, the **eligible activities carried out by SNTGN Transgaz SA in 2024 cannot be considered aligned with the EU Taxonomy** in accordance with Article 17 of Regulation (EU) 2020/852 and subsequent delegated acts. This formalization

requirement has not yet been fully met, meaning that compliance with the criteria for substantial contribution and the DNSH principles cannot be claimed.

Activity 4.14, Transmission and distribution networks for renewable and low-carbon gases was presented as aligned in the previous year. With new insights into the requirements, the company has adjusted the presentation of activities from the previous year. This led to a revision of the classification of activity CCM 4.14 as non-aligned, based on specific provisions in the EU taxonomy legislation (Articles 10 and 11 of Regulation EU 852/2020), in order to maintain a consistent approach between the two years.

### Turnover, CAPEX and OPEX

Key performance indicators ("KPIs") include turnover KPI, CAPEX KPI, and OPEX KPI. For the reporting period, KPIs must be disclosed for Taxonomy-eligible and Taxonomy-ineligible activities.

We determine the taxonomy-eligible KPIs in accordance with legal requirements and describe our accounting policy in this regard as follows:

#### Turnover KPI

**Definition** - The share of Taxonomy-eligible/aligned economic activities in our total turnover has been calculated as part of the net turnover derived from products and services associated with Taxonomy-eligible/Taxonomy-aligned economic activities (numerator) divided by net turnover (denominator), in each case for the financial year 01.01.2024 to 31.12.2024.

**The denominator** of the turnover KPI is based on the net turnover in accordance with the Consolidated Statements of the Profit or Loss Account and other items of comprehensive income for the year ended December 31, 2024, the *Operating Income Lines before balance*, having a total amount of **RON 2,305,477,037**.

**The turnover KPI numerator** is defined as the net turnover derived from products and services associated with *Taxonomy-eligible economic activities*.

#### KPI CAPEX

**Definition** - CAPEX KPI is defined as taxonomy-eligible/aligned CAPEX (numerator) divided by total CAPEX. The amount represents increases and inflows during the year found in *Notes 6, 7.1 and 9* of the Consolidated Financial Statements prepared according to the OMF 2844/2016, with a total amount of **RON 1,980,179,214**.

#### CapEx type A

In 2024, Transgaz made investments for the modernization and refurbishment of gas pipelines, ensuring the transmission activity in networks for renewable and low-carbon gases (natural gas mixed with hydrogen). Eligible type A CAPEX investments have been identified as follows:

- Transmission and distribution networks for renewable and low-carbon gases, representing 97.83% (RON 1,937,226,581) of the total investments made;

## CapEx type C

Also, expenses specific to category C of CapEx were incurred, representing 0.05% (RON 966,529) of the total capital expenditures, which were associated with the following eligible activity:

- Renovation activities of existing buildings accounted for 0.05% of total capital expenditures (RON 966,529)

## KPI OPEX

**Definition** - OPEX KPI is defined as OPEX (numerator) eligible/aligned for taxonomy divided by total OPEX. OPEX expenses, with a total amount of **RON 619,883,659** (related to the accounts - external services 602 - related to spare parts used for assets, 611, 612, 628 - other direct expenses related to asset maintenance and personnel costs - only those for maintenance – account 641) are presented in the Consolidated Financial Statements prepared according to the OMF 2844/2016 in the Profit and Loss Account, part of the *line Operating expenses (plus cost of built assets)*.

Total OPEX consists of uncapitalized direct costs that relate to research and development, building renovation measures, short-term rental, maintenance and repairs, and any other direct expenses related to the day-to-day servicing of assets, property, plant and equipment.

Financial year	Year 2024			Substantial contribution criteria						DNSH criteria ("Do no significant harm")												
Economic activities (1)	Code (2)	(a) Turnover (3)	Proportion of turnover, year 2024 (4)	Climate Mitigation (5)	Climate adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Mitigation (5)	Climate adaptation (6)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Warranties (17)	Proportion of turnover aligned with taxonomy (A.1.) or eligible from the point of view of Taxonomy (A.2.) turnover, year 2023 (18)	Category Activity facilitate (19)	Transition activity category (20)			
		RON	%	D; N; N/EL (b)(c)	D; N; N/EL (b)(c)	D; N; N/EL (b)(c)	D; N; N/EL (b)(c)	D; N; N/EL (b)(c)	D; N; N/EL (b)(c)	D/N	D/N	D/N	D/N	D/N	D/N	D/N	%	Enabling	Transitional			
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1. Environmentally sustainable activities (Taxonomy-aligned)																						
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	%	%	%	%	%	%	N	N	N	N	N	N	N	0%					
Of which facilitation		0	0%	%	%	%	%	%	%	N	N	N	N	N	N	N	0%	Enabling				
Transitional Carriages		0	%	%						N	N	N	N	N	N	N	0%		Transitional			
A.2 Taxonomy-eligible but non-environmentally sustainable activities (non-Taxonomy-aligned activities) (g)																						
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)													
Transmission and distribution networks for renewable and low-carbon gases;	CCM4.14 CCA 4.14	0	0%	EL	EL	N/EL	N/EL	N/EL	N/EL											0%		
Transport by motorcycles, cars and light commercial vehicles	CCM 6.5	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%		
Renovation of existing buildings;	CCM 7.2 CCA 7.2	0	0%	EL	EL	N/EL	N/EL	N/EL	N/EL											0%		

Turnover of Taxonomy-eligible but non-environmentally sustainable activities (non-Taxonomy-aligned activities) (A.2)	0	0%	%	%	%	%	%	%		0%			
A. Turnover of taxonomy-eligible activities (A.1+A.2)	0	0%	%	%	%	%	%	%		0%			
B. TAXONOMY-INELIGIBLE ACTIVITIES													
Turnover of Taxonomy-ineligible activities	2,305,477,037	100%											
TOTAL (A+B)	2,305,477,037	100%											



Financial year	Year 2024			Substantial contribution criteria						DNSH criteria ("Do no significant harm")												
Economic activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year 2024 (4)	Climate Mitigation (5)	Climate adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Mitigation (5)	Climate adaptation (6)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Warranties (17)	Proportion of turnover that is Taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) CapEx, year 2023 (18)	Category Activity facilitate (19)	Transition activity category (20)			
		RON	%	D; N; N/EL (b)(c)	D; N; N/EL (b)(c)	D; N; N/EL (b)(c)	D; N; N/EL (b)(c)	D; N; N/EL (b)(c)	D; N; N/EL (b)(c)	D/N	D/N	D/N	D/N	D/N	D/N	D/N	%	Enabling	Transitional			
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1. Environmentally sustainable activities (Taxonomy-aligned)																						
CapEx related to environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%					
Of which facilitation		0	0%														0%	Enabling				
Transitional Carriages		0	0%														0%		Transitional			
A.2 Taxonomy-eligible but non-environmentally sustainable activities (non-Taxonomy-aligned activities) (g)																						
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)													
Transmission and distribution networks for renewable and low-carbon gases;		CCM4.14 CCA 4.14	1,937,226,581	97.83%	EL	EL	N/EL	N/EL	N/EL	N/EL											99.03%	
Transport motorcycles, cars and commercial vehicles		CCM 6.5	0	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0.00%	
Renovation of existing buildings		CCM 7.2 CCA 7.2	966,529	0.05%	EL	EL	N/EL	N/EL	N/EL	N/EL											0.96%	
CapEx of Taxonomy-eligible but non-environmentally sustainable activities (non-Taxonomy-aligned activities) (A.2)			1,938,193,110	97.88%																	100%	
A. CapEx of taxonomy-eligible activities (A.1+A.2)			1,938,193,110	97.88%																	0%	

