Transelectrica®

46954/04.10.2023

Sustainability Report of Transelectrica 2022

Declaration of responsible persons

The information provided in the Sustainability Report of Transelectrica for 2022, prepared in accordance with the Global Reporting Initiative standard, in compliance with the provisions of the European Directive 2014/95/EU transposed in the Romanian legislation by Order of the Ministry of Public Finance number 1938 of 17 August 2016, and in compliance with the Taxonomy Regulation (EU) 2022/852, provides an accurate and true image of the non-financial aspects, part of the ongoing business, with an impact on the development and sustainability of the Company.

Directorate
Chairman
Stefanie
MUNTEANU

Member	Member	Member
Florin Cristian	Bogdan	Cătălin Constantin
TĂTARU	TONCESCU	NADOLU

Contents

Directorate message (102-14)

Transelectrica reaffirms its commitment to be the security guarantor of the National Energy System in the context of unprecedented challenges in the European energy sector

Dear shareholders, investors and partners,

In the sixth consecutive year that Transelectrica publishes its Sustainability Report, based on GRI principles and standards, through the lens of our core business in the energy sector, our company is undergoing a continuous process of redefining its sustainability objectives to ensure the sustainable development of society in the transition to a climate neutral economy.

Over the last year, the Russian-Ukrainian conflict has affected the dynamics of the energy sector to a major extent, generating a multi-layered industry crisis at European level, leading to urgent sets of contextual adaptation measures by all responsible actors in the electricity sector. In this difficult context, Transelectrica, as Transmission and System Operator, together with the other representatives of the ENTSO-E structure (European Network of Transmission System Operators), has been vigilantly fulfilling its duties, with the safety and proper functioning of the National Electricity System as a strategic priority. Also, in view of Romania's geopolitical position, the Company intensified its cooperation with nearby Transmission and System Operators and contributed to maintaining the balance and proper functioning of the system by urgently synchronizing the systems of Ukraine and the Republic of Moldova with the European grid.

In parallel with this particular context, in addressing the current energy challenges that require coordinated actions and efforts, Transelectrica has developed new investment plans converging with the European energy-environment policies and objectives set by the "Green Deal" programme and the "Fit for 55" package. Through the Company's research-innovation structure, Transelectrica is expanding its investment portfolio by adopting and implementing new innovative technologies in the field of clean energy. This category of projects in the Company's portfolio is based on three key elements: flexibility, Smart Grid digitalisation and decarbonisation of the electricity transmission grid. Our efforts to support projects to develop a sustainable electricity transmission network have been achieved by redefining the funding structure in 2022 through an increase in non-reimbursable European funds. Transelectrica's current financing structure is based on 30% own funds, 50% European funds and 20% bank loans. Thanks to the efforts of the Company's specialists, in 2022, we have obtained the largest financing from European funds accessed by Transelectrica: over 420 million euros for the development of a modern and sustainable energy infrastructure from the Modernisation Fund.

In carrying out our mission, we take seriously the path of energy transition, by making sustainable investments to achieve, in due time, the targets assumed by Romania, at European level, on energy efficiency. To this end, Transelectrica is increasingly directing its investment flow towards the development of a reliable infrastructure that will allow the massive integration of energy from renewable sources.

Transelectrica's entire activity is based on good corporate governance practices. Thus, in the previous year, through the corporate measures adopted, our Company continued to maintain a stable pace of operation in an oscillating business environment characterised by economic changes and

unforeseen situations. In this regard, in our non-financial performance, we remained in the ranking of stable companies, with our rating (Corporate Family Rating) for 2022 being Baa3, in the assessment made by the International Rating Agency Moody's Investors Service.

By constantly updating its sustainability policies and strengthening its corporate social responsibility strategy, Transelectrica is meeting its firm commitments in terms of real developments and the sustainable development of the energy sector, treating its role as a strategic national and regional partner with responsibility.

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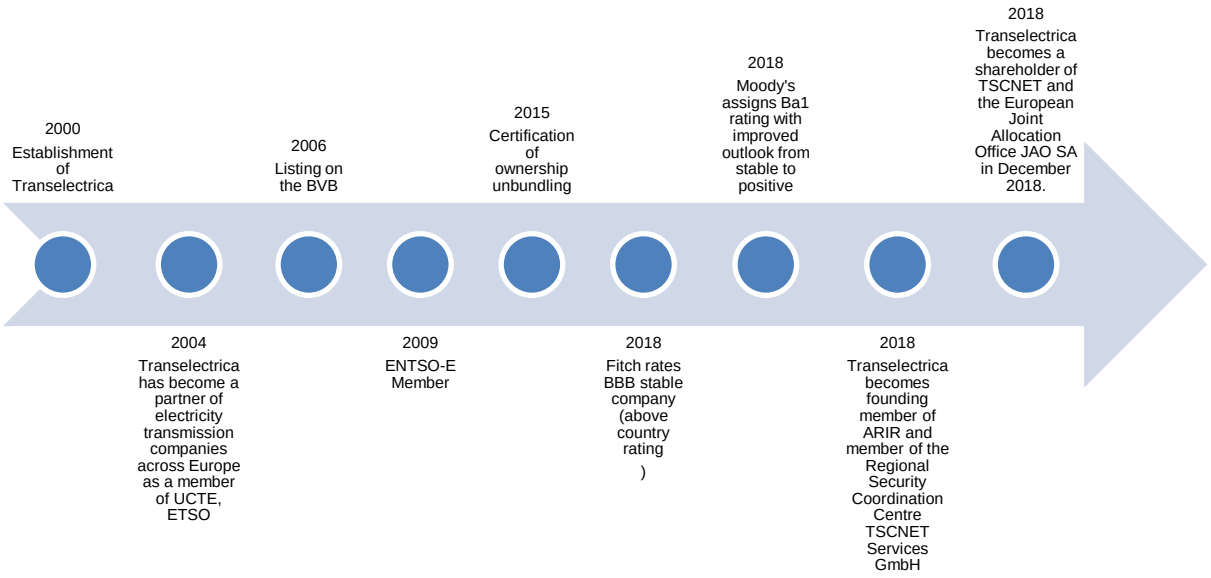
Company Presentation



Identifying the Company in the European and national context (102-1)

In the value chain of electricity activities, Transelectrica occupies the central place of transmission and system operator, a regulated natural monopoly activity, with the mission to ensure the public electricity transmission service while maintaining the operational reliability of the national energy system, under non-discriminatory conditions of access for all users.

Transelectrica is a strategic company in a national and regional context, and also acts as balancing market operator, metering operator and capacity allocation operator on interconnection lines.

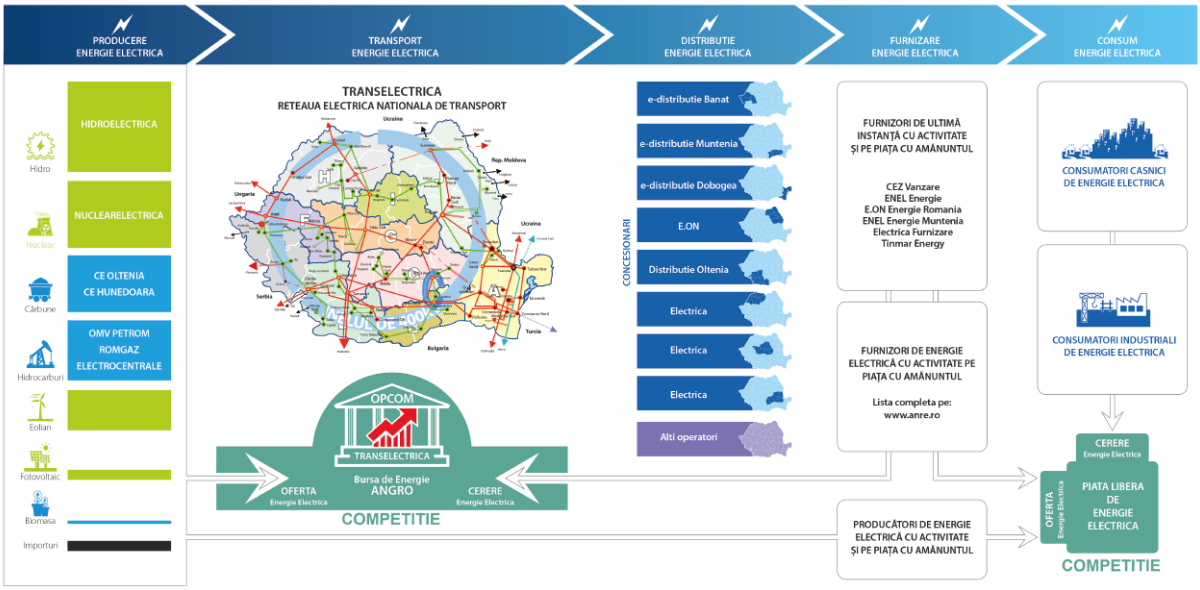
The business model corresponds to the standard profile of a Transmission System Operator (TSO), a model designed at European level through the European energy strategy and legislation, applied in all EU countries and transposed as such in the national legal framework.

A strategic energy company, Transelectrica has moved from a national to a pan-European approach of its business

At European level, the energy sector is undergoing a profound transformation.

Emphasis is placed on the transition from a predominantly national model of evolution and development of the energy sector to a model of integrated and coordinated development at European level, which ensures unitary development at continental level, but allows adaptation to national specificities and the pursuit of the legitimate interests of European states.

In this process of transition from the national to the continental model, the regional level of integration is an intermediate step towards the final goal of trans-European integration.



As an integral part of the European interconnected system, Transelectrica is responsible not only for the operation of the Romanian electricity system within safety and quality parameters and for supplying national consumers, but together with the other Transmission System Operators it has extended its area of competence and responsibility to the whole of Europe (36 countries with 532 million consumers).

Transelectrica, member of the European family of Transmission and System Operators

The Romanian electricity system was integrated into the European electricity transmission system long before Romania joined the European Union.

Since October 2004, Transelectrica has become a partner of electricity transmission companies throughout Europe, as a member of UCTE, ETSO and since 2009 ENTSO-E.

ENTSO-E promotes important aspects of energy policy with a view to fostering the completion and functioning of the internal electricity market and cross-border trade, as well as ensuring the optimal management, coordinated operation and sound technical evolution of the European electricity transmission network.

Transelectrica is part of the European configurations:

- CCR (Capacity Calculation Regions) - EEA region (RO-BG border) and CORE region (RO-HU border);
- SOR (System Operation Regions) - Central European region (RO-HU border).

Transelectrica, member of TSCNET and JAO since 2018

Since August 2018, Transelectrica has become a member of the Regional Security Coordination Centre TSCNET Services GmbH, becoming a shareholder of the centre and of the European Joint Allocation Office JAO SA in December 2018.

TSCNET was built to serve Transmission and System Operators in the East Central-West European region for the coordinated implementation of the European network codes, while JAO coordinates the tendering of long-term

capacity allocation and is designated as the Single Allocation Platform (SAP) Operator.

Transelectrica, partner of the European institutions in the implementation of the Green Deal and Fit For 55 legislative packages

European energy and environment policies, implemented through successive legislative packages approved at European level, focus on increasing security of energy supply, increasing energy efficiency, decarbonising the energy mix by integrating renewable sources and implementing efficient storage solutions.

Part of the European family, through its membership of ENTSO-E, Transelectrica is a valuable partner in the development and negotiation of legislative packages applicable to the energy sector.

The European network codes are documents governing aspects of the operation of synchronously interconnected electricity systems and the harmonisation and integration of national electricity markets, facilitating the implementation of the single European energy market.

Through its technical and operational expertise, as a Transmission and System Operator, Transelectrica has been an active partner both in the process of drafting the codes within the ENTSO-E structures and in the negotiation stages, at the European Commission level and, through the relevant ministry, at the European Parliament level.

The entry into force of the European Energy - Climate Change legislative package has led to the standards in the ENTSO-E coordinated operation manual being taken over, developed and approved as European regulations. Thus, 8 (eight) European regulations have been approved, setting out the sets of rules for the connection of generators, consumers and DC systems to the system, for the allocation of cross-border interconnection capacities in the short and long term, the rules for the operation of the balancing market, as well as the rules for coordinated operation, both in normal operation and in situations of disturbed operation.

Transelectrica, strategic partner in the elaboration of the European electricity transmission network development plan

Electricity transmission networks play a crucial role in achieving European goals, in particular in terms of security of supply for consumers, the formation of the internal energy market and the integration of renewable sources.

The ENTSO-E carries out integrated and coordinated planning of pan-European transport infrastructure development (TYNDP: 10-year European transmission network master plan including an assessment of the adequacy of the pan-European electricity system), identifies the main corridors and priority projects (list of CIP projects) for which Regulation (EU) No 347/2013 provides incentive mechanisms to accelerate their implementation (competent authority responsible for facilitating and coordinating the authorisation procedure for projects of common interest, Community financial assistance - e.g. Connecting Europe Facility).

Transelectrica, a valuable partner in European projects

In parallel with the negotiations on the adoption of the energy regulatory framework, a number of projects are being

carried out at the level of Transmission System Operators (TSOs), aiming at the implementation of the single European energy market, the application of the European network codes or the investigation of specific aspects of the challenges of the new Clean Energy Package. It complements the previous legislative package in areas such as the single/internal electricity market, system integration of renewable energies, aggregation of electricity generation capacities, consumer units and electricity storage units, increasing cross-border capacities, transforming Regional Security Centres (RSCs) into Regional Coordination Centres (RCCs).

The integration of the Romanian electricity market into the European internal market is a major objective of Romania, circumscribed to the strategic objective of creating the European Internal Energy Market (IEM), a priority objective for Europe, which requires coherent measures and joint efforts from all entities involved: relevant Ministries, Regulatory Authorities, Transmission and System Operators, Energy Exchanges.

Operating since 2014 in the 4M MC coupled market (Romania, Hungary, Slovakia and the Czech Republic), Transelectrica has become a partner in projects in the East Central West European region (CORE region), while also being active in the South East European region (EEA region), thus widening its area of involvement and competence throughout Europe.

In parallel with market coupling and coordinated cross-border transmission capacity allocation projects, Transelectrica is involved in projects to develop and operationalise trans-European balancing energy trading platforms.

These platforms will contribute to optimising the balancing of electricity systems at European level, generating economic and social welfare and contributing to increasing the security of electricity supply for European consumers.

Licences and certifications

Concession and License

Transelectrica holds under concession the assets that belong to the public domain of the state, namely the national electricity transmission network (RET), being a public utility company.

The concession for RET and the land on which it is located was granted for a period of 49 years by concession contract no. 1/29.06.2004, concluded between the Ministry of Economy and Trade as granting authority and Transelectrica as concessionaire.

The company operates as a transmission and system operator in Romania on the basis of License no. 161/2000 for the provision of electricity transmission service, for the provision of system service and for the management of the balancing market, granted following the Decision of the President of the National Energy Regulatory Authority no. 865 of 22.12.2000, with subsequent amendments and additions.

The Licensee is the sole provider of the public electricity transmission service to all users of the electricity transmission network and of the system service to all users of the SEN. The License was granted for a period of 25 years and is valid until 22.12.2025. In order to remain valid, the licensee must ensure compliance with the Specific Conditions and the General Conditions associated with the licence.

The specific conditions are set out in the latest update of ANRE Decision No

865/22.12.2000, respectively **ANRE Decision No 687/04.05.2022**. Its content is also available online on Transelectrica's website (https://www.transelectrica.ro/web/tel/licente-si-autorizatii).

The general conditions associated with the license are approved by **ANRE Order no. 104/22.10.2014**, in accordance with the provisions of art. 8 para. (2) and art. 10 par. (2) let. c), d) and f) of the Electricity and Natural Gas Law no. 123/2012 as amended. It is an integral part of the licence and contains information on the rights and obligations of the licence holder, control and sanctions, suspension or withdrawal of the licence, amendment of the licence, communication channels, tariffs and contributions.

Certification

In accordance with the provisions of Article 31 of the Energy and Natural Gas Law no. 123/2012 as amended, the certification of the transmission and system operator (TSO) of the National Electricity System is done by ANRE, according to a certification procedure that ends with the issuance by the Authority of a final decision certifying the TSO.

According to European Commission Opinion 7053 final of 12.10.2015 pursuant to Article 3(1) of Regulation (EC) No . 714/2009 (now repealed by Regulation (EU) 2019/943) and Article 10 of Directive 2009/72/EC (now repealed by Directive (EU) 2019/944), ANRE has ascertained that Transelectrica has fulfilled the legal requirements for certification as a transmission and system operator of the National Electricity System, according to the ownership unbundling-OU model, and ANRE's Regulatory Committee has approved the certification of the National Electricity Transmission Company "Transelectrica" S.A., ANRE Order no. 164/07.12.2015 was issued in this regard.

The transmission system operator must meet certain certification conditions. These are laid down in Article 34 of Law No 123/2012 and according to ANRE Order No 104/2014 approving the general conditions associated with the licence, Chapter III, Section 11, Articles 46-49.

Mission, vision, values *(102-16)*

Mission

As a transmission and system operator with a key role in the Romanian electricity market, Transelectrica's main mission is to provide, under non-discriminatory conditions, the public electricity transmission service to all RET users and to develop a secure, reliable, sustainable and accessible transmission network for a successful energy transition.

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Vision

Transelectrica aims to contribute effectively to the sustainable development of the national energy sector by capitalizing on innovation, new technologies and skills available to the company, operating interconnected to ENTSO-E and ensuring the transit of electricity on the regional market...

Values

A company with a healthy and strong organizational culture is represented by its employees who own and share the organization's core values, which fosters loyalty to the company and increases engagement. This reduces the tendency of employees to leave the organisation.

The values underpinning all our work are: professionalism, performance, integrity, transparency, cooperation

Investment strategy and development plan

Transelectrica plans the development of the Electricity Transmission Network (RET), taking into account the current state and the forecast evolution of consumption, generation and exchanges of electricity and draws up every 2 years a Development Plan for the next 10 years, submitted to ANRE and the network owner for approval. We are currently following the RET Development Plan for the period 2022-2031 which includes all updated information for this period.

The RET Development Plan is a public document outlining the main aspects of the current situation and planned development of the RET for the next ten years, made available to all stakeholders.

The RET development plan takes into account the requirements and priorities set out in the National Energy Strategy and Policy. These are decisive references for the identification of priority directions and for forecasting the development trends of the energy sector, which are taken into account in the planning.

As an integral part of the European energy system, Transelectrica is

developing the RET Development Plan in line with the European Ten-Year Network Development Plan (TYNDP).

The Company's development strategies are aligned and complementary with strategies at European level. Thus, projects of major importance in the European grid, included in the list of Projects of Common Interest (PCI), are developed in the electricity transmission network operated by Transelectrica.

Main *activities* (102-2, 102-4, 102-5, 102-6)

Transelectrica is the key transmission and system operator in the electricity market in Romania and in the region, responsible for managing and operating the electricity transmission system in Romania and for ensuring electricity exchanges between Romania and the countries with which it is interconnected within Central and Eastern Europe as a member of ENTSO-E.

Under the terms of the Licence, Transelectrica mainly carries out the following regulated activities:

- the provision of electricity transmission service, as well as the measurement of electricity on the wholesale electricity market as a metering operator;
- providing system service through dispatching management steps using specific systems and facilities;
- organising and administering the balancing market as administrator of this market.

Since 2006, Transelectrica has been listed on the Bucharest Stock Exchange.

With the listing on the Bucharest Stock Exchange, Transelectrica laid the foundations for a lasting relationship with the company's shareholders. The shares issued by Transelectrica are traded on the regulated market, administered by the Bucharest Stock Exchange, in the Premium category, under the symbol TEL.

- **Shareholding structure of the Company as of 30-06-2023***

SHAREHOLDER	SHARES	WEIGHT (%)
The Romanian State	43.020.309	58,689
Pavel Holding	4.753.567	6,484
NN/NN Pensii S.A.F.P.A.P S.A. Private Administered Pension Fund	4.007.688	5,467
Other legal entity shareholders	16.045.987	21,889
Other individual shareholders	5.475.591	7,469
TOTAL	**73.303.142**	**100**

*Shareholder register and holding history can be found at the Central Depository SA

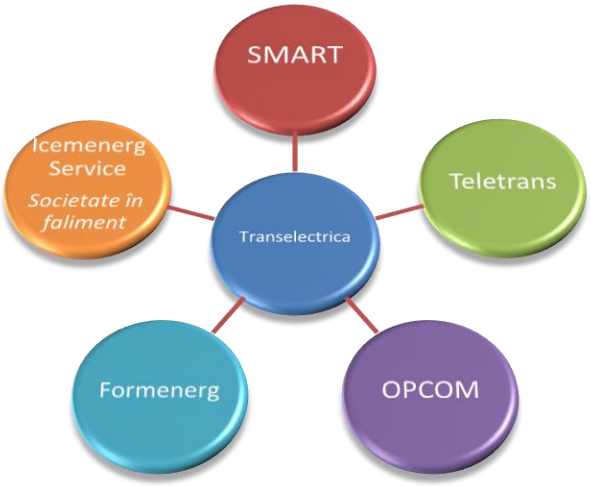
In the context of implementing corporate governance rules and best practices, Transelectrica is engaged in active communication with shareholders and investors, using several communication channels and dedicated interfaces. The company is aware of its responsibility as a publicly traded company.

