

ACTIVITY REPORT OF SNTFC „CFR CĂLĂTORI”- SA

for the period 1st of January– 31st of December 2018

(summary for publication, according to the provisions of the Law no.544/2011, on the free access to public information)

I. OVERVIEW OF THE COMPANY

The National Railway Passenger Company „CFR Călători” -S.A., hereinafter referred to as CFR Călători, established by G.D. no. 584/1998, as subsequently amended and supplemented, is a Romanian legal person, having the legal form of a joint-stock company, operating in accordance with the Romanian laws, including, but not limited to the Companies Law no. 31/1990, republished, as amended and supplemented and the Government Emergency Ordinance no.109/2011 on corporate governance of state-owned enterprises, as amended and supplemented and the Articles of Incorporation approved by the General Assembly of Shareholders.

CFR Călători, as a railway transport operator, is a state-owned economic operator, licensed in accordance with the legislation in force for the performance of the public service of national interest in railway passenger transport, subject both to national legislation and to the EU community legislation.

CFR Călători carries out activities of national and social public interest. The provision of passenger rail transport services, as well as the public service obligations of related national interest, are set out in the Public Service Contract, concluded for the period 1st of January 2016 - December 2, 2019 with the Ministry of Transport, approved by the Government Decision no. 231/2016, updated for 2018 by the Addenda thereto.

The main European Union regulations, specific to public railway passenger transport, are part of the Fourth Railway Package which includes measures to improve, in particular, the performance of rail services in the EU, for the benefit of passengers, through a gradual opening of national rail markets. They are represented by EU regulations that are applied on a mandatory basis, in the form in which they were issued: Regulation (EEC) 1370/2007/EC on public passenger railway and road transport services and repealing the Regulation (EEC) No. 1191/69 and 1107/70 of the European Council and Regulation (EEC) 1371/2007/EC on rail passengers' rights and obligations, as well as a number of specific EU Directives, transposing into national law.

II. EVOLUTION OF KEY INDICATORS

In 2018, 1,366 trains ran daily on average, on the entire railway network, 4.3% less than in 2017. Under the public service obligation, in 2018, 1,082 trains were operated daily, on average, 4, 7% less than in 2017.

This was due to the measures adopted in March 2018, to cancel or limit the movement of approximately 100 trains. Thus, the initial planned value for the 2017/2018 timetable of about 53.1 million train-km was reduced by about 6%, correlated with the corresponding decrease, at that time, of the compensation provided by the state budget, as a payment for public services. The measures were also imposed in the context of the rolling stock reduction.

Although the budget year had a negative result in 2018, with funding from own funds, 24 passenger cars were modernized, which led to an increase in the transport capacity of over 2000 seats.

Indicator	M.U.	2017	2018	% 2018/2017
Trains/day <i>Of which, within PSO</i>	trains/day	1.426 1.135	1.366 1.082	95,7 95.3
Train-km <i>Of which, within PSO</i>	Thousands train.km	53.460 52.920	50.806 50.309	95,1 95.1
Passengers-km	mil. passengers.km	5.097	4.923	96,8

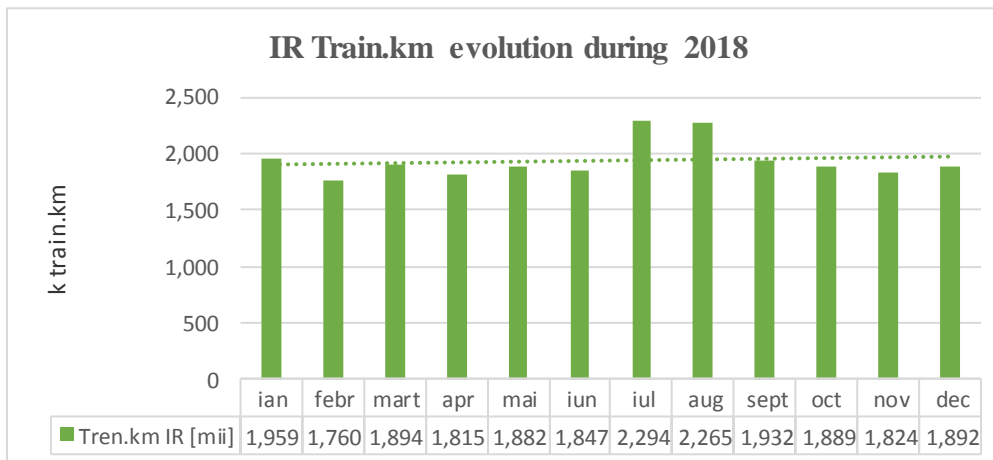
It is mentioned that for 2018, the total of 50.806 thousand trains / km made up, includes 489 thousand train-km., mainly related to the movement of isolated engines and empty trains, necessary for the fulfilment of the public service obligation.

