



**ROMPETROL RAFINARE S.A.**

**ANNUAL REPORT OF THE BOARD OF DIRECTORS for the financial year 2015**

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## **ANNUAL REPORT 2015**

### **OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2015**

#### **Company ROMPETROL RAFINARE S.A.**

**Registered office:** 215 Năvodari Blvd.,  
Administrative Pavilion,  
Năvodari, Constanța county

**Nr. Telephone/Facsimile No.:** +(40) 241 506100  
+(40) 241 506930

**Tax Identification Number at the Trade  
Register Office by the Law Court of Constanța:**  
1860712

**Registered with the Trade Register under No.:** J13/534/1991

**The shares of Rompetrol Rafinare S.A. are traded in the Standard Category of  
the BUCHAREST STOCK EXCHANGE<sup>1</sup>**

**Subscribed and paid-in share capital:** 4,410,920,572.60 lei

**The main characteristics of the securities issued by Rompetrol Rafinare S.A.:**

- **Dematerialized nominal common shares, the record of which is held by  
the Depozitarul Central S.A. Bucharest**
  - o **Total number of shares:** 44,109,205,726
  - o **Nominal value:** 0.10 lei
  - o **Symbol of shares at the Bucharest Stock Exchange:** RRC

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<sup>1</sup>Starting 5th of January 2015 the shares of Rompetrol Rafinare S.A. are traded in the Standard Category of the Bucharest Stock Exchange ("BSE"). Up to this date they have been traded within category II od BVB.



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***MAJOR PERFORMANCE IN 2015, IN AN UNSTABLE GLOBAL ECONOMIC ENVIRONMENT:******Petromidia Refinery - historical record***

Petromidia Refinery within Rompetrol Rafinare company – part of the KMG Group international, registered in 2015 a historic record for an over-day processed quantity of raw material – **over 15,000 tons**, representing the highest quantity for the Refinery ever since 1979 – the year of its commissioning.

Among the historical records registered by Rompetrol Rafinare in 2015 for the second consecutive year, we can see the **increase of capacities on all white products – 85.7 %** . **Mechanical availability** reached a historical maximum of **96.9%**. At the same time, the refinery reached an improvement of the **energetic efficiency index – reaching the value of 98.6**. In 2015, the highest Diesel fuel capacities reached at 50% and Kerosen 4.4%, ever in history.

Also, the **petrochemical division of Rompetrol Rafinare** obtained in 2015 new types of products, these representing 6.8% of the total production of the Polypropylene installation.

**The Vega refinery** – reached an all time high of the Hexan (71,000 tons) and Bitumen (80,000 tons) production.

Against the background of investments by KMG International and KazMunayGas in the upgrade and increase of processing capacity, together with investments to develop the petrochemical sector and the supply of crude and distribution of fuels at both national and regional level, the Black Sea refinery managed to maintain in 2015 the historical operational records reached in 2014. With the completion of the wide program for the upgrade and processing capacity increase, the strategy and ambition of the Company focused and will focus on optimized production processes, lower processing costs and increased energy efficiency.

Once every 5 years, the general turnaround of the two refineries takes place.

These turnarounds required sustained preparatory works, all critical points and possible scenarios taken into consideration. The process involved a high volume of multi-discipline activities meant to achieve a high level of operational safety, to reduce the costs on maintenance and to improve the operational efficiency of the refineries by increasing mechanical availability. A series of works were performed to increase the level of safety in exploitation of the installations, and also to improve operational efficiency. Over 4.000 subcontractors worked together at the same time on the technological platforms. Huge quantities of scaffolding and insulation were used: 280,000 cubic meters of scaffolding and 45,000 square meters of insulation. Also, high volumes of sand blasting and anti-corrosive protection were attained: 35,000 square meters of sand blasting and 47,000 square meters of anti-corrosive protection. Through general subcontractor Rominserv, approximately 1,400 inspections and over 400 OHS (occupational health and safety) check-ups were conducted, running checks on 26 reactors and repairing 50 columns and 23 furnaces, over 250 heat exchangers and 111 electric engines. Pressure tests were also performed on over 2,800 pipes.

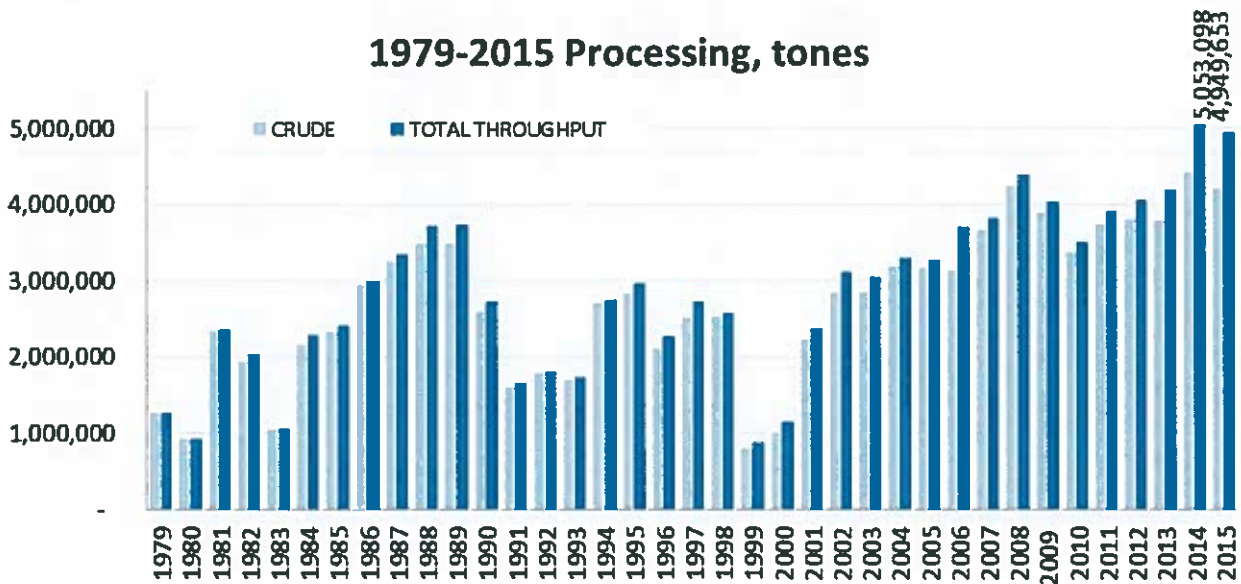


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The total value of the works performed during the General Turnaround on the technological platforms of Petromidia and Vega were of 68.41 million USD.

The evolution of the subject of 1979 (the year of starting up the first installation within Rafinăria Petromidia - Atmospheric and Vacuum Refinement) up to 2015 is rendered by the graphic below:



In October – November 2015, there was a general turnaround of the refinery, turnaround which takes place every 5 years, in compliance with the decision of the management of KMG Group International.



## **1. THE ANALYSIS OF THE ACTIVITY OF THE COMPANY**

In the international global context, Rompetrol Rafinare has adapted its strategy based on the new economic situations.

So, the company has reached its objectives of performance by: making all activities efficient, cost control and reduction and readapting the business plans for the next years.

### ***1.1. a) The description of the basic activity of ROMPETROL RAFINARE S.A.***

Rompetrol Rafinare, a member company of the KMG International Group, operates the Petromidia refinery located in Navodari, Constanta county, as well as the Vega Refinery in Ploiesti, Prahova county.

As of 01.01.2014, Rompetrol Rafinare SA took over the operational plants (polymer and utilities production) of Rompetrol Petrochemicals SRL.

In accordance with the provisions of the Articles of Incorporation of the Company Rompetrol Rafinare S.A. (Hereinafter "The Company" ), the main object of activity is "manufacturing of the products obtained from the processing of crude oil " (CAEN code 192), and the main object of activity is represented by the "manufacturing of the products obtained from the processing of crude oil" (code CAEN 1920). Other secondary objects of activity are being detailed in the Articles of Incorporation of the Company.

Rompetrol Rafinare holds the quality as authorized warehousekeeper, in accordance with the applicable tax legislation. The Refineries Petromidia and Vega are authorized as production tax warehouses being manufacturers of energetic products, observing the tax rules governing the production of energetic products.

Rompetrol Rafinare also holds Integrated Environmental Authorizations, issued by the competent environmental authorities in accordance with the legislation regarding the environment, for the 2 operated work points: Petromidia (work points Rafinărie and Petrochimie) and Vega.



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***I) The Production Activity in the Year 2015***

Rompetrol refining is a business unit composed by three production entities: Petromidia (located in Navodari) and Vega (located in Ploiești) refineries and Petrochemicals plant.

***Rompetrol Rafinare - work point Năvodari (Petromidia Refinery)***

The production schedule of the Rompetrol Rafinare S.A. - work point Năvodari (Petromidia Refinery) for the year 2015 has been designed for a total processing capacity of 4,713,109 tons, of which 4,353,225 tons of crude oil and 359,884 tons of other raw materials.

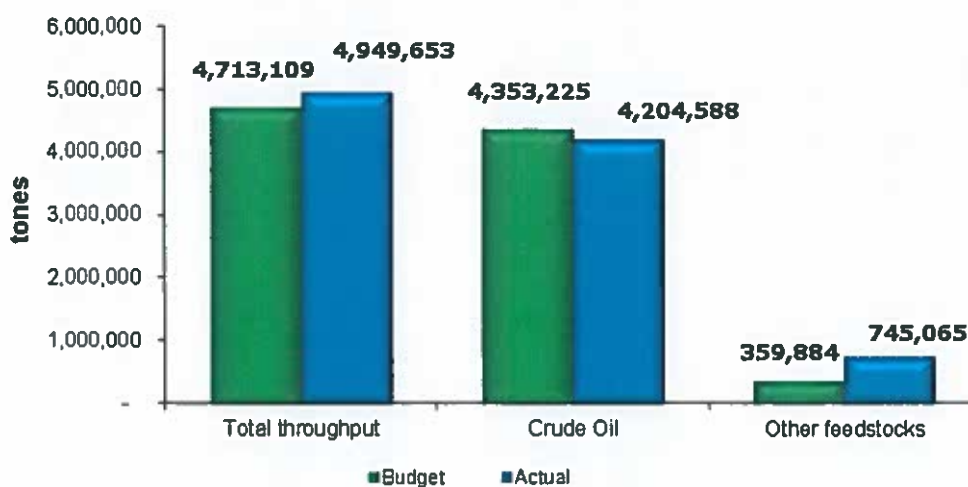
This schedule has been the basis for the preparation of the income and expenditure budget for the year 2015.

Processing carried out in the year 2015 is of 4,949,653 tons, out of which 4,204,588 tons of crude oil and 745,065 tons other raw materials.

This processing represents 105.02% of the program set up for the budget of the year 2015.

	<i>Tons</i>	
<b>2015</b>	<b>Budget</b>	<b>Actual</b>
Total throughput	4,713,109	4,949,653
Crude Oil	4,353,225	4,204,588
Other feedstocks	359,884	745,065

**2015, Actual vs Budget Processing**





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The situation of the processing, on quarters, is mentioned in the table below:

	QUART. I	QUART. II	QUART. III	QUART. IV	2015
Budget, tons	1,276,373	1,274,827	1,298,404	863,505	4,713,109
Achieved, tons	1,257,652	1,418,508	1,441,304	832,189	4,949,653
Achieved/Budget (%)	98.53	111.27	111.01	96.37	105.02

The action of attracting other raw materials in the processing process matches the strategy of ensuring a continuous operation and at a load of the plants as good as possible. (e.g.: Diesel fuel on first refining and black oil on first refining).

From the operational point of view, the refinery has been working at full capacity of 15,150 tons of raw material per day, reported to the time effectively worked, registering record performances. The Diesel fuel yields amounted to 50% in 2015, while fuel yields (petrol, Diesel, jet fuel, automotive GPL) reached 75.5% in 2015, the best in the refinery's history.

Petromidia has achieved nearly 2.47 million tons of diesel fuel in 2015, the highest level it has ever reached since its commissioning in 1979.. The increase of mechanical and operational availability allowed for an improvement of the Energy Efficiency Index, which came to 98.6 points, the best annual level achieved by the refinery up to date, as well as a cut on expenses on processing.

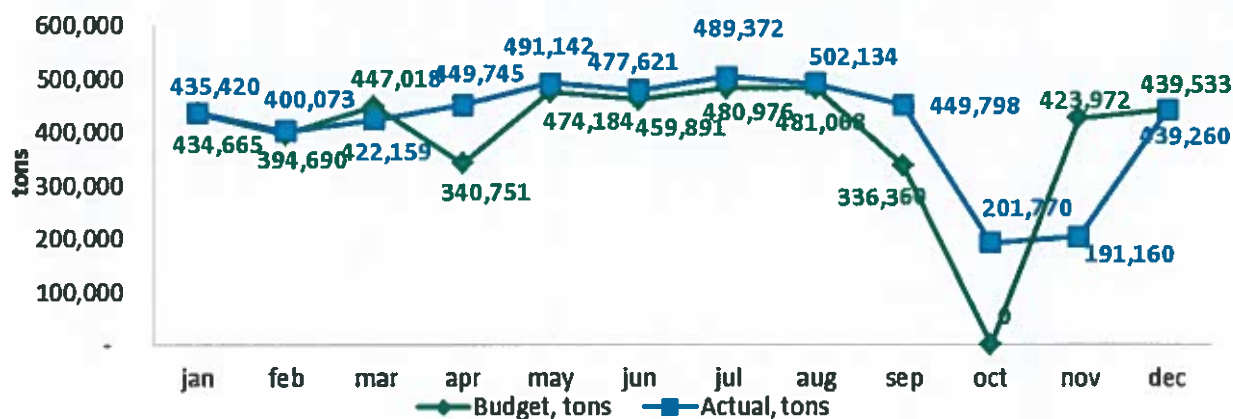
The improvement of the operational results, but also the fact that the Petromidia Refinery has achieved historical records in 2015 were supported by the completion in 2012 of the program of modernization and increase of the processing capacity to 5 million tons per year, and the technological works for the purposes of the overhaul scheduled for the March – April 2013, as well as implementing operational improvement measures within the Dolphin Project.

The operation of the refinery facilities shall be carried out in accordance with the highest standards of performance and safety, while ensuring the fulfillment of the commitments entered into relating to the environment protection.



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**2015 Monthly processing evolution versus Budget**



The structure of the physical production as compared to the budget, in 2015, is as follows:

YEAR 2015	Budget tons	Achieved tons
<b>Finished goods</b>	<b>4,588,614</b>	<b>4,829,351</b>
Gasoline	1,224,623	1,169,134
Diesel fuels	2,284,198	2,471,285
Heavy fuel oil	110,031	139,074
Vacuum refined goods	0	8,049
Propylene	107,364	112,210
Coke	218,208	220,814
Sulphur	41,155	45,374
Other products	603,036	663,413
<b>Total consumption :</b>	<b>123,393</b>	<b>128,536</b>
of which: Technological consumption	37,280	46,616

White products obtained, %	Budget	Actual
Reported to total product	85.71	85.62
Reported to finished goods	88.01	87.75

From the comparison Budget – Actual, the concern is noted regarding the obtaining of petroleum products in accordance with the market requirements.

The emphasis was set on preparing gasoline and diesel fuels which meet the quality standards required on the foreign (Euro 5 products) and internal market (products containing bio-mass).





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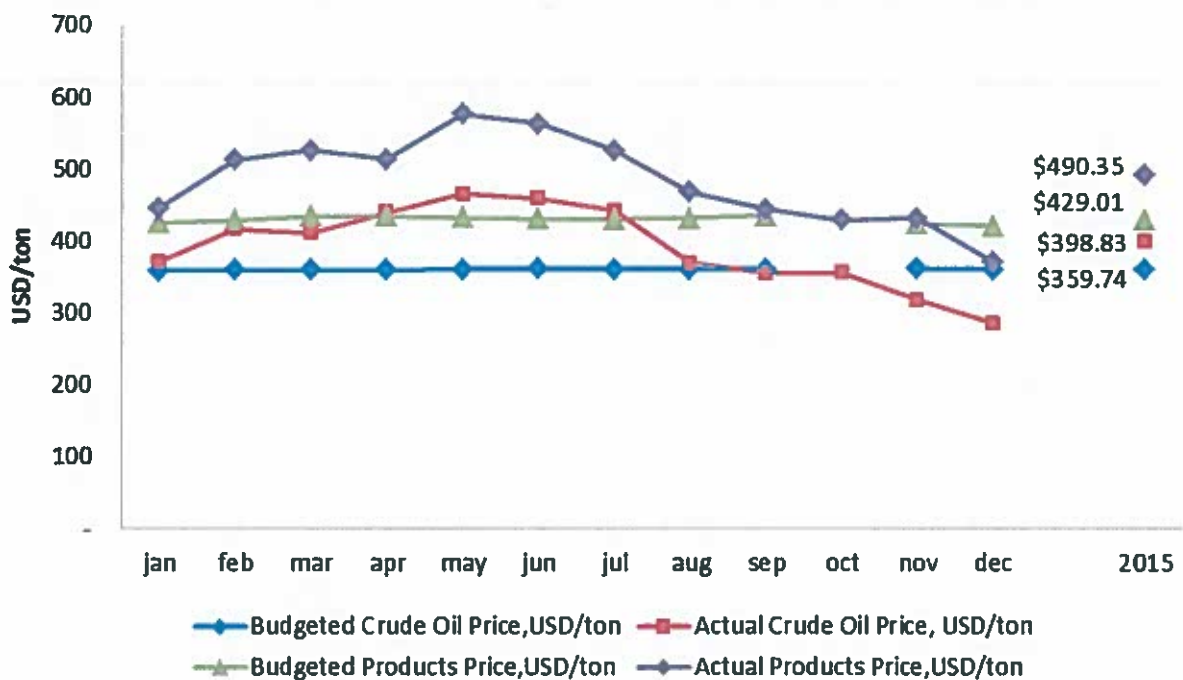
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In 2015, a purchase price for the crude oil of 359.74 USD/ton was budgeted, and in the end there has been used an average price of 398.83 USD/ton.

The average value of the finished products has been budgeted for the year 2015 at 429.01 USD/ton and there has been achieved an average price of 490.35 USD/ton.

As seen in chart below, the evolution of the oil market has registered an increase by 10.87 % compared to what has been estimated in the budget and the price of the petroleum products has followed the same increasing trend towards the budget, but at a faster rate, the growth being of 14.30%.

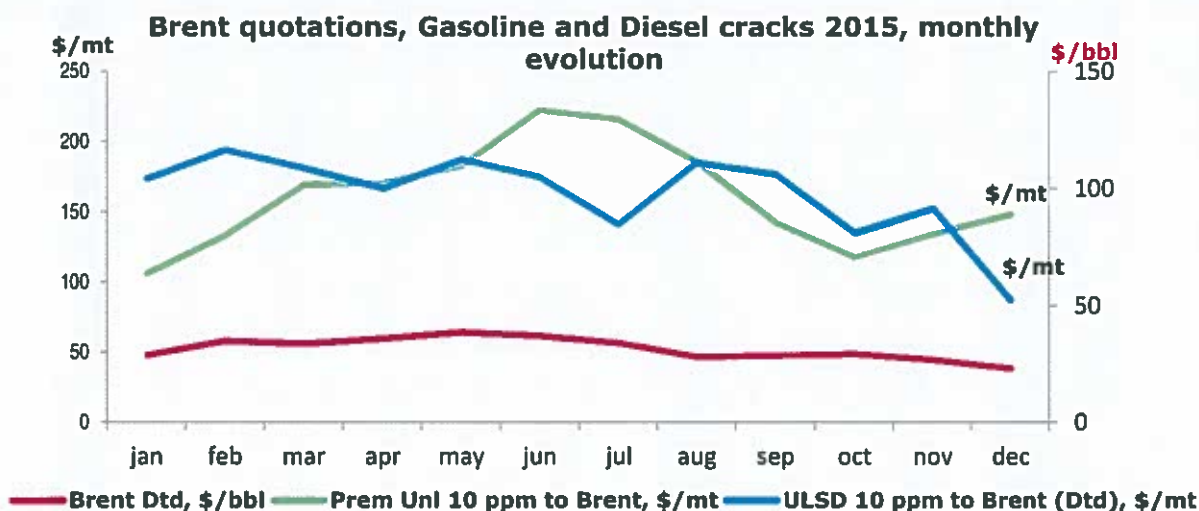
**Crude Oil and Products Price vs Budget, 2015 monthly evolution**



All throughout 2015, the crack of petrol surpassed that of Diesel fuel by approximately 62.86 USD/ton, the trend being on positive during January – July 2015 (reaching at 1.89 USD/ton in January, and 130.91 USD/ton in July), negative during August – September (down to 36.52 USD/ton), so that during October – December to return to a positive trend reaching 95.83 USD/ton at the end of the year.



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Source: Platts

In 2015, energy consumption (GJ/t) reported per ton of throughput met a downfall of 3.81% vs 2014, due to implementing the measures efficient energy improvement of the Delfin Project – an improvement project on operational efficiency.

The cost of utilities per ton has decreased by 6.7 USD/ton in 2015 as compared to 2014, due in particular to lower purchase prices, on utilities and energy efficiency improvement.

PETROLEUM PRODUCTS	DELIVERIES						
	TOTAL DELIVERIES	INTERNAL *		EXPORT		TRANSFER	
	tons	tons	%	tons	%	tons	%
Gasoline	1,002,862	265,735	26.50	737,127	73.50	0	0
Gasoline for chemical use	175,737	0	0	16,164	9.20	159,573	90.80
Petroleum	218,372	130,003	59.53	76183	34.89	12,186	5.58
Auto-Diesel Fuel	2,475,292	1,266,823	51.18	1,208,468	48.82	0	0
Heavy fuel oil	147,018	6,349	4.32	28,388	19.31	112,281	76.37
Vacuum refining	0	0		0		0	
Propylene	112,210	0	0	0	0	112,210	100.0
Liquefied Petroleum Gas	213,724	213,724	100.0	0	0	0	0
Petroleum coke	223,203	195,680	87.67	27,523	12.33	0	0
Petroleum Sulphur	44,709	118	0.26	44,591	99.74	0	0
Other products	86,555	40,760	47.09	0	0	45,794	52.91
<b>TOTAL</b>	<b>4,699,681</b>	<b>2,119,193</b>	<b>45.09</b>	<b>2,138,444</b>	<b>45.50</b>	<b>442,044</b>	<b>9.41</b>

\* The quantities delivered for internal consumption include the petroleum products sold on the domestic market; the deliveries to Vega and Petrochemical are included under the heading "Transfer".



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*Rompetrol Rafinare – work point Vega Refinery*

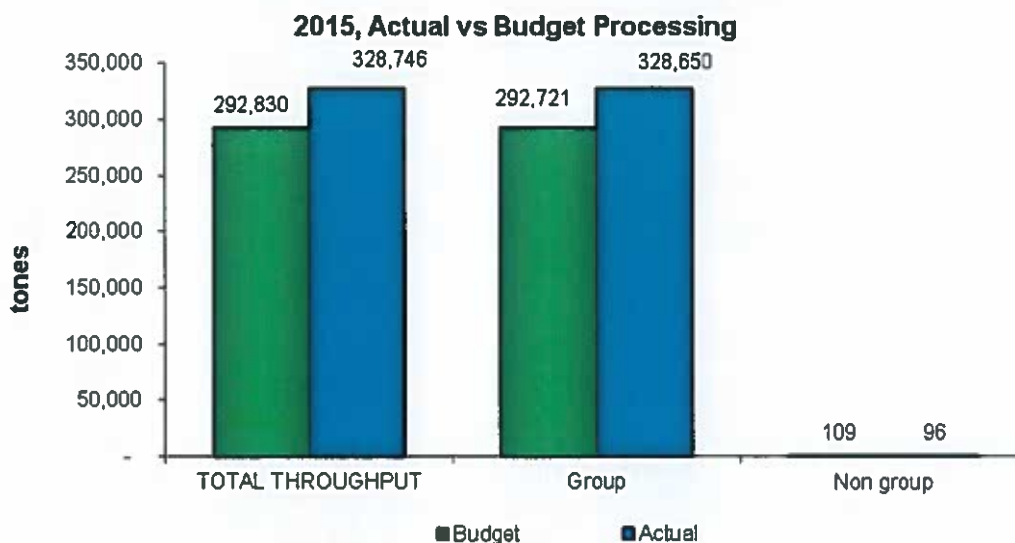
The production schedule of ROMPETROL RAFINARE S.A., work point Vega Refinery for the year 2015 has been designed for a total processing capacity of 292,830 tons, of which 292,721 tons raw materials of the KMG International Group and 109 tons raw materials purchased outside the Group.

This schedule has been the basis for the preparation of the income and expenditure budget for the year 2015.

The processing achieved in 2015 is of 328,746 tons, of which 328,650 tons and 96 tons non grup.

This processing represents 112.3 % of the program set up for the 2015 budget, in accordance with the raw materials available at the Petromidia Refinery and the market demand.

<i>2015</i>	<i>Budget</i>	<i>Achieved</i>
<i>Total throughput</i>	<i>292,830</i>	<i>328,746</i>
<i>- Group</i>	<i>292,721</i>	<i>328,650</i>
<i>- Non Group</i>	<i>109</i>	<i>96</i>





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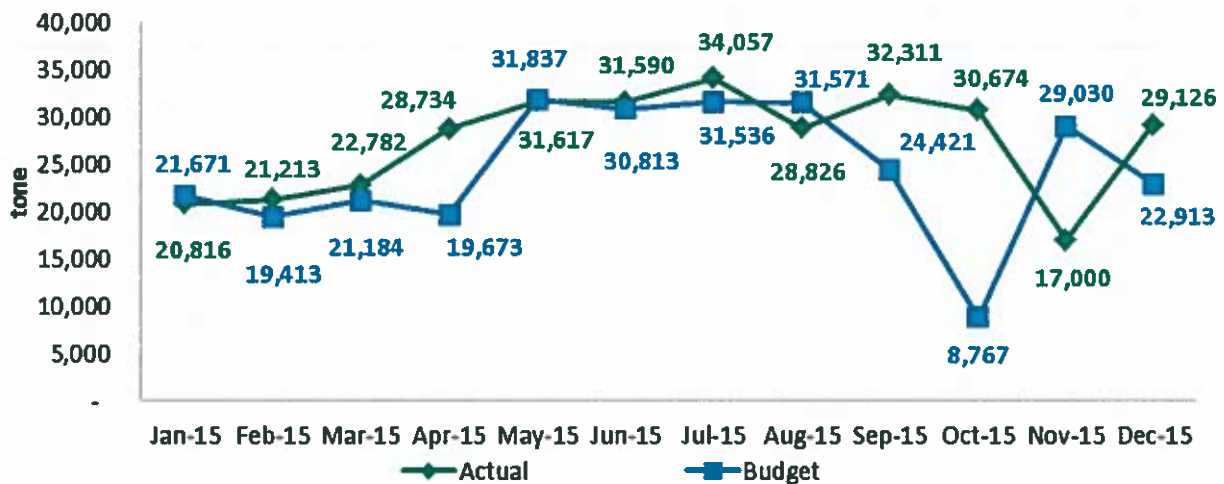
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The situation of the processing, on quarters, is mentioned in the table below:

Throughput	QUART. I	QUART. II	QUART. III	QUART. IV	TOTAL
Achieved, tons	64,811	91,941	95,195	76,799	328,746
Budget, tons	62,269	82,323	87,528	60,710	292,830
Achieved/Budget (%)	104.1%	111.7%	108.8%	126.5%	112.3%

In 2015, the processed quantity was approximately 12.3% higher than budgeted quantity, the monthly average being 27,395 tons as compared to 24,403 tons provided in the budget.

**Monthly evolution compared to budget (tones)**



The structure of the physical production as compared to the budget, in 2015, is as follows:

YEAR 2015	Budget [tons]	Actual [tons]
<b>Finished goods</b>	<b>287,773</b>	<b>323,729</b>
Gasoline + solvents	140,361	128,088
N-Hexane	68,427	70,602
White spirit and P Fuel	5,317	8,909
Calor Extra I	3,711	4,608
Light oil fuel type III	4,029	3,573
Heavy fuel oil	14,485	27,149
Bitumen	51,443	80,800
Other products	-	-

White products obtained, %	BUDGET	ACTUAL
Reported to total product	73.1	50.0
Reported to commercial products	74.4	67.3

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From the comparison Budget – Actual, the concern is noted regarding the obtaining of petroleum products in accordance with the market requirements.

In 2015, the ratio of energy consumption was lower by 3% as compared to 2014, due to the different operation of the plants from the previous year, and to the measures taken to lower consumption.

The quantitative structure of the supplies is summarized in the following table:

PRODUCT	TOTAL DELIVERIES tons	INTERNAL		EXTERNAL	
		tons	%	tons	%
<b>Products delivered</b>	<b>328,713</b>	<b>120,691</b>	<b>36.72</b>	<b>208,022</b>	<b>63.28</b>
Gasoline + solvents	130,680	4,516	3.46	126,164	96.54
N-Hexane	72,944	2,413	3.31	70,531	96.69
White Spirit	8,744	4,921	56.28	3,823	43.72
Diesel fuel	4,050	3,949	97.51	101	2.49
Light oil fuel type III	3,508	3,508	100.00	-	-
Heavy fuel oil	27,996	20,592	73.55	7,404	26.45
Bitumen	80,792	80,792	100.00	-	-

***Rompetrol Rafinare – work point Nāvodari (the Petrochemical plant)***

The production plan of ROMPETROL RAFINARE S.A. – Petrochemical Plant for year 2015 was done with Polypropylene (PP) and low pressure Polypropylene (LDPE) units, in service for 365 days.

