



National Company "ADMINISTRAȚIA PORTURILOR MARITIME" - S.A.  
CONSTANȚA

*Port Premises, Maritime Station, 900900 Constanța, Romania*  
*Trade Register no.: J13/2308/1998; Tax ID: 11062831; TIN: RO11062831*  
*Share capital: 132,906,430 lei*

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## ADMINISTRATORS' REPORT

# NATIONAL COMPANY "MARITIME PORTS ADMINISTRATION" S.A. CONSTANȚA

2021



## I. LEGAL FRAMEWORK

The Administrators' Report for 2021 was drawn up in accordance with the provisions of GEO no. 109/2011 on the corporate governance of public entities, approved as amended by Law no. 111/2016.

The applicable **general legal framework** includes:

- Law no. 31/1990 on trading companies, republished, as subsequently amended and supplemented;
- Government Ordinance no. 26/2013 on strengthening financial discipline in the case of economic operators in which the state or territorial-administrative units are sole or majority shareholders or directly or indirectly hold majority equity interests, as subsequently amended and supplemented;
- Emergency Ordinance no. 109/2011 on the corporate governance of public entities, as subsequently amended and supplemented;
- Law no. 235/2017 on amending and supplementing Government Ordinance no. 22/1999;
- Law no. 227/2015 on the Fiscal Code.
- Ordinance no. 64/2001 on the appropriation of profit within fully or majority state-owned national companies and trading companies, as well as within autonomous public entities, as subsequently amended and supplemented;
- Order no. 1802/2014 of the Minister of Public Finance approving the Accounting Regulations on annual financial statements and annual consolidated financial statements, as subsequently amended and supplemented.

## II . IN BRIEF

### National Company "Maritime Ports Administration" S.A. Constanța – in brief

	2020	2021	%
Turnover (thsnd. lei)	345,200	418,906	121.4
EBITDA (thsnd. lei)	191,755	201,404	105.0
Gross profit (thsnd. lei)	155,031	154,629	99.7
Rate of profit (%)	44.91	36.91	82.2
Total assets (thsnd. lei)	1,316,027	1,396,703	106.1
Total own equity (thsnd. lei)	847,280	944,687	111.5
Total liabilities (thsnd. lei)	363,769	348,297	95.7
Total assets / Total liabilities	3.62	4.01	110.8
Investments (thsnd. lei)	183,251	141,429	77.2
Own equity / Total assets (%)	64.38	67.64	105.1
Rate of debt (%)	11.81%	9.12%	77.2

### III. PREZENTAREA COMPANIEI

Company designation: C.N. ADMINISTRATIA PORTUROLOR MARITIME SA CONSTANTA	
Registered office	PORT PREMISES, MARITIME STATION, CONSTANȚA, ROMANIA
Telephone/fax number:	0241.611.540 / 0241.619.512
Registered with the Trade Register	11062831
Office under Tax ID	
Index number at Constanța Trade Register	J13/2308/1998
Subscribed and paid-up share capital	132.906.430 lei
Scope of business	SERVICE ACTIVITIES INCIDENTAL TO WATER TRANSPORTATION CNAE CODE 5222

National Company "Maritime Ports Administration" S.A. Constanța is a joint-stock company conducting primarily activities of national public interest, organized and operating based on economic management and financial autonomy, in accordance with the laws in effect and its memorandum of association stipulated in Government Decision 517/1998, as amended and supplemented by GD no. 464/2003 and supplemented by GD no. 597/2009.

National Company "Maritime Ports Administration" S.A. Constanța operates as the port authority for the Romanian maritime ports of Constanța (Constanța, Midia and Basarabi areas), Mangalia and for Tomis tourist port. In this capacity, it pursues the development of the maritime ports it administers, with an emphasis on efficiency, safety and sustainability. The three components are embedded in the objectives pursued by CN APM SA: the effective use of infrastructure, the provision of the best conditions to access and exit ports, the provision of a healthy investment climate, drawing in international logistics chains, etc.

CN APM SA has the following subordinated branch offices:

- Port Energy Branch: Port Premises, berth 16 building, no. 11.10.1010, Constanța county
- Port Services Branch: Port Premises, administrative building, no. 11.17.004, Constanța county
- Port Technical Vessels Branch: Port Premises, berth 0 building, no. 11.12.078, Constanța county
- Constanța Sud and Basarabi Free Areas Branch: Port Premises, administrative building, PIER I South, Constanța county

In fulfilling its scope of business, CN APM SA uses both own assets and assets belonging to the state public domain, pursuant to a concession contract. The assigned contracts primarily consist in the infrastructure of the Romanian maritime ports. The property items subject to the concession contract concluded with the Ministry of Transportation, registered in the records under no. MM/2714/2001 (until 31.10.2008), as well as to contract no. LO/4113/31.10.2008, are located on the premises of the maritime ports on the Black Sea coast. In this respect, the company pays the state a royalty amounting to 3% of the revenues obtained from operating the property items that belong to the state public domain.

The report for 2021 was drawn up based on the financial statements drawn up and audited in accordance with the Romanian accounting regulations compliant with the European directives as approved by Order no. 1802/2014 of the Romanian Ministry of Public Finance.

#### IV. ECONOMIC ACTIVITY

1. The company's total revenues, comprising operating income and financial income, for 2021, amount to 458,176 thsnd. lei, indicating a 10.2% increase compared with the previous year and a 10.3% increase compared with the budget (see table no.1):

	Executed 2020	Scheduled 2021	Executed 2021	% year	Thsnd. lei % program
Total revenues, of which:	415,648	415,470	458,176	110.2	110.3
Operating income	398,767	394,667	439,819	110.3	111.4
Financial income	16,881	20,803	18,357	108.7	88.2

**Table no. 1 Total revenues**

1.1. Revenues from operating activities (see table no.2):

	Executed 2020	Scheduled 2021	Executed 2021	% year	Thsnd. lei % program
Operating income	398,767	394,667	439,819	110.3	111.4
Turnover	345,200	372,693	418,906	121.4	112.4
Penalty-based income	10,017	9,000	8,164	81.5	90.7
Revenues from investment subsidies	19,587	8,988	8,449	43.1	94.0
Other operating income	22,992	300	3,214	14.0	1071.3
Revenues from European projects	971	3,686	1,086	111.8	29.5

**Table no. 2 Revenues from operating activities**

The operating income achieved in 2021 amount to 439,819 thsnd. lei, a 10.3% increase from the 398,767 thsnd. lei achieved in 2020, having the following structure:

- revenues from the core business (the turnover), amounting to 418,906 thsnd. lei, as opposed to 345,200 thsnd. lei achieved in 2020, comprising provisions of services in relation to vessels (access, wharfage, dock, etc), leases (lands, administrative spaces, sheds, platforms, etc.), utilities (electricity, heat, water);
- other operating income, covering income from fines and penalties (8,164 thsnd. lei), investment subsidies (8,449 thsnd. lei), revenues from European projects (1.086 thsnd. lei) and other income, amounting to 3.214 thsnd. lei.

We will mention that the company's total operating income also comprises Revenues from European projects, amounting to 1,086 thsnd. lei, according to the Annual financial statements. Within the budget implementation, these are included in a separate chapter of Annex 1.

##### 1.1.1. Turnover

Within the total operating income, turnover has the highest share (95.2%), in 2021, amounting to 418,906 thsnd. lei.

The turnover recorded by CN APM SA during the year under analysis is 21.4% higher than the previous year and 12.4% higher than the 2021 budget, as is visible in table no. 3:

	Executed 2020	Scheduled 2021	Executed 2021	% year	Thsnd. lei % schedule
Turnover	345,200	372,693	418,906	121.4	112.4

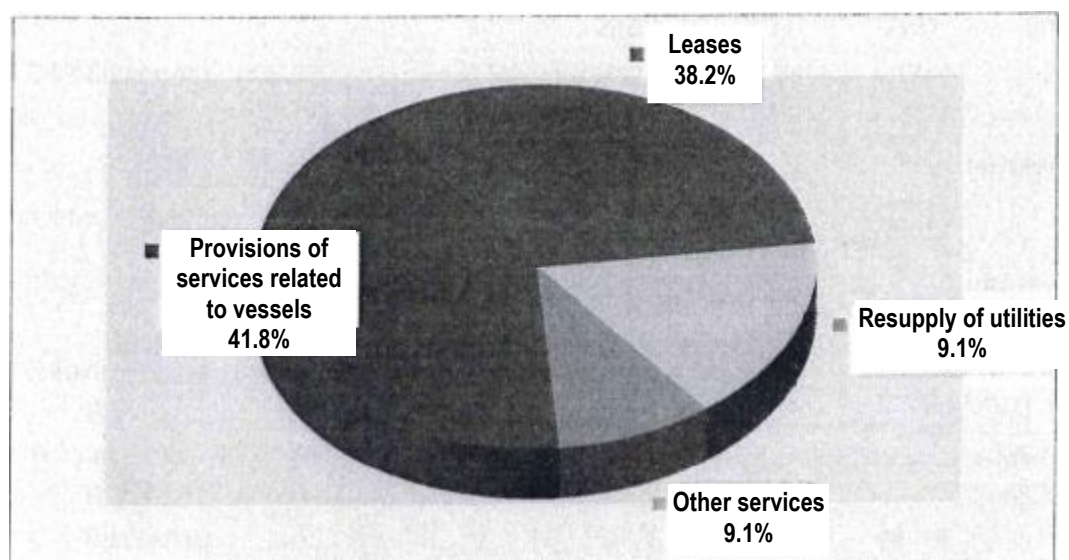
**Table no. 3 Turnover**

In 2021, each significant revenue category comprised in the turnover achieved values higher than those in 2020 (table no. 4):

	Executed 2020	Executed 2021	%
Turnover	345,200	418,906	121.4
Provisions of services related to vessels	136,674	174,909	128.0
Leases	131,886	136,708	103.7
Resupply of utilities	47,474	68,995	145.3
Other services	29,166	38,294	131.3

**Table no. 4 Turnover structure**

The share of each revenue category within the total revenues is visually rendered in the following chart:



**Chart no. 1 Share of each revenue category within the total revenues from deliverables**

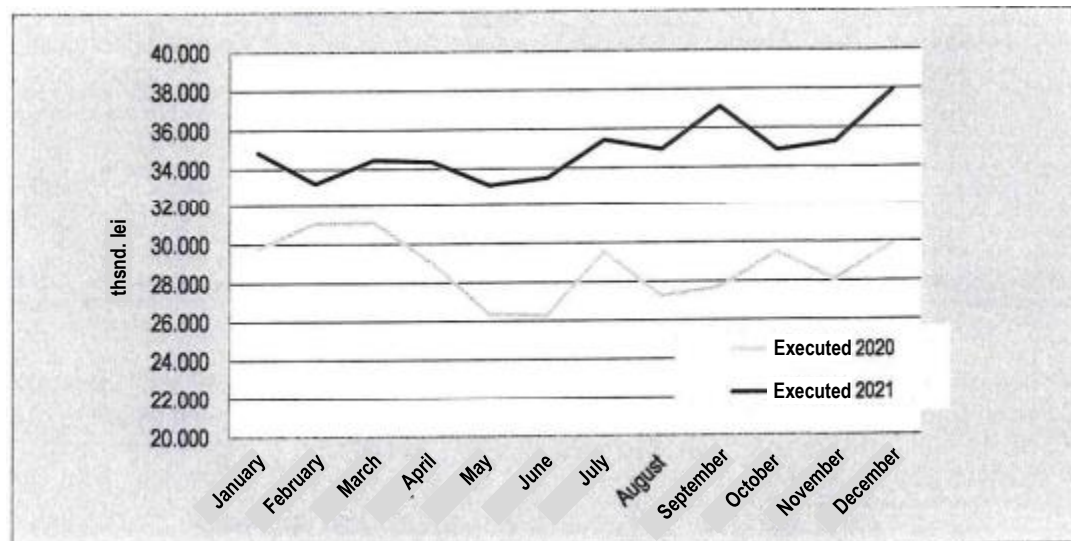
### Monthly evolution of turnover during the years 2020 and 2021 (table no. 5)

	Executed 2020	Thsnd. lei Executed 2021
Turnover	<b>345,200</b>	<b>418,906</b>
January	29,739	34,815
February	31,025	33,221
March	31,079	34,433
April	29,009	34,343
May	26,346	33,109
June	26,249	33,471
July	29,526	35,420
August	27,225	34,916
September	27,649	37,117
October	29,475	34,862
November	28,026	35,266
December	29,852	37,933

**Table no. 5 Monthly evolution of turnover**

As it can be seen, compared with 2020, for each month of 2021 turnover achieves a higher value.

Graphic representation of the turnover monthly evolution for the years 2020 and 2021:



**Chart no. 2 Monthly evolution of turnover**

**1.2. The financial income** achieved in 2021 amount to 18,357 thsnd. Lei and, within them, the highest share (83.1%) belongs to the revenues obtained from foreign exchange gains. Foreign exchange transactions were influenced by a multitude of both financial and commercial factors, however, the careful management of the structure of deposits secured a balance in achieving the financial revenues (see table no.6):

	Executed 2020	Scheduled 2021	Executed 2021	% year	Thsnd. lei % program
Financial income	16,881	20,803	18,357	108.7	88.2
Interest income	2,115	1,800	2,910	137.6	161.7
Foreign exchange revenues	14,762	19,000	15,256	103.3	80.3
Other revenues	4	3	191	4775.0	6366.7

**Table no.6 Financial income**

**2. The total expenditure** recorded in 2021 amount to 303,547 thsnd. lei, showing an increase from 2020 (+ 42,930 thsnd. lei), while falling under the 2021 budget (see table no. 7), as well:

	Executed 2020	Scheduled 2021	Executed 2021	% year	Thsnd. lei % program
Total expenditure	260,617	323,973	303,547	116.5	93.7
Operating expenses	252,870	316,969	299,182	118.3	94.4
Financial expenses	7,747	7,004	4,365	56.3	62.3

**Table no. 7 Total expenditure**

### **2.1. Costs pertaining to the operating activities**

The **costs pertaining to the operating activities** incurred in 2021 amount in total to 299,182 thsnd. lei, indicating an 18.3% increase compared with 2020, fall under the 2021 budget and have the following structure (see table no. 8):

	Executed 2020	Scheduled 2021	Executed 2021	% year	Thsnd. lei % program
Operating expenses	252,870	316,969	299,182	118.3	94.4
Inventory costs	41,579	65,818	61,330	147.5	93.2
Third-party service costs	44,672	72,981	59,427	133.0	81.4
Expenses with taxes, duties and levies	9,160	10,382	9,464	103.3	91.2
Staff expenditure	94,904	125,632	116,301	122.5	92.6
Other operating expenses	61,584	38,470	51,574	83.7	134.1
Expenses with European projects	971	3,686	1,086	111.8	29.5

**Table no. 8 Costs pertaining to the operating activities**

As it can be seen in the table above, all the expense categories fall under the 2021 budget, the only exception being the category of:



- “other operating expenses”, where we see a 34.1% overrun primarily influenced by incurring a significant amount of losses from receivables and setting up provisions.

**Inventory costs** comprise expenses with raw materials, consumables, inventory items, energy and water supply amount to 61,330 thsnd. lei, showing a 47.5% increase from 2020 and falling under the 2021 budget.

We will mention that, in 2020, there were lower consumed quantities of raw materials (cement, lime, plaster, AAC, sand, concrete, etc.), materials, etc. required to carry out repairs and investments using the company’s own resources, keeping in mind the negative impact generated by the Covid-19 pandemic.

The **third-party service costs** incurred in 2021, amounting to 59,427 thsnd. Lei, show an increase from 2020 by 33.0% and fall under the 2021 budget, whereas **third-party repairs** are a significant element thereof.

An overview of the **repairs** carried out in 2021, compared with those of 2020 and the budget, is presented in table no. 9:

	Executed 2020	Scheduled 2021	Executed 2021	% year	Thsnd. lei % program
Repairs performed by third parties	6,402	19,000	12,454	194.5	65.5

**Table no. 9 Repairs**

OBJECTIVES	Thsnd. lei 2021
Camel 64 repairs	470
Diver underwater inspections on dams and quays within Constanța, Midia and Mangalia maritime ports	541
Maintenance works on concrete-layered roads and traffic platforms on the premises of maritime ports	670
Replacement of external joinery of the administrative building and the CSCT extension building	452
Maintenance dredging within the maritime ports	3,920
Spot repairs to the maritime signalling system	600
Planned repairs to the maritime signalling system	2,595
Maintenance services for railways, railway track equipment and wedge derails in Constanța Port	883
Maintenance services for the hybrid interlocking (Siemens and CTS ( <i>centralised train signalling</i> )) at Constanța Port AREA C railway station	550
Maintenance works on concrete-layered roads and traffic platforms on the premises of maritime ports	1,643
Maintenance works on asphalt-layered roads and traffic platforms on the premises of maritime ports	1,406
Maintenance and repair services for the integrated sensor system, inventory no. 233523056, purposely designed to monitor the behaviour in use of the “Road bridge over DBSC ( <i>Danube-Black Sea Canal</i> ) at km. 0+540 - 15 months” construction	335
Mechanised filling, crushed stone replenishments, wooden sleeper replacements, dowel drilling of concrete sleepers at Constanța Port Area C and Constanța Ferry-Boat railway stations	666
Current repairs of Vasile Pistolea multiple-level overpass	260

**Table no. 10 Third-party repairs**

The same category also includes the perimeter protection, maintenance, security and IT service expenses related to the port perimeter system (27,426 thsnd. lei), postage costs and telecommunications charges (2,331 thsnd. lei), legal service fees (1,139 thsnd. lei), sanitation expenses (932 thsnd. lei), costs with cleaning services for administrative, special and general-purpose spaces (780 thsnd. lei), expenses with representative offices (338 thsnd. lei), financial contributions to various bodies (246 thsnd. lei), etc.

**Expenses with taxes, duties and levies** amount in total to 9,464 thsnd. lei and comprise royalties for concessions of public property and mineral resources (6,176 thsnd. lei) and other local taxes, duties and levies (3,288 thsnd. lei).

**Staff expenditure** amounted at the end of 2021 to 116,301 thsnd. lei, which comprise salaries and wages, expenses pertaining to the contract of mandate, social security and welfare costs, special funds and other legal obligations.

**Other operating expenses** amounted to 51,574 thsnd. lei in 2021 and comprise: cost due to increases and penalties (15 thsnd. lei), expenses related to fixed assets (566 thsnd. lei), other expenses (4,769 thsnd. lei), amortisations of tangible and intangible assets (46,813 thsnd. lei), impairment adjustments and provisions (-589 thsnd. lei), etc.