The diversity of the shareholder base and the presence in the main indices published by the BVB emphasize the requirements in terms of transparency, relevance of information and speed in its dissemination, as well as maintaining a continuous dialogue with the investing public.

Group structure (subsidiaries) (102-45)

At the date of this report, Transelectrica has five subsidiaries, Romanian legal entities, organised as joint-stock companies, of which three are sole shareholders: FORMENERG SA (Formenerg), TELETRANS SA (Teletrans), SMART SA (SMART) and ICEMENERG-SERVICE SA (the latter being bankrupt).

In the case of OPCOM SA (OPCOM), following the increase of the share capital on 13.02.2018 by the OPCOM AGA with the value of a land for which a certificate of ownership was previously obtained, the Company is the majority shareholder with 97.84% of the share capital of the subsidiary.



Risk management (102-11, 102-30)

The strategic requirements for safety and business continuity lead the Company to approach risk management in a proactive way, to identify and treat potential losses before the generating events occur, with advance preparation of specific technical, operational and financial solutions to counteract these potential losses. Thus, the risk management system is a fundamental prerequisite for sound internal management control.

Within the Company, the Integrated Risk Management System is implemented, imposed by the strategic requirements for safety and continuity in the operation of the SEN and representing a fundamental condition for sound internal managerial control. The Company proactively approaches risk management, with the Directorate ensuring, in a reasonable manner, that objectives will be achieved by managing potential threats. In doing so, it seeks to identify and address potential losses before events that could have a negative impact occur, with prior preparation of specific technical, operational and financial solutions to mitigate or counteract these potential losses.

The Company's risk management complies with applicable legal and regulatory requirements to have risk control capabilities appropriate to the Company's risk profile to identify, assess,

manage, monitor, communicate, consult and report risks:

- in compliance with the legal requirements in force for the development of managerial control systems - SGG Order no. 600/2018 on the approval of the Code of internal managerial control of public entities;
- in fulfilling the requirements for listing on the Bucharest Stock Exchange - including the provisions of the Corporate Governance Code of the Bucharest Stock Exchange;
- the requirements of the Regulator and other requirements deriving from being a listed company or imposed by rating agencies or auditors.

The set of risk management solutions used by Transelectrica aims to support the organisation in achieving its objectives and contribute to improved planning through risk mitigation measures, comprising organisational and financial solutions in an optimised structure.

Thus, from an organisational point of view, risks are kept under control at an acceptable level and with reasonable costs, mitigated or even transferred, by:

- organisation, design, planning, structuring of activities, communication, including measures for business continuity after a risk has materialised. Procedures have also been drawn up containing principles to be followed by all employees and occupational safety and security measures have been strengthened to reduce risks;
- insurance contracts, aimed at transferring risks; bank letters of guarantee, financial guarantees required from Transelectrica's counterparties; financial solutions including equity offerings, bond issues and other instruments offered on the capital, insurance and other financial markets.

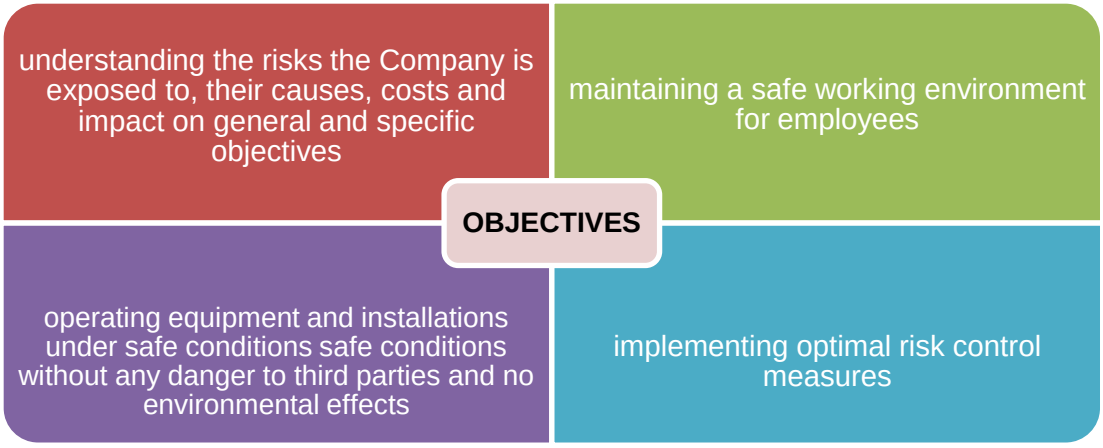
Transelectrica's risk management policy and objectives

Transelectrica's policy is to ensure, directly and through its territorial transmission units (currently territorial transmission branches), subsidiaries or through service contracts with specialized suppliers, the continuous operation and operational management of the National Electricity System (SEN), according to the quality, safety and efficiency standards set out in the Technical Code of the RET, giving priority and special attention to the safety and health criteria of employees, as well as the protection and conservation of property and the environment.

The continuity of the strategic functions for Romania's SEN - as system operator and electricity transmission operator - must be maintained, even in the most unfavourable circumstances.

Risk management facilitates the efficient and effective achievement of Transelectrica's objectives. Knowledge of the threats - strategic, operational, financial and hazard risks - to which the Company is exposed, allows a prioritisation of their treatment, depending on the likelihood of their materialisation, the extent of the impact on the objectives and the costs of the measures aimed at reducing the chances of their occurrence or limiting undesirable effects.

The Company's management has set the following strategic objectives for risk management:



Specific objectives set include:

-Improving the Company's risk profile by managing the overall process of identifying, analyzing, estimating, treating, communicating, monitoring and reviewing risk to keep risk exposure at an acceptable level;

-the elimination or minimization of conditions and practices that may lead to failure to achieve the overall objectives, disruption or limitation of the Company's activities;

-reducing the total cost of risk in Transelectrica in order to contribute to securing the financial resources needed for operating expenses, debt payments and investments.

Risk management organisational framework (102-33)

In accordance with the legislation in force: SGG Order no. 600/2018 on the approval of the Code of Internal Managerial Control of Public Entities, within Transelectrica, the Company Risk Management Team (EMRC), the Monitoring Commission for the implementation of the Internal/Managerial Control System and the Technical Secretariat of the Monitoring Commission for the implementation of the Internal/Managerial Control System (CM SCIM) with duties and responsibilities have been established.

At Transelectrica level, risks that could have a substantial impact on the achievement and fulfilment of the Company's objectives are managed in accordance with internal procedures, so that each organisational entity is obliged to systematically analyse, at least once a year, the risks related to the performance of its activities (including significant risks at Company level, to the extent that they exist), to draw up appropriate plans to limit the possible consequences of the risks, with the appointment of persons responsible for the implementation of those plans and the drawing up of risk tracking sheets and their monitoring, whenever deemed necessary.

The Risk Management procedure aims to implement a risk management process that facilitates the achievement of the Company's objectives economically, efficiently and effectively. At the same time, it ensures continuous improvement of the risk management process steps, i.e. identification, assessment, establishment of the management strategy, monitoring of the implementation of control measures and regular reporting, as follows:

a) risk identification;

b) risk assessment;

(c) establishing the risk management strategy (risk response);

d) monitoring the implementation of control measures and reviewing them according to the effectiveness of their results;

(e) regular reporting of the risk situation shall be carried out whenever necessary or at least once a year, i.e. if risks persist, depending on the emergence of new risks, the effectiveness of control measures adopted, reassessment of existing risks, etc.

The procedure provides Transelectrica's personnel with a working tool that facilitates the management of risks in a methodical and efficient way to achieve the Company's objectives. On the basis of the procedure, the documentation on the management of risks that may affect Transelectrica's activity is drawn up annually, including a description of how control measures are established, implemented and monitored in order to limit the possible threats and consequences arising in the event of risks materialising.

The internal risk management workflow provides an important tool that facilitates the management of risks in a methodical and efficient way to achieve the Company's objectives. To this end, documentation on risk management that may affect Transelectrica's activity is drawn up annually, including a description of how control measures are established, implemented and monitored in order to limit the possible threats and consequences arising in the event of risks materialising.

To this end, the management of each organisational entity appoints a risk officer, who ensures the annual preparation of the Risk Register, the Action Plan, the Annual Report, the completion of risk tracking sheets whenever deemed necessary and the preparation of risk alert forms when a new risk arises.

The Internal/Managerial Control Monitoring Committee coordinates the process of updating the general and specific objectives, procedural activities, risk management process, performance monitoring system, status of procedures and monitoring and reporting system and informs the Company's Directorate.

At Transelectrica level, the centralizing situation regarding the state of implementation and development of the internal management control system is periodically analysed, and the following are drawn up: the self-assessment questionnaire on the state of implementation of the internal management control standards, the summary of the results of the self-assessment and the report on the management control system.

The mission of the internal management control activity is to ensure administrative control within Transelectrica, in order to perform the Company's duties at an appropriate level of quality, established in accordance with its own mission, in conditions of regularity, effectiveness, legality, economy and efficiency.

Risks related to objectives and/or activities are identified and assessed at the level of each organisational entity in the Company, in accordance with the elements of the *Risk Register*.

Annually, the Monitoring Committee analyses and prioritises significant risks that may affect the achievement of the Company's objectives by establishing the risk profile and risk tolerance limit.

The Chairman of the Company Risk Management Team prepares annually the *Implementation Plan of control measures for significant risks at Company level*, which is reviewed by the Monitoring Committee and approved by the Directorate of the Company.

Keeping risks under control

The actions established to control the risks for the year 2022 have been included in the document *Control Measures Implementation Plan for Significant Risks,* drawn up at organisational entity level. On the basis of this document, at the Company level the *Implementation Plan of Control Measures* No. 3458/01.02.2022 was drawn up, the status of its fulfilment being monitored within the framework of the guidance and control actions of the Risk Management and Control Group.

The actions established to control the risks for the year 2022 mainly reduced the probability of materialisation and the impact of the risk compared to the level of inherent risks.

Materialised risks were dealt with in accordance with the strategy adopted, dictated by the circumstances that led to the risk.

Establishing a risk management strategy involves:

*each organisational entity (unit, directorate, department, territorial transport unit (currently territorial transport branch)) has carried out, by identifying the most appropriate risk treatment actions and in accordance with their management responsibilities, so as to record the lowest possible risk exposure values in the given internal and external context.

The strategies mainly consisted of:

1. treating the risk to eliminate/reduce it to an acceptable level by measures and
2. risk monitoring.

Among the internal control tools used, we mention:

- measures in the framework of procurement/maintenance/investment/personnel training programmes;
- development or revision of procedures;
- modification of the procedural and structural organisation;
- performance indicator attached to the target;
- redeployment of personnel;
- setting up or updating databases;
- dedicated measures on identifying, monitoring, treating or outsourcing risks;
- insurance contracts that are carried out at Company level;
- contractual provisions (relating to the performance guarantee - GBE, penalties).

The following are recommended as lines of progress to streamline the risk management process:

1. the rationale for activities or projects proposed for inclusion in the annual investment, procurement and maintenance programmes should also include risk management issues - what risks to the Company are mitigated and estimates of the effects - on changing the impact and likelihood of occurrence of those risks; these issues will also be included in the reporting on the implementation of the annual programmes;
2. identification of significant risks that cannot be managed through investment, procurement and maintenance activities, for which action plans must be drawn up to monitor, treat or outsource them (together with related financial proposals specifically dedicated to these activities);
3. reports (summaries) on how the annual investment, procurement and maintenance programmes are being carried out are submitted to the Company Risk Management Team Chair for their knowledge and to follow up how risks are being kept under control;
4. identification of interdependencies - which other organisational entities can induce risks in the activity of an organisational entity; which other organisational entities can be affected in case of materialisation of risks in the activity of an organisational entity;
5. to correlate the operational procedure and other internal regulations and to use a uniform terminology in order to bring the current way of working into line with the legislation in force.

In the event of risks materialising, control measures and checks for similar situations have been intensified in order to prevent risks from materialising or new risks from arising.

Control measures at the level of organisational entities are fully implemented or under implementation.

In 2022, risk management activity was properly carried out throughout the Company in full and timely compliance with legal requirements and internal regulations.

Relevant indicators

Rating

In 2022, Moody's confirmed its Baa3 rating with a stable outlook, which it awarded in 2021, showing very strong, stable and predictable financial values, a growth trend path characterised by consistent implementation of regulatory standards. The maintenance of the rating is justified by:

- low business risk profile given Transelectrica's strategic importance and natural, fully regulated monopoly as owner and operator of the electricity transmission network;
- strong financial profile with low debt levels;
- continuous improvement of the regulatory framework;
- government support in case of financial difficulties.

It is expected that this trend will continue in the coming years given the stability shown by the company.

Relevant financial indicators (203-1, 302-1)

460.9 million lei	**6.286 million lei**
Own investment expenditure in 2022	**Total revenue 2022**

1088.80 GWh/958.98 GWh **Own Technology Consumption 2021/2022 (gross energy)**	
1. 53.9 TWh/58.4 TWh **2. 52.7 TWh/56.2 TWh** **Electricity consumption (1)/Production (2) 2021/2022(net)**	109.27 million lei **Total minor and major maintenance 2022**
99,71% **Degree of achievement of minor and major maintenance planned for 2022**	189,363,150 lei **Amounts paid in 2022 to the State Budget**

Type of Transelectrica partner contractors for 2022

CONTRACTS SIGNED IN 2022	318	Percentage, relative to the number of TOTAL
CONTRACTS SIGNED WITH CONTRACTORS IN ROMANIA:	317	99,69%
CONTRACTS SIGNED WITH EU CONTRACTORS:	0	0%
CONTRACTS SIGNED WITH NON EU CONTRACTORS:	1	0,31%

Investments in *2022* *(203-1)*

Main investment objectives contracted and started in 2022

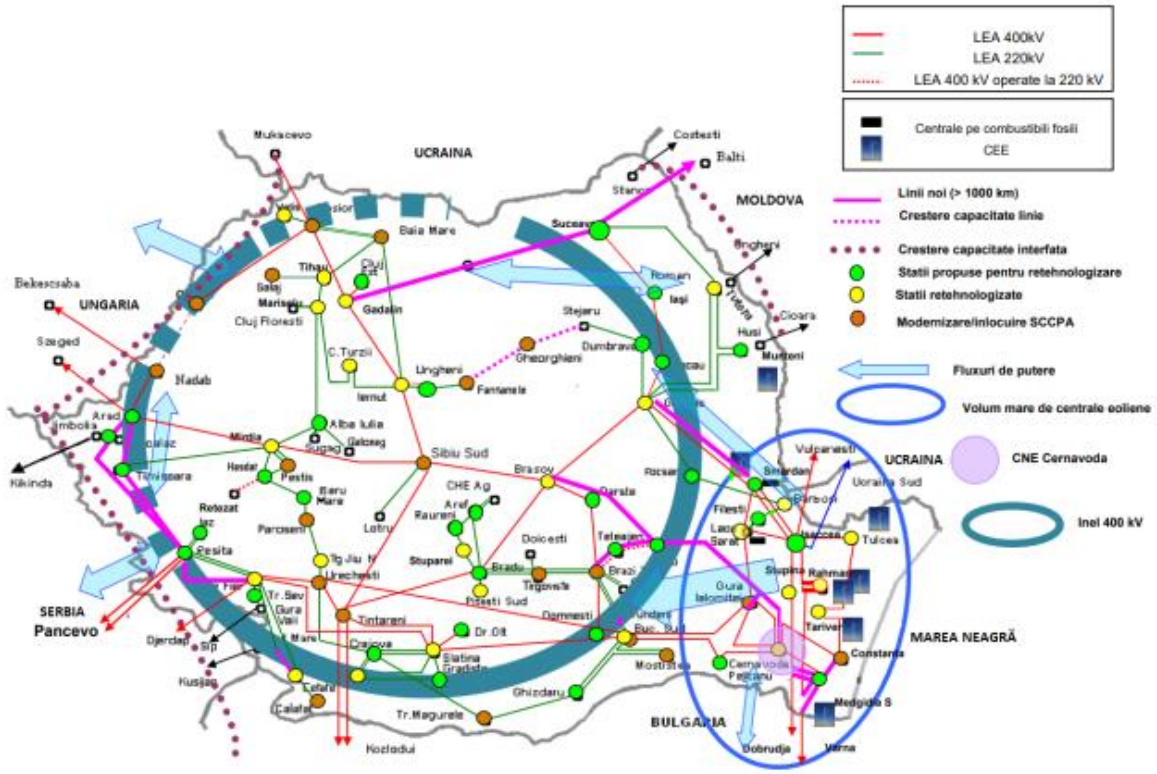
Main works contracts - works signed in 2022

Crt. no.	Objective	Value *mil lei*
1	Metering and data management system for electricity metering on the wholesale market	40,26
2	Connection of 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja OHL to 400 kV Medgidia South substation: Phase II - 400 kV OHL d.c. Connections at Medgidia South substation	76,55
3	400 kV Isaccea substation refurbishment - et.II	116,39

The degree of realisation of the investment programme as at 31 December 2022 is 97.5% in the General Total and 98.4% in the Company's own expenditure category. The realized value of investments in the following is 426.3 million lei and represents 97% of the Company's own investment expenditure.

The benefits of carrying out this major investment programme

- sustainable development of its own infrastructure;
- strengthening the RET and increasing the operational safety of the RET;
- increase the capacity to respond to events with a particular impact on the security and functioning of the RET;
- facilitating the transmission of electricity from surplus production areas to consumption areas;
- the achievement of an economic regime for the operation of RET;
- increasing interconnection capacity both with neighbouring countries included in ENTSO-E and those outside the EU - Moldova, Serbia and closing the national 400 kV ring;
- reducing operating and maintenance costs;
- increase power quality, improve performance indicators;
- reducing RET's own technological consumption, increasing energy efficiency;
- introduction of new technologies, implementation of SMART GRID concepts;
- digitalisation of the transmission, system and operational infrastructure of the electricity markets under management.



Transparency, stakeholder relations and material issues - dialogue between the Company and society

We strongly believe that an important part of Transelectrica's progress is to strengthen the links between the Company and society through continuous dialogue and engagement. Transelectrica

maintains a strong commitment to society, facilitating access to relevant information.

Communication and transparency are key to building trust with partners

Transelectrica fulfils its obligations towards investors, shareholders and other stakeholders by conducting a transparent and constant dialogue.

The instruments through which the Company fulfils these obligations:

- information posted on the Company's website;
- current/periodic reports submitted to the BVB;
- regular meetings with investors and financial analysts.

Identification and selection of stakeholders (102-40, 102-42)

The sustainability approach to management must take into account a range of stakeholders who have expectations of the organisation, who have an impact on the achievement of the organisation's objectives or who may be affected by the organisation's activities. Essentially, the main role of Transelectrica's stakeholders is to underpin support for the organisation, to ensure the long-term viability of the organisation and the Company's strategies and plans, provided that their interests and expectations are met at least at a minimum level, so that the support and collaboration mechanism is functional and the Company benefits from it.

Ignoring interest groups and information, and ignoring the power and interests they hold and manifest can have negative effects on the Company's business. Thus, the ability to pay well balanced attention to interest groups, their information and power is an important pillar of strategic thinking and action at the management level of the Company, which contributes to the performance of the strategic business.

Transelectrica's strategic management processes that are based on a comprehensive set of appropriate stakeholder analyses are more likely to be successful, i.e. to achieve the Company's objectives and mission, to generate added value.

Using specific qualitative and quantitative analysis tools, the 16 most important stakeholders have been identified according to the information needs they may have in relation to those provided by Transelectrica.

At the same time, the most relevant topics of interest to stakeholders were identified, with the help of which the central themes of the report were formulated.