This schedule has been the basis for the preparation of the income and expenditure budget for the year 2015.

The 2015 polymer production was 142,276 tons, of which: PP - 82,208 tons and LDPE – 60,068 tons.

The structure of the physical production as compared to the budget, in 2015, is as follows:

YEAR 2015	Budget (tons)	Actual (tons)
<b>Finished goods</b>	154,120	142,276
PP	83,980	82,208
LDPE	70,140	60,068



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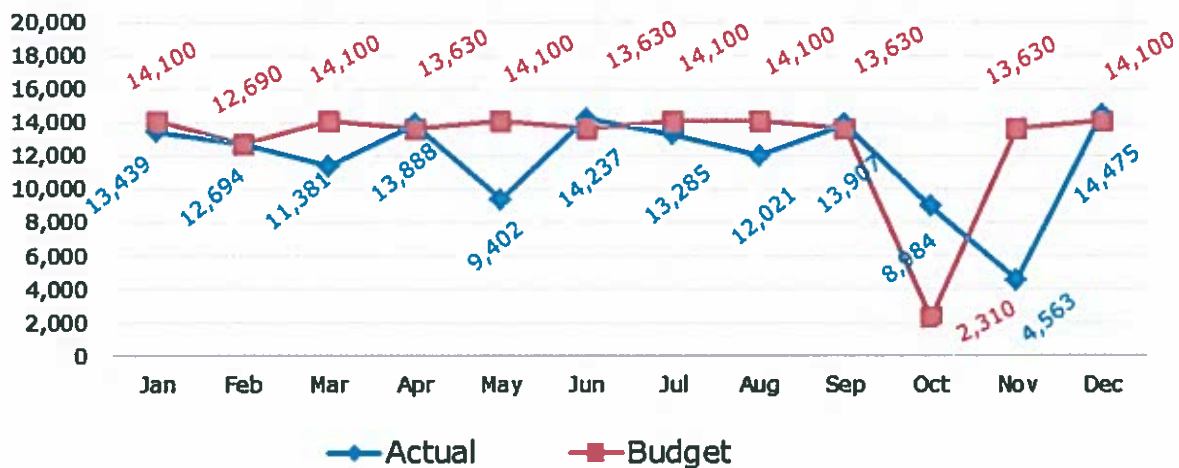
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The comparison of the production with the budget shows that the PP production reached 98% of the budget, while the LDPE production reached 86% from the budget.

The quarterly processing is shown in the table below:

		QUART. I	QUART. II	QUART. III	QUART. IV	2015
<b>PP</b>	Budget, tons	22,620	22,880	23,140	15,340	83,980
	Achieved, tons	23,179	23,886	19,768	15,375	82,208
	Achieved/Budget (%)	102%	104%	85%	100%	98%
<b>LDPE</b>	Budget, tons	18,270	18,480	18,690	14,700	70,140
	Achieved, tons	14,335	13,641	19,445	12,647	60,068
	Achieved/Budget (%)	78%	74%	104%	86%	86%

**2015 Monthly production evolution versus Budget (tonnes)**



The 2015 structure of the processed raw materials against the budget is as follows:

YEAR 2015	Budget tons	Actual tons
Raw materials	185,995	175,318
Propane-propylene mixture	114,130	113,032
Ethylene	71,865	62,286

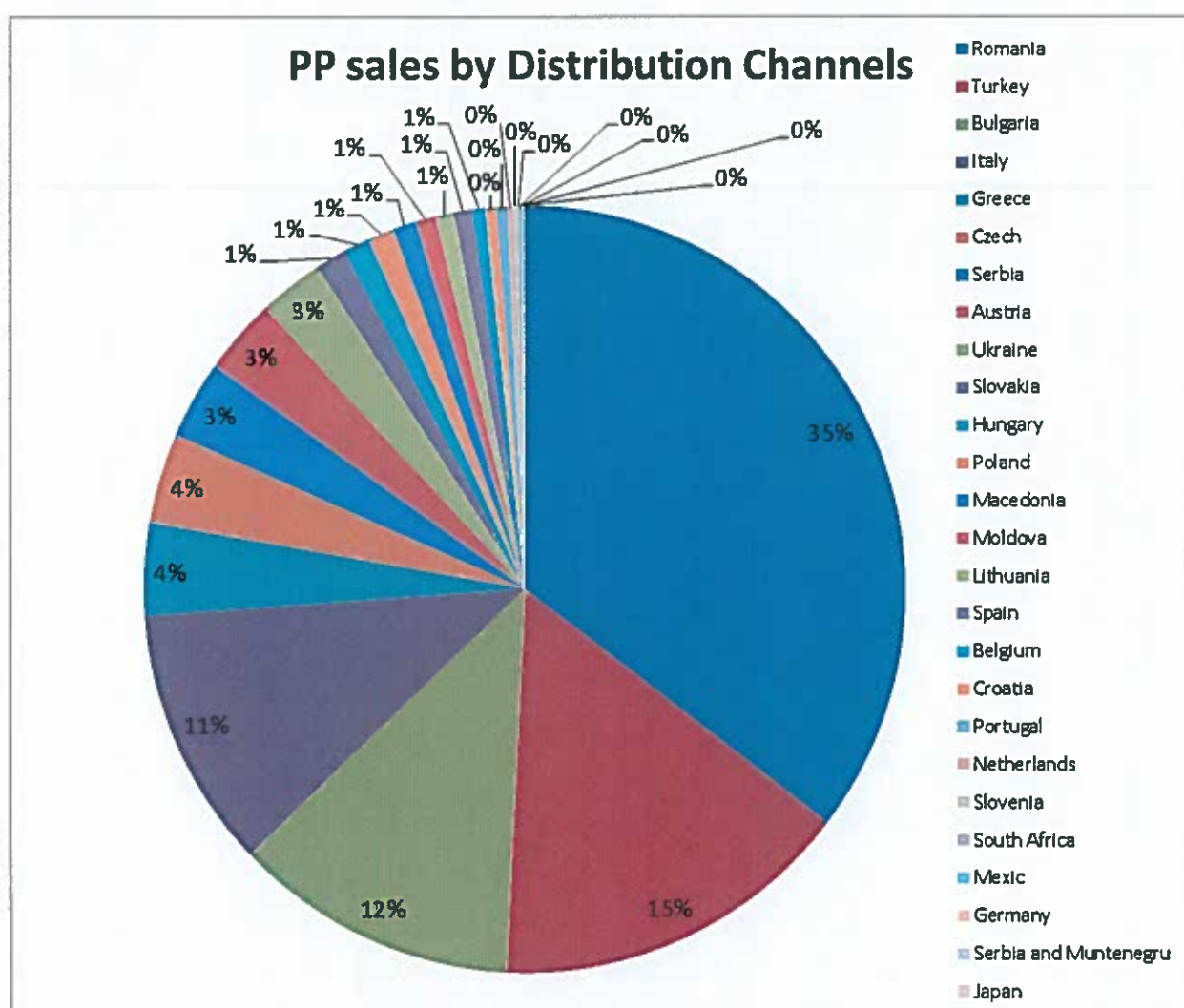


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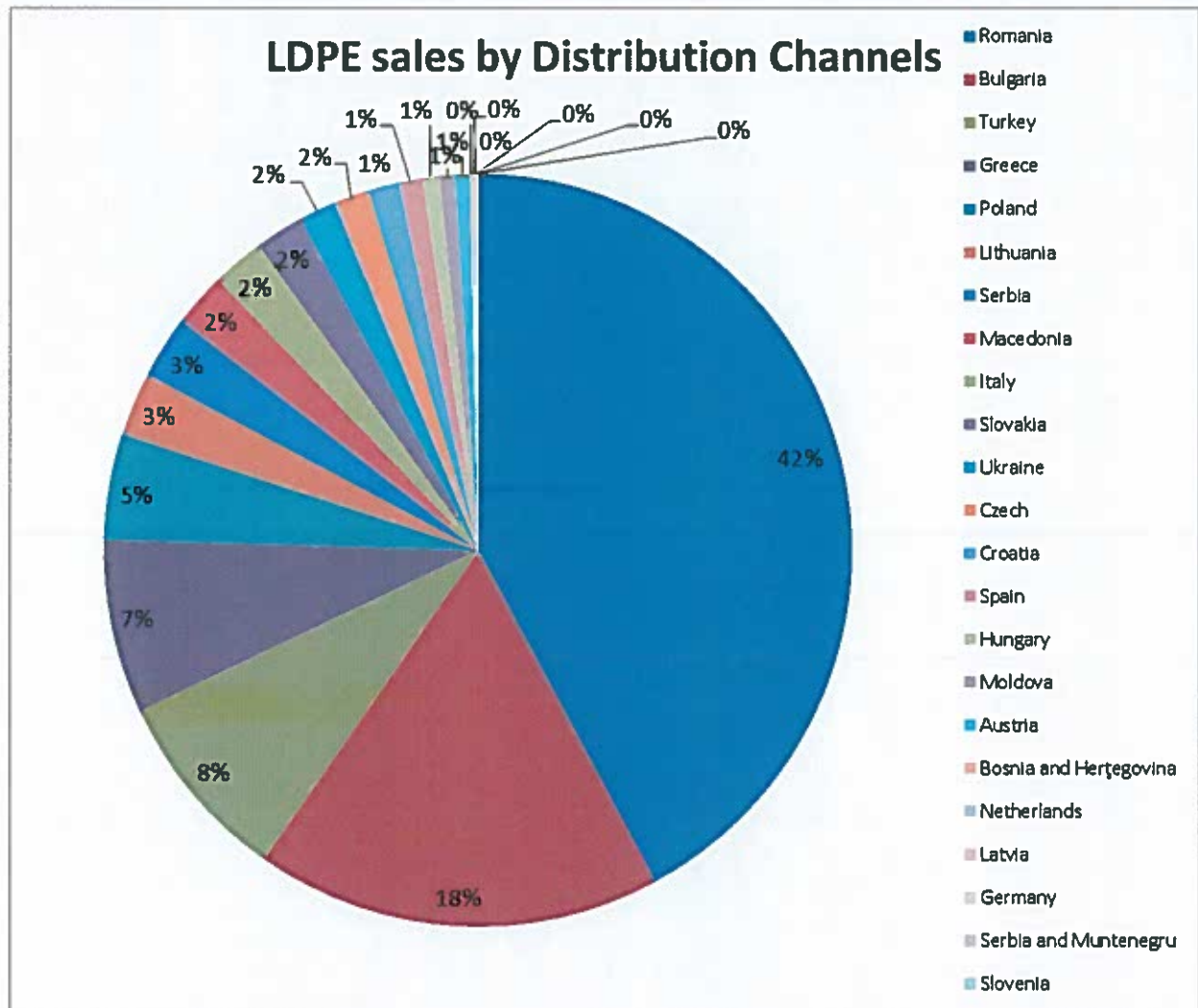
The polypropylene installation is fully integrated to Petromidia refinery, on raw material flow, utilities and logistics. For the raw material LDPE installation, ethylene is exclusively imported. In 2015, the availability of ethylene decreased due to the embargo on Libya and Iran, leading to a discontinuous supply of raw material. Thus, processed ethylene was by 13.3% lower than the budgetary forecasts.

In 2015, commercial policy aimed at increasing the sales on the domestic market and diversifying the foreign distribution network, with a view to increasing the commercial margin.





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The quantitative structure of the polymer deliveries is summarised in the following table:

PRODUCTS	DELIVERIES				
	TOTAL DELIVERIES	INTERNAL *		EXPORT	
		tons	tons	%	tons
PP	82,603	29,268	35%	53,335	65%
LDPE	59,151	24,919	42%	34,232	58%





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**II) Investment activity**

The investment activity in the year 2015 has focused, in accordance with the program, on the following:

- The increase of the processing capacity of the refinery and the generation of fuels, with the specification in line with the European standards as also an increase of the white products efficiency;
- The alignment with the requirements of the European Union, the environmental standards in force, and in particular with the aim of reducing emissions.

The investments performed in 2015, added up to *102,428,761 USD*.

The main projects **completed in the year 2015**, in the Petromidia Refinery:

➤ **Dredging of Port Midia**

The project relied on efficiently dredging to reset to the project settled depth of the water in Midia Harbor with a maximum allowed draft of 8.5 m.

The main objective of the project was the increase of number of vessels to transit Midia Harbor. Allowing transit to vessels with length of up to 200 m and max draft of 8.5m on the access channel, maneuver basins and the basins of Berths or 1-4, 9A and 9B of Midia Harbor by performing efficient dredging to return the project settled depth of the water in Midia Harbor.

These allowed for safety conditions to load vessels up to 30,000 tdw and increase the number of vessels to transit Midia Harbor. The max draft of 8.5 m shall allow the transfer of oil products schedules to be loaded at the terminals of Midia Harbor, and not at the Oil Terminal, at much higher costs.

The drafts were confirmed by the Midia Harbor Master's Office, which lead to resuming the deliveries of oil products to be exported on contracts already signed and excluding losses by limiting the draft.

The project was concluded in May 2015.

➤ **Replacing of the fire fighting pumps – Berths 1-4**

The purpose of this project is to ensure the functionality of the terminal in compliance with the functioning permit, of the fire scenario approved by the legal institutions, of the project and for all types of oil vessels likely to be in transit.

The conditions of protection against fire of the terminal are permanently ensured by two water pumps for fire, in optimal functioning condition.

The project was concluded in October 2015.

➤ **Repair works on homogenizer 103/9**

The purpose of the project was to ensure the functioning conditions of the Refinery and Petrochemical, avoiding any accidental stoppages of the refinery should the take-over of waste water be impossible and avoiding penalties in case of any environmental contamination, by performing the overhaul of homogenizer 103/9.

The project was concluded in January 2015.

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**➤ Increase of the security level on Petromidia Platform (PEM + PET)**

The target of this project is:

- Securing the perimeter of Rompetrol Rafinare Platform to the North, West, South and East, including IPPA and Rompetrol Gas resulting in decreasing the threats of penetration and associated risks, such as robberies, vandalism and damages.
- Securing the perimeter of Rompetrol Petrochemicals.
- Complying to the in force legislation, Law 333/2003 and GR HG301/2012.
- Increasing the level of security and discipline within the protected perimeter.
- Securing gates CFU-2, IPPA-2, Rompetrol Gas-1, CET-1, Parking by the gate 2 – 2, Parking by the gate 3 – 2.

The project was concluded in November 2015.

**➤ Obtaining the ISCIR 2015 authorizations for equipment and pipes**

The project to obtain the ISCIR authorizations for pipelines and conduits included only activities that could be performed with the plants under operation. 406 pressurized plants, 22 lifting systems, 1,312 pressurized pipelines and 1,071 have been subject to ISCIR authorization. The receipt of these authorizations warrants the safe operation of the Refinery plants according to current legal provisions, by means of an assessment of the equipment status after a period of operation, as well as by the elimination/repair of defects found during assessments.

**2015 Refinery General Turnaround**

The project started with a view to periodical inspection of the machinery, changing of catalysts, maintenance work on the equipment.

For Petromidia Refinery, the general shut down represents a large scale scheduling of maintenance activities within which the entire process is out of functioning for a longer period of time with a view to rehabilitation and potential ample revamping.

In order to ensure a high level of safety of the operating equipment, every 5 years, in compliance with the “refinery best practice”, it is mandatory to perform some mechanical check-us and inspections.

To reach the goal of the refinery and that is of having high mechanical availability, the refinery must have a high level of safety in operating the machineries at a low maintenance cost.

This aspect may be attained only by periodically performing a general stoppage of the refinery.

With concern to scheduled stoppages, Rompetrol followed all these years the same strategy aiming at maintaining the mechanical availability of the refinery.

Concluding this project lead to obtaining the following benefits:

- Operating the installations in optimal safety conditions up to the following planned stoppage;
- Improving the installation efficiency by high mechanical availability;
- Reducing maintenance costs;
- Performing a technical inspection on the machineries;
- Increasing the safety of the equipment in operation;
- Maintaining the capacity of the refinery at its nominal output;
- Performing corrective/preventive full maintenance of the equipment
- Attaining mechanical availability of 96.87% after starting up of the installations.



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The project category of “*Storage and Logistics*”, also counts:

➤ **Diesel fuel delivery facilities in three directions simultaneously.**

By implementing this project, the following benefits were attained:

- Increase of flexibility on delivery (possibility of simultaneous delivery on more ways: water, rail and road) by increasing the capacity of discharging the Diesel fuel;
- Increase of loading ratio on the line to Berth 9;
- Avoiding stocking limitations by the availability of a higher level of discharging the product;

The project was concluded in April 2015.

➤ **Rehabilitation of IPPA Facility**

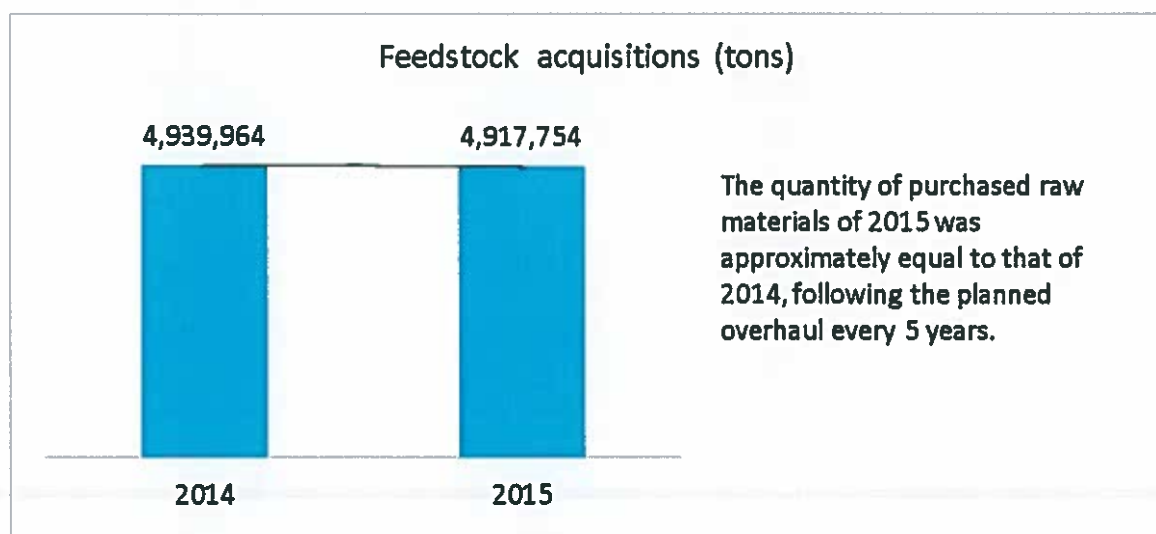
The benefits of performing this project shall be:

- Improvement of client satisfaction by reducing the times of loading road tankers at terminal IPPA;
- Achieving the sales plan by ensuring certain optimal operating conditions of the terminal and alignment to delivery requirements;
- Elimination of risk on reducing the level of availability of the road ramp by revamping the infra-structure of the terminal, as well as that of the applications.

### *III) Commercial Activity*

#### *Rompetrol Rafinare – work point Nāvodari (Petromidia Refinery)*

##### *1. Supply of Raw Materials*

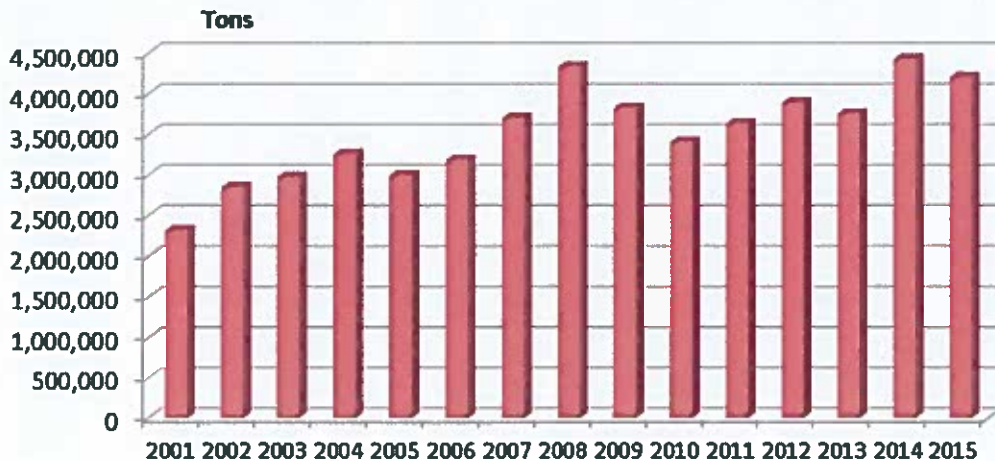




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**Evolution of crude oil volumes purchased by RRC**



In 2015, crude oil purchase was kept at levels approximately equal to those of 2014 (4,199,603 tons, vs 4,422,052 tons in 2014) given that throughout October – November, the refinery underwent through the planned overhaul. Crude oil imports were run exclusively through the groups trading company, KazMunayGas Trading AG.

The volume of raw materials purchased in 2015 from external sources (4,883,472 tons) was close to that of 2014 (4,869,477 tons).

The average price on crude oil purchased in 2015 was much lower (386 USD/ton) to that of 2014 (715 USD/ton) against a dramatic downfall of the international quotations (in 2015 the average quotation for Brent was of 52 USD/bbl (397 USD/ton) vs 99.02 USD/bbl (749 USD/ton) in 2014.

The volume of raw material purchases in the country was in 2015 in amount of 34,282 tons vs the 70,487 tons of the previous year. These are supplemented by the raw material quantities coming from Vega in total quantity of approx. 4,438 tons (7,764 tons in 2014).

The suppliers of raw materials in the country have been:

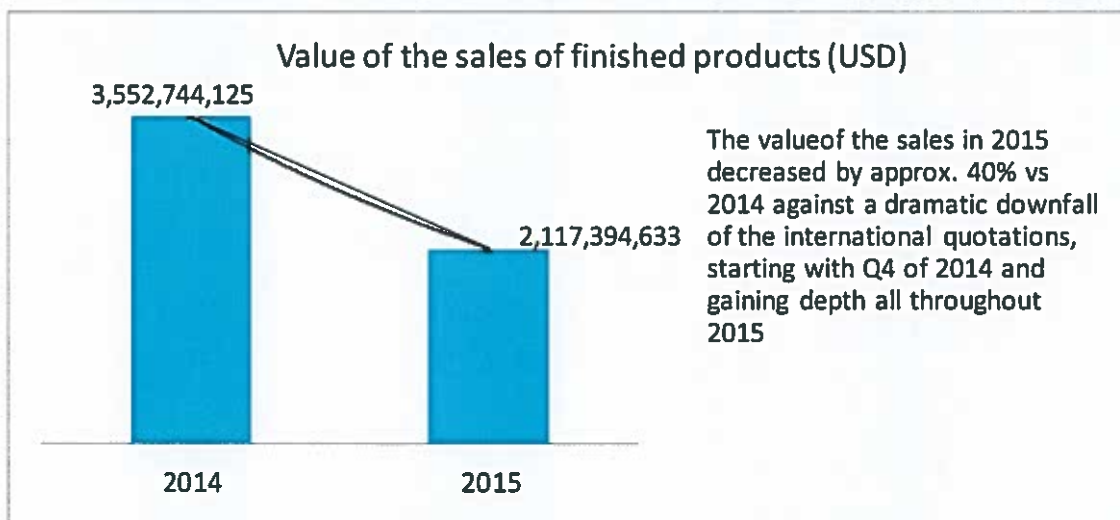
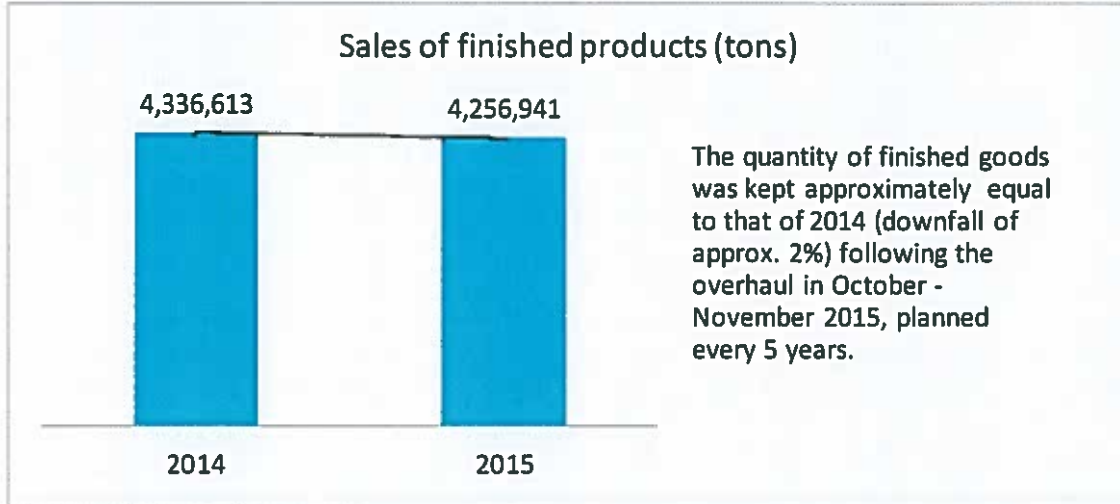
- Mitsubitshi - methanol
- Agrana - bioetanol
- Prio Biocombustibil/Expur/Astra Bioplant - biodiesel
- OMV Petrom - methane – raw material for the Hydrogen plant



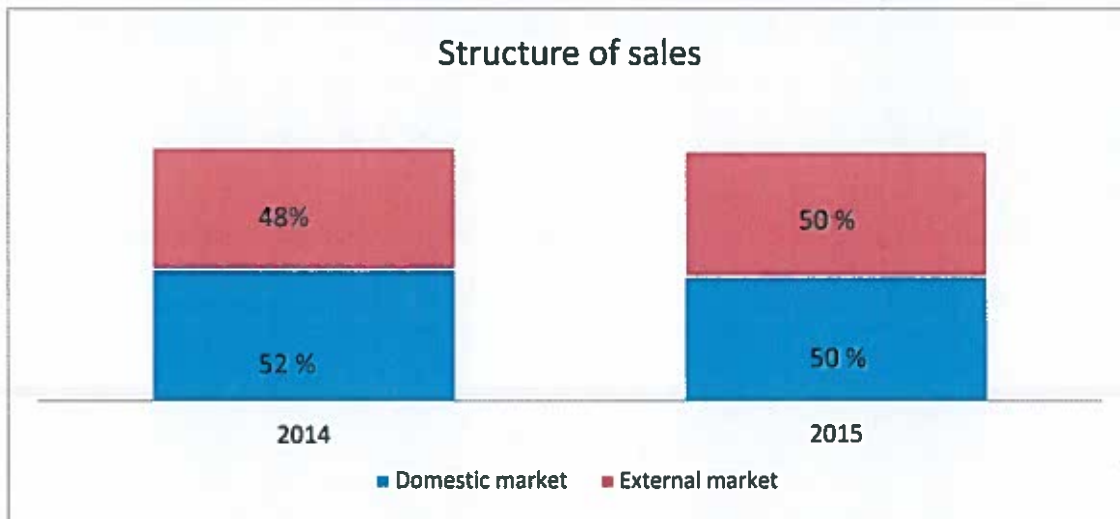
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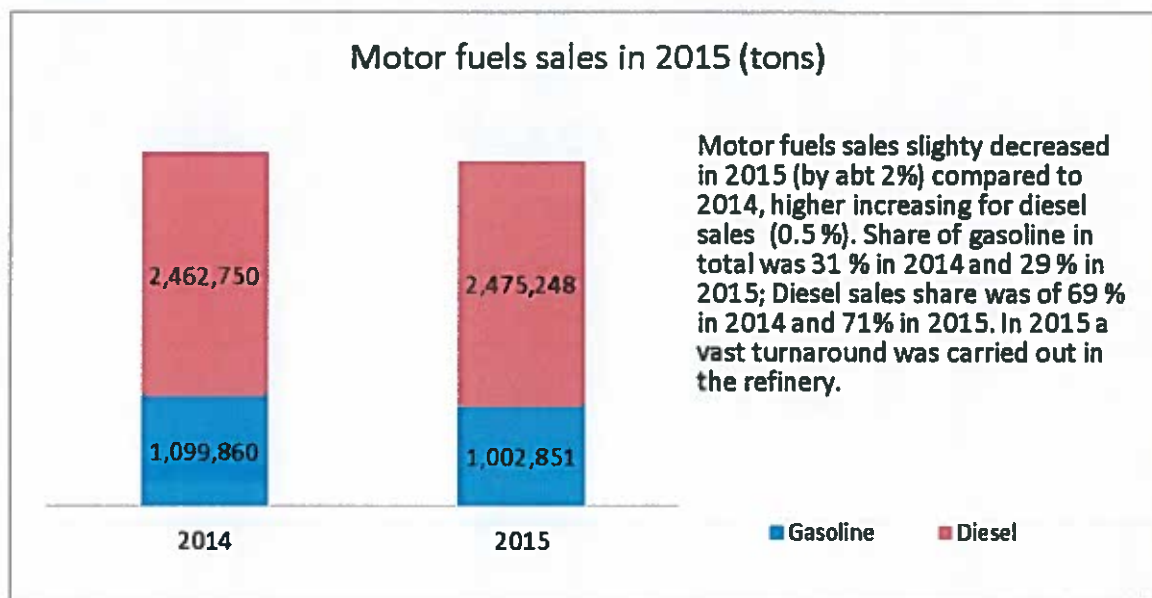
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**2. Sales**



**The structure of sales on distribution markets**



**ROMPETROL RAFINARE S.A.****ANNUAL REPORT OF THE BOARD OF DIRECTORS for the financial year 2015****Rompetrol Rafinare – work point Vega Refinery**

The quantitative structure of the deliveries of petroleum products in 2015 is summarized in the following table:

Products Group	Total deliveries 2015		INTERNAL		EXTERNAL	
	[tons]	% of the total sales	[tons]	% of the total sales	[tons]	% of the total sales
Other gasoline	97,256	29.59	3,675	3.04	93,581	44.99
Bitumen	80,792	24.58	80,792	66.94	-	0.00
Heating oil	7,558	2.30	7,457	6.18	101	0.05
Hexane	72,944	22.19	2,413	2.00	70,531	33.91
Heavy fuel oil	27,996	8.52	20,592	17.06	7,404	3.56
Crude and White spirit	8,744	2.66	4,921	4.08	3,823	1.84
Ecological solvents	33,424	10.17	841	0.70	32,583	15.66
<b>TOTAL</b>	<b>328,713</b>	<b>100.00</b>	<b>120,691</b>	<b>100.00</b>	<b>208,022</b>	<b>100.00</b>

The main distribution markets abroad have been:

- Turkey, Hungary, Moldova, Poland for naphta gasoline;
- India, Russia, Turkey, Ukraine, Bulgaria for hexane;
- Germany, Bulgaria, Italia, Moldova, Ukraine for ecological solvents;
- Bulgaria, Moldova and Serbia for white spirit;
- Bulgaria for fuel oil.



