



Transelectrica®

Societate Administrată în Sistem Dualist

Compania Națională de Transport al Energiei Electrice
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To: **GENERAL MEETING OF SHAREHOLDERS**

**Report of the Audit Committee and the Risk Management Committee
by the Supervisory Board of CNTEE "Transelectrica" S.A. (TEL) for the year 2025 on
the Company's internal control and significant risk management systems**

The Supervisory Board (SB) plays a key role within the Company; it monitors and oversees the work of the Management Board to safeguard the interests of shareholders. The Supervisory Board is therefore empowered to establish the control and verification procedures it deems necessary to carry out its supervisory duties and subsequently to report on its activities to shareholders at General Meetings of Shareholders (GMS). The organisational and operational structure of the SB and the decision-making procedure within the advisory committees were established by the Regulations on the Organisation and Functioning of the TEL SB, in accordance with the powers and responsibilities set out in the relevant legislation, namely: The Companies Act, capital markets legislation, Law No. 123/2012, Government Emergency Ordinance No. 109/2011, and the Articles of Association.

All seven members of the Supervisory Board have completed and submitted declarations of independence.

Committee members are nominated from among the members of the Supervisory Board (who were themselves appointed by the shareholders pursuant to HAGOA No. 1 of 28 February 2024 for a four-year term).

The current membership of the Audit Committee is as follows:

- ✓ ZEZEANU Luminița - Chairman
- ✓ ATANASIU Teodor
- ✓ RUSU Rareș Stelian Rareș
- ✓ PĂUN Costin-Mihai
- ✓ VASILESCU Alexandru-Cristian

The Risk Management Committee ensures that control activities are aligned with the risks arising from the activities and processes subject to control; it identifies, analyses, assesses, monitors and reports on the risks identified, the plan for mitigating or anticipating them, and other measures taken by the Management Board. It is also responsible for assessing TEL's solvency in relation to its usual duties and obligations, and reports to the Supervisory Board or, where appropriate, makes proposals to it. The current membership of the Risk Management Committee is as follows:

- ✓ ATANASIU Teodor ATANASIU - Chairman
- ✓ VASILESCU Alexandru-Cristian
- ✓ DASCĂL Cătălin-Andrei
- ✓ RUSU Rareș Stelian Rareș
- ✓ ORLANDEA Dumitru Virgil.

The committees within the TEL Supervisory Board carried out their work in accordance with the relevant legal provisions. In carrying out their duties, the Audit Committee and the Risk Management Committee regularly monitor the financial reporting process, the effectiveness of the internal control and internal audit systems, and the risk management system adopted by the Company. The committees submit reports on their activities to the Supervisory Board.

During 2025, the Audit Committee, which held seven meetings, reviewed the financial and management reporting processes, as well as the process for preparing the separate and consolidated annual financial statements.

The Audit Committee has approved the Annual Internal Audit Plan for 2026 and the Report on Internal Audit Activities for 2025, carried out at the level of the Company and its subsidiaries. During the meetings, the data and information contained in the following documents were also analysed and verified:

- The revenue and expenditure budget for 2025 and estimates for 2026–2027;
- The Investment Programme for 2025 and the estimated investment expenditure for 2026 and 2027;
- The preliminary separate financial statements as at and for the financial year ended 31 December 2024;
- Separate financial statements for the year ended 31 December 2024;
- Consolidated financial statements for the year ended 31 December 2024;
- The Management Board’s annual report on the Company’s activities in 2024, in accordance with the provisions of capital markets legislation;
- The Management Board’s consolidated annual report on the Company’s activities in 2024, in accordance with the provisions of capital markets legislation;
- Finalisation of the Supervisory Board’s Half-Yearly Report on the economic and financial performance of CNTEE “Transelectrica” S.A. for the second half of 2024;
- Simplified interim financial statements as at 31 March 2025;
- Report on the Company’s financial performance as at 31 March 2025;
- Simplified interim financial statements as at 30 June 2025
- Report on the Company’s financial performance as at 30 June 2025;
- Supervisory Board Report on Management Activities, January–June 2025;
- Interim financial statements as at 30 September 2025;
- Report on the Company’s financial performance as at 30 September 2025 ‘ASF Quarterly Report’;
- The Management Board’s Activity Report for the period January–September 2025;

During the meetings, the members of the Audit Committee of the SB took note of the following documents:

- The independent auditor’s report on the separate financial statements for the year ended 31 December 2024;
- The independent auditor’s report on the consolidated financial statements for the year ended 31 December 2024;
- Notice regarding the proposed allocation of net profit as at 31 December 2024;
- Notice regarding the proposed gross dividend per share from the profit recorded as at 31 December 2024.

At the same time, in 2025, members of the Audit Committee and the Risk Management Committee were involved in drafting and finalising:

- Report of the Audit Committee and the Risk Management Committee of the Supervisory Board of CNTEE “Transelectrica” S.A. (TEL) for the year 2024 on the Company’s internal control and significant risk management systems, prepared in accordance with the provisions of the Corporate Governance Code of the Bucharest Stock Exchange (document for the Annual General Meeting of Shareholders held on 29 April 2025);
- The SB’ report on management activities, drawn up in accordance with Government Emergency Ordinance No 109/2011, presented to the shareholders at the ordinary general meeting held on 9 December 2024;

Throughout 2025, the Audit Committee was kept informed of the progress of the 2025 Internal Audit Action Plan and was provided with all the internal audit reports drawn up in 2025 for its approval.

We hereby provide shareholders with a brief overview of the Company’s internal control and significant risk management systems:

I. Report on the activities carried out in 2025 by the Internal Public Audit (IPA) unit within CNTEE “Transelectrica” S.A. and its subsidiaries

The activity report outlines how internal public audit activities are organised and carried out within the Company and its subsidiaries (the Company for Maintenance Services of the Electricity Transmission Network “SMART” – S.A., the Electricity Market Operator “OPCOM” – S.A., “FORMENERG” – S.A., the Company for Telecommunications and Information Technology Services in Electricity Transmission Networks “TELETRANS” – S.A., and “ICEMENERG – SERVICE” – S.A. At these entities, the status of the establishment of the internal public audit function is as follows:

1. Three subsidiaries have established their own internal public audit structures, with the approval of CNTEE “Transelectrica” S.A.;
2. two internal public audit units, with this function being performed by the higher-level body. Internal public auditing is carried out by CNTEE “Transelectrica” S.A. for its subsidiaries FORMENERG and ICEMENERG SERVICE S.A.

During 2025, in accordance with the Company’s organisational structure, there were eight Regional Transport Branches, which did not have legal personality.

I.1. Planning internal public audit activities

In 2025, the Internal Public Audit (IPA) unit carried out its activities in accordance with the Annual Internal Public Audit Plan approved at the start of the year by the Supervisory Board and in accordance with the provisions of Law No. 672/2002 on internal public audit, as republished, Government Decision No. 1086/2013 approving the General Rules on the conduct of internal public audit activities, and the International Standards for the Professional Practice of Internal Auditing.

- ✚ The annual internal public audit plan for 2025 was drawn up on the basis of:
 - ✓ Risk analysis;
 - ✓ Requests from members of the Management Board/Supervisory Board;
 - ✓ Available time;
 - ✓ Adherence to the audit schedule;
 - ✓ The human resources involved.

The annual internal public audit plan for 2025 comprised 20 regularity/compliance audits. The annual internal public audit plan for 2025 was not revised during the year.

- ✚ At the three subsidiaries of CNTEE “Transelectrica” S.A. that have published an Annual Report on internal public audit activities, the activity planning process has the following specific features:
 - The SMART Multi-Annual Plan for 2025–2027 and the Annual Internal Public Audit Plan for 2025 were approved at the end of 2024. Three routine missions have been scheduled.
 - At OPCOM, the planning of the internal public audit work for 2025 mainly concerns the following:
 - approval of the Multi-annual Internal Public Audit Plan for the period 2023–2025;
 - the approval of the Annual Internal Public Audit Plan for 2025, which included four internal public regularity audit engagements;
 - at TELETRANS a total of four regularity audits were carried out in accordance with the Annual Internal Audit Plan for 2025, approved at the end of 2024 by the Board of Directors and based on the Multi-annual Internal Audit Plan 2024–2027. The 2025 Annual Plan sets out four assurance engagements, namely:
 - Assessment of the activities of the Financial Management Control Unit;
 - Assessment of the corruption prevention system;
 - Audit of the Technical Department’s activities – telecommunications operations;
 - Audit of the Secretariat, Administrative Services and Assets Department.

I.2. Internal public audit engagements carried out

In 2025, CNTEE “Transelectrica” S.A. completed the 20 planned internal public audit assignments, which covered the following areas:

- 11 – specific fields;
- 8 – finance and accounting;
- 1 - the field of human resources;

The Annual Internal Public Audit Plan for 2025 was implemented in full.

I.3. The current state of internal public audit

The internal public audit function has been in place and operational within CNTEE “Transelectrica” S.A. since 2004.

