

A worker in a blue ROMGAZ uniform and hard hat is working on industrial equipment. The worker is wearing a blue hard hat, a blue long-sleeved shirt with "ROMGAZ" on the back, and blue pants. He is wearing yellow and black gloves and is holding a red tool. The background shows industrial equipment and a green landscape. The image is overlaid with a blue geometric pattern.

**ROMGAZ**

# PERFORMANCE AND SUSTAINABILITY

2022 SUSTAINABILITY REPORT

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# CEO Statement

Dear colleagues and partners,

I address this message as we launch our 2022 Sustainability Report. As Chief Executive Officer of ROMGAZ it is my honor to present to you this report, which reflects our commitment to sustainable development and social responsibility. The 6th edition of ROMGAZ Group Sustainability Report presents in a transparent and open manner the sustainability performance achieved during 2022, an obvious result of the strategic approach to become a company providing energy security and a regional player on the energy market under profitability, safety, viability and sustainable development conditions.

The Sustainability Report is a means whereby ROMGAZ assumes transparency and shares its key results, objectives and initiatives in terms of sustainability. As such, we demonstrate our commitment to protect the environment, to develop communities where we operate and to create value over the long term for our shareholders. ROMGAZ Group mission is to increase added value in a sustainable manner for the company, the employees and the shareholders, and to demonstrate resilience over the long term.

ROMGAZ Group plans to be an active, profitable and competitive player on hydrocarbon and electricity production and sales market, including the renewable energy market, under efficiency and emission reduction conditions. In its Decarbonisation Policy, ROMGAZ plans to develop renewable energy production units and to assess the feasibility of building natural gas fueled power plants, with green energy and hydrogen use, subject to securing project financing and accessing grants.

This year, we managed to make significant progress in terms of sustainability objectives. We continued investing in innovative technologies and practices to reduce environmental impact and to promote energy efficiency. In order to meet Green Deal objectives, ROMGAZ set, as strategic objective, the reduction of CO<sub>2</sub>, methane and other gases emissions by minimum 10% until 2030 by implementing a decarbonisation policy which considers, among others, production of energy from renewable sources and from natural gas with low emissions, implementation of a NO<sub>x</sub> emissions management system, implementation of a program to detect and reduce fugitive emissions as part of the production equipment integrity management system, implementation of a program to reduce gas emissions during well testing operations. Simultaneously, we were dedicated to a sustainable development of communities where we operate. ROMGAZ promoted educational, health and infrastructure programs in partnership with local authorities and we supported social and cultural initiatives, which impacted favorably our communities.

These results would not have been possible without your daily effort and commitment. Thank you for your contribution to ROMGAZ success and for your support in meeting

our sustainability efforts. You are the engine driving us forward and are the living proof of our fundamental values. We all have a joint responsibility to protect and to preserve natural resources for future generations. By adopting sustainable practices and promoting innovation, we can create a better and durable world.

I encourage you to read carefully the Sustainability Report and to continue our collaboration to constantly improve performance and impact in terms of sustainability.

Thank you once again for your commitment and for your valuable contribution. Together, we can build a lasting and more prosperous future for ROMGAZ.



Yours sincerely,  
Răzvan POPESCU,  
ROMGAZ Chief Executive Officer

# Information about the sustainability report

The National Natural Gas Company Romgaz S.A. annually publishes its Sustainability Report to inform all stakeholders about its sustainability performance and, at the same time, to present the objectives of the ROMGAZ Group, through which the organization wants to contribute to a better future.

The ROMGAZ Group's sixth Sustainability Report presents the non-financial indicators for the January 1, 2022 – December 31, 2022 period, aligned with the financial reporting period. The content of this report was largely determined by our stakeholders who, through an extensive consultation process (including an online questionnaire), contributed to the identification of material issues of particular interest, which are presented at length by the report.

The structure of the report and the topics it covers are in line with the principles and guidelines set out by the Core Option of the Global Reporting Initiative Non-Financial Reporting Standard, issued in 2016 and updated in 2018 and 2021.

The ROMGAZ Group's report meets the legislative requirements set out in the Public Finance Ministry's Orders no. 1,938/2016 and no. 3,456/2018, respectively, as it is published no later than 6 months after

the end of each financial year. In order to prepare the non-financial report, the Company sets up a multidisciplinary working team, which includes members of its own staff who are specialized in relevant areas for the content of the report. The working team collaborates with a specialized consultant to prepare the non-financial report, which gets submitted to the ROMGAZ Board of Directors for evaluation and approval.

Based on the competences delegated to them by the Board of Directors through their mandate contracts, according to Law 31/1990, Art. 143 par. (1) and Emergency Ordinance 109/2011, Art. 35 par. (1), the CEO and CFO are responsible for economic, social, and environmental aspects.

The National Natural Gas Company Romgaz S.A. ("S.N.G.N. Romgaz S.A.," "The Company," "ROMGAZ") is a Romanian legal entity operating as a joint-stock company according to Romanian legislation and the Company's Articles of Incorporation. The company has six branches, split both by the nature of their operations as well as by territorial considerations (for natural gas production units), as follows:

1. The Mediaș Branch, headquartered in the city of Mediaș, 5 Gării Str., postcode 551025, Sibiu County, with a total of 8 territorial sections;
2. The Târgu Mureș Branch, headquartered in the city of Târgu Mureș, 23 Salcânilor Str., postcode 540202, Mureș County, with a total of 9 territorial sections;
3. The Mediaș Well Workover, Capital Repair, and Special Operations Services Branch (SIRCOSS), headquartered in the city of Mediaș, 5 Sibiului Str., postcode 551009, Sibiu County, with a total of 3 territorial sections and 5 workshops;
4. The Târgu Mureș Technological Transport and Maintenance Branch (STTM), headquartered in the city of Târgu Mureș, 6 Barajului Str., postcode 54101, Mureș County, with a total of 5 territorial sections and one laboratory;
5. The Iernut Electricity Production Branch (SPEE), headquartered in Iernut, 1 Energeticii Str., postcode 545100, Mureș County, with a total of 7 sections;
6. The Drobeta-Turnu Severin Branch, headquartered in the city of Drobeta-Turnu Severin, 27 Aurelian Str., Mehedinți County.

### **The ROMGAZ Group (“The Group”) comprises S.N.G.N. Romgaz S.A as the parent company and its fully-owned subsidiaries:**

1. S.N.G.N. ROMGAZ S.A. – Depogaz Ploiesti Natural Gas Storage Branch S.R.L. (“Depogaz”), headquartered at 184 Ghe. Grigore Cantacuzino Street in Ploiești, postcode 100492, Prahova County, Romania;
2. ROMGAZ Black Sea Limited, a company that operates under the Bahamas Commonwealth legislation and functions through its Romanian branch, ROMGAZ Black Sea Limited Nassau (Bahamas), Bucharest Branch.





Data collection was carried out by team members in various operational areas within ROMGAZ, using company records from the reporting period. We want to take this opportunity to thank all the teams involved in developing the present report for their professionalism, promptitude, and involvement.

The sustainability report includes the Romanian subsidiaries as well as the Depogaz Ploiești SRL Natural Gas Storage Subsidiary and

Romgaz Black Sea Limited, with no differences between the list of organizations included in the financial reporting and the list of organizations included in the sustainability reporting.

Information referring only to the non-financial performance of S.N.G.N. Romgaz S.A. and not to that of the Group as a whole will be specifically marked along with the corresponding details.

# Communication with stakeholders

The ROMGAZ Group is committed to transparency, involvement, and communication in all its activities and believes in fostering a proactive relationship with its stakeholders. Therefore, stakeholders are invited to express their concerns to our communications departments and request any information they are interested in.

ROMGAZ aims to develop strong, constructive, and effective relationships, which are essential to the successful management of the organization's environmental and social risks and impacts.

We are a transparent company with a longstanding tradition in Romania and we want to remain a reliable partner for all our stakeholders, which is why we maintain an open dialogue with all stakeholders of the ROMGAZ Group. An important goal for our Company is to create and maintain a close relationship with them, thus creating the premises for a fruitful collaboration based on mutual respect.

The company conducts annual stakeholder analysis while also meeting the rigors of SREN ISO 9001:2015, SREN ISO 14001:2015, and SRISO 45001:2018.

The initial phase in the development of ROMGAZ Group's 2022 Sustainability Report was to identify and prioritize its stakeholders. The validation and approval of the stakeholder list took into account the mutual influence between stakeholders and the Company.

The categories "Shareholders" and "Institutions, capital market participants" were identified as a result of the fact that S.N.G.N. Romgaz S.A. is listed on the Bucharest Stock Exchange (BVB) and the London Stock Exchange (LSE).

The nature of the company's environmental protection activity involves its pursuit of compliance with environmental legal requirements. This means only carrying out activities after they are authorized by regulators.

Collaborating banks were selected on the basis of the offers they submitted, according to the most advantageous criteria from the following points of view:

- Cash management offer on the bank's fees/charges;
- Interest offer for term deposits;

- Processing time of banking operations - payments, issuing/ approving/modifying bank guarantee letters;
- Variety of banking services to support the smooth running of treasury activities.

Suppliers were identified in accordance with the requirements set out in the tender documents related to procurement procedures and in accordance with the principles underlying the awarding of sectoral contracts.

The company seeks to ensure transparency in its relationship with stakeholders and tries to involve them in all its processes.

ROMGAZ's interaction with employees takes place organically, with direct communication being encouraged. For this purpose, all employees are provided with access to communication tools and, depending on their specific role requirements, access to technology solutions that streamline employee interaction.

Furthermore, the company uses information and communication tools such as: internal radio that all employees can access via a link, an intranet-infoweb internal network, and induction programs for new employees.





We pay special attention to health and safety, providing employees with optimal working conditions, protective equipment, and appropriate training in order to prevent workplace injuries and protect the environment.

ROMGAZ ensures that its employees benefit from continuous training in the business areas that are relevant to their role inside the organization, even if some are not directly required for a specific role but rather serve the purpose of acquiring and developing new skills.

The company is also sensitive to the work-life balance of its employees. There are clear regulations in place regarding working hours and the way they are reported. Also important are the benefits the company offers its employees. In addition to the monthly remuneration, employees can benefit from a range of other advantages: expenses incurred on behalf of employees in voluntary pension schemes, expenses for voluntary health insurance premiums, coverage in the event of disability or invalidity resulting from workplace injuries, settlement of tourism packages, retirement benefits, material aid during special occasions and life events.

As for employee association, according to the company's Internal Operating Regulations, management respects the right of employees to form and join trade unions, maintaining a permanent dialogue that is based on respect and transparency in order to identify mutually beneficial solutions.



Nr. crt.	Category	Sub-category	Engagement method (email, internal system, phone, surveys, etc.)	Frequency	Topic
1	Employees	Management	email, phone, documents	Continuous	Any information that is of interest to management (Board decisions, CEO decisions, etc.)
		Employees	email, phone, documents	Continuous	Any information that is of interest to employees (working conditions, changes to salary or social rights, etc.)
		Union	email, documents	Occasional	Changes and/or negotiations for Collective Labour Contract.
2	Shareholders	Majority shareholders; other shareholders	Publishing reports/press releases on capital market institutions' platforms, generic email (investor.relations@romgaz.ro), dedicated phone number (0374401819)		Information, participation and voting in GMS meetings, shareholder certificates, dividend payment confirmations, miscellaneous.
3	Institutions, stock market participants, banks	Stock market institutions (Bucharest Stock Exchange, Financial Supervisory Authority, London Stock Exchange, Financial Conduct Authority, Central Securities Depository, BRD - Securities Division, The Bank of New York Mellon)	Designating contact persons inside the company to interact with institutions/authorities via email, by phone, on dedicated platforms or directly at their headquarters, if necessary	Occasional/monthly	Complying with specific legal requirements, meeting obligations as a company listed on two capital markets.
		Analysts	Designating contact persons inside the company to interact with these stakeholders via email, phone, on platforms indicated by the company during quarterly conference calls, on specialized platforms or directly (face to face)	Random	Obtaining operational and economic data and information referring to the sector in which the issuer operates, which is necessary to determine the appropriateness of investing in the issued securities.

		Banks	Agreed phone confirmations, email, online platforms	Daily	Obtaining operational and financial data and information referring to the sector in which the company operates. Deposit interest rates offer, cash management offers, SGB issuance, SGB signature authentication, SGB cancellation, SGB modification, Payments/collections, Balance confirmation.
4	Clients	Consumers/natural gas suppliers	Carried out via all communication channels – phone, email, meetings.	When necessary (with some partners, sometimes daily or several times a month)	To establish and maintain commercial relationships under fair and legal conditions.
		Consumers/ electricity suppliers	Carried out via all communication channels – phone, email, meetings.	When necessary	To establish and maintain commercial relationships under fair and legal conditions.
5	Suppliers	Materials suppliers	e-mail, phone, letters, SEAP, own website	Daily/when necessary	Documents related to procurement procedures, contracts.
		Contractors	e-mail, phone, letters, SEAP, own website	Daily/when necessary	Documents related to procurement procedures, contracts.
		Service providers	e-mail, phone, letters, SEAP, own website	Daily/when necessary	Documents related to procurement procedures, contracts.
		Gas suppliers	e-mail, fax, phone	When necessary (with some partners, sometimes daily or several times a month)	Requests for natural gas offers, clarification correspondence, etc.
6	Mass-media	Press agencies	Meetings, letters, email, phone, fax, social media	Random/when necessary	News and events of interest to stakeholders regarding the company's activity (business and financial results, reporting, development, partnerships, sustainability, etc.).
		Television channels	Meetings, letters, email, phone, fax, social media	Random/when necessary	News and events of interest to stakeholders regarding the company's activity (business and financial results, reporting, development, partnerships, sustainability, etc.).
		Radio	Meetings, letters, email, phone, fax, social media	Random/when necessary	News and events of interest to stakeholders regarding the company's activity (business and financial results, reporting, development, partnerships, sustainability, etc.).
		Newspapers	Meetings, letters, email, phone, fax, social media	Random/when necessary	News and events of interest to stakeholders regarding the company's activity (business and financial results, reporting, development, partnerships, sustainability, etc.).
		Online publications	Meetings, letters, email, phone, fax, social media	Random/when necessary	News and events of interest to stakeholders regarding the company's activity (business and financial results, reporting, development, partnerships, sustainability, etc.).

7	NGOs	associations	e-mail, phone	Daily/weekly	Requests for project sponsorship
		foundations	e-mail, phone	Daily/weekly	Requests for project sponsorship
8	Authorities and supervisory bodies	ANAF	e-mail, phone, portal, written letters	Monthly/random	Tax statements
		ANRM	Carried out via all communication channels – written letters, phone, email, meetings.	Random	Opinions, approvals, reports
		ANRE	Carried out via all communication channels – phone, email, meetings.	Random	Reports, checks, collaboration on legislative issues.
		ANPM	Carried out via all communication channels – written letters, phone, email, meetings. Interaction with regulatory and supervisory authorities is carried out according to the work instructions developed inside SMI ROMGAZ and in compliance with applicable legal requirements.	Yearly	Reporting in SIM (PRTR, inventory of pollutant emissions into the atmosphere, reporting on progress in achieving prevention and reduction targets for waste generated through authorized environmental protection activities inside the company).
		County-level environmental authorities		Weekly	Obtaining environmental regulatory documents; assessing compliance with applicable legal requirements and the requirements of regulatory acts.
		National Environmental Guard		Monthly/random	Complaints, joining environmental guard in inspections, reporting
		Environmental Fund Administration	Interaction with AFM takes place online, according to the AFM Online System User Guide – updated 21.04.2020.	Monthly	Payment of Environmental fund tax is made monthly, Statement regarding payment obligations is sent to AFM.

		National Romanian Waters Administration	Carried out via all communication channels – phone, email, meetings. Interaction with regulatory and supervisory authorities is carried out according to the work instructions developed inside SMI ROMGAZ and in compliance with applicable legal requirements.	Monthly	a) obtaining regulatory documents related to water management
		Water basin administrations		Monthly	b) evaluating compliance with applicable legal requirements and regulatory requirements.
		Romanian Court of Accounts	Written letter	Quarterly	Follow-up reports to checks carried out in previous years.
9	Educational units	University centers	e-mail, phone	Random	Financial aid, partnerships
		Schools	e-mail, phone	Random	Financial aid, partnerships
10	Healthcare units	Hospitals	e-mail, phone	Random	Financial aid
11	Local authorities	City halls	e-mail, phone	Random	Financial aid



# Materiality analysis

The materiality analysis, a stage that represents the foundation of the ROMGAZ Group Sustainability Report for 2022, identifies the business, environmental, and social aspects on which the Company has a significant impact, as well as those aspects that are of particular interest to ROMGAZ Group stakeholders.

Through an analysis of the European sustainability context for the oil and gas sector, the main standards and methodologies consisting of the set of GRI Standards, the G4 supplement for the oil and gas sector, the Sustainability Accounting Standards Board (S.A.S.B.), press articles from the past year, and sustainability reports published by competing companies, we identified 59 possibly relevant non-financial topics. After rigorous analysis carried out together with the company's management, the number of potentially relevant topics was reduced to 35.

To identify and prioritize stakeholders, the working group created inside the company to develop the present report took the following steps:

- In the first stage, following consultations with colleagues from the departments, services or offices in which they work, each member of the working group identified potentially relevant stakeholders;

- An initial centralized list of potentially relevant stakeholders was compiled based on the lists drawn up by each member of the working group;
- During a group meeting, the initial list was verified and approved, resulting in a list of stakeholders that were relevant to the company, containing the category and subcategory, names, contact details, phone numbers and e-mail addresses;
- Each member of the working group prioritized the categories and sub-categories of stakeholders quantifying the following:
  - the stakeholders' influence on the company;
  - the company's impact on each stakeholder.

The results of the prioritization process were centralized and a matrix of the results was drawn up.

The 35 potentially relevant topics were included in a survey developed by a consultant with international experience, which was delivered to stakeholders, as part of the stakeholder consultation process.

There were a total of 124 respondents, of whom over 35% were ROMGAZ employees.

Following an analysis of the results of the stakeholder engagement process, we identified 28 material non-financial issues, all of which are presented in this Report, detailing how they should be managed and providing information on the company's performance in 2022.

The material issues identified during the stakeholder consultation process were subsequently validated with the management team of the ROMGAZ Group.



## Business performance

- Total GDP contribution, payments to local and state budgets
- Dividends distributed to shareholders
- Infrastructure investments
- Indirect economic impact of the organization's operations
- Attraction of EU funds
- Participation in public policy development

## Business ethics responsibility

- Fighting corruption and eliminating conflicts of interest
- Competitive behaviour
- Whistleblower protection
- Personal data management
- Responsible management of system cybersecurity
- Responsible management of information related to national energy security

## Social responsibility

- Employee benefits and salary levels inside the organization in relation to the national minimum wage
- Responsible practices for employee attraction and retention
- Share of top management hires from local community
- Respect for workers' rights and their relationship with Management
- Implementation of training and education programs for the continuous improvement of employee skills and job performance evaluation
- Occupational health and safety management and implementation of best practices to eliminate workplace injuries
- Promoting compliance by business partners with employee rights and occupational health and safety measures
- Ensuring the protection of human rights inside the organization
- Promoting the protection of human rights across the supply chain
- Ensuring equal opportunities and avoiding workplace discrimination



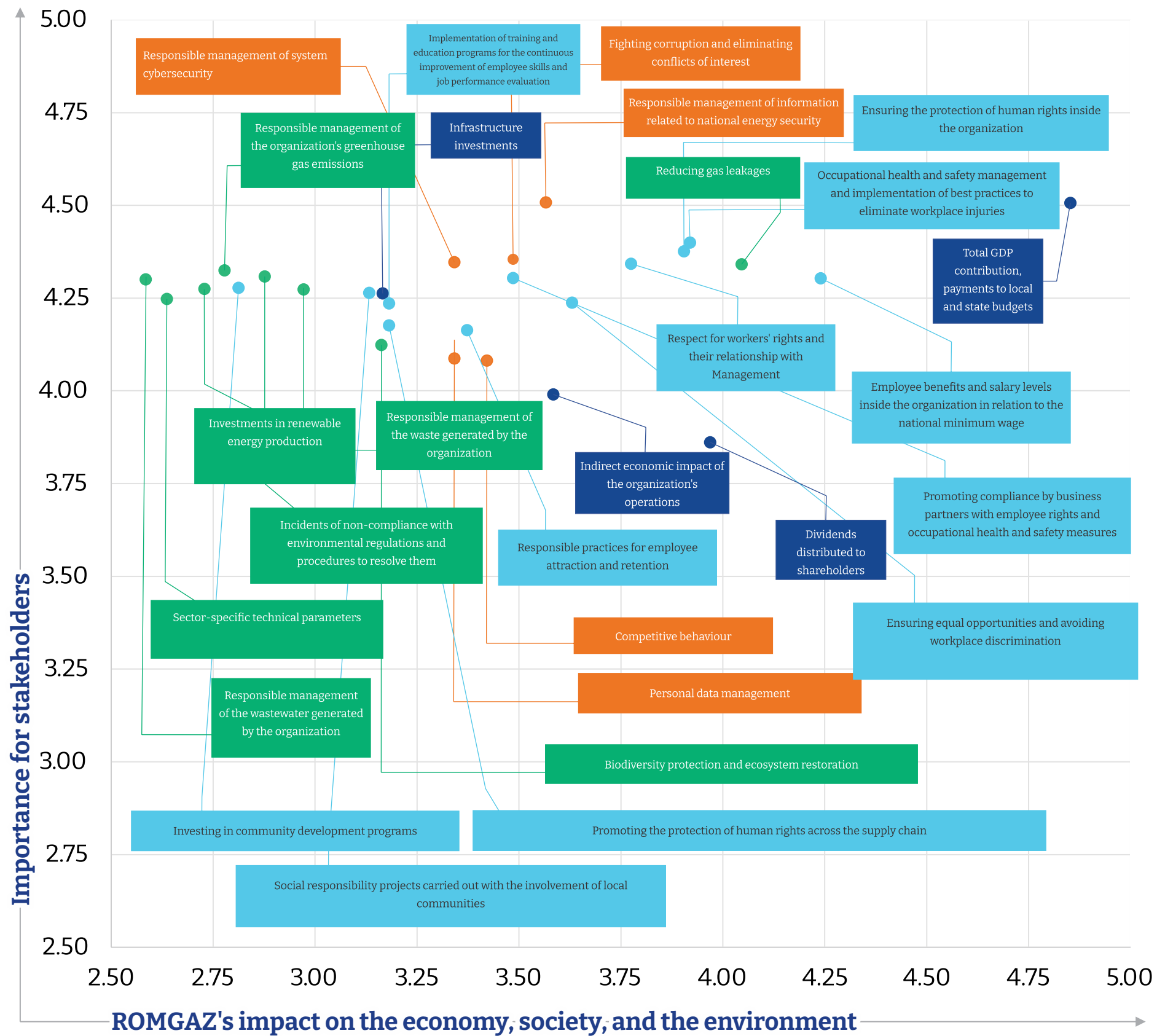
# Social responsibility

- Promoting diversity in governance structures
- Investing in community development programs
- Social responsibility projects carried out with the involvement of local communities
- Developing research to assess the organization's environmental or social impact

## Care for the environment

- Responsible management of the organization's greenhouse gas emissions
- Responsible management of the waste generated by the organization
- Responsible management of the wastewater generated by the organization
- Incidents of non-compliance with environmental regulations and procedures to resolve them
- Biodiversity protection and ecosystem restoration
- Sector-specific technical parameters
- Investments in renewable energy production
- Implementing measures to reduce the organization's energy consumption and increase its energy efficiency
- Reducing gas leakages

# MATERIALITY MATRIX



● Business performance ● Business ethics responsibility ● Social responsibility ● Care for the environment

# About the ROMGAZ Group

The background of the slide features a photograph of an industrial gas processing plant with various pipes, valves, and metal structures. Overlaid on this image are several semi-transparent, wavy lines in shades of blue and green, creating a modern, abstract aesthetic.

# History

More than a century ago, in 1909, the first natural gas reservoir was discovered near the heart of Transylvania, in Sărmășel. The expansion of the use of this type of resource generated economic development in the area, providing clean energy to the entire country to this day.



**1909**

Discovery of the first natural gas field in Sărmășel, Transylvania.



**1913**

The first time natural gas is produced in Romania - 113,000 m3.



**1915**

On November 26, the Hungarian Methane Gas Company was established, which received the rights to explore and produce methane gas from the richest Transylvanian gas fields.



**1925**

Establishment of the SONAMETAN National Methane Gas Company.



**1958**

The first natural gas storage deposit in Romania opens in Ilimbav, Sibiu County.



**1969**

The company changes its name to Mediaș Methane Gas Plant.



**1972**

First use of compression units for the exploitation of gas fields.



**1976**

The company records its highest natural gas production levels (29,834 million m3).



**1979**

Beginning of natural gas imports from the USSR.



**1991**

The Mediaș Methane Gas Plant becomes the Romgaz R.A. Autonomous Administration.



**1998**

The "Romgaz" R.A. Autonomous Administration becomes the Romgaz S.A. National Natural Gas Company.



**2000**

S.N.G.N. "Romgaz" S.A. is reorganized into five independent companies: S.C. "Exprogaz" S.A. Mediaș, S.N.D.S.G.N. "Depogaz" S.A. Ploiești, S.N.T.G.N "Transgaz" S.A. Mediaș, S.C. "Distrigaz Sud" S.A. București, and S.C. "Distrigaz Nord" S.A. Târgu-Mureș.



**2001**

Establishment of the current S.N.G.N Romgaz S.A. company.



**2013**

The company is listed on the Bucharest Stock Exchange and the London Stock Exchange.



**2013**

Production and supply of electricity begins through the integration of the Iernut power plant by S.N.G.N. Romgaz S.A.



**2015**

Establishment of S.N.G.N. Romgaz S.A. - Depogaz Ploiești Natural Gas Storage Branch.



**2018**

S.N.G.N. Romgaz S.A. - Depogaz Ploiești Natural Gas Storage Branch starts operating.



**2020**

Drobeta Turnu Severin Branch Establishment



**2021**

Bratislava Branch is closed down.



**2022**

The Romgaz Black Sea Limited Branch is established.

**The National Natural Gas Company Romgaz S.A. is the most important producer and supplier of natural gas in Romania. The company has over one hundred years of experience in the field of natural gas exploration and exploitation, with a history that began in 1909, upon the discovery of the first commercial gas field in the Transylvanian basin, through the drilling of the Sărmășel-2 well.**

In direct connection with its main operating sector, ROMGAZ owns the largest market share in Romania in terms of underground storage of natural gas. It also owns natural gas-based electricity production capacities.

The strategic objectives, measures, and actions to be undertaken by the company's administrative and executive management in the coming period will focus on the sustainable development of ROMGAZ by improving the company's performance and competitiveness and increasing its value, through the better use of the company's assets and human potential, with predictable and profitable business practices.



## Goal

A NetZeROMGAZ<sup>1</sup> future across the entire organization.

In order to achieve the main goal, through the efficient use of material, financial, human, and information resources, the company has identified the following strategic options:

- To continue the development of our resource portfolio with an eye on climate change mitigation and a focus on resilient hydrocarbons, safety, and operational reliability;
- To use electricity and energy resources with low carbon dioxide emissions and scale up renewable energy sources, seek involvement in hydrogen, and develop a gas client portfolio that can complete these energies with low carbon emissions;
- To digitally transform the company and support innovation that provides new ways of interacting with clients, increase efficiency, and support new development directions;
- To create long-term, profitable relationships with the environment, market, and society.



<sup>1</sup> S.N.G.N. Romgaz S.A. aims to develop its business with net zero carbon dioxide emissions by 2050.

## Through its Code of Ethics and Integrity, ROMGAZ promotes the following ten fundamental ethical values:

- 1. Honesty and fairness in one's professional conduct:** honesty through open communication is the foundation of mutual trust that strengthens the company's image;
- 2. Professionalism:** each employee is required to carry out their duties objectively, impartially, and independently, with their work, solutions, and decision-making alternatives being based on legal provisions and sound arguments and justifications, refraining from any action that could cause damage to ROMGAZ;
- 3. Objectivity:** ensuring impartiality and non-discrimination in all work carried out within ROMGAZ. Every employee must be fair and must not allow their objectivity to be affected by biases, conflicts of interest or unwanted external influences interfering with their professional or business judgement;
- 4. Impartiality and independence:** employees are required to maintain an objective attitude as well as neutrality regarding any political, economic, religious or other interest, in performing their duties. Independence implies that opinions can be expressed unaffected by influences that may compromise professional judgement, enabling an individual to act with integrity and exercise professional objectivity and scepticism;

- 5. Integrity:** employees/executives/managers are required to immediately disclose any personal interests that may conflict with the objective exercise of their duties and to avoid conflicts of interest and incompatibilities. Maintaining integrity implies moral courage, the strength to do the right thing, and being guided by ethical principles despite strong pressure to do otherwise. A good professional must be fair and honest in all professional and business dealings. Each person creates the foundation for a strong and sustainable organization;



**6. Non-discrimination:** discrimination of any kind in terms of sexual orientation and belief, age, disability, nationality, skin color, ethnic origin, religion, marital status, political choice, trade union membership, etc. is strictly prohibited within ROMGAZ. The company aims to create a culture where individual differences are accepted and appreciated. ROMGAZ respects the principles of equal treatment and opportunities, tolerance, and acceptance of diversity;

**7. Responsibility:** ROMGAZ promotes the principle of responsibility with regard to the impact of its activities and takes into account the needs and expectations of internal stakeholders as well as those of shareholders, business partners, suppliers, customers, competitors, local and central government stakeholders, non-governmental organizations (NGOs), and local communities. Socially responsible behavior is closely linked to ROMGAZ's ethical standards. The Company acts for economic and social equity, environmentally friendly technologies, the fair treatment of workforce and business partners, transparent relationships with public authorities, and contributions to support the community in which it operates;

**8. Transparency:** ROMGAZ and its staff carry out open and constructive dialogue with all stakeholders, based on respect and professionalism;

**9. Communication and freedom of speech:** ROMGAZ encourages freedom of opinion and dialogue in work related interactions, and the use of offensive language, personal attacks, and insulting behavior is strictly prohibited. People in different types of positions may express and justify their opinions while respecting the rule of law and the practice of good morals;

**10. Loyalty to the company:** As a mandatory rule in their activity, ROMGAZ staff should be devoted to the company, loyally defend its prestige, as well as refrain from any act that may cause damage to the company's image or legal interests.



# The ROMGAZ Group

In 2022, ROMGAZ Group operated both on the regulated market, carrying out its natural gas distribution activities, as well as on the non-regulated market, carrying out production and supply of natural gas and electricity and underground storage of natural gas activities. The entire quantity of natural gas sold by ROMGAZ was sold on the domestic market. ROMGAZ sold natural gas both at the regulated price (according to GEO no.27/2022) as well as on the free market, through bilateral negotiation and through the centralized market managed by the Romanian Commodities Exchange (BRM).

## The ROMGAZ Group:

- Had a market share of approx. 49.41% of natural gas deliveries in Romania's total consumption, up by approx.7% compared to 2021;
- On the wholesale electricity market, it held a 2.05% market share, by 91.59% higher as compared to the previous year;
- As a natural gas supplier, in the 2015-2022 period, it had a national market share between 37-49%;
- It is the most important natural gas storage services provider, owning about 90.5% of Romania's total storage capacity.





The Group's revenues are mainly derived from the production and supply of natural gas (production and supply of own gas and gas resulting from joint ventures, delivery of gas sourced from imports and other domestic producers), the underground storage of gas, and the production and supply of electricity and other specific services.

The Romanian Government, through GEO no.106/2020 amending the Electricity and Natural Gas Law no.123/2012, also decided to eliminate regulations on natural gas storage operations. Therefore, following the 2020-2021 extraction cycle, storage has no longer been a regulated activity by this Law.