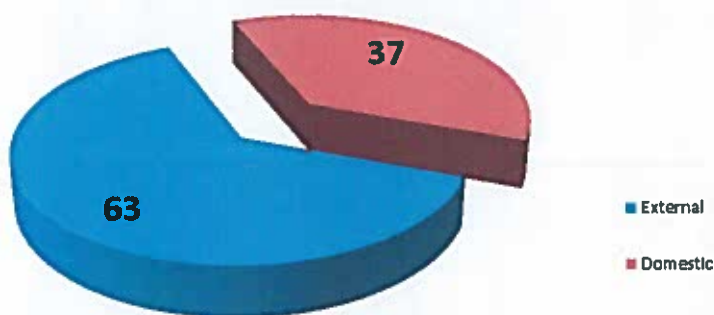
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**Distribution market**

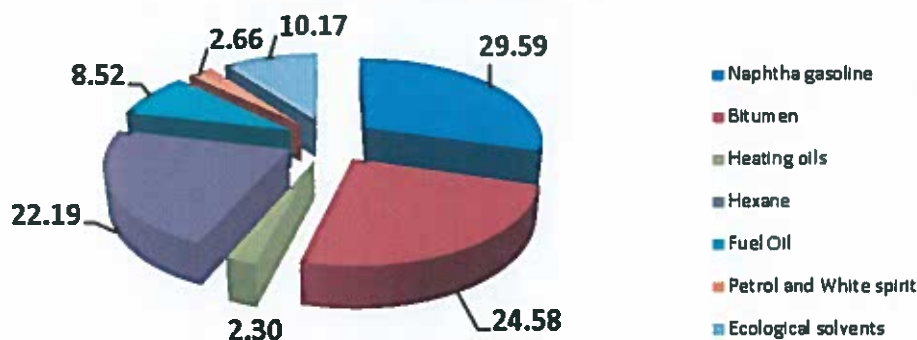
The sales in 2015 totalled a quantity of 328,713 tons. Within the external distribution channel, there were sold around 208,022 tons and within the internal distribution channel there were sold around 120,691 tons. The share of finished products sales on distribution markets is shown in the graphic below:

**Structure of sales of finished products on distribution channels [%]**



The white products sales (naphtha gasoline, Ecological solvents, hexane and white spirit) represents approximately 65% of the total sales of 2015.

**Sales on products [%]**





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***Rompetrol Rafinare – work point Năvodari, the Petrochemical Plant***

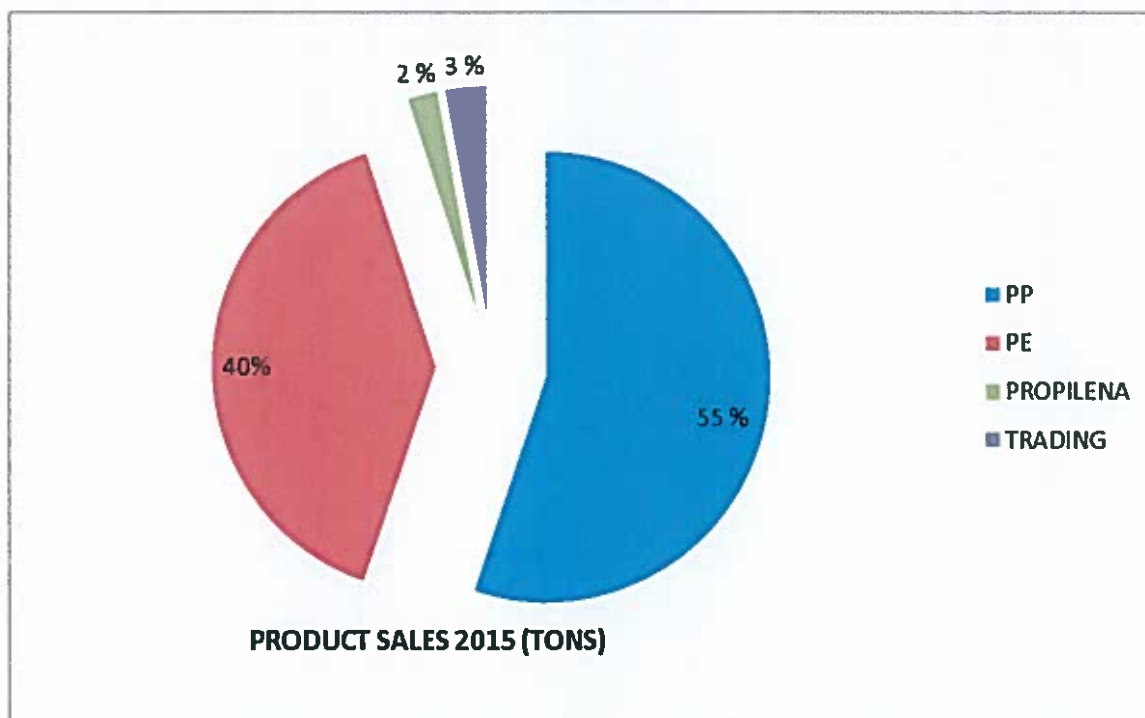
Rompetrol Rafinare SA, the Petrochemical Plant, is the sole polypropylene (PP) and polyethylene (LDPE, HDPE) producer of Romania.

The products are mainly meant for end users, plastic mass processing plants in Romania, as well as those on the regional markets: Bulgaria, Serbia, Ukraine, with which Rompetrol Rafinare S.A. has direct commercial relationships, yet also companies specialized on distribution of petro-chemical products, on various markets throughout Europe, with a higher development level of plastic mass processing industry, such as: Italy, Turkey, or Austria.

Besides its own products, the Company is now actively selling a wide range of petrochemical products which are not currently produced by the Rompetrol Rafinare – the Petrochemical Plant, but which are in demand on the Romanian market, namely: High density polyethylene variants (HDPE pipe variants), low density polyethylene (LLDPE) and PET.

The sales of Rompetrol Rafinare – Petrochimie Plant amounted in 2015 to a quantity of 149,544 tons.

In 2015, approx. 55% of total sales stand for polypropylene (PP), approx 40% stand for polyethylene (PE), 3% stand for the sales of Propylene and 2% for trading goods sales.





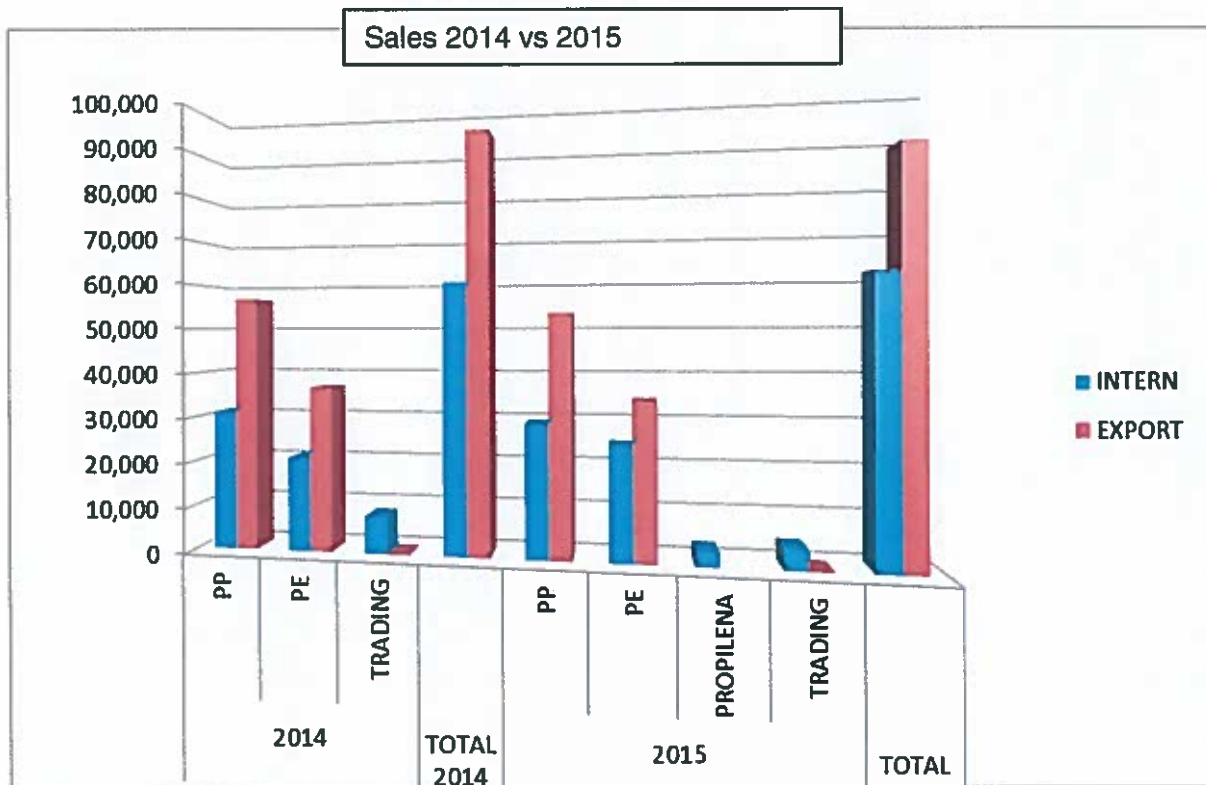
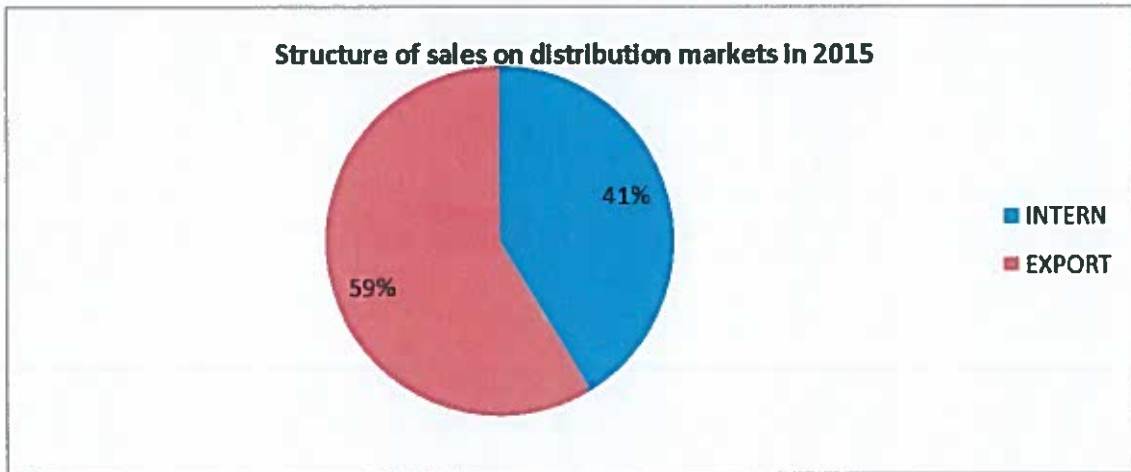


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By comparison to 2014, 2015 senses an increase of sales on the domestic market by approx 2% in relation total sales, as following:

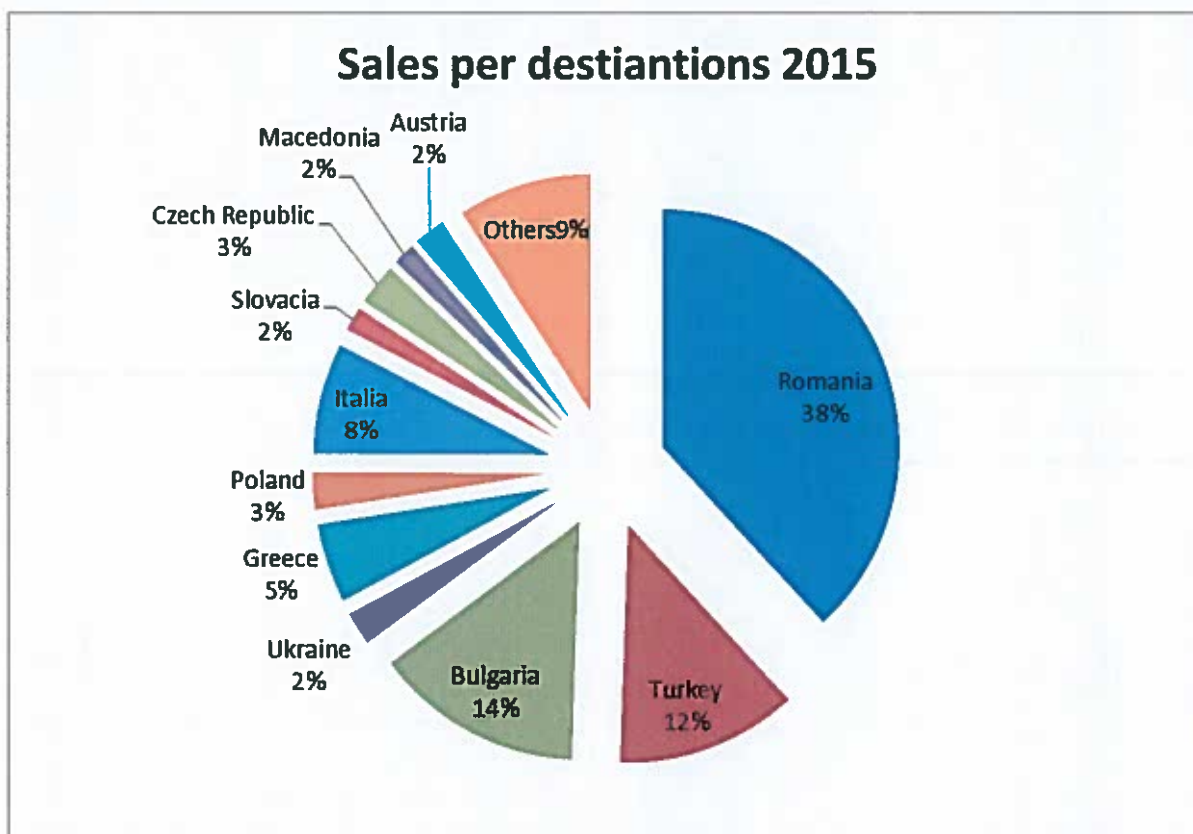
- domestic sales account for around 41% of the total sales;
- international sales account for around 59% of the total sales.





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The most important markets are: Romania, Bulgaria, Turkey, Italy, Greece, Poland and Ukraine.



**IV) Activity regarding quality, health, work safety and environment protection (QHSE)**

Through QHSE specific activities it has been followed to achieve the objectives set for the year 2015. All these have materialized by **maintaining** the integrated management system quality-environment-health and occupational safety, as confirmed by **the recertification audit**, carried out by DNV-GL representatives (June 2015).

The major activities carried out in 2015 in order to achieve the QHSE objectives (detailing of the environmental and safety activities are to be found in the relevant chapters of this report):

- System documents have been maintained/developed/revised/reviewed (procedures / work instructions / regulations, etc) in compliance with the requirements of the Group Policy no 1;
- There were performed internal audits, safety audits, inspections in accordance with the planning, in order to identify both weak points and improvement opportunities;



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- There have been drawn up specific statistics and reports, with various frequencies (weekly/monthly/quarterly/half-yearly/annual/upon request), in order to meet as well internal requirements as also and legislative requirements and the requirements of other interested parties;
- Overhaul specific safety indicators were established and monitored;
- The certifications on vehicle fuels and bitumen were kept in compliance with the legal requirements / regulations of the European Union;
- The activity at the two work points - Petromidia refinery, with two plants (Refinery and Petrochemical), and Vega refinery have been monitored for purposes of environment protection, pursuant to the Integrated Environment and Water Management Authorizations, as well as in what regards the compliance requirements under the Greenhouse Gas Authorization;
- Have been continued both programs according to environmental strategy and project to raise Petromidia and Vega employees' safety awareness.
- There have been taken actions for personnel recognition and motivation, there were organized and our employees join in CSR projects:
  - Prize winning competition 1.Life/1.Viață – safety photographs on holiday;
  - Workshop “Principles for a healthy life and physical work-out”;
  - Mini-competition on safety subjects for the children to have visited the Refinery, within the event
  - “Environment International Day” – activity of collecting the waste materials on Năvodari Beach;
  - “Children’s International Day” – Open Doors Day at Petromidia and Vega Refinery;
  - “Occupational Safety International Day” – 30 year anniversary since the start up of the coke installation;
  - “International Women’s Day” – prize winning competition;
  - “Native language International Day” – prize winning competition run with the support of RadioVox Pem.



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**STATEMENT  
OF THE MAIN ECONOMIC-FINANCIAL INDICATORS  
AND OTHER INFORMATIVE DATA, ON DECEMBER 31ST,  
2015, AS COMPARED WITH THE INCOME AND  
EXPENDITURE BUDGET APPROVED IN THE GENERAL  
MEETING OF THE SHAREHOLDERS OF THE COMPANY  
2015**

Crt. No.	INDICATOR'S NAME	RON	
		OMFP No. 1286/2012	
		Carried out 2015	BVC 2015
1	Crude oil processed and other raw materials (tons)	4,949,653	4,713,109
2	Net turnover	9,811,196,252	6,877,607,084
3	Cost of sold production	(9,406,207,259)	(6,889,416,498)
4	<b>Gross profit/ (Loss)</b>	<b>404,988,993</b>	<b>(11,809,414)</b>
5	Distribution and general administrative expenses	(223,045,325)	(163,644,694)
6	Other incomes/operational expenses	222,266,341	1,964,502
7	<b>Profit / (Loss) operational</b>	<b>404,210,009</b>	<b>(173,489,606)</b>
8	Financial expenses	(127,796,953)	(104,538,692)
9	Financial incomes	3,268,964	327,206
10	(Losses)/ Gains on exchange rate variations, net.	(423,428,107)	-
11	<b>Gross loss</b>	<b>(143,746,087)</b>	<b>(277,701,092)</b>
12	Incomes on tax on postponed profit	228,038,083	82,693,313
13	<b>Profitul/(Loss) on exercise</b>	<b>84,291,996</b>	<b>(195,007,779)</b>
14	Receivables	1,073,860,703	-
15	Stocks	520,212,512	-
16	Own capitals	1,263,325,336	-
17	Total debts (including provisions)	5,347,607,456	-
18	Average number of employees	1,173	1,326

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From the data shown in the table above, by comparing the results recorded on December 31<sup>st</sup>, 2015 with those approved by the income and expenditures budget (BVC), the following result:

1. In 2015, Rompetrol Rafinare processed a quantity of crude oil and other raw materials of 4,949,653 tons, 236,544 tons more than provided under the Revenue and Expense budget (approx. 5%).  
There has been ensured a continuous charging of the plants through the total quantity (4,204,588 tons), at a monthly average of approximately 412,471 tons. There have not been registered any stops of the facilities for reasons of discontinuity in the supply. The refinery was stopped during October – November 2015 in order to perform the planned overhaul, mandatory every 5 years, in compliance with the decision of the management of KMG Group International.
2. The turnover registered on 31.12.2015 is by 43% higher than the forecast budget, mainly due to:
  - Processing of a higher quantity of crude oil and other raw materials vs budget forecasts;
  - Average increase of quotations on sales of finished goods vs budget forecasts;
  - The budget having been estimated at an exchange rate of 3.27 lei/USD and the annual average achieved in 2015 was of 4.0057 lei/USD
3. The cost of the sold production was by approx 36% higher than the amount forecast in the budget, due to an exchange rate estimation of 3.27 lei/USD and the annual average achieved in 2015 was of 4.0057 lei/USD;
4. Operational incomes (on exploitation) amount to 222,266,341 lei, higher than those estimated in the budget by 220,301,839 lei due to write-back provisions on stock and credit depreciation;
5. The exploitation activity result is positive (profit) in amount of 404,210,009 lei;.
6. The financial incomes as well as the financial expenses registered values higher than budgeted, as following :
  - Financial incomes with approx 10% ;
  - Financial expenses with 20% ;
7. The exchange rate differences registered in 2015 are unfavourable, amounting to 423,428,107 lei, given the continuous depreciation of our national currency vs USD;



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8. At the end of 2015, Rompetrol Rafinare registered a positive result (profit) in amount of 84,291,996 lei.

According to the legal provisions in force, 5% of the profit shall incorporate as legal reserve (4,414,600 lei) and the difference of 80,077,396 lei shall be used to cover the account losses of the previous years;

9. The total amount paid during the year 2015 to the state budget and to the local budgets was of RON **5,469,367,579**. (equivalent to 1.368.972.719 USD) mainly consisting of excise duties, VAT, salary taxes and charges, local taxes and other taxes.

***b) Date on which the Company has been established.***

**Midia Navodari Petro-chemical Complex** (the first name of the Company ROMPETROL RAFINARE S.A.) has been designed during 1975 - 1977, on the basis of the Romanian refining technologies and on the basis of foreign licenses.

1991 has meant the transformation of the Combinatul Petrochimic Midia into a joint stock company, the assets of the former Company have hereby been totally retrieved. The new company, bearing the name of PETROMIDIA S.A., has been established by Government Resolution No. 1176/1990, pursuant to Law nr. 15/1990 on the reorganization of the economic units of the state as autonomous organizations and companies.

In the year 2001 the name of the Company changed from “S.C. PETROMIDIA S.A.” to “S.C. ROMPETROL RAFINARE-COMPLEXUL PETROMIDIA S.A.”, and in 2003 the Company changed its name to „**ROMPETROL RAFINARE S.A.**”.

The company is registered with the Trade Register Office Constanta under No. J13/534/1991, and has the Tax identification Number 1860712.

With regard to the legal provisions in force, in the General Extraordinary Meeting of the Shareholders of September 17<sup>th</sup>, 2007 it was decided upon gaining the full ownership of the facilities and equipment within the Vega Refinery, located in Ploiesti, 146 Văleni Str., Prahova county.

While gaining the ownership right and about while taking back possession of the land and of all the assets of the perimeter of the Vega Refinery, the Company has set up an own work point in Ploiești and obtained as of December 1<sup>st</sup>, 2007, the quality of authorized production warehousekeeper for energetic products and for the Vega Ploiești Refinery.

In this way, with effect on the same date of December 1<sup>st</sup>, 2007, the Company also operated the Vega Ploiești Refinery, as a second tax warehouse of production, together with the tax warehouse for production of the Petromidia Refinery.

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In 2013, the Shareholders Extraordinary General Assembly approved the Company's acquisition of the ownership right on mainly tangible and intangible assets, assets (buildings and constructions, technological equipment, devices and measuring installations, office equipment, IT equipment, means of transportation, other tangible assets), current investments and stocks, affected or associated to the main petrochemical activities, belonging to Rompetrol Petrochemicals S.R.L. (registration number with Trade Register J13/2681/2002, sole registration code 15077797), in compliance with the Assessment Report drawn up to this purpose by Pricewaterhouse Coopers Management Consultants S.R.L.

Through the integration of the activity of the 2 companies (Rompetrol Rafinare and Rompetrol Petrochemicals) it has been carried out in the first place the simplification of the deliveries of raw materials/finished goods between the technological facilities which presently belong to the same entity.

The integration of the activities carried out within the two Companies represents a continuation of the strategy of the KMG International Group to concentrate in a single entity the production activity and the separation of the non-core activities.

***c) Significant mergers or reorganizations of the Company, its subsidiaries or controlled Companies, during the course of the financial year.***

Throughout 2015, the Company did not take part in any merger or significant reorganization.

***d) Assets acquisitions and sales.***

Throughout 2015, the Company did not register participations to other companies and did not purchase or sell assets.

***e) The main results of the assessment of activity of the company***

Rompetrol Rafinare S.A. recorded in 2015 net turnover of RON 9,811,196,252 and a net profit of ron 84,291,996.

Rompetrol Rafinare S.A. continued the improvement of the effectiveness of the refining activity as well as the reduction of technological losses and consumption.

There have been carried out investments to modernize the production plants of the refinery, increasing the degree of environment protection, for the purpose of obtaining petroleum products in accordance with the standards of the European Union.

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**ANNUAL REPORT OF THE BOARD OF DIRECTORS for the financial year 2015*****1.1.1. Elements of general assessment***

<b>Indicators (LEI)</b>	<b>2015</b>
<b><i>Profit</i></b>	84,291,996
Operating result - profit	404,210,009
Net turnover, of which:	9,811,196,252
Export	5,272,111,539
Cost of sold production	(9,406,207,259)
Market share (%) <sup>2</sup>	25.3%
Liquidity (effective amounts in accounts and cash equivalents)	6,773,869

***a) Profit***

At the end of 2015, Rompetrol Rafinare registered a positive result (profit) of 84,291,996 lei.

According to the legal provisions in force, 5% of the profit shall incorporate as legal reserve (4,414,600 lei) and the difference of 80,077,396 lei shall be used to cover the account losses of the previous years.

***b) Turnover***

In 2015, the net turnover of the company was of 9,811,196,252 lei, higher by 43% vs the planned budget and by 27% lower than the one registered at the end of 2014, mainly due to:

- Processing of a higher quantity of crude oil and raw materials vs the budget forecasts;
- Increase of the average quotations on the sale of finished goods vs budget forecasts.
- A budget estimation of an exchange rate of 3.27 lei/USD and the annual average achieved in 2015 was of 4.0057 lei/USD

***c) Export***

In 2015, the balance of international sales within total sales stood for approx 51 %, coming to a value approximately equal to that at the end of 2014 (50%).

The total amount carried out in the course of 2015 from external sales of finished products was of 1,297,431,287 USD (for the Petromidia and Vega refineries and the Petrochemical Plant).

We hereby specify that the external market has absorbed 75% of the total production of gasoline and 49% of the total production of diesel fuels.

<sup>2</sup> Fuels sales (gasoline and diesel) on the domestic market segment are exclusively delivered by the Group authorized trader – ROMPETROL DOWNSTREAM SRL Bucharest which owns a 25.3% market share of Romanian fuel distribution.



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***d) Cost of sold production***

The cost of the sold production was by approx 36% higher than the amount forecast in the budget, since the budget estimated an exchange rate of 3.27 lei/USD and the annual average achieved in 2015 was of 4.0057 lei/USD.

***e) Market share owned***

From the data which we hold, the market share we estimated in the year 2015 reached about 25.3%, and is not influenced by major changes in the structure of the other distributors on the internal market.

***f) Liquidity***

As regards liquidity, the company has made efforts to maintain its capacity to cover the current debts from the current assets, the liquid ratio decreased to 0.33 in 2015 from 0.35 in 2014.

***1.1.2. The Assessment of the Technical Level of the Company******The main products produced by Rompetrol Rafinare S.A in the year 2015:***

The Production Nomenclature of Rompetrol Rafinare S.A., work point Năvodari - Petromidia Refinery, includes a wide range of finished products, marketed both on the internal as well as on the external market, grouped into the following categories:

**1. Liquid fuels****a) Gasoline**

- RON 92 Gasoline
- Euro Super 98 Gasoline
- RON 98 Gasoline
- Eurostandard Gasoline
- Europlus 50 ppm Gasoline
- Europlus 10 ppm Gasoline
- Europlus 10 ppm Gasoline
- Efix S 98 Gasoline
- Efix S 95 Gasoline
- Raffinate for chemical use



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**b) Diesel fuels**

- Euro 5 Diesel
- Euro 5 Diesel ( Euro 5 Super Diesel)
- Euro 5 Diesel ( Euro 5 Super Diesel) Marcata
- Diesel 55
- EFIX Diesel 51
- Euro 5 Diesel (Winter Diesel)
- Euro 5 Diesel (Winter Diesel) Marcata
- EFIX 51 Diesel Winter
- Super Euro 4 Diesel
- Efix S Diesel 55

- Slurry

**c) Petroleum**

- Aviation turbine fuel jet A1

**d) Heavy fuel oil**

**2. Gaseous fuels**

**a) Liquefied Petroleum Gas**

- GPL
- Vehicle fuel GPL
- Propane fuel
- Commercial Propane-Butane

**b) Gas**

- C5-C6 Fraction
- Combustible refinery gasses
- Propylene/propane-propylene mixture

**3. Solid fuels**

- Petroleum coke
- Petroleum Sulphur

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The Production Nomenclature of Rompetrol Rafinare S.A. work point Ploiesti - Vega Refinery includes a wide range of finished products grouped into the following categories:

**1. Liquid fuels****a) Solvents**

- Ecological solvents
- Normal hexane
- Naphtha Gasoline
- Light naphtha type II
- Light naphtha type A

**b) White spirit and petroleum**

- White Spirit
- Non-industrial fuel type P

**c) Diesel fuels**

- Calor Extra I

**d) Fuels**

- Light oil fuel type III
- Calor Economic 3

**i) Heavy fuel oil****ii) Bitumen**

- Roads Bitumen
- Special Bitumen
- Polymer-modified Bitumen

**iii) Additives**

The production classification of *Rompetrol Rafinare S.A. - Năvodari Unit – Petrochemical Plant*, contains a large array of petro-chemical finished goods, grouped into the following categories:

**1. Polypropylene (PP)**

- a) Sorts of injection – J500, J600, J700, J800, J900, J1000, J1100, J1200, J1300, J1400
- b) Sorts of Raffia – F301, F401, F501
- c) Sorts of thermo-forming – RTF-3
- d) Sorts of film – F500, F600, RCF9
- e) Sorts of fibers – S711, S1001
- f) Sorts of blowing – B200, B300

**2. Polyethylene of low density (LDPE)**

- a) Sorts of thin film – B20/2, B21/2, B20/3, B21/3

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- b) Sorts of film for thick sacs – B20/03
- c) Sorts of film for liquid packaging – B21/05
- d) Sorts of film for thermo-contracting foil – B22/025, B22/07
- e) Sorts of agro-film for greenhouses - RGH-035 UV (new product)

### *The Description of the main Services of Rompetrol Rafinare:*

In 2015, the Company provided energy and utility distribution services.