Train-km indicator

Train-km indicator on train ranks in 2018 is:

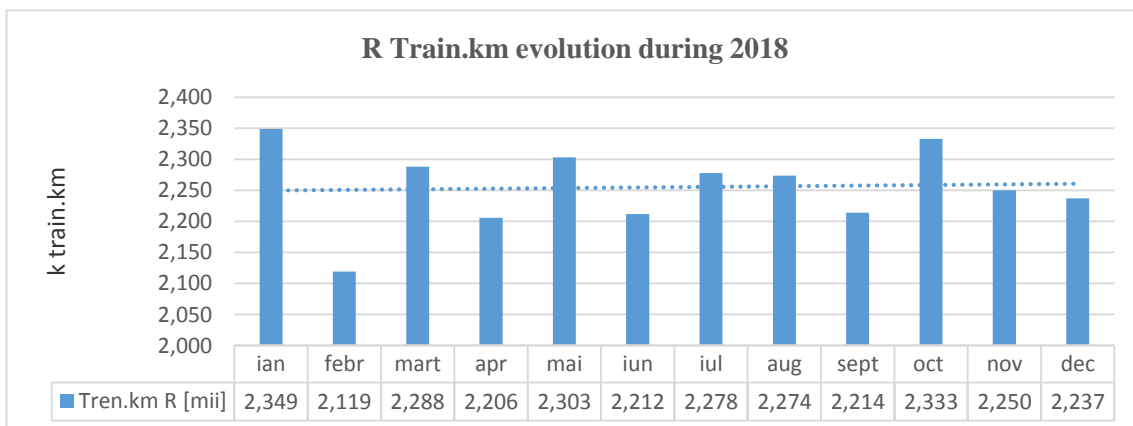
Indicator	M.U.	Total in 2018
Train-km IR <i>Of which, within PSO</i>	thousands train-km	23.253 23.247
Train-km R <i>Of which, within PSO</i>	thousands train - km	27.063 27.061

The monthly evolution of the **IR train-km** indicator in 2018 is:



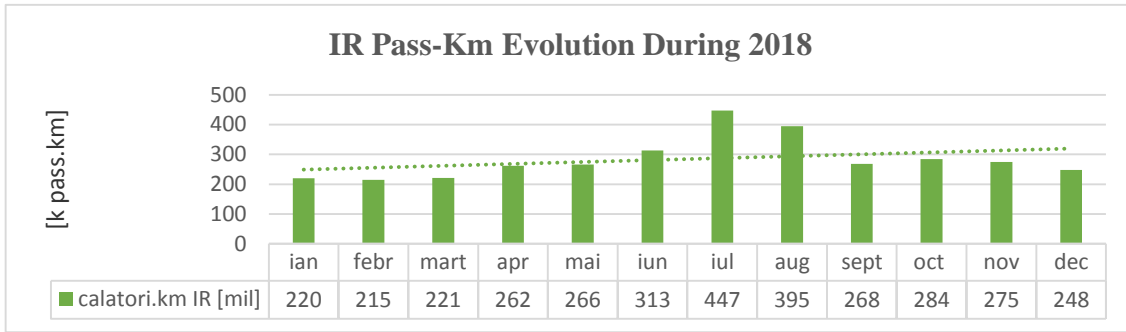
The IR train-km peaked during the summer season.

The monthly evolution of the **R train-km** indicator in 2018 is:



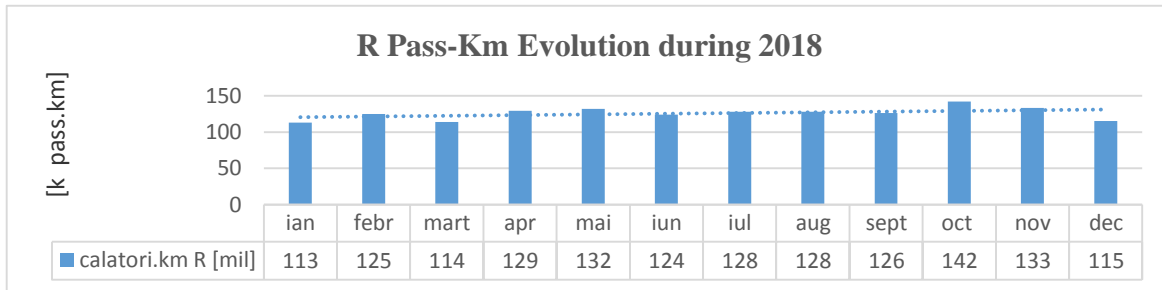
Passengers-km indicator

The monthly evolution of **passengers-km** indicator, expressed in **mil.passengers.km**, in 2018 is:



Passengers-km IR quantitative indicator, expressed in **mil.passengers.km**, recorded a peak during the summer season.