We will mention that the total amount of the company's operating expenses also comprises expenses from European funds, which amount to 1,086 thsnd. lei, according to the Annual financial statements.

## 2.2. Financial expenses

The financial expenses amounting to 4,365 thsnd. lei primarily comprise foreign exchange losses and represent approx. 56.3% of the 2020 achievements and 62.3% of the budget estimates for 2021.

The foreign exchange market volatility decisively influenced the financial outturn. The company executives carefully managed the structure of deposits and secured the payment of the main costs in the contractual currencies (see Table no. 11):

	Executed 2020	Scheduled 2021	Executed 2021	% year	Thsnd. lei % program
Financial expenses	7,747	7,004	4,365	56.3	62.3
Costs from foreign exchange differences	7,744	7,000	4,362	56.3	62.3
Other financial expenses	3	4	3	100.0	75.0

**Table no. 11 Financial expenses**

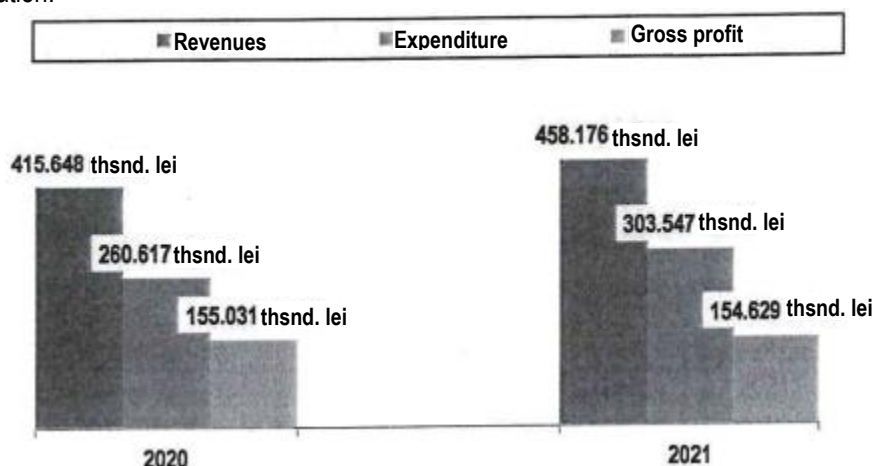
## 3. Gross outturn

The volume of activities carried out throughout 2021 by C.N. APM S.A., materialised as economic indicators: revenues, expenses and gross outturn, compared with 2020, is presented in Table no.12:

	Executed 2020	Scheduled 2021	Executed 2021	% year	Thsnd. lei % program
Total revenues	415,648	415,470	458,176	110.2	110.3
Total expenditure	260,617	323,973	303,547	116.5	93.7
Gross profit	155,031	91,497	154,629	99.7	169.0

**Table no. 12 Revenues, expenditure and gross outturn**

Graphic representation:



**Chart no. 3 Revenues, expenditure and gross outturn**

The company recorded in 2021 a gross outturn of 154,629 thsnd. lei, approximately identical to that of the previous year. The company's total revenues increased by 10.2% compared with the previous year, whereas the expenditure level witnessed a greater growth, by 16.5%. In relation to the budget, the achieved profit indicates a 69.0% increase, the significant influence coming from the fact that there were 6.3% unrealised expenses, whereas the company's revenues exceeded the budget by 10.3%.

For the gross profit structure, see table no. 13.

	Executed 2020	Scheduled 2021	Executed 2021	% year	Thsnd. lei % program
Gross profit	155,031	91,497	154,629	99.7	169.0
Operating profit	145,897	77,698	140,637	96.4	181.0
Financial profit	9,134	13,799	13,992	153.2	101.4

**Table no. 13 Gross profit structure**

#### 4. Analysis of the main economic indicators

##### 4.1. EBITDA

The EBITDA indicator achieved in 2021, amounting to 201,404 thsnd. Lei, witnessed a 5.0% increase compared with the previous year (+9,649 thsnd. lei), whereas the gross profit rate decreased by 17.8% (Table no. 14):

	Executed 2020	Executed 2021	Thsnd. lei %
Net profit	130,290	130,461	100.1
Corporate income tax	24,741	24,168	97.7
Interest	0	0	
Adjustments & Amortisations	36,724	46,775	127.4
EBITDA	191,755	201,404	105.0
Revenues from output sold	345,200	418,906	121.4
Gross profit	155,031	154,629	99.7
Gross profit rate %	44.9%	36.9%	82.2

**Table no. 14 Economic indicators**

#### 4.2. Liquidity

The status of receivables for the years 2020 and 2021, depending on their age, is presented in *Table no. 15*:

Year	Indicators	Balance	Age groups					Thsnd. lei
			1-30 days	31-60 days	61-90 days	91-120 days	More than 120 days	
2020	Trade receivables	98,829	19,426	4,136	2,397	2,143	70,727	
	Current receivables	19,426	19,426					
	Outstanding receivables	79,403		4,136	2,397	2,143	70,727	
	Adjustments*	5,403						
2021	Current receivables	106,706	24,723	3,369	2,396	2,044	74,174	
	Current receivables	24,723	24,723					
	Outstanding receivables	81,983		3,369	2,396	2,044	74,174	
	Adjustments**	4,350						

**Table no. 15 The status of receivables**

\*) In 2020, of the total receivables amounting to 98,829 thsnd. lei, 79,403 thsnd. lei represent outstanding receivables. Following the adjustments amounting to 5,403 thsnd. lei brought to the receivables, representing payment reschedulings and invoices with their due dates in January 2021, the amount of outstanding receivables was 74,000 thsnd. lei.

\*\*) In 2021, of the total receivables amounting to 106,706 thsnd. lei, 81,983 thsnd. lei were receivables. Following the adjustment of said receivables with the amount of 4,350 thsnd. lei representing payment reschedulings and invoices with their due dates in January 2022, the amount of outstanding receivables was 77,633 thsnd. lei.

The level of outstanding receivables recorded during the period under analysis was caused by difficulties in the collection thereof, following the systematic refusals to pay by certain customers of C.N. APM S.A., the ongoing litigations and the insolvency and bankruptcy cases.

Customer **turnover** decreased by approx. 11 days, indicating a reduction of the receivable collection period, whereas supplier turnover decreased by approx. 2 days from the previous year (see table no. 16):

	Executed 2020	Executed 2021	%
Customer turnover (days)	101.05	89.54	88.6
Supplier turnover (days)	15.14	13.24	87.5

**Table no. 16 Customer and supplier turnovers**

**Liquidity** was maintained within reasonable parameters, being well above the minimum safety limits (current liquidity with the safety ratio = 2 and Spot liquidity or the Acid test with the safety ratio = 1), as presented in Table no. 17:

	Executed 2020	Executed 2021	%	Minimum safety level
Current liquidity	9,65	10.12	104,9	2.0
Spot liquidity	9,58	10.07	105,0	1.0

**Table no. 17 Liquidity indicator**

It is important to also mention that CN APM SA Constanta does not have any arrears.

#### **4.3 Risk indicators**

The company's rate of debt decreased by 22.8% compared with 2020, reaching 9%, as opposed to the 305 minimum safety level (see table no. 18):

	Executed 2020	Executed 2021	%	Minimum safety level
Rate of debt (%)	0.12	0.09	77.2	30

**Table no. 18 Rate of debt**

#### **4.4. Labour productivity**

Labour productivity expressed in value units, and obtained by the company during the 2021 fiscal year showed an increase by 16.8% compared with 2020, following a well-thought use of human resources and particular attention paid to placing the indicator within the budget limits (table no. 19):

	Executed 2020	Executed 2021	%
Labour productivity (thsnd. lei/person)	422.58	493.51	116.8

**Table no. 19 Labour productivity**

## V. COMMERCIAL ACTIVITY

### 1. Freight traffic

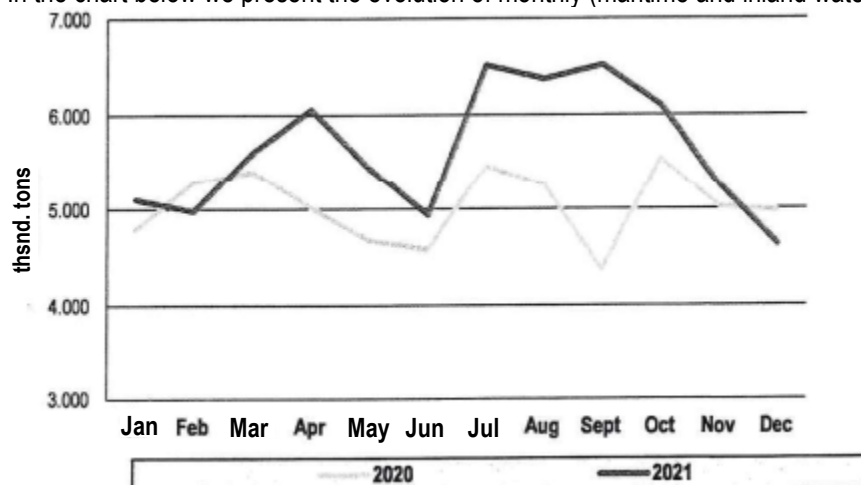
Within the commercial activity, freight traffic is the main revenue generator which leads to a strong correlation between the company's core activities.

In 2021, as opposed to 2020, freight traffic witnessed an increase by 7,108 thsnd. tons (+11.8%), the monthly evolution being presented in table no. 20:

	2020	2021
Thsnd. tons		
<b>Total maritime and inland waterway traffic</b>	<b>60.376</b>	<b>67,484</b>
January	4.782	5,099
February	5.281	4,975
March	5.407	5,608
April	5.017	6,054
May	4.671	5,440
June	4.575	4,937
July	5.468	6,513
August	5.263	6,370
September	4.368	6,518
October	5.549	6,096
November	5.020	5,248
December	4.975	4,626

*Table no. 20 Monthly evolution of freight traffic during the 2020-2021 period*

In the chart below we present the evolution of monthly (maritime and inland waterway) traffic in 2021 vs 2020:



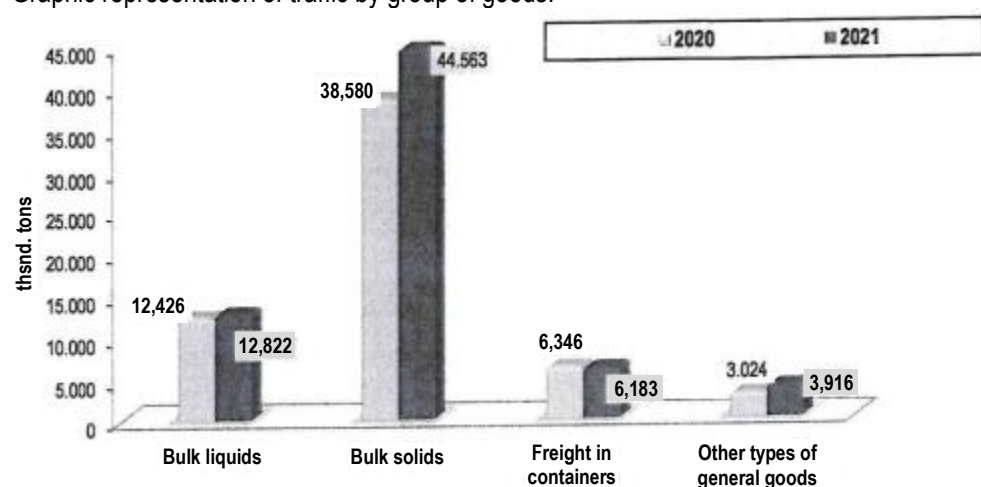
*Chart no. 4 Evolution of monthly (maritime and inland waterway) traffic, 2021 vs 2020*

Traffic by main freight category (bulk liquids, bulk solids, containers, general goods) in 2021 vs 2020 appears as follows (see table no. 21):

	2020	Thsnd. tons 2021	%
Total maritime and inland waterway traffic	60,376	67,484	111.8
Bulk liquids	12,426	12,822	103.2
Bulk solids	38,580	44,563	115.5
Freight in containers	6,346	6,183	97.4
Other types of general goods	3,024	3,916	129.5

**Table no. 21 Comparative evolution of total traffic 2021 vs 2020**

Graphic representation of traffic by group of goods:



**Chart no. 5 Traffic by group of goods for the years 2020-2021**

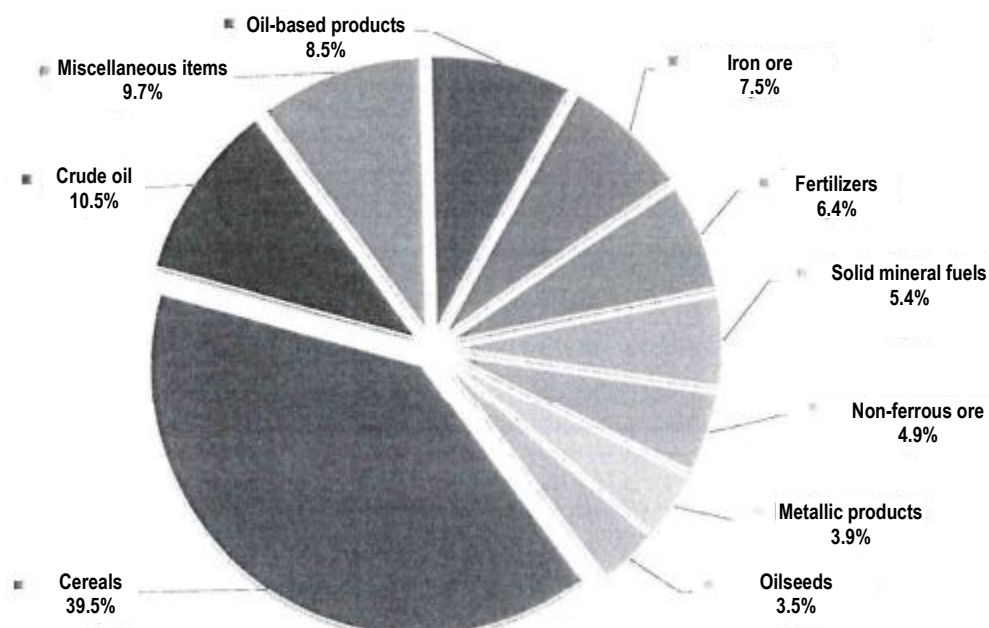
Freight traffic structured by main group of goods (see table no. 22):

	2020	Thsnd. tons 2021	%
Total operated freight	60,376	67,484	111.8
Cereals	21,894	25,175	115.0
Crude oil	6,638	6,715	101.2
Miscellaneous items	6,349	6,198	97.6
Oil-based products	5,042	5,439	107.9
Iron ore	3,872	4,766	123.1
Fertilizers	4,420	4,103	92.8
Solid mineral fuels	2,851	3,439	120.6
Non-ferrous ore	2,276	3,150	138.4
Metallic products	1,954	2,503	128.1

Oilseeds	1,826	2,205	120.8
Other groups of goods with a total share below 1.3%	3,254	3,791	116.5

**Table no. 22 Total operated freight by group**

### Share of the main groups of goods



**Chart no. 6 Share of the main groups of goods within the total traffic**

The freight traffic analysed by operated group of goods emphasizes the fact that in 2021, as opposed to 2020, there is a significant increase in traffic in the case of certain groups of goods with a significant share within the total traffic, namely:

- The group of cereals, with a 39.5% share within the total freight traffic, displays an increase by 15.0% (+3,281 thsnd. tons);
- The group of oil-based products, with an 8.5% share within the total freight traffic, displays an increase by 7.9% (+397 thsnd. tons);
- Iron ore, with a 7.5% share within the total freight traffic, displays an increase by 23.1% (+894 thsnd. tons);
- Non-ferrous ore, with a 4.9% share within the total freight traffic, displays an increase by 38.4% (+874 thsnd. tons);
- Metallic products, with a 3.9% share within the total freight traffic, displays an increase by 28.1% (+549 thsnd. tons);
- Oilseeds, with a 3.5% share within the total freight traffic, displays an increase by 20.8% (+379 thsnd. tons).

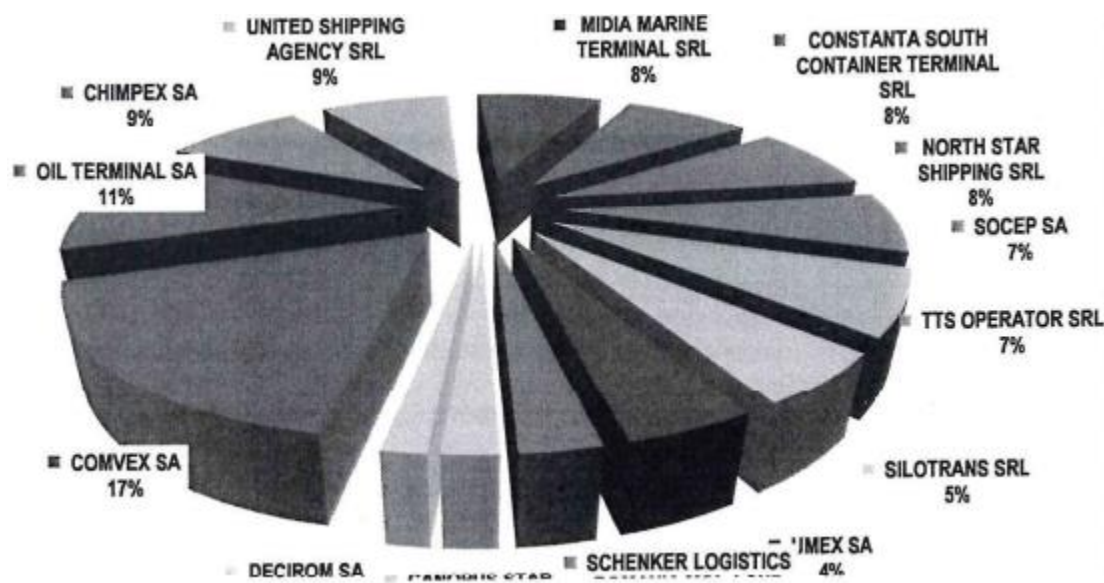
**Freight traffic achieved by the main port operators** (see table no. 23):



	Thsnd. tons	
	2020	2021
COMVEX SA	6,729	11,045
OIL TERMINAL SA	6,380	7,124
CHIMPEX SA	4,460	5,561
UNITED SHIPPING AGENCY SRL	6,202	5,396
MIDIA MARINE TERMINAL SRL	5,593	5,293
CONSTANTA SOUTH CONTAINER TERMINAL SRL	5,435	5,185
NORTH STAR SHIPPING SRL	4,928	5,036
SOCEP SA	3,265	4,325
US OPERATOR SRL	4,658	4,295
SILOTRANS SRL	2,888	3,319
UMEX SA	2,834	2,785
SCHENKER LOGISTICS ROMANIA MOL 1 SUD SA	1,087	1,725
CANOPUS STAR	959	1,181
DECIROM SA	743	957
OTHER OPERATORS < 1%	4,215	4,257

*Table no. 23 Total operated freight by group*

Share of the main operators in achieving the total traffic of Constanța Port

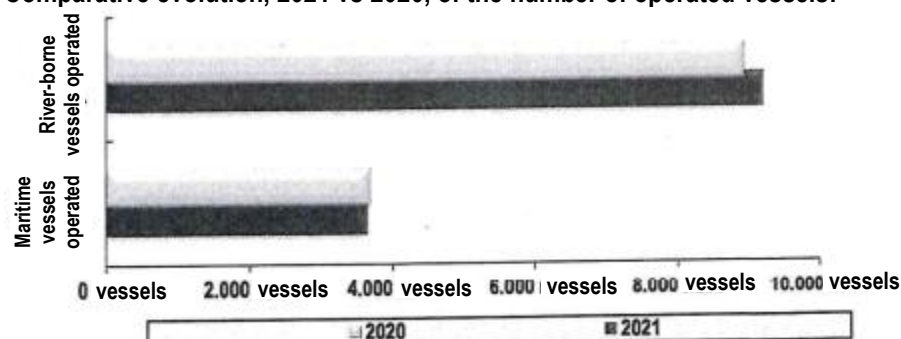


*Chart no. 7: illegible*

The freight traffic achieved in Constanța Port is in close correlation with the number of maritime and river-borne transportation vessels making port calls as part of operation (loading/unloading), which is highlighted in table no. 24 and chart no. 7, respectively:

	No. of vessels	
	2020	2021
Maritime vessels operated	3.694	3.657
River-borne vessels operated	8.940	9.205

**Comparative evolution, 2021 vs 2020, of the number of operated vessels:**



**Chart no. 8 Comparative evolution of the number of operated vessels**

## 2. Analysis of the deliverables rendered for vessels

CN APM SA handles the pricing of the deliverables and services rendered by CN APM for the account of the vessels carrying the Romanian or a foreign flag and calling / stopping in the Romanian maritime ports. At the same time, it manages Agent and Ship-owner contracts, any agreements on fishing boats, as well as contracts for manoeuvring towage of maritime vessels.