These services have been carried out by the Thermal-Hydro and the Electrical sections, for Companies located on the Petromidia platform as well as other companies outside the platform;

- Product utilities: instrument air, technical air, nitrogen gas, recirculated water, fire fighting water, treated water, cleansed water (reused).
- Purchased utilities: heating, demineralized water, industrial water, natural gas, electricity, drinking water, hot water, propane.
- Sold utilities: Instrument air, technical air, recirculated water, fire extinction water, drinking water, hot water, returned condensate, waste water treatment, demineralised water, gross water, filtered water, combustible refinery gas, electricity, heating, water.
- Purchased services: take-over, transportation, with a view to final discharge into authorized installations of toxic sludge, under waste codes: 05 01 09\* and 19 08 13\*.
- Sold services: treatment of waste water from third parties in the Waste Water Treatment plant.

All these utilities are being transported and distributed through the pipe network exploited by the Utilities Plant. The costs of transportation and distribution are embedded in the price of utilities, except the following:

- Electrical energy - the tariffs for the distribution of electrical energy on the two levels of low voltage and medium voltage shall be governed by the Agenția Națională de Reglementare în Domeniul Energiei (the Romanian Regulatory Authority for Energy).
- Drinking water – the tariff for the distribution of drinking water shall be governed by the Agenția Națională de Reglementare pentru Serviciile Comunitare de Utilități Publice (The National Regulation Authority for the Public Utilities Community Services).

### *a) The main distribution markets for each product or service and methods of distribution:*

In 2015, the balance between the two distribution markets, domestic and international was relatively equal. The domestic market absorbed approx 44% of the total quantity of vehicle fuels traded in 2015. The sales of vehicle fuels meant for the domestic market through the petrol



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stations network covered all geographical areas of Romania. The higher share (approx 83%) in the sales of vehicle fuels traded on the Romanian market was on the sale of Diesel fuels.

The external sales were targeted to both the European Union and third countries.

The intra-community deliveries accounted for approximately 30% of the total finished products sold (more than in the previous year (22%)), the difference consisting in export sales to non-EU markets

International sales had the following main destinations:

- Gasoline - Lebanon, Georgia, Turkey, Moldova
- Diesel fuels - Greece, Turkey, Bulgaria, Georgia, Moldova
- Petroleum - Turkey, Georgia, Moldova, Bulgaria
- Coke - Ukraine, Turkey,
- Sulphur - Egypt, Morocco

**The sold petroleum products** have been shipped by means of road trucks and on rail, in case of domestic sales, while international sales were largely dispatched by the sea via the Midia and Constanta ports, but also by road and rail transportation means.

The external sales of petrochemical products were targeted to both the European Union and third countries. The intra-community deliveries have totalled about 67% of the total finished products sold, the difference representing export sales to non-EU markets.

The sales had the following main destinations: Romania, Bulgaria and Turkey.

**The petrochemical products sold** by Rompetrol Rafinare were shipped with road trucks (domestic sales), and by both road trucks and maritime shipping from the ports of Agigea and Constanta in case of international sales.

***b) The share of each category of products or services in the revenue and in the total turnover of the company, for the last 3 years.***

Indicators	Value-million LEI			% in turnover		
	2013	2014	2015	2013	2014	2015
Net turnover, of which:	11,749	13,491	9,811	100.0%	100.0%	100.0%
Gasoline and diesel fuels	9,551	10,603	7,551	81.3%	78.6%	77.0%
Other petroleum products	2,023	2,030	1,481	17.2%	15.0%	15.1%
Petroleum products	-	785	733	-	5.8%	7.5%
Goods	8	52	25	0.1%	0.4%	0.3%
Utilities	143	9	8	1.2%	0.1%	0.1%
Services	24	12	13	0.2%	0.1%	0.1%



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The most part of the Rompetrol Rafinare income is represented by the sale of petroleum products, mainly automotive fuel.

*c) The new products taken into account for which a substantial volume of assets shall be used in the future financial year as well as the development stage of these products.*

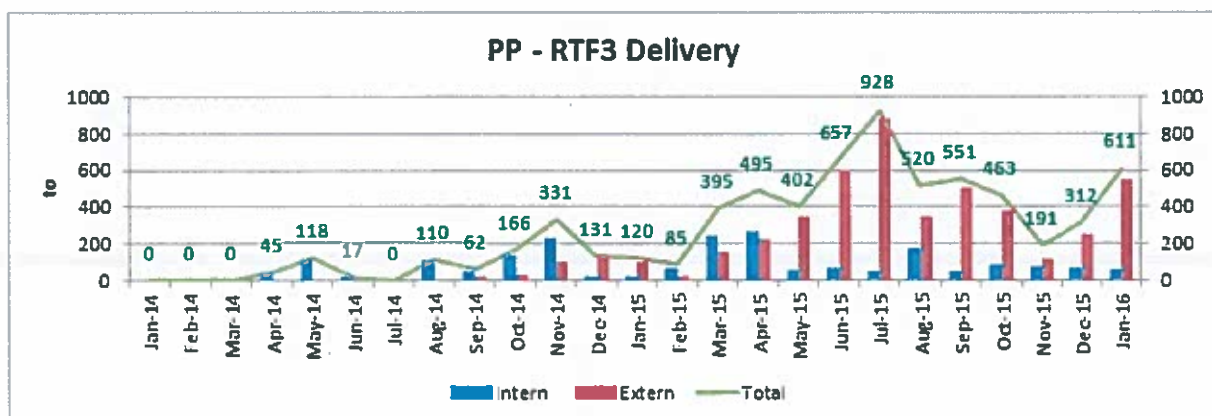
In 2016 Rompetrol Rafinare shall continue to deliver on the domestic market only Euro 5 fuels (max sulphur content of 10 mg/kg) and a content of biofuel of minimum 4.5% in volume for gasoline and minimum 6.5% in volume for Diesel fuel (in compliance with the Governemnt Resolution no 1121/2013 which modifies and supplements Government Resolution no 935/2011 and Government Resolution no 928/2012).

The Euro 5 fuels are:

- Efix S 98 Gasoline
- RON 98 Gasoline
- Euro Super 98 Gasoline
- Efix S 95 Gasoline
- Europlus Gasoline
- Efix S Diesel 55
- Diesel 55
- EFIX Diesel 51
- Euro 5 Diesel

For year 2016, Rompetrol Rafinare does no envisage any increase of portofolio on delivered products.

In 2014, Petrochemical sector started a program to develop the array of sorts and their adjustment to the market conditions. Sort RTF3 meant for the thermo-forming application (lunch-boxes, use and throw glasses with thin walls) had a constant increase, amounting to 6.2% of the total production of PP in 2015.



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The up-dating program of sort array carried on by developing new sorts. New industrial lots were produced - RGH035, a sort of LDPE for greenhouse foil, with resistance to ultraviolet radiations and RCF9 – a sort of PP for *cast foils with high transparency*. The product packaging capacity was also diversified by using packaging in ISO standard containers, fitted with inner liner.

In 2016 the improvement of sort RGH035 shall be carried on to increase its life expectancy, and there shall come into production a sort meant for fiber applications, RSB25.

In 2015, the PP installation moved on to the manufacture of polymer phthalate, in compliance with the most drastic conditions imposed by REACH, the European legislation.

For year 2016, no new products are envisaged to affect a substantial asset volume.

### ***1.1.3. The Assessment of the Tehnnical-Material Supply Activity***

Crude oil– the main raw material of Rompetrol Rafinare is ensured by firm import contracts concluded annually, with KazMunayTrading A.G. (trader of KMG Group International), which confers stability and safety for the optimum operation of the oil refinery. The source of purchase of crude oil is external; the main import market being that of Kazakhstan. The purchased crude is traded through Midia Marine Terminal S.R.L. The purchase of the other raw materials is ensured from both Romania, and external sources.

The raw materials are purchased at prices which follow the trends of international quotations on the reference oil markets – characterized by dynamism and variation. The level of these prices has been led by the fluctuation and conjuncture on the petroleum markets, influenced by economic and geopolitical factors, the international reference quotations constituting the basis for the calculation of these prices.

Ethylene – the raw material for polyethylene (LDPE, HDPE) is purchased on the external market, at prices following the quotation trends.

### ***Information with regard to the safety of sources of purchase and prices of raw materials and to the dimensions of raw material stocks and materials.***

The takeover by KazMunayGaz of Kazahstan, of the entire package held by the parent company of the Rompetrol Group<sup>3</sup> (Rompetrol Holding N. V. ) in the Dutch company The Rompetrol Group N.V. (currently name KMG International N.V.), ensures the stability of purchase sources for crude oil required for the proper functioning of the Petromidia Refinery, as well as a financial support from the majority shareholder, for the financing of the investment.

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<sup>3</sup> With its present name GrupKMG International

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The whole quantity of crude oil for 2014 was contracted with the company KazMunayGaz Trading A.G. - which is the trader of the KMG International Group, located in Switzerland and specialised in marketing operations with crude oil and petroleum products. This ensures the imports of crude oil and other raw materials and at the same time takes over the petroleum products for sale on external markets. The prices of the raw materials follow the trend of the international quotations regarding crude oils and other raw materials on the international reference markets, the latter constituting the calculation base for the purchase prices of Rompetrol Rafinare. For the year 2015 there are no expected changes in the flow of supply of raw materials and supplies.

The crude provided by KMG International is unloaded in the own maritime terminal located close to the Petromidia Refinery.

Also, there are contracts concluded with the service providers (S.C. Conpet S.A., Midia Marine Terminal S.R.L ), which take care of the loading and unloading of the raw materials and petroleum products in the Constanța and Midia ports.

The chemicals purchased by Rompetrol Rafinare S.A. (for the two oil refineries) in the course of the year 2015 may be grouped as follows:

- catalysts
- additives
- chemical services for water treatment
- other chemicals (inhibitors, process chemicals, etc. )
- reactives
- oils

#### ***1.1.4. The Assessment of the Sales Activity***

##### ***a) The trend in sales on the internal and/or external market and their estimate on medium and long term.***

The sales of 2015 decreased lightly as compared to 2014, even in the conditions when in the months of October and November an ample overhaul was performed. The volume of sales increased yet, slightly as compared to the previous year, following the increase in volumes traded on the regional markets (Georgia, Ukraine, Bulgaria, Turkey, Moldova), as well as the entry on other markets. The same consolidation trends of the existing markets as well as gaining new markets are also targeted for the year 2015. For the internal market, the strategies aim at increasing the market share by increasing the number of petrol stations at national level and implicitly the increase of sales on the domestic market.



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On December 31<sup>st</sup>, 2015, in the Vega Refinery Unit, Ploiesti, the company had a number of 185 employees, of which 28 higher education staff:

TOTAL: On December 31<sup>st</sup>, 2015, Rompetrol Rafinare S.A. had a total of 11833 employees, of which 239 higher education staff.

The trade union membership rate was 92 % (1086 employees are Trade Union members).

The following trade unions activate in the company: Petrochimistul Free Trade Union (661 members), Vega Free Trade Union (111 members), Midia Năvodari Industrial Platform Workers Trade Union (314 members).

Break down of employees on age groups:

- **Rompetrol Rafinare Petromidia Unit**

Age Range	Number of employees	Percent of the total number of employees
< 30	84	7.10%
30 - 39	110	9.30%
40 - 49	405	34.23%
50 - 59	377	31.87%
>60	22	1.86%

- **Rompetrol Rafinare Vega Unit**

Age Range	Number of employees	Percent of the total number of employees
< 30	8	0.68%
30 - 39	13	1.10%
40 - 49	99	8.37%
50 - 59	60	5.07%
>60	5	0.42%

Also, in the reported period there have been carried out a series of training programs for employees in the areas following areas: functional competences; general knowledge; foreign languages (Romanian and English) ; legislation; management skills; communication; presentation skills; QHSE certifications; safety; professional knowledge - support functions, etc.

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A total number of 844 employees attended the trainings, which totalled 12,866 hours, which means an average of approx. 15.24 hours training/employee. Or 542 sole employees with 23.74 hours of training/employee.

Also, in the project 1Life.1Viata (Safety DuPont) 2015 there was a total number of 895 employees who attended the trainings, which totalled 1.342 hours.

The total cost of training and conferences for the year 2015 was 191,035 USD.

***b) The description of the relations between the manager and the employees as well as any conflicting elements which characterise these relations.***

The relations are normal between the management and the employees, with no collective manifestation actions against the company management, having regularly a dialog between the trade unions and the management.

***1.1.6. The Assessment of the Aspects relating to the impact of the main activity of the issuer on the environment***

***The synthetic description of the impact of the basic activities of the issuer on the environment as well as any existing or planned disputes with regard to the violation of the legislation concerning the protection of the environment.***

The Company owns and operates the Petromidia Refinery, located in Năvodari, Constanța County and the Vega Refinery located in Ploiești, Prahova County.

Through the nature of the activities carried out (processing of the crude oil), the company has an impact on the environment, and for this reason the management is continuously preoccupied with the prevention and control of the impact of the activities carried out, on the environment factors, allocating considerable financial resources for investments to this purpose.

In 2015, following the completing of project "Particulate reduction system for the flue gases from Catalytic Cracking Unit" and the compliance visit performed by APM Constanta in 2014, at the beginning of 2015, performance tests were made on this system to prove its performance with an electrostatic filter and the positive impact of implementing the project from the environmental point of view.

The environment strategy of Rompetrol Rafinare is based on the compliance with the legislation, through permanent monitoring and regular reporting of the compliance degree and the continuation of the investment programs, for the alignment with the best techniques available in the industry (BAT BREF) and shall be based on the following principles:

- Compliance with legislation and other applicable requirements, the permanent monitoring of the degree of legal compliance;
- Using the environmental management system in order to integrate performance criteria as well as criteria regarding air, water, soil and natural resources protection;



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- The continuation of the investment program in order to comply with the legislation in the field of environment protection ;
- The assessment of the environment performances of the company, the communication with the interested organizations as well as with the local communities, with regard to the continuing improvement of the environmental performances.
- Promoting information and awareness among the employees of the company, with regard to the measures for prevention and reduction of the emissions in the atmosphere, water and soil, including the measures concerning the waste management for the activities carried out and which may have an impact on the environment.
- Participation in voluntary projects and social responsibility projects in the neighbouring communities.

Integrated Environmental Permit

Throughout 2015 Rompetrol Radinare SA – Năvodari Unit operated based on the Integrated Environmental Permit no 1/10.05.2013 valid up to 10.05.2023 (Refinery Plant) and respectively AIM no 9/3.10.2011 valid up to 02.10.2021 (Petrochemicals Plant).

In 2015 Vega Refinery received the Integrated Environmental Permit no 9/08.07.2015 issued by APM Prahova, valid up to 08.07.2025 which stands for the compliance of operational installations with the applicable environmental legislation, mainly represented by Law no 278/2014 on industrial emissions and GEO no 195/2005 on environment protection approved by Law no 265/2006.

Environmental Agreement

During 2015 all investment projects were completed within the assessment procedure of impact on the environment together with the receipt of the regulation documents (usually Decisions on the project category level) from the competent authority on environmental protection.

Environment Agreement no 1/18.02.2015 was received for project “Rehabilitation and management of the area from ROMPETROL REFINERY S.A. - Vega Ploiesti where the acid tar and petroleum residue lagoons are located”.

The Water Permit

For the use of water, Rompetrol Rafinare S.A. has been operating based on the Water Permit no 184/05.08.2014.

Rompetrol Rafinare SA - Vega Refinery received the Water Permit no 1/04.01.2016 issued by SGA Prahova with a 2 year validity.

The Greenhouse Gase (CO<sub>2</sub>) Permit

The Greenhouse Gas Permits are valid until the end of 2020 (Stage III – 2013-2020), both for Rompetrol Rafinare – Petromidia, and Rompetrol Rafinare – Vega.

During 2015, the monitoring and reporting plans of CO<sub>2</sub> emissions for 2016 were prepared and submitted to the Ministry of Environment, Water and Forests.

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In March 2015, the 2014 emission associated certificates were returned to the European Register of Greenhouse Gases Emissions (EUTL).

**Compliance with the REACH Regulation** – as required by the European Chemicals Agency (ECHA)

- ECHA requirements were maintained on updating files for the manufactured and marketed petroleum products.
- White spirit refined was registered with a view to cover the use of solvent of this petroleum section of the market
- Safety Data Sheets on all petroleum products introduced to the market were updated, in the context of applying the requirements of the EU Regulations 1272/2008, starting with July 1<sup>st</sup> 2015.

In 2015, the works on discharging and greening of the sludge lagoon no 3 and a compliance visit was performed on field by the competent authorities on environmental protection. Starting with September 1st 2015, the works on discharging the sludge lagoon no 2 started, to be carried on through 2016 as well.

***1.1.7. The assessment of the research and development activity***

*The statement of expenditure under the financial year as well as of those which are to be expected for the next financial year for research and development.*

<b>Expenditure carried out in the year 2015</b>	
Expenditure for studies and technical assistance	2,912,939 USD
<b>Expenditure planned for the year 2016</b>	
Expenditure for studies and technical assistance	858,898 USD

***1.1.8. Assessment of the company's risk management activity***

*The description of the company's exposure to the price risk, credit risk, liquidity and cash flow risk.*

The company is exposed to the risk induced by the high volatility of the prices of crude oil and petroleum products, with a direct impact on the gross margin on sales.

From the point of view of liquidity, on the background of a volatile market of petroleum and refined products, the company has made efforts to maintain the coverage of current debts from current assets, the current liquidity indicator being in 2015 at a value of 0.33. Excluding receivables and liabilities

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with affiliates, the value of the current liquidity indicator is over - uniting (1.67), which indicates that the Company is prepared to face certain potential market liquidity shocks.

*Description of the policies and objectives of the company regarding the risk management*

By the nature of its activity, the company is exposed to some risks:

- commodity price risk arising from the exposure to interest rate, exchange rate EUR - USD, USD - RON fluctuations, the volatility of the selling prices of petroleum products and of the purchase prices of crude oil;

The Company is affected by the volatility of crude oil, oil product and refinery margin prices.

Its operating activities of the Company require ongoing purchase of crude oil to be used in its production as well as supplies to its customers. Due to significantly increased volatility of crude oil, the management developed a hedge policy which was presented to the Company's Board of Directors and was approved in most significant aspects in 2010 and with some further amendments in February 2011. Started on January 2011 to hedge commodities held by Rompetrol Rafinare.

According to the hedge policy, on the commodity side, the flat price risk for priced inventories above a certain threshold (called base operating stock) is hedged using future contracts traded on ICE Exchange and some OTC instruments for the secondary risks. The base operating stock is the equivalent of priced stocks that are held at any moment in time in the Company, hence price fluctuations will not affect the cash-flow.

Trading activities are separated into physical (purchase from third parties other than KazmunayGas Group, and sales to third parties or Intercompany) and paper trades (for economic hedging purposes). Each physical transaction is covered through a related futures position according to the exposure parameters set by management (i.e. based on physical quantities sold or purchased).

The Group sells or buys the equivalent number of future contracts. This financial trade is done only to hedge the risk of the price risk and not to gain from the trading of these instruments.

The company also had hedge operations for refinery margins. The European refinery margin had an excellent evolution during 2015 (44% higher level than 2014). In terms of Refinery Margin Hedge, the company recorded negative result on paper side but higher benefits from physical side. In 2015 the net impact of the commodity hedges (physical result -gain- plus paper result -loss- for hedged stocks) was \$17 million (2014: net gain of USD 7.2 million). However the company results were affected by the inventory losses related to the base operating stock in refinery but considering such stocks is constant in time, the loss is only on paper not on cash.

The company's priority objective is to reduce operational costs per tonne of product obtained in order to limit the price risk as a result of the correlation of the product prices obtained with the market prices. A high importance in evaluating the price risk result from the evolution of the international quotations for crude oil, which is the main raw material of the refinery.



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- the credit risk arising from the possibility that the contractual obligations are not being kept by business partners, customers and suppliers is being monitored at regular intervals, through creditworthiness/solvency assessments of customers and by requiring guarantees on delivery.

- the liquidity risk consists in not having financial resources available in order to fulfil company obligations when they are due. Based on the forecasted cash flow, the management of the company checks daily the liquidity level and ensures the fulfilment of obligations to suppliers, to the state budget, to the local tax authorities etc. according to their maturity. The current and immediate liquidity ratios are monitored permanently.

- the operational risk derives from the possibility that accidents, errors, malfunctions may occur, as well as from the influences of the environment upon the operating and financial results. Rompetrol Rafinare S.A. has continued a broad revamp process on the refinery technology, for the purpose of increasing the production, reducing the technological losses, as well as eliminating the accidental shut-downs in the industrial process.

For the projects and activities performed, Rompetrol Rafinare proactively develops and implements management strategies on the risks which may potentially affect the company and the interested parties.

Rompetrol Rafinare approaches risk management in a orderly manner, iteratively, accessibly and with consequence, following the steps below:

1. It ensures the identification and assessment of risks in due time, in compliance with the risk management methodological instruments, by keeping a *Risk Register* to contain detailed information and analyses of all risks of the company, as well as a description of those factors whose change might influence or determine the occurrence of risks;
2. It ensures the quantity and quality assessment of risks with a view to evaluate their impact on the achievement of set targets, as well as the probability assessment of risk occurrence, by keeping, for each identified risk, a *Risk & Control Assessment Form*
3. It ensures the management and implementation of measures set for the associated process implementation risk control;
4. It ensures the supply of complete and in-time information on the status of risks and performance of the control measures within the risk management responsible department;
5. It ensures the availability of specific risk management mechanisms, proper process control procedures (standards, regulations, corporate policies on certain type of risks management), and aiming at reducing the risk level.

The purpose of the company is to identify, assess and minimize the risks associated to communities, employees, contractors, environment and our business.

The company is concerned with maintaining and continuous improvement of the Quality Environment Health and Safety Management Integrated System, with results on the improvement of the organization image, improvement of relations with the public authorities, socio-economic community as a whole, limitation of civil and penal responsibility, by meeting the legal requirements and regulations on Quality Environment and Safety.

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In this respect, Rompetrol Rafinare holds certifications on all vehicle fuels on the market and the QEOHS Management Systems was maintained throughout 2015 as well.

Romp petrol Rafinare S.A has taken all the appropriate actions to achieve the objectives regarding health and occupational safety and also activities necessary to comply with the legal requirements and regulations.

The Company has continued in 2015 to identify and assess the major hazards resulting from the normal operation and accidental situations, as well as to assess the likelihood and severity thereof. In this respect, a risk analysis has been carried out as HAZOP for 2 technological facilities of Rompetrol Rafinare (the DV installation Vega and Loading/Downloading Ramps for products in Petromidia (MMT).

The implementation of the Change management (MOC) also continued with the help of a dedicated application, so that the identification/tracking/communication/review and approval of the changes could be secured before implementation.

"The operation authorization" of the rescue Station has been maintained through the surveillance audit carried out by INCD INSEMEX Petroşani. The operative staff who work within the rescue Station were reauthorized by INSEMEX Petrosani.

For the training of the staff operating on platforms, and on the basis of the scenarios from the Internal Emergency Plan, there are carried out regularly simulation exercises of a major accident in which there are also involved the subcontractors. Also, starting with 2015, practical exercises have been carried out with the staff, having as a subject "the use of extinguishers of all types".

In the same context, the performance of chemical alarm drills at sites has been extended.

The safety awareness program "Safety Rompetrol" has been continued, pursuing the development and implementation of the management of health and occupational safety to the highest standards and the achievement a level of safety comparable to the levels of the most famous companies in the world.

The program is aimed to improve the activity regarding work safety, in order to raise the awareness of workers, including the subcontractors, in respect with adopting a safe behaviour and reducing the risks of injury and/or professional illness specific to all activities on the platforms Petromidia and Vega.

### ***1.1.9. Elements of perspective regarding the activity of the company***

***a) Presentation and analysis of the trends, elements, events or factors of uncertainty which affect or could affect the liquidity of the company as compared to the same period of the previous year.***

The company made efforts to maintain its capacity to cover the current debts from the current assets; however, the liquidity ratio decreased to 0.33 in 2015 vs 0.35 in 2014. Excluding receivables and liabilities with affiliates, the value of the current liquidity indicator is over –

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uniting (1.67), which indicates that the Company is prepared to face certain potential market liquidity shocks.

The liquidity risk derives from the possibility that the financial sources may not be available in such a way as to meet the obligations of the company in due time. The Company management follows the liquidity level daily, as well as ensuring that its obligations towards suppliers, the state budget, local budgets, etc. are met in accordance with their contingency, with the aid of the expected cash. The coefficients of current and immediate liquidity are monitored at all times.

Knowing the effects of these liquidity risks constitutes one of the concerns of the management of the company Rompetrol Rafinare S.A. in conducting the economic-financial activity in a smooth way. Ensuring continuous funding sources also to the planned levels has been made possible by an appropriate credit-granting policy related to identifying the current needs and the needs for investments.

The activity of the company will continue to be influenced by developments in the international situation as far as the market of crude oil and petroleum products is concerned, as well as by a series of internal macroeconomic factors.

In the specific market context of petroleum products, marked by a high volatility of prices, the management of the company has implemented a policy of risk management with the main objective: the mitigation of risk regarding the price of crude oil and petroleum products in the financial results of the company. In addition, a major concern has also been granted to the policy of risk management regarding the development of the exchange rate and the interest rate.

The Company is affected by the volatility of crude oil, oil product and refinery margin prices.

Its operating activities of the Company require ongoing purchase of crude oil to be used in its production as well as supplies to its customers. Due to significantly increased volatility of crude oil, the management developed a hedge policy which was presented to the Company's Board of Directors and was approved in most significant aspects in 2010 and with some further amendments in February 2011. Following this approval, the Company started on January 2011 to hedge commodities held by Rompetrol Rafinare.

According to the hedge policy, on the commodity side, the flat price risk for priced inventories above a certain threshold (called base operating stock) is hedged using future contracts traded on ICE Exchange and some OTC instruments for the secondary risks. The base operating stock is the equivalent of priced stocks that are held at any moment in time in the Company, hence price fluctuations will not affect the cash-flow.

Trading activities are separated into physical (purchase from third parties other than KazmunayGas Group, and sales to third parties or Intercompany) and paper trades (for economic hedging purposes). Each physical transaction is covered through a related futures position according to the exposure parameters set by management (i.e. based on physical quantities sold or purchased).



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The Company sells or buys the equivalent number of future contracts. This financial trade is done only to hedge the risk of the price risk and not to gain from the trading of these instruments. The company also had hedge operations for refinery margins.

*b) Presentation and analysis of the effects of capital expenses, current or anticipated on the financial situation of the company as compared to the same period last year.*

The investment activity in the year 2015 was focused, in accordance with the program, on the following:

- The increase of the processing capacity of the refinery and the generation of fuels, with the specification in line with the European standards as also an increase of the white products efficiency;
- The alignment with the requirements of the European Union, the environmental standards in force, and in particular with the aim of reducing emissions.

The main projects completed in the year 2015, in the Petromidia Refinery:

**Dredging of Port Midia**

The project relied on efficiently dredging to reset to the project settled depth of the water in Midia Harbor with a maximum allowed draft of 8.5 m.

The main objective of the project was the increase of number of vessels to transit Midia Port. Allowing transit to vessels with length of up to 200 m and max draft of 8.5m on the access channel, maneuver basins and the basins of Berths or 1-4, 9A and 9B of Midia Port by performing efficient dredging to return the project settled depth of the water in Midia Port.

These allowed for safety conditions to load vessels up to 30,000 tdw and increase the number of vessels to transit Midia Port. The max draft of 8.5 m shall allow the transfer of oil products schedules to be loaded at the terminals of Midia Port, and not at the Oil Terminal, at much higher costs.

The project was concluded in May 2015.

**Planned Turnaround of Petromidia and Vega Refineries 2015**

The project started with a view to periodical inspection of the machinery, changing of catalysts, maintenance work on the equipment.

For Petromidia Refinery, the overhaul represents a large scale scheduling of maintenance activities within which the entire process is out of functioning for a longer period of time with a view to rehabilitation and potential ample revamping.