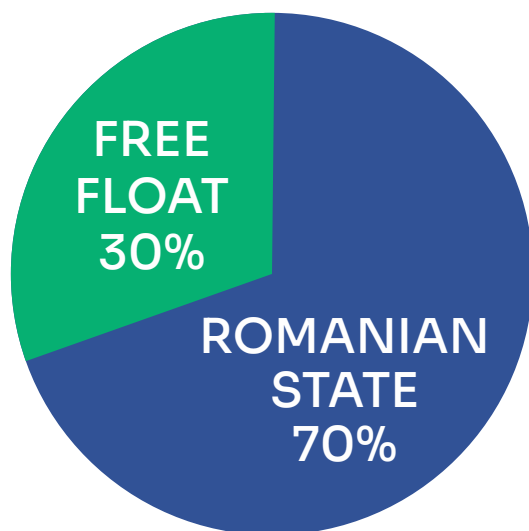
# Structure of ROMGAZ's share capital

ROMGAZ's share capital totals RON 385,422,400, fully subscribed and paid up, and divided into 385,422,400 shares, with each share holding a nominal value of RON 1. The share capital has remained unchanged since November 2013, when ROMGAZ was listed on the Bucharest Stock Exchange (BVB) and the London Stock Exchange (LSE). As of this date, the company's shares have been traded on the regulated market managed by the BVB under the symbol "SNG" and on the regulated market managed by the LSE, in the form of GDRs issued by the Bank of New York Mellon (1 GDR = 1 share), under the "SNGR" symbol.

No significant changes were recorded in the shareholding structure of S.N.G.N. Romgaz S.A. in 2022. The company's majority shareholder is the Romanian State, through the Energy Ministry, which owns 70.0071% of the ROMGAZ share capital. According to a Major Shareholding Notification received in April 2022, NN Group N.V. announced that it held 5.36% of the share capital of S.N.G.N. Romgaz S.A., through 3 individual shareholders: the NN Activ Optional Pension Fund, the NN Optim Optional Pension Fund, and the NN Privately Managed Pension Fund.

As of December 31, 2022, the company's shareholding structure is as follows:

	Number of shares	%
Romanian state (through the Energy Ministry)	269,823,080	70,0071
Free float – total, of which:	115,599,320	29,9929
*legal entities	96,125,570	24,9503
*individuals	19,473,750	5,0526
<b>Total RON</b>	<b>385,422,400</b>	<b>100,0000</b>



The company **made no transactions with own shares** in the 2022 financial year, and owned no shares as of December 31, 2022.



# Activities of the ROMGAZ Group

- natural gas exploration-production (carried out within ROMGAZ's Mediaș and Tg. Mureș branches and the ROMGAZ Black Sea Limited subsidiary);
- underground storage of natural gas (carried out within the Depogaz subsidiary);
- natural gas supply (carried out within ROMGAZ);
- special well operations and services (carried out within ROMGAZ, SIRCOSS branch);
- maintenance and transport services (carried out within ROMGAZ, STTM branch);
- electricity production (carried out within ROMGAZ, SPEE Iernut branch);
- natural gas distribution (carried out within ROMGAZ).



# Exploration

Exploration operations have been carried out in 8 perimeters in Transylvania, Muntenia, Oltenia, and Moldova, based on a Concession Agreement approved by GD no.23/2000, since October 1997.

Currently, exploration is being carried out based on Addendum no. 6 (approved by GD no.1011/22.09.2021) to the E.D.E. Concession Agreement, approved via GD no.23/2000, with a validity period of 6 years (10.10.2021 - 09.10.2027), with a minimal approved program comprising 36 wells with a length of 92,000 m and 1,000 km<sup>2</sup> 3D seismic equipment for all 8 perimeters. The total value of the program is \$195 million.

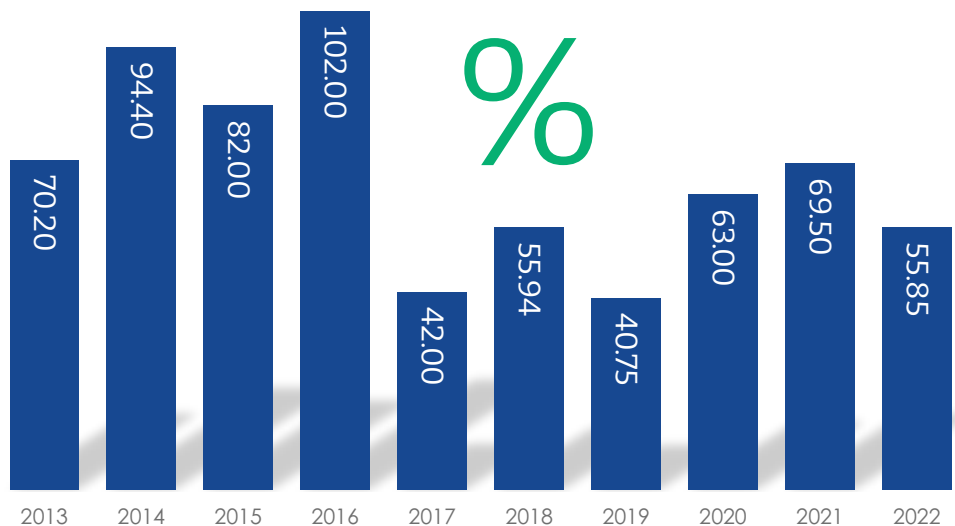
ROMGAZ's main achievements in 2022 were:

- exploration well drilling;
- four finalized wells, of which one is under conservation, using gas;
- one well carrying out surface works;
- one well undergoing procurement for drilling works;
- 27 wells in various stages of preparation for drilling procurement.
- two projects to acquire 3D seismic data for the exploration-development-exploitation perimeters RG.07 Muntenia Center and RG.06 Muntenia North-East, covering a surface area of about 650 km<sup>2</sup>.



Exploration works are designed and prioritized by ROMGAZ based on technical-economic principles, in order to increase the portfolio of hydrocarbon resources and reserves and maximize the prospective potential of ROMGAZ's 8 concessioned exploration–development–exploitation perimeters.

### The evolution of the reserve-replacement ratio in the 2013-2022 period is illustrated in the graph below:



The reserve-replacement ratio is influenced by improvements in the final recovery factor, by promoting probable and possible deposits and by finalizing investments into the necessary infrastructure for the experimental exploitation of new discoveries resulting from exploration operations.



# Production

The 2022 annual program referring to hydrocarbon reservoir production by petroleum operations has taken into account the dynamics of natural gas demand, the well re-entry, re-completion and interventions, and putting into production new production wells and those resulting from exploration operations, and programs carried out to maintain compression stations and gas drying stations.

Natural gas production in 2022 totaled 4,935.9 million cubic meters, 93 mil.mc below the previous year's production levels, representing a production decline of 1.8%.

As most commercial fields in operation are mature, in an advanced stage of energy depletion, keeping the production decline below the committed level of 2.5% was mainly possible thanks to the following actions:

1. Implementing measures to optimize natural gas production;
2. Finalizing investment works to expand productive infrastructure and connecting new wells to this infrastructure;

3. Continuing and extending rehabilitation projects on the main mature gas fields: Filitelnic, Delenii, Laslău, Sădinca, Copșa Mică, Nadeș-Prod-Seleuș, Roman, Corunca Sud, Târgu Mureș, Grebeniș, Bazna, Cetatea de Baltă, Mărgineni, Corunca Nord, Iclânzul Vaideiu, Sărmășel;

4. Carrying out capitalizable repair works and operations, re-equipping and stimulating inactive or low productivity wells.





Abandonment represents the totality of the works carried out in the well to protect all the geological formations it crosses, as well as that of surface works carried out to restore and rehabilitate the environment.

### **The abandonment of production/exploration wells is required if:**

- drilling works cannot be continued for technical or geological reasons;
- the well has depleted reserves in all layers known to be productive and/or has inventoried all collectors that may be saturated;
- well production cannot be restarted for technical reasons;
- well flows have dropped below the economic exploitation limits established for the deposit.

### **In the process of well abandonment, ROMGAZ complies with applicable legislation in the following ways:**

- develops the reports for returning the land to its initial state, making sure all measures imposed by regulatory authorities are observed;
- draws up reports regarding returns to the agricultural circuit;
- draws up and signs memoranda between the company and landowners;
- obtains approval from the National Agency for Mineral Resources for each well abandonment or for cases when the company lets go of the area's concession rights.



# Underground storage of natural gas

At this time, 6 underground storage sites are operating in Romania, all located inside depleted deposits. Through the Depogaz Branch, the ROMGAZ Group owns and operates 5 deposits totaling a storage capacity of 3.965 billion cubic meters and an active working volume of 2.77 billion cubic meters.

At the national level, the ratio between the volume of working gas and annual consumption stood around 25% in 2022, in the top half of the ranking of European countries.

In 2022, the ratio between the volume of stored gas and the working volume of storage deposits stood at 99.39%.

Through Emergency Ordinance no.106/2020 amending Law no.123/2012 on electricity and natural gas, the Romanian Government also decided to eliminate regulations on natural gas storage operations. As a result, following the 2020-2021 extraction cycle, storage has no longer been a regulated activity.



# Supply of natural gas

Following a comprehensive restructuring process, the Romanian natural gas sector was divided into several independent activities. The structure of the Romanian natural gas market includes an operator of the National Transport System/SNT (Transgaz), producers (among whom ROMGAZ and OMV Petrom have a 97% market share), operators of underground storage facilities, companies that distribute and supply natural gas to captive consumers, and wholesale market suppliers.

In 2022, in the international context generated by the price increases on the energy markets, in order to ensure a rigorous discipline of the national market and a high degree of economic and social protection for consumers, the government adopted GEO no.27/2022 providing measures to be applied to final customers in the electricity and natural gas market in the 1 April 2022 - 31 March 2023 period, as well as the amendment and completion of several regulations in the energy sector. The period of application for GEO 27/2022 was subsequently extended until 31 March 2025.

As a result, since April 2022, there has been significant regulation in the household and heat producer segments, in terms of both prices and contracted quantities.



**ROMGAZ, as a natural gas supplier, held a national market share in the range of 37-49% during the 2015-2022 period, as follows:**

	U.M.	2015	2016	2017	2018	2019	2020	2021	2022
Total national consumption	billion m <sup>3</sup>	11.6	11.8	12.3	12.3	11.5	12.0	12.3	10.4
ROMGAZ sales (internal + imports)	billion m <sup>3</sup>	5.1	4.4	5.7	5.6	5.1	4.7	5.2	5.1
ROMGAZ market share	%	44.0	37.1	46.3	45.5	44.1	39.1	42.4	49.41

The quantities above include gas from the company's own internal production, including technical consumption, internal gas acquired from third parties, gas from the company's association with Schlumberger 100% (until 2018), and imported gas. Deliveries also include gas provided to Iernut and Cojocna for electricity production.



# Well workover and special operations

The SIRCOSS unit was established through GMS Decision no. 5 of June 13, 2003.

The services carried out within SIRCOSS cover two main types of activities:

- Interventions, re-equipment, completions and production tests at wells;
- Special well operations.

Intervention, re-equipment, completions, and production tests operations represent the totality of services carried out using drilling rig.

The unit's second main activity is represented by special well operations, which are carried out using various types of transportable equipment that allows operations to be carried out inside the well or at surface level.

Operations carried out in 2022 were characterized by an upward consolidation of volumes in terms of both intervention works and well re-equipment, as well as in the volume of services provided by the special operations activity where 7,793 operations were carried out.

In terms of the status of well re-entry works, a total of 171 well works were scheduled in 2022 and works were carried out in 216 wells.

**In 2022, the number of wells that were subject to re-equipment and capitalizable repair works, compared to the plan, was as follows:**

	Mediaș Branch	Târgu Mureș Branch	TOTAL ROMGAZ
Planned	82	89	171
Completed	105	111	216
Difference	23	22	45



# Transport and maintenance

STTM was established in October 2003 by taking over the transport fleet from the Mediaș, Târgu Mureș, and Ploiești branches.

The branch provides transport services for goods and people, specific technological transport, auto repairs, and maintenance works for the company and third parties.

## STTM's fleet is diversified, comprising vehicles and machinery for the following types of transport services:

- Passenger transport with cars, minibuses, buses, and coaches;
- Mixed transport with <3.5 and >3.5-ton vans;
- Technological transport with lorries, platforms, dump trucks, disposal vehicles, tankers, self-propelled trailers, and self-propelled trucks;
- Machinery transport and works: tractors, bulldozers, front loaders, earthmoving machinery, excavators.

Fleet maintenance is carried out by the company's own auto repair workshops. In its four branches (Târgu Mureș, Mediaș, Ploiești and Roman), STTM has workshops which are authorized by the Romanian Motor Registry, employing specialized staff for the maintenance of STTM vehicles and machinery.

The types of services provided within the maintenance activity are highly diverse, provided by teams who are specialized in the mechanical, electrical, and automation fields.



# Electric power generation

CTE Iernut is an important junction in the NES (National Energy System), located in the center of the country, in Mureș County, on the left bank of the Mureș River, between the Iernut and Cuci localities, with facilities for methane gas supply, industrial water, and 800 MW installed power evacuation.

CTE Iernut is operated through ROMGAZ's Electricity Production Branch (SPEE).

When ROMGAZ took over CTE Iernut, the plant had an installed capacity of 800 MW, consisting of 6 power units: 4 Czechoslovakian-made 100 MW units and 2 Soviet-made 200 MW units. The units began to operate between 1963 and 1967. In the context of investment works starting on the 430 MW Combined Cycle Power Plant and of the need to ensure proper conditions for works at the related cooling

circuit, the 200 MW group 6 was permanently closed down in November 2019.

In January 2019, units 2 and 3, with 100 MW each, were permanently withdrawn from commercial operation, and in November 2019, they were followed by unit 1 (100 MW), with all the shutdowns being due to non-compliance with environmental requirements.

In 2022, only the 200 MW energy unit 5 operated at S.P.E.E. Iernut, after energy unit 4 was closed down as it exceeded the maximum emissions and NOx limits established by current regulations. At the end of 2022, SPEE Iernut thus had a commercial exploitation license for a single energy unit.

# Natural gas distribution

Natural gas distribution is a regulated activity and it is carried out in the Ghercești and Piscu Stejari areas. ROMGAZ has concession agreements with the Trade and Economy Ministry for the Ghercești area and with the Piscu Stejari City Hall for distribution in Piscu Stejari. Operations are carried out through the Târgu Mureș branch.





# The ROMGAZ supply chain

ROMGAZ's origin and history are closely related to the national and local evolution which we support and continuously try to promote throughout the company's supply chain. Our role in Romanian society and the importance of our presence in the community have led us to develop specific procurement procedures that allow us to comply with both legal provisions and our internal rules.

We are also aware that our activities support stakeholders across the value chain and we want to have fruitful business relations with bilateral benefits for our suppliers and contractors. We are happy to have excellent collaborations with our business partners and we seek continuous improvement.

Procurement management is performed in compliance with legal provisions, observing the principles of sector-related procurements, namely:

- Non-discrimination;
- Equal treatment;
- Mutual recognition;
- Transparency;
- Proportionality;
- Accountability.

Procurement is carried out in line with the ROMGAZ Annual Sector Procurement Strategy, which is based on the Annual Sector Procurement Plan (PAAS).

The organization implements the PP-02 – Procurement procedure. The PP-02 process procedure covers all the steps involved in the procurement of a product/service/work from the time proposals are drawn up for the PAAS until the receipt of the product/service/work.

## Our main procurement categories are:

- Products: tubing, well cement, Christmas trees, casing, gasoline, diesel, compressor spare parts, vehicle spare parts, workplace safety equipment, software, computers, servers, UPS, gas metering instruments, natural gas and air compressors, various consumables.
- Gas well drilling works for exploration and production, refurbishments of compressor stations at gas deposits, surface works at well clusters (dehydration stations, separation, heating, cooling, adjustment, and metering, works performed on collectors from well clusters located in delivery points to S.N.T.G.N. Transgaz S.A., environmental protection works, repair works for installations and equipment, gas well rehabilitation in mature fields etc.)

- 2D and 3D geophysical surveys, well perforation services, investigations in cased and open holes, communication services, design services for investments (well drilling, gas storage modernization, feasibility studies etc.).

According to regulations on sectoral procurements, the company is not allowed to select its suppliers, nor to rely on any component related to the suppliers' location. The number of local suppliers, the value of the purchased goods, their share in the total number of suppliers are random values and not the result of the company's action or inaction.

Customer relationship management is carried out through the work procedures, instructions, and internal regulations made available to employees on the company's intranet platform. Customer satisfaction surveys are conducted annually as part of the company's procedures. The results are centralized, analyzed, and subsequently reported to management.

Since 2020, with the start of the Covid-19 health crisis, which imposed a series of restrictions, the company has not organized any events with its customers.

The Romanian gas market context has allowed the company to have a large portfolio of customers, both via the centralized markets as well as through direct negotiation. The company also has a balanced portfolio in terms of the ratio between the end-consumer market (mainly Central Electricity Heating Plants - CETs) and the wholesale market, on which it sells natural gas to suppliers.



The image shows the ROMGAZ logo in blue, bold, sans-serif capital letters on a white background. To the right, a modern building with a glass facade is visible, reflecting the sky. A decorative green wavy line runs horizontally across the middle of the page, separating the header image from the main text.

# ROMGAZ

In 2022, S.N.G.N. Romgaz S.A. traded the entire quantity of natural gas and electricity it produced exclusively on the Romanian market, through short-term bilateral contracts and through the BRM and OPCOM centralized markets, trading products for short terms of maximum one year.

In 2022, ROMGAZ signed contracts with industrial and residential end-customers, heat and electricity producers, suppliers and operators of distribution, transmission, and storage systems.

The estimated number of customers with whom bilateral contracts were signed in 2022 is about 70 for natural gas and 12 for electricity, excluding customers that signed stock exchange transactions.

By type of service provided, the company's portfolio includes the following categories of customers: end consumers, household heat producers, electricity producers, producers of chemical fertilizers, and operators of natural gas distribution, transport, and storage systems for technological consumption.

## Suppliers' environmental impact

All tender specifications related to goods, services or works include a chapter on the environment requiring compliance with environmental laws by Form 02F-08-“Environmental protection requirements for the procurement of goods/services/works” attached to the Tender Specification. This is subsequently included as a chapter of the contract agreed between the parties. By signing the contract, suppliers commit to complying with all the environmental protection measures required by the applicable legislation. Furthermore, based on system form 02F-05 – “Checklist of documents submitted by contractor/contract monitoring team leader for assessment of compliance with environmental and other legal requirements,” there is a target of 100% compliance with environmental legal requirements by the potential supplier, a mandatory condition for contract signing.

Operational procedure 02PO-03 “Establishing requirements related to occupational safety, health, emergency situations, and environmental protection used for procurement of goods/services /works in the Integrated Management System” regulates the manner in which ROMGAZ requires providers of goods/service/works providers to comply with legal requirements on occupational health and safety, emergency situations (PSI/PC), and environmental

protection. This way, the risk of third parties breaching environmental requirements related to the supplied good/service provided/work performed, due to not being informed by ROMGAZ, is minimized.

All suppliers are evaluated using environmental criteria under 02 PO-02 – “Conducting an open tender,” 02 PO-04 – “Negotiation without prior invitation to a competitive bidding procedure,” 02 PO-15 – “Procurement of temporary preparatory works for drilling and production tests at exploration wells,” 02 PO-16 “Procurement of services and auxiliary products necessary for natural gas exploration,” by filling out the “primary/final examination document.”

All suppliers have been evaluated using environmental criteria. No significant or potentially negative impact has been identified among suppliers in the supply and service chains.

# Company management

The General Meeting of Shareholders (GMS) is the company's management body, which decides upon operational and economic policies in compliance with applicable legal provisions. The company is managed by a Board of Directors (BoD) that includes 7 members. The Board of Directors takes all the necessary and appropriate actions to carry out the company's activities, with the exception of those for which the GMS is legally responsible. The company's Organizational Chart<sup>2</sup> is a public document that can be viewed on the ROMGAZ website.

## **The Board's responsibilities, as established by the Article of Incorporation, are mainly the following:**

- to establish the main directions of the company's activity and development;
- to approve the company's management plan;
- to establish accounting and financial control system policies and approve financial planning;
- to prepare the annual management report;
- to draw up rules for its own activities, as well as those of the General Meeting of Shareholders, advisory committees, and executives.

The company's Article of Incorporation can be viewed on the company's website at: [reference documents](#) The Board of Directors establishes the company's main development directions and

submits them for approval to the General Meeting of Shareholders, in accordance with Art. 12 par. (4) letter a) of the company's Article of Incorporation.

In 2022, at the ROMGAZ level, in the context of the interim appointment of administrators and implicitly that of executives, their activity was carried out under mandate contracts that were approved by the GMS and by the Board of Directors, respectively.

In October 2021, by Resolution No. 9, the Ordinary General Meeting of Shareholders approved the initiation of the selection procedure for the members of the Board of Directors, a procedure initiated by the Energy Ministry. The selection of ROMGAZ administrators was completed in the first quarter of 2023 and followed by the selection of executives to whom the Board delegated the management of the company.

Following the appointment of directors and executives for four-year mandates, the company's Management Plan – a working tool for directors and executives in the form of a document drawn up to determine the way forward for the company for the duration of their terms. The management plan is correlated with the expectations letter and it is structured on the two components—one for administration and the other for management—and it establishes the mission, objectives, actions, resources, as well as financial and non-financial performance indicators.

<sup>2</sup> [www.romgaz.ro/en/organisation](http://www.romgaz.ro/en/organisation)

The CEO, the Deputy CEO, and the CFO are required to regularly inform the Board of Directors about the manner in which delegated tasks are being carried out, and also have the right to request and obtain instructions on how to carry out the tasks that have been delegated to them.

The company's strategic objectives, developed by the BoD and approved by the GMS, the measures and actions included in the Management Plan developed by directors and executives, in line with the company's strategic objectives and approved by the Board, are translated by the executive management into programs, along with the development of tools needed for their implementation.

### [Programs and strategies](#)

The Board of Directors acts in the best interest of the company to achieve its organizational purpose and it is legally responsible for compliance with internal laws and regulations, ethical and moral rules, and specific standards.

Although it delegates some of its responsibilities to the mandated executives, the Board of Directors remains legally responsible for the fulfilment of the approved Management Plan and GMS resolutions. Governance bodies ensure that legal reporting and disclosure requirements and deadlines are met, as well as oversee that the purpose, values, organizational strategies, regulations, and governance policies are observed.

<sup>3</sup> [Regulation 2020 - 2022](#)

<sup>4</sup> [Board Evaluation Policy](#)

In order to develop and strengthen Board member knowledge of the company's economic, social, and environmental impact, the Board Regulations<sup>3</sup> stipulate that executives are required to attend professional training courses in areas of importance to the company.

The policy on the evaluation of Board member provides for the improvement of Board members<sup>4</sup> performance and effectiveness following evaluation. As Board members were appointed temporarily in 2022 and their mandate contracts did not include performance indicators, no evaluation of the executives was carried out and thus no action was taken.

Meetings of the Board of Directors are convened according to the Board of Directors Internal Rules (Article 7).



## Structure of the Board of Directors

ROMGAZ is unitarily managed by a Board of Directors that includes 7 directors appointed by the General Meeting of Shareholders.

The Board of Directors' work is supported by 3 advisory committees:

1. Nomination and Remuneration Committee;
2. Audit Committee;
3. Strategy Committee.

The Board of Directors has delegated the management of the company to 3 executives: the CEO, the Deputy CEO, and the Chief Financial Officer.

The members of the company's Board of Directors on December 31, 2022 were:

Name	Position	Employer	Professional qualification
Dan Dragoş Drăgan	Non-executive, non-independent chairman	Ministerul Energiei	Economist
Aristotel Marius Jude	Executive, non-independent member	S.N.G.N. Romgaz S.A.	Legal adviser, MBA
Nicolae Bogdan Simescu	Non-executive, non-independent member	S.N.G.N. Romgaz S.A.	Engineer

According to the independence statements submitted to the company, two of the executives declared themselves as independent and five as non-independent. The independence of the members of the Board of Directors is determined using the criteria detailed in the ROMGAZ Corporate Governance Code (art.6).

According to the information provided by the executives, there is no agreement, understanding or family relationship between the executives and any other person that could have determined their appointment as executives.

As of December 31, 2022, there were no women members of the Board of Directors.

## Structure of the advisory committees as of December 31, 2022:

### 1. The Nomination and Remuneration Committee:

- Sorici Gheorghe Silvian – chairman
- Batog Cezar – member
- Drăgan Dan Dragoş - member.

The Nomination and Remuneration Committee is essentially responsible for establishing candidate selection procedures for directors and mandated executives, making proposals for director roles, and being involved in the selection and recruitment of mandated executives, including by making proposals for their remuneration. The Committee is also required to draw up an annual report on remuneration and other benefits granted to mandated directors and executives throughout the financial year.

The selection process and criteria are detailed here: [BoD-selection-processes](#)

## 2. The Audit Committee

- Sorici Gheorghe Silvian – chairman
- Batog Cezar - member
- Simescu Nicolae Bogdan – member

The Board of Directors' Internal Rules and the Code of Ethics and Integrity contain conflict of interest provisions:

[reference-documents](#)

The Audit Committee has an important role in managing conflicts of interest according to Article 13 - Conflict of Interest of the Board of Directors' Internal Rules and Chapter 5 letter d) – Responsibilities in the coordination of compliance, ethical conduct, and conflicts of interest of the Audit Committee Internal Rules, published on the ROMGAZ website at: [reference-documents](#)

In the area of coordinating Compliance, Conduct, and Conflicts of Interest, the Audit Committee of the Board of Directors:

- Ensures that the company's policies and practices comply with local and international laws and regulations, regulatory recommendations, and best practices;
- Reviews, at least once a year, the implementation and effectiveness of the Code of Ethics and Integrity;

[Code of Ethics](#)

- Takes the necessary measures to ensure that the company adopts the Conflict of Interest Policy (or equivalent provisions).

[Internal Rules of the Internal Audit Committee](#)



## 3. The Strategy Committee:

- Balazs Botond – chairman
- Drăgan Dan Dragoș – member
- Jude Marius Aristotel – member
- Simescu Nicolae Bogdan – member
- Sorici Gheorghe Silvian – member

The main purpose of the Strategy Committee is to coordinate the development/updating and monitoring of the company's development strategies, correlated with the national and European energy strategy, to analyze the implementation stage of these development strategies and the measures required to achieve the established objectives, as well as to monitor projects to diversify the company's activity by achieving investment objectives.

The criteria that have been taken into account in establishing the composition of the Committees, together with the responsibilities and competences of each committee, can be found in their internal rules as published on the ROMGAZ website under Internal Rules of the Board of Directors: [reference-documents](#)



## Remuneration for members of the Board of Directors:

The decision-making process regarding ROMGAZ's Remuneration Policy is regulated according to the provisions of Law no. 31/1990, GEO no.109/2011, Law no. 24/2017, as well as the provisions of the ROMGAZ Articles of Incorporation.

Until April 28, 2022, the company applied the Remuneration Policy approved by the Ordinary General Meeting of Shareholders through Resolution no.2 of April 27, 2021.

S.N.G.N. Romgaz S.A.'s remuneration policy establishes the remuneration principles and frameworks applicable to ROMGAZ directors and executives during their respective mandates.

### The objectives of the Remuneration Policy are:

- Setting clear thresholds for remuneration;
- Setting the remuneration structure.

On April 28, 2022, S.N.G.N. Romgaz S.A.'s Remuneration Policy was revised and approved by the Ordinary General Meeting of ROMGAZ Shareholders with a total number of 282,084,469 votes, representing 73.1884% of the share capital and 85.9302% of the total valid votes cast.

The ratio between the percentage increase in total annual compensation for the highest paid person in the organization and the average percentage increase in total annual compensation for all employees (excluding the highest paid individual)	0,5342
The ratio between the total annual compensation for the organization's highest paid individual to the median total annual compensation for all employees (excluding the highest paid individual)	4,4876

The calculation of the total annual compensation took into account the salary fund, the value of meal vouchers, and employee profit-sharing.

## Delegation of authority

According to relevant legislation and the company's Article of Incorporation (art. 19, para. (2)), "The Board of Directors delegates company leadership responsibilities, under conditions and limits imposed by law and the present Article of Incorporation."

The responsibilities delegated to executives, who are appointed by the ROMGAZ Board of Directors, namely the CEO, the Deputy CEO, and the CFO, have been expressly established by Board of Directors resolutions.

Until 17 August 2022, the responsibilities delegated to the CEO by Board of Directors Resolution No. 47 of June 30, 2021, amended by Resolution No.54 of August 12, 2021, were the following:

- approving the hiring, promotion, and dismissal of employees;
- approving tasks and job duties for employees;
- approving the awarding and disciplinary sanctioning of employees;
- approving material operations (actions or processes of a technical, economic, commercial or other nature) which are necessary and useful for the company's activity;
- approving operations with the aim of developing/issuing legal documents:
  - with a value of up to RON 400 million, signed on centralized markets (stock exchange) or based on specific sectoral procurement legislation;
  - with a value of up to RON 400 million, signed outside centralized markets (stock exchange) or outside the specific framework for sectoral procurement (through own procedures);

- approving sponsorship and patronage contracts;
- approving the ROMGAZ Organizational and Operational Rules;
- replacing and appointing executives (with individual labor contracts);
- carrying out any additional tasks, with the exception of those that are not delegated to them, according to the same Board resolution;
- carrying out any auxiliary tasks, namely any actions and material operations that are necessary and useful for the fulfilment of points from above.

### **Among the duties that were not delegated to the interim CEO, the Board of Directors decided to:**

- approve the ROMGAZ organizational chart;
- approving operations with the aim of developing/issuing legal documents – others than the one mentioned above by letter e);
- leadership duties that, according to legislation and the Article of Incorporation, cannot be delegated to company's executives.

As of August 17, 2022, pursuant to the Board of Directors' Resolution no. 57, the CEO, as the legal representative of S.N.G.N. Romgaz S.A., exercises all company management powers, except for those delegated to the Deputy CEO and the CFO.

### **The duties delegated by the Board of Directors to the Deputy CEO are:**

- plans, approves, and coordinates the necessary and useful operations for the achievement of S.N.G.N. Romgaz S.A.'s operational objectives, which according to the law and the company's Organizational and Operational Rules, are included in

their area of responsibility as expressly established by the Board of Directors;

- coordinates the company's activities as part of the Neptun Deep project.

The duties of the CFO, as established by Board of Directors Resolution no. 57, consist in planning, approving, and coordinating the necessary and useful operations for the achievement of S.N.G.N. Romgaz S.A.'s operational objectives, which according to the law and the company's Organizational and Operational Rules, are the responsibility of the organizational units inside the Financial Department.

### **The Board of Directors delegates the management of S.N.G.N. Romgaz S.A. to the 3 mandated executives appointed by Board of Directors Resolution no. 57, with the exception of the following duties:**

- company management duties that cannot be delegated by the Board of Directors, according to art. 19, par. (3) of the Articles of Incorporation;
- issuing/signing legal documents with values exceeding RON 300 million.

The CEO, the Deputy CEO, and the CFO are required to regularly inform the Board of Directors on how the delegated tasks are being carried out, and they have the right to request and obtain instructions on how to carry out the tasks that have been delegated to them.

Based on Board of Directors Resolution no. 18/2022 of S.N.G.N. Romgaz S.A. - Natural Gas Storage Subsidiary Depogaz Ploiești S.R.L. and Resolution no. 305/2022, the CEO has delegated to the Subsidiary Director, Technical Director, Trading Director, Economic Director and Quality, OSH (Occupational Safety and Health) and Environment Director, the following internal management tasks:

- a)** approval of the tasks and duties of employees under their direct supervision;
- b)** approval of the necessary and useful material operations (actions or processes of a technical, economic, commercial, etc. nature) for the achievement of the operational objectives of S.N.G.N. Romgaz S.A. - Natural Gas Storage Subsidiary DEPOGAZ Ploiești S.R.L.;
- c)** the performance of any ancillary duties, i.e. any necessary and useful operations for the performance of the duties described by letters a) and b) regarding the documents which are drawn up by the organizational units under their direct supervision;
- d)** in the event that it is impossible for the CEO to exercise the internal management duties relating to the organizational units under their direct supervision, they shall be exercised by the the Subsidiary Director, Technical Director, Trading Director, Economic Director and Quality, OSH (Occupational Safety and Health) and Environment Director

In the same way, environmental responsibilities are delegated to the Environmental Quality, Emergency Situations, and Critical Infrastructure (CMSUI) Director at the ROMGAZ headquarters, who delegates certain tasks to the specialist services under his supervision.