**A. Pursuant to Agent contracts valid over the 01.01-31.12.2021 period, CN APM SA provided:**

- the use the port infrastructure in Constanța (Constanța area, Midia area and partially Basarabi area) and Mangalia, for the entry/exit and the stopping of vessels represented by the Agent, in line with the domestic and international legal provision in effect and the provisions of the contracts, using the tariffs and the implementation requirements published on the CN APM portal, at [www.portofconstantza.com](http://www.portofconstantza.com);

- the services expressly stated in the Tariff Conditions for the vessels represented by the agent, using the tariffs and the conditions stipulated in said Tariff Conditions;

- the safe navigation service for maritime and sea/river-borne vessels, intended for the vessels represented by the agent, rendered by CN APM's navigator corps and/or by means of specialised and certified Agents, as the case may be, to whom CN APM SA has granted the right to render such services;

- the safe manoeuvring towage service for maritime and sea/river-borne vessels, intended for the vessels represented by the agent, rendered by means of specialised and certified Agents to whom CN APM SA has granted the right to render such services. These safety services may be enjoyed by any type of vessel bearing a maritime or sea/river-borne class;

- anti-pollution dam installing services for vessels represented by the agent, which have handled hydrocarbons/oil-based products in the oil based terminals of Constanța port (Constanța area, Midia area), using the tariffs and conditions stated in the Tariff Conditions published on the CN APM portal. All the vessels that handle hydrocarbons by using maritime ports are bound to use anti-pollution dam, which are to be properly installed so as to avoid/prevent polluting the port waters in cases of accidental or controlled discharges of oil-based products/hydrocarbons;

- vessel waste and household waste pick-up services for vessels represented by the agent, which called or operated in one of the Constanța (Constanța area, Midia area and partially Basarabi area) and Mangalia ports, using the tariffs and conditions stated in the Tariff Conditions. Picking up the waste and household waste from the vessels constitutes a release for free circulation, in accordance with the provisions of art. 79 in Regulation (EEC) no. 2.913/1992 of the Council from October 12, 1992 establishing the Community Customs Code.

Throughout 2021, there were 106 ongoing agent contracts, all of them concluded and signed within the reported interval. Furthermore, 6 contracts were ceased, leading to a number of 100 valid agent contracts as at 31.12.2021.

**B. Pursuant to ship-owner contracts valid over the 01.01-31.12.2021 period, CN APM SA provided:**

- the use the port infrastructure in Constanța (Constanța area, Midia area and partially Basarabi area) and Mangalia, for the entry/exit and the stopping of the Ship-owner's vessels, in line with the domestic and international legal provision in effect and the provisions of the contracts, using the tariffs and the implementation requirements published on the CN APM portal, at [www.portofconstantza.com](http://www.portofconstantza.com);

- the services expressly stated in the Tariff Conditions for the Ship-owner's vessels, for a fee, using the tariffs and the conditions stipulated in said Tariff Conditions;

- the safe navigation service for maritime and sea/river-borne vessels, intended for the Ship-owner's vessels, rendered by CN APM's navigator corps and/or by means of specialised and certified Agents, as the case may be, to whom CN APM SA has granted the right to render such services;

- the safe manoeuvring towage service for maritime and sea/river-borne vessels, intended for the Ship-owner's vessels, rendered by means of specialised and certified Agents to whom CN APM SA has granted the right to render such services. These safety services may be enjoyed by any type of vessel bearing a maritime or sea/river-borne class;

- anti-pollution dam installing services for the Ship-owner's vessels, which have handled hydrocarbons/oil-based products in the oil based terminals of Constanța port (Constanța area, Midia area), using the tariffs and conditions stated in the Tariff Conditions published on the CN APM portal. All the vessels that handle hydrocarbons by using maritime ports are bound to use anti-pollution dam, which are to be properly installed so as to avoid/prevent polluting the port waters in cases of accidental or controlled discharges of oil-based products/hydrocarbons;

- vessel waste and household waste pick-up services for the Ship-owner's vessels, which called or operated in one of the Constanța (Constanța area, Midia area and partially Basarabi area) and Mangalia ports, using the tariffs and conditions stated in the Tariff Conditions. Picking up the waste and household waste from the vessels constitutes a release for free circulation, in accordance with the provisions of art. 79 in Regulation (EEC) no. 2.913/1992 of the Council from October 12, 1992 establishing the Community Customs Code.

During the 01.01 – 31.12.2021 period, there were 57 ongoing ship-owner contracts, of which 55 concluded and signed within the reported interval and 2 extended de jure since 2020. Furthermore, 4 contracts were ceased, leading to a number of 53 valid ship-owner contracts as at 31.12.2021.

**C. Pursuant to agreements on fishing boat fees and charges, valid over the 01.01-31.12.2021 period,** CN APM SA provided, for a fee, the use the port infrastructure on the premises of Constanța port – Midia area, for the entry/exit and the stopping of legally owned fishing boats (not exceeding 20 m in length), in accordance with the domestic and international legal provisions in effect.

During the 01.01 – 31.12.2021 period, there were 31 ongoing agreements on fishing boat fees and charges, of which 14 concluded and signed within the reported interval and 17 extended de jure since 2020. Furthermore, 17 agreements were ceased, leading to a number of 14 valid agreements on fishing boat fees and charges as at 31.12.2021.

**D. Pursuant to maritime vessel manoeuvring towage contracts, valid over the 01.01-31.12.2021 period,** CN APM SA granted to operators the non-exclusive right to render the safe manoeuvring towage service for maritime vessels in Constanța (Constanța area, Midia area and partially Basarabi area) and Mangalia.

During the 01.01 – 31.12.2021, there were 3 ongoing maritime vessel manoeuvring towage contracts performed in Constanța (Constanța and Midia areas and partially Basarabi area) and Mangalia ports and one manoeuvring towage contract for maritime vessels under repair or construction at Midia Shipyard, extended de jure since 2020. We will mention that no maritime vessel towage contracts were concluded and signed, or ceased, throughout the reported period.

For all of the above-mentioned contracts, the equivalent value of the deliverables and the services was secured by means of the issuance of performance bonds (letter of bank guarantee, guarantee transferred to a current guarantee account of CN APM, deposit placed into a collateral account made available to CN APM), according to the contractual clauses.

During the 01.01 – 31.12.2021 period, there were 21,630 expense statements issued for deliverables rendered in regard to vessels, of which 7,276 expense statements were issued in relation to maritime vessels and 14,404 expense statements in relation to technical and river-borne vessels.

### 3. Analysis of lease activities

As at 31.12.2021, there are **475** ongoing **lease and concession contracts**<sup>1</sup>, the structure as at this date appears as follows:

- ✓ 230 public domain land lease contracts falling under two large categories (contracts concluded and signed by way of direct award procedure and contracts concluded and signed following a public tender procedure, both performed pursuant to GO 22/1999, as amended and supplemented, and pursuant to MTI (*Minister of Transportation and Infrastructure*) Order no. 1286/2012;
- ✓ 17 concession contracts taken over from the former RAAZL (*"Free Area Administration" Autonomous Public Entity*);
- ✓ 1 contract for public domain land concession concluded and signed in 1993;
- ✓ 227 contracts for leases on property owned by CN APM SA (platforms, administrative spaces, shed enclosures).

Throughout 2021, 529 de addenda to the ongoing contracts 39 lease contracts were concluded and signed, of which 27 short-term contracts (with a contract validity under 5 years) and 12 long-term contracts (valid for 5 to 33 years). Of their total number, 26 contracts regulate leases on public domain lands, whereas 13 are lease contracts for real estate owned by CN APM SA.

**a) The activities carried out on the leased land plots were:**

**- freight loading/unloading activities** – *there are 40 port operators which conduct loading/unloading operations with bulk solids and liquids/gaseous items (cereals, ores, oil-based products, LPG), containers, general goods. We will mention that 5 of the most important world cereal traders are present in Constanța Port, owning cereal handling terminals (ADM, Ameropa, CHS, Cargill, Cofco). In total, Constanța Port hosts 10 cereal terminals, 2 container terminals (CSCT – the largest terminal at the Black Sea, Socep), 1 ore terminal – Comvex, 2 terminals for oil-based products (Oil Terminal and Rompetrol Rafinare), 2 LPG terminals (Octagon and Callatis), 4 terminals for general goods (DB Schenker, Socep, Umex, Decirom);*

**- other commercial and industrial activities** – *for example, logistics, storage, commerce, etc. activities.*

**b) Direct awards of public domain lands**

In 2021, 14 contracts for leases on public domain lands were signed as a result of the direct award procedure carried out according to the legislation, the commitments to the Competition Council and the internal regulations.

As part of the procedures for the awarding of public domain lands – by way of tender and direct award, as well as part of renegotiations on the land lease, in line with the contractual clauses, 51 valuation reports (drawn up by an ANEVAR expert approved by CNAPM SA) were requested.

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<sup>1</sup> These are joined by **38 cases where the companies employ property items owned by CN APM or the state, in the absence of contractual regulations**, and which are in various negotiation, litigation (evictions included) or bankruptcy stages.

### c) Public tenders for public domain lands

In 2021, there were 59 registered requests for leases on public domain lands, via a public tender procedure, for which the company analysed the possibility of leasing, in compliance with the legislation, the commitments to the Competition Council and the work instructions (internal correspondence with the specialised and external compartments, analysis studies on the opportunity to lease).

All the requests to lease were analysed (in light of the internal points of view requested and received from the specialised departments), subsequent to which a mail exchange with the applicants took place (adverse opinions were issued for some of these – following the analysis, for some of the requests, the lease opportunity analysis is under way, whereas other applicants withdrew their requests).

12 tender procedures were organised for 12 land plots, all of which were awarded.

In 2021, 8 lease contracts were concluded and signed following public tender procedures. We will mention that, according to the tender documentations, a single lease contract was concluded and signed for 7 land plots separately put out to tender, but awarded to the same company. Additionally, 2 contracts were concluded and signed in January 2021, whereas the tender procedures took place at the end of 2020.

### d) Administrative spaces/sheds

In 2021, there were 16 registered requests for leases on administrative spaces/shed enclosures owned by CN APM SA. Following the tender sessions, 8 lease contracts were concluded and signed, whereas 4 requests materialised as contracts following direct award procedures (over a 5-year period according to the framework contract), in line with the Regulation on leasing administrative and storage spaces, different from platforms, owned by CN APM SA and allowing being split into functional individual spaces and leased to several economic operators.

No contracts were awarded following the other 8 tender sessions on grounds of non-eligibility or failure to appear.

## VI. THE DEVELOPMENT ACTIVITY

Investments play a significant part in the rehabilitation, upgrading and development of existing facilities. For 2021, the company scheduled investments amounting to 286,181 thsnd. lei and executed 141,429 thsnd. lei (49.4%), 43.2% from own sources and 55.7% from other sources, that include investments from European funds, as follows (table no.25):

	Executed 2020	Program 2021	Executed 2021	Degree of program execution %	Degree of execution % year
Investment financing sources, of which:	183,251	286,181	141,429	49.4	77.2
Own sources	49,007	142,872	61,671	43.2	125.8
Budget allowances for investments	0	0	0	0.0	0.0
Other sources, of which:	134,244	143,309	79,758	55.7	59.4

- European Regional Development Fund - ERDF	0	39,081	3,175	8.1	n/a
- Large Infrastructure Operational Programme - LIOP	95,768	58,098	43,679	75.2	45.6
- Connecting Europe Facility - CEF	16,705	25,398	12,173	47.9	72.9
- Transfers for rehabilitation (rates, interest)	21,771	20,732	20,731	100.0	95.2

**Table no. 25 Investments in 2021**

### Own sources

The main investment objectives fulfilled by employing own sources in 2021 (see table no. 26):

Thsnd. lei		
OBJECTIVES	2021	OBJECTIVE STATUS
Construction works for exterior operational lighting power grids: BATCH 1 Lighting electrical installations in berths 85-90 BATCH 2 Lighting electrical installations in berths 100-103 Execution with OWN RESOURCES	<b>613</b>	<i>Completed and commissioned works.</i>
Road access along the western side of Premises no. 3 in Constanța South Port (project update and execution of works)	<b>2.460</b>	<i>Works in progress</i>
Design + Execution of OH ( <i>overhaul</i> ) works for Gate 2 Pedestrian Walkway	<b>5.670</b>	<i>Works in progress</i>
Draw up the specifications for the design and implementation of a Port Community System within Constanța and Mangalia maritime ports	<b>1.175</b>	Ongoing contracting process
Upgrade and extend of the existing MERIDIAN telemetering system in order to integrate all the electricity meters fitted to the consumer supplied by the transformer stations and substations, in Constanța Port, Constanța South and Midia	<b>1.000</b>	<i>Works in progress</i>
Execution of works – Gate 7 - Gate 9 Road, asphalt layer and Site management	<b>7.165</b>	<i>Works in progress</i>
Extension and reconfiguration of Constanța Port – Midia area surveillance and security system	<b>1.100</b>	<i>To be commenced after the issuance of the GD on Midia Area Free Port.</i>
Intervention works approval documentations (DALI), Technical Valuations, updates to the Feasibility Study and drawing up the Financing Request, all aimed at fulfilling the investment objective: "CONSTANȚA PORT ROAD AND ACCESS INFRASTRUCTURE MASTERPLAN - EXTENSION, UPGRADING AND REHABILITATION OF ROADS AND PASSAGEWAYS WITHIN CONSTANȚA PORT"	<b>500</b>	<i>Works in progress</i>
Consultancy services on "Revision of Constanța Port Masterplan"	<b>500</b>	<i>In progress</i>

Construction of exterior street lighting power grid – design and execution. (Upgrade and extension for perimeter lighting grid, the western side and the eastern side, Premises 1 A, Constanța South Port)	<b>500</b>	<i>Works in progress</i>
Connection fee - Midia	<b>8.000</b>	<i>In progress</i>
Design + execution of OH works for Upper Passageway Lengthening at the Grand Curve	<b>1.814</b>	<i>Works in progress</i>
Batch II: Constanța Port – Constanța area ZUP update	<b>2.110</b>	<i>In progress.</i>
Feasibility study, cost-benefit analysis and financing request for the "Dredging for investment purposes at maritime ports" investment objective	<b>2.450</b>	<i>In progress.</i>
CCVT monitoring system for the "Road bridge at km 0+540 of Danube-Black Sea Canal" objective, parking lot 10 Bis and the platform of berths 98 - 99	<b>1.206</b>	<i>Works in progress</i>
TD (technical design) + Execution of Gate 6 Water management plant upgrade	<b>2.124</b>	<i>Works in progress</i>
TD – Execution of F1+F2 flooded drillings upgrade	<b>3.874</b>	<i>Works in progress</i>
TD + Execution of Wastewater treatment station upgrade Execution of the denitrification section	<b>2.380</b>	<i>Works in progress</i>
Rehabilitation of RAJA ( <i>Constanța County Water Public Autonomous Entity</i> ) water feed pipeline - 2x250 mm, in the Old Port railway overpass area	<b>1.051</b>	<i>Completed and commissioned works.</i>
Upgrades to the water supply networks, Pier II SOCEP - New Port	<b>3.300</b>	<i>Works in progress</i>
Upgrades to exterior lighting power grids – Execution: <b>Batch 1</b> - Upgrades to the street lighting grid of Pier S2 road passage <b>Batch 2</b> - Upgrades to the perimeter lighting grid along the eastern side and the western side, Premises of RO RO terminal, Berth 120 - Constanța South Port <b>Batch 3</b> - Upgrades to the exterior lighting grid at Radacina Pier 1S <b>Batch 4</b> - Upgrades to the lighting grid at Access Gate no. 10, Constanța South Port <b>Batch 5</b> - Upgrades to the exterior lighting grid PT 6 - Gate no. 5	<b>1.000</b>	<i>Works in progress</i>
Upgrades to the electricity distribution infrastructure in Constanța Port, Connection fee + COFINANCING	<b>5.856</b>	<i>Amount of the co-financing to be covered by CN APM SA Constanța in order to complete this project</i>
OH of Railway 1 and Railway 2, Northern Dam, over a length of 594 meters (design + execution)	<b>1.297</b>	<i>Works in progress</i>



TD + Execution – Upgrade and extension of water supply network at the quay of Berths 85 -99	<b>2.000</b>	<i>Works in progress</i>
Design + Execution of OH works + upgrading + partial demolition of "New Commodities Exchange Building" - 3 years	<b>2.500</b>	<i>Ongoing process to obtain BP (building permit) for OH. Demolition works began on the adjacent New Commodities Exchange Building (90%). Completion of demolition at the start of performing the OH works.</i>
Overhauling works on the Gate 4 Upper Passageway and works execution organisation	<b>2.042</b>	<i>Works in progress</i>
Implementation of the second stage of the integrated sensor system designed to purposely monitor the behaviour in use of the "Road bridge over DBSC at km. 0+540 - 15 months" construction, according to project 12127-DE-POD-2013	<b>2.857</b>	<i>Works in progress</i>
Breakwater upgrading works – Berth 0	<b>2.163</b>	<i>Works in progress</i>
Dam repair works, Constanța and Midia - 5 years	<b>20.220</b>	<i>Works in progress</i>
Repairs on Constanța Port Northern Dam and works execution organisation	<b>6.510</b>	<i>Ongoing contracting process</i>
Design and construction of two multi-purpose technical vessels	<b>6.196</b>	<i>Due to certain technical issues encountered throughout the performance of the tests carried out with the multi-purpose vessels, in relation to which notifications were issued to the provider, in order to allow for a solution, the payment of the last contract stage, amounting to 3,873 thsnd. Lei, VAT-exclusive, shall be postponed until the 1<sup>st</sup> quarter of 2022.</i>

**Table no. 26 – Main investments with own sources**

### **European projects**

As part of the development activity throughout 2021, the projects carried out with European funds are distinctly significant, the achievements of 2021 being as follows:

#### **Projects completed in 2021 (financed from LIOP 2014-2021)**

#### **1. Upgrades to the port infrastructure by means of increasing the actual depth of fairways and basins and securing navigation safety in Constanța Port (dredging for investment purposes) – funding from LIOP 2014-2020**

Value of contract for works: 141,704,011.39 lei (VAT-exclusive)

**Hydrographic system, including the research vessel** – 4,700,000 lei; completed, accepted and commissioned objective.

## **2. Implementation of a specialised berth in an area with significant depths (Berth 80) – LIOP 2014-2020 financing**

Value of contract for works: 15,268,575.09 lei (VAT-exclusive)

### **Projects for which financing contracts were signed in 2021**

#### **1. Extension to 4 lanes for the road linking Gate 10 bis to Gate 10**

The **project value**, according to the GD which approved the technical and economic indicators, is 60 million lei, VAT-inclusive, the equivalent of 10.6 million Euro, VAT-exclusive.