In order to ensure a high level of safety of the operating equipment, every 5 years, in compliance with the “refinery best practice”, it is mandatory to perform some mechanical check-us and inspections.

To reach the goal of the refinery and that is of having high mechanical availability, the refinery must have a high level of safety in operating the machineries at a low maintenance cost.

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This aspect may be attained only by periodically performing a general stoppage of the refinery. According with the stipulations of Solomn consultancy company, each increase by 1% of the mechanical availability is transposed into a maintenance cost reduction by 10%, and that is why the refinery should follow its strategy with a view to reaching its target.

With concern to planned stoppages, all these years, Rompetrol followed the same strategy of maintaining the mechanical availability of the refinery.

Concluding this project lead to obtaining the following benefits:

- Operating the installations in optimal safety conditions up to the following planned stoppage;
- Improving the installation efficiency by high mechanical availability;
- Reducing maintenance costs;
- Performing a technical inspection on the machineries;
- Increasing the safety of the equipment in operation;
- Maintaining the capacity of the refinery at its nominal output;
- Performing corrective/preventive full maintenance of the equipment
- Achieving mechanical availability of 96.87% after the commissioning of the installations.

**Rehabilitation of IPPA Facility**

The project attained the following benefits:

- Improvement of client satisfaction by reducing the times of loading road tankers at terminal IPPA;
- Achieving the sales plan by ensuring certain optimal operating conditions of the terminal and alignment to delivery requirements;
- Elimination of risk on reducing the level of availability of the road ramp by revamping the infra-structure of the terminal, as well as that of the applications.

***c) The presentation and analysis of the events, transactions economic changes which significantly affect the income from the main activity.***

The turnover on 31.12.2015 higher than the one forecast in the budget by 43%, but lower than the one registered at the end of 2014, by 3,679,476,399 lei. This is due mainly to processing a lower quantity of raw materials as well as of increasing the averages on quotations on the sale of finished goods vs the budget forecasts, because the budget was estimated at an exchange rate of 3.27 lei/USD and the annual average achieved in 2015 was of 4.0057 lei/USD.

Throughout 2015 the crude oil market evolution vs budget forecast registered an increase of 10.87%, and the price on petroleum products followed the same trend, more pronounced than the budget, the increase being of 14.30%.

In 2015, the utilisation ration of refining capacity vs forecast was of 90.16% (in relation to the effectively worked time, taking into consideration the refinery planned stoppage for the overhaul).



## **2. TANGIBLE ASSETS OF THE COMPANY**

### ***2.1. Mentioning the location and characteristics of the main production capacities owned by the company***

The company ROMPETROL RAFINARE S.A. is located about 20 km North of the Constanța County, between the Black Sea and the lake Năvodari (Tașaul), on a plot of land partly recovered from the sea and from the lake, in the vicinity of the port Midia and the Poarta Albă – Midia channel.

**The Petromidia Refinery is the only profiled unit in Romania located at the Black Sea, and thus having a competitive advantage due to the immediate access to the sea and river transport routes, namely:**

- Strategic placement in the Black Sea area, near the Constanța port - one of the biggest in the region;
  - Direct access to the Danube - Black Sea Channel;
  - Direct access to the Midia Port;
  - Near the network of crude oil pipes;
  - Own railway infrastructure system;
  - Logistical facilities (Midia Marine Terminal S.R.L.) which allow for reception and delivery of the liquid products by ships, barges, rail tankers and tank wagons.
- Nominal project capacity from 1975: 3.5 million tonnes raw material
- Capacity used: 4,949 million tonnes in 2015 year  
(considering the Turnaround scheduled for this year)
- Future capacity starting from the year 2016: 5,349 million tonnes
- Infrastructure:  
The Petromidia platform has a surface of 480 hectares where more than 20 companies (also including sub-contractors from outside the Group) operate in various business areas.

The supply of crude oil and other raw materials is mainly carried out through the marine terminal located in the vicinity of the Petromidia Refinery, at a distance of about 8 km from shore and through the Midia port. As an alternative, the supply may also be made through the port of Constanța (one of the biggest in the region), through the OIL TERMINAL S.A. pipe, for a distance of approximately 40 km.



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As of 2014, the Petrochemical sector joined the Refinery in the Refining business unit. The Petrochemical sector is specialized in the production of polymers, with a production capacity of 80,000 tonnes/year of polypropylene, 60,000 tonnes/year of high-density polyethylene and 60,000 tonnes/year of low density polyethylene. It is the sole national producer on this market segment. It delivers on both internal and external markets (the Black Sea and the Mediterranean regions, Central and Eastern Europe).

Strategically located on the Black Sea coast, the Petrochemical section includes a maritime terminal for the unloading of ethylene, cryogenic ethylene and propylene storage tanks, and various solutions for delivery to ships, rail cars or trucks.

As of December 2007, the VEGA Refinery was transformed into a production tax warehouse for Rompetrol Rafinare SA.

The VEGA Refinery is located on the national road DN 1A, at a distance of approximately 60 km from Bucharest, the capital of Romania, near the European road E 60, with access to both the road and the railway network. The Vega Refinery is located in the northern part of Ploiești city, about 1 km from the Ploiești North railway station, with which it is directly connected. The exploitation of the railways as also the manoeuvre and transport operations shall be carried out by the Romanian railway company Grup Feroviar Român, its owner being the Rompetrol Logistics S.A.

The Vega Refinery is currently operating the following facilities: Vacuum distillation, Bitumen, Hexane, Rectification, Dearomatization Unit, AFP with the auto platforms and railways.

Currently, the raw materials are brought in the refinery in railway reservoirs from the Petromidia Refinery and are discharged through raw material-specific railway platforms. From the specially prepared platforms, the raw material is pumped through the pipes towards the storage reservoirs of the AFP area, where they are taken up by each plant separately.

The Refinery has a fleet of reservoirs of raw material and finished products, auto platforms and the railway platform for the delivery of petroleum products. At the moment, the supplies of petroleum products from the Vega Refinery are made in both railway reservoirs and in tank wagons.

**ROMPETROL RAFINARE S.A.****ANNUAL REPORT OF THE BOARD OF DIRECTORS for the financial year 2015*****2.2. Description and analysis of the wear and tear degree of the company's properties.***

On December 31st, 2015, the accumulated depreciation of the fixed assets, tangible assets (expressed in lei) is as follows:

<b>Depreciation of tangible assets</b>	<b>Balance on 01.01.2015</b>	<b>Balance on 31.12.2015</b>
Lands-(developments)	20,670,379	22,220,959
Constructions	830,582,968	877,344,437
Technical equipment and machinery	1,270,108,593	1,415,328,862
Other facilities, equipment and furniture	4,713,001	5,483,894
<b>Total</b>	<b>2,126,074,941</b>	<b>2,320,378,152</b>

***2.3. Potential problems related to the ownership right regarding the tangible assets of the company.***

1. During 2015 the company did not record any claims relating to the right of ownership regarding the tangible assets.

2. On September 10<sup>th</sup>, 2010, ANAF (the Agency for Fiscal Administration) has issued a Resolution on the establishment of distraint upon property on all shares owned by Rompetrol Rafinare in its affiliated companies, as well as upon the tangible and intangible assets of Rompetrol Rafinare, except stocks. This measure is still effective, but as of the date of this report, this distraint on property does not produce any direct effects on the recurring operations of the Company.

On the date of drafting the present report, the Romanian state renounced the actions of suing within all litigation pending trials, the object of which was in connection with the modality of applying the provisions of the GEO no 118/2003, approved with amendments by Law no 89/2005.

The redemption of debts of Rompetrol Rafinare SA to the Romanian government, generated by the modality of applying GEO no 118/2003, with the subsequent amendments, determines us to envisage that the distraint presented in this chapter shall be soon renounced at, this remained without the object.

3. A file no. 20625/212/2011 is pending the High Court of Cassation and Justice, on the appeal brought by the Navodari city hall against the judgments of the first and second Court declaring the admissibility of the Company's request to establish an ownership right on the



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following real estate properties located in Navodari, Constanta county: Petrochimistul Club (3 Tineretului street), the Boxing Hall (31-33 Cabanei street) and an apartment (Intervention Block, 10 Frunzelor street). As of the date of this report, the appeal by the Navodari city hall has been overturned. The three objectives will be included in the land register.

4. A file no. 28860/281/2014 is pending before the Ploiesti Tribunal, on the action brought by the Paediatric Hospital of Ploiesti whereby the Court is requested to establish the ownership of the hospital on the medical facility from the premises of the Company's Unit in Ploiesti. The action was suspended.

5. Throughout 2015, the update procedure for the company's cadastral application was underway, to register its ownership right on the land, within the Land Register, in relation to the cadastral application of company UTM MIDIA S.A. by means of this update, there is no modification to the total surface occupied by the two companies, but only to the position of one another.



### **3. SECURITIES ISSUED BY THE COMPANY**

The issuers whose securities are admitted for trading on a regulated market shall include the Declaration of compliance or rejection of the provisions of the Corporate Governance Code (the „Apply or Explain” Statement). Thus, all relevant information on corporate governance practices have been included in the Corporate Governance section and the “Corporate Governance Declaration” of the 2015 Annual Report.

#### ***3.1. The markets in Romania and in other countries on which the securities issued by the company shall be negotiated***

With effect from April 07th, 2004 the company's shares are traded on a regulated market operated by the Bucharest Stock Exchange S.A. ( "BVB" ).

The shares of the Rompetrol Rafinare are traded in their entirety at the category II of the BVB. On 31.12.2015, the total number of shares to be issued by the Issuer is 44,109,205,726 , representing a total value of the share capital of 4,410,920,572.6 lei. The Company's shares are common, nominative, issued in dematerialised form, whose record is held by the DEPOZITARUL CENTRAL S.A. Bucharest.

In accordance with the legal provisions under the Articles of Incorporation, each share confers the shareholders the right to vote in the General Assembly of the Shareholders, the right to elect and be elected in the Management Bodies of the Company, the right to participate in the sharing of benefits and assets of the Company at the dissolution of the Company, as well as other rights established by law. The ownership right and any other attributes thereof on the shares shall be transmitted in accordance with the provisions of the legislation of the capital market.

Regarding the shares, transferring them is not restricted, shall be carried out in accordance with the legal provisions applicable and with the provisions of the Articles of Incorporation of the Company.

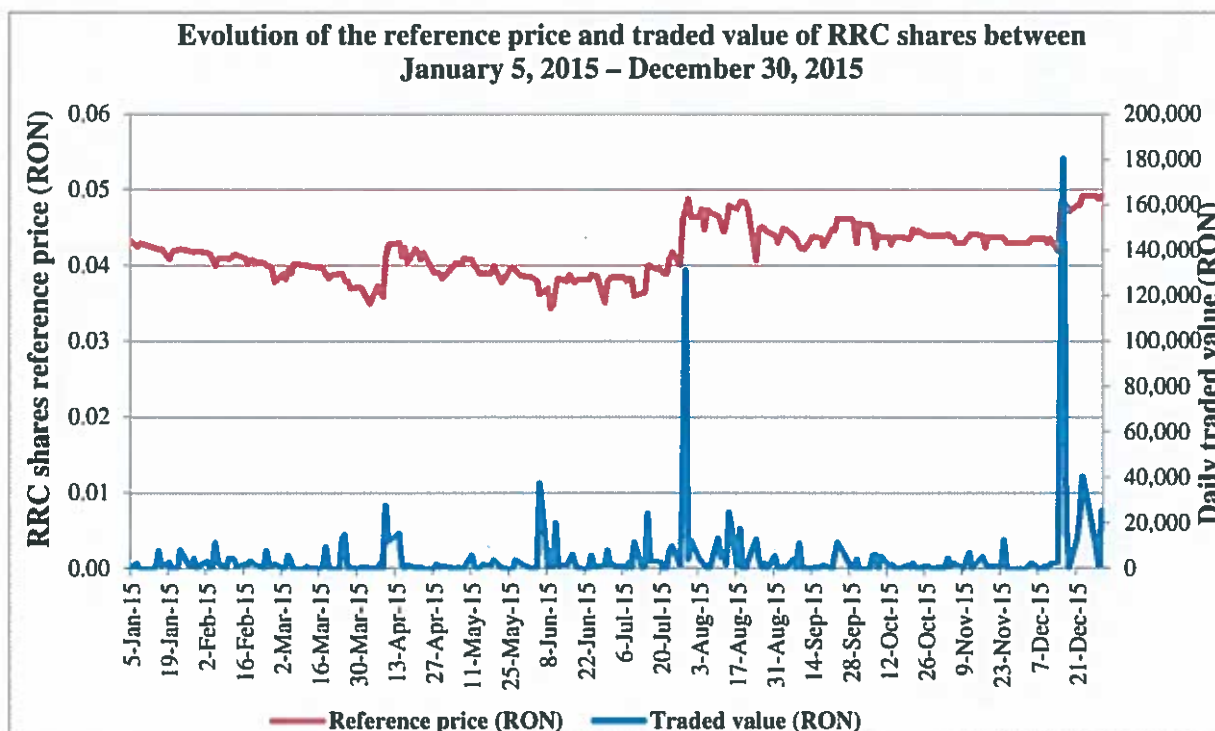
<b>The symbols of Rompetrol Rafinare shares:</b>	
The Bucharest Stock Exchange	RRC
Bloomberg	RRC RO



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The Rompetrol Rafinare shares	2012	2013	2014
Number of shares	44,109,205,726	44,109,205,726	44,109,205,726
Stock exchange capitalization, mil. lei <sup>4</sup>	1,887.874	1,856.998	2,170.173
Stock exchange capitalization, mil. Euro <sup>5</sup>	422.920	414.194	479.225
Maximum price, lei <sup>6</sup>	0.0589	0.052	0.0492
Minimum price, lei <sup>7</sup>	0.0309	0.04	0.0344
Price at the end of the year, lei	0.0421	0.0415	0.0492



The weighted average price (PMP) of the RRC shares in the course of the year 2015 = 0.043802629 lei/share; the volume traded in December represents 34,51% of the total volume traded in 2015 (total volume traded in 2015 = 1,255,134.86 lei)

### *Shareholders of the Rompetrol Rafinare*

Throughout the period in question there did not take place any changes likely to affect the value of the share capital of the company.

<sup>4</sup> Calculated on the basis of the price of the share on the last transaction day of the year under consideration, respectively on December 30<sup>th</sup>, 2015;

<sup>5</sup> Calculated at the euro exchange rate (4.5285) of the last trading session of the year under consideration, respectively December 30<sup>th</sup>, 2015

<sup>6</sup> Recorded on December 23<sup>rd</sup>, 2015.

<sup>7</sup> Recorded on June 9<sup>th</sup>, 2015.

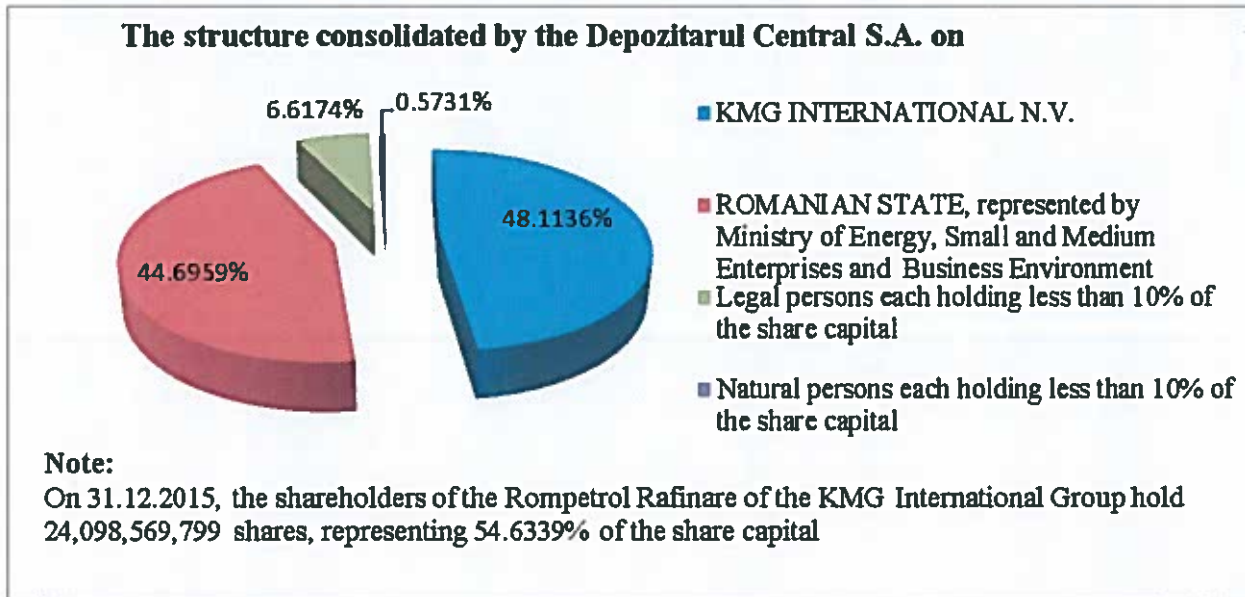




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According to the Register of Shareholders starting on the consolidation date of December 31<sup>st</sup>, 2015, the structure of the significant shareholders of the company is shown in the graphic below:



Source: Depozitarul Central, Rompetrol Rafinare S.A.

**3.2. Dividends.**

On December 31<sup>st</sup>, 2013, ROMPETROL RAFINARE has registered a loss of 224,025,999 lei.

On December 31<sup>st</sup>, 2014, ROMPETROL RAFINARE has registered a loss of 1,074,861,979 lei.

**Taking into account the above mentioned facts, the company could not grant dividends to the shareholders for the financial years 2013 and 2014.**

At December 31<sup>st</sup> 2015, ROMPETROL RAFINARE registered a profit of 84.291.996 lei, suggested by the Administration Board of Administrație al Rompetrol Rafinare to be split as following:

- Legal reserve 4,214,600 lei
- Coverage of account loss of the previous years 80,077,396 lei.



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### ***3.3. Own shares***

ROMPETROL RAFINARE S.A. held on December 31<sup>st</sup>, 2015 a number of 6,134,701 own shares with a nominal value of 0.10 Lei each, amounting 613,470.10 lei, representing 0.0139% of the registered capital of the Company.

In 2015, the company did not trade (bought, respectively sold) own shares.

### ***3.4. The number and nominal value of the shares issued by the parent company, owned by subsidiaries.***

In 2015, the subsidiaries of society have not held shares issued by Rompetrol Rafinare.



## 4. THE MANAGEMENT OF THE COMPANY

### 4.1. The company management

The Administration Board is responsible with fulfilling all measures necessary to performing as well as supervising the activity of the Company. Their organizational composition, attributions and responsibilities are set in the Company's Articles of Incorporation.

In 2015, the Board of Directors has changed as follows:

I) Based on the Resolution No. 1/2015 approving the election of **Mr. Yedil Utekov<sup>8</sup>** as a permanent member of the Company's Board of Directors. By the same Resolution no. 1/2015, **Mr. Bogdan-Nicolae Badea** was elected as a member of the Company's Board of Directors following the dismissal of Mr. Károly Borbely, requested by the majority shareholder, the Romanian State, represented by the Ministry of Energy, Small and Medium Enterprises and the Business Environment. The mandate of the two new members of the Board of Directors, chosen within this general assembly, was set up to 30.04.2018 (the date of expiry of the other administrators to hold the position at the date of election).

II) Resolution no 5/2015 adopted by the Shareholders' Ordinary General Assembly of June 12<sup>th</sup> 2015, upon the suggestion of the significant shareholder, the Romanian State, represented by M.E.I.M.M.A.<sup>9</sup> through Trade Company General Division, on behalf of the Romanian Government approved:

- the recall of **Bogdan-Nicolae Badea<sup>10</sup>** as a member of the Board of Directors of the Company and
- the election of **Mr. Nicolae Bogdan Codruț Stănescu** as a member of the Board of Directors of the Company with a mandate starting with June 12<sup>th</sup>, 2015 up to 30.04.2018 (the date of expiry of the mandate granted to the members of the Board of Directors holding the position at the date of appointing).

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<sup>8</sup> By decision of the Board of Directors of 01.10.2014, Mr. Yedil Utekov was appointed interim administrator of the Board of Directors following the termination by resignation of the mandate as a member of the Board of Directors of Mr. Sorin Graure.

<sup>9</sup> With the present assignation as the Ministry of Energy.

<sup>10</sup> Mr. Bogdan-Nicolae Badea addressed to Rompetrol Rafinare his resignation request from the position held as member of administrator of the Company, starting with 28.04.2015. This resignation was published in the present Report no 3720 submitted to the institutions of the capital market on 28.04.2015.



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**III) Resolution no 6/2015** adopted by the Shareholders' Ordinary General Assembly of June 20<sup>th</sup>, 2015, upon the suggestion of the significant shareholder, M.E.I.M.M.M.A. through Trade Company General Division (D.G.S.C.), by request application no. D.G.S.C. 1501799 dated 21.04.2015 (respectively no RRC 673/22.04.2015), approved:

- recall of Mr. **Gabriel Dumitrașcu** as a member of the Board of Directors of the Company and
- election of Mr. **Mihai-Liviu Mihalache** as a member of the Board of Directors of the Company, with a mandate starting on 20 July 2015 until 30.04.2018 (the date of expiry of the mandates of the members of the Board of Directors, holding the position at the date of the appointment).

Upon drawing up of the present Annual Report, the composition of the Board of Directors was as following:

- **Mr. Azamat ZHANGULOV, Kazakh citizen, President of the Board of Directors;**
- **Mr. Alexandru Nicolcioiu, Romanian citizen Member of the Board of Directors;**
- **Mr. Yedil Utekov, Kazakh citizen, Member of the Board of Directors;**
- **Mr. Nicolae Bogdan Codruș Stănescu, Romanian citizen, Member of the Board of Directors;**
- **Mr. Mihai-Liviu Mihalache, Romanian citizen, Member of the Board of Directors;**

a) Next, we present the most relevant elements concerning the qualification and professional experience of the administrators of the Company, holding their positions on 31.12.2015.

Name and first name	Age (years)	Position held in the Managing Board and length of service	Other information (qualifications, professional experience)
Azamat Zhangulov	36	<p>- <b>President of the Board of Directors from 6 August 2012 to 29 April 2014.</b>  <b>Reelected on this position on 30 April 2014 for a 4-year term.</b></p> <p>- elected as Administrator by Resolution no. 5/2012, adopted by the Ordinary General Meeting of the Shareholders of 26.10.2012, for a mandate which expired on 30.04.2014. Re-elected by Resolution no. 2/2014 for a 4-year term as Administrator of the Company, until 30 April 2018.</p>	<p>Graduated from the Faculty of international Economic Relations in the Management Academy of Kazakhstan.</p> <p>Over 12 years in the crude oil field, of which 9 years he has worked with various companies of the KazMunayGasGroup .</p> <p>He has joined the team of the KazMunayGas Group in April 2003, initially occupying the position as Senior Manager of the Corporate Development Department and Senior Manager of the Resources Department in the National Company "KazMunayGas".</p> <p>In 2007, he was appointed Deputy Director of the Department for Corporate Development. A year later, he accepted a new challenge by taking over the position as Adviser to the CEO within the Trade House KazMunayGas, where his role was to make proposals for the improvement of the operations within the distribution network. Shortly after he was appointed as Director of the Department for Management of the External Projects. In 2009, he became the General Manager in the same</p>



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Name and first name	Age (years)	Position held in the Managing Board and length of service	Other information (qualifications, professional experience)
			<p>company.</p> <p>Prior to joining the KMG International Group team, he held the position of Director of the Department for Management of the Foreign Investments in the National Company "KazMunayGas" for a period of two years, being responsible for the management of foreign investment, but also for projects which were led by Rompetrol or international mergers and acquisitions.</p> <p><i>Responsibilities:</i> Senior Vice-President of the KMG International Group.</p>
<p><b>Alexandru Nicolcioiu</b></p>	<p>64</p>	<p><b>Member of the Board of Directors:</b> <b>23.09.2010 - present;</b></p> <p>Mandate which expires on 30.04.2018 (date of expiry of the mandates of all Directors).</p> <p>He has held the position as President of the Board of Directors of Rompetrol Rafinare in the subsequent periods: 30.04.2010 – 22.09.2010; provisory appointment from 25.02.2010 until the General Ordinary Meeting from 30.04.2010; 25.02.2006 – 25.02.2010; 26.02.2001 – 25.02.2006; 1990 - 1998</p>	<p>Graduated from the Faculty of Technology, Chemistry of Petroleum and Natural Gas from the Faculty of Petroleum, Gas, and Geology Bucharest, 1975, engineering diploma;</p> <p>Started working in the company in the year 1975; during 1990 - 1998 held the position as General Manager of the company. He is one of the few employees of the KMG International Group which has been with the company for more than 30 years, having an extensive experience in the activities regarding oil and gas.</p> <p>Doctorate at the University of Petroleum and Natural Gas Ploiești - "Strategies regarding engineering and technical/technological risk management in the processing of hydrocarbons".</p> <p><i>Responsibilities</i>Coordinating manager of the Production Block in the KMG International Group, which includes the two refineries (Petromidia and Vega) and the Petrochemical.</p>
<p><b>Yedil Utekov</b></p>	<p>39</p>	<p><b>- Permanent member of the Board of Directors since 04.03.2015.</b></p> <p>- Interim member in the Board of Directors between 01.10.2014 – 03.03.2015.</p> <p>Mandate which expires on 30.04.2018 (date of expiry of the mandates of all Directors).</p>	<p>Graduate of the Natural Resources and Hydrocarbons Chemical Engineering at the State Technical university of Astrakhan, Russia.</p> <p>With a professional experience of more than 10 years in the field of oil and gas, he joined the KMG International Group in January 2010 as an Assistant General Manager of Rompetrol Petrochemicals S.R.L.</p> <p>Elected as General Manager of Rompetrol Rafinare since 12 June 2014, and former General Assistant Manager of the same company since January 2013.</p> <p>Began his oil and gas career in 2001 as a process operator at the Akasarskiy Gas Processing Plant of Russia.</p> <p>Between September 2001 and June 2002, he was an</p>



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Name and first name	Age (years)	Position held in the Managing Board and length of service	Other information (qualifications, professional experience)
			<p>operator at ZAO Intergaz Central Asia, Kazakhstan.</p> <p>Beginning with June 2002, he was promoted from the position of engineer at the Atyrau Refinery to that of Environment, Technology, Health and Safety manager.</p> <p>In April 2005 – April 2010, he worked at Agip KCO in Atyrau, Kazakhstan. The last position in this company was that of Group Coordinator for Technical Inspection and Control in the period August 2008 – April 2010.</p>
<p>Nicolae Bogdan Codruș Stănescu</p>	<p>41</p>	<p><b>Member of the Board of Directors: 12.06.2015 – present;</b></p> <p>Mandate which expires on 30.04.2018 (date of expiry of the mandates of all Directors).</p> <p>He was selected as a member of the Board of Directors within the Shareholders' General Assembly on June 12th, 2015 with a mandate to expire on April 30th, 2018.</p>	<p>It's the representative of the Ministry of Energy<sup>11</sup>, in the Board of Directors of Rompetrol Rafinare.</p> <p>Within the Ministry he holds the position of General Director of General Directorate of Privatiation and State Participation Administration.</p> <p>Holding a Ph. D. In Law, he is licensed in law sciences since 1996, being at the same time a graduate of Petroleum and Gas Institute, in 1999. He graduated Masters programmes on "Law Conflict Mediation" (Titu Maiorescu University), "National Security and Defense" (National Defense University Carol I), "European Public Space" (National School of Political and Administrative Studies), "International Public Law" (Police Academy Alexandu Ioan Cuza, Bucharest). He also underwent specializations in banking, holding two certifications of the Romanian Banking Institute – European Banking Certificate and Bank Mediation.</p> <p>Starting with 1998, he held the positions of expert legal consultant with the State Real Estate Fund, director with APAPS Bucharest, Director of the Legal Departamnt on Privatiosation within the Authority for Capitalization of the State's Assets, as well as General Director of he General Legal Directorate within the same institution (2007 – 2010).</p> <p>Throughout 2013 – 2014, he held the position of expert with the Purchase Division of Nuclearelectrica National Company.</p> <p>Starting with 2010 up to present, he has been holding the position of adviser of the Vicegovernor of the National Bank of Romania, and starting with 2013, he held the position of personal legal adviser to the Minister of Economy.</p> <p>From January 2015 up to present he has been holding the position of General Director with General Directorate for Privatiation and Adsmistration of the State's Participations with the Ministry of Energy.</p>

<sup>11</sup> The former Ministry of Energy, Small and Medium Enterprises and Business Environment

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Name and first name	Age (years)	Position held in the Managing Board and length of service	Other information (qualifications, professional experience)
Mihai-Liviu Mihalache	37	<p><b>Member of the Board of Directors: 20.07.2015 – present;</b></p> <p>Mandate which expires on 30.04.2018 (date of expiry of the mandates of all Directors).</p> <p>He was selected as a member of the Board of directors within the Shareholders' General Assembly dated Shareholders' General Assembly din data de July 20th, 2015 with a mandate to expire on April 30th, 2018.</p>	<p>He is the representative of the Ministry of Energy.</p> <p>Licensed in Legal Sciences in 2001.</p> <p>He held the position of legal consultant with Tehnomon S.R.L. Throughout 2003 – 2007 and 2010 - 2013 he held the position of lawyer with 'Mihalache Mihai Liviu' Law Office. Throughout 2007 – 2010 he held the position of parliamentary expert with the Permanent Electoral Authority – Oltenia South – West Subsiadiary.</p> <p>He was appointed director with the State Secretary Office within the Ministry of Economy, from July to September 2013 and deputy head of the State Participation Bureau for Privatisation and Industry (OPSPI) within the same institution, and from October 2013 to February 2014. Subsequently he became head of the OPSPI, up to January 2015.</p> <p>From May 2015 until February 2016 he held the position of General Director of the General Directorate for Trade Companies within M.E.I.M.M.M.A..</p> <p>From February 2016, holding the position of expert with the General Directorate for Privatisation and Administration of State Energy Participations – Department of Participation Administration – Legal, Liquidation and Insolvency Compartment within the Ministry of Energy.</p> <p>He was elected as a member of the Board of Director within the Shareholders' General Assembly dated July 20th, 2015 with a mandate to expire on 30.04.2018.</p>

***b) any agreement, understanding or family connection between the Director in question and another person, due to which the person has been appointed as Director.***

As far as the Directors are aware, there was no agreement, understanding or family connection between the Directors and another person that has been appointed as Director.