Across its five branches, its operations have the following characteristics:

- ✓ The situation regarding the establishment of the internal public audit function is as follows:
 - three subsidiaries have established their own internal public audit functions, with the approval of CNTEE “Transelectrica” S.A.;
 - Two subsidiaries have established an internal public audit function by assigning this role to the higher-level management body. Internal public auditing is carried out by CNTEE “Transelectrica” SA for its subsidiaries FORMENERG and ICEMENERG SERVICE SA.
- ✓ In terms of how the internal public audit function is organised, the three subsidiaries that have established their own internal public audit departments have opted for the following structure:
 - one (SMART) for work;
 - one (OPCOM) for the office;
 - one (TELETRANS) per compartment.
- ✓ Internal public audit is in place at four organisations:
 - to three entities (SMART, OPCOM, TELETRANS) through its own structure;
 - to an entity (FORMENERG) via its superior authority. FORMENERG S.A. is in the process of merging by absorption with TELETRANS S.A.;
- ✓ At one organisation (ICEMENERG SERVICE), the internal public audit is not operational, even though it was established by the higher-level authority. ICEMENERG SERVICE is currently undergoing bankruptcy proceedings; no internal public audits have been carried out in recent years.

I.3.1. Reporting on internal public audit activities

The three subsidiary entities (SMART, OPCOM and TELETRANS) are therefore required to prepare and submit to CNTEE “Transelectrica” SA the annual activity report on the internal public audit function. Of these, the Annual Activity Report was issued by three subordinate public entities (subsidiaries), and the information provided by them is also included in this report.

I.3.2. The independence of the internal public audit function and the objectivity of auditors

Independence is a key feature of the internal public audit function, whilst objectivity is the hallmark of internal auditors. Consequently, the following criteria are observed to ensure the independence of the internal public audit function¹:

- ✓ the internal audit function reports directly to the Company’s senior management;
- ✓ The appointment and dismissal of the management of the internal public audit function and of internal auditors is subject to an approval process, in accordance with the law, and the following criteria are observed to ensure the objectivity of internal auditors:

¹ In accordance with the current legal framework, namely Law No. 672/2002, as republished with subsequent amendments and additions, and Government Decision No. 1086/2013, as well as the International Standards for the Professional Practice of Internal Auditing (IPPF) issued by the Institute of Internal Auditors (Standards 1100 to 1130).

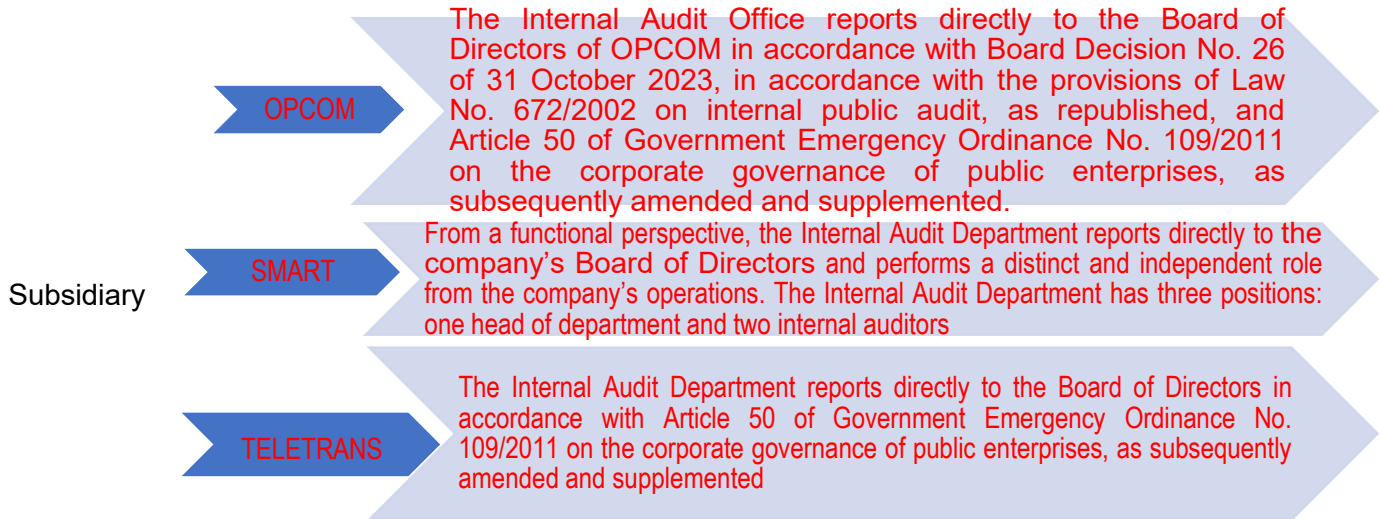
- Internal auditors are not involved in activities that they may subsequently audit;
- Internal auditors declare their independence in the course of the internal public audit and evaluation assignments they carry out.

❖ At CNTEE “Transelectrica” S.A.

The Internal Public Audit (IPA) unit reports to the Supervisory Board. In 2025, a new head of the Internal Public Audit unit was appointed with effect from 30 July 2025, and an internal auditor was appointed with effect from 1 April 2025.

❖ At CNTEE “Transelectrica” S.A The following information has been drawn from the annual activity reports issued by three operational internal audit units:

Regarding the position of the internal public audit function:

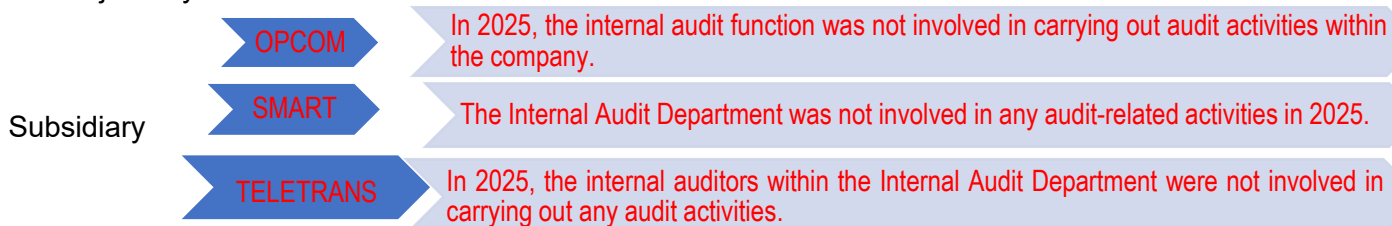


With regard to the implementation and compliance with the procedure for the appointment and dismissal of head of the internal public audit function during 2025:



Within CNTEE “Transelectrica” S.A.: during 2025, the Internal Public Audit function was not involved in carry out auditable activities. Furthermore, during 2025, all internal auditors completed the ‘Declaration Independence’ for each internal public audit engagement in which they participated. No issues were identified following the completion of these declarations.

The objectivity of internal auditors within subsidiaries:



In 2025, they did not encounter any difficulties when completing their declarations of independence.

I.3.3. Establishing the methodological and procedural framework

The methodological and procedural framework governing internal public audit activities covers aspects designed to ensure the proper conduct of such activities, in accordance with the applicable methodologies and procedures, whilst also taking into account the application of and compliance with the internal auditor's code of ethical conduct. With regard to the conduct of activities within the internal public audit function, these are also subject to the issuance of system or operational procedures, as appropriate. With this in mind, internal public audit bodies need to assess and decide how many of the activities carried out require a written procedure (i.e. a written procedure must be issued for that activity). In this context, the extent of the procedures carried out may vary from one entity to another, depending on the professional judgement applied. Furthermore, with regard to procedural activities, the stage of the proceedings will be determined. Naturally, the target is 100%, and the aim is to get as close as possible to this score.

I.3.4. The existence of written procedures specific to internal public audit activities

✚ At CNTEE "Transelectrica" S.A. and its subsidiaries, all stages involved in carrying out internal public audit tasks—from planning through to monitoring and reporting on the progress of implementing recommendations—are set out in the company's own regulations. Consequently, internal public audit activities were carried out in 2025 in accordance with the provisions of the specific internal public audit regulations. Furthermore, in 2025, the Internal Audit Charter and the Internal Audit Guidelines specific to internal public audit activities, drawn up by OPCOM and SMART in accordance with the legislative and organisational changes implemented within the company and in accordance with the Guidelines on the application of Law No. 672/2002 on internal public audit, in conjunction with Article 50 of Government Emergency Ordinance No. 109/2011, in the case of public enterprises (with their own internal public audit department). In conclusion, written procedures have been issued for all procedural activities, representing a 100% compliance rate with regard to the issuance of procedures.

I.3.5. Ensuring and improving the quality of internal public audit work

✚ Development and updating of the Quality Assurance and Improvement Programme (PAIC)

In accordance with the provisions of point 2.3.7 of Annex 1 to Government Decision No 1086/2013, the internal public audit function shall draw up a Quality Assurance and Improvement Programme (PAIC) covering all aspects of internal public audit, designed to enable continuous monitoring of its effectiveness. The implementation of the PAIC ensures that this activity is carried out in accordance with the rules, guidelines and Code of Ethical Conduct for Internal Public Auditors, and contributes to improving the work of the internal public audit function. The PAIC is used to draw conclusions regarding the quality of internal public audit work and to make recommendations for implementing appropriate improvements to this work; it should also enable an assessment of:

- compliance with the applicable legal framework;
- the contribution of internal public audit to the organisation's governance, risk management and control processes;
- full coverage of the auditable scope;
- compliance with the laws, regulations and procedures to which internal public audit activities must adhere;
- the risks affecting the functioning of internal public audit.

PAIC requires a systematic and disciplined approach to the periodic self-assessment process, including the method for carrying out periodic self-assessments for each year between external evaluations. A fully operational PAIC continuously monitors internal public audit activities and conducts regular self-assessments of these activities to ensure compliance with the applicable legal and procedural framework. Through this process, the external evaluation effectively becomes an opportunity to gain new insights from the evaluator or the evaluation team on how to improve the overall quality, efficiency and effectiveness of internal public audit.

❖ At CNTEE "Transelectrica" S.A.

On 10 December 2020, the latest update to the PAIC was carried out within the Company's internal audit structure.

❖ At the level of the subsidiaries of CNTEE "Transelectrica" S.A.

The following information has been drawn from the annual activity reports issued by three operational internal public audit bodies:

1. The 2022 version of the Programme for ensuring and improving the quality of internal public audit activities applies to the internal public audit structure within OPCOM and includes the action plan for the period 2023–2025.
2. Within SMART's Internal Audit Department, the PAIC issued in 2023 did not require any updates in 2025.
3. Within Teletrans' internal public audit structure, the document was last updated in March 2021.

I.3.6. Conducting the external evaluation

In addition to the PAIC, the quality of the internal public audit function can be improved through external evaluations. These assessments must be carried out every five years, in accordance with national legislation and the international standards for internal public audit issued by the Institute of Internal Auditors. The aim of the external evaluation is to assess the internal public audit function in terms of its compliance with the definition of internal public audit, the requirements of the code of ethical conduct, and the relevant provisions of national legislation. External evaluations may also focus on identifying opportunities to improve the internal public audit function, offering suggestions to enhance the effectiveness of this activity and promoting ideas to boost the profile and credibility of the internal public audit function.

- ❖ At CNTEE "Transelectrica" S.A. and its subsidiaries in 2025, the API was not assessed by the Internal Audit Department of the General Secretariat of the Government, the superior hierarchical body, nor was the internal public audit activity within the three subsidiaries assessed by the superior hierarchical audit structure, namely the Internal Public Audit Department within CNTEE "Transelectrica" S.A.

I.3.7. Human resources allocated to internal audit

At a time when there is a growing emphasis on organisational accountability, improving internal control, risk management and corporate governance, greater emphasis should also be placed on internal public audit structures. In order to achieve its objectives, it is important that the internal public audit function² has access to staff with the necessary skills for this purpose.

- ❖ At CNTEE "Transelectrica" S.A. – At the entity level, as at 31 December 2025, the internal public audit structure had one management post (Chief Inspector) allocated to it. The person who has also taken on the duties of Chief Inspector is employed in another organisational unit of the Company. In terms of operational positions, as at 31 December 2025, the Internal Public Audit unit had seven internal auditor posts allocated to it, all of which were filled.
- ❖ At the subsidiaries of CNTEE "Transelectrica" S.A., as at 31 December 2025, all management and operational positions within the internal public audit structures were filled, except at SMART, where the management post was vacant.

I.3.8 Staff structure and professional qualifications as at 31 December 2025

The following criteria were taken into account when analysing the staff structure: experience in internal public audit, field of specialisation, foreign languages spoken, national and international certifications held, and membership of national and international professional

² Having a minimum number of staff within the internal public audit function is a very important consideration, for the following reasons:

- Article 2(f) of Law No 672/2002, as republished, with subsequent amendments and additions, specifies that an internal public audit body may be established with a minimum of two full-time positions. Consequently, any internal public audit body should comply with this legal provision by having at least two full-time internal public auditor positions.
- The entire internal public audit methodology set out in Government Decision No 1086/2013 refers to the existence of an internal public audit team which must include an audit supervisor. Consequently, any internal public audit body should comply with these requirements, requiring a minimum of two full-time posts, which must also be filled.

organisations. All these factors, together with the professional training of staff, contribute to a thorough assessment of human resources, which is a crucial factor in the conduct of internal public audit work.

❖ At CNTEE “Transelectrica” S.A.

In accordance with the job classification scheme set out in the Collective Bargaining Agreement, all employees within the API are classified as internal auditors, and the head of the department is classified as Chief Inspector. According to the staffing table, effective from 29 August 2025, the Internal Public Audit (IPA) unit comprises one post of Chief Inspector and seven posts of internal auditor, of which six are held by internal auditors with more than five years' experience in internal public audit, with one post having been filled in April 2025. As at 31 December 2025, staff within the Internal Public Audit (IPA) unit have the following professional qualifications: Seven economists, two of whom are engineers, and one of whom also holds a degree in mathematics and computer science. All seven API employees speak English; three of them also speak French, and one also speaks Turkish.

The status of the certifications held by the internal auditors and the Chief Inspector within the API is as follows:

- An internal auditor is a financial auditor and a business valuation expert.
- One internal auditor holds an ANRE-accredited electrician's certificate (Grade IV A+B) and an ISC-accredited site manager's certificate in the field of electrical networks.
- An internal auditor is also a quality auditor.

❖ At the level of the subsidiaries of CNTEE “Transelectrica” S.A.

1. The Internal Audit department within OPCOM employs one experienced staff member over 18 years' experience in internal public audit (head of the department) as well as an employee with experience dating back to September 2020 in internal public audit,
2. Within the SMART subsidiary, as at 31 December 2025, the Internal Audit Department had the following structure: 1 internal auditor with experience in public internal auditing from 2020 to the present, specialising in: communications, quality auditing; languages spoken: French; international certifications: CIA and 1 internal auditor with experience in public internal auditing from 1 April 2023 to the present, specialising in economics; languages spoken: English and French.
3. At the Teletrans subsidiary, the manager has over 6 years' experience in internal public auditing, with a degree in economics, professional experience in financial management control, and over 16 years' experience in financial management - accounting, and extensive experience in the financial management of infrastructure projects with European funding. He speaks English. The operational staff have over five years' experience in internal public audit, with specialist legal qualifications and professional experience in public procurement and internal management control, as well as over 15 years' professional experience in the legal field; they are English speakers.

I.4. Ensuring continuous professional development

❖ At CNTEE “Transelectrica” S.A.

The attendance rate for professional training is 100%. The average number of training days for each internal public auditor is 15, broken down as follows:

- 0 days of training;
- 120 days of self-study;
- 0 days through other forms of training.

It is noted that, thanks to the individual study undertaken by each internal auditor, the minimum professional training requirement laid down in the relevant legislation³ (15 days per year) has been met.

❖ At the level of the subsidiaries of CNTEE “Transelectrica” S.A.

1. At OPCOM, the participation rate in professional training is 100%. The average number of days of professional training undertaken during the reporting year was 15 days per person, with both operational and management staff taking part. No issues were encountered during the reporting year regarding the completion of the minimum number of training days required by the regulatory framework.
2. At SMART, the participation rate in professional training is 100%. Throughout 2025, taking into account existing training needs, the main areas of professional development were: internal public audit, internal management control, risk management, finance and accounting, procurement (goods, services, works) and relevant legislation. Professional training within the internal audit department was carried out over a period of 30 days (15 person-days) through individual study of the legal and procedural framework governing the areas audited, as well as the review of various specialist publications and relevant legislation.
3. At Teletrans, the participation rate in professional training is 100%. The management team undertook four days of professional training and 11 days of self-study. The operational staff completed 15 days of self-study. Due to the complex nature of the work within the Internal Audit Department and the limited number of internal auditors, which made it difficult to meet the minimum number of training days during the reporting year, professional development was carried out through individual study undertaken by each CAI employee in the field of internal public audit.

I.5. Analysis of the appropriateness of the size of the internal public audit unit

A combined interpretation of the relevant provisions of the law⁴ indicates that the scope of the audit must be fully covered within a four-year period, depending on the risks associated with the activities. The internal audit function is organised in such a way that it does not have the necessary resources to audit, on a risk-based basis, all of the Company’s activities within a four-year period. In accordance with the applicable regulations, the internal public audit structure is understaffed (in terms of the number of internal auditors, relative to the volume of work and the scale of the associated risks), and therefore does not ensure that all activities falling within the scope of internal public audit are audited.

❖ At CNTEE “Transelectrica” S.A.

Taking into account the existing staffing levels—namely seven existing and filled posts—the coverage rate of the auditable scope over four years is 54%. In order to comply with legal

³ In order to ensure the ongoing professional development of every auditor, and to maintain and enhance their competence, the legislative framework requires them to undertake a minimum of 15 days per year of professional development. Training needs were identified in line with the skills requirements necessary to ensure the achievement of the objectives of the assignments set out in the audit plan and in accordance with legislative changes in the field of auditing and in areas falling within the scope of internal audit.

⁴ According to Article 3(2) of Law No 672/2002, the scope of internal public audit covers all activities carried out within public bodies to achieve their objectives, including the assessment of the management control system. In accordance with the provisions of Article 15(1) of Law No 672/2002, internal public audit covers all activities carried out within a public body, including the activities of subordinate bodies that are coordinated by or fall under the authority of other public bodies. In accordance with the provisions of Article 15(2) of Law No 672/2002, the internal public audit body shall audit, at least once every three years, including but not limited to, the following:

- a. financial activities or activities with financial implications carried out by the public entity from the moment commitments are made until the funds are used by the final beneficiaries, including funds from external financing;
- b. payments covered by budgetary and legal commitments, including those from EU funds;
- c. the management of assets, as well as the sale, pledging, concession or letting of assets belonging to the State or to local authorities;
- d. the granting of concessions or the letting of assets belonging to the public domain of the State or of local authorities;
- e. the formation of public revenue, specifically the procedures for authorising and establishing debt instruments, as well as the facilities granted for their collection;
- f. the allocation of budgetary appropriations;
- g. the accounting system and its reliability;
- h. the decision-making system;
- i. management and control systems, as well as the risks associated with such systems;
- j. IT systems.

requirements and achieve full (100%) coverage of the auditable scope over a three-year period, the internal public audit structure would require a total of 13 internal auditor posts to be filled.

❖ At the branch level⁵ of CNTEE "Transelectrica" S.A.

1. OPCOM – the number of posts filled that carry out internal public audit activities; the coverage rate of the auditable scope is 100%.
2. SMART – two posts have been filled; the coverage rate of the auditable scope over four years is 70%.
3. TELETRANS – one management post and one operational post; the coverage rate of the auditable scope over four years is 100%.

I.5. Planning of internal public audit activities carried out during the reporting year

With regard to the internal public audit function, planning is carried out on a multi-annual basis, covering a four-year period, as well as on an annual basis. Resources are calculated and allocated only over the shorter time horizon (1 year).

Planning is based on assessing the risks associated with the Company's activities and prioritising these activities according to their risk score. It is this risk score that will determine when the activity in question will be audited by the internal audit function. Given that the risks associated with business activities arise from the economic and social environment in which the business operates, it is necessary to reassess these risks periodically in order to monitor how they evolve. In this context, the multi-annual internal public audit plan must be updated annually, and this must form the basis for drawing up the annual internal public audit plan. Furthermore, in order to carry out a well-founded risk analysis and to minimise the degree of subjectivity in the risk analysis, we consider it necessary to use clearly defined risk analysis criteria, explaining the actual method for conducting the risk analysis and determining the risk score.

❖ At CNTEE "Transelectrica" S.A.

The multi-annual internal public audit plan for CNTEE "Transelectrica" SA for the period 2017–2021 has been drawn up and approved. The multi-annual internal audit plan has not been updated; a new multi-annual plan was submitted to the Supervisory Board for approval in 2025. In accordance with the provisions of Law No 672/2002, as republished, with subsequent amendments and additions, internal public audit covers all activities carried out within an entity, including those of its subordinate entities. Consequently, the internal auditors within API carry out internal public audits of the organisational structures within the Company's Executive, the eight Regional Transport Branches and the subsidiaries where there is no internal audit function. Audits at the OPCOM, SMART and TELETRANS subsidiaries are carried out by their own internal teams, after which staff from the API department at CNTEE Transelectrica SA assess the results.

Given the very large number and diversity of activities carried out within the Company, compared with the human resources available within the Internal Audit Department and the annual schedule allocated to internal audit engagements, as well as the need to conduct assessment engagements in subsidiaries, the multi-annual plan has been drawn up for a period of five years.

To break down the audited activities by year, the organisational units were ranked according to their importance and contribution to achieving the main operational objectives of CNTEE "Transelectrica" SA. Within each unit, the activities carried out were identified and prioritised, based on the detailed organisational and operational regulations and interviews with the management of the respective entities. The ranking also took into account the analysis and assessment of the risks associated with each activity. These activities have been allocated by year in accordance with International Standards on Auditing and established best practice in this field, whilst taking into account, as far as possible, a balanced distribution. Consequently,

⁵ In order to comply with legal requirements and ensure full (100%) coverage of the audit scope over a three-year period, the internal audit function requires a total of two internal auditor posts to be filled (one internal auditor – head of department and one internal auditor – operational role).

each year the audit will focus primarily on high-risk activities, but will also cover medium- and low-risk activities.

The risk analysis criteria used in annual and multiannual planning are as follows:

- ✓ the likelihood of the risk occurring;
- ✓ the severity of the event's consequences (level of impact).

CNTEE Transelectrica SA has drawn up an operational procedure entitled 'Internal Public Audit', which sets out the process for multi-annual and annual planning. This planning is carried out taking into account the organisation's internal structures.

❖ At the level of the subsidiaries of CNTEE "Transelectrica" S.A.

1. OPCOM – Specific criteria have been developed for the purpose of multi-annual planning. In this regard, the risk analysis criteria used in the planning process took the following factors into account:

- ✓ the proportion of risks identified for the activity at organisational level;
- ✓ degree to which activities are covered by procedures;
- ✓ methodological changes resulting from legislative amendments;
- ✓ the proportion of measures to be implemented for risks requiring treatment or mitigation.

OPCOM SA has drawn up an operational procedure governing its multi-annual and annual planning activities, and this planning is carried out taking into account the company's structures, processes, activities, projects and operations. The draft multi-annual internal public audit plan for the period 2023–2025 has been drawn up. In November 2024, the draft annual plan for 2025 was drawn up at OPCOM level, endorsed by the Audit Committee and approved by the OPCOM Board of Directors.

2. SMART – In accordance with the relevant legislation, the Multi-annual Internal Audit Plan for the period 2025–2027 is in place.

The plan covers a three-year period (2025, 2026 and 2027) and includes audits of the company's activities, structures, processes, projects and operations. The selection of internal public audit engagements was based on an assessment of the risks associated with various activities and operations, taking into account the audit frequency (once every four years), the types of audit and the available audit resources.

The multi-annual internal audit plan was drawn up by following these steps:

- 1) identifying the activities carried out within the company that fall within the scope of the internal public audit;
- 2) establishing criteria for risk analysis;
- 3) calculating the total risk score for each activity and ranking them;
- 4) determining how internal public audit assignments are allocated on an annual basis;
- 5) drawing up the multi-annual internal public audit plan.

The tasks set out in points 1) to 3) were carried out by drawing up the Annex entitled 'Identification of activities, determination of the total risk score and prioritisation of risks for the 2025–2027 multiannual plan'.

The annual internal audit plan for 2025 underwent three amendments.

3. TELETRANS – To this end, the risk analysis criteria used in annual and multi-annual planning have been established as follows:

- ✓ Assessment of internal control;
- ✓ Quantitative assessment;
- ✓ Qualitative assessment;
- ✓ Legislative changes.

At Teletrans, multi-annual and annual planning is covered by the internal public audit operating procedure, and this planning is carried out taking into account the company's organisational structure. The work of the Internal Audit Department within the subsidiary is carried out in accordance with the Annual Internal Audit Plan. The internal public audit plan for 2025 is based on:

- ✓ The 2025–2027 Multi-Annual Internal Audit Plan, based on a risk analysis and forecasts regarding the development and maintenance of the subsidiary's operations;

- ✓ The impact of changes in the internal and external environment in which the subsidiary operates;
- ✓ Available time;
- ✓ The human resources involved.

The 2025 Annual Plan sets out four assurance engagements, namely:

- ✓ Evaluation of the activities of the Financial Management Control Unit;
- ✓ Assessment of the corruption prevention system;
- ✓ Audit of the Technical Department's activities – telecommunications operations;
- ✓ Audit of the Secretariat, Administrative Services and Assets Department.

I.6. Carrying out internal public audit assignments

I.6.1. Carrying out assurance engagements

❖ At CNTEE "Transelectrica" S.A.

In 2025, a total of 20 internal public audit and assurance (regularity/compliance) engagements were carried out. Given that an assurance engagement may cover several areas, it has been found that within the scope of:

- ✓ none of the assurance engagements addressed budgetary matters;
- ✓ The financial and accounting sector was covered in eight assurance engagements;
- ✓ the public procurement sector was addressed during an assurance engagement;
- ✓ 11 assurance engagement focused on the area of human resources;
- ✓ none of the assurance engagements addressed the IT function;
- ✓ none of the assurance engagements addressed legal matters;
- ✓ none of the assurance engagements addressed the area of EU funds;
- ✓ 11 assurance engagements addressed the area of functions specific to the entity;
- ✓ none of the assurance engagements addressed the SCM/SCIM area;
- ✓ none of the assurance engagements covered other areas.

No irregularities were identified during the internal public audit engagements carried out in 2025. No unimplemented recommendations were identified during the internal public audit engagements carried out in 2025⁶.

With regard to monitoring the implementation of recommendations, this activity relates to the recommendations made by the internal audit function during previous assurance engagements, for which the internal audit function is required to monitor the implementation process. In this context, a total of 60 recommendations were followed up during 2025, with the following results:

- ✓ 23 recommendations implemented, of which:
 - 21 recommendations implemented within the set deadline;
 - 2 recommendations implemented after the deadline;
- ✓ 8 recommendations partially implemented (currently being implemented), of which:
 - 8 recommendations for which the agreed implementation deadline has not been exceeded;
 - 0 recommendations with a missed implementation deadline;
- ✓ 29 unimplemented recommendations, of which:
 - 29 recommendations for which the agreed implementation deadline has not been exceeded;
 - 0 recommendations with a missed implementation deadline..

Field	Number of recommendations implemented	Number of partially implemented recommendations	Number of unimplemented recommendations
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⁶ Unimplemented recommendations are those that were included in the final internal public audit report but for which the head of the public entity did not provide approval in accordance with the provisions of Section 6.6.6 of Government Decision No. 1086/2013, expressly stating this fact. In accordance with the applicable legislation in force, these recommendations must be brought to the attention of UCAAPI, together with the consequences of failing to implement them.

	within the specified deadline	after the deadline	for which the agreed implementation deadline has not been exceeded	whose implementation deadline has passed	for which the agreed implementation deadline has not been exceeded	whose implementation deadline has passed
Budget	-	-	-	-	-	-
Finance and Accounting	4	2	-	-	6	-
Public procurement	-	-	-	-	-	-
Human resources	-	-	-	-	-	-
Information technology	-	-	-	-	-	-
Legal	-	-	-	-	-	-
EU funds	-	-	-	-	-	-
Entity-specific functions	17	-	8	0	23	
SCM/SCIM	-	-	-	-	-	-
Other areas	-	-	-	-	-	-
TOTAL 1	21	2	8	0	29	
TOTAL 2	23		8		29	

❖ At the level of the subsidiaries of CNTEE “Transelectrica” S.A.

In 2025, a total of 11 assurance engagements were carried out by the subsidiaries of CNTEE Transelectrica SA. Given that an assurance engagement may cover several areas, it has been found that within the scope of:

- ✓ none of the assurance engagements addressed budgetary matters;
- ✓ 1 assurance engagement focused on the financial and accounting area;
- ✓ none of the assurance engagements addressed the area of public procurement;
- ✓ 1 assurance engagement did not address the area of human resources;
- ✓ none of the assurance engagements addressed the IT function;
- ✓ none of the assurance engagements addressed legal matters;
- ✓ none of the assurance engagements addressed the area of EU funds;
- ✓ 4 assurance engagements addressed the area of functions specific to the entity;
- ✓ none of the assurance engagements addressed the SCM/SCIM area;
- ✓ Five assurance engagements covered other areas.

No irregularities were identified within the subordinate entities during the internal public audit engagements carried out in 2025.

With regard to monitoring the implementation of recommendations, this activity concerns the recommendations made by the internal audit function during assurance engagements in previous years, for which the internal audit function is required to monitor the implementation process. In this context, a total of 122 recommendations were followed up during 2025, with the following results:

- ✓ **81** recommendations implemented, of which:
 - 81 recommendations implemented within the set deadline;
 - 0 recommendations implemented after the deadline;
- ✓ **29** recommendations partially implemented (currently being implemented), of which:
 - 26 recommendations for which the agreed implementation deadline has not been exceeded;
 - 3 recommendations with a missed implementation deadline;
- ✓ **12** unimplemented recommendations, of which:

- 5 recommendations for which the agreed implementation deadline has not been exceeded;
- 7 recommendations whose implementation deadline has passed.

Field	Number of recommendations implemented across all subordinate entities		Number of recommendations partially implemented across all subordinate entities		Number of recommendations not implemented across all subordinate entities	
	within the specified deadline	after the deadline	for which the agreed implementation deadline has not been exceeded	whose implementation deadline has passed	for which the agreed implementation deadline has not been exceeded	whose implementation deadline has passed
Budget	-	-	-	-	-	-
Finance and Accounting	40	-	23	-	-	2
Public procurement	5	-	-	-	-	-
Human resources	-	-	-	-	-	-
Information technology	-	-	-	-	-	-
Legal	24	-	-	-	-	3
EU funds	-	-	-	-	-	-
Entity-specific functions	2	-	3	-	3	-
SCM/SCIM	5	-	-	-	-	-
Other areas	5	-	-	3	2	2
TOTAL 1	81	-	26	3	5	7
TOTAL 2	81		29		12	

1. OPCOM – in 2025, a total of four security missions were carried out. These internal public audit engagements covered the following areas (in accordance with the UCAAPI methodology):

- ✓ The scope of the company's specific functions:
 - assurance engagement regarding the assessment of the activities necessary for the organisation and operation of the natural gas markets administered by OPCOM SA;
- ✓ Other areas:
 - assurance engagement regarding the assessment of the corruption prevention system, 2025;
 - assurance engagement regarding the assessment of activities carried out to promote the image of OPCOM SA;
 - assurance engagement regarding the assessment of activities carried out within the Financial Management Control department.

No irregularities were identified during the internal public audit engagements carried out in 2025, nor were there any recommendations that were not acted upon by OPCOM management.

With regard to monitoring the implementation of recommendations, this activity relates to the recommendations made by the internal public audit body during assurance engagements,

including those prior to the reference year, for which the internal public audit body is required to monitor implementation.

In this context, we note that no recommendations were made in the internal audit reports during 2025. This is due to the responsiveness of OPCOM SA's executive management, which promptly implemented the recommendations made by the internal audit team during the course of these engagements.

2. SMART

In 2025, SMART SA carried out a total of three assurance engagements. Given that an assurance engagement may cover several areas, it has been found that within the scope of:

- ✓ 1 assurance engagement focused on the human resources function;
- ✓ 1 assurance engagement focused on the entity's specific functions;
- ✓ 1 assurance engagement also covered other areas;

No irregularities were identified during the internal audit engagements carried out in 2025. All the recommendations have been taken on board.

With regard to monitoring the implementation of recommendations, for the year 2025, a total of 4 recommendations were monitored, with the following results:

- 4 recommendations currently being implemented, within the set deadline;

With regard to the follow-up on the implementation of recommendations from previous years, namely 2021–2024, of the 97 recommendations, 36 remain to be implemented:

- 65 recommendations have been implemented;
- 28 recommendations partially implemented (currently being implemented) - for which the newly agreed implementation deadline has not been exceeded;
- 7 recommendations that have not been implemented, for which no new deadline has been agreed.

In this context, during 2021, a total of 20 recommendations were followed up, with the following results:

- ✓ 18 recommendations implemented, of which:
 - 18 recommendations implemented within the set deadline;
- ✓ 2 recommendations partially implemented (currently being implemented), of which:
 - 0 recommendations for which the agreed implementation deadline has not been exceeded;
 - 2 recommendations for which the newly agreed implementation deadline has passed.

In this context, during 2022, a total of 42 recommendations were followed up, with the following results:

- ✓ 24 recommendations implemented, of which:
 - 24 recommendations implemented within the agreed timeframe;
- ✓ 14 recommendations partially implemented (currently being implemented), of which:
 - 0 recommendations for which the agreed implementation deadline has not been exceeded;
 - 14 recommendation for which the newly agreed implementation deadline has not been exceeded.
- ✓ 4 recommendations for which the newly agreed implementation deadline has been exceeded.

In this context, during the year 2023, a total of 18 recommendations were followed up, with the following results:

- ✓ 10 recommendations implemented, of which:
 - 10 recommendations implemented within the set deadline;
- ✓ 7 recommendations partially implemented (currently being implemented), of which:
 - 7 recommendations for which the agreed implementation deadline has not been exceeded;
- ✓ 1 recommendation for which the agreed implementation deadline has been exceeded

In this context, during the year 2024, a total of 17 recommendations were followed up, with the following results:

- ✓ 12 recommendations implemented, of which:
 - 12 recommendations implemented within the set deadline;
- ✓ 4 recommendations partially implemented (currently being implemented), of which:
 - 0 recommendations for which the agreed implementation deadline has not been exceeded;
 - 4 recommendations for which the newly agreed implementation deadline has not been exceeded.
- ✓ 1 recommendations for which the agreed implementation deadline has passed

During the year 2025, a total of 4 recommendations were followed up, with the following results:

- ✓ 01 recommendations implemented, of which:
 - 01 recommendations implemented within the set deadline;
- ✓ 03 recommendations partially implemented (currently being implemented), of which:
 - 03 recommendations for which the agreed implementation deadline has not been exceeded;

Field	Number of recommendations implemented		Number of partially implemented recommendations		Number of unimplemented recommendations	
	within the specified deadline	after the deadline	for which the agreed implementation deadline has not been exceeded	whose implementation deadline has passed	for which the agreed implementation deadline has not been exceeded	whose implementation deadline has passed
Budget	-	-	-	-	-	*
Finance and Accounting	30	-	23	-	-	2
Public procurement	5	-	-	-	-	-
Human resources	-	-	-	-	-	-
Information technology	-	-	-	-	-	-
Legal	24	-	-	-	-	3
EU funds	-	-	-	-	-	-
Entity-specific functions	1	-	3	-	-	-
SCM/SCIM	5	-	-	-	-	-
Other areas	-	-	-	3	-	2
TOTAL 1	65	-	26	3	-	7
TOTAL 2	65		29		7	

3. TELETRANS – in 2025, a total of four assurance engagements were carried out. Given that an assurance engagement may cover several areas, it has been found that within the scope of:

- ✓ none of the assurance engagements addressed budgetary matters;
- ✓ the financial and accounting aspects were addressed during an assurance engagement;
- ✓ none of the assurance engagements addressed the area of public procurement;
- ✓ none of the assurance engagements addressed the area of human resources;
- ✓ the IT sector was not addressed in any of the assurance engagements;
- ✓ none of the assurance engagements addressed legal matters;

- ✓ none of the assurance engagements addressed the area of EU funds;
- ✓ Two assurance engagements addressed the area of functions specific to the entity.
- ✓ none of the assurance engagements addressed the SCM/SCIM area;
- ✓ the area of corruption prevention was addressed as part of an assurance engagement;
- ✓ No other areas were addressed during any of the assurance engagements.

No irregularities were identified during the internal audit engagements carried out in 2025. There were no instances of recommendations being made that were not adopted by the branch management.

With regard to the monitoring of the implementation of recommendations, a total of 15 recommendations were monitored during 2025, with the following results:

- ✓ 10 recommendations implemented, of which:
 - 10 recommendations implemented within the set deadline;
 - 0 recommendations implemented after the deadline;
- ✓ 0 recommendations partially implemented (currently being implemented), of which:
 - 0 recommendations for which the agreed implementation deadline has not been exceeded;
 - 0 recommendations with a missed implementation deadline;
- ✓ 5 unimplemented recommendations, of which:
 - 5 recommendations for which the agreed implementation deadline has not been exceeded;
 - 0 recommendations with a missed implementation deadline.

The aim of monitoring the recommendations is both to ensure that the recommendations set out in the internal public audit report are implemented fully, on time and effectively, and to assess the consequences should they not be implemented. Once the Action Plan for implementing the recommendations has been submitted by the audited unit, the internal auditors monitor the implementation of the recommendations within the agreed deadlines, updating the Recommendation Implementation Tracking Sheet based on information provided by the audited unit or through their own checks. This action involves drawing up a half-yearly report on the progress made in implementing the recommendations set out in the internal public audit reports.

Field	Number of recommendations implemented		Number of partially implemented recommendations		Number of unimplemented recommendations	
	within the specified deadline	after the deadline	for which the agreed implementation deadline has not been exceeded	whose implementation deadline has passed	for which the agreed implementation deadline has not been exceeded	whose implementation deadline has passed
Budget	-	-	-	-	-	-
Finance and Accounting	4	-	-	-	-	-
Public procurement	-	-	-	-	-	-
Human resources	-	-	-	-	-	-
Information technology	-	-	-	-	-	-
Legal	-	-	-	-	-	-
EU funds	-	-	-	-	-	-
Entity-specific functions	1	-	-	-	3	-

SCM/SCIM	-	-	-	-	-	-
Other areas	5	-	-	-	2	-
TOTAL 1	10	0	0	0	5	0
TOTAL 2	10		0		5	

I.6.2. Carrying out counselling assignments in 2025

❖ At CNTEE “Transelectrica” S.A.

In 2025, no formal advisory missions were carried out. However, the Internal Audit Department provided advice throughout the year to those who requested it. Consequently, during the missions carried out, clarification was provided regarding various legal provisions and/or operational procedures currently in force. In addition, the internal auditors responded promptly to various requests for clarification from subsidiaries or organisational units within the Company.

❖ At the subsidiaries of CNTEE Transelectrica S.A.

1. OPCOM – an internal audit was carried out on the following topic: Advice on the implementation of the strategy and policy for the integration and development of IT systems at OPCOM SA. No proposals for solutions have been put forward
2. SMART – no formal advisory missions were carried out.
3. TELETRANS – no formal advisory assignments were carried out.

I.6.3. Carrying out assessments of internal audit activities

❖ At CNTEE “Transelectrica” S.A.

No assessment missions were carried out in 2025.

❖ At the level of the subsidiaries of CNTEE “Transelectrica” S.A.

Not applicable.

I.7. Conclusions

I.7.1. Conclusions regarding the internal public audit carried out at CNTEE “Transelectrica” S.A.

Through its activities, the internal audit function adds value both by assessing the internal control system and analysing the risks associated with auditable activities, and through the recommendations contained in the report it produces and submits, with a view to ensuring that the Company’s objectives are met. These recommendations prompted the audited bodies to refine their operations and improve their internal control systems, with the result that significant progress was noted between audits. Monitoring activities focus on the added value generated by the internal public audit in supporting the achievement of the Company’s objectives. Given the involvement of the staff of the audited bodies and their managers in the implementation of the recommendations issued, it can be said that the internal public audit has supported staff by reviewing working practices and ensuring compliance with legal provisions, improving the organisation of work, and fostering ongoing collaboration to enhance the efficiency of the work carried out.

The implementation of the recommendations made during all internal public audit missions carried out in 2025 aimed to and resulted in:

- ❖ a better understanding and more effective application of the legislation, procedures and guidelines relating to the activities audited;
- ❖ identifying and rectifying deficiencies that are subject to sanctions by external supervisory bodies;
- ❖ eliminating shortcomings in the audited activities in order to reduce the likelihood of risks arising;
- ❖ greater attention to the implementation of current regulations relating to human resources activities;
- ❖ greater attention to compliance with the regulations in force governing the Company’s asset management activities;

- ❖ improving the way in which contract managers monitor contractual clauses and their approach in the event of non-compliance with these clauses by contractual partners;
- ❖ improving communication between the Company's entities;
- ❖ improving the internal control system relating to the audited entities and activities.

I.7.2. Conclusions regarding the internal public audit carried out within the Company's subsidiaries

OPCOM	The internal audit function was operational. The Internal Audit Office employs two full-time staff members who have completed the minimum number of training days required by the regulatory framework, namely 15 days of self-directed learning. The activities carried out by the unit responsible for internal public audit are conducted in accordance with the internal public audit methodology; the specific operational guidelines and the Internal Audit Charter are applied, these documents having been endorsed by Transelectrica and approved by the Board of Directors. The annual internal public audit plan for 2025 has been fully implemented. The planned internal public audit engagements were completed within the deadlines set out in the annual work plan. In carrying out its internal public audit work, the staff of the Internal Audit Office sought to ensure alignment between the main risks faced by the audited bodies and the level of effort devoted by the internal audit function to addressing potential vulnerabilities that could affect the achievement of their objectives.
SMART	The internal audit function has contributed to adding value within the subsidiary through the recommendations made following the audits carried out. These recommendations have prompted the audited bodies to refine their operations, improve their internal communication and enhance their internal management control system. Consequently, from one audit to the next, progress has been noted, along with improvements in the extent to which internal procedures and regulations have been revised to reflect the latest legislative changes, ensuring they are adapted and practical in application. Both the auditor and the subsidiary's management noted an improvement in the quality of internal control, which has helped to achieve its objectives, strengthen oversight, safeguard the subsidiary's assets and recommend improvements based on risk analysis and a systematic approach.
TELETRANS	The audits carried out by the subsidiary's audit department were aimed at formulating recommendations to address shortcomings and improve the operations of the audited entities, thereby increasing their efficiency, which will ultimately contribute to the achievement of the company's objectives. Management's recognition of the need to strengthen internal audit was reflected in the unanimous approval of the reports on the internal audit engagements carried out during 2025.

I.8. Proposals for improving internal public audit activities

Transelectrica



- Ensuring that highly qualified staff are in place to audit all activities carried out within the Company, as required by Law 672/2002 on internal public audit. It is necessary to increase the number of internal auditors in accordance with the decision of the Supervisory Board. We are looking to recruit staff with qualifications in economics and engineering (4 posts), as well as 1 post in the legal field and 1 post in the IT field;
- Ensuring that the remuneration of internal auditors is commensurate with the position's rank within the Company's remuneration system (Grade 7 C);
- Holding regular meetings or discussions between internal auditors and the Company's senior management, with a view to promptly clarifying any issues that have arisen, as well as senior management's expectations regarding the internal audit function;
- The continuous improvement of the professional standards of our workforce. Consequently, consideration will be given to the professional development of API staff, both through participation in professional development courses and through self-study, by covering topics appropriate to their professional level. Training of at least 15 days per year will be provided in accordance with the regulations in force and the Professional Training and Development Programme submitted to the DRU;
- Reaffirming, during the Company's line management working meetings, the function and role of internal audit in achieving the objectives set by senior management.

OPCOM



- As mentioned in the previous sections, the main measure for improving internal public audit activities at branch level involves enhancing the professional quality of the workforce.
- Consequently, in 2025, professional development for the staff of the Internal Audit Unit will be prioritised, both through participation in accredited courses in the field of internal public audit and through self-study, covering topics appropriate to their professional level and approved by the Head of the Internal Audit Office, in accordance with the Quality Assurance and Improvement Programme (PAIC).

SMART



- The improvement of internal audit activities will be based on enhancing professional competence through comprehensive training programmes covering specific areas of economic activity and organisational structures, as well as close collaboration with the Internal Audit department within Transelectrica

TELETRANS



- Ensuring that internal auditors maintain an appropriate level of professional competence, which involves attending professional development courses delivered by specialists in the field.
- The improvement of internal audit activities focuses on the content of the procedural framework, as well as on developing ongoing professional collaboration—in terms of methodology and guidance—between internal auditors at Teletrans and auditors at Transelectrica

II. Report on the risk management process and performance monitoring at CNTEE “Transelectrica” S.A. by 2025

II.1. The organisational framework for risk management

In accordance with the legislation in force, namely *SGG Order No. 600/2018 approving the Code of Internal Management Control for Public Entities*, within CNTEE “Transelectrica” S.A., in 2025, the organisational and operational framework necessary for the implementation and development of the internal management control system was consolidated, based on:

- ✓ System Procedure: Risk Management, 1st Edition, Revision 2;

- ✓ The composition, duties and responsibilities of the Company-wide Risk Management Team (EMRC), as set out in *Management Board Decision No. 61 of 5 February 2025*. The Chair of the Company-wide Risk Management Team is the Deputy Chief Risk Management Inspector within the Integrated Management Directorate, who is also a member of the technical secretariat of the Monitoring Committee; to ensure effective risk management at all levels of the Company, the heads of the Company's organisational units (divisions, departments, regional transport branches) have appointed a risk officer at their respective levels, who is a member of the Company-wide Risk Management Team (EMRC);
- ✓ Rules of Organisation and Operation of the Committee for Monitoring the Company's Internal Management Control at the National Electricity Transmission Company "Transelectrica" S.A., No. 27236/07.07.2025;
- ✓ The composition of the Monitoring Committee for the implementation of the Internal Management Control System (CM SCIM) within the National Electricity Transmission Company "Transelectrica" S.A., in accordance with Management Board Decision No. 210/2024.

The Committee for Monitoring Managerial Internal Control, established by **Management Board Decision No. 210/2024**, coordinates the process of updating the general and specific objectives, procedural activities, the risk management process, the performance monitoring system, the status of procedures, and the monitoring, reporting and information system for the Company's Board of Directors.

The risks associated with operations are identified and assessed at the level of each organisational unit within the Company, in accordance with the provisions of the *Risk Register*. Significant risks (major, representative risks that may affect the entity's ability to achieve its objectives) are centralised within the **Integrated Management Directorate – Risk Management in the Company-wide Risk Register**.

The Monitoring Committee analyses and prioritises significant risks that could affect the achievement of the Company's objectives by establishing the risk profile and risk tolerance limit on an annual basis.

Based on the *Company-wide Risk Register*, the Chair of the EMRC proposes the risk profile (a table containing the documented and prioritised overall assessment of the range of specific risks identified that the organisational entity faces) and the risk tolerance limit (the amount of risk that the organisational entity is prepared to tolerate at any given time), which are analysed by the Monitoring Committee (MC), endorsed by the Chair of the MC and approved by the Company's Board of Directors.

The heads of the Company's organisational units submit both the Risk Register and the control measures for significant risks to the Chair of the Company-wide Risk Management Team.

The Risk Management Team draws up annually ***the Implementation Plan for control measures relating to significant risks at Company level; and this plan is reviewed by the Monitoring Committee and then approved by the Company's Management Board.***

The Technical Secretariat of the Monitoring Committee forwards the approved Action Plan to the organisational units responsible for managing significant risks, for implementation.

The Chair of the Company-wide Risk Management Team prepares a ***Report on the implementation of the risk management process***, based on the *annual reports* of the heads of the Company's organisational units.

The report on the implementation of the risk management process within the Company is submitted for review to the Monitoring Committee and subsequently to the Chair of the Monitoring Committee and the Company's Management Board for approval.

The report on the implementation of the risk management process at CNTEE "Transelectrica" S.A. in 2025 includes an analysis of the risks identified and managed within the Company's organisational units (divisions, departments, regional transmission branches).

At CNTEE "Transelectrica" S.A., risks that could have a substantial impact on the achievement of the Company's objectives are managed in accordance with operational/system procedures

specific to the activities and in accordance with *system procedure TEL-10.00 Risk Management, Edition 1, Revision 2*.

The implementation of this procedure enables the continuous improvement of the internal management control system by establishing procedures for managing potential risks and implementing control measures.

System Procedure TEL-10.00 Risk Management aims to implement a risk management process that facilitates the achievement of the Company's objectives in a cost-effective, efficient and effective manner. At the same time, steps are taken to ensure the continuous improvement of the way in which the various stages of the risk management process are carried out, namely: identification, assessment, the formulation of a management strategy, monitoring the implementation of control measures, and regular reporting. Thus:

a) **identifying risks** closely linked to the activities associated with the specific objectives, the achievement of which could be affected if the risks materialise; identifying threats/vulnerabilities present within current activities, which could lead to the failure to achieve the proposed objectives;

b) **risk assessment**, by estimating the likelihood of occurrence and the impact on activities related to the achievement of objectives, should such risks materialise; ranking and prioritising risks according to risk tolerance;

c) **establishing a risk management strategy** (risk response) by identifying the most appropriate ways of addressing risks, including control measures; analysing and managing risks in accordance with the approved risk tolerance limit;

Risks falling within the red zone – i.e. those with the highest risk exposure and the greatest deviation from the risk tolerance threshold – require the immediate implementation of control measures.

Risks in the yellow zone have an exposure that exceeds the risk tolerance limit, but the deviation from this limit is moderate. These risks can be addressed through control measures or monitored, depending on the decision of the organisation's management.

Risks in the green zone are those characterised by exposure below the risk tolerance limit; this zone includes accepted risks.

(d) **monitoring the implementation of control measures** and reviewing them in the light of their effectiveness;

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

The procedure provides the staff of CNTEE "*Transelectrica*" SA with a working tool that facilitates risk management in a systematic and efficient manner, in order to achieve the Company's objectives. In accordance with the procedure, documentation is drawn up annually regarding the management of risks that may affect the operations of CNTEE "*Transelectrica*" SA; this documentation also includes a description of how control measures are established, implemented and monitored in order to mitigate potential threats and consequences should the risks materialise.

The procedure stipulates that each organisational unit is required to systematically assess, at least once a year, the risks associated with the conduct of its activities and to draw up appropriate plans aimed at mitigating the potential consequences of such risks materialising.

The management of each organisational unit appoints a risk officer, who ensures that the Risk Register, the Action Plan and the Annual Report are drawn up annually, that risk monitoring forms are completed whenever deemed necessary, and that risk alert forms are completed whenever a new risk arises.

In 2025, the main risk management documents drawn up at Company level to facilitate the achievement of the Company's objectives, whilst ensuring economy, efficiency and effectiveness and compliance with legal requirements, were:

- ✓ Risk Register 2025, CNTEE “Transelectrica” S.A., for significant, high and medium risks at company level, No. 6652/2025;
- ✓ Risk Register 2025, CNTEE “Transelectrica” S.A., for significant and high-level risks at Company level, No. 6654/2025;
- ✓ Implementation Plan for Control Measures 2025 for Significant, High and Medium Risks at Company Level No. 6653/2025;
- ✓ Implementation Plan for Control Measures 2025 for Significant and High-Level Risks at Company Level, No. 6656/2025;
- ✓ *REPORT on the implementation of the risk management process and performance monitoring at CNTEE “Transelectrica” S.A. in the year 2024, No. 6810/25 February 2025;*
- ✓ *Table C12/2025 – PRIORITISATION OF SIGNIFICANT RISKS at COMPANY level, No. 6814/25 February 2025;*
- ✓ *Executive-level risk summary – risk profile and tolerance limit No. 6815/25 February 2025;*
- ✓ *Summary of risks at the level of Regional Transport Branches, No.6816/25 February 2025;*
- ✓ *Reports to the Economic and Financial Department for the annual report to the Financial Supervisory Authority and to ANRE;*
- ✓ *Reports to the Corporate Governance, Investor Relations and Representation Department regarding the information required for non-financial reports.*

II.2. Risk analysis of activities – in 2025

During the process of updating the Company-wide Risk Register, it was found that exposure to residual risks (the risk remaining after the risk response has been determined and implemented) remained, on the whole, at the same level as in the previous annual assessment. The risks identified in previous years are being managed appropriately; however, the risk exposures associated with investment and acquisition activities remain high. Some risks have been reworded to ensure better alignment with Transelectrica’s objectives and the documents approved at company level.

II.2.1 Materialised risks relating to activities in 2025

In the annual reports on the implementation of the risk management process, drawn up and approved at the level of each organisational unit, it was noted that the identified risks remained at a high level:

- Failure to meet the quantitative or qualitative targets set out in the Annual Investment Programme
 - Difficulties in recruiting, training and motivating staff; adverse effects on staff health and safety
 - Incomplete implementation of the RET Maintenance Programme
- as well as identifying new high/medium risks.

II.2.2 Key risks identified at Company level

A. Technical and operational risks / Strategic risks

- Loss of SEN stability
- Damage to installations and equipment; Damage / failure / unavailability:
 - 220 kV and 400 kV transmission lines,
 - the primary switchgear in transformer stations,
 - transformer units and/or compensation coils,
 - protection and automation systems,
 - control and monitoring systems (SCC),
 - internal DC and AC power supply systems,
 - fire prevention and fire-fighting systems,
 - communications/telecommunications systems.

- Malfunctions in the systems and platforms used for operational management, communications and telecommunications
- Incomplete implementation of the RET Maintenance Programme
- Failure to meet the quantitative and qualitative targets set out in the Annual Investment Programme,
- Failure to meet the legal requirements

B. Financial and energy market risks

- Liquidity risk
- The unpredictability of the fiscal, budgetary and regulatory framework
- Currency risk
- Counterparty risk
- Risk relating to the provisions of the funding agreements
- The risk of a downgrade in the credit rating
- Interest rate risk
- Forecasting risk
- Price risk
- Default risk

C. Risks relating to non-compliance with legal requirements/EU regulations – licences, contractual risks, including fines imposed by authorities or compensation payments.

D. Security risks

- Gaps in ensuring the security and protection of critical ICN/ICE infrastructure and in ensuring business continuity in emergency situations
- Failure to ensure the security of classified information
- Failure to ensure the security and protection of cyber infrastructure

E. Staff-related risks

- ❖ Difficulties in recruitment and training, a shortage of staff with high-quality specialist training, staff motivation
- ❖ Impact on staff health and safety

F. Environmental risks

- Failure to ensure environmental protection
- Releases or spills of substances harmful to the environment (smoke, SF6, oil, fuels, etc.)

Given that the core activity of CNTEE “*Transelectrica*” S.A., through its regional transmission branches and the DEN, is to ensure the continuous operation and operational management of the National Power System (SEN), in accordance with the quality, safety and efficiency standards set out in the RET Technical Code and the applicable European and national regulations, priority and particular attention have been given to employee health and safety criteria, as well as to the continuity of strategic functions for the SEN, in its capacity as system operator and electricity transmission operator.

From a technical perspective, given the uncertainties surrounding the evolution of the system and the economic and climate framework, robust and flexible solutions are being sought that can cope with a range of possible scenarios, thereby mitigating the risks.

II.2.3. The resulting risk profile and the proposed prioritisation of risks and tolerance limits

At the organisational entity level, the exposure for each risk (the combination of the assessment of the impact of the risk materialising and the assessment of the probability of its materialisation) has been assessed, both as **INHERENT risk** (exposure to the risk of failing to meet objectives, in the absence of any action that could be taken to reduce its probability and/or impact), and as **RESIDUAL risk** (exposure to the risk regarding the achievement of objectives, which remains after the establishment and implementation of risk treatment measures), assessments included in the Risk Register at organisational entity level.

For the year 2025, the Summary of Risks identified in the **EXECUTIVE** comprises 126 identified risks, together with their inherent and residual exposure values.

Inherent risks: low (61) and significant (65) (38 are medium and 27 are high).

Residual risks: low (81) and significant (45) (39 moderate and 6 high).

For the year 2025, the Summary of Risks identified in **Regional Transport Branches** comprises 15 similar risks identified (for each RTB), together with their inherent and residual values.

Inherent risks: low (38) and significant (82) (81 are moderate and 1 is high).

Residual risks: low (115) and significant (5) (5 medium and 0 high).

II.3. Managing risks. Actions

The measures set out to manage risks for the year 2025 have been included in the document *Implementation Plan for Control Measures for Significant Risks*, drawn up at organisational unit level. On the basis of these documents, the Company drew up the ***Plan for the Implementation of Control Measures, No. 6653/2025***, and progress towards its implementation is monitored as part of guidance and control activities.

The measures taken to manage risks, primarily in 2025, have reduced both the likelihood of occurrence and the impact of the risk, compared with the level of inherent risks.

Risks that have materialised are addressed in accordance with the adopted strategy, as dictated by the circumstances that gave rise to the risk.

Establishing a risk management strategy involves:

1. **risk acceptance** – risk exposure [1–3] green zone,
2. **risk monitoring**– risk exposure [4-6] yellow zone,
3. **risk management** to eliminate or reduce the risk to an acceptable level – risk exposure [9] red zone,
4. **risk transfer** through: insurance, outsourcing and other contracts with third parties.

No special measures have been taken to monitor, address or outsource risks with a minor impact; any consequences arising from such risks are dealt with as part of routine maintenance and rectification procedures.

Each organisational unit has identified the most appropriate and feasible measures for managing and monitoring risks, in accordance with its risk management responsibilities, so as to minimise risk exposure within the given internal and external context.

Risk mitigation measures have also been implemented; a telling example of this is the Company's policy of taking out insurance policies, such as:

- Voluntary health insurance services for the staff of CNTEE Transelectrica SA;
- Insurance services for buildings, property and equipment;
- Motor insurance and CASCO insurance services for vehicles owned by CNTEE Transelectrica SA
- Professional indemnity insurance for members of the Supervisory Board and the Management Board of CNTEE Transelectrica SA (including the chairpersons).

The strategies for mitigating risks mainly consisted of:

- **addressing significant risks with a view to reducing them to an acceptable level and**
- **monitoring of significant risks**

The strategies are identified/described in the *CNTEE "Transelectrica" S.A. Risk Register, for significant risks at COMPANY level*.

Among the internal control and implementation tools for risk management, we note:

- measures within the framework of procurement, maintenance, investment and staff training programmes;
- specific measures for identifying, monitoring, managing or outsourcing risks;
- insurance contracts held by the Company;
- contractual provisions (relating to the performance bond and liquidated damages);
- the drafting or revision of procedures;
- changes to procedural and structural arrangements;
- identifying a performance indicator linked to the objective;

- staff redeployment;
- the creation or updating of databases.

Control measures at the level of organisational units have been fully implemented or are currently being implemented.

The measures established for 2026 to manage risks are set out in document *Implementation Plan for Control Measures 2026, for Significant Risks at Company Level*, No. 12088/2026. For each risk, it includes: causes; an assessment of inherent risk (probability and impact); control measures – preventive measures, with deadlines and responsible parties; consequences; control measures to mitigate consequences, with deadlines and responsible parties; an assessment of residual risk (probability and impact); and the entities responsible for managing the risk.

The documentation submitted for approval by the CTA/CTES includes information on risk management relating to the specific processes identified, such that:

- ❖ Neither the execution of the works nor the commissioning must not lead to an increase in risk exposure (the probability of risks occurring and/or their impact) or to the emergence of additional risks, compared to the situation of operating the SEN under conditions of economic efficiency, for which Transelectrica would be held liable or which would affect the Company's operations in any way.
- ❖ Where certain increases in risk exposure cannot be avoided, or where additional risks arise, these shall be highlighted by the designer, together with the reasons for adopting the solution in question. In such cases, the Contracting Entity must determine who will be responsible for the consequences of these increases in risk exposure or additional risks.
- ❖ Under no circumstances are solutions permissible that would lead to increased risk exposure or the emergence of additional risks relating to the operational security and safety of the National Electricity System (NES) in relation to the requirements of the transmission system operator licence, whether in activities concerning Transelectrica's internal environment or those concerning its external environment.

Risk management activities in 2025 were carried out appropriately across the entire Company, in full and timely compliance with legal requirements and internal regulations.

The following areas of focus stand out as key priorities for improving the efficiency of the risk management process:

1. justifying the proposed activities/projects so that the annual investment, procurement and maintenance programmes also include aspects relating to risk management – which of the Company's risks are mitigated and an assessment of the effects – regarding changes to the impact and probability of occurrence of those risks; these aspects will also be included in reports on the implementation of the annual programmes
2. identifying significant risks that cannot be managed through investment, procurement and maintenance activities, for which action plans must be drawn up to monitor, address or outsource them (together with the relevant financial proposals specifically dedicated to these activities)
3. reports (summaries) on the implementation of annual investment, procurement and maintenance programmes should be forwarded, for information, to the Chair of the Company-wide Risk Management Team to monitor how risks are being managed
4. identifying interdependencies – which other organisational entities may pose risks to the operations of an organisational entity; which other organisational entities may be affected should risks materialise in the operations of an organisational entity
5. aligning operational and system procedures, as well as other internal regulations, and using consistent terminology, to ensure that current working practices are in line with the legislation in force.

Prepared by **the Audit Committee and the Risk Management Committee of the Supervisory Board**

The Audit Committee of the Supervisory Board, comprising:

Chair of the Audit Committee: Luminița ZEZEANU _____

Member of the Audit Committee: Teodor ATANASIU _____

Member of the Audit Committee: RUSU Rareș Stelian _____

Member of the Audit Committee: Costin-Mihai PĂUN _____

Member of the Audit Committee: VASILESCU Alexandru-Cristian _____

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Chair of Risk Management: ATANASIU Teodor _____

Risk Management Officer: VASILESCU Alexandru-Cristian _____

Risk Management Officer: Cătălin-Andrei DASCĂL _____

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