**Current status:** the engineering contracts, the contracts for works and the supervision contract concluded with the SC Acvatot SRL&SC OMNI CONSTRUCT LOGISTIC SRL & SC SIRIUS PROIECTARE STUDII SRL&SC DIMEX-2000 COMPANY SRL joint venture (with a contract value of 33,686,881.6, VAT-exclusive) and TPF Inginerie (with a contract value of 1,100,000 lei, VAT-exclusive), respectively.

The **time to completion** is 24 months, of which 4 months for design.

#### **2. Upgrades to the electricity distribution infrastructure in Constanța Port**

The **project value**, according to the GD which approved the technical and economic indicators, is 113.3 million lei, VAT-inclusive, the equivalent of 21 million Euro (VAT-exclusive).

**Current status:** the engineering contracts, the contracts for works and the supervision contract concluded with Electromontaj SA – Siemens Energy SRL – Enevo Group SRL joint venture (with a contract value of 36,863,325.65 lei, VAT-exclusive) and Venturo Investment SRL (with a contract value of 1,086,060 lei, VAT-exclusive), respectively. The **time to completion** is 32 months, of which 4 months for design.

### **Projects under preparation to be submitted under LIOP 2014-2020 (+3)**

Projects under preparation and for which applications for funding shall be submitted under LIOP 2014-2020 (Deadline: 2020 + 3):

#### **1. Extension to 4 lanes for the road linking Gate 7 and the junction with the “CDMN road bridge” objective and the road linking Gate 9 to Gate 8, towards the northern part of Constanța Port**

The **estimated project value**, according to the cost estimate: 30.7 mil. Euro (VAT-exclusive).

**Current status:** FS (*feasibility study*) with a favourable opinion from the CTE (*Technical and Economic Commission*) of CN APM on 26.08.2021. The complete documentation was submitted to MTI-DTN (*Naval Transportation Directorate*) for it to undergo approval by MTI's CTE. The expropriation path was approved by LRO (*Land Register Office*). The costs required to prepare the project towards accessing European funds were allocated from own sources of CN APM SA Constanța (1,433,570 lei, VAT-exclusive).

Nearing completion are the Application for funding, including the CBA (*cost-benefit analysis*) and the financial plan, in which the optimum funding variant is explored, given the project complexity, the eligibility limit of LIOP 2014-2020 (+3) and the project sequencing conditions, in the absence of the OTP (*Operational Transport Program*) 2021-2027 Guide. According to the current cost-benefit analysis, the overpass coming from the roundabout (A4 end stop) and towards the road connecting to Gate 9 shall be executed beyond 2023, therefore, in the absence of sequencing rules, the documents above are not eligible. In our opinion, this aspect needs to be clarified beforehand by MTI's CTE.

#### **2. Extension of, and upgrades to, the water and sanitation infrastructure – stage 1**

The **estimated project value**, according to the Feasibility study: 20 mil. Euro (VAT-exclusive)

**Current status:** drawing up the FS is in progress. The process of receiving the permits from the permit-issuing institutions is in progress (the only items left to be issued are the environmental permits for the objectives located within Constanța Municipality TAU (*territorial-administrative unit*) – a decision on conducting an environmental impact check compliant with the adequate procedure). The designer was requested to revise de draft FS in line with the comments received, subsequent to which the completion of the documentation shall be correlated with obtaining the complete set of permits, in order to forward the draft as soon as possible, for approval purposes, to the CTE of CN APM SA. The application for funding, including the CBA and the financial plan, are currently subject to debates, as are setting forth the strategy to follow in regard to exploring the optimum financing option, keeping in mind the project complexity, the eligibility limit of LIOP 2014-2020 (+3) and the project sequencing conditions, in the absence of the OTP 2021-2027 Guide.

The costs required to prepare the project for accessing European funds were allocated from own sources of CN APM SA Constanța (500,000 lei).

**3. Quay extensions a berths 10 and 12 in Midia area, including consolidation works behind the quays**  
**Estimated project value:** 36 million lei (VAT-exclusive), the equivalent of approx. 8 million Euro (VAT-exclusive).

**Current status:** the complete set of issued permits, issued approval no. 21/05.08.2021 of CN APM SA Constanta CTE for the Feasibility Study phase, issued MTI's CTE approval and Inter-ministerial Commission's approval. The GD proposal and the substantiation note are currently subject to public debate.

**Proposal:** also taking into account, as part of the following operational program, the infrastructure upgrading and rehabilitation projects, which are high-value projects that can impact upon the company budget if financed from own sources (e.g., northern dam rehabilitation - approx. 20 million Euro, breakwater rehabilitation - approx. 22 million Euro, rehabilitation of overpasses - approx. 8 million Euro, etc.).

**Upgrading and development projects taken into account for the following transportation  
operational program 2021-2027  
(currently in their documentation preparation stage)**

**1. Rehabilitation, upgrading and extension of the road (roads, overpasses, including the road bridge over the Connecting channel) and access infrastructure within Constanța Ports and Midia area**

**Estimated value of project-related works:** 100 million Euro (VAT-inclusive)

**Current status:** the contract for drawing up the FS/DALI is ongoing, the funding of approx. 670.000 Euro being provided from own sources of CN APM SA Constanta (2021-2022 IEB (*income and expenditure budget*)) in order to ensure project maturity at the time of the OTP 2021-2027 approval.

The final value will result following the valuations, analyses and studies that are to be conducted in order to identify and size the works, including the elaboration of traffic studies, whereas the sequencing of the road and access infrastructure rehabilitation, upgrading and extension works shall correlate with the implementation of development projects aimed both at the port infrastructure and at private investments intended to increase the capacity of existing terminals or build new ones.

**2. Dredging for investment purposes Constanța (Constanța and Midia areas) sand Mangalia (including access gate widening) Ports**

**Estimated value of project-related works:** 120 million Euro (VAT-inclusive)

**Current status:** the contract for drawing up the FS is ongoing, the Urban planning certificates were obtained from Constanța Local Council (Mangalia TAU and Limanu TAU), Năvodari Mayor's Office (Midia area), Constanța Mayor's Office, whereas the documentations are currently submitted to the permit-issuing institutions as per the Midia UPC (urban planning certificate), the funding of approx. 1.9 million lei being provided from own sources of CN APM SA Constanța (2021/2022 IEB) in order to ensure project maturity at the time of the OTP 2021-2027 approval.

### **3. Upgrades to the electricity distribution infrastructure in Constanța Port – Stage II**

**Estimated project value:** approx. 46 million Euro (VAT-exclusive)

**Current status:** an ongoing process is the procedure to award the contract for drawing up the FS (assessment of technical bids), the funding of approx. 430,000 lei being provided from own sources of CN APM SA Constanta (2021-2022 IEB) in order to ensure project maturity at the time of the OTP 2021-2027 approval.

### **4. Development of the railway capacity in the sea/river-borne sector of Constanța Port – Stage II**

**Estimated project value:** approx. 10 million Euro (VAT-exclusive)

**Current status:** the procedure of awarding the contract for drawing up the FS is about to be launched, the funding of approx. 1.3 million lei being provided from own sources of CN APM SA Constanța (2021-2022 IEB) in order to ensure project maturity at the time of the OTP 2021-2027 approval.

### **5. Revision of Constanța Port Masterplan**

**Current status:** the contract for services is ongoing. The funding of approx. 2.5 million lei is secured from own sources of CN APM SA Constanța (2021/2022 IEB) in order to update the company's development strategy in line with the current necessities and the opportunities of receiving non-reimbursable funding (OTP 2021-2027, NRRP (*National Resilience and Recovery Program*), CEF, other programs).

#### **Objectives:**

1. Preliminary report
2. Assessment report on the manner of implementing the provisions of the previous documentation (Constanța Port Masterplan 2014-2040)
3. Diagnostic analysis report on the current situation
4. Updating the projections on the traffic demand/surveys and the potential capacities of the berths for Constanța Port – the northern, southern and Midia areas, as well as for Mangalia Port
5. Revising the alternative plans, including the Cost-benefit analysis update, the Strategic Environmental Assessment (SEA) – environmental surveys/reports/permits
6. Constanța Port revised development strategy. The **list of short-, medium- and long-term investment projects**. Additionally, it contains mandatory chapters: a digitalisation strategy, a strategy on environmental protection / on the development of Constanța Port (southern, northern and Midia areas) and of Mangalia Port, as green ports, in accordance with the European Union's requirements and Constanța Port energy strategy (also with details on the use of alternative fuels),
7. Constanța Port Masterplan revised for the 2021-2040 period (with embedded recommendations from the Environmental Permit resulted following the Strategic Environmental Assessment)
8. Report on measures intended to harmonise the activities in Constanța Port with the legislation in force, the national, European and international regulations in force, the policy and directives of the European Commission and of its institutions, applicable in Constanța Port.
9. Summary document/report – Constanța Port Masterplan
10. **Documentation intended to notify the European Commission on Constanța Port's development projects until 2040 and on the extent of state aid**
11. Request for support from MTI in terms of going through the stage of notifying the EC on the extent of state aid for the entire investment plan of Constanța Port and, once the financing percentage has been established, the list of development projects, namely the revised Masterplan, will be approved as per a Government decision and remain a programming document.

**Projects under preparation for which applications for funding shall be submitted as part of the call for CEF  
TRANSPORT 2020 projects (contracts already concluded with service providers)**

**CEF Transport – 2021 call**

1. Provision of quay electrical connection facilities to the vessels in Constanța Port (Cold Ironing conditions) in order to allow interconnection to TEN-T and implement the EALING project (works)  
**Estimated value: 6.36 mil. Euro**
2. Mooring quay on the northern side of the artificial island, intended to serve a future industrial platform (works)  
**Estimated value: 74.99 mil. Euro**
3. Construction of quay between the Berth 8 quay and the terminal mooring post, as well as the related land organisation – Midia area (Basin for technical vessels) (works)  
**Estimated value: 5.61 mil. Euro**
4. Overhauling of overpass, PIERS 3, 4 and 5 (works)  
**Estimated value: 10.53 mil. Euro**

**Development projects for which the financing source has not yet been identified**

1. **Development of railway capacity at Constanța Port Ferry – boat Terminal railway station**  
**Estimated value: 12,0 mil. Euro**
2. **Barge terminal – Stage II**  
**Estimated value: 37,3 mil. Euro**
3. **Quay at the Danube-Black Sea Canal access gate (towards the service port)**  
**Estimated value: 17,0 mil. Euro**
4. **Doubling the Agigea Floodgate – Constanța Ferry – boat railway and organising the Agigea Floodgate record level point**  
**Estimated value: 8,0 mil. Euro**
5. **Port Community System**  
**Estimated value: 13,0 mil. Euro**
6. **Electricity supply to Midia area**  
**Estimated value: 5,0 mil. Euro**
7. **Performance of infrastructure, access and utility works in order to develop specialised terminals in Constanța Northern Port – Piers III S and IV S**  
**Estimated value: 500,0-800, mil. Euro**

## VII. HUMAN CAPITAL

### Employed personnel and salary fund

In 2021, staff employment and allocation by functional compartment took place in manner aimed at conducting business across the company in optimum conditions, in observance of the organisational set-up and the maximum number of personnel provided in the Income and Expenditure Budget. The salary fund used as at 31.12.2021 was 99,917 thsnd. lei, representing 98.46 % of the annual salary fund proposed in the Income and Expenditure Budget for 2021, amounting to 101,484 thsnd. lei;

At the start of 2021, in order to implement the provisions of art. 1 and 4 in O.M.T.I.C. (*Order of the Minister of Transportation, Infrastructure and Communications*) no. 991/2020, according to which it became mandatory to render the navigation service for maritime and sea/river-borne vessels within the ports administered by National Company "Maritime Ports Administration" S.A. Constanța, by its navigator corps, steps were taken to employ navigators and dispatchers required to carry out the navigation service for maritime and sea/river-borne vessels within Constanța (Constanța area and Midia area) and Mangalia ports.

Furthermore, throughout 2021, staffing activities were conducted in order to eliminate the staff deficit present within certain functional structures and to continue the staff rejuvenation process, at the end of 2021 the structure by age group being as follows: 8.26% persons aged below 35, 40.88% persons aged between 35 and 50, and 50.86% persons aged above 50. Throughout 2021, 61 salaried employees ended their activity through retirement.

In the existing pandemic context, the human resources policy of CN APM SA Constanța was further applied by means of protecting the salaried employees and taking steps to prevent contracting the SARS COV2 virus, steps materialised in: allowing the salaried employees to opt for differentiated working hours, concluding addenda on conducting business by means of telework, granting paid days off for child care as per the provisions of Law no. 19/2020, conducting various meetings on platforms such as Microsoft Teams, Skype, etc.

### Professional training

Professional training is a skills upgrade method that can help amassing new knowledge and practical skills, while also being a continuous learning process. This manner of personal development for the employees represents a high-level investment in human capital, with an impact in terms of boosting the employees' level of professional competence and the quality of work across the Company. To that end, on a yearly basis and upon consulting the syndicates, the Company draws up the Professional training plan, by pooling from all the functional structures proposals on necessary training courses and programs.

The goals pursued by the professional training of CN APM SA Constanta employees are teaching and helping the salaried employees adapt to the demands of their jobs (by way of updating specific knowledge and skills), professional qualification, reorientation, specialisation and skills upgrade seeking to facilitate their integration in the organisation, both in line with their work promotion and professional career development aspirations, adapted to the Company's needs, and to increase workforce competitiveness, acquire new modern work skills, methods and procedures. These goals could be achieved both in the form of courses organised by the Company with assistance from professional training service providers and internal stages of professional training and adaptation to the job and workplace requirements.

Considering the COVID-19 crisis, the measures taken nationwide to counter the virus spread and the significant disturbance in terms of providing new professional training and mobility opportunities for both lecturers and students, the Company ensured continuity for the performance of training activities by organising them both traditionally (face to face) and online or as a mixed/hybrid system. As such, the professional training programs that took place during the 01.01.2021 - 31.12.2021 period were attended by 230 salaried employees, both at the company headquarters and in locations set up by professional training service providers.

The main topics tackled were: Management (including: the integrated management system, the internal managerial control system, prevention of, and fight against, corruption, money laundering prevention), Internal Audit, Human Resources, Occupational Health and Safety, Legal matters, Finance and Accounting, Trade, Development (including: project management, European projects, FIDIC, Public Procurements), Information Technology (IT), Operation, Maintenance (including: monitoring construction behaviour over time, Railroads - certification/retesting of SC LFI (*traffic safety – industrial railways*) officer, skills upgrade and certification for the personnel in charge with maintaining and operating electrical installations, port operation – ISPS, GMDSS - ROC courses), IMO courses, Annotations on boarding / disembarking stages for cabin crew and validity extension for seaman's book / certificate of capacity, GMDSS – RO courses, thus ensuring that the company's employees get to enhance their problem-solving capacity, in the context of specific works, which will secure their suitable performance in the activities carried out.

Moreover, CN APM SA provided support for workforce development across Constanța municipality port platform and for the progress of collaborative relations with local educational establishments, by means of partnership agreements on conducting internships for students at Constanța Maritime University, namely at the Faculty of Marine Engineering (specialisations: Electromechanics, Electrical engineering, General Engineering and Environmental protection in the field) and the Faculty of Navigation and Naval Transport (specialisation: Economic engineering).

Thus, CN APM SA got involved in the practical training of students, supporting the academia's initiatives towards the students obtaining certifications related to the field of study, while also providing them with a professional framework suitable to the development of practical skills.

In order to expand the employees' level of knowledge and comprehension of the integrity and ethical standards and to increase their awareness and level of anti-corruption education, thematic informative materials were disseminated through the company's internet network.

At the same time, the company ensured the participation in training and skills upgrade programs, specifically focused on countering corruption, of persons in charge with implementing integrity plan and the inventory of anti-corruption measures, as well participation in events (also online) organised by the Ministry of Justice and the American Chamber of Commerce in Romania / the Chamber of Commerce and Industry of Romania, with topics focused on promoting a culture of integrity across public enterprises.

During the 01.01.2021 - 31.12.2021 period, with support from the Ministry of Internal Affairs through the Anti-Corruption General Directorate – Constanța County Anti-Corruption Service, CN APM SA hosted 12 information and awareness-raising sessions related to means to prevent and counter acts of corruption, for 163 salaried employees.

Through all these forms of professional interaction and training, the company's employees were able to acquire and enhance professional competencies both in formal settings (by means of the programs organised by the identified professional training providers) and non-formal settings (by means of effectively performing specific activities at their workplace/self-training).

The general courses of action concerning continuing professional development, as formulated in the policies drawn up at company level, are regulated in the specific legislation on the labour market and the issuance / recognition of professional qualifications. All the professional training programs were authorised and certified by the National Council for Adults' Professional Training (CNFPA), in collaboration with the Ministry of Education and the Ministry of Labour, and the courses were delivered by trainers certified by ANC (*National Authority for Qualifications*) and accredited state-owned higher education institutions.

### **Integrated management system**

The care for the high quality of the services rendered by the company, as well as constantly meeting the requirements of its customers, the attention we pay to our employees and to all the stakeholders and, not in the least, environmental protection and the workers' occupational health and safety are among our main strategic pillars.

The main goal for 2021 – migrating towards the Occupational Health and Safety International Management Standard - ISO 45001:2018 – was achieved by the company in March 2021 when, upon completing the efforts to implement the requirements of the new SR EN ISO 45001:2018 standard, the surveillance audit also covered the “switch to ISO 45001” component.

In March 2021, a surveillance audit on the certification for the environmental management system and the occupational health and safety management system was performed by SRAC CERT S.R.L. and concluded with retaining the certification for the ISO 14001:2015 systems and a certification for compliance with the requirements of standard ISO 45001.

The quality management system re-certification audit took place in September 2021, being performed by Certinspect Register S.R.L., and concluded with retaining the ISO 9001:2015 system.

In the context of continuously implementing the Integrated Management System, as per the requirements of standards SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR ISO 45001:2018, and to monitor and fulfil the proposed objectives, 191 IMS-specific documents were drawn up and revised from 01.01.2021 to 31.12.2021.

At end of 2021, the List of documents in the IMS manual and of related documents drawn up, proposed to be entered in the system in order to regulate the respective activities, comprised 989 IMS documents, of which 182 documents withdrawn from the system. The 807 documents in force included: the IMS manual; 11 system procedures; 6 process records related to the main processes; 22 process records on secondary processes; 225 work instructions; 1 annex to a document (the agreement on environmental protection, OHS and emergency situations concluded with contractors for the provision of services/works) and 541 forms.

In terms of measuring the performance in fulfilling the objectives set forth across the IMS processes, pertaining to the 1<sup>st</sup> and the 2<sup>nd</sup> semesters of 2021, the indicators set forth were partially achieved, highlighting the applicability and effectiveness of the implemented system.

Considering the commitment to hold a long-lasting presence on the market and execute future projects of strategic interests, the company executives decided to merge the three components of the Integrated Management System (IMS) and express in a single document its policies on quality-environment-occupational health and safety, by purchasing a single certification service designed to embed all the three systems: ISO 9001:2015; ISO 14001:2015 and ISO 45001:2018.

Thus, the performance of the Integrated Management System (IMS), defined as an effective and competitive set of interconnected processes on quality-environment-occupational health and safety, adopted across CN APM SA, backed by solid procedures and consistently audited, will secure a maximum level of productivity that engages the company's efficiency, effectiveness and competitiveness.



The close monitoring of the performance obtained by the system of interconnected management of all the company's processes and activities will guarantee the provision of objective evidence for a real and comprehensive diagnostic, but also a thorough assessment, which are key elements in developing the strategy by means of securing a competitive advantage and an elevated level of the services delivered by CN APM SA to its customers.

### **Occupational health and safety**

The prevention and protection activity aims to fulfil the objectives and the indicators specific to it, to perform the assessment / reassessment of occupational injury and illness risks, to set forth risk prevention measures, to coordinate and control the occupational health and safety activity, to train the workers, to research, register, record and report on work injuries, to monitor the workers' state of health, to monitor the occupations requiring certification, to monitor the performance of technical inspections on work equipment, to monitor the manner of using the personal protective equipment, to monitor the proper use of said equipment, hygiene and sanitary supplies, meals and drinks for adverse working conditions, to set forth the budget requirements for expenses with occupational health and safety, and to monitor how well expenses fall within the budget allocations.

Throughout 2021, in order to contain the occupational injury and illness risks, 40 workplace inspections were conducted according to the annual schedule of verifications regarding compliance with the occupational health and safety requirements, approved at company level, according to form F02II04PSp02, rev. 2 and to the provisions of the extended work instruction - IL04PSp02, rev. 4, there were 16 internal audit session focusing on the integrated management system, as well as on how the OHS measures are complied with, but also two verifications performed by Constanța TLI (*Territorial Labour Inspectorate*) inspectors, focusing on the extent of compliance with the rules on explosive materials, on measures to limit contamination and to implement the occupational health and safety legislation, verifications that did not find any deficiencies that would require compliance measures.

The workers participated in, and were consulted during, the 4 OHSC (Occupational health and safety committee) meetings that took place across the branch offices, meetings where proposals were made to improve labour conditions and later analysed during individual company OHSC meetings, as per the protocols concluded at unit level.

For 2021, the prevention and protection plan was drawn up, starting from the assessed occupational injury and illness risks, in line with the provisions of instruction IL01PSp 02, rev. 5, for all of the company's workplaces whose overall risk level is below the acceptability limit (3.5), presenting an acceptable occupational injury and illness risk.

In order to check whether the workers assimilated the presented topics on compliance with the OHS regulations, and in order to allow the workers' skills upgrade, also in the case of persons seeking employment or to change workplaces, training and testing programs were implemented at company level, and there was constant monitoring of any possible jobs requiring certifications.

A migration was carried out towards SR EN ISO 45001:2018: Occupational health and safety management systems, allowing a permanent performance improvement in the field of occupational health and safety, the goal being to comply with the legal requirements on monitoring the health of employees and those on the provision of personal protective equipment.

In order to ensure business continuity within the company, as a result of the SARS CoV 2 pandemic effects and for worker protection purposes, contamination-preventing measures were taken in the form of a public tender procedure hosted for the purpose of purchasing products required to prevent contamination, consisting in protection masks and disinfectants, as well as RT PCR testing services, but also in the form of continuous monitoring of the company employees' state of health, in line with the provisions of work instruction IL11PSp02, rev. 1.

No dangerous incidents were recorded throughout 2021. The company submitted to Constanța Territorial Labour Inspectorate, for analysis and approval, four case files in which events that involved company employees were being investigated. Following the analysis performed by the inspectors with Constanța Territorial Labour Inspectorate, the documentation on the investigations into the events occurred within the company was approved and, based on it, it was concluded that the circumstances and causes that led to the event occurrence, the legal provisions infringed upon and the measures to be taken following the occurrence of similar events were all properly and accurately established, with three injuries entailing temporary incapacity for work on record.

The company submitted to Constanța TLI the notice to attend for each OHSC meeting that took place at CN APM SA Constanța, as well as the protocols drawn up for each unit-specific OHSC meeting. The request for the permit to hold pyrotechnics was submitted to Constanța Territorial Labour Inspectorate and Constanța Police Inspectorate.

Three assessment reports on workplace maternity protection were drawn up and submitted to the occupational healthcare service provider, for the latter to draw up notices, and to Constanța TLI for approval purposes.

In order to conduct business in accordance with the legal provisions, as well as to monitor any legislative amendments, the register of legal requirements in the field of occupational health and safety, Section C-SSM F03P.03.3, rev. 1, was updated.

In order to fulfil the occupational health and safety objectives for 2021, and to further improve working conditions, it is necessary to allow effective consultation and participation of workers, as well as to more thoroughly raise awareness in regard to the responsibilities attached to the prevention and protection activity.

### **Relations with the trade unions**

Throughout 2021, the employers - trade union relations were conducted within CN APM SA Constanța under the conditions imposed by the SARS COV 2 pandemic, the company executives and the representatives of the two trade union organisations that signed the Collective Labour Agreement in force, namely the CN APM SA Constanța Trade Union and Constanța Port Authority Trade Union, maintaining a good collaboration aimed at taking the steps required to protect the salaried employees and prevent the spread of the disease across the company, steps such as: provide protection masks / disinfectant, measure body temperature upon entering the company offices, conduct business by means of telework (addenda concluded with salaried employees whose jobs allow conducting business as such), test the salaried employees, differentiated working hours, but also provide the company's salaried employees with assistance in scheduling Covid vaccinations.

During the reference period, the joint committee within CN APM SA Constanța assembled in 9 meetings and Addendum no. 3 to the 2019-2021 Collective Labour Agreement was concluded, on the extension of its validity by 12 months, namely until 01.07.2022.

We will mention the fact that the work of the commission tasked with managing the CN APM SA salaried employee benefit fund was suspended due to the fact that, the private insurance policy provided to the company's salaried employees came into effect at the end of 2020, whereas the commission tasked with assessing the applications for sponsorship received by the company meet whenever necessary.

#### **Implementation of the 2016-2020 national anti-corruption strategy for 2021:**

Following the adoption, as per Government Decision no. 583/2016, of the 2016-2020 National Anti-Corruption Strategy, the sets of performance indicators, the risks associated to the objectives and measures in the strategy, the verification sources, the inventory of institutional transparency and corruption prevention measures, the assessment indicators, as well as the general standard on publishing information of public interest, the General Manager, in their capacity of legal representative of CN APM SA, committed to the fundamental values and principles promoted by the 2016-2020 National Anti-Corruption Strategy and acknowledged the importance of its objectives and of the mechanisms designed to monitor it, by signing the **Declaration of adhesion** to the fundamental values, principles, objectives, measures and deadlines stipulated by the National Anti-Corruption Strategy for the 2016-2020 period, adopted within CN APM SA Constanța, registered under no. 2250/14.01.2021, in which they “condemn corruption in all the forms in which it manifests itself and firmly express their commitment to counter this phenomenon through all the legal means available to them”. With this declaration, the company made a commitment to comply with the national and international legislation on the corruption phenomenon and the Anti-Corruption Policy, registered under no. 2248/ 14.01.2021 and applicable at company level.

The Integrity plan adopted across the company, the Declaration of adhesion and the Anti-Corruption Policy are posted on the company's own webpage and can be easily accessed, in a transparent manner, by anyone interested.

In order to comply with the measures in the integrity plan, the company monitored the observance of the legal provisions on the publication of information of public interest, namely Annexes no. 4 and 5 in GD no. 583/2016, the transparency of the resource management processes, accessible on the company's portal, consisting in information related to the IEB, PAAS (*Annual Sectoral Procurement Plan*), ROGOP (*Register of operations generating payment obligations*), making sure there was full compliance with the legal provisions on the publication of information of public interest, in line with the provisions of GD no. 583/2016, Annex no. 4 – General standard for the publication of information of public interest, as well as Annex no.5 – Standard.

Furthermore, the inventory of institutional transparency and corruption prevention measures was monitored and the implementation of said measures was ensured – as per Annex no. 3 to GD no. 583/2016.

For 2021, work instructions on “Conflicts of interests”, “Cases of public-to-private sector crossover” and “Incompatibility cases” were introduced in the IMS manual.

In order to make sure the employees enjoy a greater degree of awareness and comprehension of the integrity standards, as well as a higher degree of anti-corruption education, informative materials on the risks and outcomes of corruption acts were permanently posted and updated through the company's Intranet network. At the same time, informative and awareness-raising activities were conducted among the staff, in relation to methods of preventing and fighting against acts of corruption, with assistance from Constanța County Anti-Corruption Service, 163 salaried employees benefitting from training.

In order to secure the tools that facilitate strengthening institutional integrity, the company hosts the activity of the Working Group for implementing the Standard Methodology for the assessment of corruption risks within central government authorities and institutions, approved as per Decision no. 599/2018, focused on identifying corruption-prone vulnerabilities and regular self-assessment of risks.

In regard to the capacity of addressing management failure, there is a correlation among the tools with an impact upon early identification of institutional risks and vulnerabilities.

## **VIII. THE IT ACTIVITY**

### **1. Securing the optimum and uninterrupted operation of the existing IT infrastructure**

The activity of monitoring the behaviour of user applications and requests throughout the reference period continues to display the significant share of technical support intended to obtain from the IT system the data required to elaborate analysis and statistical summaries within the modules specific to commercial activities (agent and ship-owner contracts, lease and concession contracts, navigator and towage contracts), to port-related activities (freight traffic summaries), and to adapting the IT system to legislative or organisational changes.

Compared with the previous periods, there was an increase in the number of users and, with it, in the number of requests for support for them, particularly for those that need to use the application – registration of applications to issue port access passes for cars.

Maintenance and servicing continued to be provided for the central hardware infrastructure (servers, network equipment), desktop and portable computer systems, printers, as were extension and repair works for the UTP network. There were no incidents that could have disturbed the users' activity.

Throughout the reference period, the procurement procedures for IT products and services required for the users to conduct their current activities (licences, Explorer Tresstrial Global, AutoCAD, Microsoft Office 365 subscriptions, Doclib subscription, ink cartridges, toner cartridges, ink strips, electronic signature certification services, digital archive organising services, desktop and portable workstations, printers, technical support and firewall equipment update services) were completed within deadline.

## **2. Development of the company's IT infrastructure through implementation of competitive managerial record and analysis solutions and digitalisation of administrative procedures in order to streamline and improve services intended for the business environment**

Towards implementing IT solutions intended to support the digitalisation of administrative procedures, as well as streamlining and enhancing the services intended for the business environment, the following procurement procedures were commenced:

### ***- Integrated company resource management and managerial reporting IT system.***

Considering that all the tenders submitted for this procurement procedure were declared unacceptable / non-compliant / inadequate by the assessment commission, the assessment commission members proposed cancelling the procedure.

The need to implement a competitive IT system that keeps up with the current digitalisation requirements led to the decision to resume the procedure as part of the 2022 program and to revise the required documentation and, implicitly, the estimated value, in conjunction with the analysis of the technical specifications and the updated manufacturer prices.

### ***- Elaboration of the specifications for the design and implementation of a Port Community System in Constanța and Mangalia maritime ports.***

Following the fact no tenderer responded to the tender notice published in SEAP (*Electronic System for Public Procurement*) (in September 2021 and republished in November), it was decided to resume the procedure as part of the 2022 procurement program and also increase the estimated procurement value.

The failure to carry out these projects was primarily caused by the significant price increases of IT products and services in the context of the pandemic-driven crisis.

For the same purpose, activities were carried out to extend or optimise existing applications.

### ***- Implementation of a mobile payment application for vehicle access to Constanța port – Constanta PortALL***

In order to simplify the procedures pertaining to vehicle access to the Constanța port premises, both for economic operators that conduct their business within this perimeter and for road carriers conducting occasional business, it was resorted to this application, developed to allow the online payment of the port access charge. Connecting the online payment system with the vehicle control system of the gates, namely the latter system detecting the presence at the barrier of a motor vehicle with the access charge already paid, will shorten the transit time and any possible bottlenecks at the gates.

To manage real time information and properly apply the charges, the application was interconnected with the IT system of the Directorate for Driving Licences and Vehicle Registrations (DRPCIV), the query being submitted to the National Register of Driving Licence and Register Vehicle Records in order to borrow the information required to validate the technical characteristics of vehicles that request access to the perimeter of Constanța Port.

The application is available both for mobile devices running Android and iOS operating systems and from a browser, and is planned to be advertised over the following period.

### 3. Ensuring cybersecurity in the operation of the company's integrated IT system.

As part of the activity of monitoring for cyberthreats targeting the IT infrastructure, there were a series of threats identified, their main spreading vector being electronic messaging applications, in the form of Office document attachments that use exploits specific to Office applications (Exploit. CVE - 2017-11882, Exploit.RTF - ObfsObjDat.Gen, Exploit.RTF - ObfsStrm.Gen, Exploit. CVE-2017-8570. Gen, Exploit. MathType - Obfs).

Among these identified threats, we will list: malware such as trojans (RAT — remote administration tool — Gh0st.Rat.Botnet), infostealer (Fareit, Mirai.Botnet, Gozi.Botnet, Trojan.TrickBot, Loki.Botnet), keylogger (Hawkeye, Agent Tesla).

These primarily focused on collecting credentials for e-mail and ftp accounts, information about visited webpages (history, cookie), test character interception and screenshots or taking over PC control for other malware activities.

Furthermore, this period witnessed exploit scans and tests across the network area exposed to the Internet, which employed specialised tools such as: Masscan.Scanner, WebRTC.Local.I P.Addresses.Disclosure, udp\_flood, Nmap.Script.Scanner, Apache.Struts.2.Jakarta.Multipart.Parser.Code.Execution, HTTP.URI.SQL injection, Web.Server.Password.Files.Access, Cross.Site.Scripting, ZGrab.Scanner, PHPUnit.Eval-stdin.PHP.Remote.Code.Execution, Dasan.GPON, Remote.Code.Execution, Generic.XXE.Detection.

These threats were countered by resorting to the antivirus and firewall solutions available, together with the implemented cybersecurity policies.

## IX. THE PROCUREMENT ACTIVITY

In 2021, the picture of the procedures comprised in the PAAS, depending on the estimated amount and the contracted amount, was as follows:

1. In regard to SUPPLY CONTRACTS (see table no. 27):

lei						
No.	Procurement procedures	No. of procedures	Total estimated value	Total contracted value	+/-	%
1	completed procedures	54	95,765,262	88,197,157	-7,568,105	84.04
2	abandoned procedures	4	18,181,886	0	-18,181,886	n/a
3	<b>Total</b>	<b>58</b>	<b>113,947,148</b>	<b>88,197,157</b>	<b>-25,749,991</b>	<b>77.4</b>

**Table no. 27 – Supply contracts**

2. In regard to SERVICES CONTRACTS (see table no. 28):

lei						
No.	Procurement procedures	No. of procedures	Total estimated value	Total contracted value	+/-	%
1	completed procedures	96	24,959,752	21,995,625	-2,964,127	88.12
2	ongoing procedures	1	5,665,020	0	-5,665,020	n/a
3	cancelled procedures on grounds of a lack of admissible submitted tenders	3	2,338,077	0	-2,338,077	n/a
4	abandoned procedures	8	6,695,011	0	-6,695,011	n/a
	<b>Total</b>	<b>108</b>	<b>39,657,860</b>	<b>21,995,625</b>	<b>-2,964,127</b>	<b>55.46</b>

**Table no. 28 – Services contracts**

3. In regard to CONTRACTS FOR WORKS (see table no. 29):

lei						
No.	Procurement procedures	No. of procedures	Total estimated value	Total contracted value	+/-	%
1	completed procedures	41	185.805.310	149.362.919	-36.442.391	80,39
2	abandoned procedures	4	2.250.000	0	-2.250.000	n/a
3	<b>Total</b>	<b>45</b>	<b>188.055.310</b>	<b>149.362.919</b>	<b>-38.692.391</b>	<b>79,42</b>

**Table no. 29 – Contracts for works**

## **X. RISK MANAGEMENT**

There were risks identified, of which we can mention:

- The extent of the demand for services, which depends on multiple factors beyond the company's control, some of these being climate and economic conditions;
- The company's asset might be affected by natural disasters or disasters caused by human error;
- The operating profit/loss might be negatively impacted by litigations;
- The fiscal authority may impose additional tax obligations pertaining to previous periods, with implications upon the company's outturns;
- The company must comply with numerous legal and regulatory requirements, being exposed to significant sanctions if it is found to have infringed upon them.