Pursuant to the provisions of GEO no. 109 /2011 and the mandate contracts, executives shall prepare reports for the Board of Directors, quarterly or upon request, detailing the execution of the mandate contracts and of the management component of the management plan, any significant changes in the business context or in the external issues that could affect the company's performance or its strategic outlook.

Following the centralization of technological consumption and environmental indicators, the Quality, OSH and Environment Director submits quarterly, half-yearly, and annual reports to the Board of Directors of S.N.G.N. Romgaz S.A. - Natural Gas Storage Subsidiary Depogaz Ploiești S.R.L.

# Management analysis

The Integrated Management System Steering Board meets annually, or whenever necessary, and is convened by the Management Representative for the Integrated Management System - RCSMI/the Quality, Environment, Critical Infrastructure, and Emergency Situations – CMSUIDirector.

## Ensuring transparency across all operational areas

Transparency is ensured across all the company's operational areas by carrying out the following steps, according to applicable legislation and internal regulations:

- informing the public about S.N.G.N. Romgaz S.A.'s actions and plans;
- making relevant materials available to interested parties;
- consulting with social partners (trade unions);
- informing the public about adopted decisions/directions;
- informing the public about the implementation of the adopted decisions.

## Flexibility in managing change and ensuring business continuity

When risk factors materialize and when new problems arise that have not been identified as potential risk factors, business continuity is maintained through the operational application of internal risk management and monitoring procedures, as well as by setting up, as the situation may require, ad hoc consultation committees or groups, bringing together experts from within the organization in order to

promptly respond to the specific situation that may affect business continuity.

Within the organization, both planned changes and those that arise as a result of the natural evolution of society are managed in an efficient and flexible way, so that the organization becomes agile in its environment and manages the changes that arise as a result of progress. The adoption of change is achieved in a planned, structured, and organized manner, as change management is seen as a continuous process of confrontation, identification, evaluation, and action.

Therefore, for the implementation and management of change, we define, discuss, and approve strategies for the change process, taking into account the factors that generate the change and its implications, the aspects that imply change, the stages of change, methods of implementing change, as well as the actual implementation and evaluation of results, so that the change management process is optimized, using the best practices available.

# Corporate governance, ethics, and anti-corruption

The background of the slide features a photograph of an industrial facility, likely a refinery or gas processing plant. The image shows various pieces of equipment, including large cylindrical tanks, pipes, and structural steel. A prominent feature is a large, bright yellow pipe that curves through the scene. The overall color palette is dominated by the industrial greys and blues, contrasted with the vibrant yellow of the pipe. Overlaid on the photograph are several semi-transparent, wavy blue shapes that create a sense of movement and depth, partially obscuring the industrial structures.

ROMGAZ's corporate governance system includes all the rules set by the Articles of Incorporation, the ROMGAZ Corporate Governance Code, and other internal regulations, which establish methods for the management and control of the company's activity.

### **The ROMGAZ corporate governance system is designed to support the following general objectives:**

- a) Protecting shareholders' legitimate rights and interests;
- b) Ensuring equitable, equal, and fair treatment of shareholders;
- c) Protecting stakeholders' legitimate rights and interests;
- d) Defining clear roles, competencies, and responsibilities for the Board of Directors and executive management;
- e) The integrity, ethical behavior and professional skills of S.N.G.N. Romgaz S.A.'s management team and employees;
- f) The transparency and proper presentation of S.N.G.N. Romgaz S.A.'s results and future prospects;
- g) The sustainable development of S.N.G.N. Romgaz S.A.

The Board of Directors establishes rules on ethical business conduct, transactions with individuals with whom the company has close relationships, insider trading, the reporting of non-compliance, and any other rules that may have an effect on company shareholders, executives and/or administrators.

<sup>5</sup> [www.romgaz.ro/en/reference-documents](http://www.romgaz.ro/en/reference-documents)

The Corporate Governance Code sets out the main lines of action and core rules to which the ROMGAZ management is committed in the corporate governance field.

The ROMGAZ management coordinates and monitors the rational management of resources and the running of the company's operations on principles of efficiency and effectiveness. The CEO implements and maintains an appropriate internal control system that can ensure transparency in all operational areas, trust in internal and external financial and management data, asset protection, fraud prevention and detection, skill stimulation and development, and employee involvement in decision-making based on skills and professional qualities <sup>5</sup>.



ROMGAZ operates on the principle of separation of duties. There is a clear delineation between decision-making, execution, verification, and control actions. For any given activity, the four tasks are assigned to different people. These duties may be delegated according to the company's internal rules, in compliance with regulations, to designated substitute staff. This way, the risk of error, irregularity, illegality, etc. in the management of the company's assets and liabilities is reduced.

The integrated management system implemented inside ROMGAZ, which is certified in the fields of quality assurance, environment, and occupational health and safety, supports the organization's mission to continuously increase its performance, competitiveness, and value.

The existing management system derives its specific tasks from the requirements of the Integrated Management System in accordance with the ISO-9000 group of standards and the application of the provisions of the procedures and work instructions documented in the Integrated Management System, which contains approximately 600 system procedures, operational procedures, and work instructions, together with the Company Policy Statements. The entire Integrated Management System can be viewed on the company intranet/inforeb system, which is easily accessible to all employees. The integrated management system for quality assurance, environment, and occupational health and safety was recertified on 11.08.2022 by the SRAC CERT certification body, with the certification having been made available on the ROMGAZ website at:

[integrated-management-system](#).

In terms of corporate governance, ROMGAZ implements the provisions of GEO no.109/2011 on the corporate governance of public enterprises, with subsequent amendments and completions, approved through Law no. 111/2016, as well as through GD no. 722/2016 on the Methodological Norms for establishing the financial and non-financial performance indicators and the variable component of the remuneration of members of the Board of Directors and executives.

Following its listing on the Bucharest Stock Exchange (BVB) in 2013, being subject to the capital market legislation and adhering to the provisions of the BVB Corporate Governance Code, ROMGAZ has adopted its own corporate governance code and following the "Apply or Explain" principle as a self-assessment mechanism of the principles and recommendations of good practices.

The company's corporate governance system undergoes constant improvements, and it has shaped a series of internal policies, rules, and regulations which can be found on the company's website. These aim to ensure the development of the company, to increase its attractiveness for investors, and to reduce potential risks that could have a strong impact on its reputation, as well as to ensure compliance with the rules and recommendations applicable to companies listed on the Bucharest Stock Exchange and the London Stock Exchange.

As an issuer of securities traded on the regulated market, ROMGAZ fully complies with the corporate governance standards provided by the Corporate Governance Code of the Bucharest Stock Exchange regarding the responsibilities of the Board of Directors, the risk management and internal control system, fair reward and motivation, and added value through investor relations. ROMGAZ's Consolidated Directors' Annual Report has included a corporate governance statement containing a self-assessment of how its corporate governance objectives are met, as well as the measures taken to comply with those that have not been fully met.

The structure, organizational practices, and responsibilities of the corporate governance bodies are regulated in the Internal Rules of the Board of Directors and the ROMGAZ advisory committees. During 2022, the Internal Rules of the 3 advisory committees were subject to revision.

ROMGAZ has also adopted and applied a series of policies which are published on the company website, at: [reference documents](#). namely the S.N.G.N. Romgaz S.A. Remuneration Policy, the Policy on the Evaluation of the Board of Directors, the Policy on Dividends, and the Policy on Transactions with Affiliated Parties.

In order to facilitate the exercise of shareholders' rights and to comply with the BVB Corporate Governance Code, an important corporate regulation—the Rules and Procedures of the General Meetings of Shareholders—was drafted in 2022 and approved in the first half of 2023. An evaluation of the implementation of transparency and governance measures at S.N.G.N. Romgaz S.A. is carried out monthly, reporting implementation approaches to the relevant public authorities.





## The evaluation covers aspects such as:

- The publication of annual/quarterly/half yearly report reports;
- The adoption and publication of Internal Internal Rules for the Board of Directors and Advisory Committees;
- The development of company policies (Remuneration policy for mandated administrators and executives, Board members' evaluation policy, Policy on transactions with affiliated parties, etc.);
- The development and adoption of the 10-year development strategy (The S.N.G.N. Romgaz S.A. 2021-2030 Strategy);
- The appointment of board members and executive management based on professional criteria;
- The publication of the structure of the Board of Directors, including members' names, surnames, positions within the board, and Cvs;
- The adoption and publication of the Ethics and Integrity Code;
- The publication of asset and interest statements;
- The publication of GMS materials: convening notices, materials/documents related to meeting agendas, GMS decisions (OGMS, EGMS), other relevant documents;
- The adoption and publication of a Statement of BD Commitment referring to the implementation of the risk management policy and application of the internal control mechanisms, including the fact that the BoD ensures that the mechanisms are functioning properly;
- The publication of the company's Organizational Chart;
- The publication of the Directors' Contract framework;
- The development and publication of the principles of the company's strategy (summary of the development and investment strategy, the

main business lines being pursued, with a level of detail that does not jeopardize the company's competitiveness or generate a competitive disadvantage for the company);

- The adoption and publication of the social responsibility strategy;
- The adoption of the Corporate Governance Code.

The assessment of compliance with governance rules and principles is reflected in the table on compliance with the Stock Exchange Corporate Governance Code – annex to the Consolidated Directors' Report, available at [annual reports](#). ROMGAZ uses the "apply or explain" principle for clear, accurate, and timely communication to shareholders and investors on the matter of compliance with corporate governance rules.



An important event that occurred in 2022 in regards to the Corporate Governance aspect was the procedure to select directors in accordance with GEO no. 109/2011 on the corporate governance of public companies and the implementation of Methodological Norms for the application of certain provisions of GEO no. 109/2011 approved by Government Decision no. 722/2016, a procedure concluded in March 2023 with the appointment of the Board of Directors for a 4-year term.

During the year of reference, the Board of Directors delegated the executive management of the Company to 3 interim executives—the CEO, the Deputy CEO, and the CFO—, with each of them having a clearly defined and delimited area of responsibility, and the CEO retaining the power to represent S.N.G.N. Romgaz S.A.

**The S.N.G.N. ROMGAZ S.A. Code of Ethics and Integrity** contains a system of values, principles, norms, and standards for conduct, ethics, and integrity and “it is mandatory and applies in all of the company's structures, including affiliates, at any time and regardless of the position held in the organization, both for internal relationships as well as in relationships with customers, suppliers, civil society, the local community or other stakeholders.”

**The Code of Ethics and Integrity** is a tool that contains important provisions regarding commitments to the company's shareholders, compliance with antitrust legislation, ensuring integrity and preventing acts of corruption, as well as fraud prevention and

reporting, as outlined in Chapter V - Organizational Commitments. The fulfilment of the company's objectives, mission, and vision implies that ROMGAZ personnel carry out their activities in a way that complies with the system of fundamental values, general principles, and rules of professional conduct, ethics, and integrity according to the Code of Ethics and Integrity.

Regardless of their position inside the company, the ROMGAZ staff is required to carry out their activity—both internally as well as with external stakeholders such as shareholders, investors, business partners, customers, suppliers, etc.—based on criteria of responsibility and professionalism with the purpose of protecting the company's image and reputation and generating added value. ROMGAZ respects and promotes the values, principles, and norms of professional conduct, ethics, and integrity as described in the Code of Ethics and Integrity.

There is no independent commitment to follow the principles of human rights at the company level, but aspects of these principles are found in the Code of Ethics and Integrity (S.N.G.N. Romgaz S.A.'s organizational commitments). Furthermore, the unit-level Collective Employment Contract, valid for the 2022-2024 period, there are two chapters providing information on rights and obligations arising from employment contracts/relationships. The Code of Ethics and Integrity<sup>6</sup> contains aspects regarding the respect for human rights.

<sup>6</sup> [www.romgaz.ro/ethics-and-integrity](http://www.romgaz.ro/ethics-and-integrity)

ROMGAZ management is committed<sup>7</sup> to preventing corruption and ensuring responsible business conduct through the Statement on the Commitment to the Integrity Agenda<sup>8</sup> under the 2021-2025 National Anti-Corruption Strategy<sup>9</sup> and the ROMGAZ 2022-2025 Integrity Plan<sup>10</sup>.

The above policy commitments have been approved by the CEO. The Code of Ethics and Integrity has also been approved by the Board of Directors.

ROMGAZ's activities and business relationships comply with the law, internal regulations, and all commitments made by ROMGAZ management. Policy commitments apply to ROMGAZ staff and management in business relationships.

Policy commitments are communicated to employees, business partners, and other relevant parties via the company's own website [www.romgaz.ro](http://www.romgaz.ro), the internal intranet-infoweb system, direct verbal communication, email or public display.

The organization incorporates its policy commitments for responsible business conduct throughout its business activities and relationships, including those related to prevention, information, and regular training of staff.

<sup>7</sup> Strategia S.N.G.N. Romgaz S.A. 2021-2030 - [programs-and-strategies](#)

Other Regulations and Policies - [reference documents](#)

<sup>8</sup> [Declaration on the integrity agenda](#)

<sup>9</sup> [National Anti-Corruption Strategy](#)

<sup>10</sup> [Integrity Plan 2022-2025](#)

ROMGAZ provides the necessary training and counselling on appropriate conduct with the aim of preventing the occurrence of any form of conduct that is contrary to the Code or Internal Rules and of putting an end to any such conduct as soon as possible after it is detected.

Specific training sessions on the provisions of the approved Code of Ethics and Integrity are delivered to management staff at company/branch offices by the Ethics Advisor. General induction training for each new employee is conducted by the Ethics Advisor prior to each employee's actual commencement of work.

The Human Resources Files of all employees who are trained according to the provisions of the Code contain the Statements regarding the acknowledgement of the Code of Ethics and Integrity (Annex 1), signed/personally acknowledged by the employee, on the training date.



Training on the provisions of the Code of Ethics and Integrity is provided on a regular basis to employees working inside the organization. Whenever they deem necessary, the ethics advisor organizes meetings with staff in order to inform them regarding any ethics and integrity issues.

Any problems/grievances that arise within the company regarding compliance with the rules of conduct in the Code of Ethics and Integrity and specific legislation:

(1) Law No. 361 of 16 December 2022 on the protection of whistleblowers in the public interest;

(2) Ordinance No. 27 of 30 January 2002 regulating petition resolutions;

can be brought to the attention of the person designated as ethics advisor whose duties include advising and/or assisting employees.

Potential breaches of the rules of conduct by executives or administrators shall be analyzed in the context of the provisions of their mandate, and respectively administration contracts, by the Audit Committee.

## Reporting to the Ethics Advisor can be done as follows:

- by post, to the address S.N.G.N. Romgaz S.A. Mediaș, Piața C.I. Moțaș nr. 4, CP 551130 Sibiu County, Romania with the mention "for the attention of the ROMGAZ Ethics Advisor";
- by e-mail to the: [consilierdeetica@romgaz.ro](mailto:consilierdeetica@romgaz.ro) available 24/7;
- by registered mail in a sealed envelope marked "Complaint for the attention of the Ethics Advisor";
- by personal submission to the Ethics Advisor;



- through Romgaz's internal reporting channel available at the link: [public-interest-whistleblower](#) in Romanian and English. In order to improve reporting mechanisms, we regularly initiate discussions and exchange best practices with stakeholders in the specific activity area.

The company's Code of Ethics and Integrity, under Chapter. VII. "Reporting breaches of the Code of Ethics and Integrity," regulates the handling of complaints received from the outside on information of public interest. There are 3 "contact points" for complaints received from the community:

[consilierdeetica@romgaz.ro](mailto:consilierdeetica@romgaz.ro), [comunicare@romgaz.ro](mailto:comunicare@romgaz.ro) and [petitii@romgaz.ro](mailto:petitii@romgaz.ro).

Furthermore, the half yearly report to the Board of Directors presents issues regarding possible deviations from the rules of conduct, provided for in the Code of Ethics and Integrity of S.N.G.N. Romgaz S.A., the Internal Rules, and the Collective Employment Contract.

The ethics advisor inside S.N.G.N. Romgaz S.A. is responsible for implementing the Code of Ethics and Integrity, starting with staff training, providing ongoing support and advice on ethics issues, and monitoring deviations from ethics rules. Ethics counselling inside S.N.G.N. Romgaz S.A. is of a confidential nature and takes place after a written request is submitted to the ethics advisor, via the contact details available on the company website, at: [ethics advisor](#).

S.N.G.N. Romgaz S.A. guarantees the protection of public interest whistleblowers, in accordance with the applicable legislation, and incidents are reported through the public interest whistleblower<sup>11</sup>.

To monitor compliance with the rules of conduct by ROMGAZ staff, the Ethics Advisor carries out half-yearly analysis and reporting on issues raised to the CEO. The reports are sent to the Commission for the Monitoring and Coordination of the Implementation and Development of the Managerial Internal Control System and to the Audit Committee.

The half-yearly reports regarding the breach of conduct rules are published on the internal intranet-infoweb network.

The Code of Ethics and Integrity can be accessed by any interested party via the Sustainability/Ethics and Integrity section of the website - [reference-documents](#).

In 2022, an evaluation of the implementation of the employee professional conduct rules, took place at the company level and was presented in the ethics advisor's half-yearly reports. The tool used to assess the application of the Code of Ethics and Integrity in 2022 was the Questionnaire on Ethical Behavior inside ROMGAZ, assessing the

degree of understanding of the role of the ethics advisor, closely correlated with the application of, and compliance with, the rules and provisions of the Code of Ethics and Integrity inside S.N.G.N. Romgaz S.A.

Assessing the degree of understanding of the ethics advisor's role within S.N.G.N. Romgaz S.A. is necessary in order to ensure the strengthening of their role and of consistent, ethical, and honest professional conduct. The results of the evaluations were reported by the ethics advisor to the CEO and, for informative purposes, to the Commission for the Monitoring and Coordination of the Implementation and Development of the Managerial Internal Control System and the Audit Committee within the Board of Directors. In order to monitor the ROMGAZ staff's compliance with the rules of conduct, the ethics advisor prepares quarterly/half-yearly analyses and reports on the issues reported to the CEO. The reports and analyses shall be approved by the CEO, sent for informative purposes to the Commission for the Monitoring and Coordination of the Implementation and Development of the Managerial Internal Control System and the Audit Committee of the Board of Directors (according to provisions found at page 13 of the S.N.G.N. Romgaz S.A. Code of Ethics and Integrity).

<sup>11</sup> [www.romgaz.ro/form/avertizor-de-interes-public](http://www.romgaz.ro/form/avertizor-de-interes-public)

In order to have a record of cases where ROMGAZ is a plaintiff/defendant, the Legal Service periodically draws up the Active Litigation Status Report. According to the report, in 2022 (cases filed in court during the year), 52 cases were filed: ROMGAZ was the defendant in 26 of the cases, and the plaintiff in the other 26.

In the event of a case of non-compliance, the Legal Office will be responsible for resolving the conflict, within the limits of the powers laid down in the Organizational and Operational Rules.

The Anti-Fraud, Integrity, and Inspection Directorate of the Energy Ministry, together with the executive management of ROMGAZ, with the direct involvement of the Ethics Advisor, carried out a corruption prevention activity on May 11, 2022 ([Corruption prevention activity](#)). The Energy Ministry's press release was republished and disseminated to ROMGAZ employees through the Communication Office.

The "Anti-Corruption Campaign" carried out inside the Târgu Mureș and Mediaș Branches was an internal campaign to prevent, inform, and raise awareness among employees about the importance of fighting any form of corruption/bribery that might occur inside the company. The action took place in June-September 2022. The Communication Office printed out brochures with relevant information about the campaign, and an organizational announcement was sent to all employees with access to the online system.



As part of the anti-corruption/anti-bribery campaign, whose slogan was "Integrity at work is a choice," the following actions were carried out:

- Carrying out field visits to production units, compressor stations, work groups and informing and training employees on the issue of corruption (talking about the main forms of corruption and handing out printed leaflets to each employee/posting them on the notice boards of branches/headquarters/sections);
- Distributing leaflets on the integrity warning system available on the company website at [public-interest-whistleblower](#), - conflicts of interest and incompatibilities, as well as on ethics counselling and the role of the ethics advisor, based on the provisions of the Code of Ethics and Integrity and the rules laid down by applicable legislation through exhibitions/presentations/descriptions and the use of materials: printed flyers + Code of Ethics and Integrity of S.N.G.N. Romgaz S.A.;
- Implementing the questionnaire on employees' degree of knowledge about the provisions of the ROMGAZ Code of Ethics and Integrity; Presenting the online training platform on the Code of Ethics and Integrity;
- Implementing the questionnaire on perceptions around activities through which employees believe that ethical conduct within ROMGAZ can be improved;
- Presenting the online training platform on the Code of Ethics and Integrity, as well as the user guide available on the internal intranet, to the heads of the targeted organizational units. The online platform on ethics and integrity training is linked to the MAIS IT system, where all intermediate and general introductory training carried out by each senior employee and separately by the Ethics Advisor is uploaded and validated;



- Conducting a Q&A session on the above topics, encouraging free discussion and proposals;
  - A total of 1,337 employees were trained during the Campaign.
- If notified, the Ethics Advisor reports on practices or procedures that could lead to the violation of values, principles, and rules of conduct in employee activity or they can carry out an ex-officio investigation when observing non-compliant behaviour.

# Anti-corruption

S.N.G.N. Romgaz S.A. rigorously and responsibly observes the values on which its activity is based, namely involvement, responsibility, and zero tolerance for corruption, according to the [S021-2025 National Anti-Corruption Strategy](#).

The company has set up a Commission responsible for the implementation of the National Anti-Corruption Strategy for the 2021-2025 period, the establishment of the necessary measures for the implementation of the provisions of G.D. 1269/2021 and G.D. 599/2018, including its subsequent actions, namely a management statement on the commitment to the organizational integrity agenda under the 2021-2025 National Anti-Corruption Strategy, a 2022-2025 ROMGAZ Integrity Plan ([2022-2025 Integrity Plan](#)), and a Statement on the commitment to the integrity agenda in line with the 2021-2025 National Anti-Corruption Strategy ([Statement on the commitment to the integrity agenda](#)).

The positive and/or negative impact of "Anti-Corruption" aspects is managed according to the measures identified when determining which activities are vulnerable to corruption.

In 2022, steps were taken to prepare the necessary documentation for the implementation of an anti-bribery management system based on the requirements of SR ISO 37001:2017.



# ROMGAZ

During 2022, there were no high-exposure risks associated with corruption. In the event that corruption-related risks are identified and that they exceed the tolerance limit established at the ROMGAZ level, a plan of measures is drawn up according to the PS-07 Risk Management system procedure.

Highlights of the company's fight against corruption in 2022 include:

- S.N.G.N. Romgaz S.A. adopted the statement on the commitment to the organizational integrity agenda under the 2021-2025 National Anti-Corruption Strategy, no. 855/07.03.2022;
- Decision no. 256/08.03.2022 established the Commission for the implementation of the 2021-2025 National Anti-Corruption Strategy inside S.N.G.N. Romgaz S.A. and the establishment of the necessary measures to implement the provisions of G.D. 1269/2021 and G.D. 599/2018, and a coordinator was appointed from the management level;
- The inventory of sensitive job functions and List of individuals occupying these functions were approved (no. 5647/14.02.2022);
- CEO Decision no. 426/08.04.2022 approved the 2022-2025 ROMGAZ Integrity Plan;

- Within ROMGAZ, the Anti-Fraud, Integrity, and Inspection Directorate of the Energy Ministry, together with the executive management and the Ethics Advisor, carried out a corruption prevention activity on 11.05.2022;
- From October 25-27, 2022, the Anti-Fraud, Integrity, and Inspection Directorate of the Energy Ministry carried out anti-fraud/anti-corruption checks at the ROMGAZ National Natural Gas Company;
- A course on "Anti-bribery systems" was held on December 19-21, 2022. The course was attended by the members of the Commission responsible for the development of the documentation required for the implementation of Standard SR 37001:2017 - Anti-bribery management systems, according to Decision 600/26.05.2022.

## **The following internal announcements were sent through the ROMGAZ internal network in the form of newsletters in 2022:**

- organizational announcement of internal reporting channels at the ROMGAZ level of public interest whistleblower;
- reporting mode - electronic flyer/film sent by e-mail;
- organizational announcement – the Code of Ethics of the Internal Public Auditor applicable to the Internal Public Audit Service.

ROMGAZ identified the activities which are vulnerable to corruption across all operations. The operation was defined as the organizational unit within ROMGAZ which, according to the provisions of the company's Organizational and Operational Rules, can represent a: branch, department, division, directorate, centre, office, service, compartment, formation, column, workshop, section, agency, warehouse - provided as such by documents or internal organizational and operational decisions.

100% of all organizational units within the company have been subject to such assessments. A total of 409 operations were assessed for corruption risk.

The system procedure "Inventory of sensitive job functions" has been developed and implemented at the company level.

A number of risks have been identified as a result of the assessment, with the areas of high risk of corruption being: procurement, investment, human resources, information technology & telecommunications, financial, legal, drilling, exploration, production, land formalities, and sales.

The identified risks include:

1. The disclosure and dissemination of confidential information and documents to unauthorized individuals;
2. Subjective (preferential/biased) treatment of offers;
3. Subjective attitude towards evaluating audit missions;
4. Preferential relationships with contractors;
5. Public procurement of public goods, services, and works by means of circumventing applicable legal regulations in the field;

6. Developing proposals as part of the sectorial procurement plan or other documentation that might be detrimental to the company's interests;

7. Accepting the inadequate implementation of contractual clauses by the contractor;

8. Poorly managing funds by accepting works execution outside the provisions of the contract, project, tender specification, and the applicable technical regulations;

9. Subjective and/or biased awarding of the good performance certificate;

10. Selective approval of sponsorship/social aid applications;

11. A lack of formalities regarding the management conflict of interest;

12. Trainer selection based on preferential criteria;

13. Preferential criteria for personnel recruitment and employment, favoring of certain applicants;

14. Issuing certificates (documents) using false data;

15. The legal advisor providing legal support coming under pressure and being influenced by circumstances and events that might influence them to provide an opinion or legal endorsement outside the legal boundaries or to interpret the law inappropriately or in ways that are non-compliant with legal requirements;

16. Unevenly applying legislation and regulations in cases and matters involving several subunits or subunits and the headquarters;

17. Subjectively assessing a legal issue and offering erroneous legal advice that may lead to severe consequences;

18. Approving documents that do not comply with the applicable regulations/procedures of the operations category to which they belong.

	2020		2021		2022	
	No.	%	No.	%	No.	%
Number and share of Board members who were informed of the company's anti-corruption policies and procedures	8 <sup>*)</sup>	100.0	10 <sup>*)</sup>	100.0	9 <sup>*)</sup>	100.0
Number and share of employees who received anti-corruption training	622 <sup>**)</sup>	11.0%	617 <sup>**)</sup>	11.5	736 <sup>**)</sup>	13.5
Number and share of employees who were informed of the company's anti-corruption policies and procedures	5673	100.0	5363	100.0	5971	100.0
Number and share of business partners who were informed of the company's anti-corruption policies and procedures	All <sup>*)</sup>	100.0	All <sup>**)</sup>	100.0	All <sup>***)</sup>	100.0
Number and share of Board members who received anti-corruption training	0	-	0	-	0	-

<sup>\*)</sup> All Board members, through the publication on the ROMGAZ website of the Statement of ROMGAZ's adherence to the 2016-2020, respectively the 2021-2025 National Anti-corruption Strategy, as well as the Integrity Plan.

<sup>\*\*)</sup> All employees with managerial positions, corresponding to the organizational charts valid at the end of the year (2019, 2020, 2021, 2022), within the methodological guidelines for the development of the internal management and control system (SCIM), were made aware of the principles and fundamental values of the NAS, we tried to increase employee awareness on detecting, combating, and reducing corruption, correlating the NAS with standards 1 and 2 of OSGG 600/2018. In turn, employees with managerial positions, according to the applicable internal regulations, are required to train subordinate employees on the provisions of the NAS and the Inventory of Sensitive Functions System Procedure.

<sup>\*\*\*)</sup> All business partners – through the publication of the Code of Ethics and Integrity and ROMGAZ's statement of adherence to the 2021-2025 NAS on the website [www.romgaz.ro](http://www.romgaz.ro). 100% of all bidders in procurement operations.

All our efforts to avoid the company's involvement in corruption incidents have been successful, as no case of corruption was recorded or confirmed inside the ROMGAZ Group in 2022.

No information was identified by the Legal Office regarding possible sanctions applied to the organization in connection to alleged anti-competitive, anti-trust, and monopoly behavior. On the contrary: the Legal Office regularly responds to requests from the Competition Council.

# Risk management

From a risk point of view, the Risk Profile<sup>14</sup> presents an overall picture of the company.

According to the Corporate Governance Code, S.N.G.N. Romgaz S.A. is required to implement and develop the internal management control system, including an effective risk management system.

As part of the process of developing the internal management control system, in its risk management process, the company systematically analyzes – at least annually – the risks related to its objectives and

activities, develops plans to limit the possible consequences of these risks, and designates those responsible for implementing the plans. The process covers all operations in our organizational units and all management levels.



The company's risk management system aims to comply with the following regulations:

- Law no. 111 of May 27, 2016 for the approval of Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises;
- Law no. 174/2015 for the approval of Government Emergency Ordinance no. 86/2014 on the establishment of reorganization measures at the level of the central public administration and for modification and completion of several legislative acts;
- International standard ISO 31010: 2011: “Risk management: risk assessment techniques;”
- Order of the Government Secretary General no. 600/2018 regarding the approval of public organizations' internal management control code;
- The BVB Corporate Governance Code;
- The S.N.G.N. Romgaz S.A. Corporate Governance Code;
- System procedure PS-07 “Risk Management” – version 3.0.

<sup>14</sup> [Risk profile of S.N.G.N. Romgaz S.A. 2022](#)

Risk management within ROMGAZ is an ongoing process that covers all the company's business areas and requires the participation of all employees in identifying risks in their activities that could prevent them from achieving their objectives, in order to take the necessary measures in due time.

The identification of risks is closely related to the activities related to each specific objectives, the achievement of which could be affected by the materialization of the risks.

Strategic objectives are defined by the company's top management, while general and specific objectives are defined at the organizational unit level, by hierarchical leaders, together with their subordinate staff.

### **Risk assessment is performed taking into account two key parameters, with a scale for measuring their value:**

- the likelihood of occurrence and
- the impact, namely the effect or consequences of the risk's materialization.

ROMGAZ's risk management methodology establishes a general unitary framework for identifying, analyzing, and managing risks at the organizational unit level and, at the same time, provides a tool that facilitates risk management to be carried out in a controlled and efficient manner, in order to achieve company objectives.

Risk management activities are carried out across three company levels, namely:

- Inferior level: represented by those responsible for risk at the organizational unit level;
- Medium level: represented by structured (risk management committees) that facilitate and coordinate the risk management process, which meet on an ad-hoc basis and whenever necessary as per applicable legislative requirements;
- Superior level: represented by the company's top management (making up the Monitoring Committee) which approves risk reports according to the company's objectives and risk appetite and effectively leads the process when necessary by analyzing, evaluating, and treating risks that could have a significant impact on the achievement of the company's objectives.

## Risks can be classified as follows:

- Physical risk – associated with physical changes generated by climate change (e.g. floods, draught, etc.);
- Legislative/regulatory risks – regulations that change the landscape, territorial planning, etc.;
- Other categories of risk – e.g. availability of new technology, climate change-related products or services or elements that generate change in customer behavior.