Grupuri interesate	Nivel de influență	Așteptări
Acționari	Mare	Obținerea profitului
Angajați	Mare	Aceștia așteaptă condiții bune de muncă, recompense, programe motivaționale
Parteneri / alte OTS-uri din Europa	Mare	Respectarea angajamentelor comune și dezvoltarea rețelei naționale pentru a crește nivelul de siguranță al rețelei regionale
ANRE	Mare	Respectarea angajamentelor și a reglementărilor primare și secundare
ASF / BVB	Mare	Respectarea reglementărilor pieței de capital
Furnizori / Contractanți	Mare	Respectarea condițiilor contractuale. Influența este mare, întrucât constructorii în domeniul energetic sunt din ce în ce mai puțini, iar problemele financiare ale acestora sau lipsa de personal calificat sau suficient de bine pregătit afectează derularea investițiilor Transelectrica
Management	Mare	De ordin financiar, brand awareness
Guvern	Mare	Contribuție la funcționarea economiei și la siguranța energetică a țării
Participanți la piața de energie	Mare	Respectarea obligațiilor și responsabilităților OTS
Producători, Distribuitori de energie electrică	Mare	Dezvoltarea și adaptarea rețelei de transport al energiei electrice, în conformitate cu tendințele de dezvoltare a sectorului, cu adecvanța sistemului și menținerea siguranței în funcționare
Organizații / instituții internaționale (ENTSO-E; Comisia Europeană; Centre regionale de securitate în care Compania este membru sau acționar)	Medie	Respectarea obligațiilor asumate; contribuția la elaborarea politicilor și strategiilor asumate la nivelul ENTSO-E; respectarea modului de implementare a proiectelor – în cazul Comisiei Europene (proiecte pe fonduri europene)
Sindicate	Medie	Respectarea drepturilor angajaților și obținerea beneficiilor pentru aceștia
Bănci, instituții financiare	Medie	Asigurări, administrare conturi și instrumente financiare
Mass-media	Medie	Furnizare de știri
ONG-uri	Mică (cu tendințe de creștere în noul context ecologic european)	Colaborare, parteneriate; respectarea principiilor de protecție a mediului în derularea proceselor de exploatare și dezvoltare a infrastructurii de transport; intensificarea politicilor de sustenabilitate
Populația	Mică	Continuitatea în alimentare cu energie electrică; menținerea tarifelor de transport și sistem la un nivel cât mai scăzut în facturile la energie

Stakeholder engagement approach (102-21, 102-43)

Since its listing on the BVB, Transelectrica has prioritised the involvement of stakeholders in the Company's activity, especially in terms of transparency of specific actions. From this perspective, Transelectrica has oriented its presentations of quarterly, half-yearly and annual results, respectively, towards getting closer to the needs of stakeholders and towards permanently streamlining the means of communication with them.

Their views were expressed in regular meetings with the Company's management. Subsequent actions have taken account of all these views and the feedback received from stakeholders on the 2022 report has supported the continuous process of improving our activities.

Transelectrica has set itself the objective of improving communication relations with stakeholders and their continuous involvement in the Company's approaches, up to the level of strategic approaches.

Last but not least, the stakeholders identified in the previous report were consulted during the previous reporting years to ensure that the information provided in the future is in line with their expectations.

Defining the content of the report and the list of material topics (102-31, 102-32, 102-44, 102-46, 102-47)

The content of Transelectrica's sustainability report was established following a complex process of qualitative and quantitative analysis, but also with the support of information obtained from stakeholders as feedback. The Global Reporting Initiative's recommendations on the level of detail with which each theme should be addressed, but especially the themes of interest that we have identified at stakeholder level, have been taken into account in designing the report.

Each theme is intended to clarify issues not covered in the other types of reporting and to outline the Company's sustainability outlook.

Each of the above categories is addressed in the report and new information is added with each new reporting cycle with direct reference to the needs expressed by stakeholders and the topics of importance to them.

At the same time, Transelectrica is paying close attention to the implementation of European legislative changes so that stakeholders do not lose interest in the Company's shares and financing is not made difficult and at disadvantageous conditions.

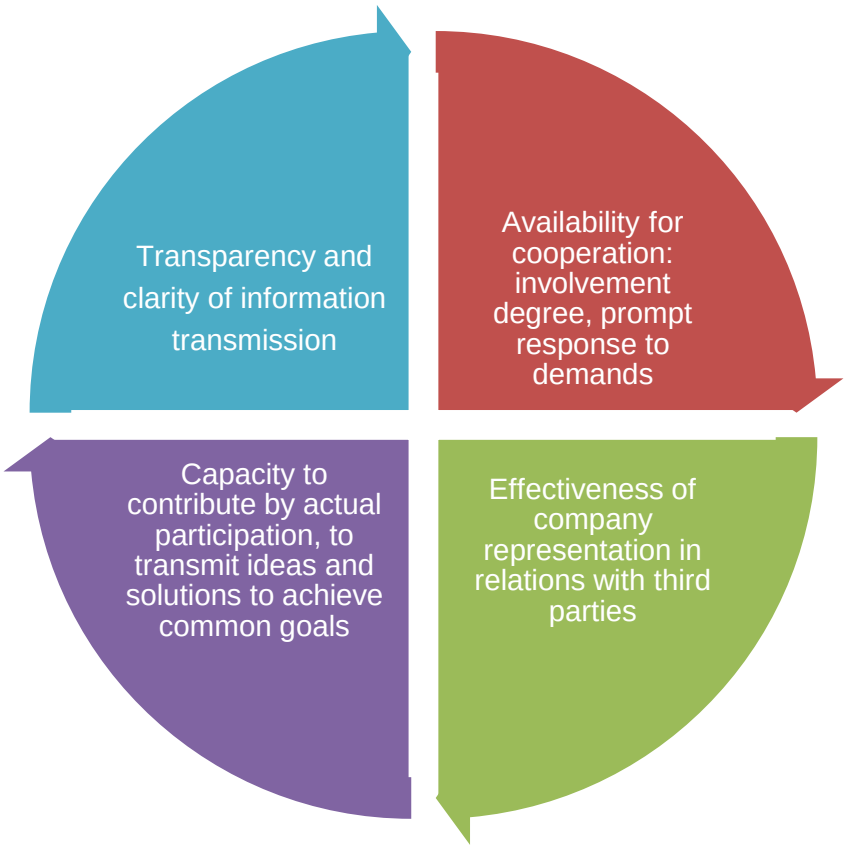
Transelectrica is constantly adapting to the reporting obligations resulting from the application of European regulations/directives, which creates a higher level of transparency regarding the Company's sustainability impact.

List of material themes

Field	Material theme	GRI indicator/own	Related chapter
Corporate Governance	Driving system	102-18	1
	Assumption of corporate governance principles	102-16	1
	Delegation of powers	102-19	1
	Business ethics	102-16, 205-1, 205-2, 205-3, 206-1, 418-1	1
Strategy, innovation and financial development	Financial indicators	203-1	1
	Technical indicators	Own indicator	1
	Risk management	Own indicator	1
	Energy efficiency	302-1, 302-4	7
	Objectives of the Research and Innovation Strategy	302-4, 302-5	8
Social and employee responsibility	Training and further training	404-2,	2
	Diversity, promoting parity, eliminating gender discrimination and promoting women in leadership positions	401-1, 401-3, 405-1, 405-2, 406-1	2
	Safety and security at work	Own indicator	3
	Corporate social responsibility policy	Own indicator	5
	Dialogue between company and society	Own indicator	1
	Community needs	413-1	5
	Involvement in society	203-2	5

	Information, consultation of employees and relations with trade unions	403-4	2
Environment	Environmental management system	308-2	4
	Environmental risks, opportunities and costs	Own indicator	4
	Water, energy and waste management	Own indicator	4
	Preventing and limiting environmental impacts	Own indicator	4

Communication, collaboration, representation



Business ethics (102-17)

Compliance management system (102-25, 103-1, 103-2, 103-3, 205-1, 205-3)

During 2022, measures included in the National Anti-Corruption Strategy (NACS) were implemented and the Code of Ethics and Professional Conduct for Transelectrica Personnel remains applicable, with a continued focus on implementation and improvement.

The Company has also paid particular attention to the knowledge of the rules applicable to the conduct of business.

In 2022, no training was conducted in business ethics and anti-corruption.

Code of conduct and ethics (205-2)

The Code of Ethics and Professional Conduct for Transelectrica Personnel is the general document that contains the internal regulatory framework for the Company's employees and provides information on how they will conduct themselves morally and professionally, both during and outside of their work. At the same time, it is a guarantee that Transelectrica's personnel has all the information necessary to ensure ethical behaviour, and also a proof of the seriousness with which the Company treats its partners.

The Code of Ethics and Professional Conduct is currently being updated and is available on the Company's website.

Protection of personal data (418-1)

In view of the legal provisions relating to personal data, in particular the application of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, known as GDPR, it should be noted that in 2022 Transelectrica has taken continuous steps to comply with the provisions in force.

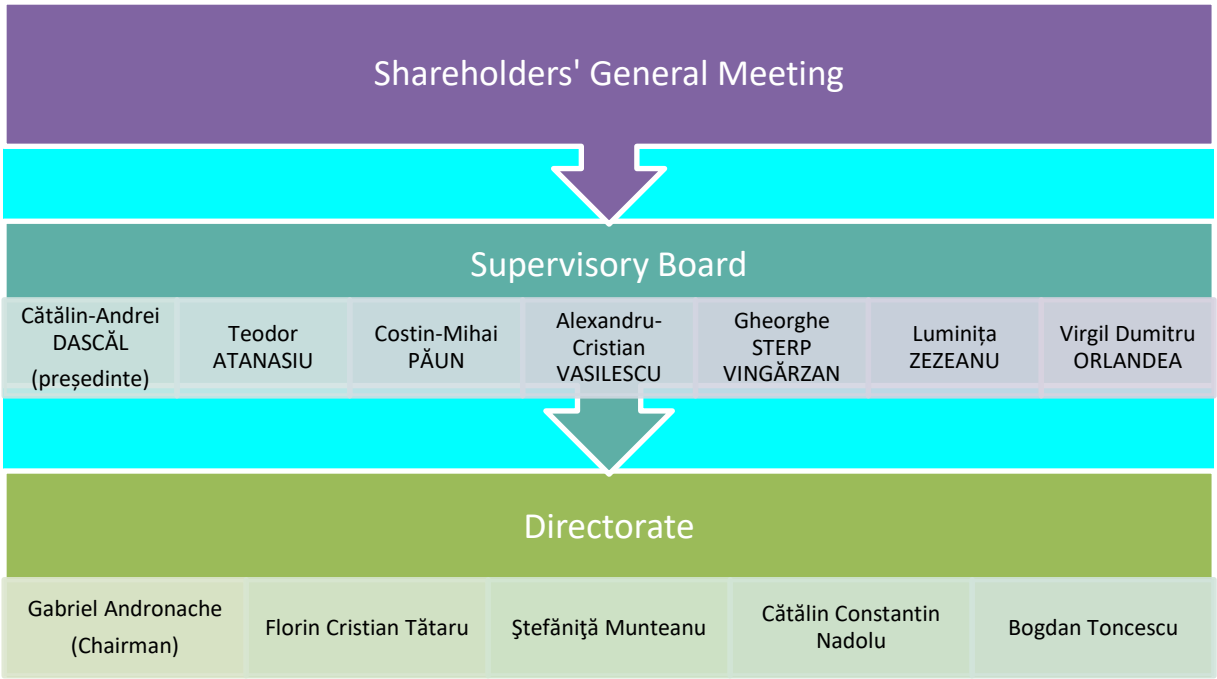
As a result, in 2022, no sanctions were recorded for breaches of personal data protection or for losses of personal data.

Anti-competitive or anti-trust behaviour (206-1)

Given the specific nature of Transelectrica's business, and its special nature as a company with a natural monopoly position in the electricity transmission market, there were no instances of anti-competitive or anti-trust behaviour. As a consequence, in 2022 there were no legal actions for cases of this nature.

Corporate governance (102)

Governing system (102-7, 102-18, 102-19, 102-22, 102-23, 102-24, 102-26, 102-27, 102-28)



*on 31.12.2022

The primary focus of corporate governance is the creation of a balance between corporate bodies, for greater protection of shareholders, both majority and minority, in order to achieve constant economic growth, efficiency, profitability and confidence in the competitive market economy.

Company Law no. 31/1990, republished, with subsequent amendments and additions, has transposed into Romanian law, on the occasion of the 2006 amendment, the principles of corporate governance having as its guidelines the harmonization imposed by the Community acquis in the field of companies, but also the adaptation of domestic legislation to the O.E.C.D. standards on corporate governance.

According to the law, there are three categories of bodies in a public limited company: deliberative and decision-making (general meeting of shareholders), executive and management (administrator, directors, Management Board , Directorate or Supervisory Board) and management control (auditors or financial auditors).

The General Meeting of Shareholders (AGA) is therefore the deliberative and decision-making body of Transelectrica, with powers expressly provided for by the applicable legislation and the Articles of Association. The AGA may be ordinary or extraordinary, and its specific powers are set out both in the applicable legislation and in the Articles of Association. All shareholders have the right to attend the AGA and to cast their vote.

The company is managed in a two-tier system, according to the Company Law no.31/1990, republished, with subsequent amendments and additions, by a Directorate, under the supervision of a Supervisory Board. According to the Company's Articles of Association, the Supervisory Board consists of seven members, appointed following a selection procedure, for a period of four years. The Chairman of the Supervisory Board is

elected by its members. The members of the Supervisory Board are appointed by the Ordinary General Meeting of Shareholders in accordance with the provisions applicable to listed companies and are selected in accordance with the provisions of GEO 109/2011 on corporate governance of public companies. However, as at 31.12.2022, the members of the Supervisory Board of the Company held a provisional mandate of 4 months, pursuant to art. 64^1 para. (3) and (4) of GEO no. 109/2011, until 21.04.2023.

According to the OECD principles, the implementation of an effective corporate governance regime must lead to transparent and efficient markets, be compatible with the rule of law and clearly define the division of responsibilities between the competent supervisory, regulatory and enforcement authorities. A corporate governance regime should protect and facilitate the exercise of shareholders' rights and ensure fair treatment of all shareholders, including minority and foreign shareholders. In previous years, substantial amendments have been made to the Articles of Incorporation in order to increase the effectiveness of corporate governance at Company level by reference to the applicable legal framework, including with regard to clarifying the separation of the Company's management from management control so that each body of the Company fulfils its legally prescribed purpose, as well as avoiding potential confusion between the duties of the Supervisory Board and those of a Directorate. At the same time, it was envisaged to regulate in principle at the level of the statutory acts the delegation of certain powers and the specialised coordination of certain areas while maintaining liability for the Directorate.

Assumption of governance principles

With the listing of its shares on the regulated market of the BVB, the Company has adopted the principles of the BVB's Corporate Governance Code. In accordance with the BVB's requirements, Transelectrica has made public to investors the revised Corporate Governance Rules of the Company.

Compliance with Corporate Governance principles is reflected in the Statement of Compliance with the BVB Corporate Governance Code that the Company prepares and publishes together with the Annual Report.

The Company's Supervisory Board also includes the Nomination and Remuneration Committee, the Audit Committee and the Energy Security Committee.

Throughout the term of office as a member of the Supervisory Board/Directorate of the Company, the persons appointed must meet the eligibility criteria and must not be in situations of incompatibility established by Applicable Law or applicable statutory provisions. In connection with this obligation, the Company shall have the right to request reasonably necessary assurances from the members of the Board regarding compliance with such obligations.

Delegation of powers (102 – 19)

In order to ensure the efficiency of the Company's management and the

effective and economic achievement of its objectives, Transelectrica has developed a system of delegation of powers.

Delegation of competence concerns, for example:

a) approval of certain types of operations;
b) approval/clearance of documentation prior and/or subsequent to the approval of certain types of operations, documentation required by law or internal regulations;
c) approval of transactions with a pecuniary effect up to a certain maximum value;
d) approval/clearance of documentation prior to and/or subsequent to the approval of operations having a pecuniary effect up to a certain value maximum, documentation required by law or internal regulations.

Such delegations respect the limits of the Board's authority in terms of the content of the transaction and the value of the transaction, expressly establish the limits of the powers and responsibilities that the Board delegates, and comply with the rule regarding representation of the Company by joint signature.

National and international affiliations (102-12, 102-13)

Given Transelectrica's important role in the management of the National Electricity System and the electricity market, activities with a strong national and international dimension, the Company is a member of national and international organisations and bodies and intends to continue to participate in their activities.

The company, through its representatives, is part of the committees and working groups of these organisations, participates in decision-making, in the preparation of studies and scientific expertise.

Transelectrica is also involved in the development of projects with regional and pan-European impact.

As a collective member of national associations/organisations, Transelectrica wishes to maintain close cooperation relations with all important players in the energy sector and to be present at events organised by these entities.

Also, through these organizations, associations, national bodies there is the possibility of facilitating direct contacts, exchange of information, experience and expertise, as well as the affirmation and recognition of the Company's leading position in the field of electricity transmission in Romania.

In 2022, Transelectrica was affiliated to 9 national associations, organisations and bodies as follows:

- **ACUE-PD** - Association of Energy-Production and Distribution Utility Companies (**www.acue.ro);**

Date of affiliation Transelectrica:2015

- **ALSTR** - Association for Work Under Stress in Romania (www.smarsb/ro/alstr)

Date of affiliation Transelectrica:2000

- **AmCham** - American Chamber of Commerce Association in Romania (**www.amcham.ro);**

Date of affiliation Transelectrica:2014

- **ARIR** - Association for Investor Relations at the Romanian Stock Exchange (www.ir-romania.ro)

Date of affiliation Transelectrica:2018

- **ASRO** - Romanian Standards Association (**www.asro.ro);**

Date of affiliation Transelectrica:2008

Transelectrica representatives are part of the following Technical Committees:

- **Technical Committee 164** 'Electricity metering and load control equipment';
- **Technical Committee 165** "Overhead Power Lines";
- **Technical Committee 176** 'Equipment and tools for live working',
- **Technical Committee 374** 'Conformity Assessment'.

- **CNR-CIGRE** - CIGRE Romanian National Committee Association (www.cigre.org.ro)

Date of affiliation Transelectrica: 2007

CIGRE - International Council on Large High Voltage Electric Systems - is an international technical and scientific body whose basic objective is to develop knowledge in the field of high voltage networks and to exchange information between member countries on: the generation and transmission of high voltage electricity; the construction and operation of connection and transformer stations and their component equipment; the construction, insulation and operation of high voltage lines; the interconnection of systems and the operation and protection of interconnected systems. CIGRE has more than 3500 experts from all over the world actively working in structured work programmes, coordinated by CIGRE study committees, supervised by the Technical Board. Their main objectives are to design and implement the energy system for the future, optimise existing energy equipment and systems, respect the environment and facilitate access to information.

Date of affiliation Transelectrica: 2007

- **CNR-CME** - Association of the Romanian National Committee of the World Energy Council (www.cnr-cme.ro) - a non-governmental organization member of the World Energy Council (WEC) since 1924;

Date of Transelectrica affiliation: 2000.

- **CRE** - Romanian Energy Centre (www.crenerg.org)

Projects carried out by CRE in collaboration with Transelectrica:

- **CROSSBOW** - *"CROSS BOrder management of variable renewable energies and storage units enabling a transnational Wholesale market"*
- PHOENIX - *"Electrical Power System's shield against complex incidents and extensive cyber and privacy attacks"*

Transelectrica affiliation date: 2011

- **ENTSO-E** - European Association of Transmission System Operators for Energy (**www.cnr-cme.ro)** - is the cooperation structure between Transmission System Operators (TSOs) in Europe, both at pan-European and regional level, playing a key role in promoting the internal electricity market and cross-border trade, as well as ensuring the optimal management, coordinated operation and coordinated technical evolution of the European electricity transmission network. The participation of European TSOs in ENTSO-E is governed by the European legislation in force (Regulation 943/2019).

Date of Transelectrica affiliation: 2000.

- **LWA** - International Working Under Stress Association

- **SIER** - Society of Energy Engineers of Romania (www.sier.ro)

Date of affiliation Transelectrica: 2000

- **IRE -** Association of the Romanian National Institute for the Study of the Development and Use of Energy Sources (www.ire.ro)

Date of affiliation Transelectrica:2019

- **ISSA - International Social/occupational Security Association**

ISSA (International Social Security Association) is an organisation that brings together institutions, companies and administrative entities from different countries of the world that deal with one or more aspects of social/occupational security. The work is carried out in a number of sections, by field of activity. One of these, which operates under the coordination of the ISSA Special Commission on Prevention, is the "Electricity, Gas and Water Section".

Ensuring safety and health at work has long been recognised as a fundamental humanitarian principle. This means, for the above-mentioned section, protecting workers against accidents at work and occupational diseases due to electricity and ionising radiation.

The overall objective of the Electricity Section is to reduce the number of accidents, improve occupational safety standards and adopt good occupational safety and health practices.

Awards and distinctions obtained by the company

During the year 2022, the Company or representatives of Transelectrica received a number of awards and distinctions as follows:

- ***Event:*** the 11th edition of the ***"ENERGY CEO FORUM & AWARDS 2022"*** organised by The Diplomat - Bucharest on 12 May 2022.

CNTEE Transelectrica SA and DELGAZ Grid - ***"Special Jury Award for CARMEN Project Implementation"***

- ***Event: "Ladies in Energy Gala"*** organised by Focus Energetic on 23 May 2022.

Roxana Marciu, Manager of CNTEE Transelectrica SA was awarded the ***"Diploma of Excellence for her involvement in the development and modernization of the Romanian energy infrastructure".***

- ***Event: Conference "Best Practices in Corporate Sustainability",*** organised by The Azores agency, on 13 December 2022. CNTEE Transelectrica SA was awarded ***Bronze level Recognition according to Romania Corporate Sustainability & Transparency Index 2022 for obtaining a total score of 62 out of 100 points"***
- ***Event: "InvesTenergy 2022 Gala",*** organised by InvesTenergy publication on 29 November 2022.