Throughout 2021 the following risk factors were monitored:

### ***Liquidity risk***

The company possesses sufficient liquidity to repay its liabilities by their due date, under both normal and distressed conditions, in order to avoid any reputational or financial losses.

In order to diminish this risk, steps were taken in the following directions:

- cessations of service rendering to customers in default; the issuance of contractual performance bonds and claiming such bonds in cases of delayed payment or following indications of imminent insolvency; intensifying efforts to collect receivables.

### ***Foreign exchange risk***

The company's business model provides a natural hedging against the foreign exchange rate (fx) variations. A portion of the company's revenues is received directly in foreign currencies. Additionally, depending on the cash requirements, the company keeps available funds as cash at bank, both in lei and in foreign currencies.

### ***Economic risk***

The operating activity largely depends on the manner of managing the internal and the external factors, and primarily on the evolution of the selling prices, the cost-price ratio, the price-performance ratio, the changes in the structure of expenses in relation to the activity volume.

### ***Financial risk***

The company executives permanently monitor the liquidity level its analysis coefficients.

The currency risk is managed by means of deposits in foreign currency. The payment risk is managed by monitoring customers with defaulted receivables and applying corrective measures as soon as one detects a possible decrease in their solvency levels. On the due date, payment reschedulings are negotiated and, if these are not complied with, the contract is terminated.

The company does not have any external debts, whereas its solvency indicators are far higher than the "2" threshold.

### ***Operational risk***

Operational risk is managed by means of the insurance companies. All of the Company's assets are insured; furthermore, through the power of the law and regulations, both port operators and the vessels are insured against the damage these might generate (including pollution / damage to the environment).

## **XI. LEGAL ASPECTS**

### **9.1. General aspects concerning the legal work**

During the 01.01.2021 – 31.12.2021 reference period, the legal work in terms of counsel, assistance, approval and representation was underpinned by 4,483 documents received, supplemented by the electronic mails received from the functional compartments within the company.

As part of the legal counsel, legal aid and approval activity:

- opinions on the legality of various aspects emerged in the performance of the company's ongoing activities, in relation to the documents it issues or is a party to, were drawn up
- participation in non-contentious negotiations the company is a party to was secured
- approvals were given to judicial documents concluded by the company, for example: approvals for contracts concluded in the field of public procurements, consultancy on, and approvals for, awarding documentations in the field of public procurements, approvals for lease contracts, agent and ship-owner contracts and for addenda thereto, approvals for utility contracts and for addenda thereto.



A significant part of the legal work entails participation in the Technical and Economic Council of CNAPM SA (CTE-CNAPM), as well as in assessment committees, administrative and disciplinary investigation committees, leasing committees, units tasked with implementing European projects.

As part of the legal representation activity, procedural documents were drawn up for the 461 litigations the Company is a party to, whereas company representation before authorities and institutions with jurisdictional duties (*also, but without limitation to, before law courts*) was ensured.

The legal work in terms of counsel, assistance, approval and representation was carried out by legal advisers employed by the company, with a single exception, namely the provision of representation before law courts, in the litigation with Van Oord, by a law practice pursuant to a legal aid and representation contract concluded prior to the reference period.

## 9.2. Case files on the docket of law courts

In regard to the reference period, there was a decrease in the number of case files on the dockets of law courts compared with 2020, from 485 to 461 case files, against a background of settlements achieved in case files on the matter of collections of invoice-based receivables and despite the emergence of case files in which CN APM SA acts as defendant.

During the 01.01.2021 – 31.12.2021 period, 162 new case files were opened, as opposed to 2020, when 205 new case files were opened over the same period.

## 9.3. Legal representation activities

Representation before law courts takes place over two tiers, with both legal actions in which CN APM SA acts as defendant (or an intervener for the defendant's benefit) and legal actions in which it acts as plaintiff.

In 2021, there were 461 on the dockets of lawcourts, of which:

- 102 case files in which CN APM SA acts as defendant
- 284 case files in which CN APM SA acts as plaintiff seeking to collect invoice-based receivables
- 75 case files in which CN APM SA acts as plaintiff in relation to other receivables

## 9.4. Description of the litigations pending before law courts

### 9.4.1. Litigations in which CNAPM SA acts as defendant

For the reference period, a significant element of the representation activity concerns the litigations in which CN APM SA acts as defendant, of which we shall mention:

- ***Litigations on matters of corporate law, in various trial phases***, opened in order to challenge Shareholders' General Assembly Decisions. During the reference period, a new litigation emerged, conclusive settlements, and favourable to the company, were delivered on older litigations, whereas other litigations are suspended in the "settlement on the merits" phase.
- ***Litigations on public procurement matters, in various trial phases, opened in order to challenge awarding procedures or to request that CN APM SA be ordered to pay certain amounts pursuant to previously concluded public procurement contracts***. In 2021, the motions to challenge awarding procedures or procedure outcomes were dismissed by institutions with jurisdictional duties or by law courts. The older litigations related to public procurement contracts concluded with plaintiffs Van Oord, Apolodor and Apolodor Com Impex are still pending before law courts, whereas the litigation with Implenja Baugesellschaft – ABC VAL joint venture was settled conclusively, in the sense of granting the claims filed by the joint venture.

- **Litigations on the matter of expropriations.** In 2021, in the related criminal litigations, the law court ordered the cancellation of the initial sales and purchase agreements for the lands that were subsequently subject to expropriation, whereas continuing the civil litigations on the cancellation of the subsequent sales and purchase agreements will eventually have a favourable influence over the company, through the manner of settling additional claims for compensations.
- **Litigations commenced by economic operators, in various trial phases, generated by the absence of the agreement on the conclusion of land lease contracts.** To exemplify, we will mention the litigations with A Group and Tomis Marina Management, for which we estimate the possibility of trial end in 2022. It should be mentioned that in one of the litigations with Tomis Marina Management, some of the results obtained were favourable to the company, in the sense that the Constanța Court of Appeal admitted the action for annulment against an arbitral award, the said award being subject to a second appeal filed with HCCJ (*High Court of Cassation and Justice*).
- **Litigations on matters of labour law, in which CN APM SA salaried employees challenged the employer's decision to respond with penalties to, or dismiss, various requests.** During the reference period, older challenges filed by the employees were dismissed. Nevertheless, there are on the docket new case files on challenges against employer decisions pertaining to labour law, for which we estimate the possibility of trial end in 2022.
- **Litigations not generated by the navigation activity.** We will mention that, in 2021, the company filed motion to intervene in the interest of defendant Ministry of Transportation and Infrastructure, litigations currently in various trial phases. The litigations on suspending Order no. 991/2020 were settled in the sense of having the motions dismissed, with the exception of one request to stay filed by the navigators' associations, the court appearance of which was set forth for March 2022 following the second appeal filed with HCCJ. The litigations on the cancellation of Order no. 991/2020 were settled by the first instance court, in the sense of having the motions dismissed, the decision being subject to the second appeal. In close connection to these litigations, the economic operators authorised to render the navigation service filed legal actions, demanding that CN APM SA be ordered to pay indemnifications (*amounting to 20,000,000 lei and 1,509,045.78 Euro*), on the grounds that they no longer carried out navigation tasks. These litigations are in the "merits" trial phase, and suspended until the settlement of the litigations on the cancellation of Order no. 991/2020.

From the category of economic litigations (measurable in money) in which CN APM SA acts as defendant, we will mention:

- As part of the litigation with Rompetrol Rafinare on the matter of damages resulted from the company's failure to fulfil its dredging obligation, the first instance court partly admitted the petition, ordered defendant CN APM SA to pay the amounts of 1,570,000 Euro and 73,173.27 lei representing court charges. Both parties filed an appeal, and the court dismissed the appeal by Rompetrol and admitted the appeal by CN APM SA, completely changing the decision on the merits, in the sense of dismissing the petition. A second appeal was filed by Rompetrol Rafinare, but was suspended on 09.05.2019 until the settlement of the unconstitutionality exception. At this point, the unconstitutionality exception concerning the circumstance in which the litigations on the activity in the ports are not to be subject to second appeal has not yet been settled by the Constitutional Court.
- As part of the litigation with Van Oord, in arbitration case file no. 3/2017 of the Court of Commercial and Maritime Arbitration attached to Constanța CCINA (*Chamber of Commerce, Industry, Navigation and Agriculture*), plaintiff Van Oord Dredging and Maritime Contractors Bv filed against defendant CN APM SA final claims amounting to 154,376,979.28 lei, resulted from the performance of the contract for FIDIC Red Book works no. 3973/01.02.2013. Pursuant to Arbitration award no. 16 from 26.11.2019, delivered in case file no. 3/2017, the total payment obligations of CN APM SA are set forth at 25,411,056.76 lei in total, plus the contractual interest running since the issuance date of the invoices (for the cumulated amount of 19,320,509.33 lei and the cumulated amount of 1,913,339.52 lei), thus resulting for CN APM SA a total estimated exoneration from payment of 126,350,685.65 lei, plus the contractual interest differential pertaining

to the correlative amount exonerated from payment (*of 35,973,296 lei and 38,972,862.70 lei, respectively*). Against Arbitration award no. 16 from 26.11.2019 actions for annulment were filed by CN APM SA, Van Oord Dredging and Maritime Contractors Bv, as well as by expert Bumei David, dismissed by Constanța Court of Appeal in case file no. 662/36/2019. After the delivery of said award, the parties filed a second appeal, to be tried by HCCJ in 2022.

- As part of the litigations with Romcargo, in regard to this company's claims amounting to 16,058,241.00 lei and 1,252,636.93 lei, the law courts conclusively dismissed Romcargo's claims.
- As part of the litigation with Implenia Baugesellschaft – ABC VAL joint venture, the Company, pursuant to a conclusive and enforceable judicial order and following the dismissal of the second appeal, was ordered to pay the total amount of 3,577,870.99 lei, representing the value of the completed works, the site management and the interest.
- Pilot Service navigation company filed a joint petition against CN APM SA, Black Sea Pilots, Canal Sea Services and Maritime Pilot, requesting that the defendants be ordered to pay the amount of 14,511,600 Lei, representing compensations on grounds of unfair competition. The case file is in the "trial on the merits" phase on the docket of Bucharest County Court under no. 15896/3/2020 and, on 25.05.2021, the court admitted the request to stay until the conclusive settlement of the actions on cancelling the Competition Council Decision.
- Multraship took legal action against CN APM SA, requesting that the latter be ordered to pay the amount of 5,952,740 Euro representing compensations for the failure to conclude a towage contract. The case file is in the "trial on the merits" phase pending before Bucharest County Court under no. 6648/118/2020, with a court appearance, for judicial assessment purposes, set forth on 28.04.2022.
- Intermodal Transports filed a motion against CN APM SA, requesting that the latter be ordered to pay the amount of 60,000 Euro per month for the period between 11.05.2018 and 15.02.2022, as unrealised gross profit. The case file is in the "trial on the merits" phase, pending before Bucharest County Court under no. 1881/118/2020, being suspended until the conclusive settlement of case file no. 771/118/2020.
- As part of the litigation with Comvex, in which this company requested the court to acknowledge its right of ownership over several platforms amounting to 50,000 sq m, the first instance court admitted the motion (on the main grounds that *"the plaintiff's title deed is represented by Government Decision no. 19/10.01.1991 and the delivery-receipt protocol concluded on 20.02.1991. The fact that these items appear in the defendant's accounting records is not relevant in terms of the evidence the supports the existence of a valid title deed, comparable to the plaintiff's"*), ordered defendant CN APM SA to leave under the plaintiff's full property and possession the following immovable property – a concrete platform located behind the ore warehouse quay, with an area of 17,618 sq m, a platform located behind the ore warehouse quay (tarmac), with an area of 21,611 sq m, an assembly platform near the ore berths (tarmac), with an area of 10,000 sq m. The court ordered the defendant to pay the plaintiff the amount of 69,030.39 lei as court charges. CN APM SA filed an appeal, but the court dismissed it as per decision no. 362/04.07.2018, ordering the defendant to pay the amount of 24,000 lei as court charges. As per decision no. 957/16.05.2019, HCCJ dismissed the second appeal filed by CN APM SA as groundless, ordering the appellant to pay the amount of 23,800 lei as court charges. Later on, Comvex filed a new petition as part of case file no. 3989/118/2017 pending before Constanța County Court, in which it requested that CN APM SA be ordered to return/pay the amount of 1,591,935.86 lei, representing amounts paid by Comvex as lease for the concrete platforms in question. The litigation was settled during the "trial on the merits" phase, as per Civil case sentence no. 183/2021, in the sense of admitting the petition and ordering CN APM SA to pay the amount of 1,591,935.86 lei, to which an amount update and interest are added. CN APM SA filed an appeal set to be settled in 2022. Moreover, Comvex filed a new petition as part of case file no. 6290/118/2020 pending before Constanța County Court,

in which it requested that CN APM SA be ordered to return/pay the amount of 1,924,854.57 lei, representing amounts paid by Convex as lease for the concrete platforms in question. The litigation was suspended until the conclusive settlement of case file 6744/118/2015 currently pending before Constanța Court of Appeal.

From the category of litigations on the matter of ascertaining the nullity of judicial documents, not measurable in money, but which can have a significant subsequent financial impact (in the case of a conclusive unfavourable decision), we will mention case file no. 7508/2/2018, in which Rompetrol Rafinare took legal action against the Competition Council and CNAPM SA, requesting the court invalidate Competition Council Decision no. 21/2018 on accepting the commitments undertaken by CNAPM SA. Bucharest Court of Appeal dismissed the filed motion as groundless, the litigation currently going through the trial of the second appeal filed by Rompetrol Rafinare with the High Court of Cassation and Justice, with a court appearance set for 12.04.2022.

The amounts subject to the litigations (*in various trial phases*) in which CN APM SA acted as defendant as at 31.12.2021 are highlighted in table no. 30:

Amounts representing claims related to judicial case files in which CN APM SA acts as defendant, as at 31.12.2021	Value subject to litigation as at 31.12.2021
	170,534,387.74 Lei
	6,892,740.00 Euro
	2,590,229.45 USD

**Table no. 30 - litigations in which CN APM SA acts as defendant**

#### **9.4.2. Litigations in which CNAPM SA acts as plaintiff, seeking to collect invoice-based receivables**

In litigations where CN APM SA acts as plaintiff, a significant part of the activity was represented during the 01.01.2021 – 31.12.2021 period by the legal actions taken to have debtors be ordered to pay their outstanding debts. These actions pursued the recovery of outstanding debts.

In the case of litigations on the matter of the refusal to pay issued by economic operators with which CN APM SA accommodates trade relations, the following debts are recorded under judicial case files (table no. 31):

Thsnd. lei	
Refusal to pay	Value
As at 31.12.2020	17,040
As at 31.12.2021	13,012

**Table no. 31 – refusals to pay**

The amounts subject to the litigations (*in various trial phases*) in which CN APM SA acted as plaintiff seeking to collect receivables as at 31.12.2021 are highlighted in table no. 32:

Amounts representing receivables related to judicial case files as at 31.12.2021	Thsnd. lei	Euro	USD
	42,979	1,244,439	330,928

**Table no. 32 — Collections of invoice-based receivables**

In 2020 and during the first semester of 2021, there was a significant increase in the amount of representation in litigations on matters of insolvency/bankruptcy, for which results started to appear as early as 2018 (e.g.: *Ades, Tubomecanica, Europinvest*) and we expect better results in 2021.

We will present below the amounts that pertain to the insolvency and bankruptcy case files on record with the Legal and Litigation Service (table no. 33):

Insolvency/bankruptcy	Thsnd. lei
As at 31.12.2018	19,068
As at 31.12.2019	18,446
As at 31.12.2020	16,934
31.12.2021	13,876

**Table no. 33 – Insolvency, bankruptcy**

Against the background of adequate procedures and the entire receivable collection activity, further legal actions against debtors and the completion of currently pending litigations, in conjunction with the conclusion of the new port land lease contracts, a decrease in receivables is expected in 2022.

#### **9.4.3. Litigations in which CNAPM SA acts as plaintiff seeking to collect other receivables**

Another relevant component is represented by litigations by means of which CN APM SA requests compensations in the absence of concluding certain port land lease contracts and/or that the opposing party be ordered to sign port land lease contracts. We expect to see these litigations concluded in 2022.

In its capacity of plaintiff, CN APM SA took legal actions towards evicting defaulting lessees and terminating contracts, while also pursuing to stop the increase of outstanding debts. Efforts focused on evicting only lessees that in bad faith failed to pay the lease.

Against economic operators that refused to conclude port land lease contracts legal actions were taken to ascertain the circumstance where said economic operators may no longer use the naval transportation infrastructure provided under concession to CN APM SA.

For economic operators that challenged the amount of the lease as per the reference offer and the commitments made to the Competition Council, procedures to determine the lease are under way, conducted by an independent expert appointed by the law courts.

The litigation with the Competition Council, on the matter of the challenge against the Competition Council's Decision pursuant to which the company was ordered to pay the amount of 11,922,385 lei, was settled on the merits by way of dismissing the challenge filed by CN APM SA, which decided to file a second appeal upon the delivery of the decision.

In regard to the investigations started by the Competition Council on the port land leasing market and access to port infrastructure, the company's commitments made to the Competition Council were accepted and the company was thus exempted from the payment of other fines, provided that it strictly complies with its commitments in the future and the above-mentioned case file no. 7508/2/2018 is successfully concluded.

On tax-related matters, as part of the litigations against Constanța Sud Agigea Customs Directorate (*represented by Galați DGRFP (General Regional Public Finance Directorate)*), following the issuance of tax assessment notices against the company, on tax liabilities related to certain customs debt (customs duties), resulted upon finding the absence of certain goods under seizure, the company was delivered favourable judicial orders during the trial on the merits. The case file in which the main obligation to pay customs duties, VAT and excise duties is on trial was referred for a retrial to Constanța Court of Appeal, and a new solution favourable to CN APM SA was delivered, the tax assessment notice being rescinded. Against this solution the defendants filed a second appeal, dismissed by the High Court of Cassation and Justice.

On the same tax-related matters there are ongoing trials, in various phases, of several challenges against tax assessment notices issued by NAFA (*National Agency for Fiscal Administration*).

We will list below amounts representing other claims pertaining to judicial case files (table no. 34):

Amounts representing other claims pertaining to judicial case files as at 31.12.2021	Value subject to litigation as at 31.12.2021
	45,911,143.59 Lei
	7,748,271.83 Euro

**Table no. 34 - Other claims pertaining to judicial case files**

#### **8.4.4. Causes of litigations**

Statements of claim are filed by economic companies on legal/business/economic grounds and, in general, do not have any real or justified reasons, the latter requesting that the company be ordered to pay various amounts (*as damages, compensations, payments under contracts*), to invalidate certain judicial documents issued by the company or to cancel imputation/penalty orders issued by the company pursuant to the effects of ongoing contracts (which entails a proportionate decrease in the revenues of CN APM SA).

On the other hand, there are cases in which CN APM SA is compelled to take legal action to protect its rights or to collect debts on record – these, in general, are related to issues inherent to business developments.

#### **8.4.5. Risk analysis**

Exposure risk in the area of corporate law (cancellation of OGAS and MB (*Management Board*) decisions) is diminished following the dismissal of several actions for annulment filed against OGAS (*Ordinary General Assembly of Shareholders*) decisions.

Exposure risk in the area of expropriations is significantly lowered upon being delivered favourable decisions both in civilian disputes and in related criminal litigations (cancellation of sales and purchase agreements for lands that were subsequently subject to expropriation).

The risk of exposure to labour law litigations decreased with court laws dismissing most challenges filed against company decisions. Nevertheless, there are pending case files on challenges filed against employer's decisions pertaining to labour law, which we estimate will be conclusively closed in 2022.

It is worth highlighting that fact that the High Court of Cassation and Justice settled the “de jure” matter of the “end-of-career” reward payment to employees for 2018 and, as a result, efforts are made to make said payments as provided by the law and the collective labour agreement.

The risk of exposure to labour disputes on end-of-career reward is still present following the application of the measures provided by art. 41 in GEO 114/2018 and consisting in not granting the end-of-career reward for the 2019-2021 period.

The risk of exposure to litigations on public procurements decreased following the conclusive favourable settlement of older litigations, including, but without limitation to, litigations on challenges to awarding documentations, challenges to the awarding procedure report. Nevertheless, there is a persistent risk concerning older litigations resulted from public procurement contracts concluded with plaintiffs Van Oord, Apolodor and Apolodor Corn Impex.

In regard to the litigations generated by the lack of the parties’ consent towards concluding the new port land lease contracts, based on direct award as provided by the law, once several port land lease contracts were signed in 2020 and 2021, legal relationships between the signatory parties enjoyed a positive legal certainty as to the extent of collecting current receivables.

The risk of bearing litigations generated by leases of port lands through direct award was addressed by concluding port land lease contracts. Furthermore, the risk is suitably addressed following the successful completion of the commitment procedure towards the Competition Council, by means of fulfilling the commitments made, but also by completing the public consultation, negotiation and approval/endorsement procedures for the framework agreements, as provided by Law no. 235/2017.

Along the same lines, to foster equal treatment for economic operators, by fulfilling the commitments made to the Competition Council and applying the legal provisions, the port land lease contracts (concluded pursuant to the framework agreements set up prior to the issuance of Law no. 235/2017) are amended in line with the new legal provisions, either at the request of interested economic operators or at the request of CN APM SA and with the consent of the economic operators in question.

In regard to the litigations generated by the navigation activity, we will mention that, during the 01.01.2021 – 31.12.2021 period, the economic operators authorised to render the navigation service started new disputes in which they claim damages in total amounts of 20,000,000 lei and 1,509,045.78 Euro, currently in the “trial on the merits” phase and suspended until the settlement of the litigations on the rescindment of MTI Order no. 991/2020.

## **8.5. Analysis/Judicial prophylaxis/Preventive measures**

A critical aspect related to judicial prophylaxis is represented by the fair and soundly guided contractual negotiations, starting from the framework agreements approved according to the law, framework agreements that can be supplemented by individual negotiations with economic operators, however, without impairing in any way the clauses set forth in the approved framework agreement.

At the same time, the focus lies on adopting and implementing the settlements delivered by law courts in regard to decisive circumstances in the advisory, aid and approval legal work.

Contracts can provide opportunities to prevent the occurrence of future conflicts and secure the safety of legal relationships, with positive influences upon the collection of current receivables.

The principles pursued in the fulfilment of this goal were the following:

**Lowering the risk exposure levels:** the capacity to impose a contractual language that is standardised or negotiated in all of the company's contracts and business areas has been deemed a key element in contracting practices. The effective contract management lately implemented by the company (and primarily after the latest award tenders) has lowered the levels of exposure, has avoided the loss of valuable opportunities, as well as losses or delays of receipts.

**Increase in revenues:** the Management Board members, together with the Executive Board members, identified suitable solutions to increase and secure the company's receipts by promoting payment methods adequate to the nature of the transaction. In this context, efforts were made to focus, in drawing up contracts, on guaranteeing payment obligations and shortening as much as possible the debt floating cycle.

**Ensuring the fulfilment of contractual obligations:** compliance with contractual clauses is closely monitored by the Executive Board members in close collaboration with the company specialists, with a primary focus on each commercial partner and their obligations. Accuracy in drawing up and monitoring the execution has helped avoiding disputes and lowered the costs required to settle litigations.

**Performance monitoring:** the company's contracts are, and will become, useful diagnostic tools in analysing profitability and the success level of each business initiative, leading in the long term to the elimination of less effective contractual clauses and the avoidance of inconsistent business partners.

The judicial prophylaxis principles applied in 2021 practically managed to stop the exposure increase through litigations following the settlement of certain historic litigations, concurrently with the visible reduction in new exposures. Considering that the Administration and Management Plans mention 2022 as reference, this cessation comes as a significant stage in the gradual reduction of this exposure over the following years.

In regard to the investigations started by the Competition Council on the port land leasing market and access to port infrastructure, the company's commitments made to the Competition Council were accepted and the company was thus exempted from the payment of other fines, provided that it strictly complies with its commitments in the future.

The success of the commitment procedure, corroborated with the conclusion of port land lease contracts with economic operators, in compliance with the law, and the completion of negotiations for the new framework can significantly help reduce the number of litigations, lower the amount of receivables for 2022 and in the future, concurrently with exempting the company from the payment of other fines and compensations equivalent to any amounts claimed by the interested economic operators, resulted from any possible violation of the competition law.

For the following period, the main goal is to reduce exposure to litigations and lower the amount of receivables by means of settling the pending litigations, settling amiably pre-litigation divergencies, also by means of concluding contracts as provided by the law, properly and adequately addressing all the related issues faced by the functional compartments, increasing the level of involvement in drawing up and/or negotiating documents/contracts and in the pre-litigation stages, all the while elevating the professional level by means expanding knowledge, skills upgrade and better adapting to legislative changes.

Another objective is to increase effectiveness across document legality verifications by means of standardising specific activities, communicating legislative novelties and the interpretation thereof in a consistent manner and improving relations with public institutions and courts of law.



## XII. PROMOTION ACTIVITIES

In 2021 activities were carried out to ensure the creation/editing/customisation, as well as the distribution/dissemination, of the following Constanța Port promotion materials:

- **Constantza Port Handbook, the 12<sup>th</sup> edition, 2021 – 2022**, customised with an emblem insertion – it is an opportunity to promote due to the fact that it directly addresses persons interested in Constanța Port, being, as a matter of fact, distributed as a promotional material as part of national and international promotion activities.
- The **2020 Annual Report**, drawn up (with own resources) in print and electronic pdf formats, so as to be disseminated online, as well.
- The **“Romanian Maritime Service – Among Hundreds of Masts” Collector’s Album**, customised with an emblem and logo insertion – granted at a high level to representatives of institutions/companies during official visits, the organisation of promotional events, as well as other company representation activities.
- **Constanța Port promotion leaflets**, dedicated to the main freight categories (bulk agricultural products, containers and general goods) that are operated by the main operators that conduct their activity on the port platform, also comprising the new investments in operating machinery, as well as the contact details of the operators in question.

The promotion of, and participation in, events intended to promote Constanța Port nationwide and internationally for 2021 took place by means of implementing the 2021 Marketing Plan, drawn up in light of the limitations and legal regulations imposed by the efforts to stop the spread of the SARS COV2 virus.

In 2021, the promotional events continued to take place online, and certain events with physical presence were cancelled, whereas the most important logistics event in Europe – the Trans Logistic Munich biannual exhibition – shall be organised in 2023. There were a few exceptions, these being hybrid events – online and physical presence, organised during periods in which the incidence of COVID cases was low and in compliance with the legal measures taken at the time (e.g., the hybrid Conference on the topic Romania as an investment destination, organised by the Romanian-German Bilateral Chamber of Commerce (AHK).

In the context presented, Constanța Port continued to strengthen its role of regional transit port and the most significant freight entry/exit gate from the European Union to Eastern Europe, the Danube remaining the most important and effective link with the served hinterland.

### A. PROMOTIONAL EVENTS (table no. 35):

No.	Event	Period	Budget 9.200 EURO
1.	Workshop - “Overall Activity 1 and 2 state of play”, organised by CIRCLE and HYDRUS as part of the EALING project	12.01.2021	ONLINE (Free of charge)
2.	IPCSA - European Maritime Single Window Environment - Update and Discussion	20.01.2021	ONLINE (Free of charge)
3.	Constanta City Hall and e-Estonia meeting	22.02.2021	ONLINE (Free of charge)
4.	3 <sup>rd</sup> Greentech in Shipping Virtual Forum	02.03.2021	ONLINE (Free of charge)
5.	How Disruptive Technologies Can Achieve Sustainable Port Development and Operations	05.03.2021	ONLINE (Free of charge)

6.	Transport Events - The Next-Gen Integrated Systems and Innovative Federative Services for Continuous Improvement in Traffic Flows, Customs Operations and Port Automation Initiatives	18.03.2021	ONLINE (Free of charge)
7.	Meeting of the Ad Hoc Working Group on the Motorways of the Sea	24.03.2021	ONLINE (Free of charge)
8.	Transport Events - Unlocking Port Investment Opportunities	25.03.2021	ONLINE (Free of charge)
9.	Seminar EMSA Guidance on Shore-Side Electricity	26.03.2021	ONLINE (Free of charge)
10.	Fourth Digital and Green Route Working Group	31.03.2021	ONLINE (Free of charge)
11.	Online meeting, the Embassy of Finland in Romania	01.04.2021	ONLINE (Free of charge)
12.	Moving Freight by Water: Sustainable Infrastructure and Innovative Vessels	20.04.2021	ONLINE (Free of charge)
13.	WEBINAR - Promoting business opportunities provided by free trade agreements of the European Union with third-party countries	22.04.2021	ONLINE (Free of charge)
14.	DGMOVE - 10th Data thematic team meeting	28.04.2021	ONLINE (Free of charge)
15.	Transport Logistic Munich, Germany	05-06.05.2021	ONLINE (Free of charge)
16.	WEBINAR - "Towards a harmonised Onshore Power Supply development in Europe", organised by CIRCLE as part of the EALING project	06.05.2021	ONLINE (Free of charge)
17.	Cargo on Danube International - online conference	19.05.2021	ONLINE (3000 Euro)
18.	Port vet Hub	25.05.2021	ONLINE (Free of charge)
19.	ESPO General Assembly	26.05.2021	ONLINE
20.	Dionysus Project - Second Consortium Meeting, Second Steering Committee Meeting, Second WP & Activity Leaders Meeting	26.05.2021	ONLINE
21.	Technology Supply Chain: Are You Ready For RFID	27.05.2021	ONLINE (Free of charge)
22.	ESPO Conference Regatta 2021	25-28.05.2021	ONLINE (200 EURO)
23.	Supply Chain Logistics & Intermodal Freight Transport Conference	30.05.2021	ONLINE (Free of charge)
24.	Increasing the competitiveness of international rail transport in the framework of TRACECA	2.06.2021	ONLINE (Free of charge)
25.	French-Romanian Economic Forum (French Chamber of Commerce and Industry in Romania - CCIFER)	17-18.06.2021	HIBRID (Free of charge)
26.	OSCE's Digital and Green Route Working Group	23.06.2021	ONLINE (Free of charge)
27.	Romania in dialogue with German Businesses - Economic Conference IN BIZ (the Romanian-German Bilateral Chamber of Commerce – AHK joint venture)	25.06.2021	ONLINE/HYBRID (6000 Euro)
28.	Supply Chain Logistics & Intermodal Freight Transport Conference	30.06.2021	ONLINE (Free of charge)
30.	14 <sup>th</sup> Working Group Meeting of the Rhine-Danube Corridor on Ports and Inland Waterways	24.11.2021	ONLINE (Free of charge)
31.	Unlocking the development potential for the Black Sea	November 18, 2021	ONLINE (Free of charge)
32.	Danube and Black Sea: a sustainable solution for international trade	October 21, 2021	ONLINE (Free of charge)
33.	Danube Business Talk	October 13, 2021	ONLINE (Free of charge)
34.	Smart Urban Coastal Sustainability Days	November 9-10,	ONLINE (Free of charge)
35.	FAIRway Danube National User Forum 2021	November 25, 2021	ONLINE (Free of charge)

**Table no. 35 Promotional events**

**B. VIZITE OFICIALE LA SEDIUL C.N. A.P.M. S.A. CONSTANTA (see table no.36):**

No.	Institution / company designation	Date	Composition of official delegation
1.	The General Consulate of the Republic of Turkey in Constanța	12.02.2021	Emre Yurdakul - Consul of the Republic of Turkey in Constanța
3.	The ambassador of Ukraine in Romania	19.03.2021	Georgiy OLKHOVSKIY - Colonel Dublian Andrii
4.	CHEMCO	16.04.2021	Vladan Misic - CN APM SA Constanta representative in Serbia
5.	The UAE Embassy DP World Constanța – CSCT CDR TF Infrastructure (Coalition for Romania Development) CCINA	28.04.2021	E.S. Ahmed Abdulla Saeed Bin Saeed Almatrooshi Hatem Serelkhatem Cosmin Carstea Marian Drăgoi Cornel Peleanu Mihai Ruscescu Andreea Topală Ion Lixandru Jugănar Dan
6.	The General Consulate of the Republic of Turkey in Constanța	05.05.2021	Kadir Yadahan – Commercial attaché
7.	The Embassy of Finland in Romania	26.05.2021	E.S. Marjut Akola Terhi Paikkala - Deputy Head of Mission Constantin Șuteu - Honorary Consul
8.	The Embassy of Kingdom of the Netherlands	15.06.2021	E.S. Roelof van Ees Mark Rotenstein - Acting Head Political of Politic Section Dan Coman - Honorary Consul
9.	Representatives of Mikolaiv region, Ukraine (at the request of Constanța County Consul)	25.06.2021	Paun Rahovei - Chargé d'affaires, the Embassy of Ukraine in Bucharest President of Mikolaiv Regional Council President Mikolaiv Regional Administration and 2 deputies of the region in the Parliament of Ukraine
10.	Odessa Mayor's Office	13.07.2021	1. Gennadiy Trukhanov, mayor of Odessa – head of the delegation; 2. Pavlo Vugelman, deputy mayor of Odessa; 3. Oleg Bryndak, deputy mayor of Odessa - Chief Executive of the Executive Committee of Odessa Municipal Council; 4. Sergiy Tetyukhin, Director of the Department of Transportation, Communications and Road Traffic Organisation within Odessa Municipal Council; 5. Ruslan Puzdrach, Director of the Department of Physical Education and Sports within Odessa Municipal Council; 6. Liudmyla Kryzhalko, Deputy Director, Head of the Division of Arts and Cultural and Educational Institutes with the Department for Culture and Tourism within Odessa Municipal Council; 7. Oksana Chernova, Director of the Marketing and International Relations Department within Odessa Municipal Council;

			<p>8. Oleksandr Tykhovskiy, Deputy Director, Head of the Hospitality Division with the Marketing and International Relations Department within Odessa Municipal Council;</p> <p>9. Anastasiia Neustroieva, Chief Specialist of the Hospitality Division with the Marketing and International Relations Department within Odessa Municipal Council (translator);</p> <p>10. Odetta Imperialie, singer</p> <p>11. Cornelia Petcu, External Relations and Communication Office</p> <p>12. Ivan Lupsac, interpreter.</p>
11.	The Embassy of Greece in Romania	15.07.2021	<p>E.S. Sofia Grammata - Ambassador</p> <p>Andy Liakopolou - First Secretary Economic &amp; Commercial Affairs</p>
12.	LINDE ENGINEERING - GERMANY	20.07.2021	<p>Sonja Niederbuchner</p> <p>Alexander Schnerrrow</p> <p>Nicolae - George Francu</p>
13.	Delegation of CN APM SA Constanta representative in Serbia and partners from Serbia, Croatia and Bosnia Herzegovina	11.08.2021	<p>Viadan Misic – representative of CN APM SA Constanta in Serbia</p> <p>31 representatives of the following companies:</p> <p>ATIR RAIL</p> <p>BRODOKOMERC</p> <p>DTL</p> <p>ELIXIR GROUP</p> <p>JRB</p> <p>MB SHIPPING</p> <p>NASA LADJA</p> <p>PORT GOVERNANCE AGENCY</p> <p>PORT DUNAV PANCEVO</p> <p>RHENUS SERBIA</p> <p>SEA DANUBE TRANS</p> <p>TOMI TRADE</p> <p>TRANS CARGO LOGISTIC</p> <p>PORTUL VUKOVAR</p> <p>PORTUL OSIJEK</p> <p>NEXE GROUP</p> <p>BRCKO PORT</p>
14.	Metropolitan Mayor's Office of Eskisehir, Turkey	28.09.2021	<p>Ayşe Unluce – General Secretary of Eskisehir Mayor's Office</p> <p>Ahmet Atac – Mayor of Tepebasi municipality</p> <p>Kazim Kurt – Mayor of Odunpazari municipality</p>
15.	The Embassy of Indonesia	04.10.2021	<p>Lawmakers from the Romanian – Indonesian Cooperation Commission</p> <p>The Ambassador of Indonesia in Bucharest</p> <p>The Consul of Indonesia in Constanta, Emil Sîrbu</p>
16.	The Embassy of Austria – Commercial Section – economic mission event	05.10.2021	<p>Gerd Bommer – Trade Adviser</p> <p>Stephan Sturzer – Commercial attaché</p> <p>21 representatives of the following companies:</p> <p>Bolk Transport GmbH</p> <p>EGGER Romania SRL</p> <p>Fritz Egger GmbH</p>

			Gebruder Weiss SRL HS Timber Productions OmniaSig PORR Construct SRL S+B Gruppe AG Semmelrock Stein+Design SRL Siemens SRL Steinzeug-Keramo Transiris Austria GmbH
17.	SOCAR	19.11.2021	Hamza Karimov – General Manager

**Table no. 36 – Official visits**

The use of online media and printed advertising materials to promote events and information of interest about Constanța Port was aimed at increasing visitor traffic on websites via online promotion, both on the company's official website, as well as on social media, and LinkedIn and Youtube management.