## Risks/opportunities generated by climate change with an impact on the organization:

Risk category	Identified risk	Description of risk	Effect
Legislative/regulatory risk	Incomplete or erroneous documentation	Unvalidated geological models, insufficient documentation that may impact geological projects and exploration wells	Promoting high-risk projects
Legislative/regulatory risk	Non-completion of capital repairs to LEA 20 KV Noul Săsesc	The developer is having difficulty obtaining permits because the site is located in a forest area	Discontinuation of electricity supply to the SU TEG Noul Săsesc and to well groups
Other categories of risk – technological risk	Malfunctioning of installed systems	<ul style="list-style-type: none"> <li>• Annual maintenance work cannot be carried out due to a lack of: spare parts, consumables, equipment, specialized staff and specialized services</li> <li>• Preventative maintenance cannot be carried out due to a lack of: spare parts, consumables, equipment, specialized personnel and specialized services for each type of work</li> </ul>	Failure to comply with the gas trading conditions imposed by the Technical Agreement and SR 3317/2003 makes it impossible to monetize gas production

Other categories of risk – technological risk	Shutting down drying stations for long periods of time due to impossibility of restarting	Corrective maintenance work cannot be carried out due to a lack of: spare parts, consumables, equipment, specialized staff and specialized services	Failure to comply with the gas trading conditions imposed by the Technical Agreement and SR 3317/2003 makes it impossible to monetize gas production
Legislative/regulatory risk	Failure to achieve the 50% target in sub-chapter 2.13 of the SPEE Iernut Investment Program	Failure to comply with the deadline stipulated in the Contract for the completion of the construction/assembly works and the Commissioning of the new power generation capacities, starting the endurance tests	Failure to carry out and complete the investment within the contractual terms; financial losses attributable to the Contractor; exceeding the initial estimated period and the need to reconfigure the implementation of the project to third party contractors; loss of the equipment guarantee granted by manufacturer
Legislative/regulatory risk	Failure to achieve the 85% target of objective completion in the SPEE Iernut Investment Program	Failure to meet the planning deadlines for the development of tender documents and the development of contract specifications. Management of human resources by attracting and mobilizing internal or external staff in order to build up a workforce with the best possible size and level of training	Judiciously investing the blocked budget resources for the development and acquisition of new fixed and/or current assets or for the refurbishment of existing ones, with the stated aim of achieving positive economic effects

## Potential impact of risks/opportunities on the organization

Risk category	Identified risk	Impact category	Impact on the organization	Likelihood of impact	Magnitude of impact
Legislative/regulatory risk	Incomplete or erroneous documentation	Direct Impact	Very high	Medium	Intolerable
Legislative/regulatory risk	Non-completion of capital repairs to LEA 20 KV Noul Săsesc	Direct Impact	High	High	Intolerable
Other categories of risk – technological risk	Malfunctioning of installed systems	Direct Impact	Very high	High	Intolerable
Other categories of risk – technological risk	Shutting down drying stations for long periods of time due to impossibility of restarting	Direct Impact	Very high	High	Intolerable
Legislative/regulatory risk	Failure to achieve the 50% target in sub-chapter 2.13 of the SPEE Iernut Investment Program	Direct Impact	High	High	Intolerable
Legislative/regulatory risk	Failure to achieve the 85% target of objective completion in the SPEE Iernut Investment Program	Direct Impact	High	High	Intolerable

The financial implications of these risks/opportunities have not been quantified.



# Financial



# Financial performance

In 2022, the ROMGAZ Group recorded a turnover of RON 13,359.65 million, up 128.26%, namely by RON 7,506.73 million, compared to 2021 (RON 5,852.93 million). The net profit of RON 2,546.71 million was higher than the net profit recorded in 2021 by RON 631.72 million (+32.99%).

## The ROMGAZ Group's performance in the year ended on December 31, 2022 was influenced by the following factors:

● An increase in turnover compared to the previous year, as a result of:

● the turnover from the sale of natural gas in 2022 totaled RON 11.31 billion, up 124.20% from the previous year. The quantity of natural gas sold (including gas purchased for resale) was 4.54% lower in 2022 than in 2021; in the fourth quarter (Q4) of 2022, the turnover from the sale of natural gas increased by 28.36% compared to the previous quarter (+17.07% quantitatively);

● turnover from storage activities saw an increase of 80.51% at the Group level in 2022, due to an increase of 60.18% in capacity reservation services (+RON 115.06 million), 249.53% (+RON 84.36 million) in injection services and 28.29% (+RON 9.90 million) in extraction services. At the Depogaz level, the increase in turnover from these services was 51.85%;

● turnover from the sale of electricity increased by 313.75% compared to the previous year (+RON 1.01 billion), at 73.52% higher production. This level of turnover is due to the high prices charged on the centralized markets where the Group operates, as a result of the conflict in Ukraine. However, the activity of production and sale of electricity recorded a loss of RON 49.95 million, due to the over-taxation of income from this business segment.

● GEO no. 27/2022 issued in 2022, with subsequent amendments, establishing certain obligations regarding gas deliveries and sales prices, which can be summarized as follows:

● in the period April 2022 – March 2023, the price of gas sold to suppliers to household customers is RON 150/MWh; the period has been extended until 31 March 2025;

● in the period April 2022 – August 2022, the price of gas sold to suppliers of heat producers or directly to heat producers, as the case may be, only for the quantity of natural gas used in the production of heat in cogeneration plants and in thermal power plants for household consumption, was RON 250/MWh; from September 2022, for the September 2022 – March 2025 period, for this category of customers, the sale price was set at RON 150/MWh;

- the quantities sold at the above prices were established on the basis of the procedure provided by GEO No. 27/2022;

- generally, ROMGAZ signs gas sales contracts for the gas year (October – September). As such, the quantities that remained available for sale under GEO 27/2022 until September 31, 2022 represented approximately 30% of the deliveries for the period, and after October 1, 2022, 90% of the quantity delivered by ROMGAZ was sold at the regulated price of RON 150/MWh;

- for the entirety of 2022, deliveries under GEO 27/2022 accounted for 33.3% of the year's deliveries, and from the the entry into force of GEO 27/2022 to the end of 2022, 53.5% of deliveries were carried out at the regulated price.

- Expenditure on petroleum royalty of RON 1,640.08 million (including royalties for storage activity) increased by RON 890.67 million compared to the previous year, i.e. by 118.85%, mainly due to the increase in the reference price used to calculate this tax. The royalty expenditure decreased significantly in Q4 2022 (-88.71% compared to Q3 2022), due to the delivery of more than 90% of the quantity at a price of RON 150/MWh (according to GEO 27/2022, the royalty price for these quantities is RON 150/MWh, not the reference price);

- Windfall tax on gas production sales from the sale of gas production increased in 2022 by RON 3.65 billion (289.81%) compared to 2021, to

RON 4.90 billion. The tax decreased significantly in Q4 2022 (-96.61% compared to Q3 2022), due to the delivery of more than 90% of the quantity at a price of RON 150/MWh (according to GEO no. 27/2022, no additional income tax is due for these quantities);

- In 2022, a windfall tax on electricity sales/a contribution to the Energy Transition Fund was introduced for electricity producers. The value of these two taxes was RON 403.80 million. The Group expects the level of this tax to be insignificant in 2023, as a result of the requirement to sell electricity at a price of RON 450/MWh, also established by GEO 27/2022;



● Starting with 2022, a solidarity tax was introduced for natural gas producers, following the implementation in the Romanian legislation of Council Regulation (EU) 2022/1854 of 6 October 2022 on emergency action to tackle the issue of high energy prices. The value of the tax for 2022 is RON 1 billion, and it is reflected under corporate tax expenditure.

With reference to the turnover from the sale of natural gas produced by the Group and the sale of electricity, the oil royalty, the additional income tax, and the solidarity contribution were as follows:

Indicator	U.M.	2021	2022
<b>Indicator</b>	RON million	5,034.4	12,622.9
<b>Turnover</b> (sales of produced natural gas and electricity)	RON million	740.0	1,625.8
Oil royalties from natural gas production	RON million	1,258.0	4,903.8
Windfall tax	RON million	-	403.8
Tax on additional income from electricity sales/contribution to the Energy Transition Fund	RON million	-	1,002.8
Solidarity tax	%	39.69	62.87

In August 2022, ROMGAZ completed the **acquisition of the shares of ExxonMobil Exploration and Production Romania Limited** (now ROMGAZ Black Sea Limited), which owns 50% of the acquired rights and obligations under the Eastern Deepwater Petroleum Agreement for the XIX Neptun offshore perimeter in the Black Sea. The final purchase price was RON 5,118.99 million, financed from ROMGAZ's own funds and a bank loan of RON 1,606.5 million (EUR 325 million).

**The consolidated net profit per share** amounted to RON 6.60, up 32.99% compared to the previous year.

**The achieved margins** of consolidated net profit (19.06%), consolidated EBIT (29.81%), and consolidated EBITDA (33.93%) were down from the levels recorded in 2021 (32.72%, 35.86%, and 47.58%, respectively), mainly due to the overtaxation introduced for the Group's business segments. Compared to Q4 2021, the EBIT and EBITDA rates went up by 71.13% and 55%, respectively, due to a lower level of oil royalty and additional income tax related to gas production; the net profit rate, however, is lower by 62.32% due to the solidarity tax.

**Investments** made by the ROMGAZ Group in 2022 amounted to RON 5,627.12 million, a figure RON 5,167.8 million or 1,125.1% higher than the one in 2021.



Natural gas consumption in Romania in 2022 is believed to have decreased by about 16%, from 130.12 TWh to 109.50 TWh, according to ANRE and company consumption estimates.

**The company's natural gas production** in 2022 reached 4,935.9 million cubic meters, i.e. a decline of 1.8% compared to 2021, one that is in line with the strategic decline target of 2.5%.

With this production level, according to estimated data, ROMGAZ had a market share of approx. 49.41% of deliveries in Romania's total consumption, up by about 7% compared to 2021.

**ROMGAZ's electricity production in 2022** reached 1,110.456 GWh, which was 73.51% higher than the level achieved in 2021. The development was closely related to the demand for energy, the evolution of prices on competitive markets, and the amount of fuel allocated for electricity generation. The market share held by ROMGAZ, according to preliminary data published by Transelectrica, is 2.05%.

# Directly generated and distributed financial value (RON)

Description	2020	2021	2022
Directly generated financial value	<b>4,133,887,825</b>	<b>6,156,535,136</b>	<b>13,658,093,366</b>
Revenues	4,133,887,825	6,156,535,136	13,658,093,366
Distributed financial value	<b>2,801,082,350</b>	<b>3,807,816,453</b>	<b>11,533,149,816</b>
Operational costs	511,569,656	816,695,850	959,625,428
Salaries and benefits for employees (incl. related taxes)	766,605,639	766,483,968	845,756,771
Payments to capital suppliers	620,530,064	628,300,180	1,464,605,120

## Investments in infrastructure

In the 2017-2021 period, the company carried out investments worth RON 3.82 billion, as follows:

Year	2017	2018	2019	2020	2021	Total
Value (thousand lei)	781,768	1,150,349	866,218	601,800	417,658	3,817,793

During 2022, ROMGAZ carried out no investments in infrastructure and/or public utility works.



# Financial assistance from public authorities (RON)

Total value of the financial assistance the organization received from any public authority during the reporting period:

Description	2019	2020	2021	2022
Tax and tax credit breaks	37,678,735	45,032,516	54,531,247	96,234,741
Subsidies	0	115,027,027	94,148,236	-

# Social





Through its 2021-2030 Development Strategy, ROMGAZ pursues a strategic approach aimed at a sustainable growth of its added value for society, employees, and shareholders. One of the strategic objectives included in this strategy is the creation of long-term and equally profitable relationships with the market and the social environment. This strategic objective involves focusing the company's activities on developing human resources for the transition to future trends in the field of sustainable energy, as well as engaging in the project of promoting sustainable development in society in order to create a greener society for citizens.

The foundation of the company's economic growth is the strengthening of its relationships with all stakeholders, including employees, their representatives, as well as civil and academic society, taking into account the interests of local communities.

## Our employees

ROMGAZ's 2021-2030 Development Strategy aims to develop human resources for the transition to future trends in sustainable energy by passing the baton between today's and tomorrow's specialists through the following means:

- Supporting the quality of energy education by providing work practice for students;
- Mentoring programs;
- Recruiting young graduates;
- Increasing employee satisfaction and engagement;

### **The following performance indicators have been established to achieve this objective:**

- Number of employed graduates;
- Employee engagement and satisfaction rates greater than 60% based on employee satisfaction questionnaires distributed annually.

We operate in a sector where human resources are vital to carrying out our activities and providing efficient, high-quality, and safe services. Our employees are the core that sets in motion the entire range of ROMGAZ products and services, which is why we want to make sure that the recruitment process is carried out under rigorous conditions in accordance with the requirements and complexity of the available positions.

An adequate internal climate and the safety of the work environment, as well as the proper training of employees are the core focus areas when it comes to our company's employees.

In close connection to the company's general objectives, the S.N.G.N. Romgaz S.A. human resource policy is focused on highlighting the existing human potential and its capability to perform at the required level and/or to identify external human resources which can be employed to improve the specialized occupational chart and professional training level.

In this context, the mission of the Human Resources Department is to become a proactive player, with a decisive role in training and motivating staff in order to achieve S.N.G.N. Romgaz S.A.'s objectives.

In principle, our human resources policy focuses on the following objectives:

- increasing the professional skill level through employee-oriented means;
- reaching a balanced distribution of human resources both at the headquarters and in our six branches, depending on the type and share of activities carried out at these sites;
- setting up our own staff promotion system for high potential employees, with a focus on internal selection;
- consolidating our organizational culture and sense of belonging to it.

Our human resources strategy is integrated into the company's overall strategy and aims to meet the requirements for the achievement of our business objectives through interventions on human resources, having to do with organizational, recruitment and selection, performance, and development aspects.

Our operating locations are Iernut (Iernut Branch), Mediaș (Mediaș Branch, SIRCOSS Branch, and Company Headquarters), Mureș (Mureș Branch and STTM Branch), and Drobeta Turnu Severin (Drobeta Turnu Severin Branch).



# Share of top management hired from the local community

The share of top management (executives and head engineers) working at ROMGAZ's main operating locations who come from local communities is:

- Iernut = 75%
- Mediaş = 72.41%
- Mureş = 100%
- Drobeta = 100%

## Information about employees and other Company workers

	Employed as of December 31							
	Number				Share			
Gender	2019	2020	2021	2022	2019	2020	2021	2022
Women	812	824	794	812	14.2%	14.5%	14.8%	14.9%
Men	4,926	4,849	4,569	4,641	85.8%	85.5%	85.2%	85.1%
<b>Total</b>	<b>5,738</b>	<b>5,673</b>	<b>5,363</b>	<b>5,453</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Age groups								
<30	256	270	272	314	4.5%	4.8%	5.1%	5.8%
30-50	2,723	2,554	2,378	2,332	47.5%	45.0%	44.3%	42.8%
>50	2,759	2,849	2,713	2,807	48.1%	50.2%	50.6%	51.5%
<b>Total</b>	<b>5,738</b>	<b>5,673</b>	<b>5,363</b>	<b>5,453</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

	Employed as of December 31							
	Number				Share			
Location	2019	2020	2021	2022	2019	2020	2021	2022
Mediaş Branch	1,912	1,862	1,713	1,742	33.3%	32.8%	31.9%	31.9%
Târgu Mureş Branch	1,655	1,668	1,538	1,564	28.8%	29.4%	28.7%	28.7%
SIRCOSS	707	681	608	636	12.3%	12.0%	11.3%	11.7%
STTM	538	534	495	492	9.4%	9.4%	9.2%	9.0%
SPEE	425	406	347	342	7.4%	7.2%	6.5%	6.3%
Drobeta Turnu Severin Branch	0	1	2	2	0.0%	0.0%	0.0%	0.0%
Company headquarters	501	521	660	675	8.7%	9.2%	12.3%	12.4%
<b>Total</b>	<b>5,738</b>	<b>5,673</b>	<b>5,363</b>	<b>5,453</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



# New employees and staff turnover at ROMGAZ

S.N.G.N. ROMGAZ S.A. implements a procedure regulating the personnel recruitment activity to ensure human resources, from a quantitative and qualitative point of view, in compliance with the requirements and complexity of each job, as well as the coherent and efficient allocation of internal human resources.

ROMGAZ pays particular attention to staff recruitment and selection, as its results directly influence the company's performance. The company's expectations regarding the candidates' fit with the organization and their subsequent performance also determine the importance given to the staff selection action. For these reasons, recruitment and selection are carried out according to well-established criteria, objectivity being the key factor in the selection phase of candidates for each role.

	New employees							
	Number				Share			
Gender	2019	2020	2021	2022	2019	2020	2021	2022
Women	53	30	20	46	6.5%	3.6%	2.5%	5.7%
Men	185	147	137	269	3.8%	3.0%	3.0%	5.8%
<b>Total</b>	<b>238</b>	<b>177</b>	<b>157</b>	<b>315</b>	<b>4.1%</b>	<b>3.1%</b>	<b>2.9%</b>	<b>5.8%</b>
Age groups								
<30	60	49	43	46	23.4%	18.1%	15.8%	14.6%
30-50	140	109	82	175	5.1%	4.3%	3.4%	7.5%
>50	38	19	32	94	1.4%	0.7%	1.2%	3.3%
<b>Total</b>	<b>238</b>	<b>177</b>	<b>157</b>	<b>315</b>	<b>4.1%</b>	<b>3.1%</b>	<b>2.9%</b>	<b>5.8%</b>

	New employees							
	Number				Share			
Location	2019	2020	2021	2022	2019	2020	2021	2022
Mediaș Branch	47	40	66	101	2.5%	2.1%	3.9%	5.8%
Târgu Mureș	73	62	33	74	4.4%	3.7%	2.1%	4.7%
SIRCOSS	24	18	16	67	3.4%	2.6%	2.6%	10.5%
STTM	38	21	10	21	7.1%	3.9%	2.0%	4.3%
SPEE	13	5	5	17	3.1%	1.2%	1.4%	5.0%
Drobeta Turnu Severin Branch	0	1	1	0		100.0%	50.0%	
Company headquarters	43	30	26	35	8.6%	5.8%	3.9%	5.2%
<b>Total</b>	<b>238</b>	<b>177</b>	<b>157</b>	<b>315</b>	<b>4.1%</b>	<b>3.1%</b>	<b>2.9%</b>	<b>5.8%</b>

Category	Employee rotation (employee turnover)					
	Number			Share		
Location	2020	2021	2022	2020	2021	2022
Mediaş Branch	92	174	74	4.9%	9.7%	4.3%
Târgu Mureş	54	128	49	3.3%	8.0%	3.2%
SIRCOSS	38	71	40	5.5%	11.0%	6.4%
STTM	21	23	24	3.9%	4.5%	4.9%
SPEE	24	44	20	5.8%	11.7%	5.8%
Drobeta Turnu Severin Branch	0	0				
Headquarters	13	27	18	2.5%	4.6%	2.7%
<b>Total</b>	<b>242</b>	<b>467</b>	<b>225</b>	<b>4.2%</b>	<b>8.5%</b>	<b>4.2%</b>

The company management respects employees' right to free association to promote their professional, financial, and social interests and to defend their individual and collective rights, as well as the right to form and join trade unions, with this employees right being mentioned in ROMGAZ's Internal Regulations. Respect for freedom of association is confirmed by the very high degree of unionization within the ROMGAZ Group.

There are two trade union organizations inside the ROMGAZ Group:

- The “S.N.G.N. Romgaz S.A. Free Trade Union,” which has a total of 5,392 members out of the total number of 5,453 employees, resulting in a unionization level of 98.88%;
- The “DEPOGAZ Storage Branch Trade Union,” which has a total of 379 members.

	Employee rotation (employee turnover)					
	Number			Share		
Gender	2020	2021	2022	2020	2021	2022
Women	18	50	28	2.2%	6.2%	3.5%
Men	224	417	197	4.6%	8.9%	4.3%
<b>Total</b>	<b>242</b>	<b>467</b>	<b>225</b>	<b>4.2%</b>	<b>8.5%</b>	<b>4.2%</b>
Age groups						
<30	1	2	3	0.4%	0.7%	1.0%
30-50	25	29	11	0.9%	1.2%	0.5%
>50	216	436	211	7.7%	15.7%	7.6%
<b>Total</b>	<b>242</b>	<b>467</b>	<b>225</b>	<b>4.2%</b>	<b>8.5%</b>	<b>4.2%</b>

Since June 1, 2022, a Collective Labour Agreement negotiated with the "S.N.G.N. Romgaz S.A. Free Trade Union" has been in force, valid until May 31, 2024, inclusive of and applicable to all employees.

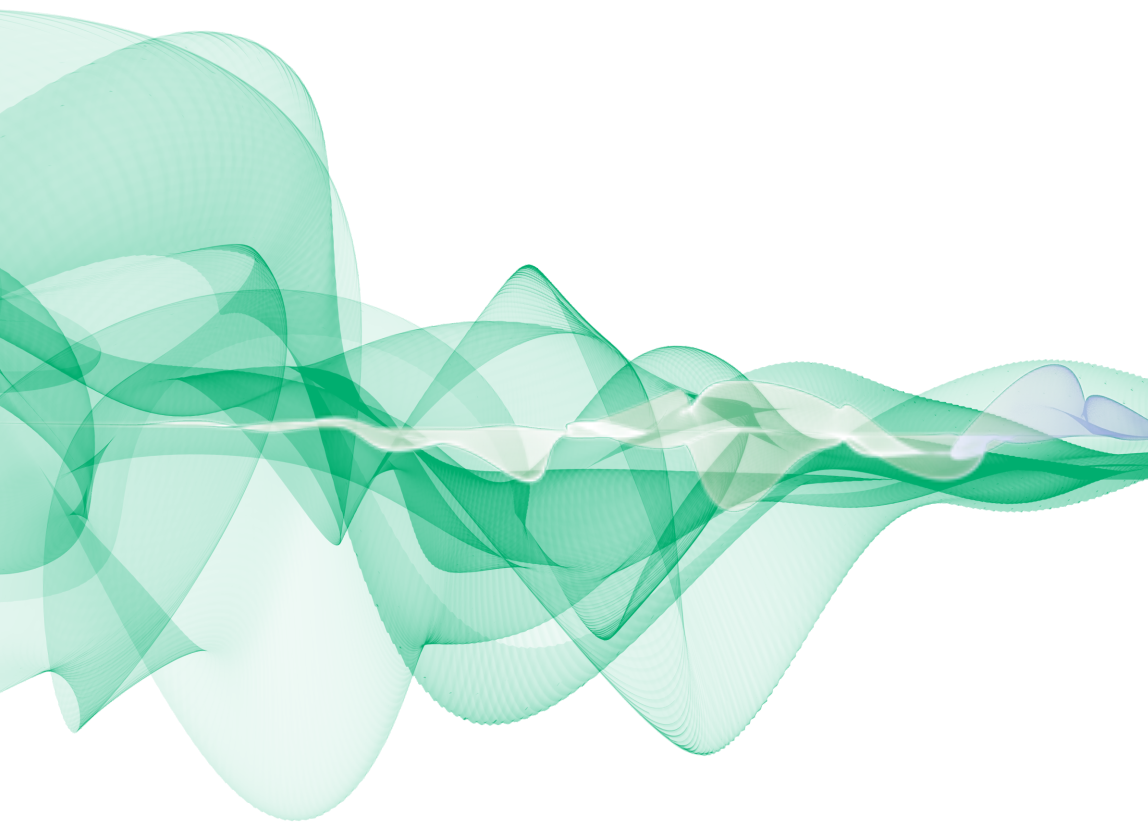
At the Depogaz Branch, since 1 June 2022, a Collective Labour Agreement negotiated with the "Depogaz Storage Branch Trade Union" in Ploiesti has been in force, valid until 31 May 2024, inclusive of and applicable to all branch employees.

During 2022, there were no instances of conflict between management and the trade union.

The notice period and the provisions for consultation and negotiation are governed by the Collective Labour Agreement, with a minimum notice period of four weeks.

# Employee benefits

For all operating locations, in 2022, the minimum salary, applicable to the organization's operating sector, for new, inexperienced employees, was RON 3,808 for both women and men, representing an increase of more than 12% compared to 2021.



In addition to the monthly remuneration, employees receive several benefits set in the Collective Labour Agreement:

- expenses incurred on behalf of employees in voluntary pension schemes, up to an amount representing the RON equivalent of EUR 400/employee for every fiscal year, in compliance with the legal provisions;
- expenses with voluntary health insurance premiums, up to an amount representing the equivalent in RON of up to EUR 400 for every fiscal year for each employee;
- coverage in case of disabilities or invalidity resulting from workplace injuries;
- reimbursement of holiday travel services;
- retirement benefits;
- granting material aid for employees' special life events.

ROMGAZ rewards the loyalty and experience of employees who have contributed to the company's yearly progress, such that on retirement, regardless of context, each employee receives financial aid, its amount depending on the years of service in the gas and/or electricity industry, as follows:

Seniority	Number of salaries granted
Between 5 and 10 years	Four base salaries as recorded on retirement date
Between 10 and 20 years	Five base salaries as recorded on retirement date
Between 20 and 30 years	Six base salaries as recorded on retirement date
Between 30 and 40 years	Seven base salaries as recorded on retirement date
Over 40 years	Eight base salaries as recorded on retirement date

As we place great emphasis on the quality of our workforce and their level of professional training, we have always aimed to have almost entirely full-time and permanent employment contracts. However, there is no differentiation in benefits between full-time and part-time employees, between those with permanent and fixed-term contracts or by location.

## Parental leave

In 2022, 73 ROMGAZ employees took parental leave. 37 employees returned to work after the parental leave they took in previous years ended, of whom 36 are still employed 12 months after returning to the company.

## Diversity and equality of opportunity

Within ROMGAZ there are provisions and responsibilities related to diversity, equal opportunities, and non-discrimination in the Collective Labour Agreement, the Internal Rules, and the Code of Ethics and Integrity.

# Combatting discrimination

The ROMGAZ Code of Ethics and Integrity states that "it is strictly forbidden to discriminate in any way on the basis of sexual beliefs and orientations, age, disability, nationality, skin colour, ethnic origin, religion, marital status, political opinion, trade union membership, etc." The company seeks to create a culture where individual differences are accepted and valued. ROMGAZ respects the principles of equal treatment and opportunity, tolerance, and acceptance of diversity.

S.N.G.N. Romgaz S.A. does not allow nor tolerate sexual harassment in the workplace and publicly encourages the reporting of all cases of sexual harassment, regardless of who the offender is, and warns that employees who violate the personal dignity of other employees, through any confirmed act of workplace sexual harassment, will be subject to disciplinary measures.

In order to resolve and prevent any kind of discriminatory events, ROMGAZ operates a system of public interest whistleblowing in a professional context, applicable to all internal and external stakeholders. Information or reporting on any form of conduct that contravenes the Code of Ethics and Integrity is available on the company website at [ethics and integrity](#).

Through our Internal Rules, specific internal procedures, and in compliance with applicable law, we ensure that appropriate measures

are in place to combat retaliation of any kind against individuals who report violations of the law or who assist in the investigation of cases of discrimination or harassment of any kind, in that any such retaliation is prohibited and thoroughly investigated.

At ROMGAZ, all reports/complaints regarding diversity, equality of opportunity or non-discrimination are analyzed in advance by the ethics advisor and are reported to the CEO who, based on the advisor's general conclusions, analyses, and recommendations, decides to carry out a verification and preliminary investigation of the facts and issues notified, followed by preventative and case resolution measures.

Issues related to diversity, equality of opportunity, and discrimination can be reported directly to the ethics advisor through ethics counseling and assistance, while maintaining the confidentiality of the request and the counselor's reporting and advice. In 2023, we aim to create a Guide on equality, diversity of opportunity, and non-discrimination, which will be presented and disseminated to all employees. The trainings on the Code of Ethics and Integrity touch upon issues related to equality of diversity opportunity and non-discrimination.



At the company level, the reported irregularities, the resolution approach, and the ordered measures are reported to the Audit Committee within the Board of Directors.

Also during 2023, we aim to carry out training courses and debates on the meaning of diversity and equal opportunity, how diversity values and principles should be approached, what an organization can do to promote intercultural understanding and dialogue, European diversity policies, and applicable legislation. We also want to build a dedicated section on the ROMGAZ intranet platform, containing specific data and information that would be immediately made available to employees.

In 2022, no cases of discrimination were reported inside ROMGAZ.



# Diversity in management and employee teams

Although all aspects of diversity are important to us, most issues are generally confidential and have to do with individuals' perception of the issues, which is why our company collects data regarding the diversity of management and employee teams, mainly using two criteria: age and gender.

At ROMGAZ, the distribution of employees by gender and age categories has remained largely unchanged, with a slight steady increase in the share of women inside the company, which is a natural consequence of the continuous improvement of working conditions through the enhanced technology that we provide our workers.

Over the last four years, there has also been a steady increase in the share of very young employees (under 30) and those over 50. This development indicates that we want to keep very experienced people in our company, from whom young people, who are at the start of their careers, can learn both job know-how as well as respect for the company's values.

Staff structure as of December 31				
Gender	2019	2020	2021	2022
Women	14.2%	14.5%	14.8%	14.9%
Men	85.8%	85.5%	85.2%	85.1%
Age groups				
<30	4.5%	4.8%	5.1%	5.8%
30-50	47.5%	45.0%	44.3%	42.8%
>50	48.1%	50.2%	50.6%	51.5%

Average age inside the company	2019	2020	2021	2022
	48.27	48.45	48.24	48.23



Romania's cultural model makes it so that the jobs most commonly found in our company are traditionally taken up by men, partly because they are more physically demanding and are sometimes carried out in environments with a higher degree of risk, and partly because they also require greater availability for mobility. For this reason, women make up less than 4% of the "Laborers" category. This share rises significantly in the other employee categories, reaching almost 50% among higher education graduates and even 60% among secondary education graduates.

Share of employees by category and gender	Women				Men			
	2019	2020	2021	2022	2019	2020	2021	2022
Top Management	20.0%	17.5%	15.6%	15.9%	80.0%	82.5%	84.4%	84.1%
Middle Management	15.9%	24.7%	27.1%	27.6%	84.1%	75.3%	72.9%	72.4%
Other management positions	0.8%	1.2%	0.9%	0.9%	99.2%	98.8%	99.1%	99.1%
Higher education graduates	47.6%	48.5%	48.4%	48.8%	52.4%	51.5%	51.6%	51.2%
Secondary education graduates	61.4%	60.7%	60.2%	60.6%	38.6%	39.3%	39.8%	39.4%
Laborers	4.0%	3.7%	3.8%	3.8%	96.0%	96.3%	96.2%	96.2%
<b>Total</b>	<b>14.2%</b>	<b>14.5%</b>	<b>14.8%</b>	<b>14.9%</b>	<b>85.8%</b>	<b>85.5%</b>	<b>85.2%</b>	<b>85.1%</b>

Number of disabled employees	2019	2020	2021	2022
Women	7	10	7	5
Men	22	23	19	17
<b>Total</b>	<b>29</b>	<b>33</b>	<b>26</b>	<b>22</b>

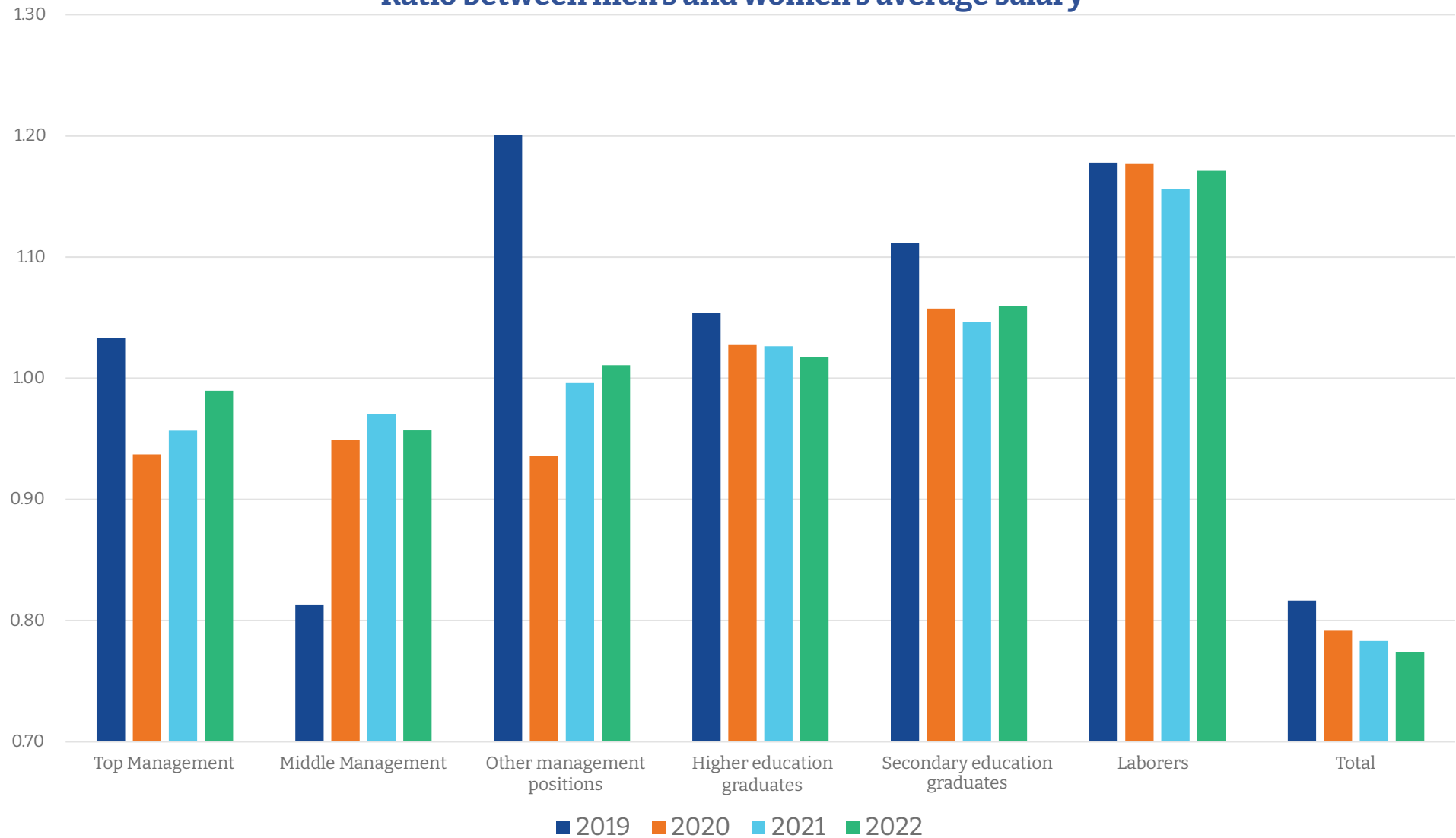


In our industry, there is usually a wage level difference between men and women, especially among the staff in the “Laborers” category, as most jobs with a higher degree of risk are occupied by men, and these working conditions have higher associated levels of salary bonuses. Within our company, the ratio between men's and women's salaries is inversely proportional to their position in the hierarchy. As such, from a ratio of 1.17 in favor of men in the “Laborers” category, we reach a ratio of 0.96 at the middle management level. At the company-wide level, the ratio of men's to women's average wages has moved steadily in favor of women over the past four years, reaching 0.77 in 2022.