***c) The participation of the Director in the share capital of the Company;***

According to the consolidated Register of the Shareholders of the Company as of 31.12.2015 issued by the Depozitarul Central S.A., the directors do not own Company shares.

***d) The list of persons affiliated to the company;***

None of the members of the Company Board of Directors is a person affiliated to the Company, within the meaning of the CNVM Regulation No.1/2006.

**ROMPETROL RAFINARE S.A.****ANNUAL REPORT OF THE BOARD OF DIRECTORS for the financial year 2015**

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#### ***4.2. The members of the company's Executive Management***

##### ***a) The period for which the person is part of the Executive Management;***

In accordance with the provisions of the Articles of Incorporation of the Company, the only positions which may delegate the Management of the Company on the basis of the provisions of Article 143 of the Law 31/1991 regarding Companies are those as General Manager and Financial Manager. Any other position as Manager in the Company (human resources manager, commercial manager, managing director, IT Manager, etc), regardless of its name, does not involve the management of the company.

On 31.12.2015, the two Managers who have been appointed as Managers within the meaning of the above, have been:

<b>Name and first name</b>	<b>Position</b>
Yedil Utekov	General Manager
Giani-Iulian Kacic	Financial Manager

The Members of the executive management shall perform the positions held for a mandate that will expire on 30.04.2018 (together with the administrators who have chosen them in these positions).

##### ***b) any agreement, understanding or family connection between that person and another person due to which the person concerned has been appointed as a member of the executive management;***

We have no knowledge of cases of agreements, understandings or family connections between the members of the executive management and other persons due to which they have been appointed.

##### ***c) The participation of this person in the Company.***

None of the two Managers under the table of 4.2 a) hold shares in the Company.

#### ***4.3. Any litigations or administrative procedures in which the persons referred to in sections 4.1 and 4.2. have been involved, in the last 5 years***

None of the two actual Managers under the table of 4.2 a) have not involved in the litigations or administrative procedures.



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Starting with 22 March 2005 and as of the date of this report, the investigations concerning current and past administrators, officers and external censors of Rompetrol Rafinare S.A. (“RRC”) have been formally developing (despite certain discontinuities occurred from time in the course of the criminal investigation stage), aflându-se și în prezent în faza de urmărire penală. At present, the Prosecutors’ General Office attached to the High Court of Cassation and Justice (“PGO”-DIICOT) is investigating only one of the current administrators.

The charges apprehended upon the initiation of the investigation were: a) failure to fulfill the investment commitments undertaken under the privatization contract concerning the Parent; b) unlawful statement of excises and other debts to the state budget; c) incorrect maintenance of accounting registries regarding the transactions undertaken at the oil terminal owned by Oil Terminal. These charges concern events taken place during April 2001 – October 2002. d) situația adoptării OUG 118/2003.

The said charges have been disjoined by the prosecutors’ office from the initial file in 2004 (which has been sent to trial following such disjoining și care în prezent este soluționat definitiv) and are subject to a separate file currently open before PGO - DIICOT.

#### ***4.4. Changing the Articles of Incorporation***

The Articles of Incorporation may be amended by Resolution of the General Meeting of the Shareholders, in accordance with the provisions of Law no. 31/1990 regarding Companies, in conjunction with the provisions of the Articles of Incorporation. The Articles of Incorporation may also be amended by the Managing Board of the Company, by delegation of powers by the Meeting of the Shareholders in accordance with the provisions of Art. 114 of Law no. 31/1990 regarding Companies.



## 5. FINANCIAL STATEMENT

*The presentation of an analysis of the current economical - financial statement as compared to the last 3 years, with reference at least to:*

*a) The balance sheet items: assets representing at least 10 % of the total assets; cash and other cash equivalent; reinvested profits ; total current assets; total current liabilities;*

### **THE SITUATION OF THE MAIN INDICATORS DURING THE PERIOD 31.12.2013 to 31.12.2015**

#### **A. BALANCE SHEET INDICATORS**

	2015		2014		2013	
	Lei	%	Lei	%	Lei	%
Intangible assets	13,330,284	0.2%	16,483,262	0%	17,153,647	0%
Goodwill	152,720	0.0%	152,720	0%	152,720	0%
Tangible assets	3,139,544,566	47.5%	2,916,858,752	47%	3,034,357,994	42%
Financial assets	1,629,020,055	24.6%	1,629,020,055	26%	2,005,537,969	27%
Deferred tax receivables	228,038,083	3.4%	-	0%	-	0%
<b>Total fixed assets</b>	<b>5,010,085,708</b>	<b>75.7%</b>	<b>4,562,514,789</b>	<b>73%</b>	<b>5,057,202,330</b>	<b>69%</b>
Stocks, net	520,212,512	7.9%	776,190,757	12%	850,210,844	12%
Debts and expenses						
Registered in advance, net	1,073,860,703	16.3%	909,185,096	15%	1,161,041,280	16%
Secondary financial instruments	-	0.0%	197,164	0%	-	0%
Cash at bank and in hand	6,773,869	0.1%	13,902,875	0%	226,547,312	3%
<b>Total Current assets</b>	<b>1,828,885,167</b>	<b>28%</b>	<b>1,699,475,892</b>	<b>27%</b>	<b>2,237,799,436</b>	<b>31%</b>
<b>TOTAL ASSETS</b>	<b>6,610,932,792</b>	<b>100%</b>	<b>6,261,990,681</b>	<b>100%</b>	<b>7,295,001,766</b>	<b>100%</b>

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	2015		2014		2013	
	Lei	%	Lei	%	Lei	%
Subscribed Share Capital	4,410,920,573	67%	4,410,920,573	70%	4,410,920,573	60%
Registered capital associated inflation	-	0%	-	0%	5,734,750,095	79%
Premium related to capital	232,637,107	4%	232,637,107	4%	232,637,107	3%
Other reserves	3,172,596,294	48%	3,166,150,587	51%	3,177,546,654	44%
Reported loss	(6,637,120,634)	-100%	(5,558,044,055)	-89%	(11,068,768,151)	-
Result of the current financial year	84,291,996	1%	(1,074,861,979)	-17%	(224,025,999)	-3%
<b>Total Own Capitals</b>	<b>1,263,325,336</b>	<b>19%</b>	<b>1,176,802,233</b>	<b>19%</b>	<b>2,263,060,279</b>	<b>31%</b>
Long term bank loans	299,687,700	5%	-	-	-	0%
Provisions	246,183,634	4%	245,382,943	4%	233,695,537	3%
<b>Total debts on the long run</b>	<b>545,871,334</b>	<b>8%</b>	<b>245,382,943</b>	<b>4%</b>	<b>233,695,537</b>	<b>3%</b>
Commercial debts & Other debts	3,457,659,668	52%	3,595,085,286	57%	3,691,822,654	51%
Secondary financial instruments	-	0%	914,252	0%	119,701	0%
Short term loans from subsidiary companies	1,187,404,941	18%	1,032,295,855	16%	1,096,068,180	15%
Short term bank loans	156,671,513	2%	211,510,112	3%	43,699	0%
Provisions – currently	-	0%	-	0%	10,191,716	0%
<b>Total current debts</b>	<b>4,801,736,122</b>	<b>73%</b>	<b>4,839,805,505</b>	<b>77%</b>	<b>4,798,245,950</b>	<b>66%</b>
<b>TOTAL DEBTS AND OWN CAPITAL</b>	<b>5,347,607,456</b>	<b>81%</b>	<b>5,085,188,448</b>	<b>81%</b>	<b>5,031,941,487</b>	<b>69%</b>

- i) Within the assets, a major share (47.5%) is that of **tangible assets** – lands, constructions, technical installations, underway tangible assets.



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At the end of 2015 these amounted to 3,139,544,566 lei, higher by 8% than the value registered in 2014, respectively by 3% higher vs the one registered in 2013, particularly influenced by the following factors:

- carrying out new investment;
- depreciation (depreciation of fixed assets).

ii) In case of **financial assets (24.6%)**, the entire value (1,629,020,055 lei) is represented by shares held in affiliates. Their value was maintained at the same level registered at the end of 2014.

iii) **The debts and expenses registered in advance (16.27%)** were higher than those of 31.12.2014 by 18%.

iv) **The registered capital (67%)** registered a value similar to that at the end of 2014 and 2013, respectively 4,410,920,573 lei;

v) **Own capitals**, registered the value of 1,263,325,336 lei, higher by 7% than on 31.12.2014 and by 79% lower than the value of the own capitals at the end of 2013. The Company's net asset diminished by approx 28.64% of the value of the registered capital, amounting to 1,263,325,336 lei.

This situation (of the relationship between the net asset and registered capital), should be settled within the deadline stipulated by the law, in compliance with the provisions of art. 153<sup>^</sup>24 of Law no 31/1990, regarding trade companies.

The administrators intend to follow the evolution of this situation and, subsequent to the approval of the current financial situation, to call upon the Shareholders' General Assembly, to confirm the continuation of the company and taking up of measures stipulated by the law, if within this time frame the company's net assets is not realigned to the level stipulated by the law.

vi) **The commercial debts and other debts** at the end of 2015 registered a downfall by approx 4% to their value registered on 31.12.2014 and a downfall by 7% to the value registered in 2013.

vii) As to **short term loans with other companies**, their level reached 2015 an increase by 15% to that of 2014. There was also an increase by 8% to the level of 2013.



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*b) The profit and loss account: net sales; gross revenue; elements of costs and expenses incurred with a weight of at least 20% in net sales or gross income; provision of risk and for the various expenditures; reference to any sale or shut down of a segment of activity carried out over the last year or which is to be made in the following year; declared and paid dividends;*

**B. FINANCIAL INDICATORS**

Continuous activities	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Net turnover</b>	<b>9,811,196,252</b>	<b>13,490,672,651</b>	<b>11,748,666,980</b>
Gross incomes on the sales of petroleum finished goods	13,381,679,383	17,110,802,584	14,498,121,251
Incomes on sales of goods	25,126,572	52,454,259	8,139,117
Incomes on sales of utilities	8,362,308	8,948,090	92,368,288
Incomes on sales of other products	344,264	1,889,014	-
Incomes on rents and other services	12,691,852	9,998,624	24,239,539
<b>Gross turnover</b>	<b>13,428,204,379</b>	<b>17,184,092,571</b>	<b>14,622,868,195</b>
Minus sales associated taxes	(3,617,008,127)	(3,693,419,920)	(2,874,201,215)
<b>Total</b>	<b><u>9,811,196,252</u></b>	<b><u>13,490,672,651</u></b>	<b><u>11,748,666,980</u></b>
<b>Cost of sold production</b>	<b>(9,406,207,259)</b>	<b>(13,405,551,055)</b>	<b>(11,869,849,931)</b>
from which:			
Crude oil and other raw materials	8,441,193,126	12,554,394,868	11,152,447,108
Utilities	309,638,302	346,588,534	345,711,658
<b>Gross profit/ (Loss)</b>	<b>404,988,993</b>	<b>85,121,596</b>	<b>(121,182,951)</b>
Distribution and general administrative expenses	(223,045,325)	(190,901,883)	(180,629,508)
Other operational incomes/(expenses)	222,266,341	(44,754,870)	83,328,565
<b>Operational Profit / (Loss)</b>	<b>404,210,009</b>	<b>(150,535,157)</b>	<b>(218,483,894)</b>
Financial expenses	(127,796,953)	(487,321,136)	(111,101,539)
Financial income	3,268,964	1,797,457	7,634,279
Net (Losses)/ gains on exchange rate difference	(423,428,107)	(438,803,143)	97,925,155
<b>Gross los</b>	<b>(143,746,087)</b>	<b>(1,074,861,979)</b>	<b>(224,025,999)</b>

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<b>Continuous activities</b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Incomes on deferred tax liability	228,038,083	-	-
<b>Year Profit/(Year Loss)</b>	<b>84,291,996</b>	<b>(1,074,861,979)</b>	<b>(224,025,999)</b>

- i) **The net turnover** registered on 31.12.2015 was lower by 27% than the one registered at the end of the previous year and by 16% lower than that of 2013, mainly due to the downfall of quotations on sales of finished goods vs previous year. Thus, the quotations on gasoline dropped in 2015 by 38% vs 2014 and on Diesel fuels by 42%.
- ii) Concerning the **cost on sold production**, this registered attenuation by 30% vs 2014 and by 21% vs the value registered at the end of 2013.
- iii) On 31.12.2015, Rompetrol Rafinare S.A. registered a **net operational profit (on exploitation)** of 404,210,009 lei, vs the negative results (losses) registered in 2014 (150,535,157 lei) and 2013 (218,483,894 lei) respectively.
- iv) **The financial expenses** registered significant downfall vs 2014 (from 487,321,136 lei to 127,796,953 lei) and remained at a level similar to that registered on 31.12.2013. There's also to mention that at the end of 2015 there were losses registered on the exchange rate differences in amount of 423,428,107 lei, lower by 15,375,036 lei than those of 2014 but higher than those of 2013 by 325,502,952 lei. The unfavourable exchange rate differences registered at the end of 2015 were due to the continuous depreciation of the national currency to the USD. Thus, if at the beginning of the year 1 USD = 3.7742 lei, on 31.12.2015, 1 USD = 4.1477 lei.
- v) Concerning the **final year result**, on 31.12.2015, the Company registered a profit of 84,291,996 lei, following the losses registered the previous years. According to the legal provisions in force, 5% of the profit shall be incorporated as legal reserve (4,414,600 lei) following that the difference of 80,077,396 lei be used to cover the account losses of the previous years.

*c) cash flow: all changes which have taken place at cash level in the main activity, investment and financial activities, the cash at the beginning and at the end of the period*



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In 2015, the situation of net cash flows reflected the company's effort to effectively harmonize the cash flow needs from operating activities with a balanced financing policy.

The cash flows from operating activities have been influenced by the increase of the trade receivables, and the decrease of stocks and commercial debts. At the end of 2015, the Brent crude oil reached 35.74 USD/barrel, as compared with 54.98 USD/barrel at the end of 2014.

Beginning with 1 January 2014, the petrochemical activity was taken over by Rompetrol Rafinare S.A.



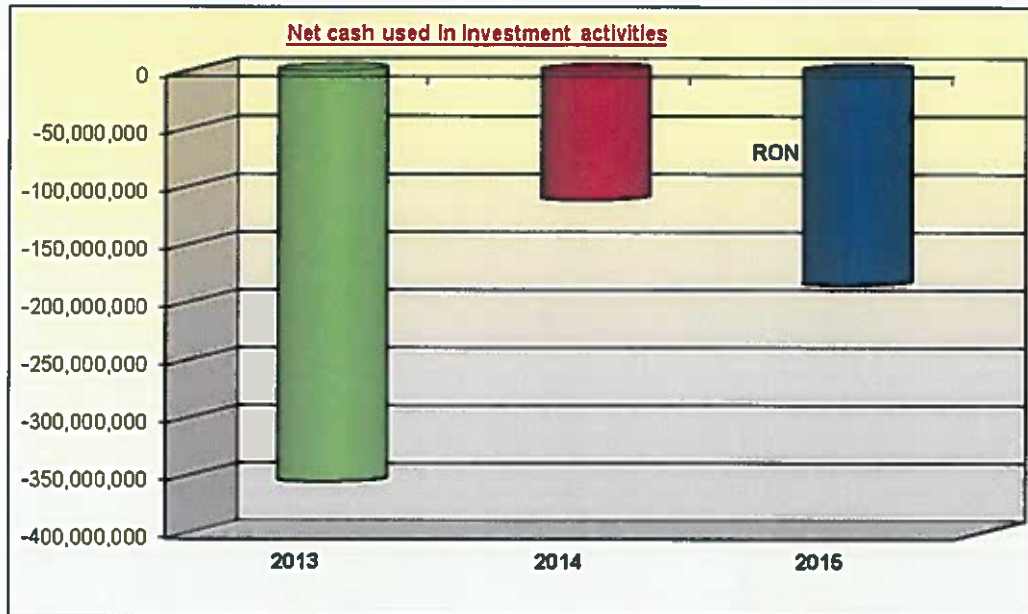
In 2015, Rompetrol Rafinare continued the implementation of new technologies to allow the processing of various types of crude oils and to obtain products at a quality imposed by the European standards, as well as an output increase of white products.

A permanent concern was that of aligning to the requirements of the European Union and of observing the requirements of the Directives regarding the promotion and use of bio-fuels and of the environment norms in force, especially with a view to reducing the emissions of nitrogen, sulphur oxides, volatile organic compounds and carbon dioxide and of depositing of toxic waste.

Hroughout October – November, there was a general turnaround of the refinery, scheduled every 5 years, a project which started aiming at periodically checking the machinery, changing the catalysts, performing maintenance works on the machinery etc.

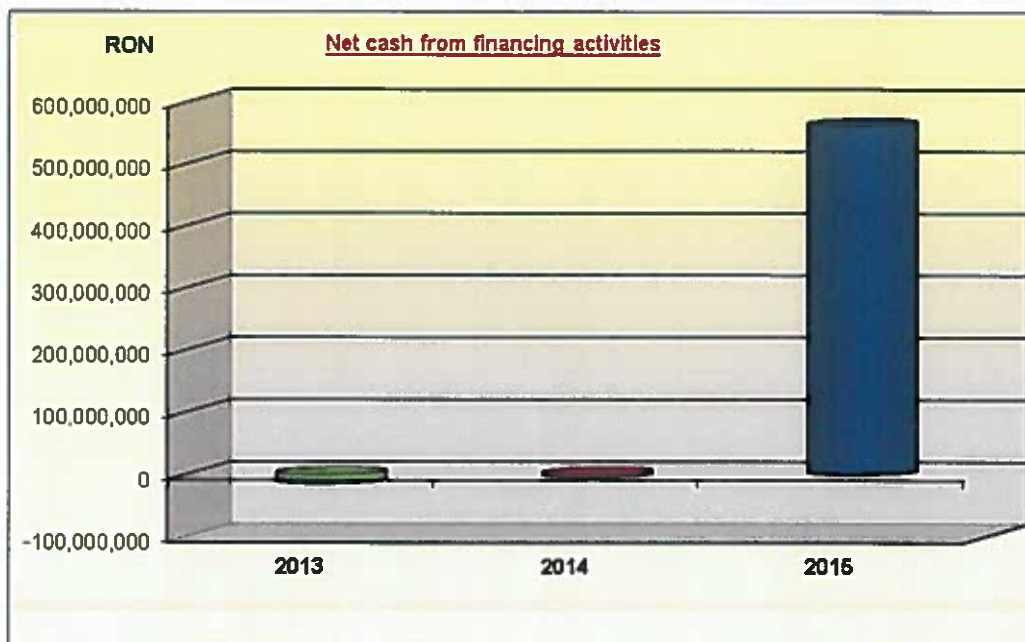


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The cash flow on financing activities is influenced by the fact that the Company benefitted from a Cash pooling contract – a system to optimize the account balance, with a view to sustaining both the needs generated by the investment activities and the development of the operational activity of the refinery, and by a long term facility – syndication credit.

Also, another factor which influenced the cash in the financing activity was the attenuation of exposing the company to Raiffeisen Bank with concern to the open working capital facility (facility taken over from Rompetrol Petrochemicals S.R.L.).







## **6. CORPORATE GOVERNANCE**

Rompetrol Rafinare is a trade company managed in unitary system, issuer of shares listed on the regulated market operated by Bursa de Valori București S.A. (Bucharest Stock Exchange) (“BVB”).

The admission to trading of the Company shares on the operated BVB market was decided by the Decision no. 27/25.03.2004 of the Stock Exchange Council regarding the admission for transaction and the trading starting date was April 7th 2004. Prior to this date the Company shares were listed on the regulated market operated by RASDAQ.

The Company shares are transacted at BVB under the market symbol “RRC”.

În septembrie 2015, BVB a emis noul Cod de Governanță Corporativă, care a intrat în vigoare începând cu data de 4 ianuarie 2016. The provisions of the new Code are presently submitted to an analysis project with the Company.

The Corporate Governance report of Rompetrol Rafinare S.A. for the year 2015 is drafted based on the Corporate Governance Code („CGC” or the „Code”), of Law no. 297/2004 regarding the capital market, as subsequently amended and supplemented, of the regulations and instructions issued by the National Commission of Shares and Bonds - „CNVM” (with new name Financial Supervisory of Authority), and of the stock exchange regulations.

The code has as purpose to guarantee high transparency and visibility conditions for all the shareholders and for all the third parties („stakeholders”).

### ***6.1. The BVB standards regarding the Corporate Governance***

According to the BVB rules contained in CGC, Rompetrol Rafinare partly and self-imposedly complies to certain principles and recommendations of the CGC, which also results from the Declaration of Conformity .

The Company proposes to improve the implementation manner of the principles and recommendations of CGC of BVB.

According to BVB standards, the Issuers whose financial instruments are transacted on the regulated market operated by BVB, have to transmit each year to BVB, a Declaration of compliance or incompliance with the provisions of CGC attached to the Annual Report.

The declaration corresponding to the year 2015 is enclosed with the current report.

Statement “Apply or Explain” (see Addendum 1 to the present report) is updated to January 26<sup>th</sup>, 2016 and presents the level of compliance of the Company to the new provisions of CGC BVB.

Rompetrol Rafinare shall continue to assess the provisions of the Code and any subsequent progress which the Company shall register in its attempt to comply to it, shall be reported to the market.

There shall also be reported all “negative” aspects (from conformity to non-conformity).



## *6.2. Information on the Board of Directors*

Just as mentioned at art. 4.1 of the present document, the Board of Directors is responsible with fulfilling all measures necessary to perform the activity of the Company, as well as to supervise its activity. Its composition, organization, attributions and responsibilities are set forth by the Articles of Incorporation of the Company.

According to the Articles of Incorporation updated on April 30<sup>th</sup> 2015, the Company activity is led by a Board of Directors consisting of 5 members, appointed by the General Ordinary Meeting of Shareholders, who can also be shareholders of the company, natural or legal persons, with Romanian or foreign citizenship respectively nationality.

Of the 5 members of the Administration Board, 3 are representatives of the main shareholder - KMG Internațional N.V. (of whom one is executive) and 2 representatives of the significant shareholder – the Romanian State by the Ministry of Energy, Small and Medium Enterprises and Business Environment.

The directors can be replaced in the following situations:

- a) At the expiry of the 4 years mandate or at another period established by the General Meeting of Shareholders when electing the director(s);
- b) In case of resignation, or recalling by the General Meeting of Shareholders.

Upon the mandate expiration any member of the Board of Directors may be reelected by the General Meeting of Shareholders.

The attributions of the Board of Directors, according to the Articles of Incorporation, are the following:

- a) establishes the main activity and development directions of the company;
- b) establishes the accounting and financial control system and approves the financial planning;
- c) appoints, recalls, respectively concludes and terminates of the contracts of the Company managers;
- d) supervises the managers activity;
- e) prepares the annual report, organizes the general meeting and implements its decisions;
- f) introduces the request for opening the company insolvency procedure, according to Law 85/2006 regarding the insolvency procedure;
- g) except for the legal documents for the adoption / conclusion of which the approval of the General Meeting of Shareholders is necessary, according to the imperative provisions of the law, approves the adoption / conclusion in the name of the company of the legal documents whose object exceeds the value of:
  - i) USD 50,000,000 in the case of the legal documents having as object the supply of crude oil, respectively the distribution of refined products;
  - ii) USD 20,000,000 in the case of the legal documents having another object than the supply of crude oil, respectively the distribution of refined products, the approval of the

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participation to the development of a company with a contribution exceeding this value, other documents with patrimony content exceeding this value limit;

h) to approve the Company organizational structure.

These attributions cannot be delegated to the company managers.

The Board of Directors also has the following attributions delegated by the General Extraordinary Meeting of Shareholders in the conditions provided by art. 114 of Law no 31/1990, republished:

- a) decides regarding the relocation of the company headquarters;
- b) decides regarding the change of the company activity object (except for the main domain and the main activities of the company);
- c) decides regarding the increase of the social capital by issuing new shares, according to the law.

The Board of Directors also meets other attributions, established as of right in their task, by virtue of the applicable normative acts.

Regarding the issuing of shares, the Board of Directors may initiate this operation within the share capital increase operations, exercised based on the attributions delegated according to the provisions of Law no. 31/1990 corroborated with the provisions of Law no. 297/2004.

Throughout 2015, the composition of the Board of Directors suffered many modifications.

Throughout 1<sup>st</sup> of October 2014 – 3<sup>rd</sup> of March 2015, the members of the Administration Board were as following:

- Mr. Azamat Zhangulov – non-executive administrator, elected President of the Administration Board until April 30<sup>th</sup>, 2018;
- Mr. Alexandru Nicolcioiu - non-executive administrator;
- Mr. Yedil Utekov – temporary executive administrator;
- Mr. Gabriel Dumitraşcu - non-executive administrator;
- Mr. Károly Borbely - non-executive administrator.

Throughout March 4<sup>th</sup>, 2015 – June 11<sup>th</sup>, 2015, the members of the Board of Directors were as following:

- Mr. Azamat Zhangulov - non-executive administrator, elected President of the Administration Board, until April 30<sup>th</sup>, 2018;
- Mr. Alexandru Nicolcioiu - non-executive administrator;
- Mr. Yedil Utekov - non-executive administrator;
- Mr. Gabriel Dumitraşcu - non-executive administrator;
- Mr. Bogdan-Nicolae Badea - non-executive administrator (strating with April 28<sup>th</sup>, the submitted his resignation form the position of memeber of the Boardof Directors).

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Throughout June 12<sup>th</sup>, 2015 – July 19<sup>th</sup>, 2015, the members of the Board of Directors were as following:

- Mr. Azamat Zhangulov - non-executive administrator, elected President of the Administration Board until April 30<sup>th</sup> 2018;
- Mr. Alexandru Nicolcioiu - non-executive administrator;
- Mr. Yedil Utekov - non-executive administrator;
- Mr. Gabriel Dumitrșcu - non-executive administrator;
- Mr. Nicolae Bogdan Codruț Stănescu - non-executive administrator.

Since July 20<sup>th</sup>, 2015 until at the date of the present report, the members of the Administration Board are as following:

- Mr. Azamat Zhangulov - non-executive administrator, elected President of the Administration Board until April 30<sup>th</sup> 2018;
- Mr. Alexandru Nicolcioiu - non-executive administrator;
- Mr. Yedil Utekov - executive administrator;
- Mr. Nicolae Bogdan Codruț Stănescu - non-executive administrator;
- Mr. Mihai-Liviu Mihalache - non-executive administrator.

### ***6.3. Information about the members of the Board of Directors of Rompetrol Rafinare on 31.12.2014***

*Name, year of birth, nationality, the duration of the mandate for each member of the Management Board, responsibilities in the Rompetrol Group, training and professional qualifications.*

The present Board of Directors consists as follows:

**Azamat Zhangulov**

Born in 1980, Kazakh citizen

Duration of administrator mandate: from 29.04.2014 to 30.04.2018

President of the Board of Directors as of 30.04.2014, non-executive member, and for the period 06.08.2012 – 29.04.2014.

President of the Board of Directors of KazMunayGas Trading A.G., DYNNEFF SAS, Rompetrol Exploration & Production SRL, Rompetrol Petrochemicals SRL, Palplast SA; sole administrator of Rompetrol Financial Group S.R.L.; member in the Board of Directors of KMG International N.V. and President of Rompetrol France SAS.

*Responsibilities:* Senior Vice-President of the KMG International Group.

*Training and professional qualification:* graduate of the Economic Kazakh Academy in international economy, petroleum industry.

Over 13 years experience in the crude oil field, of which 9 years he has worked within various companies of the KazMunayGas Group as Corporate Development Manager.

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**Alexandru Nicolcioiu**

Born in 1951, Romanian citizen

Average duration of an administrator's mandate: from 29.04.2014 up to 30.04.2018

Currently, a non-executive member of the Board of Directors.

He has held the position as Chairman of the Board of Directors of Rompetrol Rafinare under the following mandates: 1990 – 1998 and 26.02.2001 – 26.02.2006; 25.02.2006 – 25.02.2010; 26.02.2010 - 22.09.2010

*Responsibilities:* within KMG Group International, throughout 2015, he held the position of Director Grup Producție ("Chief Production Officer").

*Training and professional qualification:* graduate of the Faculty for the Technology and Chemical Processing of Oil and Gas at the Faculty of Oil, Gas and Geology of Bucharest, class 1975.

Doctorate at the University of Petroleum and Natural Gas Ploiești - "Strategies regarding engineering and technical/technological risk management in the processing of hydrocarbons".

With over 40-year activity in the field, of which 38 years in the Company, he has an extensive experience in the oil and gas activities.

During 1990 - 1998, he held the position as General Manager of the Company.