Mr Costel Constantin, Director of the SEN Planning and Operation Department within the National Energy Dispatcher, was awarded the "***Diploma of Excellence for professionalism, dedication and performance".***

Mr Mihai Cremenescu, Director of the Operational Directorate within the National Energy Dispatcher, was awarded the "***Diploma of Excellence for professionalism, dedication and performance".***

- ***Event: "Energynomics Awards Gala 2022",*** organised by Energynomics on 8 December 2022. Mr Gabriel Andronache - Chairman of the Directorate of CNTEE Transelectrica SA was awarded ***the "Financing of the Year 2022" prize, for accessing***

424 million euros from the Modernization Fund, which will be used to implement 9 strategic projects for the development of Romania's electricity transmission network".

- ***Event: "Gala Dinner International Property Awards"*** organised by International Investing in Property on 09 June 2022.
  CNTEE Transelectrica SA was awarded the ***"Best Romanian Strategic Brand"*** trophy

- ***Event: "Future Economy Gala",*** organized by **News News and the Association for the Development of Entrepreneurship in Romania** on November 9, 2022.
  Mr. Gabriel Andronache - Chairman of the Directorate of CNTEE Transelectrica SA was awarded the "***Excellence Award for his significant contribution to the implementation of strategic investment projects necessary for the development of Romania's energy infrastructure and for increasing the safety and security of the National Electricity System".***

- ***Event: "Financial Intelligence Awards Gala",*** organised by **Financial Intelligence.ro** on 07 December 2022.
  CNTEE Transelectrica SA was awarded the "***Prize for investments in the transmission network"***

- ***Event: "The Diplomat Bucharest Awards Gala",*** organised by The Diplomat Bucharest on 13 December 2022.

Mr. Gabriel Andronache - Chairman of the Directorate of CNTEE Transelectrica SA was awarded ***the "Commitment to Performance" Award***

Our people - Human resources development and diversity

Human Resources Strategy

Vision	Objectives	Action lines
Developing the human resource strategy in line with the Company's strategic objectives and with the critical employee needs	Initiation, development and implementation project to develop organisational culture	Implementation and capitalisation of the Human Resource Senior Expert (HR BP) role
	Developing a library of professional and behavioural competence both at managerial and executive level, where each competence should be defined and developed by 3 levels (junior, standard,	Reorganisation of the Human Resource Department based on Company objectives and on those assumed by the Division
Developing a working environment suitable for professional evolution, based on profile competence, a personnel motivation strategy, developing the brand of successful employer, turning dynamic the personnel administration processes meant to draw new resources and motivating the professional development of existent resources (recruitment, Company integration, performance and career management)	Implementing the performance and career management system	Reducing bureaucry within the Human Resource Department
	Physical and electronic archive of employee files in order to develop a database enabling the transfer of as many Human Resource processes as possible to online	Restoring the balance between the volume of personnel administration versus personnel development activities, which rates now about 80% vs 20% in favour of administration
	Standardisation and online transfer of documents specific for personnel administration	Developing competence for the Human Resource Department so that it can sustain the proposed projects

Professional training strategy for 2022

The training strategy for the year 2022 aimed to achieve the professional training process of employees in order to meet the operational and strategic objectives of the Company. Following the complex process of identifying all the training, education and professional development needs at Company level, the Centralizer of training, education and professional development needs was drawn up, which was the basis for the preparation of the Annual Maintenance, Training and Professional Development Programme for 2022, which took into account both the professional activity and specific duties of the Company's employees and the business objectives of the organization.

Therefore, the objectives have been revised, with the main line of action being to ensure that training/training/refresher training sessions are carried out for personnel whose professional activity requires authorisation/re-authorisation, as well as strictly emergency training;

To this end, training programmes have been developed for:

- ✓ completion and updating by the participants of their technical knowledge, legislation, regulations and standards specific to the electrical field - electricians, in the ISCIR regulated field - responsible for the supervision and technical verification of installations;
- ✓ acquiring the technical and organisational skills that allow the handling of specific forklift equipment and materials for those who will take over the archiving activity;
- ✓ obtaining and developing general and specific skills for the Internal Auditor for the Integrated Management System;
- ✓ acquisition and certification of new skills: archiving, public procurement, Microsoft Office, internal auditor, SSM.

With the main aim of carrying out training sessions, leading to the development of an accessible, attractive, competitive and relevant training system for Transelectrica's objectives, and considering the trend of training service providers to conduct courses online, Transelectrica has conducted some of the courses online in 2022.

Promoting parity, eliminating gender discrimination and promoting women in leadership positions (102-8, 103-1, 103-2, 103-3, 401-3, 405-1, 406-1)

Our policy ensures that there is no discrimination in recruitment, hiring and promotion on the basis of gender, marital status, sexual identity, religion, political choice, ethnicity, race, nationality, genetic characteristics, age, etc. The *Company's internal rules* include, among other things, rules on compliance with the principle of non-discrimination and the elimination of any form of violation of dignity. Thus, in 2022, there were no incidents of discrimination and, due to prevention, no corrective actions were necessary.

The age and gender structure of Transelectrica's employees is specific to the Company's field of activity, with a slight

ageing trend due to the considerable weakening of vocational education, the general ageing of the population or the intensive development of alternative prosperous fields (e.g. IT).

From the perspective of eliminating gender discrimination, women have advanced considerably in recent decades in terms of their careers, so the chances of them developing successful careers have increased. Globally, more and more women are moving into leadership positions, whether it be in large companies or even governments.

In this context, within Transelectrica, the percentage of women employed in the executive area is over 28%, the percentage of women in top management positions was over 31% of the total in 2022 and over 24% in middle management.

As far as the ratio of male to female pay is concerned, taking into account that in the energy sector in general and in electricity transmission in particular, the percentage of men is still higher than that of women, both in executive and managerial positions, the income ratio is still subunitary. However, the gap between women's and men's earnings in Transelectrica continues to narrow.

Moreover, the Company employs 6 employees with disabilities and, in this regard, there were no incidents of discrimination in 2022.

Employee structure *(401-1, 405-2)*

32% of the top management positions were taken by women in 2022

In terms of employee dynamics, a total of 97 people were employed in 2022, while 70 left the company, with the average age of all employees on 31.12.2022 being 47 years. Also for the year 2022, 17 women and 1 man were on parental leave, benefiting from the articles dedicated to this case in both the Labour Code and the Collective Labour Agreement.

Number of employees at 31 December 2022 - 2042 persons

Gender structure (distinct for executive, managerial and top management positions)						
Position type	Total number of employees	Ages			Gender	
		Up to 30 years	30-50 years	Over 50 years	M	F
Top management	82 (4,02%)	0 (0%)	38 (46,34%)	44 (53,66%)	56 (68,29%)	26 (31,71%)
Senior management (excluding top management)	301 (14,74%)	3 (1,00%)	152 (50,50%)	146 (48,50%)	227 (75,41%)	74 (24,58%)
Executive personnel	1659 (81,24%)	138 (8,32%)	779 (46,96%)	742 (44,72%)	1193 (68,66%)	466 (31,34%)
Total personnel	2042	141 (6,90%)	969 (47,45%)	932 (45,65%)	1476 (72,28%)	566 (27,72%)

Job performance review and remuneration policy (102-35, 102-36)

The criteria and principles on the basis of which the current pay system was established are:

- Equal pay for equal work" principle, implemented following the grading of functions on the basis of a uniform instrument;
- the award of basic salary mainly on professional criteria - depending on the role of the post within the organisation, the complexity of the profession/job performed, responsibility and the qualifications required for the position. These were determined through an objective job evaluation process;
- ensuring internal equity by eliminating discrimination based on years of service or seniority within the Company;
- Pay commensurate with the importance of the job and attention to performance levels creates the conditions for both retention and attraction of qualified personnel.

The remuneration system is organised into 9 job classes structured according to the nature of the work performed and the type of contribution made to the Company.

The annual performance appraisal is carried out in the first quarter of the year for the previous year's work and is used to establish the annual overall appraisal rating, which characterises employees' work over a 12-month period. At the same time, appraisals may also be carried out whenever necessary, if this can provide useful information for making decisions or changing jobs.

Managerial personnel will need to have, on the managerial side, a range of skills covering elements of planning, organising, coordinating, monitoring, directing and controlling activities, as well as other managerial skills:

At the same time, personnel in management positions will also need to have professional and executive skills, as well as communication, collaboration and representation skills. Last but not least, the principles of professional ethics must be respected.

From an employee benefits perspective, we distinguish:

- ensuring internal equity by eliminating discrimination based on years of service or seniority within the Company;
- granting salary increases, bonuses or promotions based on performance-related criteria, following a performance appraisal process conducted annually according to criteria established and communicated at the beginning of the appraisal cycle.

The facilities granted to employees relate specifically to ensuring the above principles and are part of a collective labour agreement negotiated between the executive management and the trade unions.

Training programmes (103-1, 103-2, 103-3, 404-2)

Transelectrica is constantly looking at continuous personnel development through annual training and professional development programmes.

629 Company employees benefited from external training programmes in 2022 and 1329 employees participated in internal training courses

The employee development process aims to ensure that personnel are as well prepared as possible so that the Company's objectives are met in a world where success depends on performance, efficiency, timeliness, the ability to deliver quality, diversity.

The aim of the process and therefore of the training and professional development activities in 2022 was to increase the professional efficiency of the employees by acquiring, developing and diversifying the professional skills of the employees, thus leading to an increase in the professional performance of the Company's personnel.

The training programme for 2022 aimed to develop the knowledge, skills and abilities of employees and to increase their professional competences in order to perform their professional duties efficiently and to strengthen their sense of confidence in their own competences, which leads to increased job satisfaction and therefore to increased professional motivation.

These results could be achieved mainly due to the fact that the vocational training programmes (courses) were designed and designed according to specific needs (personalised curricula, topics adapted to the concrete needs identified), categories of employees and levels of knowledge, the objectives being to improve professional efficiency and effectiveness, to increase confidence in one's own strengths and capabilities and last but not least to offer a concrete and realistic perspective in career development.

The principles underlying the implementation of the "Maintenance, Training and Further Training Programme for Company Employees" were: efficiency, effectiveness, coherence, equal treatment between categories of employees, effective planning and transparency.

Specific maintenance, training and professional development programmes were aimed at employees regardless of their hierarchical position. There was no distinction, exclusion, restriction or preference in the constitution of the series/groups of courses and equal and fair treatment was ensured.

In 2022, the **training budget** allocated was **500,000 lei.**

Expenditure on training services following the organised and conducted procurement procedures amounted to **416,584 lei, excluding VAT**.

The share of participation, by field of training, in courses that were organised with training providers (external courses) is as follows:

- ✓ technical: 224 participations, i.e. 36%;
- ✓ IT&C: 249 participations, i.e. 40%;
- ✓ public procurement: 52 participations, i.e. 8%;
- ✓ human resources: 31 participations, i.e. 5%;
- ✓ other: 73 participations, i.e. 11%.

Priority objectives for 2022:

- ➢ increase, develop and diversify the professional skills of employees;
- ➢ the effective conduct of the training and continuous professional development of the Company's personnel.

In conclusion, we would like to point out that in 2022, a total of 1958 participants took part in maintenance, training and further training programmes, with an increase of 128% compared to the same period last year, due to the significant increase in the number of participants in external courses (2620% increase).

The vocational training budget for 2022, the implementation rate is 83.3% of the total approved budget.

Training and professional development activities in 2022 were primarily based on urgent needs, rigorously identified, assessed, analysed and prioritised.

If this causal link is established (organisational need - educational intervention) there is every chance that lifelong learning will correct real problems and demonstrate its viability and relevance to management. Also:

- the learning process (training and further training) must be coherent and focused on specific objectives so that it supports and can contribute to the achievement of organisational goals;
- the training and development strategy must be consistent, but not rigid, in order to be improved and sustainable;
- Maintenance, training and further training programmes must be flexible and respond to a variety of needs at different levels; courses must also be deliverable in different ways and in different locations;

For strategic human resource development, training practitioners need to be aware of and generate, through the means at their disposal, an essential change in the role of the trainer in an organisation, i.e. from training provider to learning facilitator.

During 2022, no courses or other training related to the fight against corruption and bribery were conducted.

Internships

Transelectrica has supported the training of the young generation of energy specialists through annual internship programmes in 2022.

Also in 2022, Transelectrica students from Bucharest and from all over the country took part in internships.

Internships at Transelectrica are confirmation of the Company's ongoing concern to actively support and encourage the younger generation, to direct them towards the energy sector in general and the electricity transmission sector in particular.

A total of 165 students and trainees completed internships during 2022, both at the Company's headquarters and at the territorial transport units (currently territorial transport branches).

During 2022, a total of **13 private scholarships** were awarded to Executive, UTT Bucharest and UTT Timisoara, of which 5 scholarships at the Company's headquarters and 4 in the territorial units. 12 scholarships were awarded to students from technical faculties and 1 scholarship was awarded to a student from the Academy of Economic Studies - Faculty of Finance, Insurance, Banking and Stock Exchange.

At the same time, 3 students, who graduated in 2021, have been hired by the Company, and the others will be hired in 2023 and 2024, respectively, after graduation.

Information, consultation of employees and relations with trade unions (102-41, 103-1, 103-2, 103-3, 403-4)

Trade unions play an important role in the employment relationship between employees and employers. The union promotes and protects the rights of its members, taking into account their needs and opinions. A good employer-employee relationship is built on effective

communication between employee and company representatives.

Similar to the previous year, 99.5% of the Company's employees are union members, showing that they recognise the usefulness of a trade union body set up to promote their interests in their relationship with their employer.

At the same time, the absence of any labour disputes in the last year is a relevant indicator of the effectiveness of mediation between employees and employers.

Given the profile of the Company, no specific documents were required concerning the freedom of association of employees.

Responsibility to employees

Training programme and processes to ensure occupational safety and health *(103-1, 103-2, 103-3)*

The entire training process is carried out on the basis of *Article 20 of Law no. 319/2006* "Law on Safety and Health at Work**",** with subsequent additions and amendments, on the basis of Decision no. 1425/2006 for the approval of the Methodological Norms for the application of the provisions of the Law on Safety and Health at Work no. 319/2006, *Chapter V - Training of workers in the field of safety and health at work* and the Internal Operational Procedure code TEL 18.02 "Training of employees in the field of health and safety at work".

Prevention and protection services dedicated to occupational safety and health activities are established (according to Law no. 319/2016 "Law on Occupational Safety and Health**"** Section 2), under the methodological coordination of the Integrated Management Department with duties in accordance with the legislation in force.

A person responsible for occupational safety and health activities is appointed in the Department and regularly manages the work.

The training activity has a unitary character, the regular training is combined

every six months and the SSM topics are presented on a 3-year cycle.

Training of employees is carried out by the workplace managers on the basis of the topics approved by the Company's management, recorded in the individual training sheets.

In order to prevent the disruption of the Company's activities, additional technical and organisational measures have been taken to prevent, control and limit the effects of the spread of SARS-CoV-2 infections.

The documents drawn up and applied on technical and organisational measures to prevent, control and limit the effects of SARS-CoV-2 virus transmission have been updated according to legislative changes at the level of the authorities/economic operators.

The training of workers in occupational safety and health consists of 3 phases defined by specific legislation.

Introductive general training	is delivered by personnel from the prevention and protection departments dedicated to labour health and security.
Training on the job	is provided by the working place manager
Periodical training	is delivered by personnel from the preventive and protective departments dedicated to labour health and security or by the manager of the working place in ca se of monthly and half yearly training, under guidance of personnel from prevention and protection departments dedicated to labour security and health

Prevention actions *(403-2, 403-3)*

In order to carry out preventive actions, training topics are developed for each phase defined by the legislation by the prevention and protection services dedicated to occupational safety and health activities in relation to the corresponding risk assessments.

The risks of each individual workplace are also assessed and measures are taken to reduce them or keep them under control through the measures set out in the Prevention and Protection Plans. The concrete measures take the form of annual programmes of occupational safety and health measures carried out by qualified occupational safety and health personnel.

In order to ensure proper prevention, training is carried out with the following frequency:

- annually, minimum one training per employee;
- every six months for other categories of authorised technical personnel in the Energy Dispatcherates;
- on a monthly basis for operational personnel and/or personnel authorised in terms of health and safety at work in electrical stations and every six months for periodic combined training.

Company-wide, there are a total of 24 people responsible for prevention and protection services dedicated to occupational safety and health.

These include occupational medicine doctors and a psychologist who provide support to the Company's personnel, both TESA personnel and operational personnel in the centres and power stations.

At the same time, simulations are carried out every year, which capture elements of occupational safety and health, environment and emergency situations coordinated by specialized entities (ISU, Police, etc.), as well as those carried out entirely with own personnel.

All personnel are trained from the first day of work (on hiring) and continue with regular training at different frequencies (monthly, half-yearly and yearly) depending on the risk assessments for each job.

Training of personnel in occupational safety and health is carried out using training means, methods and techniques, such as: exposition, demonstration, case study, films, slides, projections, computer-assisted training.

Trainings are conducted at different frequencies with all personnel on how to get personnel to and from work. Each employee completes a Journey Declaration on joining which sets out the journey time and route.

The responsible personnel in the prevention and protection services dedicated to occupational safety and health work is the structure dealing with accidents at work.

In 2022, there were **two accidents at work** followed by temporary incapacity for work and one of these was **a route event** that was followed by days with temporary incapacity for work.

The number of sick leave days recorded for work-related accidents in 2022 was 34 days.

There have been no fatalities due to workplace accidents and no cases of employees with occupational diseases or high exposure to occupational diseases.

In terms of training, various areas are addressed as follows:

Organisation of joint SSM committees (management - employees) and relevant activities for 2021 *(403-1)*

For the consultation and participation of workers in the discussion of all issues related to occupational safety and health, Occupational Safety and Health Committees are set up in accordance with Articles 16, 17, 18 of the Occupational Safety and Health Law no.319/2006. The Occupational Safety and Health Committees operate on the basis of their operating regulations.

The Committees shall be organised in accordance with Chap. IV of the Decision no. 1425/2006 for the approval of the Methodological Rules for the application of the provisions of the Law on Safety and Health at Work no. 319/2006.

The Company-wide Occupational Safety and Health Committee met twice in 2022. Among the issues discussed according to the agenda of each meeting

- Presentation of specific legislation in occupational health and safety
- Information and awareness building for all kinds of risks identified for each working place
- Presentation of work instructions depending on the activities performed
- Describing first aid measures and providing examples
- Description and awareness building for measures required for fire extinguishing and employees' evacuation
- Employees are informed about all new items, labour accidents, event that have taken place
- The manner in which people travel on public roads both for pedestrian employees and those using public means of transport or Company and/or personal car to travel to / from work and the other way round

were: Endorsement of the annual occupational safety and health programme at the Company level, analysis of occupational safety and health issues raised by employees in the Territorial Transport Units (currently Territorial Transport Branches) and the National Energy Dispatcher, follow-up of the implementation of occupational safety and health programmes of measures, endorsement of operational procedures in the area of occupational safety and health, how working conditions and the provision of personal protective equipment for workers are ensured, analysis of the occupational safety and health activity carried out in the past year based on the report prepared and endorsement of the report.

Environmental responsibility

Environmental management system (103-1, 103-2, 103-3)

Environmental protection is an important objective for Transelectrica, with a view to the sustainable and sustainable development of the Company. Thus, the environmental protection policy is an integral part of the general policy, with the objectives of maintaining an efficient environmental management system, preventing and reducing pollution, complying with national and European legal requirements and sustainable development.

Transelectrica's management has established the environmental protection policy as an integral part of the general policy, with a view to planned, effective and sustained action aimed at implementing environmental management throughout its structure and in all its activities, leading to a change in organisational culture by promoting an attitude towards environmental protection and sustainable development.

Transelectrica's Environmental Management System, certified according to the requirements of SR EN ISO 14001:2015 by SC SRAC CERT SRL (IQNet partner), has created the necessary conditions for the provision of the electricity transmission and dispatching service and for the administration of the electricity market, in compliance with legal and other requirements, to which the Company has subscribed, applicable to its environmental aspects and for demonstrating concern for the prevention of pollution and the improvement of environmental performance.

In order to reduce the negative environmental impact of the RET, priority must be given to the implementation of the measures established by the environmental protection authorities, both those contained in the compliance programmes, which are conditions for the granting of environmental or water management permits, and those resulting from the controls carried out by the regulatory and control authorities on the Company's sites.

The environmental objectives and targets were aimed at maintaining an efficient environmental management system, preventing and reducing pollution so that the impact of the electricity transmission network and the activities carried out by the Company on the environment are within the limits of national and European requirements.

These objectives and targets have been achieved through the actions included in the annual Environmental Management Programme to reduce air, water and soil pollution, reduce noise and vibration levels, improve waste and wastewater management, restore the

natural environment after maintenance/development works, protect fauna and flora and monitor environmental factors.

Key directions for achieving environmental objectives

Environmental risks, opportunities and costs

High-voltage electrical installations, consisting mainly of overhead power lines and transformer and connection stations, are installations with a significant impact on the environment, both in terms of the technical complexity of the installations and in terms of the areas of land occupied and the length of the lines (in the order of tens or even hundreds of kilometres), usually in several counties.

No pollutants are discharged into the environment under normal operating conditions of RET installations. Some polluting chemicals may be accidentally released into the environment in the event of equipment leaks, incorrect operation,

damage or during construction and maintenance work.

Identification and assessment of environmental aspects for technology and construction are carried out from the first design phase. On this basis, the Environmental Management Plan (for construction, operation and decommissioning of the facility) is drawn up, including the Programme of Measures for Pollution Prevention and Impact Mitigation and the Environmental Monitoring Programme.

Types of impact and effects/manner of occurrence caused by the activities carried out during the construction - assembly phase of Transelectrica installations

Type of impact	Manifestation modes (effects)
Physical	• soil damage through the opening of new access roads, ground stripping and excavation • occupancy of land with site organisation, including warehouses • damage to flora (through deforestation) • damage to wildlife (through habitat fragmentation and noise from machinery, transport, etc.) • affecting birds (by creating aerial obstacles in the flight path) • generation of waste (porcelain, glass, concrete, metals, waste oil, packaging, debris, etc.)
Chemical	• use of various chemicals (paints, solvents, reagents, etc.) • pollution of soil and/or water by accidental spillage of fuel, oil and other chemicals • air pollution by: - emissions of combustion gases (SO_x , CO_x , NO_x , VOC, particulate matter) from heating installations or means of transport - sulphur hexafluoride (SF_6) emissions - accidental leaks during gas handling or due to equipment leaks - dust emissions due to construction-assembly works - emissions of volatile organic compounds from paints and thinners, etc.
Socio-economic	• disruption of certain social activities, including population displacement

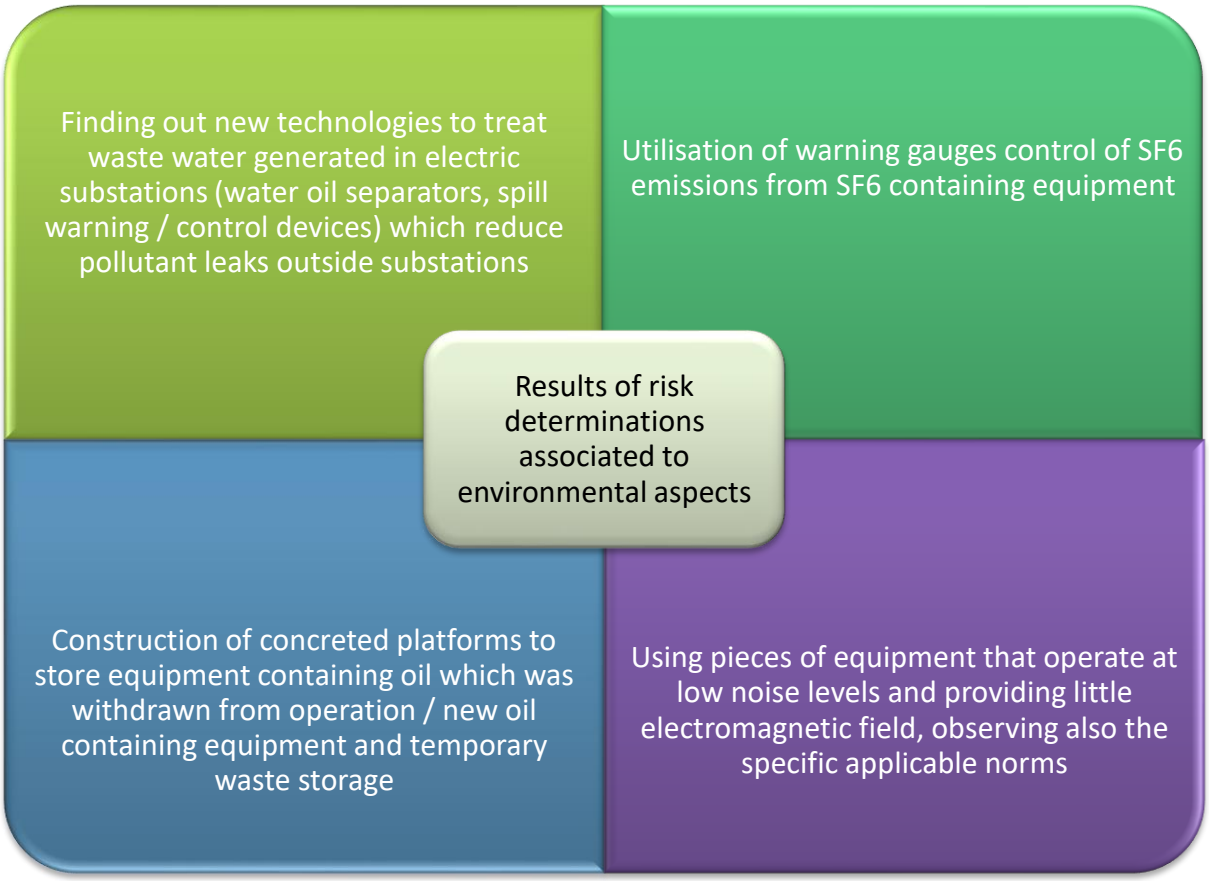
Types of impacts and effects/modalities of occurrence caused by activities carried out during the operation and maintenance phase

Type of impact	Modalities of occurrence (effects)
Physical	• occupancy of land with OHL routes and station locations • damage to flora through systematic clearing of vegetation • wildlife damage (habitat fragmentation, electrocution, etc.) • damage to birds and aircraft (aerial obstacles placed in the flight path, collision, electrocution, etc.) • danger of electrocution or burns from contact or falling OHL near or crossing roads, railways, water, buildings, etc. • fire hazard due to damage to insulation or accidental touching of conductors by objects or dry vegetation • the effects on the population and wildlife of noise and vibration caused by the operation or vibration of RET elements • the effects on the population and wildlife of corona noise from high-voltage installations

	• sound and light effects of the corona phenomenon • disturbances of radio and television systems caused by the electromagnetic field • electromagnetic field influences on telecommunications installations or other electrical networks at their junctions and approaches • effects of electromagnetic fields on living beings
Chemical	• pollution of soil and/or water by accidental spills of fuel, oil and other chemicals • air pollution by: - emissions of combustion gases (SO_x , CO_x , NO_x , VOC, particulate matter) from heating installations or means of transport - sulphur hexafluoride (SF_6) emissions - accidental leaks during gas handling or due to equipment leaks - ozone and nitrogen oxides - corona effect at high voltage - sulphuric acid vapour - from batteries.
Visual	• landscape damage
Psychic	• fear of the approach and the visual and sound effects of RET
Mechanical	• potential danger of collision with aircraft • danger of falling near or crossing roads, railways, water, buildings, etc. • fire hazard due to damage to insulation or accidental touching of conductors by objects or dry vegetation

Transelectrica has taken measures to prevent pollution and reduce environmental impact both in its operating activities and in maintenance and investment activities involving construction and installation work.

The determination of risks associated with the significant environmental aspects identified for the activities/processes carried out in Transelectrica has led to a number of beneficial effects and opportunities.



Management of environmental factors (304-2, 304-4, 308-2)

a) Land occupation

Area occupied by power lines and substations:

	No safety zone [m]^2		With safety zone [m]^2	
	UTT	READ	UTT	READ
Total Transelectrica	3.988.066	2.893.289	7.137.572	551.176.743

b) Sources of soil, groundwater and land pollution

From the normal operation of RET installations, no noxious substances are discharged to the ground, groundwater or land. Accidental pollution may occur due to leaking/leaking of equipment containing hazardous substances or insulating oil or due to faults in the oil regeneration/supply/discharge installations in or from the equipment.

Oil/car fuel spills from machinery and vehicles may also occur during construction and maintenance work (oil spilled into the environment has been contained with absorbent, biodegradable soil).

c) Sources of air pollution

No significant quantities of pollutants are released into the atmosphere during construction, maintenance and normal operation of RET installations. The following emissions into the atmosphere may occur during construction, maintenance and normal operation of RET installations: particulate matter - during construction work, combustion gases - from vehicles, generators and thermal

power plants, negligible quantities of ozone (Corona effect), sulphur hexafluoride - due to equipment leaks or improper handling of the gas.

In the event of fires or explosions, combustion gases (SOx, COx, NOx, VOCs, particulate matter, etc.) may result. High voltage LEAs generate atmospheric pollution with ozone and nitrogen oxides as a result of corona discharges around active conductors, especially in rainy weather. The additional contribution of these pollutants to the existing background is not major and cannot lead to exceedances of the legal information threshold values, beyond which there is a risk to human health.

As regards greenhouse emissions, in the last statement of May 2023 on SF6 emissions from equipment managed by Transelectrica, the value was 75,863.64 kg.

Type of information	Year 2022								TOTAL
	UTT Bacau	UTT Bucharest	UTT Cluj	UTT Constanta	UTT Craiova	UTT Pitesti	UTT Sibiu	UTT Timisoara	
Total SF6 capacity for equipment on site (kg)	3691.3	27073.82	3058.1	14093.4	8737.62	5750.46	7986.84	4039.6	74431.14
of which closed, pressurised equipment * (kg)	3625.9	27041.82	2981.9	14093.4	8737.62	5750.46	7986.84	4004.1	74222.04
of which sealed, pressurised equipment ** (kg)	65.4	32	76.2	0	0	0	0	35.5	209.1
Total capacity of new equipment filled on site (not at manufacturer) (kg)	0	559.8	0	0	60	0	465	127.4	1812.9
Total capacity of equipment withdrawn (kg)	36.4	7	0	484	101.2	0	0	41.2	633.4
Emissions at installation-quantity of SF6 used for filling new equipment (closed, pressurized) (kg)	0	0	0	0	0	0	0	0	0
Emissions in use - amount of SF6 used for refilling closed pressurized equipment during service/maintenance activities (kg)	0	0	37.5	0	27.3	0	6	0.5	37.55
Emissions in use - amount of SF6 used recovered from closed pressurized equipment during service/maintenance activities (kg)	0	0	0	0	0	0	0	0	0
Disposal emissions - capacity of end-of-life equipment (kg)	0	0	0	0	0	0	0	0	0

Disposal emissions - amount of SF6 recovered from retired equipment (kg)	0	0	0	0	0	0	0	0	0
From which year do you use equipment containing SF6	2002	1999	1999	1994	1995	1997	1965	1998	1965

The objective for 2023 is to reduce emissions below the previous year's level and to identify ways in which this reduction can be sustainable in the long term, not just in a single year under review, especially in the context of European recommendations and obligations.

Prevent and reduce greenhouse gas emissions by providing maintenance services for equipment as scheduled and monitoring emissions. Transelectrica currently has a fleet of vehicles equipped with high-performance technologies to reduce greenhouse gas emissions, complying with air pollution standards required by national and European legislation.

d) Wastewater sources

No technological wastewater results from the electricity transmission process.

The wastewater generated on the site of the RET facilities is as follows:

-household wastewater from human activity - discharged directly into the city sewer or drained and transported to a municipal wastewater treatment plant or disposed of locally in micro-wastewater treatment plants and discharged to land or groundwater;

-stormwater collected in oil equipment tanks and in concrete pads for waste and equipment storage (may contain oil from leaks) - mechanically cleaned in oil-water separators and discharged to the city sewer or drained and transported to a municipal wastewater treatment plant or discharged to land or groundwater within maximum allowable limits for pollutants discharged to the environment.

In order to carry out its activity, Transelectrica used 30,305 cubic meters of water during 2022, an amount 11% less than the previous year. The water used comes from the local networks of each territorial unit/station/centre or from underground (drilled wells).

Transelectrica does not currently use recycled water.

Drinking water sources and quantities used by source are shown in the table below (expressed in cubic metres):

Local water grid	**18844 mc**
Groundwater	9662 mc
Other sources	1799 mc

e) Waste generation

There is no direct waste from electricity transmission. Waste results from construction, maintenance and human activity. The quantities of waste vary from year to year, depending on the volume of investment and maintenance work.

The waste generated was disposed of/recovered by authorised companies.

Generated waste (t)	Capitalised waste (t)	Waste disposed of (t)	Stored waste (t)	Waste management indicator: waste disposed of, capitalised /waste generated
10174.62	**7622.09**	**1887.35**	**665.18**	**93.46% (compared to 96.34% in 2021)**

f) Electromagnetic field generated by RET installations

Transformer/connector substations and overhead 220kV and 400kV power lines have a relatively limited impact on neighbourhoods, existing only around RET installations. A large part of the disturbance effects are caused by electrical induction (in ungrounded metal objects or structures) and interference phenomena (radio interference). The design solutions adopted for the construction of high-voltage power lines and substations ensure adequate protection against the effects caused by the exposure of living organisms to the electromagnetic field as well as reducing the impact of these installations on the environment. According to studies carried out by specialist institutions, in the vicinity of overhead 220kV and 400kV lines, the intensity of the electric field decreases with distance, so that at a distance of about 25 to 30 m from the axis of the line, the field intensity is zero.

In the year 2022, measurements showed that no exceedances of the values required by the regulations in force were recorded at station premises and at crossings over roads, railways and areas with heavy traffic.

g) Acoustic pollution

During the construction period, noise may be produced due to the execution of works and the operation of equipment and vehicles. During operation, noise pollution is due to noise from operation, vibration of RET installations or corona discharges in the space around active conductors. The noise level produced by the corona effect at a distance of 25 m from the active conductor varies between 53 dB in rainy weather and 33 dB in fine weather.

"Transelectrica" SA defines and applies preventive and corrective measures in order to reduce the effects of its installations and activities on the environment. The diversity of environmental conditions for each site of the RET installations (overhead power lines, transformer and connection substations, buildings) determines, as at different stages (design, construction and operation) of each installation, specific environmental impacts, so that measures are defined for each case for the existing conditions on each site.

No exceedances of the maximum permissible noise level were recorded in 2022.

h) Impact on wildlife

The impact on wildlife is significant, especially on birds, manifested by collision or electrocution by RET installations in migration corridors or protected areas. The main migration corridors of various types of birds have been identified in the Banat, Dobrogea and Danube Delta areas.

To remove birds from the OHL area, anti-bird-trapping equipment that prevents birds from sitting on the poles (protects both birds from electrocution and insulators from being punctured) is mounted on the poles above the insulator chains, and "deflectors" (equipment that prevents birds from sitting on OHL

conductors) or coloured panels, usually imitating raptor figures, are mounted on OHL conductors in the migration corridors to reduce the impact of birds on the LEA.

i) Impact on vegetation

The impact on vegetation is determined by the permanent or temporary occupation of land and the removal of vegetation exceeding a certain height from the safety zones of the RET installations to avoid the occurrence of fires. This impact can only be significant in protected areas.

j) IUCN Red List and National Conservation List species with habitats in areas affected by operations and measures taken to conserve their habitats

For the conservation of the endangered Danube Falcon, artificial nests have been installed on high voltage poles, as follows:

-at UTT Timisoara: 34 nests;

-at UTT Bucharest: 4 nests;

-at UTT Constanta: 31 nests;

Artificial nests are metal or wooden boxes and have been placed on power poles because the Danube falcon prefers nests that offer good visibility of the area and favourable feeding sites nearby. It is necessary to place nests on artificial supports, such as power poles, as there are no tall, solitary trees on farmland and pasture (historical nesting sites).

The artificial nesting action is part of the project "Conservation of the Danube falcon in north-eastern Bulgaria, Hungary, Romania and Slovakia", a multinational project with European funding, as the importance of protecting and conserving the species is also recognised at EU level.

Actions and measures taken to prevent and/or limit environmental impacts *(306-3)*

Elaborating the documentation

- Elaborating documentation and submitting files to license / re-license the objectives managed by the Company in terms of environmental protection and water management

Executing work such as

- Construction or maintenance of drainage networks for domestic waste water and / or rainwater;
- Installing oil-water separators to the tanks of oil-containing equipment and storage platforms;
- Building concreted platforms for temporary storage of equipment and waste;
- Maintenance of oil- or SF6-containing equipment in order to prevent leaks;
- Painting the towers of overhead lines (OHL) using colours adequate to landscapes;
- Tree cutting / maintenance of safety corridors for OHL;
- Restoring / developing the land to bring it to its initial condition (when work is complete).

Procurements of services regarding

- Monitoring the quality of waste water from Company substations and offices and proposing solutions to reduce pollution in accordance with the requirements from environmental permits and water management licences;
- Monitoring the pollutant emissions in the atmosphere (noise, electric and magnetic field, pollutant emissions, ozone concentrations); the values obtained for determined parameters have been examined and interpreted, resulting conclusions regarding the extent of pollutant emissions and the compliance with limit values admitted by legislation;
- Waste collection, sorting, transport and capitalisation / disposal of.

Environmental management plan

- Elaborating environmental management plans for the maintenance, refurbishment / modernisation projects

Transelectrica aims, through its future activity, to reduce the environmental impact of the installations, mainly through actions such as reducing the land area occupied, reducing the impact on fauna and flora or reducing the electromagnetic field strength on the ground and the Corona effect losses. In 2022 there were no significant spills with environmental impacts.

***Classification of waste by type and** disposal **method** (306-4)*

No.	Type of waste	Code from HGR 856/2002	Capitalisation		Disposal	
			Recycling	Co-incineration	Incineration	Storage
1	Leather	02 01 02	x	-	-	-
2	Plastics (personal equipment)	07 02 13	-	-	x	-

3	Printer toner waste	08 03 18	x	-	-	-
4	Hydraulic mineral oils	13 01 10*	x	-	-	-
5	Synthetic engine, transmission and lubricating oils	13 02 06*	x	-	-	-
6	Non-chlorinated mineral insulating and heat transmission oils	13 03 07*	x	-	-	-
7	Other engine, gear and lubricating oils	13 02 08*	-	-	x	-
8	Namols from water-oil separators	13 05 02*	-	-	x	-
9	Oily water from water-oil separators	13 05 07 *	-	-	x	-
10	Paper and cardboard packaging	15 01 01	x	-	-	-
11	Plastic packaging	15 01 02	x	-	-	-
12	Wooden packaging	15 01 03	x	-	-	-
13	Metal packaging	15 01 04	x	-	-	-
14	Glass packaging	15 01 07	x	-	-	-
15	Protective clothing	15 02 03	-	-	x	-
16	Scrap tyres	16 01 03	x	-	-	x
17	Lead batteries	16 01 06*	x	-	-	-
18	Oil filters	16 01 07*	x	-	-	x
19	Brake pads	16 01 12	x	-	-	x
20	Ferrous metals	16 01 17	x	-	-	-
21	Plastics	16 01 19	x	-	-	-
22	Discarded equipment containing hazardous components	16 02 13*	x	-	-	-
23	Waste electrical and electronic equipment (WEEE)	16 02 14	x	-	-	-
24	Components disassembled from dismantled equipment	16 02 16	x	-	-	-
25	Lead batteries	16 06 01*	x	-	-	-
26	Alkaline batteries	16 06 04	x	-	-	-
27	Batteries	16 06 05	x	-	-	-
28	Concrete	17 01 01	-	-	-	x
29	Ceramic tiles and materials (Porcelain insulators)	17 01 03	-	x	-	0
30	Wood	17 02 01	-	x	-	-
31	Glass	17 02 02	x	-	-	-
32	Plastics	17 02 03	x	-	-	-

33	Copper, bronze, brass	17 04 01	x	-	-	-
34	Aluminium	17 04 02	x	-	-	-
35	Iron and steel	17 04 05	x	-	-	-
36	Ol-Al (cables)	17 04 11	x	-	-	-
37	Metal mixtures (cast iron)	17 04 07	x	-	-	-
38	Mixtures of construction and demolition waste	17 09 04	-	-	-	x
39	Sharp objects	18 01 01	-	-	x	-
40	Infectious-infectious medical waste	18 01 03*	-	-	x	-
41	Medically	18 01 09	-	-	x	-
42	Paper and cardboard	20 01 01	x	-	-	-
43	Textile	20 01 11	x	-	-	-
44	Fluorescent tubes and other mercury-containing waste	20 01 21*	x	-	-	x
45	Discarded electrical and electronic equipment	20 01 36	x	-	-	-
46	batteries and accumulators included in 16 06 01, 16 06 02 or 16 06 03 and unsorted batteries and accumulators containing these batteries	20 01 33*	-	-	-	x
47	Wood	20 01 38	x	-	-	-
48	Plastics	20 01 39	x	-	-	-
49	Metal	20 01 40	x	-	-	-
50	Mixed municipal waste	20 03 01	-	-	-	x
51	Sludge from septic tanks	20 03 04	-	-	-	x

Exceedances of limits allowed by environmental regulations and remedial means *(307-1, 308-2)*

Following the monitoring of physico-chemical quality indicators of conventionally clean stormwater, contaminated stormwater in the area of power transformer/coil compensation tanks, before and after oil separators, groundwater in observation wells, domestic wastewater and wastewater from car garages, taken from power stations belonging to Transelectrica, during the year 2022 and from the interpretation of the results, exceedances of the limits allowed by the regulations in force were recorded for the indicators: solvent extractable substances, suspended matter content, chemical oxygen consumption (CCO-Cr), biochemical oxygen consumption (CBO5) and ammonium. To eliminate these exceedances, bioactivators will be purchased, the separators will be cleaned in accordance with their operating procedures, and the

separator filters will be replaced where necessary.

In 2022, controls were carried out by:

- Garda Națională de Mediu - CJ Caraș Severin, following which UTT Timișoara received 2 minor measures which were resolved within the deadline; - CJ Tulcea, following which UTT Constanța received 2 minor measures which were resolved within the deadline;
- ABA OLT - SGA Vâlcea in the STUPĂREI station within UTT Pitești, following which it was found that rainwater (potentially contaminated with electro-insulating oil) at the outlet of the oil separators is discharged using absorbent wells, a solution that does not comply with environmental protection legislation. SGA Vâlcea issued the Water Management Permit no.68/05.07.2022 for the Stupărei Station with the implementation of the following measures: dismantling of the absorbent wells and the construction of a drainable basin for the discharge of the waters resulting from the oil separators.

In order to fulfil the measures of the water management authorization no. 68/05.07.2022 at the level of UTT Pitesti, the necessary documents for the required works were drawn up (Justification Note no. 40562/ 09.09.2022, Conceptual Note no. 41514/ 20.09.2022 and Request for drawing up the Design Basis no. 669 / 12.01.2023).

Future measures to mitigate the locally identified problems (103-1, 103-2, 103-3, 203-2)

Protecting the environment

Transelectrica, as a transmission and system operator, considers that it has a major responsibility towards future generations and is constantly striving to find economically sustainable solutions to develop and modernise its facilities in line with the European Union's environmental protection requirements, all the more so as its membership obligations, in the context of Greendeal and other such agreements, are extremely important and have a direct impact on the steps taken at national level.

Our environmental policy embodies a commitment to conducting all of our specific activities in a responsible manner, giving appropriate attention to environmental impact and sustainable performance through a set of clear objectives, outlined in the table below:

Rational use of natural resources
Reducing and measuring pollutant emissions in the environment
Proper management of waste resulting from maintenance and refurbishment activities
Periodical monitoring of environmental factors (water, air, soil, noise, electromagnetic field, waste)
Upgrading and refubishing installations using best-in-class technologies by which environmental pollution is prevented or reduced
Providing acknowledgment and observance of environmental legislation by all Company employees, by information, training and motivation

Education

Our orientation from the perspective of corporate social responsibility is to support education in order to increase its quality, both from the perspective of the technical area, specific to the Company, and from the perspective of the supporting areas. To support these ideas, we will continue our active involvement in increasing the quality of education in the specific area of Transelectrica's activity.

Health

The health of our employees and of those around them is a priority for Transelectrica, which is why we will continue to help, in the coming year, associations that will submit eligible projects to improve the health system in Romania.

Taking into account the continuation of the pandemic situation in early 2022, the measures taken at Company level in the context of the SARS CoV - 2 pandemic continued those taken in 2021. Among these we mention:

- compliance with the note *on preventive conduct and protection against Covid 19;*
- Keeping personnel informed of pandemic developments and recommendations from the authorities;
- Continuation of the telemonitoring system, information and training of personnel on the proper functioning of this system;
- compliance with the Business Continuity Plan to ensure the safe operation of the National Electricity

System in the context of the pandemic;
- checking the temperature of employees, changing working hours, alternative implementation of the telework programme.

The COVID 19 infections, so far, have been managed according to the Regulation on Measures to be applied at Transelectrica level during the state of alert in order to prevent and combat the effects of the COVID 19 Pandemic, developed internally, all these situations being kept under control.

Measures taken at Company level in the context of the SARS CoV - 2 pandemic in the context of the alert state at the beginning of the year:

- several information letters have been e-mailed to all personnel on legislative changes and concrete actions that each employee needs to know and apply in practice;
- all employees have been informed of the number of employees registered on the National COVID-19 Vaccination Schedule Platform;
- the measure has been complied with - protective masks are mandatory in enclosed spaces;
- information on preventive behaviour and actions to combat SARS CoV2 infection was provided to all personnel;
- were reminded of the minimum rules to prevent the spread of SARS CoV-2 virus;
- reminded of the actions to be taken if employees have specific COVID 19 symptoms;
- the provisions of GD no. 1090/2021 were applied;
- the specific forms of the Regulation on the measures to be applied at Transelectrica level during the state of alert in order to prevent and combat the effects of the COVID 19 pandemic were applied and disseminated;
- Transelectrica's Business Continuity Plan in the event of a pandemic has been applied in the current activity
- the Business Continuity Action Plan for Crisis Situations Affecting the Workforce - Coronavirus Pandemic - Business Continuity Phase during the State of Alert - Measures to Prevent and Control the Spread of SARS Virus - CoV - 2 was applied in the current activity;
- Observational triage of employees was carried out by checking their temperature at the start of working hours and whenever necessary during working hours;
- the assessment of the level of risk of occupational injury and illness in Transelectrica as a result of the SARS - CoV - 2 coronavirus pandemic was applied and used in the current activity;
- the Prevention and Protection Plan of Transelectrica with "Bilogical risk - SARS infection - CoV - 2", updated, was applied (during training) and used in the current activity (when basing the SSM measures programme);
- The recruitment process for the employment of an occupational physician has been successfully completed;
- the Regulation on Measures that apply at Transelectrica level during the state of alert in order to prevent and combat the effects of COVID Pandemic 19 was applied;
- Weekly reviews were carried out during operational meetings and whenever necessary;
- the vaccination percentage at CNTEE Transelectrica SA level is over 65%;
- disposable protective masks, disinfection and pest control services were purchased to combat the pandemic.

The number of infections with COVID 19 in 2022 was 137 cases, and the management of infection situations was carried out in accordance with the

"Regulation on Measures to be applied at CNTEE Transelectrica SA during the state of alert to prevent and combat the effects of the COVID 19 pandemic", in force.

Measures taken in the office to eliminate COVID-related stress

- all personnel were communicated and informed with data validated by the institutions authorised to carry out institutional communication, the wearing of masks in crowded spaces, together with the decrease in the number of infections, led to a reduction in the state of insecurity imposed by the COVID -19 pandemic and restored the psychological comfort of employees.
- telework was applied where possible to reduce as much as possible the uncertainty caused by the COVID -19 pandemic and to restore the psychological comfort of the employees.

Corporate volunteering

In Romania, more and more employees consider the social and ethical values of their company to be important. Therefore, employees are an important audience for Transelectrica's corporate social responsibility strategy. Corporate volunteering is the most relevant form of team-building, as a result of the much greater involvement of employees in organised actions, the Company's aim being to promote this activity as much as possible in the future.

Within the Company, the corporate volunteering project "*Waiting for Santa Claus*" was carried out in partnership with the Tadeu Humanitarian Association, which consisted in preparing Christmas presents for children from underprivileged families in the commune of Stănilești, jud. Vaslui, Râfov commune, Poienari Burchi commune, Loloiasca commune, Gura Vitioarei commune, Corlătești commune, jud. Prahova, Sulina, jud. Tulcea and Bucharest Municipality.

Corporate social responsibility

Corporate social responsibility policy (103-1, 103-2, 103-3)

Transelectrica continues to participate in the evolution of the society in which it operates, which is of major importance to the company's core values. Through its social responsibility projects, the company takes into account the interests of society as well as those of employees, shareholders, the community and the environment.

The Company's main corporate social responsibility objectives are:

- investing in the education and development of young people;
- supporting humanitarian initiatives of non-governmental associations;
- participation in the development of culture and communities;
- supporting employees in the event of major health problems;
- employee involvement in corporate volunteering programmes;
- investment in environmental protection.

Community needs analysis *(203-2, 413-1)*

From the perspective of community needs, the most important problems currently facing Romania include social (poverty and social inclusion of disadvantaged groups) and economic (unemployment, low income), but also complementary areas such as quality and access to education, health, electricity, drinking water.

We will always be concerned about the situation of local communities and believe that we must constantly contribute with effective solutions and actions.

Involvement in society *(413-1)*

In order to support the development of a sustainable and successful Romanian society, Transelectrica is involved in the communities in which it operates, while trying to get as close as possible to the needs of people outside the company's area of impact.

In the year 2022, we were with organizations such as the "BEST Local Group" Association, the "TEN CLUB TENIS BUZĂU" Sports Club, the Tadeu Humanitarian Association, the New Odyssey Association, the Gift Factory Association, the "CULTURALL" Association, the "All about cancer" Association.

The main projects in which Transelectrica is involved in 2022

- ***Education and training***

<u>Supporting students in technical colleges and high schools in Romania</u>

The company is actively involved in supporting learning with the aim of providing young learners with a learning environment. Over the years, we have collaborated with educational institutions in the energy sector by equipping research laboratories and awarding scholarships to outstanding students.

In order to support education and encourage young people to pursue a career in the energy sector, Transelectrica has offered monthly scholarships to 10 students and this scholarship programme will continue in 2023.

"Grupul Local BEST" Association

Transelectrica sponsored the "BEST Local Group" Association - Council of European Students in Technology to support the "Prove it" Project, a Hackathon competition covering various areas of technology.

"TEN CLUB TENIS BUZĂU" Sports Club

The company supports the training of young athletes, so in 2022 Transelectrica sponsored the "TEN CLUB TENIS BUZĂU" Sports Club to complete the budget necessary for the Competitive Plan for 2022, for Tatu Alexia to participate in national and international tennis tournaments.

Tatu Alexia is ranked in the top 10 in Europe in the junior tennis category and is the only player from Romania who has won trophies in 3 age categories (14, 16, 18 years old) in international tournaments. In 2022, Tatu Alexia achieved an impressive record of victories on court: she reached 21 European finals, won 12 trophies and played 165 matches, of which 119 were victories.

- ***Humanitarian actions***

Tadeu Humanitarian Association

Transelectrica sponsored the Tadeu Humanitarian Association to support the project "Together we open doors", which consists in providing home care service for 15 elderly people in Bucharest, including the purchase of food and non-food products, protective equipment and cleaning and sanitation products.

New Odyssey Association

Education, especially in disadvantaged areas in need of continued investment, is one of the most important areas on which social-corporate efforts should focus. Thus, Transelectrica sponsored the New Odyssey Association to support the project "Summer Camp for the children of the New Odyssey Centre".

Fabrica de Daruri Association

With the beginning of the war in Ukraine, Transelectrica, in partnership with the Fabrica de Daruri Association, got involved in

supporting the needs of Ukrainian people coming from the conflict zone, through the "Angels for Refugees" project, which consisted in purchasing and providing them with food and personal hygiene products.

- **Arts and culture**

Diversity and creativity are values we value and promote in the arts and culture.

CULTURALL Association

Transelectrica has sponsored the CULTURALL Association to support the project *"Buzău International Arts Festival 2022",* which consists of more than 120 film screenings, multiple national premieres, more than 15 independent theatre performances, including productions from abroad and other cultural events dedicated to Romanian and foreign artists and specialists, children and young people, Ukrainian artists

- **Health**

In case of serious illnesses, Transelectrica provides financial support to employees for special medical treatment.

In 2022, the Company decided to grant financial aid to 24 people diagnosed with various medical conditions to cover treatment expenses.

"Totul despre cancer " Association

In the same medical field, a sponsorship was awarded to the "Totul despre cancer " Association for the cancer project "Know to prevent!".

In 2022, Transelectrica continued the social responsibility actions initiated in recent years and got involved in new programs, becoming increasingly visible and constant, being alongside associations, non-governmental organizations and energy/technical educational establishments.

Energy efficiency (102-15, 103-1, 103-2, 103-3, 302-1, 302-4)

Romania has been a Member State of the European Union since 1 January 2007 and during the pre-accession period has committed to review and adapt its legislative provisions to increase Energy Efficiency, including through the development and upgrading of the electricity transmission network.

Transelectrica shall draw up and submit to the competent authority each year:

"Declaration of Total Annual Energy Consumption and Energy Consumer Energy Analysis Questionnaire"

"Energy efficiency improvement programme including short, medium and long-term measures"

The regulations have been designed so as to address distinctly the industrial sector (economic operators in the sector), the tertiary sector (economic operators, public institutions, non-governmental organisations, etc.) and the residential sector (population). The aim of regulations aimed at energy efficiency is to promote and stimulate approaches and mechanisms such as:

- energy management at the consumer;
- developing energy-efficient technologies;
- promotion of new and renewable energy sources;
- development and diversification of energy efficiency services;
- training and education in energy conservation;
- promoting international cooperation programmes for energy efficiency.

The energy efficiency activities at Transelectrica level are based on the requirements of national legislation, in line with the European legislation in force, namely:

- Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC;
- Directive (EU) 2018/2002 of the European Parliament and of the Council of 11 December 2018 amending Directive 2012/27/EU on energy efficiency;
- Act No 121 - of 18 July 2014 on energy efficiency (for the implementation of Directive 27/2012 on energy end-use efficiency and energy services), updated;
- National Energy Efficiency Action Plan (NEEAP IV 2017 - 2020);
- Law 372/2005 on the energy performance of buildings, republished.
- The templates for the declaration of total annual energy consumption and the energy consumer analysis questionnaire, submitted by the Ministry of Energy;
- Transelectrica Energy Efficiency Strategy 2020 - 2029.

According to Transelectrica's Energy Efficiency Strategy, the Company's approach to Energy Efficiency has five main directions, namely:

1. reduction of electricity quantities to compensate for losses in the RET (CPT);

2. reducing electricity consumption to power own services in the power stations;
3. reducing electricity consumption to power administrative offices;
4. reducing heat consumption for buildings (both by rethinking installations and by increasing the energy efficiency of buildings);
5. reducing fuel consumption for the fleet.

Given that Transelectrica falls into the category of industrial consumers with more than 1,000 toe (tonnes of oil equivalent), the requirements of the law establish certain obligations for the Company, such as:

- energy audit once every 4 years on an energy consumption contour at Company level; the audit is prepared by the energy auditor and is the basis for the determination of energy efficiency improvement measures. determined by the economic operator, representing at least 50% of the economic operator's total energy consumption;
- assigning the responsibility of Energy Manager to an authorised specialist;
- the preparation of the "Declaration of Consumption" and the "Energy Analysis Questionnaire" reported for the previous year;
- annual preparation of the "Energy Efficiency Improvement Programme, including short, medium and long-term measures, within C.N.T.E.E. Transelectrica S.A.";
- annual preparation of the "Energy Efficiency Improvement Programme, including short, medium and long-term measures, within C.N.T.E.E. Transelectrica S.A.";

Current activities in the field of energy efficiency

In general, energy efficiency improvement measures within Transelectrica are included in the investment programmes based on the 10-year RET Development Plan.

Current activities in the field of Energy Efficiency concern:

- carrying out energy audits of both technology and buildings;
- optimising electricity and heat consumption for Transelectrica buildings;
- update the specific requirements for upgrading transmission network assets in line with energy efficiency targets;
- the use of the ENTSO-E (cost-benefit) methodology to validate investment projects, including energy efficiency indicators.

Specific activities in 2022 in the field of energy efficiency include:

1. completion of the second phase of the energy audit of buildings owned by Transelectrica;
2. Drafting a specific chapter on Energy Efficiency and New Technologies in the RET Development Plan for the period 2022 - 2031;
3. creation of a unified database with history (BDU) to be used jointly by DTEETN and DEMD-RET. The BDU must contain the volume of equipment and allow for interactive, collaborative applications. Collaboration with DTIC, TELETRANS for BDU application specifications for dynamic application interoperability (BDU <=> infoTechnical).
4. the execution of the contract related to the Study for the TRANSELECTRICA Energy

Audit, on the contour related to the own technological consumption (CPT) of the electricity transmission network **(RET);**

5. preparation of the specifications related to the impact analysis of the partial replacement of the self-existing fleet at Executiv - Transelectrica with electric machines;
6. Drawing up a Plan of Measures to reduce energy consumption at Company level during the winter period 2022 - 2023 (disseminated within the Company via the internal platform).

Use of electricity from renewable sources

Transelectrica purchases electricity to cover its own technological consumption (CPT) and consumption related to internal services from the 81 high-voltage power stations under the company's management:

- long-term electricity on the centralised markets administered by OPCOM - the Centralised Market for Bilateral Electricity Contracts, Continuous Trading (CCBP - NC);
- Short-term Day Ahead Market to cover differences between the CPT forecast at the beginning of the year and the daily forecast and the Intra-day Market (IP) if there are forecast changes during the day as close as possible to the time of delivery. Differences between the hourly quantities actually realised and those purchased after trading on the CBCP, DAM and IP are cleared on the Balancing Market (EP) on the day of operation.

There are no particular elements to ensure the purchase of energy used for own technological consumption from renewable sources, trading on centralised markets in the short, medium and long term is done without advance knowledge of the distribution by energy source.

For electricity purchased from DAM, PI and PE, the producer/supplier/trader associates the national structure of primary energy sources and the annual national averages of environmental indicators, calculated and published by ANRE by 1 April each year for the previous year. In the year 2022, the structure by type of renewable primary energy sources of electricity production in Romania was as follows:

Structure of electricity generation by fuel type in 2022

Fuel type	Energy [GWh]	Installed capacity [MW]	Available power [MW]
	gross	net	
Coal	9.311,00	4.544,70	3.831,00
Hydrocarbons	10.121,00	3.040,46	2.370,04
Nuclear	10.200,00	1.300,00	1.413,00
Hydro	14.038,00	6.313,30	6.380,08
Wind	6.903,00	2.966,40	2.995,93
Biomass	514,00	126,20	132,41
Photovoltaic	1.754,00	1.307,20	1.315,41
Geothermal	0,00	0,00	0,00
Total	52.841,00	16.557,80	18.437,87

New technologies

The strategy at European level aims at increasing the use of renewable electricity sources in the energy mix, strengthening the position of customers and putting households and businesses at the centre of the European energy market. The ENTSO-E Roadmap proposes the use of new technologies to meet these challenges.

Among the directions of use of new technologies are:

1. digitalisation ;
2. standardisation and data exchange;
3. integration of storage systems;
4. increasing efficiency in the use of RET.

For Transelectrica the need to accelerate technological innovation is obvious. The development of new technologies for grid equipment and modelling methods will enable the company to fulfil its mission in an evolving energy system. This mission is shared by the Energy Regulator who encourages network operators to seek innovative solutions.

The company focuses more on technology integration than on innovation or the production of new technologies per se.

At the same time, the strategy argues that the development of smart technologies requires a significant effort to implement a large number of "*smart initiatives*".

According to the programmes carried out or initiated in recent years, Transelectrica's projects for the development of new technologies include:

1. implementation of technologies for monitoring and controlling the network and its components;
2. installing sensors and developing smart infrastructure to monitor the technical condition of critical assets;
3. implementation of security solutions regarding confidentiality, availability and integrity of information;
4. non-destructive systems to investigate inaccessible OHL pole elements (underground anchors).
5. anti-climbing protection systems complying with the requirements of the Environmental Guard. These are measures to protect birds with habitat in the vicinity of power lines;
6. OHL galloping mitigation systems with pendulum type elements;
7. determining and using dynamically determined transport capacity as a complementary method for more efficient use of existing infrastructure.

During 2022, new projects of interest in the use of new technologies have been identified and promoted, including:

1. Photovoltaic power plants (PPS) and energy storage facilities to supply internal services from Transelectrica's power stations;
2. facilities for regulating active power flows in order to limit congestion in the RET;
3. development of the infoStates_BDU application demonstrating interoperability between the BDU application and infoTechnical. It is possible to view the data entered for all 81 stations (identification data, technical characteristics, inspection bulletins, interactive normal diagrams) and to make complex queries through a set of interdependent filters;
4. Regional Phasor Data Exchange - Regional monitoring scheme to improve operational safety.
5. Project to ***optimise the operation of the existing 400 kV LEAs in the SEN, used in interconnection and for power evacuation from the Cernavodă nuclear power***

plant and renewable energy plants in Dobrogea, by installing on-line monitoring systems **(**SMART GRID type**).**

European projects in which Transelectrica is a partner

CROSSBOW European research project

The project, completed in April 2022, was part of the European Commission's Horizon 2020 research and innovation programme, namely the LCE pillar - 04-2017 - Demonstration of system integration with smart transmission grid and storage technologies with increasing share of renewables.

Crossbow is one of the largest projects funded under this axis, with a value of €22,000,000 over 48 months.

The project consortium consisted of 24 partners (from 13 countries):

- 8 Transmission and System operators in the South-East European area;
- 1 distribution operator;
- 1 Regional SecurityCentre;
- 2 major producers;
- 5 universities;
- 6 industry partners;
- 1 association.

Crossbow proposes to pool resources to promote cross-border management of renewables and storage units, enabling greater penetration of renewable energy sources while reducing grid operational costs and improving the economic benefits of RES and storage units.

The objective of this project was to demonstrate a series of new but complementary technologies that offer transmission system operators greater flexibility and robustness through the following advantages:

- better control of balancing energy at interconnection points;
- new storage solutions - distributed and centralised - that provide ancillary services for the operation of virtual storage facilities;
- improved information and communication technologies - for example better network observation, allowing flexible generation and demand response schemes;
- Defining a transnational wholesale market, proposing a fair and sustainable return on clean energy by defining new business models that support new player participation and cost reduction.

Transelectrica was one of the largest TSOs among the 8 present, playing an important role in this project, both in terms of network and geographical positioning.

The company has been active in 15 of the 20 work packages organised, with extensive input into this project, the results of which are expected to be important for what will become the power systems of the next decade.

FUTURE FLOW European research project

Transelectrica is part of the consortium dedicated to the "FutureFlow" project coordinated by the Slovenian Transmission System Operator (ELES), within the framework of the European Commission funded programme on the implementation of a competitive pan-European market, with the achievement of the EU emission reduction targets, Horizon 2020 - "Call for competitive low-carbon energy" in the section "Transmission grid and wholesale market".

The project has an implementation period of 4 years and aims to address a number of issues in the context of the emergence of new grid codes for

balancing electricity systems and the creation of regional markets for system services.

The FutureFlow project addresses the scope of secondary frequency regulation from generation to consumption and will deliver world-class performance to this specific power system activity. With this objective in mind, FutureFlow project partners are exploring new solutions for balancing the power system and managing flows in the European electricity grid. The "modern" consumers addressed by the FutureFlow project will be able to increase or reduce their consumption in seconds and thus perform the control functions that are today mainly performed by traditional hydro and thermal power plants.

The project is aimed at Transmission and System Operators, traders in the electricity market and manufacturers of industrial and communication components for the electricity sector.

Among the achievements of the project to date we mention:

- study of balancing markets at four Transmission and System Operators in terms of regulation potential, technical characteristics of controllable consumers (Demand Response - DR) and Distributed Generation (DG). Study on market adaptation for participation in secondary regulation of large wind power plants and the impact of forecast errors of wind power generation in the secondary regulation market;
- development of the overall architecture of the Future Flow (FF) platform for - automatic joint activation of the secondary regulation reserve (aFRR) and identification of links and implications on redispatching. Analysis of controllable consumers in load modification for industrial consumers, commercial consumers, self-generating industrial platforms, and renewables with installed capacities greater than 1 MW;
- identification of reserves and participating entities, processes to be developed, data requirements to be exchanged for secondary adjustment (aFRR) and redispatching capabilities;
- identification of requirements for interactions between FRR aggregation platforms and analysis of cybersecurity concepts in data transmission.

INTERRFACE European research project

The project "INTERRFACE - Interface aRchitecture to provide innovative grid services for an efficient power system" of the Horizon 2020 framework programme, under the LC-SC3-ES-5-2018-2020: TSO-DSO-Consumer: Large-scale demonstrations of innovative grid services through demand response, storage and small-scale (RES) generation, was one of the 2 projects approved by the EC in summer 2018 under this axis.

The project had a Consortium of 42 partners and took place over 48 months. It effectively started in January 2019 and aimed at developing and demonstrating a pan-European Interoperable Network Service Architecture (ASRIE), which will become an interface between the power system (TSO & DSO) and customers (consumers) allowing their coordinated operation and service procurement by all actors involved in this chain.

The project will develop and apply cutting-edge technologies based on blockchain and big data management that will bring new opportunities to the energy market, with benefits in the area of integration of renewable resources, lower electricity costs, etc.

The results of the project will bring the following novelty components:

- new services: market rules, coordination and flexible distributed allocation from distributed energy sources;
- Digital technologies: Internet of things, Big data management, Blockchain, Novel AI;
- advanced communication and information management technologies: which will support the plug-and-play model for different services and tools in an IT platform supporting the implementation of the pan-European Interoperable Network Services Architecture (ASRIE);
- data models: which will enhance data privacy and have a new structure, ensuring a heterogeneous and unified exchange between different actors at European level;
- changes and developments in the roles of actors within the NES: in particular through increased involvement, changing roles of consumers and the energy market by managing their needs and capabilities.

Research and innovation

Present and future challenges for transmission system operators (TSOs) (302-4)

The research and innovation strategy reinforces the Company's vision for the sustainable development of the national energy sector, providing the necessary support for the implementation of the priorities that are included in the RET Development Plan, supporting the implementation of the digitalization concept.

The relevant technological trends that will together create a new reality in energy systems are shown in the following figure:

Digitalisation

It will lead to higher volumes, quality and topicalness of information about the actual operation of the RET. This will contribute to informed decision-making, better RET planning and maintenance processes, so as to simultaneously minimise risks together with operational costs.

Solar energy

The developments of photovoltaic generating technologies will reduce the solar energy cost up to 40% in the next ten years, while the price of modules will drop more than 20% for each capacity doubling. By 2025 the photovoltaic technology will provide the cheapest electricity generation in many parts of the world.

Energy storage

For its better management in the context of technological development.

Bidirectional communications

For a better involvement of end clients into the improvement of services they benefit of.

Smart grids

Smart grids will begin to provide self-management and will include characteristics enabling self-configuration in order to manage security, safety and reduce losses; self-regulation to approach voltage variations and self-optimisation to damp disturbances. New modelling techniques will be developed for the design, testing and verification of electricity network management..

Main challenges for electricity transmission system operators from a research and innovation perspective:

Using HPC data extraction (High Performance Computing)	• Developing the information technology sector society-wide and economy-wide will also impact power systems. Passing from a supply system based on copper to one increasingly integrating information technology, data management and nodes, which also sustains cyber-security issues acquires capital significance.
Using new materials and technologies	• It is required to continue the efforts to use new materials, concepts, standards, instruments and algorithms that will process ever more information in order to address the security issue and that of power system stability.
Developing methodologies and instruments to operate the network closer to its physical limits, without endangering its security	• To better manage the network closer to its physical limits.
Enhanced utilisation of renewable resources	• In order to increase network flexibility.
Developments of other sectors	• • Such as accumulator batteries that have brought about new solutions and challenges in the power system and the need to extend the range of options contributing to system services.
Digitalisation of the power system	• Digitalising the power system and the cybersecurity issues associated to such developments; more active client participation on the electricity market represent challenges which the power system respond to by investments into research and innovation activities
Maintaining sysem security and stability	• TSOs will have to develop expert systems and support instruments for decision-making with a view to anticipate possible emergency circumstances, to provide early warning to system operators and suggest possible solutions with their success likelihood in real time..

Objectives of the Research and Innovation Strategy (302-4)

The research and innovation strategy reinforces the Company's vision for the modernisation of the transport network, providing the necessary support for the implementation of the priorities contained in the Development Plan, the Management Plan and the Management Plan, supporting the implementation of the digitalisation concept.

The main directions foreseen in the "Transelectrica Research and Innovation Strategy" are:

I. Innovation is the prerequisite for success in achieving the Company's vision and mission;

II. Innovation will be promoted as a priority for the Company's core activities, bringing added value by digitising processes, improving services and increasing personnel skills;

III. innovative solutions, technologies, systems and concepts required for key activities will be implemented across the Company after:
- testing and validation in *pilot* projects;
- or their critical evaluation in projects already completed in other organisations;

IV. Innovation will be the engine that will enable the Company to implement the Learning *Organization* concepts;

V. Innovation and research will support "Digitalisation " as a major objective;

VI. Research within the Company will focus on developing the following pillars:
- national and international partnerships in basic research and technological research (observation of basic principles, formulation of concepts for technologies, experimental demonstration of concepts, validation of technologies in laboratories);
- Partnerships with solution and equipment providers for product/technology demonstrations (technology validation in relevant environments and operational environments);
- partnerships in competitive procedures (for delivery and commissioning of products and solutions).

VII. personnel participation in events with an important innovation and research component both nationally and internationally (e.g. ENTSO-E, CIGRE, congresses, round tables, symposia, etc.) will also include the development of knowledge sharing and spreading of best practices within the Company in an integrated and regulated way;

VIII. the structuring of general and specific objectives will be done in relation to the methodology promoted in the ENTSO-E strategy in the field of research and innovation;

IX. the research and innovation strategy within the Company will follow the centralised organisational model (steering committee, strategy manager, process procedures, well-defined roles, objective-based management);

X. the funding of research and innovation work will be ensured as a priority both from own and other sources reaching the most consistent group of European network operators (e.g. grant programmes, subsidies, grants, partnerships, etc.).

The objectives contained in the "Research and Innovation Strategy" add value in the following areas:

- the Company's strategic vision;
- asset management;
- improving performance indicators (KPIs);
- developing essential capabilities in network operation;
- to seize opportunities to improve the Company's performance;
- skills development for Company personnel;
- maintenance and operation;
- developing partnerships with technology and solution owners.

The research and innovation strategy also ensures that the vision of all stakeholders to implement a flexible, open and interoperable infrastructure in a digital portfolio where traditional, mainly manual processes are eliminated or digitised so that information is accessible in real time is operationalised.

Digital transformation in the energy industry will bring new challenges for management teams, operational specialists and the Company's partners. The company is well placed to become a "Learning Organisation" if it fully utilises the potential of new technologies in achieving digital transformation.

To support these objectives, the Digital Transformation Concept Implementation Programme (2018-2027) has been approved and implemented.

The actions and activities included in the Digital Transformation portfolio of initiatives aim to increase the Company's performance by:

- innovation in operational and managerial processes;
- innovation through the introduction of digital technologies;
- innovation by introducing new concepts that will transform the company's business model;
- developing the Company's strategic capabilities (e.g. people, strategic assets, structure, processes, etc.).

The strategy argues that Grid Digitalisation is a clear opportunity for efficient development and effective management of the energy system, with proven cost-effectiveness in terms of improved service quality and operating costs.

The following tactical documents in the field of digitalisation are in place:

Part I: "Technical policy on the digitalisation of assets in the framework of modernisation initiatives within Transelectrica";

Part II Concept - "Geographic Information System and Outage Management System";

Part III Concept - "Digital Technology Testing and Personal Skills Development Lab";

Part IV - Concept "RET Asset Health Centre.

The pilot projects that will test the innovative concepts and technologies proposed by the strategic documents approved at Company level are those started under the acronym DigiTEL.

The objectives foreseen to be implemented in the DigiTEL flagship projects relate to the following targets:

- implementation, testing and validation in modernisation projects of the following concepts, methodologies, standards and elements of good practice:
  - *the concept of online monitoring of the technical condition of the Company's critical assets (e.g. transformer units, power lines, etc.);*
  - *asset management;*
  - *digital technology testing lab and personal skills development;*
  - *RET asset health centre;*
  - *GIS and WHO systems concept;*
  - *the concept of active health;*

- *the concept of a risk index on RET assets;*
- *methodology for developing and implementing Smart Grid concepts (e.g. architectures, interoperability standards, telecommunication standards, customer interfaces, etc.);*
- *the concept of E-learning;*
- *Smart Building concept;*
- *the concept of augmented/virtual reality.*

- training and certification of personnel to develop strategic capabilities in the field of digitalisation ;
- definition and implementation of projects with a strong innovation and learning component (e.g. digital station projects, IT&C infrastructure modernisation projects, asset management platform, environmental impact equipment, etc.);
- continue to participate in grant-funded projects to prepare the conditions for the adoption of new models, concepts and methodologies in the operational or enterprise area of the Company;

further develop partnerships with consultants and solution and service providers to understand new technological and managerial trends that may influence the future performance of the Company.

Portfolio of innovative digitalisation projects, under the acronym DigiTEL:

1. DigiTEL Pilot Project - "Upgrading the 220/110/20 kV Alba Iulia substation to a digital substation concept"

The project is at the stage of drawing up the specifications for the turnkey contract, design, supply of equipment, execution of works. The project is at the stage of public pre-bidding procedure for procurement. Objectives expected to be achieved:

General objectives:

- GL 1 - Increasing the operational reliability of the National Energy System;
- GL 2 - Standardisation of RET asset monitoring solutions;
- GL 3 - Ensure interoperability between operational and organisational level;
- GL 4 - Implementation of asset management standards requirements;
- GL 5 - Increase operational performance.

Specific objectives:

- OSp 1 - Digitalisation of information needed for management decisions;
- PSO 2 - Implementation of the "Health Index" concept;
- PSO 3 - Implementation of the "Risk Index" concept;
- OSp 4 - Implementation of the concept of "Statistical determination of lifetime";
- OSp 5 - Application of Smart Grid standards;
- PSO 6 - Improve the quality of decisions related to the operation, maintenance, upgrading or replacement of assets;
- OSp 7 - Optimising expenditure over the lifetime of the monitored asset.

Positive effect expected through the achievement of the investment objective:

- improving the operational safety of installations through actions aimed at:
  - Optimisation of the primary electrical scheme;
  - upgrading primary and secondary energy equipment;
  - ensuring remote control of the entire station from the central and territorial dispatching centres.

- improving personnel security;
- increase the quality of electricity transmission service;
- improving services for users of the electricity transmission network;
- lower operating and maintenance costs;
- improving the energy performance of the station;
- improving operational capabilities to implement standards associated with asset management and smart grids;
- improving response times in identifying and remedying non-conformities that have occurred;
- improving risk management associated with the operation and maintenance of the station;
- reducing environmental impact through the use of modern equipment and technology;
- developing specific skills needed to digitise processes.

2. DigiTEL Green pilot project - "Upgrading the 220/110/20 kV Mostistea substation to a digital and low environmental impact concept"

The project is at the stage of preparing the Design Basis.

General objectives:

- GL 1 - increasing the operational reliability of the National Energy System;
- GL 2 - standardisation of RET asset monitoring solutions;
- GL 3 - ensuring interoperability between the operational and organisational level;
- GL 4 - implementation of asset management standards requirements;
- GL 5 - increasing operational performance.

Specific objectives:

- OSp 1 - digitalisation of information needed for management decisions;
- PSO 2 - implementation of the "Health Index" concept;
- OSp 3 - implementation of the "Risk Index" concept;
- OSp 4 - implementation of the concept "Statistical determination of lifetime";
- OSp 5 - application of Smart Grid standards;
- PSO 6 - improve the quality of decisions related to the operation, maintenance, upgrading or replacement of assets;
- OSp 7 - optimising expenditure over the lifetime of the monitored asset;
- OSp 8 - implementation of the green grid concept.

Positive effect expected through the achievement of the investment objective:

- improving safety in the operation of installations through actions aimed at:
  - Optimisation of the primary electrical scheme;
  - upgrading primary and secondary energy equipment;
  - ensuring remote control of the entire station from the central and territorial dispatching centres.
- improving personnel security;
- increase the quality of electricity transmission service;
- improving services for users of the electricity transmission network;
- lower operating and maintenance costs;
- improving the energy performance of the station;
- improving operational capabilities to implement standards associated with asset management and smart grids;
- improving response times in identifying and remedying non-conformities that have occurred;

- improving the management of risks associated with the operation and maintenance of the station;
- reducing the environmental impact by using "green" equipment and technologies with non SF6 gas;
- developing specific skills needed to digitise processes.

3. Pilot project - DigiTEL 3D LineVision (Lidar scanning of TEL targets).

The project aims to test new LiDAR (Light Detection and Ranging), RGB (Red, Green, Blue) and infrared technologies and to evaluate the benefits of these technologies in case of a large-scale application in the Electricity Transmission Grid.

The project is ongoing, with scans of the LEAs covered by the project currently being carried out and final results to be presented in March 2023.

The main potential benefits of this technology are:

- reduce inspection time by up to 90%;
- reduce the cost of aerial inspections by up to 90%;
- increase safety by limiting human intervention;
- increase the efficiency of aerial inspections by covering a larger area compared to traditional ground methods;

Other benefits:

- training and further training of Transelectrica personnel on the operation of flight means;
- training and further training of Transelectrica personnel in the management and operation of spatial data;
- Transelectrica technical support on the adoption of standards, methodologies and best practice guidelines in the field of aerial inspections.

4. DigiTEL Smart Vision pilot project - "Increasing safety in operation and maintenance activities at Domnești station using digital technologies".

The project is at the stage of publication of the procurement notice.

General objectives:

- GL 1 - training and preparation of operational personnel on how to carry out certain operations;
- OG 2 - remote expert-assisted operation possible.

Specific objectives:

- OSp 1 - quick access to information and technical characteristics of equipment and facilities;
- OSp 2 - augmented visualisation of equipment and installations at power stations;
- OSp 3 - collection of all equipment and installation information in a single database with quick access to maintenance and operation procedures;
- OSp 4 - easy access with smart devices;
- OSp 5 - developing remote technical assistance skills for experts.

Benefits:

- Accessibility from your smartphone, tablet, laptop or smart glasses;
- remote access and control;
- easy accessibility to the documentation needed for the work (procedures/technical instructions) and also to reports and graphs provided automatically by the augmented reality system;
- on-site training of personnel involved in operation/maintenance activities;
- reducing the risk of human error of personnel involved in operation/maintenance activities;
- Eliminate physical (paper) reports and registers by filling them directly

into the augmented reality system on the spot.

6. **DigiTEL Smart Lines Project - "Optimization of the operation of the existing 400 kV LEAs in the SEN, used in interconnection and for power evacuation from the Cernavodă nuclear power plant and renewable energy plants in Dobrogea, by installing on-line monitoring systems (Smart Grid type).**

The project is at the stage of drafting specifications in order to launch the public procurement procedure for the design and supply/assembly services.

The project is at the tender evaluation stage for contract award.

The DigiTEL Smart Lines project contributes to the following objectives:

General objectives:

- GL 1 - ensuring high availability of assets in the RET;
- GL 2 - increasing flexibility in operation;
- GC 3 - achieving cost optimisation.

Specific objectives:

- OSp 1 - digitalisation of information needed for management decisions;
- OSp 2 - application of Smart Grid standards;
- OSp 3 - improve personnel performance in making decisions related to the operation, maintenance, upgrading or replacement of assets;
- OSp 4 - optimising expenditure over the lifetime of the monitored asset;
- PSO 5 - implementation of the "Health Index" concept;
- PSO 6 - implementation of the "Risk Index" concept;
- OSp 7 - implementation of the concept "Statistical determination of lifetime".

Benefits:

- obtaining real-time data on the operating and status parameters of the LEA;
- Correlation between the actual load of the LEA, the projected load capacity and the weather conditions;
- provide advance warning of operating problems near or above the permissible limits (tensile forces close to limit, conductor sag above permissible limit, alarming gallop);
- Fast reaction time for unforeseen situations and increased ability to react to bad weather;
- eliminating unnecessary and often risky interventions;
- minimal interruptions in RET;
- creation of a database to assess the technical condition and technical lifetime of the LEA;
- aligning with the latest regulations regarding the reliability of electricity transmission installations in view;
- improving the operation of existing RET, increasing the reliability and safety of SEN.

5. DigiTEL Trafo Expert Project - "Purchase and installation of 21 integrated monitoring systems for transformer units in CNTEE Transelectrica SA substations".

The project is being carried out in 3 phases:

- stage 1 - installation of 12 monitoring systems, estimated duration 17 months;
- stage 2 - installation of 3 monitoring systems duration, estimated 10 months;
- stage 3 - installation of 6 monitoring systems, estimated duration 15 months.

Phase I of the project is currently underway and is continuing with the implementation of the other two phases.

General objectives:

- GL 1 - ensuring high availability of assets in the RET;
- GL 2 - increasing flexibility in operation;
- GC 3 - achieving cost optimisation.

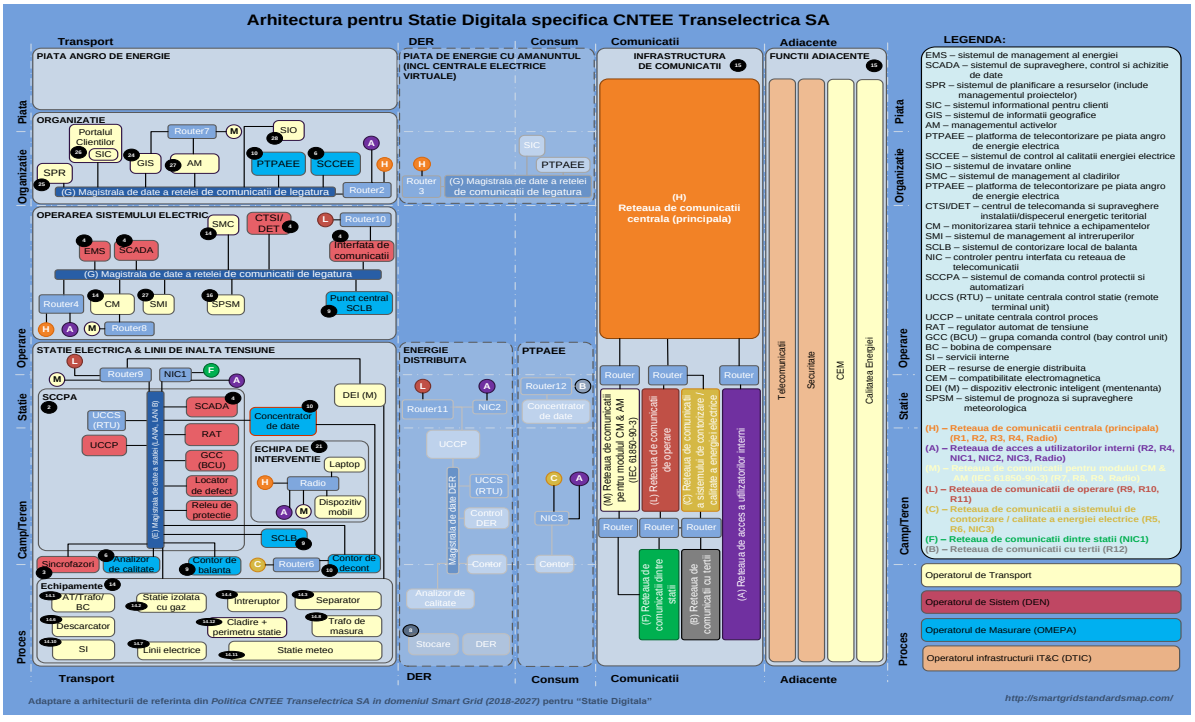
Specific objectives:

- PSO 1 - increase the capacity to respond to events with a particular impact on the security and functioning of the RET;
- OSp 2 - increase the time scheduled for the execution of some of the preventive maintenance works at the monitored transformer units and reduce the costs per type of intervention;
- OSp 3 - reducing the number of incidents by real data-based anticipation of normal scheme vulnerability.

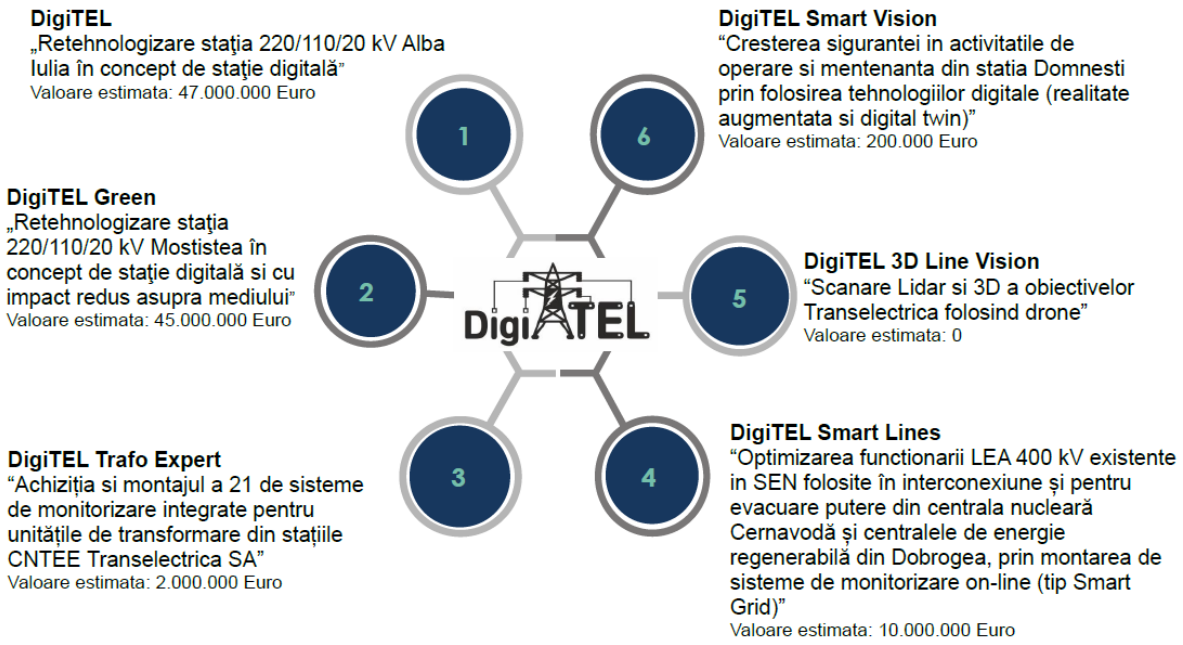
- increase the time scheduled for the execution of some of the preventive maintenance works at the monitored transformer units and reduce the costs per type of intervention;
- reducing the number of incidents by anticipating based on real data the vulnerabilities of the normal scheme;
- contribution to keeping in operation the monitored transformer units with expired normal operating life;
- reduce the cost of undelivered energy due to the decommissioning of monitored power transformers for maintenance or replacement;
- Data acquisition in the monitoring process allows the implementation of a totally redundant data acquisition structure, with major implications on the verification and elimination of erroneous data and decisions based on it.

Benefits resulting from the implementation of the project:

Architecture for Transelectrica specific Digital Station



New solutions for implementing the Smart Grid concept in RET (portfolio of innovative digitalisation projects, under the DigiTEL acronym)



Asset management challenges for Transmission System Operator (TSO)

From a Smart Grid perspective, asset management will enable important developments in the following areas:

- **network planning** (new asset management methods will enable efficient network planning by increasing infrastructure enabling the condition of network assets to be monitored, allowing a more efficient maintenance and development programme);
- **network operation** (dynamic asset management tools will enable proactive measures to improve network security and resilience. Monitoring the status of network assets enables network operators to fully utilise the capacity in the assets, increasing network flexibility and continuity);
- **socio-economic impact** (asset management innovation can improve network development by balancing different aspects of risk related to the operation of systems and can help reduce system failures).

The operationalization of the concepts will be achieved through the Technical Policy on Asset Digitization in Modernization Initiatives that will be applied by the Company's entities and design service providers:

- in the case of the implementation of the Company's RET asset development projects that promote the full digital station concept or partially the digital station concept (concepts that support

the Company's digital transformation processes).
- for the preparation of design documentation by the company, the design service provider or the contractor.

The pilot project that will test the innovative concepts and technologies proposed by the strategic documents approved at the Company level is the refurbishment of the 220/110/20 kV Alba Iulia station, which will be 100% digital.

Benefits of applying Smart Grid concepts and standards (302-5)

The benefits of applying Smart Grid concepts and standards to support efficient asset management:

- improving financial performance;
- investment and asset maintenance decisions are well consolidated;
- risk management related to the operation of energy systems;
- improved services and results;
- increase operational efficiency and effectiveness;
- extending the lifetime of assets.

Preventive maintenance actions based on asset reliability will support grid operators' decisions to improve the overall flexibility of energy systems, contributing to a high level of integration of energy sources.

Improving risk management in transmission networks requires the implementation of predictive maintenance policies based on more accurate estimates of asset lifetime.

Real-time monitoring of power flows in networks and the status (condition) of network assets can contribute significantly to asset management decisions (maintenance, upgrade, replacement).

EU taxonomy related to Transelectrica's activity under the Taxonomy Regulation (EU) 2022/852

Introduction

In 2018, the European Commission published the "Action Plan: financing sustainable growth", launching an ambitious and comprehensive strategy on sustainable finance. One of the objectives set out in this action plan is to redirect capital flows towards sustainable investments to achieve sustainable and inclusive growth.

At the same time, the climate and energy targets that the EU has set itself for 2030 and 2050 to implement the European Green Deal also require the involvement of the private sector in order to direct investment towards sustainable projects and activities.

In this context, non-financial reporting is a key element in managing the transition to a globally sustainable economy that combines long-term profitability with social justice and environmental protection. Users' information needs have grown significantly in recent years and are likely to continue to grow. One of the main reasons for this is the increasing level of awareness among investors that sustainability issues can jeopardise the financial performance of companies. Thus, non-financial disclosure helps to measure, monitor and manage the performance of companies and their impact on them.

The most important trend in the capital markets in recent years is the prioritisation and development of green and sustainable assets. With this in mind, the European institutions have introduced a taxonomy of economic activities that can be considered "sustainable", i.e. they are potentially capable of contributing to the achievement of pre-established environmental objectives.

In recent years, the European Commission has therefore adopted a number of pieces of legislation in an effort to address both climate change and other sustainability challenges. New legislative changes require greater transparency from companies on their sustainability impacts and how they manage related risks.

Establishing the regulatory framework for sustainability

1. Taxonomy Regulation - *Regulation (EU) 2020/852 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088* ***(Regulation (EU) 2020/852 , Taxonomy Regulation)***

The need for uniform criteria for reporting on economic activities that can be considered environmentally sustainable, criteria that ensure greater transparency and consistency in the classification of these activities and limit the risk of environmental misinformation, led to the adoption in 2020 of Regulation (EU) 2020/852[1] .

Thus, Regulation (EU) 2020/852 aims to provide investors, businesses and public organisations with reliable common criteria and methods for identifying sustainable economic activities. In addition, it allows quantification of the extent to which individual company activities adhere to and contribute to pre-

[1] Transposed into national law by OMFP no. 1239/2021 amending and supplementing the accounting regulations applicable to economic operators.

determined objectives, thus ensuring greater transparency for all stakeholders.

The Taxonomy Regulation establishes a common classification system to help define environmentally sustainable economic activities.

According to Regulation (EU) 2020/852, an economic activity can be defined as "environmentally sustainable" if:

- **meets the technical monitoring criteria defined, on a scientific basis, for each activity**. Compliance with the technical monitoring criteria ensures that an activity:
  - **contributes substantially to the achievement of at least one of the six environmental objectives** set out in Article 9 of the Taxonomy Regulation: climate change mitigation; adaptation to climate change; sustainable use and protection of water and marine resources; transition to a circular economy; prevention and control of pollution; protection and restoration of biodiversity and ecosystems;
  - **does not significantly harm (DNSH)** any of the other five environmental objectives;
- **respects minimum safeguards**, recognising the importance of human rights and the international rights and standards set out in: the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the United Nations (UN) Guiding Principles on Business and Human Rights and the International Labour Organisation (ILO) core conventions.

Therefore, companies subject to the non-financial reporting requirement should consider a number of key climate performance indicators, such as the proportion of turnover derived from products or services associated with economic activities that qualify as environmentally sustainable in accordance with the requirements of the Taxonomy Regulation, the **proportion of capital expenditure and the proportion of operating expenditure related to assets or processes associated with economic activities** that qualify as environmentally sustainable.

Delegated Regulation (EU) 2021/2139 supplementing Regulation (EU) 2020/852 by laying down technical criteria for the examination of whether an economic activity qualifies as an activity contributing significantly to climate change mitigation or adaptation and whether that economic activity causes significant damage to any of the other environmental objectives ***(Delegated Regulation)***

In June 2021, the European Commission adopted the Delegated Regulation, which sets out technical monitoring criteria for determining the conditions under which an economic activity qualifies as making a substantial contribution to climate change mitigation or adaptation and for determining whether that economic activity does not cause significant damage to any of the other environmental objectives.

The delegated regulation complements Article 8 of Regulation (EU) 2020/852, which requires entities required to publish non-financial information to provide information to investors on the environmental performance of their assets and economic activities. Thus, the Delegated Regulation specifies the content, methodology and nature of the information to be disclosed in the non-financial report, taking into account the particularities of financial and non-financial companies and the technical screening criteria set out in the Delegated Regulation.

Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021

supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and format of the information to be provided by undertakings subject to Article 19a or 29a of Directive 2013/34/EU in relation to environmentally sustainable economic activities and by specifying the methodology for compliance with this information obligation ***(Delegated Regulation (EU) 2021/2178)***

Delegated Regulation (EU) 2021/2178 specifies the content and presentation of the information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU.

4. *Corporate Sustainability Reporting Directive (CSRD) -* *Directive (EU) 2022/2464 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards sustainability reporting by companies* ***(Directive (EU) 2022/2464)***

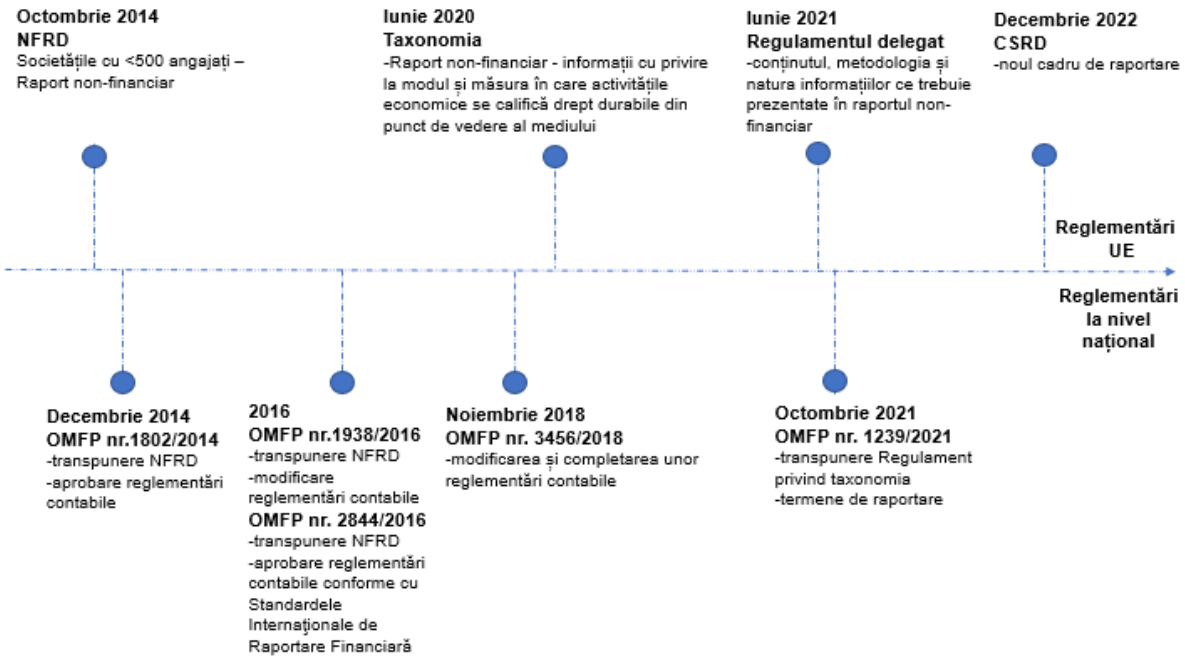
The Directive is the new regulatory framework, introducing more detailed reporting requirements and mandatory auditing of disclosures (ensuring that reported information is accurate and reliable) **into non-financial reporting.**

The CSRD aims to ensure a unified reporting framework containing adequate information available to stakeholders on:

- the risks that sustainability issues pose to companies;
- the impact of societies on people and the environment.

This requires, on the one hand, that companies from whom users need sustainability information report such information and, on the other hand, that they report all information that users consider relevant.

Cadrul legal privind cerințele de raportare non-financiară cu impact asupra CNTEE Transelectrica SA



NFRD / CSRD

	NFRD	CSRD
Who is covered?	• Large public entities with >500 employees and meeting 1 of 2 financial criteria (total assets > EUR 20 million or net turnover > EUR 40 million)	• All large companies (meeting 2 out of 3 criteria: >250 employees, total assets > EUR 43 million or turnover > EUR 50 million) • All companies with securities listed on EU regulated markets (except micro-enterprises)
What should be reported?	• Business model • Policies and their outcomes on environmental, social and employee issues, human rights, bribery and corruption • Main risks and due diligence procedures in relation to the above issues • Relevant KPIs • Diversity in the company's management/supervisory board (in terms of age, gender, educational and professional experience)	• Business model and strategy • Targets and progress against them • Role of the Management/Supervisory Board and the governing bodies • Policies and their results • Main risks and due diligence procedures • Relevant KPIs • Negative Impact • Intangible assets (social, human and intellectual capital) • Process of defining the content of the report (double materiality)
Where does it report?	• Management report or a separate report	• Management report
Reporting format	• Online or in PDF format	• Reported information must be in XHTML format and digitally "tagged" to be machine readable
Audit	• External audit is not mandatory in most countries (including Romania)	• Mandatory external audit (limited level of assurance) confirming compliance with EU sustainability reporting standards, report content identification process, digital

		tagging and compliance with Taxonomy Indicators

EU taxonomy related to Transelectrica's activity

The Taxonomy distinguishes between taxonomy-eligible economic activities and taxonomy-aligned economic activities as follows:

- ***taxonomically eligible economic activity:*** an economic activity described in delegated acts adopted in accordance with Regulation (EU) 2020/852, regardless of whether that economic activity meets one or all of the technical selection criteria set out in those delegated acts;
- ***taxonomy-aligned economic activity:*** an economic activity that makes a substantial contribution to one of the six EU environmental objectives (fulfils the technical selection criteria set), does not significantly harm any of the other five and is carried out in compliance with minimum social safeguards.

In the process of studying and analysing the eligibility and alignment of Transelectrica's activities with the Taxonomy, the following steps were taken:

a) classification and grouping of Transelectrica's economic activities;
b) analysis of the eligibility of the activities identified;
c) assessment of compliance with the technical criteria set out in Delegated Regulation (EU) 2021/2139 for contributing to the environmental objectives of climate change mitigation and adaptation;
d) The activities must not cause significant damage to other EU environmental objectives defined in Regulation (EU) 2020/852;
e) checking compliance with minimum social guarantees.

Among Transelectrica's main objectives relevant to the taxonomy, we recall:

- **providing electricity transmission and system service** at the level of customer requirements and expectations and performance standards defined in regulations and contracts;
- **optimising the operation of the RET infrastructure** to ensure the quality of the electricity transmitted in accordance with ENTSO-E requirements and the RET Technical Code, limiting the negative impact on the environment to a European acceptable level;
- ensuring that participants have access to the RET, as the backbone of the wholesale electricity market, in a transparent, fair and non-discriminatory manner;
- **development and modernisation of the RET** in line with users' needs;
- supporting the development and diversification of the internal and regional electricity market with a view to integration into the European market;
- major contribution to ensuring the sustainable development of the national economy.

Transelectrica's activities	Description of the activity according to Commission Delegated Regulation 2021/2139	Eligible activities	Aligned activities
Management and operation of energy infrastructure at national level **Includes electricity transmission, system operation and transmission grid management for the national electricity system.**	**<u>Activity:</u> Transmission of electricity.** Description: including activities in the Regulated Activities segment, mainly concerning the development, operation, exploitation and maintenance of the RET, which is part of the European interconnected system, as well as dispatching and metering activities.	Yes. 100% eligible	Yes. 100%. aligned

With regard to the elements arising from the management and operation of the energy infrastructure at national level, Transelectrica's core business, the Company will refer, within the deadlines of the Commission Delegated Regulation 2021/2139, to a number of specific objectives:

Ob. 1. Climate change mitigation - Meeting the technical criteria for a substantial contribution to the objective of climate change mitigation.

Ob. 2. Adaptation to climate change - Meeting the technical criteria for a substantial contribution to the objective of adaptation to climate change.

Ob. 3. Sustainable use and protection of water and marine resources.

Ob. 4. Transition to a circular economy.

Ob. Pollution prevention and control. Construction activity

Ob. Pollution prevention and control. PCB (Printed Circuit Board)

Ob. 5.3 Pollution prevention and control. Electromagnetic fields

Ob. 6. Protection and restoration of biodiversity and ecosystems.

Also, in the context of the above-mentioned regulations, the following indicators will be taken into account for the well-being, evolution and compliance of the company: Turnover, CAPEX and OPEX associated with activities aligned to the taxonomy.

Therefore, taking into account the legislative changes adopted at European level, the **year 2023 is a transition year for the Company, with the Sustainability Report for the year 2022 being published after the publication of the financial statements and the Annual Report for the year 2022.**

About the report (102-3, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-55)

Transelectrica publishes its fifth sustainability report, which continues the path started in 2018, using previous experience to present increasingly relevant indicators for stakeholders.

This report has been prepared in accordance with the Global Reporting Initiative Standards (GRI Standards - Core option) and covers the reporting period 1 January 2022 - 31 December 2022.

The information contained in Transelectrica's Sustainability Report does not deal exhaustively with the non-financial aspects of the Company, but is based on what stakeholders have reported to us as areas of interest. In addition to updated information on indicators known from the past, this report brings new points that place the Company in line with institutions that pay additional attention to areas of global importance - environmental protection, employee protection and welfare, reducing gender inequality or promoting sustainable business.

We have further chosen this reporting standard to ensure that stakeholders receive information that is relevant and in line with current trends in the international space, without limiting ourselves to the mandatory reporting topics specified in the applicable legislation.

Continuing its reporting practice, Transelectrica intends to report non-financial information annually.

The contact point for questions or any other information is at Transelectrica's head office at 2-4 Olteni Street, sector 3, Bucharest, Department of Corporate Strategy and Non-financial Reporting.

GRI INDEX

General aspects

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GLOSSARY

AGA - General Meeting of Shareholders
ANRE - National Energy Regulatory Authority
BVB - Bucharest Stock Exchange
EC - European Commission
CPT - One's Technological Consumption
CRE - Romanian Energy Centre
dB - decibels
EGRC - Company Risk Management Team
ENTSO-E - European Network of Transmission System Operators for Electricity
GRI - Global Reporting Initiative
GWh - Gigawatt hour
KPI - Performance Indicators
kV - Kilo-volt
OHL - Overhead power lines
MW - Megawatt
MWh - Megawatt hour
TSO - Transmission and System Operator
DAM - Day-Ahead Market
IP - Intra-country market
PE - Balancing Market
RET - Electricity Transmission Network
SEN - National Electricity System
SNA - National Anti-Corruption Strategy
TWh - Terrawatt hour
UNO-DEN - Operational Unit - National Power Dispatcher