Financial year	Year 2024			Substantial contribution criteria						DNSH criteria ("Do no significant harm")									
Economic activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year 2024 (4)	Climate Mitigation (5)	Climate adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Mitigation (5)	Climate adaptation (6)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Warranties (17)	Proportion of turnover that is Taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) CapEx, year 2023 (18)	Category Activity facilitate (19)	Transition activity category (20)
B. TAXONOMY-INELIGIBLE ACTIVITIES																			
CapEx for Taxonomy-ineligible activities		41,986,104	2.12%																
TOTAL		1,980,179,214	100%																

Financial year				Substantial contribution criteria						DNSH criteria ("Do no significant harm")											
ss (1)	Codes (a) (2)	OpEx absolute (3)	Proportion of OpEx (4)	Climate Mitigation (5)	Climate adaptation (6)	Water & Marine Resources (7)	Circular Economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate Mitigation (5)	Climate adaptation (6)	Water & Marine Resources (13)	Circular Economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum (social) guarantees (17)	Proportion of Taxonomy-aligned OpEx (A.1.) or eligible from the point of view of Taxonomy (A.2.) OpEx, year 2023 (18)	Category Activity facilitate (19)	Transition activity category (20)		
		RON	%	D; N; N/EL (b)(c)	D; N; N/EL (b)(c)	D; N; N/EL (b)(c)	D; N; N/EL (b)(c)	D; N; N/EL (b)(c)	D; N; N/EL (b)(c)	D/N	D/N	D/N	D/N	D/N	D/N	D/N	%	Enabling	Transitional		
A.TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	%													%				
Of which facilitation		0	0%	%													%	Enabling			
Transitional Carriages		0	0%	%													%		Transitional		
A.2 Taxonomy-eligible but not environmentally sustainable activities (activities not aligned with the Taxonomy)																					
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)												
Transmission and distribution networks for renewable and low-carbon gases;	CCM4.14 CCA 4.14	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%	
Transport by motorcycles, cars and light commercial vehicles	CCM 6.5	3,237,304	0.52%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%	
Renovation of existing buildings	CCM 7.2 CCA 7.2	54,422	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0%	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (non-Taxonomy-aligned activities) (A.2)		3,291,726	0.53%	%	%	%	%	%	%											0%	
Total (A.1 + A.2)		3,291,726	0.53%	%	%	%	%	%	%											0%	
B.TAXONOMY-INELIGIBLE ACTIVITIES																					
OpEx of Taxonomy-ineligible activities (B)		616,591,933	99.47%																		
Total (A + B)		619,883,659																			

### Activities related to nuclear energy and fossil gas

In accordance with Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards the publication of specific information relating to those economic activities. Information related to activities in the nuclear and fossil gas sectors - shall be presented in the form of a table, **using the templates provided in Annex XII of the Regulation.**

### Activities carried out

For the reporting entity **Transgaz**, the following activities carried out in the financial year 2024 and KPIs associated with these activities have been identified according to the requirements **of Delegated Regulation (EU) 2022/1214 – Annex XII**

### Activities related to nuclear energy and fossil gas

Row	Fossil gas activities	
1.	The company conducts, finances or has exposures to research, development, demonstration and deployment of innovative power generation facilities that produce energy from nuclear processes with minimal waste generated by the fuel cycle.	NO
2.	The company carries out, finances or has exposures to the construction and operation of the safety conditions of new nuclear power plants or process heat, including for central heating purposes industrial processes, such as hydrogen production, as well as their security upgrades, using the best technologies available.	NO
3.	The company operates, funds or has exposures to operating under existing nuclear installations producing electricity, or process heat, including for district heating or process purposes such as the production of hydrogen from nuclear energy, as well as their security upgrades.	NO
4.	The company operates, finances or has exposures to the construction or operation of electricity generation facilities that produce electricity using fossil fuels.	NO
5.	The company operates, finances or has exposures to the construction, refurbishment and operation of installations that combine the production of heating/cooling heat and electricity using fossil gaseous fuels.	NO
6.	The company operates, finances or has exposures to the construction, refurbishment and operation of heating/cooling installations using fossil fuels.	NO

## INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT FOR THE FINANCIAL YEAR 2024

To the Shareholders of SNTGN Transgaz SA

### Limited assurance conclusion

We have conducted a limited assurance engagement on the Consolidated Sustainability Statement included in Annex 1 of the Consolidated Administrators' Report of the Entity as at 24 March 2025 and for the period from 01 January 2024 to 31 December 2024, prepared by SNTGN Transgaz SA ("the Entity"), with social premises registered in Romania, Address 1, Constantin I. Motas Square, Medias Fiscal Identification Number RO3068733, Trade Register number J32/301/2000.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement of SNTGN Transgaz SA as at 24 March 2025 and for the period from 1 January 2024 to 31 December 2024 is not prepared, in all material respects, in accordance with the applicable statutory sustainability reporting framework foreseen in MF Order 2844/2016, Chapter 7<sup>1</sup>, section 7<sup>1</sup>.3, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in chapter 2 General Information, subsection ESRS 2 IRO-1; and
- compliance of the taxonomy disclosures detailed in the Environmental Section, chapter 7 EU Taxonomy of the Sustainability Statement with the applicable reporting requirements of Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulations").

### Basis for conclusion

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information".

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the Practitioner's Responsibilities section of our report.

We are independent of the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements that are relevant to our assurance engagement of the Sustainability Statement in Romania, including Law 162/2017 with subsequent amendments ("The Law"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Other matters - comparative information**

Our assurance engagement does not extend to information in respect of earlier periods.

### **Responsibilities for the sustainability statement**

Management of the Company is responsible for designing, implementing and maintaining a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in chapter 2 General Information, subsection ESRS 2 IRO-1 of the Sustainability Statement.

This responsibility include:

- understanding the context in which the Company's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the entity's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- developing methodologies and making assumptions that are reasonable in the circumstances.

Management of the Company is further responsible for the preparation of the Sustainability Statement, in accordance with the applicable statutory sustainability reporting framework foreseen in MF Order 2844/2016, Chapter 7<sup>1</sup>, sections 7<sup>1.3</sup>, including:

- compliance with the European Standards for Reporting on Sustainability;
- preparing the taxonomy disclosures of the Sustainability Statement, in the Environmental Section, chapter 7 EU Taxonomy, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation"); and
- designing, implementing and maintaining such internal controls that are necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the SNTGN Transgaz SA sustainability reporting process.

### **Inherent limitations in preparing the Sustainability Statement**

In reporting a forward-looking information in accordance with European Standards for Reporting on Sustainability, the management of the Company is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Company. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, the management of the Company interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

### **Auditor's Responsibilities for the limited assurance engagement**

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional skepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process, chapter 2 General Information, subsection ESRS 2 IRO-1.

Our other responsibilities in respect of the Sustainability Statement include:

- Obtaining an understanding of the entity's control environment, processes, and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error.
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - Inspecting/Examining the Company's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process of the Company was consistent with the description of the Process set out in chapter 2 General Information, subsection ESRS 2 IRO-1.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we have:

- Obtained an understanding of the Company's reporting processes relevant to the preparation of its Sustainability Statement;
- Evaluated whether material information identified by the Process to identify the information reported in the Sustainability Statement is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the European Standards for Reporting on Sustainability;
- Performed inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- Performed substantive assurance procedures based on a sample basis on selected disclosures in the Sustainability Statement;
- Obtained evidence on the methods for developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and evaluated the regulatory compliance with of Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulations") of the information provided in the Sustainability Statement.

On behalf of,

**Ernst & Young Assurance Services SRL**

15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Registered in the electronic Public Register under No. FA77

Name of the Auditor / Partner: Verona Cojocar

Registered in the electronic Public Register under No. AF1568

Bucharest, Romania

24 March 2025