**Yedil Utekov**

Born in 1976, Kazakh citizen

Duration of administrator mandate: from 01.10.2014 to 30.04.2018<sup>12</sup>

Executive member of the Board of Directors

*Responsibilities:* General Manager of Rompetrol Rafinare S.A. and General Manager and member in the Board of Directors of Rompetrol Petrochemicals S.R.L.

*Professional training and qualifications:* graduate of the Chemical Engineering of Natural Resources and Hydrocarbons Faculty of the Astrakhan State Technical University, in Russia.

He began his oil and gas career in 2001 as a process operator at the Akasarskiy Gas Processing Plant of Russia, then as an operator at ZAO Intergaz Central Asia, Kazakhstan.

Beginning with June 2002, he was promoted from the position of engineer at the Atyrau Refinery to that of Environment, Technology, Health and Safety manager.

In April 2005 – April 2010, he worked at Agip KCO in Atyrau, Kazakhstan. The last position in this company was that of Group Coordinator for Technical Inspection and Control in the period August 2008 – April 2010.

With a professional experience of more than 10 years in the oil and gas industry, Mr. Yedil Utekov joined the KMG International Group (the former name Rompetrol Group) in January 2010 as Assistant General Manager of Rompetrol Petrochemicals.

He was elected as the Company's General Manager beginning with 12 June 2014.

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<sup>12</sup> Throughout 01.10.2014 – 03.03.2015, he held the position of temporary director. He was elected as permanent director by Resolution no 1/2015 adopted by the Shareholders' Ordinary General Assembly on 04.03.2015

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The two new administrator positions set up by Resolution no 7/2011 adopted by the Shareholders' Ordinary General Assembly on November 29<sup>th</sup>, 2011, which approved the majority of the composition in numbers of the Board of Directors from 3 to 5 members, **on 31.12.2015, were taken up by Mr. Nicolae Bogdan Codruț Stănescu and Mr. Mihai-Liviu Mihalache.**

Both were elected to these positions upon the suggestion of the shareholder – the Romanian State – represented by the Ministry of Energy, Small and Medium Enterprises and Business Environment (at the date of drawing up of this report, going by a different assignation, that of the Ministry of Energy).

Mr. Nicolae Bogdan Codruț Stănescu was elected to the position of member on the Board of Directors by Resolution no 5/2015 adopted by GOMS of June 12<sup>th</sup>, 2015 and Mr. Mihai-Liviu Mihalache by Resolution no 6/2015 adopted by GOMS of July 20<sup>th</sup>, 2015.

**Nicolae Bogdan Codruț Stănescu**<sup>13</sup>

Born in 1974, Romanian citizen.

Duration of administrator mandate: from 12.06.2015 to 30.04.2018

Non-Executive member of the Board of Directors

*Professional training and qualifications:*

Ph. D in Law with "Alexandru Ioan Cuza" Academy (class of 2001); licensed in legal sciences at Hyperion University Bucharest (class of 1996) and also graduate of the Petroleum Processing Technology and Petro-chemistry Faculty (class of 1999).

He graduated Masters programmes on "LaeConflict Mediation" (Titu Maiorescu University), "National Security and Defense" (National Defense University Carol I), "European Public Space" (National School of Political and Administrative Studies), "International Public Law" (Police Academy Alexandu Ioan Cuza, Bucharest). He also underwent specializations in banking, holding two certifications of the Romanian Banking Institute – European Banking Certificate and Bank Mediation. He also holds a Public Leaders Certificat and specialization in "Protocol and Communication".

*Career milestones:*

- adviser of the Vicegovernor of the National Bank of Romania (June 2010 – up to present)
- personal legal adviser to the Minister of Econom (October 2013 – up to present).
- General Director with General Directorate for Privatisation and Administration of the State's Participations (January 2015 – up to present).
- expert with the Purchase Division of Nuclearelectrica National Company (September 2013 – September 2014). State's Participations with the Ministry of Energy.
- Director of the Legal Department on Privatisation within the Authority for Capitalization of the State's Assets, as well as General Director of the General Legal Directorate within the same institution (2007 – 2010).
- Starting with 1998, he held the positions of expert legal consultant with the State Real Estate Fund, director with APAPS Bucharest

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<sup>13</sup> Proposed within the Council of Administration of the Company by request no 1501799/21.04.2015, submitted by the General Directorate for Trade Companies within the Ministry of Energy, Small and Medium Enterprises and Business Environment



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**Mihai-Liviu Mihalache<sup>14</sup>**

Born in 1978, Romanian citizen.

Duration of administrator mandate: from 20.07.2015 to 30.04.2018

Executive member of the Board of Directors

*Pregătirea și calificarea profesională:*

Licensed in legal sciences at the Ecological University, Bucharest, 2001.

Throughout 2006 - 2011 he graduated various courses / post-university seminars, organized by Vâlcea Bar and respectively The Balkan Trust for Democracy.

*Career milestones:*

- expert with the General Directorate for Privatisation and Administration of State Energy Participations – Department of Participation Administration – Legal, Liquidation and Insolvency Compartment within the Ministry of Energy (09.02.2016 – up to present).
- Deputy to General Director of the General Directorate for Trade Companies within the Ministry of Energy, Small and Medium Enterprises and Business Environment (19.05.2015 – up to present);
- director with the State Secretary Office within the Ministry of Energy, Small and Medium Enterprises and Business Environment (13.01.2015 - 18.05.2015);
- head of the State Participation Bureau for Privatisation and Industry (OPSPI) within the Ministry of Economy (28.02.2014 - 13.01.2015);
- head deputy of the OPSPI within the Ministry of Economy (2.10.2013 - 28.02.2014);
- Director of the State Secretary Office within the Ministry of Economy (July – September 2013);
- lawyer with `Mihalache Mihai Liviu` Law Office (2010 – 2013 and October 2003 - 01.04.2007);
- parliamentary expert with the Permanent Electoral Authority – Oltenia South – West Subsidiary (01.04.2007 - October 2010);
- legal consultant with Tehnomon S.R.L (2002-october 2003)

***6.4. This presence of the administrators in the meetings of the Board of Directors***

In accordance with the Articles of Incorporation, the Board of Directors shall meet at least once every three months and whenever required.

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<sup>14</sup> Proposed within the Council of Administration of the Company by request no 102293/04.06.2015, submitted by the Ministry of energy, Small and Medium Enterprises and Business Environment

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During 2015 the Board of Directors has met within 17 meetings. On the agenda of the Board of Directors meetings, there were issues regarding the current activity performed by the Company or its subsidiaries, such as:

- With a view to obtaining the approval of the Annual Report and to organizing the ordinary general assembly to approve the annual financial results;
- With a view to approving the reports and the materials associated to the half-yearly and quarterly financial results;
- Approval/ratification of significant legal documents; approval of putting out of service of certain fixed assets featuring an expired amortized fixed assets; approval on declassification of all consumable inactive inventories and slow moving stocks which were the object of the analysis on all consumable stocks throughout 01.01.2014 – 30.06.2014 and in total amount of 6,084,988 lei;
- approval on updating the articles of incorporation of the Company following the coming into force of certain normative regulations;
- approval of assuming by the Company within the Syndication Credit Facility Contract of a deposit and insurance to the benefit of the Main Borrowers, Auxiliary Borrowers and of the other financing parties – legal documents which were submitted to approval within the SEGA of April 29th 2015;
- Approval to concluding by the Company of Addendum no 9 to Overdraft Credit Facility Contract no 0053/2011 in amount of 30 million Euro concluded with Raiffeisen Bank SA meant to extend the validity of the contract until 30.05.2015;
- approval of Addendum no 4 to the Real Estate Deposit Contract with BNP Paribas (Suisse) S.A. and KazMunayGas Trading AG (“Borrower”) meant as a grant by the Company for the bonds of KazMunayGas Trading AG, aiming at diminishing the guarantee constituted in favour of the Bank on the present and future stocks of crude oil purchased by the Company from the Borrower, from 192,500,000 USD to the value of 120,000,000 USD; approval of Addenda no 1 and no 2 to the Loan Contract no RR2 concluded on 24.11.2014 between the Company (as “Borrower”) and Rompetrol Financial Group S.R.L. (as “Lender”), shareholder of the Company, in amount of 29,215,000 USD, aiming at modifying, starting with May 1st 2015 of certain contractual clauses (interest rate diminishing to 3MLIBOR +3% (from an interest of 3M LIBOR + 4.0649%) and at introducing the option of using the loan in RON currency, respectively aiming at extending the validity of the contract until 31.12.2016; approval of Addendum no 9 to the Loan Contract no 448 concluded on 20.10.2010 between the Company (as “Borrower”) and KMG International N.V. (as “Lender”), significant shareholder of the Company, in amount of 250,000,000 USD, aiming at extending the maturity date for the reimbursement of the amount of 50,000,000 USD until 31.12.2016; other approvals to optimally perform the activities of the Company and those of the subsidiaries etc.
- Throughout 2015, the composition of the Administration Board suffered more alterations.

At the beginning of the year, meetings of the Board of Directors have been carried out in the presence of at least 3 administrators of the total number of 5 administrators as provided for by the Articles of Incorporation.

The most meetings took place as conference call / video conferencing.

The decisions of the Board of Directors in 2015 were adopted by unanimous or majority vote of the members present.



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The table below outlines the presence in the meetings of the Board of Directors of the administrators, for the year which ended on December 31<sup>st</sup>, 2015:

Name	Presence
Azamat Zhangulov	17/17/17
Alexandru Nicolcioiu	17/17/17
Yedil Utekov	17/17/17
Károly Borbely	2/2/17
Gabriel Dumitraşcu	9/9/17
Bogdan Nicolae Badea	2/2/17
Nicolae Bogdan Codruţ Stănescu	8/8/17
Mihal-Liviu Mihalache	7/7/17

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*The first figure indicates the number of meetings at which the person in his capacity as administrators has participated, the second figure represents the number of sessions conducted during the mandate from 2015, and the third figure represents the total number of sessions carried out during 2015.*

At the proposal of the Romanian State, the majority shareholder, represented by the Ministry of Energy, Small and Medium Enterprises and the Business Environment, Mr. Károly Borbely was dismissed from the position of Company director and replaced by Mr. Bogdan-Nicolae Badea, pursuant to Resolution no. 1/2015 of the General Ordinary Shareholders' Assembly of 4 March 2015. The Summons of the Shareholders Ordinary General Assembly of March 4th 2015 took place at the request of the significant shareholder, the Romanian State, represented by M.E.I.M.M.M. Within the same General Assembly, Mr. Yedil Utekov was elected to the position of permanent member of the Board of Directors, having at the same time the quality of temporary from the 1<sup>st</sup> of October 2014 to the 3<sup>rd</sup> of March 2015.

Starting with the 12<sup>th</sup> of June 2015, Mr. Nicolae Bogdan Codruţ Stănescu was elected to the position of member of the Board of Directors of Rompetrol Rafinare replacing Mr. Bogdan-Nicolae Badea, following the termination of his mandate by resignation and the recall as administrator, upon the suggestion of the significant shareholder, the Romanian State, represented by M.E.I.M.M.M.A.

Also, on 20<sup>th</sup> of July 2016, Mr. Mihai-Liviu Mihalache was elected administrator of the Company, following the recall of Mr. Gabriel Dumitraşcu, upon request of the significant shareholder, the Romanian State, represented by M.E.I.M.M.M.A.

### ***6.5. Advisory Committees, non-executive Managing Directors and the independence of the Managing Directors***

Considering that the organization within the KMG International Group involves the existence of supporting operations positions with various responsibilities, it was not required to set up consultative committees at entity level (audit, nomination, remuneration committees, etc.)

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The relation between the company and the positions at the level of KMG International Group is regulated through service provision contracts.

The remuneration of the members of the Board of Directors and of the directors (executive and non-executive) is presented in Explanatory note no. 22 corresponding to the individual annual financial statement on 31.12.2015.

The compensations paid to the administrators of the cOmpany, throughout 2015 were of 741,682 RON (756,908 RON in 2014).

Salaries and bonuses paid tot he management of the Company throughout 2015 (on an average 14 individuals) were of 2,802,915 RON (1,393,796 RON in 2014, on an average 13 individuals).

According to the assessment criteria of the independence of the non-executive members of the Council of Administration, at this moment, no member holding valid position in the Council of Administration of Rompetrol Rafinare meets the independence criteria stipulated by the principles and recommendations of the Code.

**Assessment of the Council of Administration**

The Council of Administration did not initiate in 2015 any assessment program for its activities.

***6.6. Information on the General Meeting of Shareholders and the Shareholders' rights***

The Shareholders' General Assembly ("SGA") is the main corportative forum of Rompetrol Rafinare S.A. with decision making attributions on detailed activities within the Article of Incorporation of the Company.

The Summons, functioning, voting process as well as other provisions referring to SGA are detailed in the Articles of Incorporation of Rompetrol Rafinare S.A.

According to article 11 of the Company's updated Articles of Incorporation, corroborated with the applicable legal provisions, the Ordinary General Meeting is summoned at least once a year, as the law requires obligatorily, and includes the following attributions:

- a) to discuss, approve or to modify the annual financial statements, based on the reports presented by the board of directors and by the financial auditor and to establish the dividend;
- b) to appoint and revoke Company administrators;
- c) to appoint and establish the minimal duration for the financial audit contract, and also to revoke the financial auditor;
- d) to establish for each undergoing financial year the remuneration owed to the administrators;
- e) to pass opinion on the administrators' manner of administration;
- f) to establish the incomes and expenses budget, and, if such is the case, the activity schedule, for the following financial year;
- g) to decide the hypothecation, the lease or the abolishment of one or more units of the Company;
- h) approves the maximum limits of the remuneration of the persons handling/exerting managing positions when the law stipulates such.

The Extraordinary General Meeting has the following attributions:



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- a) the change of the Company's legal form;
- b) moving the headquarters of the company;
- c) changing the company's object of activity;
- d) setting up or dissolving secondary offices: branches, agencies, representations or any other such units without legal personality;
- e) the extension of the company duration;
- f) increasing the shared capital;
- g) the reduction of the shared capital or replenishing it by an issue of new shares;
- h) merger with other companies or the division of the company;
- i) the company's anticipated dissolution;
- j) conversion of shares from one category to another;
- k) the conversion of one category of bonds into another one or into shares;
- l) issue of bonds;
- m) any other change of the articles of incorporation or any other resolution for which it is required the extraordinary general meeting consent;

The Extraordinary General Meeting delegates the Board of Directors to exert the attributions stated at letter b) and c) of the paragraph above.

Moreover, the Extraordinary General Meeting may delegate to administrators the increase of the shared capital, according to the provisions of art. 236 of Law 297/2004 on the capital market.

The rights of the shareholders of Rompetrol Rafinare are those conferred by Law no. 31/1990 on commercial associations, Law no. 297/2004 on the capital market, C.N.V.M. regulations and instructions, Stock Code and other regulations currently in force.

Each subscribed action and paid for by the shareholders, according to the law, gives them the right to vote within the shareholders' general assembly, the right to elect and to be elected by the management organs, the right to participate to the distribution of profit, in compliance with the provisions of the Articles of Incorporation of the company and the legal dispositions, respectively the rights stipulated in the Articles of Incorporation.

Acquiring of a person, directly or indirectly, as provided for by the law, of the ownership right on a share, has an effect the rightful acquiring the status of a shareholder of the company with all their rights and obligations derived herei, according to the law and to the Articles of Incorporation.

The shareholder who in a certain operation has, be it personally, be it as a representative of another person, an interest contrary to the interest of the Company, will have to refrain from any deliberations on that account.

***The General Meeting of the Shareholders of Rompetrol Rafinare SA, according to its updated Articles of Incorporation:***

The general shareholders' meeting is summoned by the administrators or whenever required, by publishing an announcement in the Romanian Official Journal, part IV, and in widely distributed local or national publications in the locality where the Company is headquartered.

The general meetings are summoned by the Board of Directors, and the summoning is done at least 30 days before the date of holding the meeting.

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The summons of the general meetings is transmitted simultaneously to B.V.B. and A.S.F. and is available for at least 30 days before the date of holding the meeting on the Company's website, at address: [www.rompetrol-rafinare.ro](http://www.rompetrol-rafinare.ro) at section Investor Relations.

The general meeting can be summoned at the headquarters of the Company or in other places established by the administrators through the summons.

In the general shareholders' meetings have the right to participate and vote only the shareholders registered in the Register of Company Shareholders, held and issued by the Central Depository S.A.

Bucharest, on the reference date established through the summons of the general meeting.

According to the legal provisions, shareholders can be personally represented (by legal representatives) or by a representative, based on Special delegation, or by mail, based on Vote bulletin by mail, both documents being made available to the shareholders and translated in English.

Shareholders can fill in the delegation/vote form by mail either in Romanian, or in English.

Shareholders can also be represented in the general meeting by persons who do not have the quality of Company shareholders, except for the administrators.

The summons of the general meeting includes information on the availability of the forms for special delegations, vote bulletins by mail and deadline to which these documents are to be sent / submitted at the Company headquarter, as well as the e-mail address for sending the mails.

Each shareholder, regardless of the participation to the shared capital, has the right to ask questions referring to the agenda of the general meetings, and the Company can answer the questions asked by the shareholders by posting such answers on the Company website.

Questions have to be pertinent, be connected to the agenda and not harm the confidentiality and commercial interests of the Company and be in writing, either by mail or courier services, or by electronic means.

Furthermore, in the summons of the general meeting shall be mentioned the deadline until which shareholders can exert the above-mentioned rights.

One or several shareholders representing, individually or jointly, at least 5% of the shared capital has/have the right, in lawful conditions: a) to introduce new items in the agenda of the general meeting, provided that each item is accompanied by a justification or by a draft decision proposed for making by the general meeting and b) to present draft decisions for the items included or proposed to be included in the agenda of the general meetings.

The summons of the general meeting, the information materials regarding the items on the agenda of the general meeting, the forms for Special delegations, the Forms for Vote bulletins by mail and draft decisions are made available in Romanian, as well as in English to the Company's shareholders at the headquarters of the Company and can be downloaded from the Company website.

Shareholders can request in writing copies of these documents, by courier or e-mail.

The general meeting is presided by the chairman of the Board of Directors or by a person appointed by such, who, in turn, appoints from among the members of the general meeting members or the company shareholders, one to three secretaries, plus a technical secretary from among the employees.

They will draft the list of presence of shareholders and verify the following:

- identity documents of the persons present at the General Meeting as shareholders or empowered representatives of such;



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- special or general mandate presented by the shareholders' empowered representatives. There shall be taken into account that the special mandate is valid only for the Shareholders' General Assembly for which it has been requested.
- vote form by mail.

The meeting secretary shall also verify the fulfillment of the legal conditions regarding the quorum of presence of shareholders for validating the general meetings.

If the ordinary or extraordinary general meeting cannot take place because the legal conditions of presence are not met, the meeting which will reassemble in a second summoning can deliberate upon the matters of the agenda of the first meeting, regardless of the gathered quorum, passing resolutions with the majority of the expressed votes.

After presenting the materials afferent to the agenda, the shareholders are invited to ask questions and the problems subjected to debate are subject to vote by the meeting president.

The decisions of the general meeting are made by open vote, except for the cases when the general meeting decides for the vote to be secret or if the law requires a secret vote.

**Each share entitles to express one vote within the sessions of the general shareholders' meeting of Rompetrol Rafinare.**

The person representing several shareholders based on special delegations expresses the votes of the represented persons by summing up the total number of votes "for", "against" and "refrain" without compensation (ex. "at point x on the agenda I represent "a" votes "for", "b" votes "against" and "c" refrains").

Votes expressed like this are validated or, as the case may be, invalidated, based on the third copy of the special delegations, by the secretary of the general meeting.

The votes pertaining to the special delegation are exerted only in the manner decided by the shareholder.

The meeting secretary/ies, based on the freely expressed vote by the shareholders, shall draft the minutes of proceedings of the general meeting.

Within 24 hours as of the date the general shareholders' meeting took place, the company sends to B.V.B. and C.N.V.M. the current report afferent to the decision made by the general shareholders' meeting and such is published on the Company website together with the vot results.

Moreover, the decisions of the general meeting are to be published in the Romanian Official Journal, Part IV.

***Resolutions adopted by the general meetings of shareholders during 2015:***

***The Ordinary General Meeting of the Shareholders of Rompetrol Rafinare from March 4<sup>th</sup>, 2015 has decided as follows:***

- approval of Mr. Károly Borbely's recall from his position as memener of the Board of Directors of the Company;
- approval pronounced on the administrator management of Mr. Károly Borbely for the time of his mandate as a member of the Board of Directors, respectively from April 30th 2014 and until March 4th 2015, to be performed in compliance with the law;



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- approval on termination of the mandate as a member of the Board of Directors of Mr. Sorin Graure, following his request of renouncing this position starting with 01.10.2014;
- approval on electing two new members of the Board of Directors of the Company, on a mandate to start with the date of the present Shareholders' Ordinary General Assembly (4th of March 2016) and to expire on 30.04.2018 (the date of expiry of the mandate of the current members of the Board of Directors), as following:
  - i) Mr. Bogdan-Nicolae Badea, Romanian citizen, and
  - ii) Mr. Yedil Utekov, Kazakh citizen.
- approval of the 20th of March 2015 as registration date, in the meaning of art. 238 para. (1) of Law no 297/2004, to identify new shareholders on whom to take effect this SOGA adopted Resolution, in the presence of SOGA;
- approval of 19th of March 2015 as "ex date", as defined by the provisions of the C.N.V.M. Regulations no 6/2009;
- approval on mandating Mr. Alexandru Nicolcioiu, administrator of the Company, with the possibility to sub-mandate third parties, to conclude and/or sign on behalf of the Company and/or the Company's shareholders the resolution adopted by the present Shareholders' Ordinary General Assembly and to perform all legal formalities to register, advertise, oppose, execute and publish the adopted resolution.

***The Ordinary General Meeting of the Shareholders of Rompetrol Rafinare from April 29<sup>th</sup>, 2015 has decided as follows:***

- the approval of the individual annual financial statements ( drawn up in accordance with the International Financial Reporting Standards ( "IFRS" ), as provided for in the Order of the Ministry of Public Finance No. 1286/2012), as consequently amended and the consolidated financial statements (drawn up in accordance with the International Financial Reporting Standards), audited, for the year 2014, on the basis of the reports of the Board of Directors and the Auditor's financial reports ;
- the discharge of administration of all the Board of Directors of the Company for the financial year 2014, based on the presented reports;
- approval of the income and expenditure budget and the program of the company for the year 2015, including the investment plan for the year 2015;
- determining the remuneration for the financial year 2015 of the members of the Board of Directors of the company, for the purpose of maintaining the same net amount of remuneration for the Board of Directors as the one valid for the year 2014.
- approval of the date of 16 May 2014 as the registration date for the identification of shareholders concerned by the effects of Resolutions no. 1/2014 and no. 2/2014 of the GOMS of 29 April 2014.
- aprobarea datei de 18 mai 2015 ca *ex date*, așa cum este definită de prevederile Regulamentului C.N.V.M. nr. 6/2009;
- mandate of Mr. Alexandru Nicolcioiu, member of the Council of Administration of the company, with the possibility to sub-mandate to third parties, to conclude and/or sign on behalf of the Company and/or of the shareholders of the Company, Resolution no 2/2015

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adopted by this SOGA and to perform all legal formalities to register, advertise, opose, execute and publish the adopted Resolution no 2/2015.

*The Extraordinary General Meeting of the Shareholders of Rompetrol Rafinare from April 29<sup>th</sup>, 2015* has decided as follows:

- ratification and confirmation of the credit facility contract governed by the English Law in maximum amount of up to 360.000.000 USD concluded between the Company, as main borrower, secondary borrower and guarantor, together with:
  - Rompetrol Downstream S.R.L., as main borrower, auxiliary borrower and guarantor,
  - KazMunayGas Trading AG, as main borrower and gurantor,
    - (the Company, Rompetrol Downstream and KazMunayGas Trading being collectively called “Main Borrowers”),
  - KMG Rompetrol S.R.L., as auxiliary borrowe and guarantor
    - (the Company, Rompetrol Downstream and KMG Rompetrol, being collectively called “Auxiliary Borrowers”)
    - (The Main Borrowers and the Auxiliary Borrowers being collectively called “Debtors”)
  - KMG International N.V., as guarantor, on the one side and:
  - Banca Comercială Română S.A., as lead arranger mandated as coordinator, Main Borrower and Auxiliary Borrower, together with Raiffeisen Bank S.A., ING Bank NV, Bucharest Branch, each as mandated lead arranger, Main Lender and Auxiliary Lender, UniCredit Tiriac Bank S.A. as mandated lead arranger, Main Lender, Auxiliary Lender, agent on guarantess and issuer bank and Unicredit Bank AG, London Branch as agent of the facility, on the other side.
- Approval of the amendment and supplement of the Articles of Incorporation of the Company, namely:
  - of art. 13.2 in the sense of modifying the applicable regime to increasing the registered capital by bringing in cash and in kind, by removing the right of preference of the shareholders in the case of capital increase by cash controbution, with the participation of sharehlders representing at least 3/4 of the registered capital (*previous to the number of all shareholders*) and respectively the approval of capital increase by in-kind contribution by SEGA to which the shareholders participate, representing  $\frac{3}{4}$  of ther registered capital (*previous to the number of all shareholders*),for both types of increase, the decission being taken with the vote of the shareholders who own at least 2/3 of the vore rights (*previously 3/4of the vote rights*).
  - of art. 13.9. in the sense of modifying the provisions regarding the representation of shareholders in SGA, in the case of companies whose shares are allowed to be traded, their representation being possible through individuals others than the shareholders, based on a special or general mandate (previously, only special).



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- approval of the date of 19 May 2015 as the registration date for the identification of shareholders concerned by the effects of Resolutions no. 3/2015 and no. 4/2015 of the AGEA of 29 April 2015.
- Approval of the date of 18 May 2015 as *ex date*, as defined by the provisions of the C.N.V.M. Regulations no 6/2009.
- Mandate of Mr. Alexandru Nicolcioiu, member of the Council of Administration of the Company, with the possibility to sub-mandate to thirs parties, to conclue and/or sign on behalf of the Company and/or of the shareholders of the Company, Resolutions no 3/2015 and no 4/2015 adopted by this SEGA and to perform all legal formalities to register, advertise, opose, execute and publish of Resolutions no 3/2015 and 4/2015, including to update and sign on behalf of the shareholders of the articles of Incorporation of the Company.

***The Ordinary General Meeting of the Shareholders of Rompetrol Rafinare from June 12<sup>th</sup>, 2015 has decided as follows:***

- Approval of recall of Mr. Bogdan-Nicolae Badea as memembr of the Council of Administration of the Company;
- Approval on ruling on administrator management of Mr. Bogdan-Nicolae Badea for the time of his mandate as a memeber of the Council of Administration in 2015, to be in compliance with the law;
- The election of Mr. Nicolae Bogdan Codruț Stănescu as a member in the council of Administration of the Company with a mandate to start with June 12th 2015 and expire on 30.04.2018 (date of expiry of the mandate of the present memebers ofthe Council of Administration);
- Approval of 30th June 2015 as registration date, in the sense of art. 238 para. (1) of Law no 297/2004, to identify shareholders to benefit of the effects of the adopted resolution within this SOGA;
- Approval of the date of 29th of June 2015 as "*ex date*", as it is defined by the provisions of C.N.V.M. Regulations no 6/2009;
- Mandate of Mr. Yedil Utekov, administrator and General Director of the Company, with the possibility to sub-mandate to thirs parties, to conclue and/or sign on behalf of the Company and/or of the shareholders of the Company, Resolution no 5/2015 adopted by this SEGA and to perform all legal formalities to register, advertise, opose, execute and publish of the adopted Resolution no 5/2015.

***The Ordinary General Meeting of the Shareholders of Rompetrol Rafinare from July 20<sup>th</sup>, 2015 has decided as follows:***

- Approval on the recall of Mr. Gabriel Dumitrașcu as memembr of the Council of Administration of the Company;
- Approval on the pronounciation of administrator management of Mr. Gabriel Dumitrașcu for the time of his mandate as a member of the Council of Administration in 2015 to be performed given the approval of the financial situations of the Company for financial year 2015;



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- The election of M. Mihai-Liviu Mihalache as a member of the Council of Administration of the Company, with a mandate to start on 20 July 2015 and expire on 30.04.2018 (the date of expiry of the mandate of the current member of the Council of Administration);
- Approval of the date of 5 August 2015 as registration date, in the sense of art. 238 para. (1) of Law no 297/2004, to identify shareholders to benefit of the effects of the adopted resolution within this SOGA;
- Approval of the date of 4 August 2015 as "*ex date*", as defined by the provisions of C.N.V.M. Regulations no 6/2009;
- Mandate of Mr. Alexandru Nicolcioiu, administrator of the Company with the possibility to sub-mandate to third parties, to conclude and/or sign on behalf of the Company and/or of the shareholders of the Company, Resolution no 6/2015 adopted by this SEGA and to perform all legal formalities to register, advertise, oppose, execute and publish of the adopted Resolution no 6/2015.

### ***Shareholders' right to dividends***

If the General Meeting of the Shareholders approves the distribution of dividends from the net profit of the company, all shareholders registered in the Register of shareholders at the time of registration decided by the General Meeting which also approves the amount of dividends received and the time limit within which they shall be paid to the shareholders, shall be entitled to receive dividends.

### ***6.7. Information on the Executive Management of Rompetrol Rafinare***

In accordance with Article 16.1 of the Articles of Incorporation of the company - updated on April 30th, 2015, the company's executive management which was delegated powers of management by the Board of Directors on the basis of the provisions of Article 143 of Law No 31/1991 on Companies, has been ensured by the General Manager and the Financial Manager.

**On December 31<sup>st</sup>, 2015, the executive managers of the company are:**

Mr. Yedil Utekov	– General Manager and Interim director
Mr. Giani-Iulian Kacic	– Chief Financial Officer

### ***6.8. Other elements regarding the Corporate Governance***

#### **6.8.1. Transparency, communication and regular and continued reporting**

Rompetrol Rafinare attaches a great importance to the transparency of the communication and information of shareholders and investors.

Throughout 2015, reports, presentations and press releases were issued with respect to the financial results, the convening of GMS (General Meeting of the Shareholders) and the

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resolutions adopted by GMS, as well as periodic (quarterly, biannual and annual) reports, significant transactions, reporting of litigations in which the Company is involved, etc.

The information included in the current and periodic reports were communicated to the market operator, the Bucharest Stock Exchange, C.N.V.M, and were made available by posting on the Company's website, [www.rompetrol-rafinare.ro](http://www.rompetrol-rafinare.ro), in the Investor Relations section.

In compliance with the legal provisions, the individual and consolidated financial situations are audited by Ernst & Young Assurance Services S.R.L., independent financial auditor, appointed by the Shareholders' General Assembly on 05.03.2016, to a four year period of an auditing services contract.

## 6.8.2. Corporate Social Responsibility 2015

### COMMUNITY

The strength and evolution of KMG International do not rely on technology but on its people, who make the Group's development possible. Therefore, our CSR initiatives are based on the same values as those of our people.

KMG International views social responsibility as voluntary contribution to the development of the society, correlated with the core values, the objectives, the activities, the international laws and the resources of the Group.

As a revered corporate citizen and worldwide trustworthy partner, we contribute to the development of the countries and communities where we operate by creating jobs, employing local workforce and using local suppliers.

However, our commitment surpasses the economic aspects and implications of our actions. The commitment to CSR provides a guiding framework for all KMG International management decisions and we focus particularly on harnessing industry best practice by encouraging Group and community participation in corporate citizenship projects focused on raising the standards in the areas of business success, environment, health and safety, responsibility towards the community, culture, education and leadership.

Key ways in which we contribute to communities where we operate include paying local taxes, employment, the use and development of local services and suppliers, investment in local infrastructure and social programs, including social investment.

We firmly believe that by strategically investing in local communities we can also positively influence our long-term economic performance. Healthy, vibrant communities drive demand for our services and play an important role in the development of an educated workforce and a robust, sustainable supply chain. We work with stakeholders in all our areas of operations to address challenges and advance the quality of life in the communities.

### Community engagement

Our involvement is based on community engagement and consultation, so as to identify the projects which can deliver the greatest value to local communities. We support those initiatives that help improve local economic conditions as it is our belief that economic development leads to the empowerment of local communities.

As part of our ongoing business process, we engage with our community stakeholders either on a project-by-project basis or on a company basis through philanthropic and community programs and initiatives. On a project-by-project basis, we proactively engage local communities, government and municipalities to address project-related social, economic or environmental concerns. This type of community engagement is directed by project management and carried out jointly

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with our clients and partners. On a company basis, we establish relationships with community stakeholders to proactively identify needs that align with KMG International's strategic focus areas.

**Joint Partnerships**

Over the years, KMG International has developed solid partnerships with representatives of both the academic world and civil society, which resulted in the implementation of countless sustainable projects and programs.

**Universities**

KMG International has developed partnerships with key academic institutions in the oil & gas sector (oil & engineering departments at the Oil & Gas University Ploiești, Ovidius University Constanța, Politehnica University Bucharest), offering its support to maintaining Romania's academic tradition in the sector. The Group has developed an internship program for talented students in the sector, with more than 1,000 students attending the program in the past 10 years, out of which more than 250 became KMG International employees, thus being able to start a promising career.

The Internship program is part of the Group DNA and has a notorious tradition within the Group. The program was extended from the production area to other support business lines and starting with 2013 specific activities to attract young professionals in the headquarters were also launched in collaboration with targeted Universities.

The program's approach addresses two directions: firstly, to promote the company's culture and development opportunities and secondly, the actual Internship program.

To consolidate the company image among students, we participated in Career Days in Bucharest (at the Academy of Economic Studies), in Constanta (Ovidius University) and at Lazar Edeleanu High School in Navodari, organized Refinery visits and collaborated with relevant student NGOs (Akcees, Constanta and Ploiesti). Also, the HR team delivered workshops on interviewing skills, organized simulations and got involved, together with KMG International specialists, in students scientific conferences (Ovidius University Constanta).

During the program, a mentor is responsible with the intern's learning and feedback, has regular discussions and also manages the evaluations (midterm and final). All the costs of the Internship program (salaries, accommodation and transportation) are covered by KMG International.

**NGOs**

As a socially responsible company, KMG International is committed to supporting projects developed partnering various NGOs, to name but a few:

- A partnership with SMURD and the General Inspectorate of Aviation since 2010 to support air emergency interventions, the transportation of both the medical personnel and the victims. The value of KMG International investment exceeded 800.000 USD during this 6-year partnership.
- In the past 5 years the Group supported and will continue to support the prestigious George Enescu International Festival and Contest, held in several cities, in September. This association of KMG International with such a large scale event was



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meant to strengthen the international vocation of the two brands and their products - fuels and quality music.

- As of 2003, KMG International is a partner and main sponsor for "Gala Societatii Civile" (Civil Society Gala) – the annual competition that awards the best projects of the year, initiated by NGOs, unions, individuals etc (since its beginning in 2002, 1,703 projects have been submitted into the competition).
- Dacia Romanian Cultural Association benefits from KMG International's support in preserving and developing the Romanian community in Kazakhstan through annual dedicated actions and events.

### **Employee engagement**

Following the experience gained from the Together for Each and Everyone, employees, with support from the management, have developed an internal CSR program, Little Gestures that Count, which implements monthly 1 or 2 philanthropic or environmental protection actions. The program structure was replicated on a smaller scale by other group companies in other countries. Small Gestures that Count is an internal CSR umbrella campaign carried out by KMG International for its employees across the country. The program aims at increasing the involvement of employees in social responsibility projects and encouraging them to propose and manage environmental, health and charity initiatives. The campaign, as well as its tactics and communication channels stemmed from internal studies (Employee Opinion Survey), which revealed that 93% of employees wanted to support the community, to devote time and even their own resources for its development.

The program was launched in 2010 through an internal communication campaign - intranet, mail, internal radio, internal magazine, domestic spots, visits of the campaign Ambassador - Ideika (portrayed as a little girl with her head full of ideas, who receives initiatives from colleagues and together they implement them).

The objectives of the program are as follows:

1. Employee personal development, manager/community leader skills development, team spirit development.
2. Solving real social problems identified by the employees and supported by their time and dedication and the financial resources of the company and employees.
3. Create a positive image of the Group in local communities through its employees.
4. Promote volunteerism.

### **Awards**

KMG International's annual CSR program, Together for Each and Everyone, has obtained over 20 awards in national and international competitions for several of its projects throughout the years, as recognition for the joint efforts of the Group, local authorities and civil society, as well as the volunteers involved.

The sustainability report of KMG International has been awarded in 2016 with the Deloitte's Green Frog Award.

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The Sustainability Report can be found at:  
[http://www.rompetrol.com/sites/default/files/report\\_complete\\_simulated\\_en\\_redux.pdf](http://www.rompetrol.com/sites/default/files/report_complete_simulated_en_redux.pdf)

***Internal Control and risk management systems in relation to the financial reporting procedures***

The company has adopted continuously the mechanism of internal control as a set of procedures and working methods with the scope of preventing the facts contrary to the economic interests of the company and of the frame for carrying out the activity, of identification of deficiencies and laying down the measures required to restore the regulated frame.

It affects the relationships, the financial phenomena and processes aimed to mainly ensue the proper functioning of the economic activity.

Also, there are analyzed aspects of opportunity, necessity, and economy for the operations carried out by the company.

Regarding the financial reporting procedures, within the company there are being developed procedures for external and internal reporting outside the company.

The procedures are regularly reviewed by specialised departments of the company.

The financial reporting systems are based on principles, standards and legal regulations in force.

Also, as a member of the KMG International Group, the Company is regularly inspected by the internal audit department of the KMG International Group.

***6.9. Reported legal documents***

Rompetrol Rafinare reported the legal documents concluded throughout 2015 by the Company, in compliance with art. 225 of Law 297/2004 with concern to the capital market and with art. 113 letter G of the C.N.V.M. Regulations no 1/2006, by means of current Reports registered by the Company at no. 1888 / 27.02.2015, 4538 / 26.05.2015, 5578 / 29.06.2015, 6120 / 14.07.2015, 6417 / 24.07.2015, 7704 / 31.08.2015, 8158 / 15.09.2015, 9337/22.10.2015, 10888/27.11.2015, 11689/23.12.2015 and 889/29.01.2016.

The reports were submitted to the market operator (respectively to the Bursa de Valori București), published on the site of ASF ([www.asfromania.ro](http://www.asfromania.ro)) under section:

Supervising/Capital market/Electronic reporting as well as on the site [www.rompetrol-rafinare.ro](http://www.rompetrol-rafinare.ro) under section Relations with the Investors, subsection Current Reports.

Also, the major transactions concluded by the Company with individuals acting concertedly or in which these individuals were involved for the reported time frame, were those submitted to the approval of the Shareholders' Extraordinary General Assembly (SEGA) in compliance with the legal provisions and dispositions of the Articles of incorporation.

***6.10. Events subsequent to the balance sheet***

- The facility granted to Rompetrol Rafinare S.A. by Rompetrol Well Services S.A in amount of 7 million RON was extended up to April 14<sup>th</sup> 2016.



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- The facility granted to Rompetrol Rafinare S.A. by Rompetrol Well Services S.A in amount of 11.2 milion RON was extended up to April 28<sup>th</sup> 2016.
- The facility granted to Rompetrol Rafinare S.A. by Rompetrol Well Services S.A in amount of 13 milion RON was extended up to May 10<sup>th</sup> 2016.
- The facility granted to Rompetrol Rafinare S.A. by Rompetrol Well Services S.A in amount of 3.1 milion RON was extended up to May 3<sup>rd</sup> 2016.
- In March 2016 the Company received the action of property delimitation expressed by MARWAY FERTILCHIM S.A., requesting the set forth of the border line between the real estate and the property of the claimant, with a surface of 51,873 sm and 2 estates, property of the Company, in surface of 8.845 and respectively 11,112.99 sm, taking into account the superposition of the previously mentioned estates, registered in the Landa Register, for a surface of approximately 1.000s m.
- On March 29, 2016 Rompetrol Rafinare SA bought back a total of 850,000 CO2 certificates from Vitol SA.

***Description of the policies and objectives of the company regarding the risk management***

By the nature of its activity, the company is exposed to some risks:

- commodity price risk arising from the exposure to interest rate, exchange rate EUR - USD, USD - RON fluctuations, the volatility of the selling prices of petroleum products and of the purchase prices of crude oil; to mitigate the impact of such risks, the company adopted a risk management system in 2011; the hedging operations for oil products and crude and the currency exchange risk were implemented beginning with 2011.
- the credit risk arising from the possibility that the contractual obligations are not being kept by business partners, customers and creditors is being monitored on a permanent basis, through creditworthiness/solvency assessments of customers and by guarantee and credit control systems.
- the liquidity risk consists in not having financial resources available in order to fulfill company obligations when they are due;  
Based on the forecasted cash flow, the management of the company checks daily the liquidity level and ensures the fulfillment of obligations to suppliers, to the state budget, to the local tax

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authorities etc. according to their maturity. The current and immediate liquidity ratios are monitored permanently.

- the operational risk derives from the possibility that accidents, errors, malfunctions may occur, as well as from the influences of the environment upon the operating and financial results. Rompetrol Rafinare S.A. has continued a broad revamp process on the refinery technology, for the purpose of increasing the production, reducing the technological losses, as well as eliminating the accidental shut-downs in the industrial process.

The Company is also interested in the maintenance and continuous improvement of the integrated quality-environment-health and safety management system, with results on the improvement of the image of the organization, the protection of environment and occupational safety, improvement of the relations with the public authorities, the social-economic community as a whole, the limitation of civil and criminal liability by meeting the legal requirements and regulations concerning quality-environment-safety.

***The Financial Calendar for the year 2016***

Financial Calendar	Date
Presentation of the preliminary results, not audited, individual and consolidated, for the year 2015 and for the fourth quarter of 2015	February 15 <sup>th</sup> , 2016
The Ordinary General Meeting of the Shareholders for the approval of annual financial results 2015	April 28/29 <sup>th</sup> , 2016
Publication of the Annual Report 2015 (respectively of the related annual financial results 2015)	April 29 <sup>th</sup> , 2016
Presentation of the results for the first quarter of 2016	May 13 <sup>th</sup> , 2016
Presentation of the results for the first semester and the II <sup>nd</sup> quarter of 2016	August 12 <sup>th</sup> , 2016
Presentation of the results for the III <sup>rd</sup> quarter and January - September 2016	November 14 <sup>th</sup> , 2016

Important Information and news regarding the interests of the shareholders, analysts and investors with regard to the activity of the company are available on [www.rompetrol-rafinare.ro](http://www.rompetrol-rafinare.ro), the Romanian and English version, section Relationships with Investors.

***Contact for the relationship with investors***

The annual, semester and quarterly Reports shall be made available to the shareholders, at their request. Requests may also be carried out in electronic format, by e-mail sent to the address: [office.rafinare@rompetrol.com](mailto:office.rafinare@rompetrol.com).



## 7. ANNEXES

### *a) Amendments to the Articles of Incorporation of the company*

The Articles of Incorporation may be amended by Resolution of the General Meeting of the Shareholders, in accordance with the provisions of Law no. 31/1990 regarding Companies, in conjunction with the provisions of the Articles of Incorporation.

delegation of powers by the Meeting of the Shareholders in accordance with the provisions of Art. 114 of Law no. 31/1990 regarding Companies.

In 2015, the Company's Articles of Incorporation were modified and updated as follows:

- **Following the modification and the update of the identification data of the significant shareholder the Romanian State represented by the Ministry of Energy, Small and medium Enterprises and Business Environment** (following the implementation of the GEO no 86/2014).

This modification was contained in the updated Articles of Incorporation drawn up on April 15<sup>th</sup>, 2015 (Addendum of the present Report) and registered at the Trade Register Constanța, dated May 13<sup>th</sup>, 2015 based on Resolution no. 11218 of May 7<sup>th</sup> 2015, as according to the Certificate of Recorded Amendments issued by ORC Constanța on may 13<sup>th</sup> 2015;

- **Following the modification and addition of articles 13.2 and 13.9 of the Articles of Incorporation with regard to the regime applicable to the in-cash and in-kind increase of capital, and respectively that concerning the representation of shareholders in the SGA, in the case of companies with shares admitted to trading.**

This modification was approved by Resolution no 4/2015 of the Shareholders' Extraordinary General Assembly of April 29<sup>th</sup> 2015 and contained in the Articles of Incorporation updated and drawn up on April 30<sup>th</sup> 2015 (Addendum to the present Report). This update of the articles of Incorporation was registered at the Trade Register Constanța dated May 21<sup>st</sup> 2015 based on Resolution no 12260 of may 15<sup>th</sup> 2015, as according to the Certificate of Recorded Amendments issued by ORC Constanța on May 21<sup>st</sup> 2015;

### *b) major contracts concluded by the company in the year for which the reporting is made.*

#### *Important contracts in which Rompetrol Rafinare is the supplier:*

- Contract No RR 1/28.01.2013, concluded with Uzina Termoelectrica Midia S.A., automatically extended into 2015, with the following activity domain: sale of utilities - combustible refinery gas.
- Contract RR 3/30.12.2014, incheiat cu Rompetrol Downstream S.R.L., având drept obiect vânzarea de produse petroliere pentru anul 2015;



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- Contract 2015 (respectively RRC 1/30.12.2014 ), concluded with Kaz Munay Gas Trading A.G., with the following activity domain: the export of petroleum products for 2015;
- Contract No 38/10.09.2008 (RGS 163A/10.09.2008), automatically renewed in 2015, concluded with Rompetrol Gas S.R.L., with the following activity domain: the sale of liquefied petroleum gas;
- Addendum 23/18.12.2014 to extend the contract 243/2004, concluded with Air BP Sales Romania, with the following activity domain: sale of reactor petroleum Jet A1 for 2015;
- Contract 1/31.12.2014, concluded with Rompetrol Moldova, with the following activity domain: the selling of petroleum products for 2015;

***Important contracts in which Rompetrol Rafinare is the beneficiary:***

- Contract no RR 2/20.04.2015 (valid for 01.05.2015- 30.04. 2016), concluded with TRANSENERGO COM S.A. for the purchase of electric energy:Năvodari and Vega, to which the following documents were signed: Addendum no 1/29.04.2015, regulates the procedure of invoicing/invoice due terms, Addendum no 2/30.06.2015, amendments to tariffs as according to ANRE ORDER no 95/25.06.2015 and Addendum no 3/31.12.2015, amendments to tariffs on the distribution of reactive energy as according to ANRE ORDER no 183/31.12.2015 .
- Contract no. RR 1/31.12.2015, concluded with OMV PETROM GAS SRL., the object of which is the purchase of mixed natural gas for Năvodari and Vega.
- Addendum no 1 to Contract no RR 1/29.12.2014, the object of which is the extension of the validity of the contract up to 31.12.2016, concluded with the Uzina Termoelectrică Midia S.A. on demi water;
- Contract no RR 3/12.02.2013, concluded with Ecomaster Servicii Ecologice S.R.L. on taking over the sludge in the Purification and Willacy installations, to which Addendum no 2/07.03.2015 was signed to extend the validity of the contract up to 08.03.2016.
- Contract no RR 2/20.08.2015, concluded with ECOMASTER SERVICII ECOLOGICE S.R.L. to take over the sludge in waste dump 2.
- Contract no RR 2/30.05.2015, concluded with ECOMASTER SERVICII ECOLOGICE S.R.L. to clean waste dump 3.
- Contract KMGT/006-2015/23.12.2014 (RR5/30.12.2014) concluded with Kaz Munay Gas Trading A.G., with a view to purchasing crude oil for the year 2015;
- Contract 03430-2015/31.12.2014 (RR2/05.01.2015), concluded with Kaz Munay Gas Trading A.G., with a view to purchasing crude oil for the year 2015;
- Contract GOS\_03428/22.12.2014 (RR3/29.12.2014), concluded with Kaz Munay Gas Trading A.G., with a view to purchasing Diesel fuel for the year 2015;
- Contract GOS\_03447/10.02.2015 (RR3/10.02.2015), concluded with Kaz Munay Gas Trading AG with a view to purchasing biodiesel for the year 2015;
- Addendum no 3 of 27.01. 2015 to contract RR2/ 30.01.2014 concluded between CDM Smith Consult GmbH and SC ROMPETROL RAFINARE SA (Vega Unit) with the object of fulfilling action 3 within the contract until 15.04.2015, the rest of the contract remaining unchanged.
- Addendum no 4 of 14.04. 2015 to contract RR2/ 30.01.2014 concluded between CDM Smith Consult GmbH and SC ROMPETROL RAFINARE SA (Vega Unit) with the object

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of fulfilling action 3 within the contract until 29.05.2015, the rest of the contract remaining unchanged.

- The commercial offer concluded between Tauw bv Netherlands and KMG ROMPETROL SRL on 18.05.2015 with the object of performing consultancy services concerning the greening project of the mud pits belonging to Vega Refinery;
- Contract no RR 4/31.12.2012 concluded with Rominserv SRL to perform contractual works (works associated to the investment projects, Revision works) for Petromidia and Vega Refineries, extended by Addendum no 1 for the year 2014 and Addendum no 2 for the year 2015;
- Contract no RR 3/20.04.2015 concluded with KBC Process Technology Limited with the object of supplying technical analyses, technical solutions to improving refinery processes, update of planning and scheduling instruments;
- Contract no RR 1/06.08.2015 concluded with CAPSTONE Management SRL (CPST ADVISORY SRL) with the object of performing special services of managerial activities, know-how, good practice, solutions, consultancy, counseling on improving the organizational efficiency, and project management.

***Important contracts where Rompetrol Rafinare is the company receiving the loan:***

- The syndication credit facility Contract of April 23<sup>rd</sup> 2015 concluded between the Company, Rompetrol Downstream SRL, KazMunayGas Trading AG, KMG Rompetrol SRL, KMG International NV and banks Unicredit Bank SA (former Unicredit Tiriac Bank SA), Raiffeisen Bank SA, Banca Comerciala Romana SA, ING Bank NV Amsterdam – Bucharest Branch and Unicredit Bank AG, London Branch, with the object of granting a credit facility of up to maximum 360,000,000 USD.  
The credit facility is made up of two components: One main Facility of up to 240.000.000 USD and one Auxiliary Facility of up to 120,000,000 USD.
- The overdraft credit facility contract of 27.04. 2015 concluded between the Company, Rompetrol Downstream SRL, KMG Rompetrol SRL, KMG International NV and Unicredit Bank SA (former Unicredit Tiriac Bank SA), with the object of granting a credit facility of 25,000,000 USD (Auxiliary Facility, component of the syndication credit facility contract of 23.04.2015).
- The overdraft credit facility contract of 12.05. 2015 was concluded between the Company, Rompetrol Downstream SRL, KMG Rompetrol SRL, KMG International NV and Raiffeisen Bank SA, with the object of granting a credit facility of 25,000,000 USD (Auxiliary Facility, component of the syndication credit facility contract of 23.04. 2015).
- Addendum no 1 of 31.07. 2015 to the overdraft credit facility contract of 12.05. 2015 concluded between the Company, Rompetrol Downstream SRL, KMG Rompetrol SRL, KMG International NV and Raiffeisen Bank SA, with the object being the amount of 25,000,000 USD, in the sense of appointing the mandated persons to sign the amendments regarding the setting of sub-limits for the credit utilization.
- The overdraft credit facility contract no 15731 of 23.04.2015 concluded between the Company, Rompetrol Downstream SRL, KMG Rompetrol SRL, KMG International NV and ING Bank NV Amsterdam – Bucharest Branch, with the object of granting a credit facility of 25,000,000 USD (Auxiliary Facility, component of the syndication credit facility contract of 23.04.2015).

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- The overdraft credit facility contract of 18.05.2015 concluded between the Company, Rompetrol Downstream SRL, KMG Rompetrol SRL, KMG International NV and Banca Comerciala Romana SA, with the object of granting a credit facility of 25,000,000 USD (Auxiliary Facility, component of the syndication credit facility contract of 23.04.2015).
- Addendum no 38 of 22.07.2015 to the revolving credit facility contract for working capital no 490/17 of March 2008 between the Company, Rompetrol Downstream SRL and Bancpost S.A., with the object of 30,000,000 EUR, in the sense of introducing Rompetrol Downstream SRL as co-borrower and introducing other guarantees and extensions to the credit maturity until 29.07.2016.
- Addendum no 18 of 22.07.2015 to the revolving credit facility contract for working capital no 368/23 of July 2007 between the Company, Rompetrol Downstream SRL and Bancpost S.A., with the object of 27,961,890 EUR, in the sense of introducing Rompetrol Downstream SRL as co-borrower and introducing other guarantees and extensions to the credit maturity until 29.07.2016.
- Addendum no 9 of 23.02.2015 to the overdraft credit facility contract no 0053/26.07.2011 between the Company and Raiffeisen Bank S.A., with the object of 30,000,000 EUR, in the sense of extending the credit maturity 30.05.2015.
- Addendum no 10 of 30.04.2015 to the overdraft credit facility contract no 053/26.07.2011 between the Company and Raiffeisen Bank S.A., with the object of 30,000,000 EUR, in the sense of amending the commissioning modalities.
- Addendum no 9 of 26.11.2015 to the Loan Contract no 448/20.09.2010 between the Company and KMG International N.V., with the object of 250,000,000 USD, in the sense of extending the contract maturity with 12 months, starting with 31.12.2015.
- Addendum no 1 of 26.05.2015 to the Loan Contract no RR2 of 24.11.2014 concluded between the Company and Rompetrol Financial Group S.R.L., with the object of 29,215,000 USD, in the sense of amending the currencies of credit utilization and of the applicable interests.
- Addendum no 2 of 23.11.2015 to the Loan Contract no RR2 of 24.11.2014 concluded between the Company and Rompetrol Financial Group S.R.L., with the object of 29,215,000 USD, in the sense of extending the contract maturity until 31.12.2016.

***Important contracts in which Rompetrol Rafinare acts as a guarantor:***

- Addendum no 4 of 17.11.2015 to the real estate guarantee contract no RR3 of 14.03.2011 concluded between the Company, KazMunayGas Trading AG and BNP Paribas (Suisse) S.A., with the object of 192,500,000 USD, in the sense of reducing the guarantee to the maximum amount of 120,000,000 USD.



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*c) The resignation/dismissal of members of the Management, Executive Management, Auditors.*

In the year reported, among the administration members, the following resignations/recalls took occurred: the resignation of Mr. Bogdan-Nicolae Badea and the recall of Mr. Karoly Borbely, Mr. Bogdan-Nicolae Badea and Mr. Gabriel Dumitraşcu from the positions held as members of the Board of Directors.

No resignations/recalls of the management members and of the Company's external financial auditor.

*d) The list of the subsidiaries of the Company and of the Companies controlled by the Company.*

At the end of the year 2015, the company had two workpoints, namely:

- i) Workpoint located in Năvodari, 1 – 283 Năvodari Blvd., Constanța County.
- ii) Workpoint located in Ploiești, 146 Văleni Str., Prahova county, which carry out their activities in the space which is owned by the Company, called " Rompetrol Rafinare - workpoint Vega Refinery ".

At present, Rompetrol Rafinare S.A. holds the control position in the following companies:

Directly:

- Rompetrol Logistics S.R.L;
- Rompetrol Petrochemicals S.R.L.;
- ROM OIL S.A.;
- Rompetrol Quality Control S.R.L.
- Rompetrol Downstream S.R.L.

In an indirect way:

- Global Security Sistem S.A.;
- Rompetrol Gas S.R.L.

*e) The list of persons affiliated to the company<sup>15</sup>*

Rompetrol Rafinare S.A. is part of the KMG International Group.<sup>16</sup>

The Group is registered with the A.S.F. and was made up of the following companies on 31.12.2015:

- KMG International N.V.<sup>17</sup>

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<sup>15</sup> At this point there have been listed all of the companies in the Rompetrol Group

<sup>16</sup> As the Rompetrol Group until March 2014

<sup>17</sup> As The Rompetrol Group N.V. until March 2014

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- Oilfield Exploration Business Solutions S.A.<sup>18</sup>
- Rompetrol Downstream S.R.L.
- Rompetrol Well Services S.A.
- Palplast S.A.
- Rompetrol Logistics S.R.L.
- Rominserv S.R.L.
- Rom Oil S.A.
- Global Security Sistem S.A.
- Uzina Termoelectrică Midia S.A.
- Rompetrol Petrochemicals S.R.L.
- Rompetrol Quality Control S.R.L.
- Rompetrol Financial Group S.R.L.
- Rompetrol Gas S.R.L.
- Midia Marine Terminal S.R.L.
- KMG Rompetrol S.R.L.<sup>19</sup>
- Byron Shipping S.R.L.
- EPPLN SAS (Entrepot Petrolier de Port La Nouvelle)
- Rominserv Valves Iaifo S.R.L.
- Byron Shipping LTD
- Întreprinderea Mixta Rompetrol Moldova S.A.
- Rompetrol Georgia LTD
- Rompetrol France SAS
- Dyneff SAS
- Dyneff Espagne SL
- BIONEFF SL
- Dyneff Gas Stations Network SL
- TMP SAS (Terminal Midi Pyrenees)
- DPPLN SAS (Depot Petrolier de Port-la Nouvelle)
- Rompetrol Ukraine LTD
- AGAT LTD.
- KAZMUNAYGAS-ENGINEERING LLP<sup>20</sup>
- TRG PETROL TICARET ANONIM ŞİRKETİ
- Rompetrol Bulgaria AD
- KazMunayGaz Trading A.G.
- Rompetrol Energy S.A.
- Rompetrol Albania Downstream Sh.A - in the process of liquidation
- Rompetrol Albania Wholesale Sh.A - in the process of liquidation
- Rompetrol Albania ShA - in the process of liquidation
- Rompetrol Distribution Albania Sh.A. - in the process of liquidation
- Rompetrol Exploration and Production S.R.L.
- KazMunayGas Engineering B.V.
- KazMunayGas Trading Singapore<sup>21</sup>
- Benon Rompetrol

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<sup>18</sup> As Rompetrol S.A. until June 2015

<sup>19</sup> Changed name from The Rompetrol Group Corporate Center S.R.L. in 2014.

<sup>20</sup> to the former assignation of Rominserv Kazakhstan LLC

<sup>21</sup> Joined the Group in March 2014



**ROMPETROL RAFINARE S.A.**

**ANNUAL REPORT OF THE BOARD OF DIRECTORS for the financial year 2015**

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- Rompetrol Drilling S.R.L.<sup>21</sup>
- KMG ROMPETROL DEVELOPMENT S.R.L.<sup>22</sup>

**THE BOARD OF DIRECTORS:**

**Charman**  
**Azamat Zhangulov**



**Member and General Manager**  
**Yedil Utekov**

**Member**  
**Alexandru Nicolcioiu**

**Member**  
**Nicolae Bogdan Codruț Stănescu**

**Member**  
**Mihai-Liviu Mihalache**

**Financial Manager**  
**Giani-Iulian Kacic**

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<sup>21</sup> Established in May 2014

<sup>22</sup> Established in 2015