	Average salary								Ratio between salaries			
	Men				Women				2019	2020	2021	2022
	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
Top Management	28,546	28,625	29,682	32,871	27,630	30,546	31,022	33,215	1.03	0.94	0.96	0.99
Middle Management	13,454	17,631	18,068	20,291	16,544	18,580	18,622	21,204	0.81	0.95	0.97	0.96
Other management positions	8,558	9,682	9,987	11,479	7,129	10,347	10,027	11,357	1.20	0.94	1.00	1.01
Higher education graduates	8,814	9,597	10,236	11,943	8,360	9,341	9,972	11,734	1.05	1.03	1.03	1.02
Secondary education graduates	6,662	7,004	7,461	8,748	5,993	6,623	7,131	8,255	1.11	1.06	1.05	1.06
Laborers	5,507	6,000	6,359	7,345	4,675	5,099	5,501	6,271	1.18	1.18	1.16	1.17
<b>Total</b>	<b>6,709</b>	<b>7,246</b>	<b>7,706</b>	<b>8,843</b>	<b>8,216</b>	<b>9,152</b>	<b>9,840</b>	<b>11,424</b>	<b>0.82</b>	<b>0.79</b>	<b>0.78</b>	<b>0.77</b>

## Ratio between men's and women's average salary



# Occupational health and safety

As the health and safety of our employees is a very important topic for us, the ROMGAZ Strategy for 2021-2030 includes both targets and performance indicators related to this topic, as follows:

**Zero** deadly injuries resulting from workplace accidents;

**Reducing** the number of incidents/accidents resulting in lost work days;

**Implementing** monitoring and reporting on process security.

## Performance indicators:

Zero deadly incidents;

LTIR<sup>12</sup> - under 0.4;

During the reporting period 01.01.2022- 31.12.2022, there were zero fatal accidents and 0.1% occupational accidents, and the LTIR performance indicator was 0.133, falling within the HSSE Action Directions set in the S.N.G.N. Romgaz S.A. 2021-2030 Strategy, i.e. LTIR <0.4.

The company has implemented an integrated quality, environmental, and occupational health and safety management system in accordance with the SREN ISO 9001:2015, SREN ISO 14001:2015, and SR ISO 45001:2018 standards, ensuring compliance with all legal requirements in the field. This system was recertified on 11.08.2022 by the SRAC CERT

<sup>12</sup> *Lost Time Incident Rate / the average frequency of incidents with one or more workdays lost as share of regular working time (LTIR)*

certification body. This system covers all ROMGAZ employees (except hotel and treatment activities) and is internally audited annually as per the Integrated Management System Audit Procedure.

S.N.G.N. Romgaz S.A. creates a healthy and modern working environment for its staff, in line with the relevant regulations on occupational health and safety (OHS). The company provides its employees with continuous training on occupational health and safety and fire protection.

In 2022, at the company level, the objective regarding the verification of compliance with legal requirements on occupational health and safety was 100% achieved through compliance with the annual internal checks schedule.



Measures to improve employees' occupational health and safety are promoted by establishing principles regarding the prevention of occupational risks, the protection of workers' health and safety, the elimination of risk and injury factors, providing information, consultation, balanced participation, and training of workers and their representatives according to existing legislation.

A Policy on quality, environment, occupational health and safety, and energy has been established within the occupational health and safety management system, with procedures implemented referring to:

- Hazard identification, risk assessment, and planning of checks;
- Monitoring workers' health status;
- Monitoring and measuring of professional noxious emissions;
- Preparing for emergency situations and developing the emergency response capacity;
- Identification and assessment of compliance requirements;
- Internal checks in the area of occupational health & safety;
- In-house instructions on supplementing and/or implementing occupational health and safety rules taking into account the nature of the work and the job locations/sites.

These procedures are applied to all organizational units within ROMGAZ.

An OHS training-testing program and OHS training topics for all phases—general introductory, on-the-job, and periodic training—are drawn up annually.

All employees were tested on OHS topics in 2022, according to the annual training-testing program.

Hazard identification is carried out by the employees of the Prevention and Protection Service, together with leaders and workers, in a proactive and anticipatory manner.

Following hazard identification and risk assessment for professional injuries and illness, the Jobs List is drawn up containing specific risks for each job..



As per the operational procedure for employee health monitoring, medical examinations are carried out periodically in the Occupational Medicine Office, the results of which are recorded by the occupational physician in each employee's medical file. The contents of this file and the results of the medical examinations are strictly confidential between the worker and the doctor.

### **Occupational health and safety issues included in official agreements with trade unions**

The collective labor agreement signed at the company level includes a chapter titled “Working Conditions - Occupational Health and Safety,” developed based on the legal requirements in the field, which deals with general issues of occupational health and safety, such as: employer's obligations, employee obligations, working conditions, working rules, personnel training, personal protective equipment, employee health monitoring, protective nutrition, OHS committees, etc.





# Occupational Health and Safety Committees

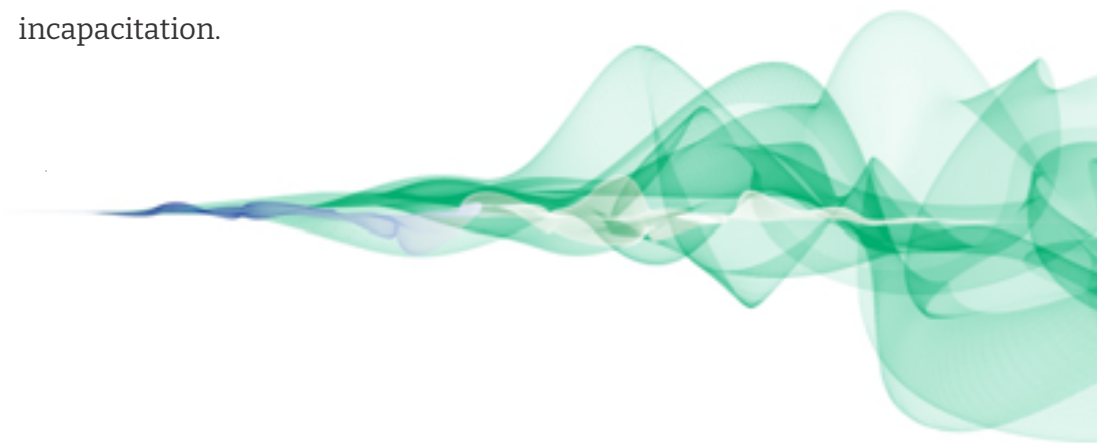
OHS Committees are in place both at the company level as well as in each branch except for the Drobeta Turnu Severin branch (which only has two employees), as per current legislation. The Committees meet quarterly, according to legal requirements, and the reports generated after the meetings are brought to the attention of all employees and sent to the Territorial Labor Inspectorate. The Committees are equally made up of employee representatives as well as company management.

The employer presents the Annual report on occupational health and safety to the OHS Committee.

# Workplace injuries

The company maintains a Unique Registry that records all workplace injuries.

In the last four years, there have been no deadly injuries at the ROMGAZ level. In 2022, there were 6 injuries that led to temporary incapacitation.



	Women				Men			
	2019	2020	2021	2022	2019	2020	2021	2022
Number of injuries	0	0	0	1	3	7	2	5
Injury rate (IR)	0%	0%	0%	0.13%	0.047	0.14%	0.04%	0.11%
Occupational Disease Rate (ODR)	0%	0%	0%	0%	0.51%	0.23%	0.02%	0%
Workdays with temporary incapacitation due to workplace injuries	0	0	0	20	148	548	67	135
Lost day rate (LDR)	0%	0%	0%	0.38%	2.36%	9.62%	1.23%	2.57%
Absence rate (AR)	0.68%	0.62%	0.67%	0.75%	2.71%	2.78%	2.74%	2.50%
Deaths	0	0	0	0	0	0	0	0

Total hours	2019	2020	2021	2022
Total number of medical leave hours taken by employees due to workplace injuries or occupational diseases	1,632	4,488	648	1,512
Total number of medical leave hours (includes medical leave not related to workplace injuries or occupational diseases)	425,360	386,976	371,824	341,400
Total number of planned workhours	12,554,016	11,391,384	10,897,616	10,497,824

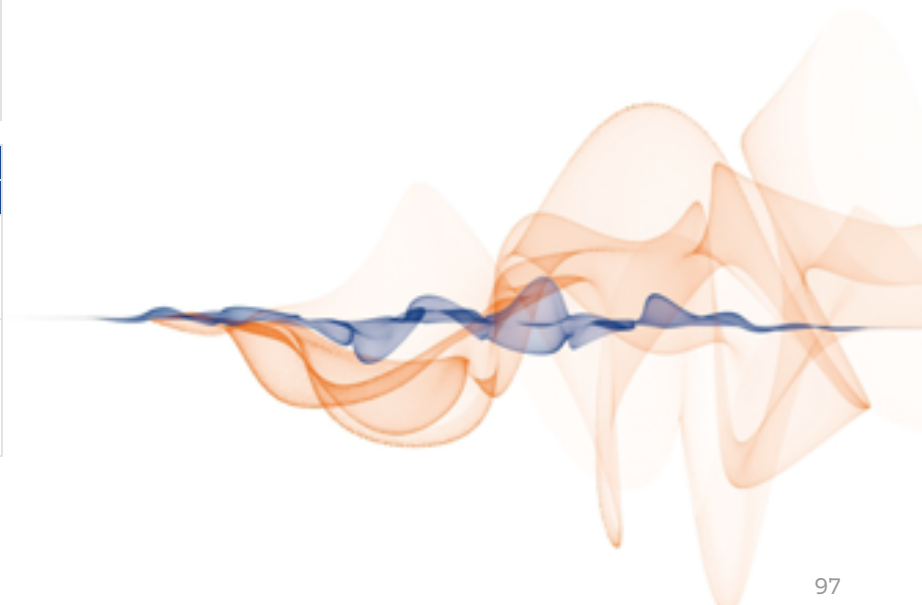
## Workers with high associated risk for occupational or professional disease

Due to the nature of the work, some jobs at ROMGAZ present a higher risk of occupational disease. Workers in compression stations, those in production sample formations, and workers involved in capital repair processes on wells are generally exposed to higher risk of developing occupational diseases, particularly associated with the

loud noises amid which these activities are carried out. Employees in these jobs are made aware of these risks when they are first hired as well as regularly through occupational health and safety training.

Number of employees in lines of work with high associated risk of occupational disease	2019	2020	2021	2022
	344	341	305	328

	Women				Men			
	2019	2020	2021	2022	2019	2020	2021	2022
Number of deaths caused by occupational diseases	0	0	0	0	0	0	0	0
Number of recorded occupational disease diagnoses	0	0	0	0	1	1	1	0



## Measures to prevent and improve working conditions include:

- Monitoring working conditions by periodically measuring emissions;
- Developing the prevention and protection plan;
- Awarding additional days of personal leave;
- Providing personal protection equipment that is appropriate for the working conditions.

All employees at ROMGAZ are offered free personal protection equipment based on the types of risks to which they are exposed.

## Promoting a healthy lifestyle among company employees

During regular check-ups, the Occupational Medicine Office staff promotes the adoption of a healthy lifestyle among ROMGAZ employees.



# Readiness for emergency situations

**The company has its own procedures and instructions for emergency situations, as follows:**

- Own OHS instructions for first aid;
  - System procedure for emergency readiness and response capacity.
- ROMGAZ draws up and periodically updates specific plans for Emergency Situations (Firefighting and Civil Protection), in order to prevent the occurrence of events with severe consequences.

Managing the SARS-CoV-2 pandemic remained the company's most important employee health challenge in 2022. During 2022, 477 SARS-CoV-2 cases were recorded among employees of S.N.G.N. Romgaz S.A. Mediaș, with no recorded deaths.



# Training and education

Through its 2021-2030 Development Strategy, ROMGAZ is committed to raising awareness of business ethics for all employees through training and communication programs, with the aim of achieving the NetZeRomGaz goal. In addition to training programs that are directly related to the company's operational scope, we are also committed to paying significant attention to human rights training sessions for all employees exposed to human rights risks, and at the same time to develop more internships and training programs inside the company.

## Performance indicators:

- Number of employees who have completed training courses and/or communication programs on the NetZeRomGaz compliance requirements;
- Number of employees trained in human rights topics by 2025;
- Number of participants in internships and training programs.

To honour our promise to our customers to provide them with high quality products and services at all times, as well as out of a desire to provide our employees with the necessary professional development tools and opportunities, we have implemented a procedure within ROMGAZ that regulates the way we identify theoretical and practical training needs, as well as the means in which we carry out the training.

This way, we ensure that each employee continuously meets the professional training requirements described in their job description.

Both employees, through their departments, and union representatives are involved in the development of the Annual Training Plan. Subsequently, the Plan is approved by the company's management and the necessary budget for its implementation is included in the company's Income and Expenditure Budget.

## In 2022, professional training activities inside the company included:

- Upskilling TESA employees through participation in programs covering various subject areas, in collaboration with training providers across the country;
- Authorization/reauthorization based on specialization and role;
- Skill development and qualification of laborers through internal courses.

## The company's annual training and professional development plan was carried out in 2022 as follows:

- 1,450 people participated in vocational training programs on specialized topics as required by the nature of their role, carried out with providers of such programs;
- 403 people participated in licensing and relicensing courses, according to their roles;
- 217 persons participated in training programs provided by internal lecturers.

In terms of the number of participants, the training plan for 2022 was 81.32% achieved. This is partly due to the SARS-CoV2 pandemic, but

also to the introduction of the operational procedure for the procurement of training services in the first part of 2022.

In addition to these professional training programs, the company encourages staff to continuously self-educate and provides employees with various professional development materials.

For self-training purposes, S.N.G.N. Romgaz S.A. provides its employees with access to e-learning platforms in their field of interest (technical, business, legal, human resources, etc.), resulting from the analysis of training and professional development needs. These methods ensure an efficient transfer of knowledge and include methods for performance evaluation during the self-learning process.

## Average number of training hours per year, per employee

	Men				Women			
	2019	2020	2021	2022	2019	2020	2021	2022
Top Management	37.71	30.00	25.03	8.92	66.29	27.43	13.71	10.50
Middle Management	16.01	17.13	19.53	12.20	21.45	28.96	12.15	12.23
Other management positions	29.13	17.06	17.32	11.93	0.00	96.00	4.00	12.00
Higher education graduates	17.13	12.34	11.19	8.34	14.49	17.83	11.76	4.12
Secondary education graduates	8.31	5.63	13.08	5.94	4.81	2.05	9.11	4.10
Laborers	4.30	7.00	8.69	10.53	1.07	0.54	7.39	1.55
<b>Total</b>	<b>7.40</b>	<b>8.64</b>	<b>9.35</b>	<b>10.35</b>	<b>11.5</b>	<b>13.68</b>	<b>3.95</b>	<b>4.52</b>

The training programs have targeted all categories of employees, regardless of role and level of education, and covered various topics of interest to administrative staff, as well as topics specific to the field in which the company operates, including authorization and reauthorization courses for specialists.

ROMGAZ employees can also take part in the professional and sports competitions organized by the trade union.



## Performance evaluation and professional development

A key objective for any organisation is to achieve the performance standards set for its employees.

Employees' professional performance is measured by S.N.G.N. Romgaz S.A. using an operational procedure and a series of evaluation criteria and subcriteria associated with specific categories of staff, aimed at determining the degree to which company employees carry out their tasks and responsibilities in an efficient manner. Evaluating professional performance allows us to constantly improve our working practices, identify staff training needs, as well as reward employees who achieve outstanding results.

The professional activity is assessed on a yearly basis through an evaluation of individual professional performance.

Performance evaluation and career development plan	Women							
	Number				%			
	2019	2020	2021*	2022	2019	2020	2021*	2022
Top Management	5	6	-	7	66.67	85.71	-	87.50
Middle Management	65	61	-	68	96.36	85.92	-	88.31
Other management positions	4	3	-	2	100	100	-	100
Higher education graduates	402	448	-	448	94.40	95.12	-	93.92
Secondary education graduates	125	122	-	89	96.30	90.06	-	86.41
Laborers	154	147	-	141	98.08	97.35	-	98.60
<b>Total</b>	<b>755</b>	<b>787</b>	<b>-</b>	<b>755</b>	<b>92.90</b>	<b>94.82</b>	<b>-</b>	<b>93.21</b>

Performance evaluation and career development plan	Men							
	Number				%			
	2019	2020	2021*	2022	2019	2020	2021*	2022
Top Management	18	30	-	21	68.46	90.91	-	56.76
Middle Management	198	205	-	180	97.24	96.24	-	87.80
Other management positions	253	236	-	229	98.95	97.52	-	100
Higher education graduates	442	472	-	469	95.55	93.84	-	93.24
Secondary education graduates	102	77	-	67	98.48	96.25	-	100
Laborers	3,826	3,701	-	3,503	98.67	98.14	-	97.31
<b>Total</b>	<b>4,839</b>	<b>4,721</b>	<b>-</b>	<b>4,469</b>	<b>94.01</b>	<b>97.50</b>	<b>-</b>	<b>96.29</b>

\*The procedure was modified at the end of 2021, therefore the present report cannot provide information for 2021. Information regarding 2022 refers to the results of employee evaluation for the January 1, 2021 – April 30, 2022 period, with the evaluation having been carried out between May 1 – June 30 of 2022.

These changes were made in order to be able to correlate the outcome of the evaluation with the training needs, which are established in the fourth quarter in order to set the budget for the following financial year (this way, the timing of the evaluation is closer to the timing of the training needs).

When the evaluation is complete, depending on the grades each employee obtained, an action plan may be drawn up to enable them to improve their job performance and/or pursue professional development.



# ROMGAZ's involvement in local communities

ROMGAZ's 2021-2030 Strategy commits the company to support the sustainable development of the society and local communities in which it operates, in order to provide a greener society for citizens.

In order to achieve this goal, we have set the following performance indicators:

- No new investment projects without a social impact assessment;
- A minimum of 10 health projects for local communities every year.

ROMGAZ's involvement in projects or programs of interest for community progress is motivated by its desire to meet society's expectations, through financial support/partial or total sponsorship of actions and initiatives, within the limits of our budgeted financial resources, demonstrating a proactive stance in the field of social responsibility and raising awareness among stakeholders about the importance and benefits of applying the principles of social responsibility.

ROMGAZ supports the sustainable development of society and community through partial or total sponsorship of actions and initiatives in the following main areas: health, education, social, sport, environment.

## Total sponsorship spending, of which: **RON 24,216,428**

- medical and health **RON 12,500,000**
- education, social, sport **RON 9,966,437**
- other actions and activities **RON 1,749,991**



In its actions to support/participate in the implementation of projects, actions or social responsibility initiatives, ROMGAZ has taken into account the provisions of the 2022 Sponsorship Policy and Sponsorship Guidelines, published on the company website in the [sustainability section](#).

Projects and programs for communities are supported according to the needs and opportunities identified by community representatives.

In order to identify all the social actions that need our support as accurately as possible, ROMGAZ has created a dedicated section on its website, through which all those interested can start a dialogue with us to support social responsibility projects or programs. This section can be accessed at:

[www.romgaz.ro/en/node/1201](http://www.romgaz.ro/en/node/1201).

Information on the most important projects and programs supported by ROMGAZ in 2022 can be found in the Annual Sponsorship Report, available on the company website:

[www.romgaz.ro/en/annual-report-social-responsibility](http://www.romgaz.ro/en/annual-report-social-responsibility).

ROMGAZ's involvement in projects or programmes of interest for the progress of communities is motivated by the desire to meet society's expectations, thus we primarily support projects that target vulnerable population groups. Education and training develops community members' capacity to respond to socio-economic, demographic, environmental, and technological challenges, and effective

investment in human capital through support for education and training is an essential component. Supporting community representatives who demonstrate an aptitude for sport performance responds to society's desire to invest in the development of a healthy community, as sport leads to the development and improvement of the individual as a member of society, and the values that sport represents become essential tools for social and educational integration.

The largest share of ROMGAZ's annual sponsorship budget is directed to the medical system to support the provision of medical equipment as well as repairs needed by these units. In 2022 we supported several such projects, mainly in Bucharest and in Mures and Sibiu counties.

# Cooperation with the education sector

The "ROMGAZ Scholarships" project was introduced in August 2021 with the aim of identifying ambitious students with outstanding academic results and well-defined career goals, in order to prepare future specialists for recruitment to the ROMGAZ team.

In this project, S.N.G.N. Romgaz S.A. has co-opted universities specialized in natural gas exploration and exploitation, as well as energy. In 2021, the Lucian Blaga University Sibiu – Engineering School, Babeş-Bolyai University Cluj-Napoca - Biology and Geology School, and the Oil & Gas University Ploiesti responded to our collaboration proposals.

In 2022, we held the first call for applications and the first interviews at the Lucian Blaga University in Sibiu and the Oil & Gas University in Ploiesti, based on which we awarded 10 monthly scholarships to high-achieving students who were in their final undergraduate years or pursuing Master's degrees—with the scholarships providing them with financial support during their studies. In the meantime, one of the ten scholarship recipients became our employee.

New agreements were signed in 2022 with the Alexandru Ioan Cuza University Iasi - Geography and Geology School and the Politehnica

University Bucharest – Energetics School.

ROMGAZ's collaboration with higher education is not limited to the scholarships project aiming to prepare them to become the company's future specialists.

In 2022, ROMGAZ initiated a partnership with the Academy of Economic Studies in Bucharest to support the professional training of employees to international standards, and started the Executive Education program, a partnership between business and academia that allows the transfer of knowledge and expertise between industry professionals and educational institutions, which represents an opportunity to professionalize our employees.

Our goal is to establish other partnerships or collaboration agreements with prestigious universities in the country in 2023, to the benefit of all parties involved.

Since 2018, partnership contracts for dual education have been signed with the National Gas School College in Mediaş and the Iernut Technology High School.

During the reporting year, ROMGAZ signed another partnership contract with the Iernut Technology High School, thus reaching a total of 65 individual contracts for the practical training of students who chose this academic program. Throughout the period of the partnership contract, during both the theoretical and practical training periods, students receive a monthly grant of 200 RON.

Of the 18 students of the Mediaș National Gas School who graduated from this form of education, 15 were employed in various departments of the Mediaș and Târgu Mureș natural gas production branches.

S.N.G.N. Romgaz S.A. has also signed agreements for internships with other high schools: the Gheorghe Șincai Technology High School and Electromureș Technology High School in Târgu Mureș and the Stănescu Valerian Technology High School in Târnava.



# Documentation and Information Center – Natural Gas Museum

In collaboration with representatives of local authorities, organizations or educational institutions, in the space of the Documentation and Information Center (Natural Gas Museum) in Medias, ROMGAZ organizes and hosts a series of events dedicated to the local community based on the principles of documentation, information, quality, accountability, performance. Social responsibility actions are meant to improve the quality of life inside communities where ROMGAZ operates.



# Environment



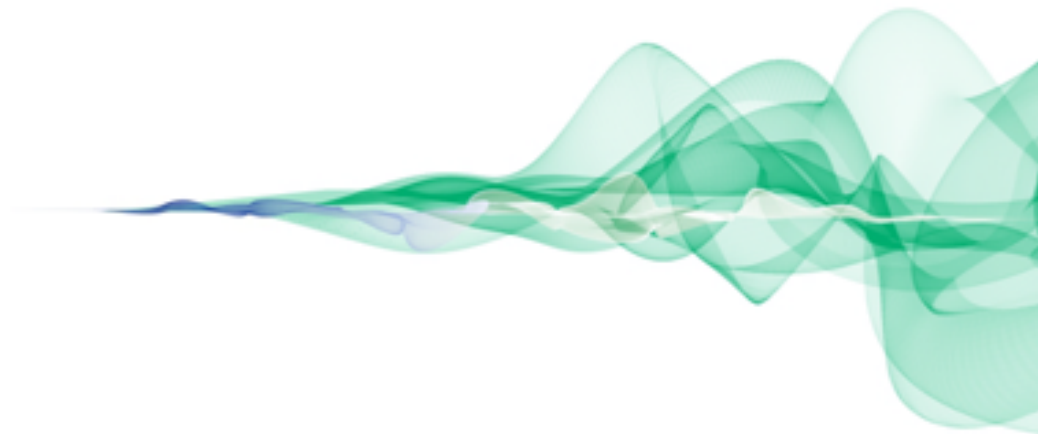
ROMGAZ's intention to become a major player on the Romanian and Central and Eastern European markets is complemented by the company's mission to continuously increase its performance, competitiveness, and value through the rigorous management of environmental, climate, and legislative risks. Protecting biodiversity and contributing to climate change mitigation is a priority for the ROMGAZ Group and part of our sustainable development strategy. We pay close attention to all the environmental aspects on which we can have an impact through our activities and we also focus on reducing energy and water consumption, as well as having a low environmental impact in our electricity and natural gas production operations.

The certification of our integrated quality, environmental, and occupational health and safety management system is a guarantee of the way in which we manage environmental protection issues and how we communicate relevant environmental information externally. Maintaining our activities at the level required by the company by adhering to these international standards ensures that we comply with increasingly stringent legal requirements, thereby contributing to the prevention of pollution and, consequently, to the reduction of undesirable effects on the environment.

The company carries out impact studies as often as necessary, at the request of the relevant authorities. Furthermore, we also take part in

public debates to obtain Environmental Agreements for some of our new projects, thus establishing the environmental conditions and, where appropriate, the environmental protection measures that must be implemented. The means of communication include announcements in the written press, posts on the company's website, etc. The environmental impact assessment (EIA) procedure consists of consulting the public and the authorities tasked with environmental protection and providing information on the decisions we take.

Stakeholder interest in environmental issues is very high, which is why the company ensures a high degree of transparency. This makes it easy for all stakeholders who are interested in our activities to access environmental information presented in a concise manner. At the company level, we have undertaken a set of measures to ensure transparency in our communication with the public, namely:



- Quarterly reports on environmental factors published on ROMGAZ website;
- Quarterly data on waste, emissions, and wastewater quality monitoring at SPEE Iernut published on ROMGAZ website;
- All public announcements concerning the application for environmental authorizations and permits for the location of new technological installations or for works carried out on these installations – published on the company website;
- The Waste Prevention and Reduction Program, together with all its annexes – annually published on the company website.

In addition to these actions to make environmental information transparent, there is also a set of procedures that very efficiently regulate the internal and external communication of all environmental issues, namely:

- Internal and external communication of environmental accidents - as per PS11: Emergency preparedness and response capability;
- Internal/external communication according to the Environmental Incident Action Plans;
- Communication on planning and conducting exercises for EIAP testing and reporting results;
- Internal and external communication of environmental information according to Work Instruction 00IL-062: Environmental Reporting;

- Internal communication of results after completion of each environmental inspection, as per 00IL-092: Environmental inspection;
- Annual or need-based reporting of environmental information to the IMS Board, according to procedure 18PO-05: Management review;
- Quarterly reporting on reported irregularities/petitions/complaints, as per 18IL-01: Internal/ Management Control System Self-Assessment.





ROMGAZ's Integrated Management System (IMS) includes both procedures dedicated to environmental issues and general procedures for reporting, control, and implementation of recommendations for compliance with environmental regulations, including:

- PPS-05: Control of non-compliance and corrective actions;
- PS-07: Risk management;
- PS-08: Objective management ;
- PS-09: Identification and assessment of compliance requirements;
- PS-10: Monitoring and measurement
- PS-12: Identification and assessment of environmental issues;
- 00IL-062: Environmental reporting;
- 00IL-092: Environmental inspections;
- 00IL-101: Monitoring and reporting of greenhouse gas emissions;
- 00IL-102: Radiological monitoring of recyclable metallic materials;
- 00IL-103: Monitoring and measurement of environmental factors;
- 18PO-05: Analysis carried out by management.

For the efficient functioning of the Integrated Management System, the duties and responsibilities of ROMGAZ employees are contained both in the organizational and operational regulations of each branch and in their individual job descriptions.

The entire Integrated Management System, including the activities that have an impact on the environment, are audited annually by the

internal audit structure in accordance with procedure PS-03: Internal Audit of the IMS.

In the planning stage of natural gas production, ROMGAZ takes into account repair/preventive maintenance works so that, by carrying out these works, the risk of severe or irreversible damage to the environment is minimized.

Furthermore, during intervention and repair works on wells for their return to production or when testing new wells from exploration drilling, we use environmentally friendly backflow installations to minimize environmental degradation.

For the 2021-2030 period, ROMGAZ has set a series of priorities that will significantly contribute to the Group's sustainable development, in the short and medium term:

### **Maximizing the recovery factor for hydrocarbon reserves in conditions of safety, reliability, and sustainable development**

- Extending the duration of exploitation for mature natural gas fields - 16 commercial fields that provide approximately 56.4% of the company's annual production, structured in 9 projects; multidisciplinary teams, integrated efforts between human resources, technologies, equipment, and information.
- A range of technical, economic, and management strategies whose aim is to maximize production and, implicitly, increase recovery rates in natural gas reserves, ensuring profitability.
- During exploitation, after recording considerable production history and implicitly an appreciable depletion level, the exploitation strategy is re-evaluated. Approaches in this regard are aimed at improving the value of mature deposits.

### **Sustainable energy production – low-emission electricity and energy**

- The development of 180 MW of renewable electricity production capacities, including the commissioning of a 60 MW photovoltaic capacity by the end of 2023.
- Feasibility analysis for the construction of several gas-powered

electricity production plants, using green energy and hydrogen, if project financing and access to non-reimbursable funds can be secured.

### **Feasibility analysis and implementation of projects to build electricity production plants will be carried out by ROMGAZ alone or as part of partnerships**

- Feasibility analysis for reserving production capacity in gas-powered electricity generation plants, while maintaining ROMGAZ's ownership of the natural gas and electricity thus produced;
- Reserving production capacity in electricity production plants, based on feasibility, while complying with applicable legislation.



## Decarbonization of Exploration-Production operations

- Prioritizing the use of electric drilling installations;
- Reducing greenhouse gas emissions during well testing operations;
- Managing emissions in the exploration process.

## Production

- Implementing a Fugitive Emissions Detection and Reduction Program as part of the production equipment integrity management system;
- Reducing execution times for works to develop production infrastructure so as to reduce energy usage and emissions;
- Using closed-circuit non-polluting discharge systems for well technological groups;
- Reducing emissions from compression stations;
- Reducing auto transportation of liquids resulting from exploitation operations;
- Reducing amounts of controlled flue gas by applying solutions to capture and recover methane gas.

## Reducing emissions and streamlining surface facilities for hydrocarbon deposits - Upgrade of facilities and equipment

- High-performance equipment to reduce polluting emissions;
- Methane capture solutions
  - 5 compression stations
  - 5 drying stations
  - technological groups

## Reducing greenhouse gas emissions by 10% Upgrading and improving the efficiency of the current auto fleet

- By 2030, 80% of the auto fleet shall use low-emission fuels;
- Replacing diesel vehicles with green energy-powered vehicles;
- Replacing heavy-duty vehicles that use diesel with vehicles that use green energy (EUR 59 million investment/EUR 4.5 million annual savings).

## Operational diversification

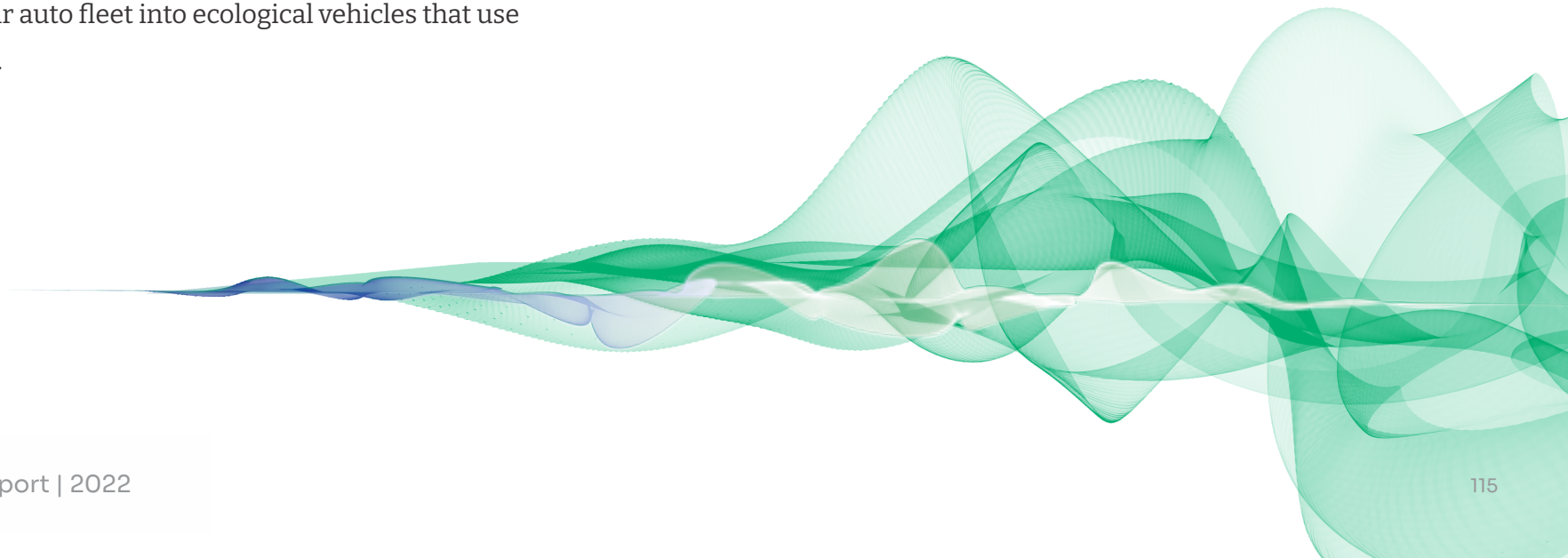
- Analyzing the feasibility of new investments/acquisitions and implementing projects in the gas distribution sector;
- Carrying out an opportunity study and, if appropriate, feasibility studies for the development of methanol and olefin production units; analyzing the feasibility and implementing such projects shall be carried out by ROMGAZ alone or as part of partnerships;
- Developing Gas to Power type projects if feasible to recover natural gas reserves in marginal/isolated deposits;
- Developing hydrogen production to ensure ecological transport and supplying consumers;
- Carrying out an analysis and feasibility study for hydrogen production for end-consumer use; feasibility analysis and implementation of such projects will be carried out by ROMGAZ alone or as part of partnerships;
- Converting 20% of our auto fleet into ecological vehicles that use hydrogen-based fuel.

## Developing human resources to adopt future trends in sustainable energy

- Passing the torch between today's and tomorrow's specialists;
- Supporting higher quality education in the energy field by involving our company in providing practical activities for students;
- Mentorship programs;
- Recruitment among young graduates;
- Increasing employee satisfaction and commitment.

## Performance indicators

- Number of hired graduates;
- Employee engagement and satisfaction rates above 60% based on annual employee satisfaction questionnaires.



## Sustainable business development

- Increasing business ethics awareness for all employees through NetZeROMGAZ compliance training and communication programs;
- Social impact, needs, and risk assessment of ROMGAZ operations for all new projects;
- Promotion of health projects for local communities;
- Human rights training sessions for all employees exposed to human rights risks;
- Development of internships and training within the company.

## Performance indicators

- Number of employees who have completed training courses and/or communication programs on the NetZeROMGAZ compliance requirements;
- Zero new investment projects without social impact assessment;
- Minimum of 10 community health projects/year;
- Number of employees trained in human rights by 2025;
- Number of participants in internships and training.

## NetZeROMGAZ – carbon management

- Improving carbon efficiency across ROMGAZ's operations and product portfolio;
- Climate change mitigation and responsible resource management.

## Performance indicators

- Lowering carbon dioxide emissions resulting from ROMGAZ operations by 10% by 2030 (compared to 2020);
- No new projects that burn discharge gas and eliminating atmospheric discharges by 2030 at the latest;
- Lowering the technological consumption of natural gas by 10% compared to 2020, by 2030.

# Compliance with environmental standards, laws, and regulations

The S.N.G.N. Romgaz S.A. Integrated Management System provides instructions and operational procedures that identify and adhere to the compliance requirements set by regulatory acts and applicable legal environmental requirements, as follows:

- Identifying and evaluating compliance with requirements – PS 09
- Monitoring and measurement – PS 10

## Procedure PS-10 details monitoring and measurement of:

- the main characteristics of activities that may have a significant impact on the environment, which create risks of occupational injury or illness;
  - environmental and occupational health and safety performance;
  - operational control in the operation of the IMS processes;
  - compliance with environmental and occupational health and safety objectives and planned outcomes for each process.
- Monitoring and measurement of environmental factors, code: 00IL-103
  - Monitoring and reporting of greenhouse gases – 00IL-101



● Working instruction 00IL-092 Environmental inspection describes how to environmental checks should be carried out at ROMGAZ sites where operations with a potentially significant impact on the environment are performed. The checks are aimed at verifying each operation's compliance with legal requirements and issued regulatory documents.

### Phases of inspection:

- Identification of targeted sites and development of Inspection plan;
  - Development of Checklist for the specific inspected activity;
  - Carrying out the environmental inspection;
  - Development and distribution of the Inspection Report
- Procedure PS-05 - Control of non-compliance - which establishes responsibility and how non-compliance instances are analyzed to determine their causes, actions are established and implemented to ensure they do not reoccur, results of actions taken are recorded, and corrective actions are reviewed. The non-compliance registry is available online on the internal intranet-infoweb network.
- Environmental reporting – 00IL-062

Environmental and water management activities are regulated according to the provisions of GEO 195/2005 on environmental protection, with subsequent amendments and modifications, and Waters Law No 107/2005, with subsequent amendments and modifications.

## DEPOGAZ:

### ● monitoring and measurement of environmental indicators referring to:

- the environmental performance imposed by environmental legislation and regulations applicable to DEPOGAZ;
- DEPOGAZ's stated environmental objectives and targets.

### ● periodic monitoring and measurement of occupational health and safety (OHS) performance, to ensure:

- the use of calibrated and fully operational OHS performance monitoring and measuring equipment to achieve real results;
- recordkeeping resulting from the implementation of this procedure.

### ● performance of the integrated management system through:

- operational checks across IMS processes

### ● monitoring, measurement and control of MME.

### ● Evaluating compliance with applicable environmental regulations is carried out through:

- Reporting by the Environmental Protection Service;
- Annual reporting and analysis within the "Management Review";
- Third party compliance assessment audit and certification of the Integrated Management System;
- Depogaz - Monthly, quarterly, half-yearly, and annual reports made by the Corporate Governance Office to the Board of Directors and the CEO;
- SPEE IERNUT - Internal audit to verify compliance with legal requirements (GHG): Commission Regulation (EU) No 601/2012 of 21 June 2012 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC;
- Internal audit of the Integrated Management System, code PS-03.

In 2022, the company recorded no events of non-compliance with legal requirements and/or applicable environmental regulations.



# Energy

**S.N.G.N. Romgaz S.A.'s mission is to produce and supply energy in conditions of quality, safety, continuity, and flexibility, contributing to the increase of Romania's energy independence and its economic performance, in line with the government's energy policy. The "Policy Statement on Quality, Environment, Occupational Health and Safety, and Energy" by the company CEO states that the company's management is committed to the objectives of the integrated management system, which include:**

- reducing the energy consumption associated with our operations, taking into account the applicable legislative requirements and the possibility to optimize processes;
- continuous monitoring and systematic analysis of processes to ensure their efficiency and effectiveness.

Existing system, operational, and work instructions provide for energy management requirements. An Energy Policy has been implemented at DEPOGAZ, while the IMS includes a System Procedure regarding Energy Analysis. The energy analysis aims to establish the real rates of consumption on the proposed framework and the degree of energy efficiency, as well as identify measures to improve the energy regime and prevent the effects of environmental pollution. The Energy Analysis allows us to calculate all forms of

energy entering and leaving the analyzed physical framework. It also highlights external exchanges and exchanges between the units that are subject to analysis and the way in which externally sourced resources end up being capitalized. This highlights the areas of inefficiency, as well as the magnitude of the losses it causes.



At the same time, ROMGAZ is working on the necessary documentation for the implementation and future certification of SR EN ISO 50001:2019, applicable to the entire Group. Based on ROMGAZ's Energy Management System, which is currently being implemented, the company has appointed energy managers, whose responsibilities are established by internal decisions.

We carried out reporting to the Energy Ministry for the year 2022 on the total energy consumption statement, through the MEEMA 2022 Energy Analysis Questionnaire, and reporting to INS (National Institute of Statistics).

Monthly reporting on short-term indicators in industry and natural gas consumption on conversion to heat by thermal power plants was also carried out.

Annual reporting was carried out through the E-01, E-02 Prod RO forms on energy resources and their use, heat production, and generated products and industrial services.

The Energy Analysis system procedure documents the methodology and criteria used to perform energy analysis within the organization, as well as the responsibilities of the staff involved and it aims to establish the real rates of consumption inside the organization, the degree of energy efficiency, and possible measures to improve the energy regime and prevent the effects of environmental pollution.



The impact of energy management can be handled through:

- Identifying, implementing, and analysing the effectiveness of necessary improvement measures (technical and/or organizational);
- Increasing the energy efficiency of the technological installations due to be made through the investment program;
- Reducing the energy consumption associated with our activities and carrying out a detailed analysis of energy flows and consumption for each process in order to determine opportunities for continuous improvement of energy performance;
- Acquiring equipment and machinery with reduced consumption compared to what is already in stock, as well as units with the lowest possible pollution levels;
- Keeping energy consumption under control and raising staff awareness.

For planned energy efficiency measures, the investment program sets out the estimated cost of implementing these measures and the return on investment period:

- Short-term measures (no cost or minimal cost);
- Medium-term measures (2-3 years);
- Long-term measures (3-6 years).

Training and awareness-raising is carried out on the proposed topic: rules for reducing material/energy consumption.

Energy Analysis reports are also used to meet the reporting obligations set by Law no.121/2014 on energy efficiency.

The Energy Analysis is performed annually and whenever major changes are made to facilities, equipment, systems or processes.

Following the Energy Analysis, the impact of energy consumption in the company is assessed, starting from determining the historical energy consumption and setting targets for reducing consumption for technological and support activities.



## Energy consumption inside the organization\* (GJ)

	2019	2020	2021	2022
Total consumption of fuel from non-renewable sources	9,914,490	13,382,218	10,672,768	20,110,379
Total electricity consumption	1,186,298	982,031	1,125,535	1,021,344
Amount of electricity sold	1,972,495	3,156,493	2,137,924	3,738,241
Total energy consumption	9,147,608	11,222,756	9,660,812	17,667,371

\*the methodology used to calculate consumption is:

- Quantity of diesel in liters converted to GJ using formula

$Mj = L * 0.84 * 44.8$ , where  $1L = 0.84 Kg = 44.8Mj/kg$

- The quantities of energy expressed in Kwh taken from the supplier

bills were converted into GJ using the formula:  $Mj = Kwh * 3.6$

Total energy consumption is calculated by summing up the total consumption of electricity/fuels expressed in toe/year, (tons of oil equivalent/year) according to Law no. 121/2014: energy and gas metering. The unit of measurement is the one in the International System for Fuel and Energy, converted into GJ.

Electricity consumption is calculated according to the Performance Standard for Supply Activities and the Performance Standard for Distribution Services.

SPEE Iernut: Operational procedure “Determination of fuel consumption of energy aggregates” code 19PO-02 ed.3/rev.1

ANRE 30/2003; PE012/1992

Large combustion plants at the S.P.E.E. Iernut site are supplied with natural gas from the gas pipeline owned by TRANSGAZ and the volume of gas is measured through a system owned by S.R.M. Cuci (natural gas supplier).

Calculation of fuel consumption at energy blocks in SPEE Iernut was carried out using the jvAFE application.



## Energy intensity (total energy consumption in GJ for RON 1,000 in turnover)

	2019	2020	2021	2022
Energy intensity	2.23	2.24	2.23	1.32
Types of energy taken into account	Electricity Heating Fuel	Electricity Heating Fuel	Electricity Heating Fuel	Electricity Heating Fuel

Energy intensity declined by 40% in 2022 compared to previous years on the back of an increase in the company's turnover resulting from the rise in natural gas prices and amount of electricity sold.

For the continuous improvement of ROMGAZ's energy performance and the increase of its energy efficiency, the organization's strategy envisages the optimization of processes, the continuous monitoring and systematic analysis of the processes, and the detailed analysis of the energy flows and consumption of each process, through the following aspects:

- For electric energy, replacing classic lighting fixtures with LED;
- Renewing the auto fleet by replacing old, high-emission and high-consumption vehicles with new vehicles;
- Upgrading internal and external artificial lighting in administrative buildings;
- Upgrading/replacing thermal heating installations;
- Reducing water-steam losses by eliminating imminent leaks;

- Using frequency converters for electrical operations;
- Organizational measures to reduce heating energy use (installing thermostats, isolating pipes that transport heating from the central unit, installing thermostatic valves, etc.);
- Monitoring fuel consumption by installing fuel level sensors and GPS equipment on the SIRCOSS auto fleet;
- Replacing old or faulty equipment with higher energy efficiency units, organizational measures according to procedure 00IL121.

## In 2022, ROMGAZ implemented a series of measures set through its energy consumption reduction strategy, as follows:

- Works to upgrade internal and external artificial lighting in administrative buildings;
- Upgrading/replacing thermal heating installations;
- Washing capacitors to improve drizzling temperature;
- Reducing water-steam losses by eliminating imminent leaks;
- Using frequency converters for electrical operations;
- Renewing the auto fleet by replacing old, high-emission and high-consumption vehicles with new vehicles;
- Upgrading interior artificial lighting in all worksites belonging to STTM Tg. Mureș;
- Organizational measures to reduce heating energy use (installing thermostats, isolating pipes that transport heating from the central unit, installing thermostatic valves, etc.);
- For the implementation of and commitment to an electricity consumption reduction program, we use LED projectors for lighting, contributing to a lower electricity use across the organization (SIRCOSS)
- Energy audits have been carried out at some of the production sites, resulting in a series of proposals to reduce energy consumption, such as replacement, installation of automatic capacitor banks,

replacement of lighting (changeover to LED), upgrade and automation of the start-up of electric compressors, and organizational measures.

As a result of the implementation of energy efficiency measures, energy consumption declined by approximately 4,190 GJ at STTM and by 150.62 GJ at SIRCOSS.

Energy intensity declined by 40% in 2022 compared to previous years on the back of an increase in the company's turnover resulting from the rise in natural gas prices and amount of electricity sold.



## Amount of energy generated from renewable sources (GJ)

Amount produced by type of renewable energy	2019	2020	2021	2022
Solar energy	399.6	399.6	372.6	399.6

## Auto fleet

	2019	2020	2021	2022
<b>Number of cars in company fleet of which:</b>	<b>831</b>	<b>701</b>	<b>786</b>	<b>707</b>
Diesel	792	657	740	659
Petrol	39	44	46	48
<b>Total distance covered using cars in company fleet (km)</b>	<b>12,317,528</b>	<b>11,426,840</b>	<b>11,706,813</b>	<b>12,328,619</b>

Distance covered inside Romania by employees for business purposes, using personal cars (km)	<b>51,225</b>
Distance covered inside Romania by employees for business purposes, using public transport means (taxi) (km)	<b>1,540</b>

	2019	2020	2021	2022
Distance covered by plane (km)	<b>732,110</b>	<b>116,524</b>	<b>43,416</b>	<b>269,536</b>



# Water

Preventing the introduction of pollutants in surface water or groundwater by observing the allowed value limits for the water quality indicators upon discharge into the natural emissary or the sewage network represents an important objective for the ROMGAZ Group.

The water used in the organization is supplied by the public water supply and sewerage operators.

Water is also supplied from underground sources (drilled wells), surface water abstraction or from the network to ensure the supply of water used for technological or sanitary purposes.

The amount of water extracted from the ground or supplied by local operators is centralized and reported to the authorities by the Environmental Protection Service, with the centralization being carried out by the representatives appointed at each worksite.

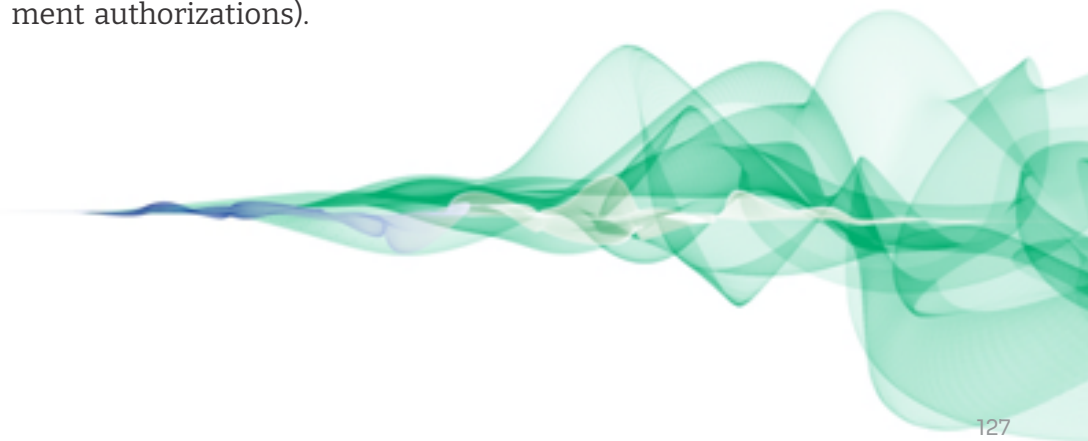
The group complies with the requirements of environmental and water management regulations for the quantitative and qualitative monitoring of domestic wastewater, technological wastewater, stormwater, groundwater, sewage, the quantitative and qualitative reporting of test reports, water volumes used for industrial and

hygienic-sanitary purposes, and ground water injected into injection wells.

SPEE Iernut - The plan to prevent and combat accidental pollution from water usage within SPEE Iernut presents the main sources of water pollution, intervention approaches in case of accidental pollution, intervention teams, etc.

The company has standardized and applies O4IL-08 Measurement, collection, transport and Disposal of Reservoir water.

Work instruction 00IL-103 ed.3, rev.1 Monitoring and measurement of environmental factors regulates the monitoring of all environmental factors: water, air, soil – the instruction thus imposes the mandatory monitoring of the water environmental factor as established by the obtained regulatory documents (water management authorizations).





## The measures introduced to manage environmental issues and their impact on groundwater/other waters have included:

- Operational control;
- Staff training;
- Monitoring discharges;
- Disposing of waste through authorized companies;
- Collecting waste in appropriately-labeled containers;
- Assembling oil recovery tanks;
- Using absorbent materials;
- Assembling a container on an ecological platform with a perimetral curb to capture saltwater (Piscu Stejari Group 2);
- Carrying out annual technical maintenance, current repairs, periodic checks, capital repairs;
- Carrying out repairs, replacing broken reinforcements, resealing;
- Using gutters and collecting deposit water in storage containers;
- Disposing of deposit water in injection wells;
- Acquiring tiles made from 100% recyclable HDPE resins that provide maximum capacity to eliminate the impact of contaminants on soil/groundwater (SIRCOSS);
- Using decanting and separation systems in the sewerage network;
- Providing aggressive water collection basin, directing it to the neutralization station (SPEE Iernut, Chemical Section);

- Providing acid-proof plated retention tanks, with drainage system to the neutralization tank (SPEE Iernut, Chemical Section);
- Building a concrete, water-insulated warehouse with a leakage collection system (SPEE Iernut, Chemical Section).

Water usage quantities are in line with the water requirements set by the Water Management Authorizations.

Discharged water is monitored, i.e., measured with water meters and analysis reports are made for wastewater discharged into natural emissaries or local treatment plants.

The aim is to reduce water consumption, discharge into emissaries and treatment plants within the maximum permissible limits of the indicators analyzed according to the regulatory acts.

- The Integrated Management System of S.N.G.N. Romgaz S.A. includes Working Instruction: Monitoring and measurement of environmental factors.

Exceedances of the water environmental factor values constitute non-compliance, and once found, they must be documented through a Non-compliance and Corrective Action Report.

After the non-compliances found are documented, their causes will be examined and analyzed; the causes of the non-compliance will be identified and selected, and corrective measures will be determined.

- By planning the monitoring of environmental factors according to Work Instruction Code: 001IL-103. ed.3/rev.1 - Monitoring and measurement of environmental factors.
- Through the monitoring of quality indicators as required by regulatory acts (Commissioning Notices, Water Management Permits).

Furthermore, the evaluation of activities associated with water management for the year 2022 was carried out by means of Reports drawn up by the A.B.A. (Water Basin Administrations).

Monitoring results are documented in "test reports" issued by the competent laboratories and submitted to the Measurement-Monitoring Registry.

Maintenance works on the water supply and drainage system are scheduled annually.

The aim is for the monitored quality indicators to fall within the maximum allowable limits (MALs) as required by the applicable environmental legislation.

In 2022, the following maintenance/upgrade works were carried out:

- maintenance works on oil separators (SPEE Iernut);
- works on the hydro-technical circuit serving the forced draught cooling towers TRF1, TRF2, and TRF3 (SPEE Iernut).



Within SPEE Iernut, a mobile water catchment dam with four openings was built in the minor bed of the Mures river to capture the water needed for sanitary and technological purposes. Upstream of the dam, in the opening of segment no. 1, a new pile and a new concrete embankment were built. Also upstream of the dam, a rough stone pavement is being built to avoid washing out the upstream slope. The water intake, located on the left bank, consists of 8 compartments, corresponding to the 8 cold water pumps. Each compartment is equipped with a manually-cleaned grate with a bar spacing of 80 mm, followed by a mechanically-cleaned grate with a bar spacing of 20 mm. The clogging of the 20 mm grate is signaled optically and acoustically in the water node control room. Adjacent to the intake is a pumping station for both cold water and hot water from the energy blocks.

Also at SPEE Iernut, there are several wastewater treatment plants that aim to retain pollutants in the wastewater before its discharge into the sewage network and thus into the emissary (Mures River). Water from the cooling of aggregates that is potentially polluted with oil particles is collected by the drainage network and discharged into the Mures River through the two technological wastewater drains (drain no. 2 and no. 3) via four oil product separators. For the technological wastewater resulting from the regeneration of ionic filters, the plant is provided with a neutralization plant, located

underground, next to the demineralization plant building. Domestic wastewater is drained through a mechanical-biological plant. Water is taken from the public network as wastewater and from STTM car washes. It is then discharged into the public sewage system.

In the case of the company's other authorized activities, water is captured from underground or surface sources, is distributed according to the characteristics of the location by free fall, supply pipes, and pumping stations or is stored in tanks for usage at worksites at various stages of the technological process. In the gas compression cycle, the water used for cooling is recirculated through cooling towers. The drinking water supply for employees is provided through drinking water dispensers purchased by the company.

The water resulting from the natural gas extraction process (reservoir water) is injected into wells that are authorized as injection wells for water management purposes.

The treated wastewater is discharged into emissaries.

The use of water resources is carried out based on usage/exploitation subscriptions.

\*There have been no recorded significant impacts due to water leaks or spills.

Water consumption is monitored on a daily basis and plays an important role in the calculation of the electricity production price.

Water consumption is largely influenced by the following factors: production, malfunctions, number of startups/shutdowns, water temperature (taken from the Mures river), Mures river levels.

Monitoring of quality indicators by complying with the standards of the environmental legislation, i.e., environmental/water regulatory acts, where applicable (NTPA 001/002).

Elimination of wastewater impacts is done by conducting analyses for physico-chemical, bacteriological, and biological indicators emitted prior to discharge into the sewerage system of public service operators.

The assessment is carried out at the permit request stage for a new site that needs to be supplied with water.

For areas that are already authorized, the status is reassessed when technical documentation is drawn up for reauthorization for water management purposes or in case of restriction/withdrawal of water volumes when an authorization change is requested.

- S.N.G.N. Romgaz S.A. - SPEE Iernut holds Water Management Permit no. 212 of 18.09.2019 for water supply and wastewater discharge at the Iernut Electricity Production Branch. Annually, the

unit draws up and submits to the Mures Water Basin Administration - Mureş Water Management System a program of water supply restrictions in case of drought;

- Carrying out regular water analyses in order to comply with the quality indicators in line with the standards imposed by the environmental legislation, i.e., the environmental/water regulatory acts, where applicable (NTPA 001/002);

- Regulatory units through compliance with water use rules and obligations imposed by regulatory acts;

- Water management services through the provision of raw water and the quality of discharged wastewater.

No water-related targets have been set within the organization as no activities are allowed in water scarce areas. This does not mean that the organization's staff is not aware of the approach towards the strictly necessary usage of water.

A specific policy is not established, but the certified integrated management system and existing procedures:

- lay down rules prohibiting the discharge of wastewater of any kind onto land or into emissaries while exceeding the parameters required by the legislation in force;
- during environmental inspections, compliance with water-related legal requirements is verified;
- regularly monitor the impact of operations on surface and groundwater (as per permits) by analyzing the water in drilled wells.

The quality indicators of technological and pre-purified stormwater discharged into the local storm sewer are monitored through laboratory analysis. They comply with the provisions of regulations NTPA 001 and NTPA 002 as required by environmental or water management regulations, as the case may be.

Monitoring of indicators related to water properties is carried out through Test Reports conducted as required by regulatory acts and at

the request of regulatory authorities. Monitoring is carried out in accordance with the Internal Monitoring Plan, and laboratory tests are done in accordance with the provisions of current applicable standards. The permitted effluent discharge values for the monitored indicators are those indicated in the environmental/water management permit in accordance with the applicable legislation (NTPA 001/2002 and NTPA 002/2002).



## Total volume of water captured for use [m<sup>3</sup>]

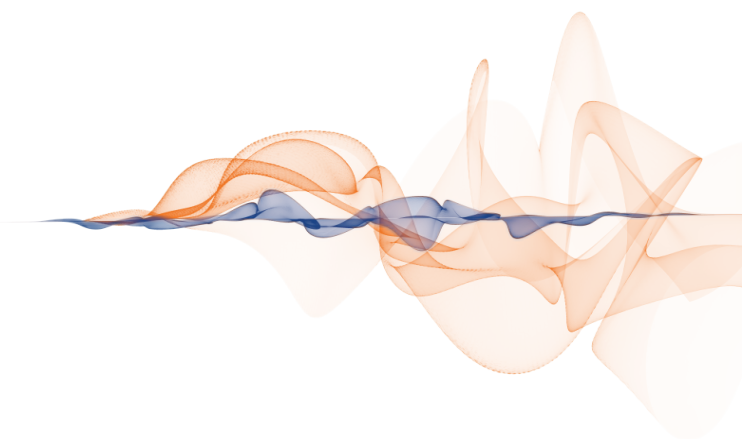
	2019	2020	2021	2022
<b>Total quantity of water captured for use, of which:</b>	<b>72,241,908</b>	<b>83,928,598</b>	<b>85,859,802</b>	<b>120,356,000</b>
Fresh water			<b>85,774,873</b>	<b>120,356,000</b>
Surface water (from rivers, lakes, oceans, etc.), of which:	<b>72,137,308</b>	<b>83,856,956</b>	<b>85,597,174</b>	<b>120,274,000</b>
Fresh water			<b>85,597,174</b>	<b>120,274,000</b>
Groundwater	<b>47,987</b>	<b>30,208</b>	<b>118,825</b>	<b>51,000</b>
Water from precipitation, directly collected and stored	<b>4,922</b>	<b>5,208</b>	<b>33,860</b>	<b>51,000</b>
Residual water from other organizations			<b>84,965</b>	-
Water supplied by municipalities or similar utility providers, of which:	<b>58,111</b>	<b>41,434</b>	<b>143,803</b>	<b>31,000</b>
Fresh water			<b>143,803</b>	<b>31,000</b>

The water source which is significantly influenced by the extraction of water to be used in the technological process (electricity production) is the Mureş River, partially located in a protected area. The SPEE Iernut facility is located on the upper course of the Mureş

River, between Luduş and Iernut. The technological water supply is provided from the Mureş River and it is used as cooling water (cooling of condensers, bearings, aggregates), for the chemical treatment plant (filtration and softening), and in treatment for drinking.

## Total volume of drained water

	UM	2019	2020	2021	2022
<b>Total volume of drained water</b>	<b>m<sup>3</sup></b>	<b>380,065</b>	<b>412,872</b>	<b>516,814</b>	<b>700,586</b>
Of which planned volume		<b>6,625</b>	<b>415,106</b>	<b>516,814</b>	<b>700,586</b>
Emissions in evacuated water (Ev2 fecaloid - sewage water + Ev3 industrial wastewater) (MTS, CBO5, CCO Cr, Rez. Fix, Total iron, pH)	<b>Kg/year</b>	<b>200,149</b>	<b>201,416</b>	<b>247,344</b>	<b>388,395</b>
Chemical oxygen demand (COD) (CCoCr, CBO5)	<b>Kg/year</b>	<b>9,423</b>	<b>8,660</b>	<b>10,989</b>	<b>24,348</b>
Hydrocarbons		<b>0.46</b>	<b>0.45</b>	-	<b>0</b>
<b>Total nitrogen</b>		<b>5,510</b>	-	<b>1,28</b>	<b>0</b>



Total volume of drained water by destination:	UM	2019	2020	2021	2022
To the surface	m <sup>3</sup>	356,940	395,638	494,355	679,737
To a partner		23,125	17,234	22,459	20,849

Total volume of drained water by treatment:	UM	2019	2020	2021	2022
No treatment	m <sup>3</sup>	0	0	0	
Treatment 1*: Ev2 – chlorination, decanting, filtration system	m <sup>3</sup>	158,893	83,325	141,390	195,664
Treatment 2*: Ev3 - neutralization, decanting, filtration system	m <sup>3</sup>	198,047	312,313	322,057	493,470

\*Sludge and petroleum products separators used for the pre-treatment of wastewater polluted with hydrocarbons, collected from concrete platforms on the premises of the organization with the aim of restoring the technical parameters to a level of characteristics as provided for by the current regulations, norms, and standards for wastewater below the maximum permitted load level.

### Total volume of water consumption [m<sup>3</sup>]

	2019	2020	2021	2022
Water consumption	71,923,836	83,746,230	85,602,092	120,314,907

## Total volume of recycled and reused water [m<sup>3</sup>]

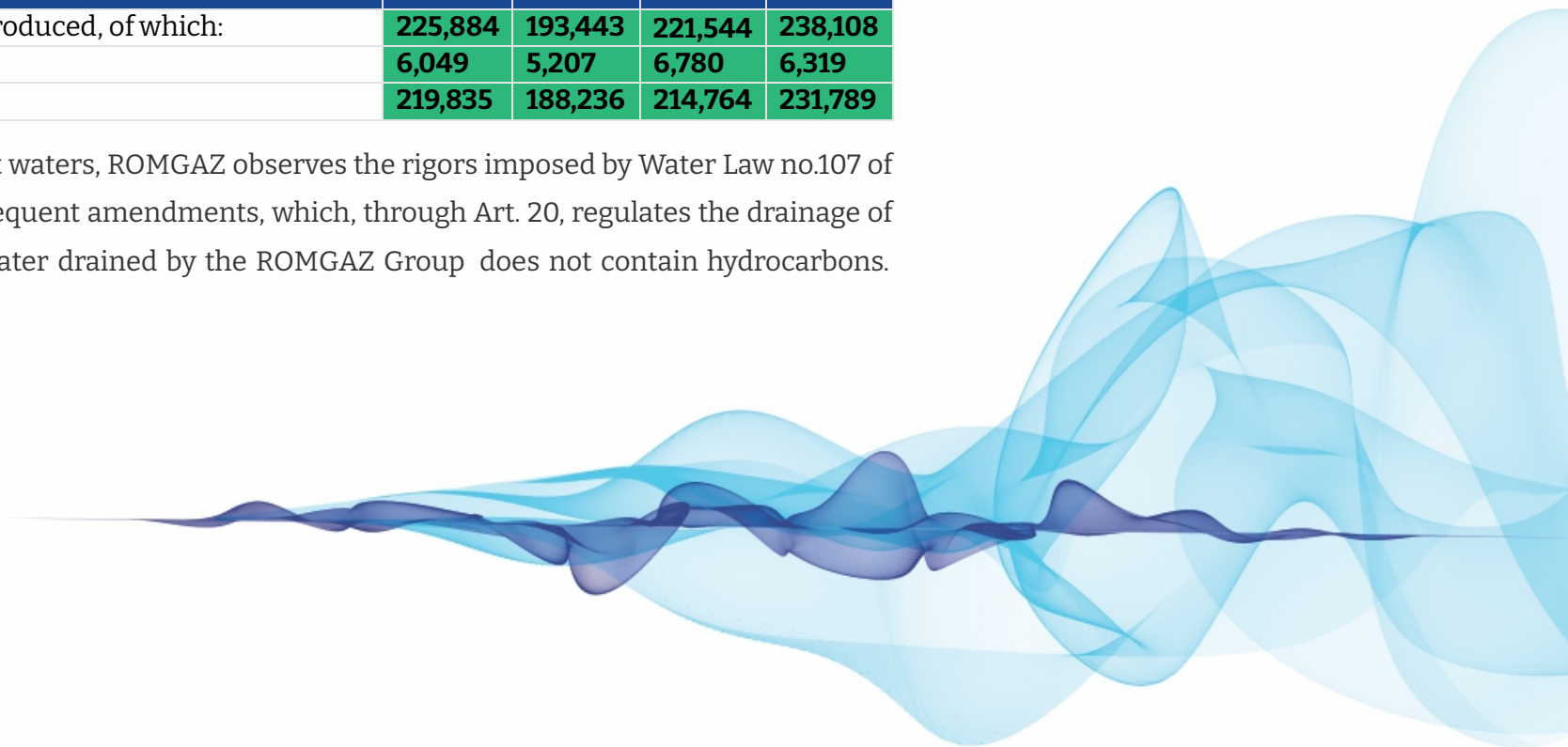
	2019	2020	2021	2022
Total amount of water recycled and reused for usage, of which:	9,469,694	68,796,360	60,423,876.2	80,533,576
Surface water (from rivers, lakes, oceans, etc.), of which:	9,467,083	68,791,258	60,404,839.2	80,520,000
Groundwater	9,888	4,805	12,448	8,725
Water supplied by municipalities or similar utility providers	836	297	6,589	4,851

In 2022, there were no accidental spills or pollution events affecting the body of water (Mureş River).

## Total deposit water volume [m<sup>3</sup>]

	2019	2020	2021	2022
Total deposit water volume produced, of which:	225,884	193,443	221,544	238,108
Reused	6,049	5,207	6,780	6,319
Reinjected	219,835	188,236	214,764	231,789

For its management of deposit waters, ROMGAZ observes the rigors imposed by Water Law no.107 of September 25, 1996, with subsequent amendments, which, through Art. 20, regulates the drainage of deposit waters. The deposit water drained by the ROMGAZ Group does not contain hydrocarbons.





## Use of materials

Records of chemicals used during extraction operations are kept in form 02F-04 regarding the list of hazardous chemicals and formulations, which is updated every six months and submitted by the each branch's Environmental Protection Service to the Headquarters Environmental Protection Service. Safety data sheets are kept for each hazardous substance used, setting out storage conditions, precautions for safe handling, and precautions for environmental protection.

Hazardous substances (acetylene, antifreeze, ethyl alcohol, calcium chloride, enamel, oils, Vaseline, etc.) are stored in designated spaces which are naturally ventilated, far away from fire sources, and in their original packaging.

The substances used in the organization's activity have no impact on the environment and no negative effect on resources.

## Ecosystem restoration and biodiversity

Due to their location, most of the company's activities interact with the ecosystems in which they take place one way or another. For this reason, ROMGAZ takes measures to identify the elements of the ecosystems in which it is due to begin activities in order to be able to apply biodiversity protection measures from the design phase of these investments. These measures have been much more rigorous for projects located either in or near protected natural areas.



For ROMGAZ projects operating in SIT NATURA 2000 protected areas, we have obtained ANANP approvals, thus proving that our operations do not affect the protected areas.

For well drilling projects that were located within or near protected areas, measures were taken from the design phase to minimize the impact on protected species, according to the conclusions of the “Adequate Assessment Studies” requested by the environmental protection agencies as part of the process of obtaining the environmental agreement, requiring Natura 2000 approvals from the custodians of the protected areas. The company also obtained Natura 2000 approvals its authorized projects.

Our efforts lead to the reduction of the potential risks of destruction of flora, fauna, and soil, as well as the risks of non-compliance with project authorization conditions, thus allowing the development and modernization of our projects, in compliance with specific legislation.

The S.N.G.N. Romgaz S.A. Integrated Management System contains no policies, procedures, responsibilities, etc. regarding the management of the “Biodiversity” aspect, and there is no established way of managing the positive and/or negative impact generated around this issue. The Integrated Management Service did not carry out an evaluation of activities associated with biodiversity management during the reporting period.

The Environmental Protection Service has requested and obtained approvals from ANANP, for the sites (belonging to Natura 2000) in the vicinity of which we operate, which have been subjected to new authorization procedures. The company aims to:

- Develop a technical project regarding the longitudinal connectivity of the Mureş River at the intake dam of the Iernut Thermalelectric Plant;
- Begin procurement procedures for fish ladder development services;
- Continue the ichthyofauna monitoring process.

Proof of compliance with environmental requirements stipulated by the “Natura 2000 Approval” has been issued by the site custodian for specific company activities being carried out in protected areas.

## ROMGAZ carries out activities in the following sites in the proximity of Natura 2000 protected areas

Site name	Geographical location	Site position relative to the protected area	Protected area to which the site belongs	Status of the protected area
RO SPA 0041 – Eleșteiele Iernut – Cipău	in the western part of Mureș County (on the west side of Iernut town and south-west side of Cipău village)	at an 850 m distance	Natura 2000 European network	custodial
RO SCI 0210 – Râpa Lechinței	in the immediate vicinity of S.P.E.E. Iernut, in the north part of the site, with Mureș River continuing upstream and downstream from S.P.E.E. Iernut	adjacent	Natura 2000 European network	custodial

Site RO SPA 0041 – Iernut – Cipău Ponds is a special avifaunal protected area.

Site RO SCI 0210 – Lechința Ravine – a lowland area on the eastern bank of the Mureș River, classified as a continental bioregion conserving natural habitats such as: Sub-Pannonic steppic grasslands that are home to xerophytic plants with horsetail feather grass (*Stipa stenophyla*) and Volga fescue (*Festuca valesiaca*) species and protect amphibian, reptile, fish, and butterfly fauna. The site includes the Mureș River, an area featuring both agricultural land as well as grasslands and forests located inside the administrative territory of the city of Iernut, near the Lechința village (Mureș County). In the Cuci locality, the site also includes a dead arm of the Mureș, which is one of the best-maintained dead arms of this river.

According to the Milvus Group - the custodian of the protected area – there are four protected community interest water species in the

Mureș river (water source). We note that the custodian has relied on information dating from 1964 - 1969 (Bănărescu P.).

The site has been designated for the protection of the following vulnerable species, listed in Annex II of Council Directive 92/43/EEC: yellow-bellied toad (*Bombina variegata*), European pond turtle (*Emys orbicularis*), asp (*Aspius aspius*), white-finned gudgeon (*Romanogobio (Gobio) albipinnatus*), Kessler's gudgeon (*Romanogobio (Gobio) kessleri*), European bitterling (*Rhodeus sericeus amarus*), *Cucullia mixta* butterfly, as well as for habitat 6240 - Subpanonic steppe meadows.

## The list of species which have been certainly detected in the area contains 13 species, of which 4 species are of community interest:

- Asp (*Aspius aspius*);
- European bitterling (*Rhodeus sericeus amarus*);
- Kessler's gudgeon;
- White-finned gudgeon.

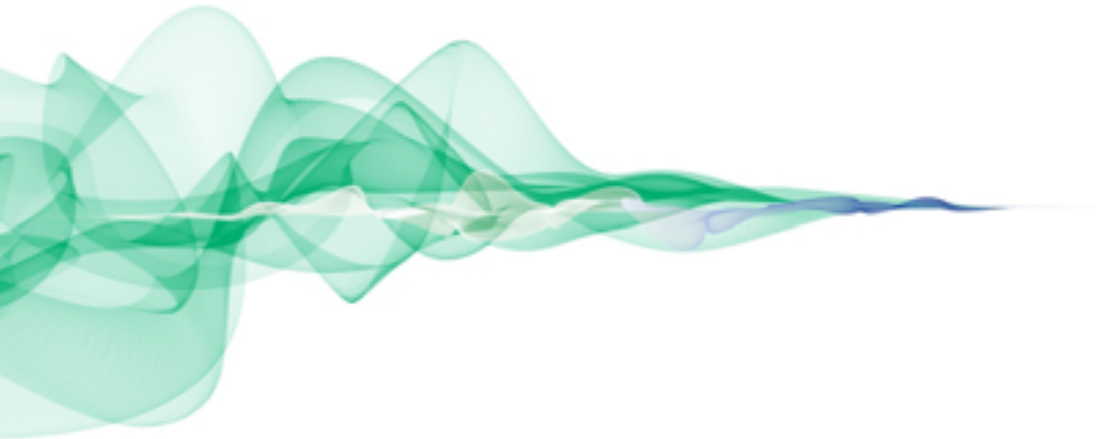
S.P.E.E. Iernut has operated a program to monitor the ichthyofauna of the Mureş River, upstream and downstream of the dam, since the summer of 2017. At this moment, following monitoring reports, we can confirm the presence of the 4 species of community interest, as well as the detection of 3 additional species of community interest. Monitored environmental conditions data show a change of the temperature regime downstream of the dam, namely a temperature increase (by approximately by 4°C, a value 2 percent smaller than the maximum allowed by the Water Management Authorization).



**Besides the four community interest species mentioned by the site sheet, the monitoring revealed the following additional community interest species:**

- Golden loach (*Sabanejewia aurata*);
- Mediterranean barbel (*Barbus meridionalis*);
- Spined loach (*Cobitis (taenia) elongatoides*).

The direct impact on biodiversity is represented by the evacuation of cooling waters at high temperatures in the Mureş River during the fish breeding period. According to the standard sheet, the species for which the site has been designated are in a relatively good state of conservation. However, there have been no recent site-wide studies to reassess habitat conservation status.



# Emissions

The organization has implemented an integrated environment - quality - OHS system. The system includes work instruction 00IL-101 - "Monitoring and reporting of greenhouse gas emissions - ed.3-rev.2.

There is a Policy Statement in the field of quality, environment, occupational health and safety, and energy, dated 14.07.2021, which refers to the reduction of energy consumption in operations, taking into account the applicable legislative requirements and the process optimization options.

There is also the "Energy Analysis" system procedure - code PS-15, revised on 09.12.2021. It documents the methodology and criteria used to perform energy analysis within the organization and the responsibilities of the staff involved.

All branches and headquarters have energy managers whose responsibilities align with the decisions on the basis of which they were appointed.

IMS documents (system procedures, operational procedures, and work instructions) that regulate ROMGAZ operations contain chapters on "Energy management requirements," developed by the energy managers.

TESA staff is trained annually on rules for reducing material and energy consumption, according to the topics issued by the Environmental Protection Service.

S.N.G.N. Romgaz S.A. - SPEE Iernut holds Permit No. 58/15.02.2021 on greenhouse gas emissions for the 2021-2030 period (GHG Permit).

According to system procedure "Identification and assessment of environmental issues," code: PS-12, either annually or whenever there are significant process changes with an impact on the environment, environmental issues are identified and assessed and measures are introduced to manage their impact.

There are also procedures in place to monitor environmental factors and occupational noxious emissions against the legal requirement, as required by existing environmental permits.

The relevant environmental objective is to prevent or reduce the impact of pollution sources on air quality by maintaining the level of emissions within the limits set by current legislation.

Quantities of gas emissions from technological installations and pipelines are centralized by the Environmental Protection Service based on monthly reports received from the Storage-Disposal Service.

The company measures emissions produced by natural gas combustion in gas drying stations, natural gas compression, well radiators, and thermal power plants, according to the monitoring plan.

EPRTTR emissions and the Inventory of air pollutant emissions are reported according to Order 3,299/2012.

The ROMGAZ Integrated Management System (IMS) contains instructions regarding the Monitoring and measurement of environmental factors, as well as the Monitoring and reporting of greenhouse gas emissions.

## **SPEE IERNUT – MONITORING AND REPORTING OF GREENHOUSE GAS EMISSIONS, work instruction code 00IL-101**

### **The instruction regulates:**

- The process of obtaining an authorization regarding GHG emissions;
- Monitoring and reporting of greenhouse gas emissions (CO<sup>2</sup>).

The measures established to manage environmental issues and the impact of emissions have included:

- Operational control;
- Monitoring emissions;
- Staff training;
- Carrying out annual technical maintenance, periodic checks, current repairs, capital repairs to work equipment;
- Preventing anomalies in order to limit uncontrolled methane gas leaks;

- Acquiring high-performance machinery and equipment with low pollution levels;
- Implementing the project “Development of CTE Iernut through the construction of a new combined cycle gas turbine power plant”;
- Equipping the engine with a flue gas exhaust system, equipped with a catalytic converter (Electrical Operation Section, SPEE Iernut);
- Repairs, replacements of defective fittings, re-sealing (Natural Gas Production Sections);
- Recovery of freon from defective devices and controlled storage of freon cylinders (AMC Section, SPEE Iernut);
- Follow-up of the completion and maintenance of the "Monitoring-Measurement Register" application;
- Monthly follow-up by the Headquarters Environmental Protection Office on how the monitoring process is carried out and sending written referrals to branch Environmental Protection Office regarding missing information in the Monitoring-Monitoring Register, if necessary.

Compliance with the legal requirements and other applicable environmental protection requirements is assessed annually by the Environmental Protection Office/Compartment, according to work instruction Environmental Inspection, code: 00IL-092, at ROMGAZ locations where operations with a possible impact on the environment are carried out.

### **Inspection phases:**

- Identifying sites to inspect and developing Inspection Plan;
- Developing Specific inspection list for inspected operation;
- Carrying out environmental inspections;
- Developing and disseminating the Inspection Report.

In 2022, pollutant emission measurements were carried out at technological installations (heating plants, boilers, drying stations, etc.). The measurements were concluded through the development of Analysis Reports of indicators resulting from the combustion of natural gas. The reports were made available to the Environmental Guard during checks, sent to the Environmental Protection Agencies, and uploaded to the SIM platform under the Emissions section.

### **SPEE IERNUT – 2022 GHG Monitoring Report (verified and approved by ANPM Bucharest)**

External audit performed for GES at Iernut Branch.

During the reporting period, a check was carried out on the monitoring of all emission factors included for monitoring in the regulatory acts.

The results of the monitoring are documented in "test reports" issued by the competent labs and entered in the Measurement-Monitoring Register.

For this purpose, form 00F-1011 - Planning of monitoring-measurement operations of environmental factors is drawn up at the branch level.

For the monitoring of environmental factors, we have implemented work instruction 00-IL103, which applies to all operations that are subject to the authorization procedure, and which will ensure compliance on the basis of obtaining environmental quality data for the relevant factors and indicators, at the frequency set by the applicable legal and regulatory requirements.





The impact assessment is based on historical energy consumption, setting targets for lower consumption for technological and support activities. The company aims to reduce energy consumption associated with its activities, carrying out detailed analyses of energy flows and consumption for each process to identify opportunities for continuous improvement of energy performance.

### **This is achieved by:**

- Following the requirements of procedure 00IL-101- on greenhouse gas monitoring and reporting at SPEE IERNUT. The unit has a GHG permit according to current legislation, and its annual activity is reported/evaluated by:
  - Monitoring report on CO<sup>2</sup> emissions - carried out by the unit through the Environmental Protection department;
  - CO<sup>2</sup> emissions validation report - carried out by an accredited body.
- Increasing the energy efficiency of the technological installations planned through the investment program.
- Purchasing equipment and machinery with lower consumption compared to the existing stock and with the lowest possible pollution levels. Keeping energy consumption under control and raising staff awareness.

- The aforementioned reports are assessed/approved, in turn, by the National Agency for Environmental Protection - Climate Change Directorate to confirm CO<sup>2</sup> emissions.

Training and awareness-raising is carried out on the proposed topic "Rules for reducing material/energy consumption."

### **The most important events of 2022 regarding emissions and climate change issues were:**

- Validation/approval of the 2022 CO<sup>2</sup> Monitoring Report;
- CO<sup>2</sup> compliance (issuance of the required number of certificates to ensure compliance in 2021);
- PRTR reporting forms for air pollutant emissions have been developed in line with the provisions of Decision No 140 of 6 February 2008 laying down measures for the implementation of Regulation (EC) No 166/2006 of the European Parliament and Council concerning the establishment of a European Pollutant Release and Transfer Register and amending Council Directives 91/689/EEC and 96/61/EC.

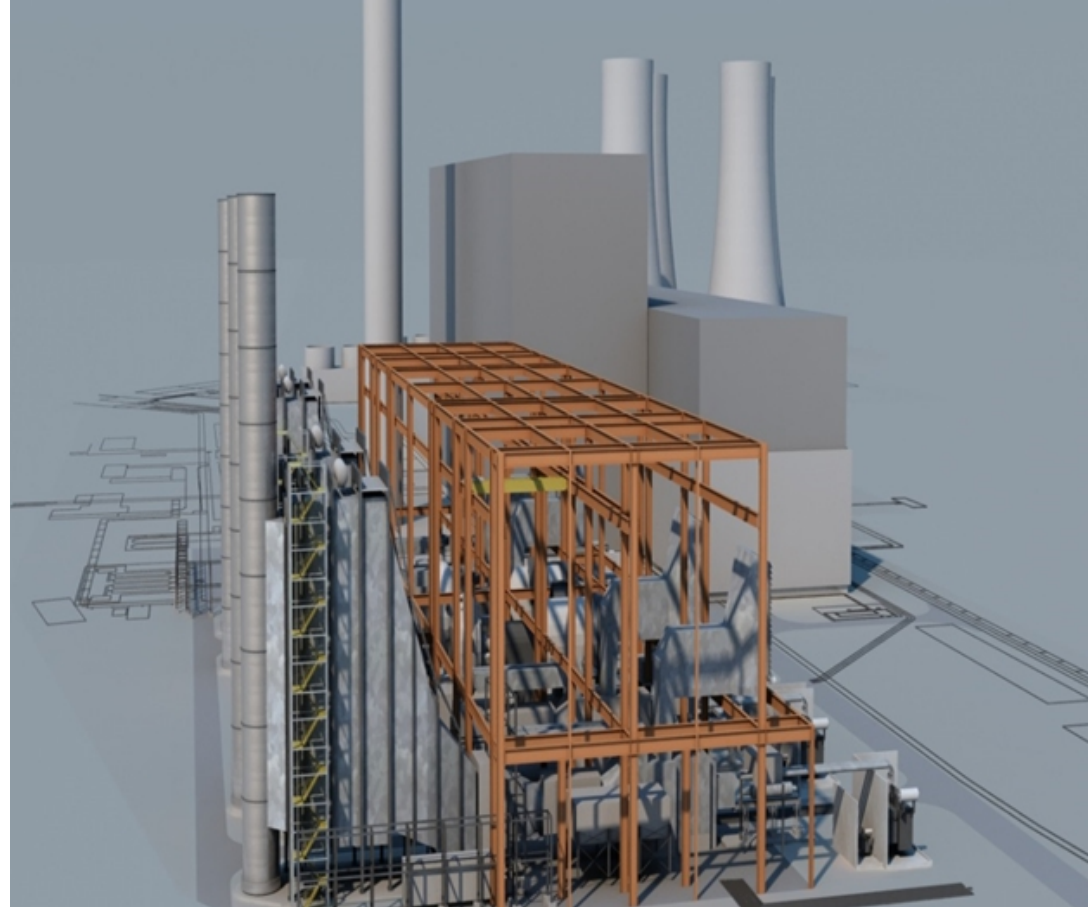
The SPEE Iernut Electricity Production Branch is a thermo-electrical plant with a 300MWe installed power, featuring two Czechoslovakian and Soviet-made energy groups, of which one 100 MWe group and one 200 MWe group, structured according to GD no.440/2010 into two large combustion plants:

- S.N.G.N. Romgaz S.A. – SPEE Iernut no. 4 – 1x 277 MWt steam boiler;
- S.N.G.N. Romgaz S.A. – SPEE Iernut no. 5 – 2x 277 MWt steam boilers.

The S.P.E.E. Iernut platform also has two GEI 300 intervention groups (operating alternatively) and one Electrogen MSG 285 I intervention group, designed to provide alternating current electricity to vital consumers from internal services in case of the absence of the 0.4 kV alternative tension from the main and reserve networks. The GEI 300 (DIESEL) intervention groups are powered by diesel fuel.

S.N.G.N. Romgaz S.A. - SPEE Iernut holds Permit no. 58/15.02.2021 on greenhouse gas emissions for the 2021-2030 period. Since 01.07.2020, S.N.G.N. Romgaz S.A. - SPEE Iernut nr. 4 has not operated because it does not comply with environmental requirements (exceeds emission limit values for NOx). In 2022, only S.N.G.N. Romgaz S.A. - SPEE Iernut nr. 5 operated.

In order to adapt operations to an increasingly competitive energy market and to improve its operations, CTE Iernut started in 2016 the



construction of a new combined cycle gas turbine power plant designed to improve technical-economic parameters, to increase the operating lifecycle, and to comply with the provisions of Directive 2010/75/EU of the European Parliament on industrial emissions.

Nr. crt.	Fuel/raw material	Fuel/raw material related emissions (t CO <sup>2</sup> /year)	Share of total installation emissions (%)
1.	Natural gas	640,739.6	99.99 %
2.	Diesel	0.1	0.01 %
<b>TOTAL SPEE Iernut</b>		<b>640,739.7</b>	<b>100 %</b>

## Volume of gas leakage:

ROMGAZ has a procedure in place which establishes methods for calculating technological consumption and the responsibilities of personnel involved in the process of calculating technological consumption, including gas losses (blown gases). The negative impact is managed through preventive and corrective maintenance works on the productive infrastructure in order to minimize these losses.

At the Group level, there are two procedures—16-PO 59 Preventive Maintenance; 16-PO 60 Corrective Maintenance—applicable for natural gas compression operations. These were approved and have been applicable since November 2021. During maintenance, the team analyzes cases of significant energy consumption and, if necessary, proposes upgrades to reduce the consumption and increase operational safety by replacing improper subassemblies or even replacing equipment with more efficient units, in accordance with the sizes and latest technologies available. The company's internal online platform features a drying plant maintenance register where actions can be tracked and new maintenance cases can be entered into the operational process.

Gas losses recorded in 2022 represented approximately 8% of the total technological consumption. In 2022, there were no significant losses with a negative influence on technological consumption compared to previous years.

	2019	2020	2021	2022
<b>Total gas loss volume</b>	<b>2,140.998</b> thousand m <sup>3</sup>	<b>1,524.606</b> thousand m <sup>3</sup>	<b>3,033.691</b> thousand m <sup>3</sup>	<b>3,303.208</b> thousand m <sup>3</sup>

## Indirect greenhouse gas emissions (Scope 2)

Emissions	UM	2019	2020	2021	2022
<b>Total GHG scope 2, of which:</b>	<b>tons CO<sub>2</sub> equivalent</b>	<b>576.0</b>	<b>518.0</b>	<b>614.0</b>	<b>400.0</b>
CO <sup>2</sup> (carbon dioxide)	tons	576.0	518.0	614.0	400.0

## Direct greenhouse gas emissions (Scope)<sup>13</sup>:

In the year 2022, CO2 emissions were determined by an inventory of emission sources at the level of each branch and that of S.N.G.N. Romgaz S.A.

Emissions	UM	2019	2020	2021	2022
Total GHG scope 1, of which:	tons	<b>371,249</b>	<b>536,867.35</b>	<b>406,980.78</b>	<b>879,793.02</b> Fixed and mobile sources (by fuel consumption)
					<b>871,613.38</b> Fixed sources (by fuel consumption) and mobile sources (by pollution standard)
CO <sub>2</sub> (carbon dioxide)	tons	371,247	536,866.18	406,973.33	<b>879,230.44</b> Fixed and mobile sources (by fuel consumption)
					<b>871,050.80</b> Fixed sources (by fuel consumption) and mobile sources (by pollution standard)
CH <sub>4</sub> (methane)	tons	0.770	0.43	2.59	2.78
N <sub>2</sub> O (nitrous oxide)	tons	1.320	0.74	4.86	559.8

<sup>13</sup> For each year calculations were made for all ROMGAZ targets, taking into account that SPEE Iernut has a GHG permit. The calculation of annual CO2 emissions was carried out in accordance with Commission Regulation (EU) No 601/2012 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council) Art. 24 Calculation of emissions according to standard methodology.

The emission factor for CO2 is 55,430 g/GJ (for natural gas combustion).

The emission factor, NCP for natural gas is calculated by the operator based on the information taken from the chromatographic analysis bulletins issued by the laboratory using the CORINAIR methodology. CO2 emissions (g/106 J) from the combustion of gasoline, diesel, and methane gas. List of national values of emission factors and net calorific values specific to each type of fuel and activity category, used for the purpose of meeting the monitoring and reporting requirements for carbon dioxide emissions, as laid down in Regulation (EU) No 601/2012 the on monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC.

The calculation method applied according to EU regulation no. 2066/2018 regarding monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/97/CE with subsequent changes and amendments.

The intensity of greenhouse gas emissions is 0.188 t CO<sub>2</sub>e/toe and it falls within the industry's normal values.

## To reduce greenhouse gas emissions, we implemented the following measures in 2022:

- Upgraded auto fleet;
- Changes in employee behavior;
- Replacing some equipment with better performing versions and using the latter in production operations.

Emissions	UM	2022	2021	Reduction %
GHG scope 1	tons CO <sub>2</sub> equivalent	264	177	4%(STTM)

Internal analyses have identified the main atmospheric pollutants generated by the organization, as well as their sources; findings are presented in the table below.

Atmospheric pollutants	UM	2019	2020	2021	2022	Pollution source 2019	Pollution source 2020	Pollution source 2021	Pollution source 2022
SO <sub>2</sub> (sulphur dioxide)	tons	0.15	0.9	0.2	0.553	-	-	Compression stations, Drying stations, Radiators	Compression stations, Drying stations, Radiators
NO <sub>x</sub> (nitrous oxides)	tons	502.621	607.233	360.176	989.326	IMA1,4,5	IMA4,5 Compression stations, Drying stations, Radiators	Compression stations, Drying stations, Radiators IMA5	IMA5-SPEE Iernut Compression stations, Drying stations, Radiators
NM-VOC (nonmethane volatile organic compounds)	tons	25.89	21.14	22.02	44.7	Compression stations, Drying stations, Radiators	Compression stations, Drying stations, Radiators	Compression stations, Drying stations, Radiators	Compression stations, Drying stations, Radiators
Particle emissions	tons	0	0	0	0.612	-	-	-	Compression stations, Drying stations, Radiators

# Waste management

The recertification of the environmental management system according to ISO 14001-2015 confirms the organization's commitment to compliance and to reducing its impact on the environment and demonstrates the improvement of its environmental performance.

The integrated management system regarding quality, environment, workplace health and safety, through the procedures/instructions implemented on waste management facilitates waste reduction, increases recycling, and reduces the costs of raw materials and consumables.

Decisions have been issued naming those responsible with waste management at each site, in accordance with GEO 92/2021 and Law 132/2010.

Within S.N.G.N. Romgaz S.A. there are:

- 4 people responsible for the application of Law 132/2010;
- 23 people responsible for waste management, according to GEO 92/2021;
- 45 people responsible for the application of Law 132/2010 and for waste management, according to GEO 92/2021.

In the reporting year, ROMGAZ drew up the "Waste Prevention and Reduction Program," which sets objectives, measures/actions, and targets for the prevention/reduction of waste generation. Through the implementation of the Waste Prevention and Reduction Program, together with the Plans of Measures on Selective Waste Collection according to Law 132/2010, 01IL-02: Environmental Training, 02PO-03: Establishment of Safety, Occupational Health, Environmental Protection, and Emergency Requirements in the Procurement of Products, Services, Works, 00IL-121: Management of Waste from Office Activities, 00PO-121: Waste Management, ROMGAZ contributes to increasing transparency on measures to support environmental performance within the organization.



The Waste Management Operational Procedure, code 00PO-121, establishes procedures for the collection, temporary storage, transport, recovery, and disposal of all waste generated from the activities carried out within S.N.G.N. Romgaz S.A., in order to comply with the applicable legal requirements.

The procedure describes responsibilities for the following phases:

- (1) Naming those responsible for waste management;
- (2) Classifying and codifying waste;
- (3) Procuring waste collection/transport/recovery/disposal services;
- (4) Drawing up/updating the Plan of Measures for selective waste collection;
- (5) Drawing up the Program for the prevention and reduction of generated waste;
- (6) Setting up locations for selective waste storage;
- (7) Labelling containers for waste collection;
- (8) Selective collection and temporary storage of waste;
- (9) Recording and reporting of waste;
- (10) Transport of waste;
- (11) Waste recovery/disposal.

Working instruction "Management of waste from office activities," code 00IL-121, lays down rules on how to behave in an eco-responsible way, individually and collectively, in order to use natural resources sustainably and prevent environmental pollution.

The assessment of compliance with legal requirements/system requirements on waste management is carried out by the Environmental Protection Service according to the Environmental Inspection instruction - code 00IL-092, respectively by the Integrated Management Service according to the Internal Audit of the SMI procedure - code PS-03.

Furthermore, as per the "Identification and assessment of environmental aspects" procedure, code PS-12, either annually or whenever there are significant process changes that have an impact on the environment, environmental aspects must be identified and assessed. Significant environmental issues are taken into account for the establishment of environmental objectives and the development of the Action Program to reach IMS objectives. Non-significant environmental issues are monitored according to the Monitoring and Measurement Procedure, code: PS-10, and according to the applicable operational procedures/work instructions.

Environmental aspects and environmental impacts were identified and assessed under different operating conditions (normal, abnormal, and reasonably foreseeable emergencies) by considering the following:

- all inputs (raw materials, materials, utilities) and all outputs (intended products/services and unintended products/services) corresponding to each activity, under all foreseeable and likely operating conditions (normal, abnormal and emergency);
- internal/external environmental inspection reports;
- environmental complaints, fines/penalties imposed by oversight authorities.