The online activity of C.N. A.P.M. S.A. Constanța was intense, with efforts to promote events organised by the company and others which were attended by its representatives, investment projects, both with European and own funds, as well as day-to-day activities within the maritime ports. The company's permanent activity on social media determined a gradual increase in user interactions with posts, as well as in their impact. On the LinkedIn platform, the CN APM SA Constanța account has 2,624 followers and 69 posts made in 2021, the number of interaction activities on the account reaching 195,676. As far as the Youtube account is concerned, there are 49 subscribers in total, 8 video posts with 4,740 views and a watching duration of 53.2 hours.

### **XIII. ENVIRONMENTAL ACTIVITIES**

In order to fulfil the environmental protection obligations, CN APM SA, via the Environmental Office, conducted throughout 2021 the following activities:

- Monitoring the manner of performing the sanitation/decontamination of the port docks (collection of solid waste and oil-based residues), aggregating and reporting to the local environmental authority the data concerning the amounts of waste collected from the port waters.
- Monitoring the activities carried out in cases of accidental port water pollution by the functional structures with duties as part of the action plan implemented across the port authority administration, informing the Company executives on the evolution and effectiveness of an intervention, as well as liaising with the local environmental authorities.
- Updating the intervention plan in cases of accidental pollution in the maritime ports, elaborated in line with the provisions of *GD no. 893 from July 5, 2006 on the approval of the National preparation, response and cooperation plan in cases of marine hydrocarbon pollution*.
- Aggregating the data provided by the landfill operator on the types and quantities of waste stored within the ecological landfill and making sure this data is submitted to the environmental authorities.

- Aggregating the data and information provided by the Port Services Branch in regard to the categories and quantities of waste taken over from vessels that use the maritime ports, as well as those provided by the Port Technical Vessels Branch on the categories and quantities of hydrocarbon residues, used water and freight residues taken over from vessels that use the maritime ports, and sending them to the environmental authorities.
- Participation in the working group set up at the request of the Naval Transportation Directorate – MTI in order to prepare the draft normative intended to amend GO 20/2012 *on port facilities that take over ship-generated waste and cargo residue*, corresponding the requirements of Directive (EU) 2019/883.
- Specific activities aimed at having regulatory documents issued/revised or, as the case may be, having the annual permits stipulated by the legislation in force issued by the competent authorities, that is the environmental permits and the water rights permit for Constanța and Mangalia ports.
- Constantly retaining the certification of CN APM SA environmental management system, in line with the requirements of ISO 14001/2015, by means of:
  - setting forth the environmental objectives and the progress monitoring objectives;
  - identifying the environmental requirements resulting from the legislation and the environmental and water rights permits, and communicating them to the compartments in charge;
  - environmental inspections intended to check the extent to which environmental requirements are complied with.
- Monitoring specific environmental factors (underground water, leachate, landfill gases, land stability, sinking behaviour) across the former port landfill in the area of Constanța port gate 6, in line with the provisions of GD no. 349/2005 on waste storage, as subsequently amended and supplemented, and of the monitoring program approved by the environmental authority.
- Checking compliance with the provisions of the Protocol between the Company and Constanța Mayor's Office on executing the fillers in the southern area of Constanța Port by depositing materials that originate from construction/demolition activities.
- Taking part in the controls and inspections carried out by the environmental authorities, facilitating their access to environmental information held by the Company and communicating how the measures set forth were implemented in the inspection reports drawn up following the controls.

#### **XIV. COMMUNICATION WITH THE STAKEHOLDERS**

Throughout 2021, there were 191 requests for public information received and all of these received an answer within the legal deadline, without any regular and criminal complaints on record.

The requests received by e-mail, verbally, through the portal or by mail were as follows: 180 from legal entities, including members of the press, and 11 from natural persons.

In 2021, after a period in which pandemic circumstances did not allow organising large events, the tradition of the annual press conference, where the general manager presents the company's year-end results, was resumed.

Throughout the year, there was a flurry of activity on the company's social media pages: Facebook – [www.facebook.com/ConstantaPort](https://www.facebook.com/ConstantaPort) and Twitter - @ConstantaPort.

The company's activity in terms of repairs, professional meetings, investments and initiatives of CN APM SA was promoted, whereas the dialogue with social media users was strengthened, for a greater opening towards those interested in the Romanian maritime ports.

The continuous updating of the information presented on the Facebook page allowed us to exceed, at the end of 2021, 6,000 likes for the page and conduct many interactions with the followers.

The Press Office was designated as the structure in charge with handling the petitions received by CN APM SA. In 2021, there were 7 petitions received and replied to within the legal deadline, with no exceptions.

## **XV. CORPORATE GOVERNANCE / CONTROL**

### **Implementation of the corporate governance principles**

The governance system implemented by the company executives set forth as main objectives: providing asset management integrity, the effective use of the available technical means and maximising newly created values so as to benefit company growth and shareholder satisfaction.

Considering the complexity of the processes and activities organised and carried out by the company, the management took the decision to set up and organise internal and external control mechanisms in order to identify and prevent (internal and external) risks and exert a thorough financial, administrative, managerial and system control.

According to the legal provisions, the company organises and implements, as forms of control to be exercised over the entire activity focusing on asset management, company leadership organisation and operation that make use of corporate tiers, and risk occurrence identification and prevention, **internal control** and **external control**.

#### **a) Internal control**

The **internal control system**, organised and laid out across the company in order to ensure asset integrity and the efficient management and use of the assets available to the company, for the purpose of strengthening the shareholders' holdings, comprises the following elements:

##### **a1) Management financial control**

- the Management Financial Control Office operates within National Company "Maritime Ports Administration" S.A. Constanța pursuant to GEO no. 94/2011 on the organisation and operation of the economic and financial inspection of undertakings and to GD no. 1151/2012 for the approval of the Methodological rules on organising and exercising management financial control;
- management financial control is a form of control focused on securing the integrity of corporate assets, as well as of the state public and private domain property it possesses to administer, under concession or under lease, on enhancing the effective use of the allocated resources, as well as on compliance with the legal provisions and the internal regulations applicable to the company's economic and financial activity;

- the activity of the Office takes place based on the control programs elaborated, as per GD no. 1151/2012, on a yearly, quarterly and monthly basis, approved by the General Manager of National Company "Maritime Ports Administration" S.A. Constanta, but also based on spot controls initiated at the company executives' request. In 2021, control actions mentioned in the 2021 Work Program were carried out, as were control actions conducted at the General Manager's request.
- In this respect, control reports were drawn up in relation to:

### **1. Checking the performance progress of the subsequent contracts and the framework agreement concluded with Utilnavorep SA**

The goals of this action consisted in checking the performance progress of the Framework agreement for services no. 38269/02.10.2020 "Accidental repairs to the maritime signalling system", valid until 01.10.2022, and of the following subsequent contracts:

- *Contract no. 40546/21.10.2020; "Accidental repairs to the maritime signalling system – Buoy C-G1 TYPE A8L – Constanța Port"*
- *Contract no. 43884/11.11.2020 "Accidental repairs to the maritime signalling system – Buoy M-G21 TYPE GBP1800 – Midia Port"*
- *Contract no. 46761/26.11.2020 "Accidental repairs to the maritime signalling system – Replacement of floats for Buoy CS-G7 TYPE A8L – Constanța Port"*.

### **2. Routing of medium-voltage power grids in the area of APM Terminals and Ferry - Boat railways**

The goals of this action consisted in checking the performance progress of the Routing works on the medium-voltage power grids in the area of APM Terminals and Ferry - Boat railways, of the lease procedure, via public tender, of Land plot no. 4 of Constanța Port, Southern sector, and the performance progress of lease contract no. CN APM-06935-IDP-01/11.10.2017.

### **3. Checking the performance progress of contract no. 47358/26.11.2019 with the scope of supply: Execution of "Upper Passageway – Grand Curve" overhauling works**

The goal of this action consisted in checking the performance progress of the "Upper Passageway – Grand Curve" contract for overhauling works.

### **4. Stocktaking of asset elements within the Supply Service inventories (Inventories 303.600.800)**

The goals of this action consisted in checking compliance with the provisions MoPF (*Minister of Public Finance*) Order no. 2861/2009 for the approval of the Norms on the means to organise and take stock of elements such as assets, liabilities and own equity, and the manner of drawing up the documents specific to the activity carried out and provided by the legislation in force, as well as in process record PSp.07.1 rev.2 "The sectoral procurement and supply process" and in "Stocktaking regulation" rev. 6.

### **5. Checking the manner of awarding, and the performance progress of, the contract concluded between CN APM SA Constanța and SC Shipyard ATG Giurgiu for the procurement of two multi-purpose vessels**



The goal of the action consisted in checking the manner of awarding, and the performance progress of, the contract concluded between CN APM SA Constanta and SC Shipyard ATG Giurgiu for the procurement of two multi-purpose vessels.

**6. Checking the activities of the Giant crane, Sirius 2 (*tender motorboat*), Pontoon 2,64,66, Dam Compartment, SM 101, Depol 3 (*decon motorboat*), Depol 9 (*decon motorboat*), Pompier 8 (*FPE vessel*), Administrative)**

The action consisted in taking stock of the property found in the bridge inventory and the machinery inventory, as well as of the fuel consumption and the running hours, and checking compliance with the provisions of MoPF Order no. 2861/2009 for the approval of the Norms on the means to organise and take stock of elements identified as assets.

**7. Reviewing the issue in fact that led to the delivery of civil case sentence no. 1091/2020, in case file no. 5291/118/2017 on the legal action filed by the Implenla Baugesellschaft – SC ABC VAL SRL joint venture against CN APM SA Constanța**

The action consisted in reviewing the issue in fact that led to the delivery of civil case sentence no. 1091/2020, in case file no. 5291/118/2017 on the legal action filed by the Implenla Baugesellschaft – SC ABC VAL SRL joint venture against CN APM SA Constanța.

**8. Reviewing all the analysis reports drawn up between 01.01.2021 and the control date by the committee in charge with calculating the scores used to determine contract duration/extension of validity, in line with the commitments approved as per the Competition Council Decision, and by the working committee appointed pursuant to Decision no. 175/09.04.2021, reports that underpinned the proposals formulated by the Commercial Directorate to be approved by the Management Board**

The action consisted in reviewing all the analysis reports drawn up in 2021 by the committee in charge with calculating the scores that underpin the proposals formulated by the Commercial Directorate to be approved by the Management Board.

**9. Reviewing the issues in fact and in law that led to the circumstances of the litigations on record with Intermodal Transports SRL company, identifying the culpable persons and the measures required to recover the damage determined as per civil case sentence no. 606/17.04.2019**

The goal of the action consisted in identifying the persons culpable for causing the damage determined as per civil case sentence no. 606/2019 and outlining the measures required to recover said damage.

**10. Checking the performance progress of contractual agreement no. 44631/07.11.2018 “Upgrades to the port infrastructure by means of increasing the actual depth of fairways and basins and securing navigation safety in Constanța Port”**

The goal of the action consisted in checking the performance progress and following up on contractual agreement no. 44631/07.11.2018 – “Upgrades to the port infrastructure by means of increasing the actual depth of fairways and basins and securing navigation safety in Constanța Port”.

### **11. Spot controls at the cashier's office of National Company "Maritime Ports Administration" S.A. Constanța**

These verifications focused on compliance with the provisions of Law no. 70/2015 or strengthening financial discipline concerning cash collection and payment operations and for amending and supplementing Government Emergency Ordinance no. 193/2002 on introducing modern payment systems.

Following the verifications, the persons who conducted management financial controls wrote the findings in bilateral control documents (control reports) that were forwarded to the General Manager of National Company "Maritime Ports Administration" S.A. Constanța, who (according to GD no. 1151/2012 for the approval of the Methodological rules on organising and exercising management financial control) reviewed, ordered and followed up on the implementation of the measures stipulated in the control documents.

By means of the documents drawn up, the control team within the Management Financial Control Office proposed measures, deadlines and designated persons in charge with addressing the deficiencies found.

**a2) The preventive financial control** over operations that entail property relationships pursuant to contracts concluded with third-party natural persons and legal entities and over operations consisting in cash and non-cash receipts and payments, organised at company and branch levels;

The preventive financial control activity is regulated, from a regulatory standpoint, by the following applicable documents:

- Government Ordinance no. 119 / 1999 – on internal control and preventive financial control
- Law no. 84 / 2003 – on amending and supplementing Government Ordinance no. 119 / 1999 – on internal control and preventive financial control
- the general Methodological Rule on exercising preventive financial control, approved as per Order no. 923 / 2014 of the Minister of Public Finance, as subsequently amended.

The **Preventive Financial Control Office** is organised within National Company "Maritime Ports Administration" S.A. Constanta in accordance with the provisions of item 2.1 in the general Methodological Rule on exercising preventive financial control and of the Specific code of professional rules for individual carrying out own preventive financial control, approved as per Order no. 923/2014 of the Minister of Public Finance, and is tasked with managing the assets of C.N. APM S.A. Constanța in accordance with the law and with identifying operations that do not comply with the legality, regularity, opportunity and effectiveness requirements.

According to the Reports on the preventive financial control activity drawn up on a quarterly basis, preventive financial control was exercised on **9,521** operations with financial effects upon the public funds and the public assets, amounting to **1,656,014,708.9** lei, as follows:

Period	No. of operations subject to the PFC approval	Quarterly value of operations subject to the PFC approval (lei)
quarter I	2182	280,787,024.80
quarter II	1877	385,618,655.70
quarter III	2018	396,698,728
quarter IV	3444	592,910,300.40
<b>Total</b>	<b>9521</b>	<b>1,656,014,708.90</b>

**Table no. 37 Operations subject to the PFC (preventive financial control) approval**

There were no operations that failed to receive the preventive financial control approval.

**a3) internal audit** is carried out across all of the company's corporate tiers, is independent of the organisational structures and assesses compliance with the effectiveness and ethical standards based on risk analyses and an audit plan approved by the Management Board.

5 (five) regularity assurance engagements were planned for **2021**. Throughout 2021, 5 (five) planned audit engagements and 3 ad-hoc engagements ordered by the General Manager were conducted, as follows:

1. Regularity assurance engagement – **“Assessment of the method of granting work permits and licences, issuing car access passes for the ports and the free areas administered by C.N. APM S.A Constanța, as well as verification of compliance with all the regulations by all the economic operators conducting business on the territories administered by the Company”**, carried out within the Authorisations and Control Service, the Audit report being approved by the General Manager and registered under no. 12504/09.03.2021;
2. Regularity assurance engagement – **“Execution, implementation, maintenance, operation and development of the IT system”**, carried out within the IT Service, the Audit report being approved by the General Manager and registered under no. 25582/09.06.2021;
3. Regularity assurance engagement – **“Assessment of the corruption prevention system, 2021, within C.N. APM S.A. Constanța”**, carried out throughout the Company by the **officer in charge with ensuring institutional transparency**, the Audit report being approved by the General Manager and registered under no. 26366/15.06.2021;
4. Regularity assurance engagement – **“Assessment of the implementation of contractual clauses, so as to effectively administer/operate port infrastructure and superstructure elements, and allow economic operator to conduct sound business”**, carried out **SEP, STR (Technical and Repairs Service), SSP (Port Security Service), PSI-SU (Fire Prevention and Extinction – Emergency Situations), SESP (Port Operation and Safety Service), SP (Assets Service) and SNTR**, the Audit report being approved by the General Manager and registered under no. 38610/13.09.2021;
5. Regularity assurance engagement – **“Ensuring the elaboration, endorsement and approval of PAAS and the annexes to it, in compliance with the applicable regulations. Follow-up on its execution according to the planning”**, carried out within the **Public Procurement Department**, the Audit report being approved by the General Manager and registered under no. 789/06.01.2022;
6. Ad-hoc engagement – **“Analysis of the performance progress of the work <Routing of medium-voltage power grids in the area of CF APM TERMINALS and Ferry - Boat railways>”**, carried out within the **Port Energy Branch** and the **Service for Lease Contracts and Concessions**, the Audit report being approved by the General Manager and registered under no. 20113/28.04.2021;
7. Ad-hoc engagement – **“Assessment of the procurement of Design and Construction of two multi-purpose vessels”**, carried out within **Constanța Port Technical Vessels Branch** and the **Public**

**Procurement Department**, the Audit report being approved by the General Manager and registered under no. 23194/24.05.2021;

8. Ad-hoc engagement – ***“Assessment of the analysis reports drawn up by the committee appointed as per the General Manager’s decision for the 01.01.2021 - 09.07.2021 period”***, carried out within the Service for Lease Contracts and Concessions – the Working Committee, in order to analyse the opportunity to subgrant/lease, via an open outcry public tender and through direct award, the naval transportation infrastructure, the Audit report being approved by the General Manager and registered under no. 31778/22.07.2021.

13 recommendations were formulated as part of the reports. By the date of the present document, 10 recommendations have already been implemented, and 3 recommendations are in the process of implementation (within the deadlines set forth by the structures audited through the Action Plan and in line with the implementation schedule of the recommendations formulated by the audit team following the engagement).

We will mention that throughout 2021, at the General Manager’s request, the Internal Audit Office provided informal counselling.

b) External control

A concern of the Management Board came in the form of the gradual elimination of the External Auditor’s comments by means of adopting and implementing the recommendations.

The Company is audited by **TGS Romania Assurance & Advisory Business Services S.R.L.**, Bucharest, which submits the Annual Economic and Financial Audit Report in line with the local regulations (statutory audit according to MoPF Order 1802/2014).

We hereby enclose to the present report the Non-financial statement for 2021.

Signed on behalf of the Management Board,

**President of the Management Board**

Signature: [illegible]