The monthly evolution of **R passengers trip**, expressed in **mil.passengers.km**, in 2018 is:



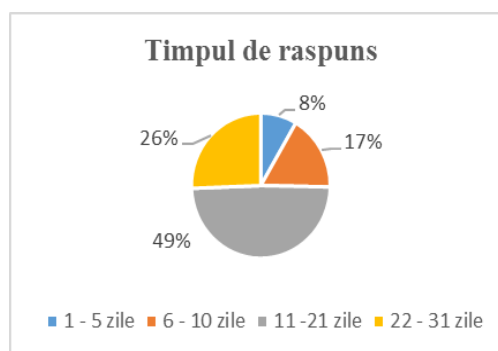
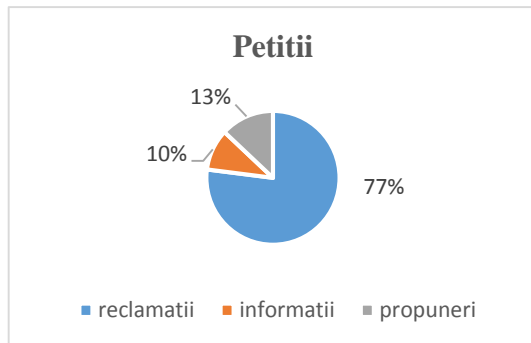
Remarks: From the analysis of total passenger traffic evolution in 2018, compared to 2017, there is a slight decrease. This is due, to a large extent, to the unfavorable weather conditions in the winter months, which led to the suspension of the circulation of some trains on several railway sections, as well as some infrastructure works on some railway sections, which led to the temporary cancellation of some trains.

III. CUSTOMER SERVICE

In 2018, according to the provisions of the Ordinance no.27/2002 approved with amendments by Law 233/2002 regarding the regulation of the complaints settlement activity, CFR Călători received and handled over **5,500** issues of interest for the passengers, out of which about **77%** represent complaints, **10%** information and **13%** proposals and requests.

The classification of complaints is the following:

Response time

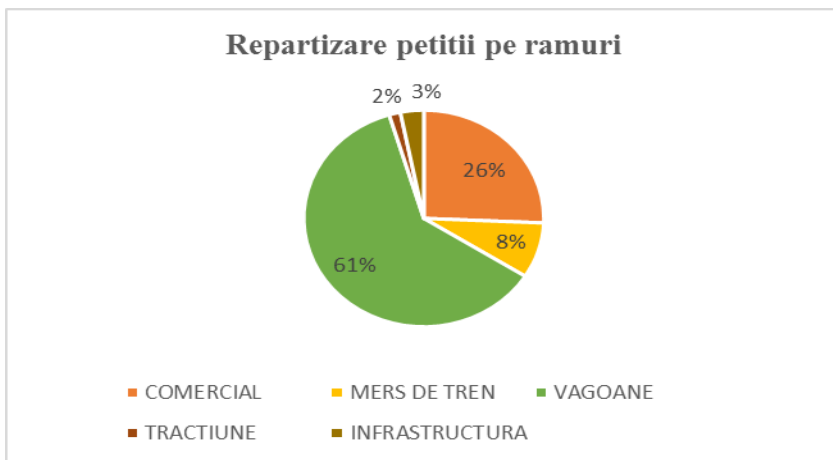


At **8%** of the complaints, CFR Călători replied within a very short time, up to 5 calendar days, registering in this respect a favorable evolution compared to the previous year. This was possible both due to the response time of the service to public requests and due to the timely response given by the specialized services.

We mention that over **60%** of complaints were handled within a period of time of up to 20 calendar days.

Classification of complaints on issues raised by complainants

Of the total number of complaints registered in **2018**, the classification according to the branch to which it was assigned, is as follows:



The quality of the services provided by the train staff and cashiers, the CFR agencies and the information services were mentioned by the complainants in about 4%, which represents a decreasing percentage, compared to 5.1% in 2017, of the total complaints.

CFR Călători responsibly analyzes all the issues presented in all registered complaints, in order to implement effective measures to eliminate the potential causes of passengers' dissatisfaction.