The assessment criteria include: severity of the impact, frequency of occurrence, duration of the impact, compliance with legal and other requirements, and stakeholder impact.

Measures for managing the impact of waste have included:

- Selective collection in designated spaces;
- Compliance with waste storage conditions;
- Disposal through authorized companies, as per signed contracts;
- Annual maintenance, current repairs, periodic checks, RKs performed (for uncontrolled deposit water on emptying – on well groups);
- Waste management recordkeeping.

We also aim to control and reduce waste by:

- Complying with specific legislative requirements and the requirements of environmental permits;
- Maintaining control in the execution of contracts for products, services, and works;
- Each site signing contracts with operators of waste recovery and disposal services;
- Managing waste in an optimal manner from a technical, economic, and environmental point of view;
- Monitoring the quantities of generated waste, storing and labeling as per the waste code according to GD 856/2002, making waste available according to the contracts signed with authorized economic operators, reporting to regulatory institutions in a timely manner;
- Applying system procedure Internal audit of the integrated Management system, code PS-03.



## At each site:

- generated waste is temporarily stored in designated areas, with a separation between hazardous and non-hazardous waste;
- records of waste management operations are kept as per GD 856/2022;
- transport of waste for recovery/disposal is carried out by authorized operators based on service contracts as per GD1,061/2008;
- waste management practices are reported to County Environmental Protection Authorities.

The company carries out "Ongoing monitoring, recordkeeping, internal and external environmental inspections, internal environmental audit, analysis and reporting."

The evaluation of waste management practices is also carried out by the control bodies of the County Commissariats of the National Environmental Guard, during internal inspections and IMS audits.

From a material standpoint, the process of evaluating waste management activities consists of centralizing waste management records and all waste transport forms (Annexes 1, 2, 3 of GD 1,061/2008) to companies that are authorized for waste collection/transport/disposal/recovery, depending on the type and quantity of waste generated, proving the correct identification and classification of the generated waste and its recovery/disposal as per legal requirements in the field of waste management.



The evaluation of waste management activities is performed by the environmental protection services as part of the internal environmental inspections carried out as per working instruction "Environmental inspection" - code 00IL-092 and by the Integrated Management Service, as part of internal audits, carried out according to the "Internal audit of the integrated management system" procedure, code PS-03. The external evaluation of waste management activities is carried out by the control bodies of the County Commissariats of the National Environmental Guard.

In 2022, an evaluation of waste management activities was carried out and generated the following reports:

- Internal/external environmental reports issued following internal/external environmental inspections;
- Internal audit reports on compliance with waste management regulations;
- An external audit report at SPEE Iernut on:
  - Verification of compliance with AIM waste requirements;
  - Audit of waste management system.

In 2022, reports regarding waste management and tracking and the Waste Prevention and Reduction Program were developed and delivered to Environmental Protection Agencies.

Inputs, operations, and outputs could lead to significant impacts related to generated waste within the organization's own activities:

- Operation of electrical power generation facilities;
- Operation of boiler and turbine installations;
- Electrical installation maintenance;
- Operation of chemical plants for technological water supply;
- Inadequate monitoring of the quantities of generated waste and of storage methods and the impossibility of reuse, recovery or disposal by authorized economic agents.

Waste may be generated upon usage of the oil conveyed through the oil coolers of turbines, pumps or rotating aggregate bearings, in case of technological accident/sealing faults, in the form of waste oil or absorbent materials impregnated with petroleum products, with an impact in terms of resource consumption/soil pollution/water pollution.



Prevention/reduction measures and actions taken to reduce the hazardousness/quantities of waste generated in such processes include:

- Replacing freon used in air conditioners with environmentally-friendly freon;
- Purchasing rechargeable batteries instead of regular batteries;
- Using environmentally-friendly cleaning products that are free of propellants, with refill systems and recyclable packaging;
- Replacing asbestos panels with non-asbestos panels at cooling towers (TRF2);
- Replacing fluorescent tubes with LED lighting sources;
- Implementing a collection system for potential waste oil leaks from the storage platform;
- Purchasing selective collection bins;
- Making products/components which are scrapped or resulting from repairs subject to sorting, repair, and selective storage in warehouses for further use;
- Establishing policies for procurement from suppliers with sound waste prevention and management criteria. The environmental requirements (integrated part of the specifications) should mention that potential product suppliers must deliver products that use clean technologies and comply with environmental protection rules;
- Participating in a collective or individual producer responsibility scheme, which extends the trader's responsibility for a product or service to the end of its lifecycle;



- Recovering products, components, and materials from waste in preparation for re-use and recycling. For example, the company practices product reuse for drilling mud that has not changed its properties (composition, density) in operations that are carried out within the same activity and require the use of this product.

The company collects all the necessary information on the generation, recovery, and disposal of waste at work sites, according to GD 856/2002. Records are also kept regarding waste transport forms for the transport of both hazardous waste (Annex 1- GD 1,061/2008) and non-hazardous waste (Annex 3 - GD 1,061/2008), by authorized economic operators.

The collection and monitoring processes for waste generated through the company's own activities are carried out through:

- Work instruction - Environmental Reporting, Code 00IL-062, ed. 3.2;
- Selectively collected waste registry (Annex L132/2010);
- Statistic investigation questionnaire ASGD-PRODDES (APM form);
- Record of usage for fresh/used oil;
- EPRTTR Report (online delivery);
- Status of recoverable waste;
- Operational procedure – Waste Management, code EE-00PO-121.

Furthermore, economic operators that collect waste according to GD 1061/2008 are required to provide waste traceability data.



## Total amount of generated waste [t]

Waste contents	2019	2020	2021	2022
Category 1 – non-hazardous	3,821.126	2,393.895	2,181.840	2,954.093
Category 2 - hazardous	1,718.154	393.965	195.454	403.243
<b>Total waste</b>	<b>5,539.280</b>	<b>2,787.860</b>	<b>2,377.294</b>	<b>3,357.336</b>

## Total amount of waste diverted from disposal (recovered), off-site [t]

Recovered waste	Off-site			
	2019	2020	2021	2022
<b>Non-hazardous waste, of which:</b>	<b>601.363</b>	<b>521.517</b>	<b>275.638</b>	<b>461.634</b>
Recycled	522.705	342.786	250.834	<b>449.754</b>
Other recovery operations	78.658	178.731	24.804	<b>11.880</b>
<b>Hazardous waste, of which:</b>	<b>392.442</b>	<b>319.629</b>	<b>188.622</b>	<b>377.410</b>
Recycled	306.508	260.854	187.103	<b>337.770</b>
Other recovery operations	84.185	58.775	1.519	<b>39.640</b>
<b>Total</b>	<b>993.805</b>	<b>841.146</b>	<b>464.26</b>	<b>839.044</b>



## Additional information on recycled waste [t]

	2021	2022	Evolution
Sawdust, shavings, chips, scrap board and veneer, other than those specified at 03 01 04 Code 03 01 05	0.055	0	-100%
Other unspecified waste (TEG) code 05 07 99	3.847	67.707	+1.660%
Filings and ferrous swarf code 12 01 01	7.240	4.390	-39%
Used halogen-free lubrication solutions and emulsions code 12 01 09*	0.180	0.460	+156%
Oils	151.921	283.759	+87%
Sludge from oil/water separators code 13 05 02*	0	11.675	
Oily water from oil/water separators code 13 05 07*	13.020	14.056	+8%
Other halogen solvents and solvent mixes code 14 06 02*	0	0.385	
Paper and cardboard packaging code 15 01 01	7.309	9.635	+32%
Plastic packaging code 15 01 02	4.618	5.092	+10%
Wood packaging code 15 01 03	0.230	0	-100%
Metal packaging code 15 01 04	0.010	0	-100%
Glass packaging code 15 01 07	0.280	0.020	-93%
Textile packaging code 15 01 09	0	0	
Packaging containing residue or contaminated with hazardous substances code 15 01 10*	1.803	3.766	+109%
Absorbents. filtration materials (including oil filters with no other specification). polishing materials. and protective clothing contaminated with hazardous substances code 15 02 02*	4.649	5.253	+13%
Absorbents. filtration materials. polishing materials. and protective clothing. other than those specified by 15 02 02* code 15 02 03	1.231	0.369	-70%
Out of use tyres code 16 01 03	6.051	3.312	-45%
Oil filters code 16 01 07*	0.172	0.098	-43%
Ferrous metals code 16 01 17	42.665	94.351	+121%
Scrapped equipment. other than those specified by 16 02 09 to 16 02 13 code 16 02 14	0	1.260	
Components removed from scrapped equipment. other than those specified on 16.02.15* code 16 02 16	0.883	0	-100%
Non-organic waste. other than those specified by 16 03 03* code 16 03 04	0	0.055	
Chemical lab substances made up of or containing hazardous substances. including chemical lab substance mixes code 16 05 06*	0	0.023	

Batteries	2.939	12.569	+328%
Aluminum code 17 04 02	0.012	0.034	+183%
Iron and steel code 17 04 05	165.892	249.577	+50%
Plastic and rubber materials code 19 12 04	0.949	0.863	-9%
Paper and cardboard code 20 01 01	6.938	6.837	-1%
Glass code 20 01 02	0.006	0	-100%
Fluorescent tubes and other waste containing mercury code 20 01 21*	0.270	0.362	+34%
Scrapped electrical and electronic equipment. other than those specified by 20 01 21 and 20 01 23. containing hazardous components* code 20 01 35*	0.114	0	-100%
Scrapped electrical and electronic equipment. other than those specified by 20 01 21. 20 01 23. and 20 01 35 code 20 01 36	0.730	3.754	+414%
Plastic materials code 20 01 39	1.238	1.092	-12%
Soil and rocks containing hazardous substances code 17 05 03*	0	6.770	
<b>Total</b>	<b>425.252</b>	<b>787.524</b>	<b>+185%</b>

## Total amount of disposed waste [t]

Disposed waste				
Waste content	2019	2020	2021	2022
Category 1 - non-hazardous	2,613.636	1,815.154	1,872.384	2,360.678
Category 2 - hazardous	1,053.169	64,919	3,802	24,041
<b>Total waste</b>	<b>3,666.805</b>	<b>1,880.073</b>	<b>1,876.186</b>	<b>2,384.719</b>

## Total amount of hazardous and non-hazardous waste disposed of after recovery operations [t]

Disposed waste	On-site				Off-site			
	2019	2020	2021	2022	2019	2020	2021	2022
Hazardous waste, of which					1,053.169	64,919	3,802	24,041
Incinerated (with no energy recovery)	0	0	0		4,901	4,779	0,092	1,772
Stored	0	0	0		1,048.268	60.14	3.71	22,269
Non-hazardous waste, of which:					2,613.636	1,815.154	1,872.384	2,360.678
Incinerated (with no energy recovery)	0	0	0		13.13	1,779	0	0.005
Stored	522.5	35	28.7	-	2,078.006	1,778.375	1,843.684	2,360.673

The disposal method for each type of waste was identified as per the provisions of GEO 92/2021 republished, on the waste regime, using the best available techniques which do not involve excessive costs for waste disposal. The recycling and storage of waste was performed through third party organizations, through responsibility transfer.

The transport of hazardous waste is carried out by authorized economic operators based on signed service contracts, complying with the applicable legal provisions (GD no. 1,175/2007 for the approval of rules for road transport of dangerous goods in Romania and GD No. 1,061 of September 10, 2008 regarding the transport of hazardous and non-hazardous waste on the Romanian territory).

### Total amount of transported hazardous waste [t]

2019	2020	2021	2022
42.196	1,499,658	29.999	82.559

### Volume of flared and ventilated hydrocarbons [thousand m<sup>3</sup>]

	2019	2020	2021	2022
Flared flue gas	55,885,831	43,721	-	620,160

### Total amount of drilling mud resulting from usage of water-based drilling fluids [t]

Treatment method/fluid type	Freshwater drilling fluid (water-based)				Freshwater -based drilling mud waste				Drilling mud waste containing chloride, other than those specified			
	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
Onshore storage (with/without pretreatment)	4,459	1,021	3,316	567	8,328	1,324	5,919	810	17,055	8,224	9,079.46	8,079



Drilling mud resulting from technological processes is treated through:

- Centrifugation with loculation and centrifugation with barite recovery;
- Treatment methods complying with the works project developed by specialized operators based on technical assistance contracts, in capital repairs or well interventions carried out by SIRCOSS.

To reduce the amount of drilling mud, both the mud and the water from drilling mud are reused:

- Reuse of water from drilling mud used in the upper sections and use of this recovered and tested water in the preparation of other drilling fluids for further drilling. Water recovery is the result of the centrifugation process in synergy with the loculation operation, and this way heavy materials, inert solids, drilled solids, and light solids are released from the mass of the drilling mud;
- Reuse of drilling mud for operations and works in activities that require the use of this product (SIRCOSS).



# Energy availability

The capitalization of production obtained from exploiting natural gas reserves represents the company's main source of income. The reserve offers a projection of the company's future operations and results. In order to increase the volume of reserves, S.N.G.N. Romgaz S.A. carries out exploration, development, and exploitation works. ROMGAZ has no plans to develop the transmission or distribution network to serve customers.

The volume of reserves in deposits under ROMGAZ concession are assessed based on information obtained during operation, by performing or updating studies evaluating geological resources, and the operational performance of active deposits.

The evaluation of natural gas reserves is carried out according to instructions developed by the National Agency for Mineral Resources, transposed by ROMGAZ into internal procedures.

ROMGAZ has organizational units that deal with the assessment of natural gas reserves based on these procedures.

A computer program is used to keep records on and plan the movement of geological resources and reserves related to each exploitation project within deposits owned by ROMGAZ.

ROMGAZ reserves were audited by internationally recognized evaluation and audit companies based on the standards imposed by the P.R.M.S Petroleum Resources Management System, approved by the [Society of Petroleum Engineers S.P.E.](#) and the Standards regarding Estimating and Auditing oil and gas reserves.

The results of audits have confirmed ROMGAZ's own evaluation of its natural gas resources and reserves.

ROMGAZ carries out intense exploration operations in order to discover new reserves:

- Identifying new prospects using the acquired 3D seismic systems;
- Exploration-opening drilling;
- Testing newly-dug rigs to carry out a quantitative and qualitative verification of possible deposits.

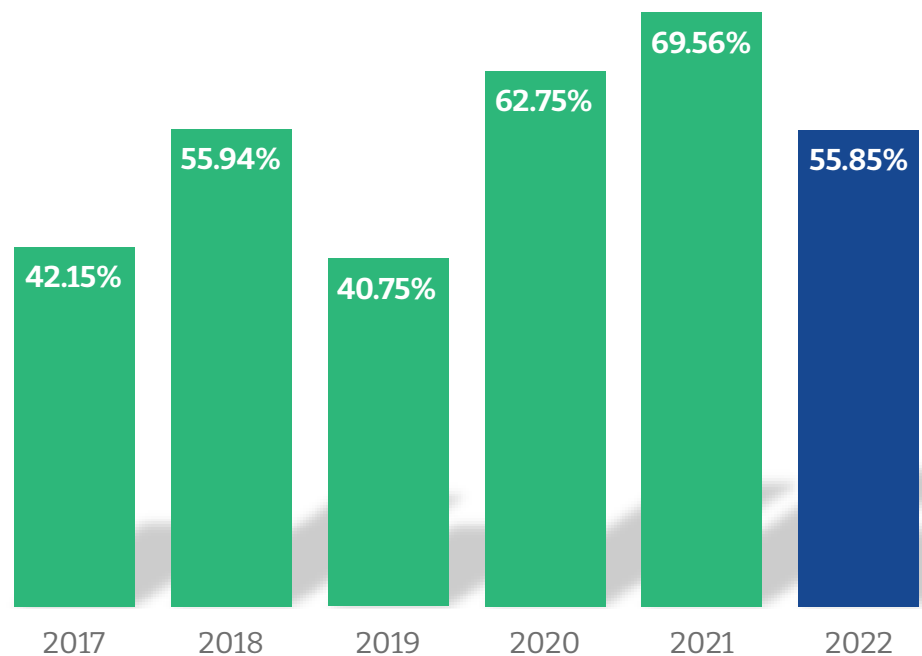
Inevitably, as a gas field is exploited, its gas reserves decline. The degree of gas recovery from the field is called the recovery factor. We make great efforts to increase our final gas recovery factor at our deposits, by carrying out operations to keep wells operational through repairs/interventions, conducting complex geophysical investigations, and identifying and promoting reserves in unexploited areas.

If all possible methods to rehabilitate the deposit are exhausted, wells are abandoned and the exploitation/concession of the deposit ends.

The extent to which the gas reserves expansion ratio ensure the development of production is evidenced by the reserve replacement ratio. The ratio is calculated as the quantity of oil (crude oil and natural gas) added to a company's proven reserves against the total oil quantity the company produces over the course of the year.

In 2022, ROMGAZ's reserve replacement ratio was 55.85%, influenced by the results of reservoir re-evaluation, the introduction of new exploitation targets, the promotion of lower category reserve volumes to proven reserves, the drilling and production of new wells, and the expansion of the gas compression process where the current energy level of the fields required it.

### Reserve replacement ratio



In 2022, we developed 19 Natural Gas Resource and Reserves Assessment Studies, as well as 10 Gas Reserves Updates at productive targets.

All studies were carried out by the research development teams inside ROMGAZ specialist departments and were justified by:

- Production differences between projections and actual results;
- The existence of exploitation sites which are productive but that have exceeded previously-confirmed reserves;
- The identification of new exploitation sites or promotion of lower-category reserves through well testing and experimental exploitation works.

New reserves were added by bringing new discoveries from exploration operations (contingent resources) into permanent exploitation, after the experimental exploration period, with production provisions developed up to the technical exploitability limit.

In 2021, the external auditing of the reserves and contingent natural gas resources owned by ROMGAZ was carried out by American firm DeGolyer & MacNaughton, resulting in a Final Report that was submitted to ROMGAZ on August 3, 2022.

Hydrocarbon reserves for 2022 saw a slight increase of 1% compared to the 2021 level.

Hydrocarbon production (gas)			
	Geographical area	Volume of crude oil produced [mboe]	Volume of natural gas produced [mboe]
2019	Transilvania, Moldova, Oltenia, and Muntenia	0.144	33.923
2020		0.188	29.055
2021		0.203	32.326
2022		0.173	31.731

In order to maintain the forecasted demand in the medium and long term, ROMGAZ has an ongoing services contract for the "Construction of a photovoltaic park" with a capacity of approx. 60 MW, in progress as of 2022.

Breakdown of the budget allocated in 2022 for investments in technologies and materials using renewable energy:

Investment target	Budget 2022 RON
Investment target	150,000
Photovoltaic system installation works – SIRCOSS branch	4,171,000
60 MW photovoltaic park – ROMGAZ headquarters	484,000
Turnkey photovoltaic system – installation on non-circulating roof terrace with ballast at Chemical Treatment Plant Building_IE11024 - Iernut Branch	612,000
Turnkey photovoltaic system – installation on non-circulating roof terrace with ballast at Pump Station Building_IE11007 - Iernut Branch	92,000
<b>Turnkey photovoltaic system – installation on non-circulating roof terrace with ballast at Microhydropower plant Building_IE11035 - Iernut Branch</b>	<b>5,509,000</b>

The share of the budget allocated to renewable investments in the total investment budget for 2022 is 0.61%.

Currently, the following assets are being developed for the implementation of renewable energy projects:

- Service package on the development of a site analysis, a feasibility study, a cost-benefit analysis, and a specification book for a design and works execution contract for the ROMGAZ Photovoltaic Park investment target;
- Market investment opportunities study regarding hydrogen production in Romania.

Following the completion of these studies, the amount required for the planned investments will be known and a budget can be created.



# Affiliations

ROMGAZ is a member of the following associations:

- Balkan and Black Sea Petroleum Association (BBSPA);
- International Gas Union (IGU);
- European Federation of Energy Traders (EFET);
- Gas Infrastructure Europe – Gas Storage Europe (GIE –GSE);
- Romanian National Committee of the World Energy Council (CNR-CME);
- Romanian National Committee for the World Petroleum Council (CNR-CMP);
- Romanian Energy Center (CRE);
- Romanian Standardization Association (ASRO);
- Sibiu Chamber of Commerce, Industry, and Agriculture SIBIU;
- Mureș Chamber of Commerce and Industry;
- Electricity Producers' Association (HENRO);
- Oil and Gas Employers' Federation (FPPG);
- Oil and Gas Engineers' Association (SIPG).

ROMGAZ maintains an open and permanent dialogue with representatives of the main professional associations in the natural gas extraction industry and the electricity production industry, as well as with other players in the field, in order to identify solutions related to climate change and environmental issues.



# GRI Content Index

Statement of use	S.N.G.N. Romgaz S.A. reporting complied with GRI standards for the January 1 -December 31, 2022 period.
GRI 1 used	GRI 1: 2021 Foundation
Applicable GRI Sector Standard(s)	GRI 11 - 2021 Oil & Gas Standard

GRI Standards – 2021 general indicators		Report Section	Omissions			Nr. Ref. GRI Sector Standard
			Omitted requirement(s)	Motivation	Explication	
Organization profile and reporting practices	2-1 Details about the organization	Information about the sustainability report Structure of ROMGAZ’s share capital				
	2-2 Entities included in the organization’s sustainability reporting	Information about the sustainability report				
	2-3 Period and frequency of reporting and contact information	Information about the sustainability report				
	2-4 Retraction of information	Not applicable				
	2-5 External auditing	ROMGAZ does not have an audited/insured sustainability report.				
Activities and employees	2-6 Activities, value chain, and other business relationships	History The ROMGAZ Group Activities of the ROMGAZ Group ROMGAZ Supply chain				
	2-7 Employees	Social				
	2-8 Non-employed workers	Social				
Governance	2-9 Structure and components of the organization’s management	Company management				
	2-10 Nomination and selection of organization’s management	Company management				
	2-11 Highest management position	The president of the highest governance body is not also the CEO of the organization.				
	2-12 Leadership’s role in overseeing impact management	Company management				
	2-13 Delegation of duties for impact management	Company management				
	2-14 Leadership’s role in sustainability reporting	Company management				
	2-15 Conflict of interest	Company management				
	2-16 Communication of critical concerns	Company management				
	2-17 Collective knowledge of company management	Company management				

	2-18 Evaluating the performance of the company's management team	Company management			
	2-19 Remuneration policies	Company management			
	2-20 Process to determine remuneration	Company management			
	2-21 Annual total compensation ratio	Company management			
Strategy, policies, and practices	2-22 Statement on the sustainability strategy	Corporate governance, ethics, and anti-corruption Energy			
	2-23 Policy commitments	Corporate governance, ethics, and anti-corruption			
	2-24 Integration of policy commitments	Corporate governance, ethics, and anti-corruption			
	2-25 Negative impact mitigation processes	Corporate governance, ethics, and anti-corruption			
	2-26 Advice seeking and concern -raising mechanisms	Corporate governance, ethics, and anti-corruption			
	2-27 Compliance with laws and regulations	Corporate governance, ethics, and anti-corruption			
	2-28 Affiliations	Affiliations			
Stakeholder involvement	2-29 Stakeholder involvement approach	Information about the sustainability report			
	2-30 Collective labor agreements	Our employees			



GRI Standards – 2021 general indicators			Report Section	Omissions			Nr. Ref. Standard GRI de Sector
				Omitted requirement(s)	Motivation	Explicație	
<b>Material issues</b>							
GRI	3-1	Process of establishing material issues	Materiality analysis				
GRI	3-2	List of material issues	Materiality analysis				
<b>Financial performance</b>							
GRI	3-3	Financial performance	Financial performance				11.2.1 11.14.1 11.21.1
GRI	201-1	Directly generated and distributed financial value	Financial performance				11.14.2 11.21.2
GRI	201-2	Financial implications and other risks and opportunities generated by climate change	Risk management Pages 69-71				11.2.2
GRI	201-3	Requirements of defined benefit schemes and other pension schemes	Financial performance				
GRI	201-4	Financial assistance from government	Financial performance				11.21.3
<b>Market presence</b>							
GRI	3-3	Management approach	Social				
GRI	202-1	Rate of entry-level standard salaries by gender, compared to local minimum wage	Financial performance				
GRI	202-2	Share of top management hired from the local community	Social				11.11.2 11.14.3
<b>Acquisition practices</b>							
GRI	3-3	Management approach	About the ROMGAZ Group				
GRI	204-1	Share of spending allocated to local suppliers	ROMGAZ Supply Chain				11.14.6
<b>Anti-corruption</b>							
GRI	3-3	Management approach	Corporate governance, ethics, and anti-corruption				11.20.1
GRI	205-1	Operations assessed for corruption risk	Anti-corruption				11.20.2
GRI	205-2	Communication & training regarding anti-corruption policies and procedures	Anti-corruption				11.20.3
GRI	205-3	Confirmed corruption incidents and actions taken	Anti-corruption				11.20.4
<b>Comportament anticoncurențial</b>							
GRI	3-3	Management approach	Corporate governance, ethics, and anti-corruption				11.19.1
GRI	206-1	Legal measures regarding anti-competitive, anti-trust, and monopoly behavior	Corporate governance, ethics, and anti-corruption				11.19.2
<b>Energy</b>							
GRI	3-3	Management approach	Environment Energy				

GRI	302-1	Energy consumption inside the organization	Energy			11.1.2
GRI	302-3	Energy intensity	Energy			11.1.4
GRI	302-4	Reduction of energy consumption	Energy			
GRI	302-5	Reduction of energy requirements of products and services	Energy			
<b>Water and effluents</b>						
GRI	3-3	Management approach	Environment Water			11.6.1
GRI	303-1	Water extraction by source	Water			11.6.2
GRI	303-2	Water sources significantly affected by water extraction	Water			11.6.3
GRI	303-3	Recycled and reused water	Water			11.6.4
GRI	303-4	Drained water	Water			11.6.5
GRI	303-5	Water consumption	Water			11.6.6
<b>Biodiversity</b>						
GRI	3-3	Management approach	Environment Ecosystem restoration and biodiversity			11.4.1
GRI	304-1	Operational sites owned, leased, managed or adjacent to protected areas and areas of high biodiversity value outside protected areas	Ecosystem restoration and biodiversity			11.4.2
GRI	304-2	Significant impacts of activities, products, and services on biodiversity	Ecosystem restoration and biodiversity			11.4.3
GRI	304-4	IUCN Red List species and National Conservation List species with habitats in areas affected by operations	Ecosystem restoration and biodiversity			11.4.5
<b>Emissions</b>						
GRI	3-3	Management approach	Environment Emissions			11.1.1
GRI	305-1	Direct GHG emissions (Scope 1)	Emissions			11.1.5
GRI	305-2	Direct GHG emissions (Scope 2)	Emissions			11.1.6
GRI	305-4	Intensity of GHG emissions	Emissions			11.1.8
GRI	305-5	GHG emission reduction	Emissions			11.2.3
GRI	305-7	Nitrous oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ) and other significant gas emissions	Emissions			11.3.2
<b>Waste</b>						
GRI	3-3	Management approach	Environment Waste management			11.5.1 11.8.1
GRI	306-1	Waste generation and significant waste-related impact	Waste management			11.5.2
GRI	306-2	Management of significant waste-related impact	Waste management			11.5.3
GRI	306-3	Generated waste	Waste management			11.5.4 11.8.2
GRI	306-4	Recovered waste	Waste management			11.5.5
GRI	306-5	Stored waste	Waste management			11.5.6
<b>Environmental compliance</b>						

GRI	3-3	Management approach	Environment				
GRI	307-1	Non-compliance with environmental laws and regulations	No administrative and/or judicial sanctions have been issued against the organization for non-compliance with environmental laws and regulations.				
<b>Supplier evaluation using environmental criteria</b>							
GRI	3-3	Management approach	ROMGAZ supply chain				
			Suppliers' environmental impact				
GRI	308-1	New suppliers selected with the inclusion of environmental criteria	Suppliers' environmental impact				
<b>Employment</b>							
GRI	3-3	Management approach	Social				11.10.1
			Our employees				
GRI	401-1	New employees and employee retention rate	Our employees				11.10.2
GRI	401-2	Benefits offered to full-time employees that are not provided to temporary or part-time employees	Our employees				11.10.3
GRI	401-3	Parental leave	Our employees				11.10.4 11.11.3
<b>Employee – management relationships</b>							
GRI	3-3	Management approach	Social				
			Our employees				
GRI	402-1	Minimum notice period for operational changes	Our employees				11.7.2 11.10.5
<b>Occupational health and safety</b>							
GRI	3-3	Management approach	Social				11.3.1 11.9.1
			Occupational health and safety				
GRI	403-1	Occupational health and safety management system	Occupational health and safety				11.9.2
GRI	403-2	Identifying and evaluating risk and investigating incidents	Occupational health and safety				11.9.3
GRI	403-3	Occupational health services	Occupational health and safety				11.9.4
GRI	403-4	Employee participation, communication, and consultation on occupational health and safety	Occupational health and safety				11.9.5

GRI	403-6	Promoting employee health	Occupational health and safety				11.9.7
GRI	403-8	Workers covered by the occupational health and safety management system	Occupational health and safety				11.9.9
GRI	403-9	Workplace injuries	Occupational health and safety				11.9.10
GRI	403-10	Work -related health issues	Occupational health and safety				11.9.11
<b>Training and education</b>							
GRI	3-3	Management approach	Social Training and education				11.7.1 11.10.1
GRI	404-1	Average number of training hours per year, per employee	Training and education				11.10.6 11.11.4
GRI	404-2	Training and education programs to improve employee skills and transition assistance programs	Training and education				11.7.3 11.10.7
GRI	404-3	Share of employees receiving regular performance and career evaluations	Performance evaluation and professional development				
<b>Diversity and equality of opportunity</b>							
GRI	3-3	Management approach	Social Our employees				11.11.1
GRI	405-1	Diversity among management and employees	Diversity among management and employees				11.11.5
GRI	405-2	Ratio of base pay to gross pay for women and men	Diversity among management and employees				11.11.6
<b>Non-discrimination</b>							
GRI	3-3	Management approach	Social Combatting discrimination				11.11.1
GRI	406-1	Incidents of discrimination and corrective action taken	Combatting discrimination				11.11.7
<b>Local communities</b>							
GRI	3-3	Management approach	Social ROMGAZ's involvement in local communities				11.15.1
GRI	413-1	Operations involving local communities, impact assessments, and development programs	ROMGAZ's involvement in local communities				11.15.2
GRI	413-2	Operations with actual and potential significant negative impact on local communities	Environment				11.15.3
<b>Marketing and labeling</b>							
GRI	3-3	Management approach	The ROMGAZ Group				

			Activities of the ROMGAZ Group				
GRI	417-1	Product and service information and labelling requirements	Electricity supplied by S.N.G.N. Romgaz S.A. in 2022: <a href="#">2022 electricity supply label</a>				
GRI	417-2	Incidents of non-compliance regarding product and service information and labelling	Not applicable.				
GRI	417-3	Incidents of non-compliance regarding marketing communications	Not applicable. The Legal Service has no information on this matter				
<b>Client confidentiality</b>							
GRI	3-3	Management approach	Corporate governance, ethics, and anti-corruption				
GRI	418-1	Complaints regarding breaches of customer confidentiality and loss of customer data	No incidents of privacy breaches or loss of customer data were identified in 2022.				
<b>Socio-economic compliance</b>							
GRI	3-3	Management approach	Corporate governance, ethics, and anti-corruption Risk management				
GRI	419-1	Non-compliance with social and financial laws and regulations	No cases of non-compliance with social and financial laws and regulations were identified in 2022.				

<b>Oil &amp; Gas Sector Standard issues considered as non -material</b>		
<b>ISSUE</b>	<b>Sector standard no.</b>	<b>Explanation</b>
Forced labor and modern slavery	11.12	Not applicable to S.N.G.N. Romgaz S.A. operations.
Freedom of association and collective bargaining	11.13	Although the topic is not material to S.N.G.N. Romgaz S.A., details can be found in the Our Employees section.
Rights of the indigenous population	11.17	Not applicable to S.N.G.N. Romgaz S.A. operations. The company operates in Romania.
Conflicts and security	11.18	Not applicable to S.N.G.N. Romgaz S.A. operations. The company operates in Romania.

# ROMGAZ

## Point of contact Company headquarters

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