VI. ACTIVITY IN THE FIELD OF ENVIRONMENTAL PROTECTION

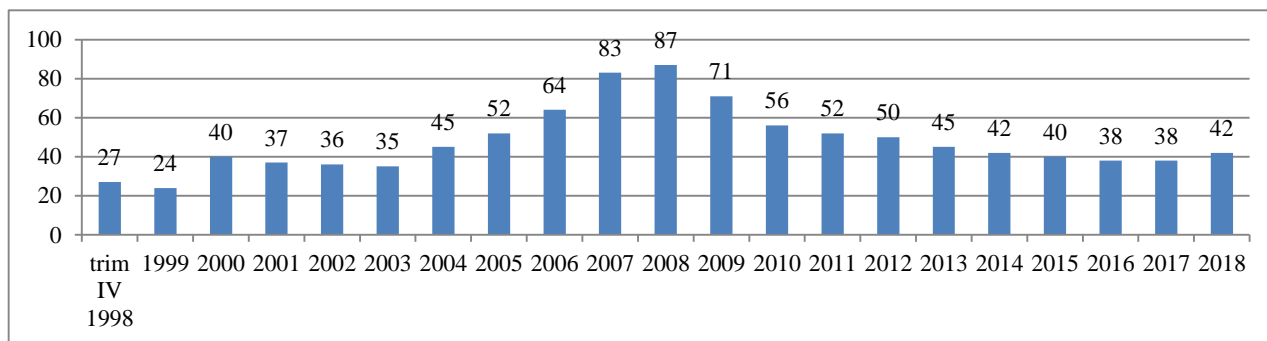
In the field of environmental protection, CFR Călători promotes an environmental policy that supports the concept that rail transport is recognized as the means of transport with the least impact on the environment.

The environmental protection activity is carried out in three directions:

- Compliance with the legislation and other applicable requirements;
- Pollution prevention;
- Environmental management system.

The authorization procedure for environmental protection objectives is a dynamic process and the authorization phase periodically undergoes changes, which are issued for a limited period of time.

The evolution of objectives authorization in terms of environmental protection is:



In 2018, three compliance programs were carried out, achieving compliance works imposed in the environmental authorizations of the network objectives.

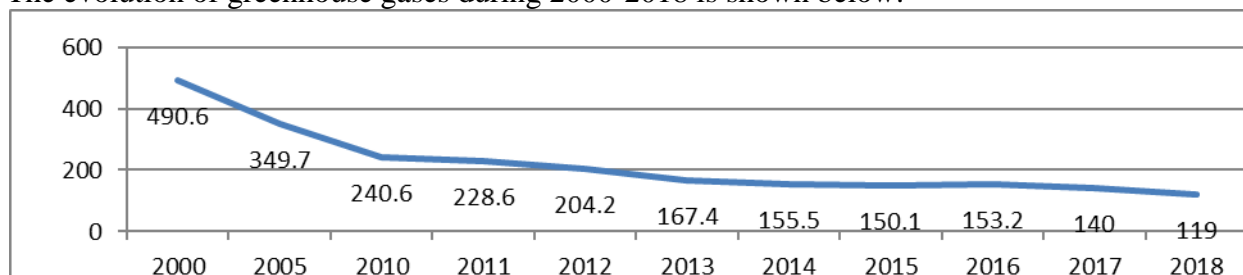
In order to monitor the quality of environmental factors, according to the legislation in force, the subdivisions have their own monitoring programs, the analysis being carried out by specialized environmental laboratories. For 2018, environmental monitoring services were purchased. 503 analyzes were performed, including 375 wastewater analysis, 10 drinking water analysis, 40 groundwater analysis, 6 rainwater analysis, 47 soil samples, 22 emission analysis and 3 noise analysis.

CFR Călători is involved, through the Ministry of Transport, in the implementation of the objectives set out in the National Reform Program on the reduction of greenhouse gas emissions, through the following measures:

- modernizing the passenger railway transport, in order to make more efficient the use of resources and to reduce the greenhouse gas emissions.

- monitoring greenhouse gas emission (GHG) and reporting according to the Decision no.280/2004/EC on a monitoring mechanism of Community greenhouse gas emissions and the implementation of Kyoto Protocol.

The evolution of greenhouse gases during 2000-2018 is shown below:



CFR Călători supports the commitment of the Community of European Railway and Infrastructure Companies (CER), in line with the European Union's greenhouse gas reduction targets, responsible for the greenhouse effect, through an individual commitment to reduce its specific CO2 emissions by 21% and of total CO2 emissions by 31% , by 2020.

Evolution of CO2 diesel traction emissions during 2005- 2018:

