



ROMPETROL RAFINARE S.A.
COMPANY MANAGED IN A ONE – TIER MANAGEMENT SYSTEM

INDIVIDUAL ANNUAL REPORT
OF THE BOARD OF DIRECTORS

2020

ANNUAL REPORT
ROMPETROL RAFINARE S.A.

on the individual financial statements of the Company drafted according to the Order no. 2844/2016 of the Ministry of Public Finance as subsequently amended and supplemented, and according to Law no. 24/2017 on the issuers of finance instruments and market operations and to Annex 15 of Regulation 5/2018 issued by Financial Services Authority (FSA) for the financial year concluded on December 31st, 2020

Report date: March 24, 2021
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Navodari, Constanta county

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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 EXCHANGE¹

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**
 - **Total number of shares:** 44,109,205,726
 - **Nominal value:** 0.10 lei
 - **Symbol of shares at the Bucharest Stock Exchange:** RRC

¹Starting 5th of January 2015 the shares of Rompetrol Rafinare S.A. are traded in the Standard Category of the Bucharest Stock Exchange (Bursa de Valori București - "BVB"). Up to this date they have been traded within category II of BVB.

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ROMPETROL RAFINARE'S RESULTS IN 2020, IN THE PANDEMIC CONTEXT AND UNPRECEDENTED VOLATILITY OF THE OIL MARKET

2020 FOR THE OIL & GAS INDUSTRY

The year 2020 was a difficult year for the entire oil & gas industry, in each area of activity - from oil extraction to the distribution of oil products.

The effects and influences determined by COVID19 were also reflected in the sharp decrease in demand for petroleum products, a high volatility of international quotations for fuels and the negative refining margins.

The impact of these factors at European level has led to the accumulation of high stocks of finished products, forcing companies to quickly adjust their activities and adapt to new conditions.

Thus, these ones have rethought their business models and medium-term strategies, being forced to adopt other measures necessary to protect the main activities (e.g. staff reductions, outsourcing, closure or sale of assets, suspension and prioritization of investment projects).

The measures were reflected in the evolution of the European refining capacity in 2020 - a decrease of approximately 50 million oil/ year (closed units, preserved or converted) compared to 2019. At this level, another 100 million affected tons are temporarily affected due to the pandemic (technical revisions, processing depth reductions - from an average of 80-85% in 2019 to about 70% in 2020).

In 2020, the gross refining margin - a key indicator for the refining sector, for the first time recorded a negative level for more than four months in a row. Between May and August, the refining margin was negative, about -14 USD /ton.

The negative refining margin could be explained by the fact that the value of a ton of oil product is lower than the value of the raw materials necessary to obtain it, to which the processing costs are added.

2020 FOR ROMPETROL RAFINARE S.A.

These evolutions were also reflected in Rompetrol Rafinare's activity, 2020 being one of the most difficult years in its history. We have never faced negative refining margins for so many consecutive months.

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The sudden decrease in fuel sales due to the restrictions imposed by the pandemic, the lack of fuel deliveries for aviation, the obligation to make environmental investments and to comply with the general revisions of production units, all these put pressure throughout both Rompetrol Rafinare S.A. as well as the KMG International Group to maintain a financial balance.

With considerable efforts, we have managed to protect and maintain our profile activities, **but also to continue to be a pillar of stability for employees, customers, business partners, local and central authorities.**

The employees have been at the heart of the strategy of Rompetrol Rafinare S.A. in 2020, both protecting them and minimizing the risk of infection with the new virus and keeping jobs.

Thus, in order to support our colleagues, digitalization projects for the support functions were implemented, flexible work or work from home programs were developed, as well as other measures for providing IT equipment and solutions.

To these we added the efforts to maintain jobs, in the context that this period was characterized at national level by decisions of technical unemployment, reduced work schedule, collective dismissals, closures or suspension of activities directly affected.

In the current context, all these efforts were reflected in the negative results recorded in 2020. For example, the Operating Result indicator recorded a loss of approximately 635 million Lei in 2020 compared to a profit of approximately 65 million Lei in 2019, according to the audited data.

The role and impact of Rompetrol Rafinare S.A. on the national economy was a major one in 2020, both by maintaining our refineries and Group's gas stations in operations, continuing the modernization and development projects (revisions), but also by the level of contributions to local and central budgets (about Lei 4.85 billion - the equivalent of USD 1.15 billion).

As the only domestic polymer manufacturer, Rompetrol Rafinare S.A. managed to develop a new range, vital in the production of medical protective equipment. It is used for the middle layer of the masks, the most important layer for filtration and protection against.

Currently, Rompetrol Rafinare S.A. is the only manufacturer in the region that can provide the raw materials needed to make medical equipment (masks, caps, coveralls), necessary to reduce the spread of the Covid-19 virus.

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Petromidia refinery managed to achieve a good refining operational performance in 2020, for its main technological and operational parameters, such as:

- ✓ White finished products yield of 85.93%wt;
- ✓ Technological loss of 0.89%wt;
- ✓ Energy Intensity Index of 99.17%.

In respect of Vega refinery (the oldest processing unit operating in Romania (since 1905) and the only domestic producer of bitumen and hexane), the total throughput was 363,803 tonnes in 2020, lower by 16.56% for 2020 full year if compared with full year 2019 when the total throughput was 436,018 tonnes.

Vega refinery also managed to achieve good refining performance results in 2020:

- ✓ Technological loss of 0.75%;
- ✓ Energy consumption of 2.57GJ/t;
- ✓ Mechanical Availability of 98.7%.

Vega works in perfect synergy with the **Petromidia - Năvodari** refinery, the largest in Romania and one of the most modern in the Black Sea region. Thus, **Petromidia** provides to the refinery in Ploiesti the raw materials/semi-finished products needed to obtain special products with high added value.

The refining segment's financial results in 2020, were negatively affected by unfavorable market conditions, capturing the first 2 months of the year very low refining margins prior to shutting down for turnaround in March, and also impacted by the coronavirus pandemic after returning from turnaround at the beginning of May, and as such Petromidia's gross refinery margin was lower in 2020, 15.2 USD/to as against 39.5 USD/to in 2019.

The gross turnover of the refining segment reached 11.5 billion lei (equivalent to 2.73 billion dollars) in 2020, recording a value 38% lower compared to the previous year.

The oil crisis in 2020 had a significant impact on Rompetrol Refinery's business and results. The refinery's market margin (component of the gross margin in the profit and loss account as the difference between weighted market quotations on the raw materials consumed and market quotations on volumes sold) was negative at -13 USD/t compared to last year, when this indicator reached USD 25.4/t. The main discrepancy comes from Jet A1 with a negative difference in the market margin of -

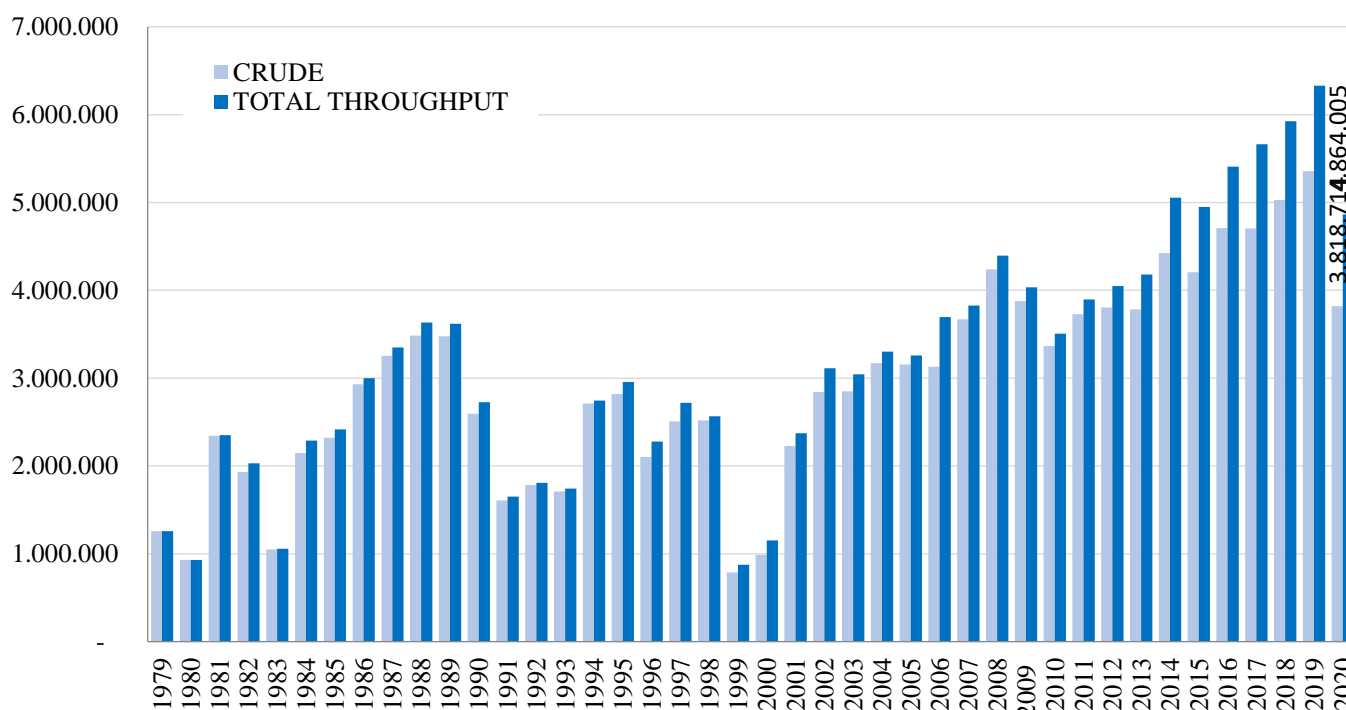
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83.3 USD/t, also the diesel margin decreased by 57 USD/t and the petrol margin decreased by 28.2 USD/t. These differences in market margin generated a significant negative effect on refinery results of approximately -143.3 million USD in 2020 compared to last year.

In addition to the above, due to this crisis, Rompetrol Refining sales in 2020 decreased by 1.35 million tonnes compared to last year (i.e. up to 4.6 million tonnes) and this has generated a negative effect in the refinery results of approximately -\$63.1 million.

The evolution of the processed feedstock starting from 1979 (the year of starting up the first installation within the Petromidia Refinery - Atmospheric and Vacuum Refinement) up to 2020 is rendered by the graphic below:

1979 - 2020, Refinery Processing, tons



IMPORTANT PROJECTS INITIATED BY THE COMPANY – DELFIN PROJECT

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In 2014, after implementation of Package Program, a consultancy contract was issued, having as scope the detailed analysis of Petromidia refinery and of main companies related to the functioning of the refinery, on the following activity flows: Supply Chain Planning, Production and Engineering Processes, Maintenance, Organizational Efficiency.

Following the analysis completion the Delfin Project was initiated with the scope to increase the operational results of Petromidia and Vega Platforms and to identify new opportunities and future projects that will support the achievement of the long term strategic goals of both refineries, established at group level.

The initiatives defined in Delfin Project during 2015-2016 were continued in 2017 within the 5 workstreams: No Cost – Low Cost, Capex (on production and energy), Continuous Improvement, Maintenance and Organizational Effectiveness.

The conclusions resulted from the analysis rolled-out by the consultancy team were taken over, developed and implemented within the 5 workstreams. The role of the consultancy team was mainly focused on monitoring the initiatives' implementation and on supporting the workstreams with the project management activities.

Starting with 2018, the project carried out exclusively with internal resources, without the assistance of an external consultancy team.

In 2020, the implementation of both the initiatives developed in the previous stage and of the new initiatives, continued, under the name of "Delfin 4". The teams were reorganized into 6 working teams: Energy, Continuous Improvement, Maintenance, Organizational Efficiency, Smart Refinery and Loss.

All the streams have a common scope:

- Increase operational performance in Petromidia and Vega - *maximize refinery profitability without CAPEX investments*
- Develop, update and implement new processes / structure / systems - *implement a modern way of working and sustain constant development*
- Identify and look out for new opportunities, drive for continuous improvements - *assess and develop ideas and profitable investments for the future*

Scope of Work 2020 was defined in 2019 with the main area to be improved: increase refinery capacity utilization, improve blending, improve refinery yields, reduce utilities consumptions and reduce technological losses with an estimated total benefits of **7.4 mil\$**

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Starting with May 2020, considering the new environment market conditions affected by coronavirus, scope of work of Delfin 4 was reviewed and quickly adapt the operation in order to sustain the performance of the refinery.

The total benefits of **12.10 mil \$** achieved during **2020** from the initiatives implemented in all workstreams exceeded with 4.7 mil.\$ the 7.4 mil.\$ benefit target planned for 2020.

1. THE ANALYSIS OF THE ACTIVITY OF ROMPETROL RAFINARE S.A.

1.1. OVERVIEW OF THE COMPANY

a) Main activity of ROMPETROL RAFINARE

Rompotrol Rafinare S.A. (hereinafter referred to as „RRC” or the „Company”), a company member of KMG International Group, is a joint stock company, managed in a one-tier management system, with registered office in Năvodari, bulevardul Năvodari, nr. 215, Pavilion Administrativ, județul Constanța operating Petromidia refineries, situated in Năvodari, Constanța county, and Vega in Ploiești, Prahova county. The company is registered with the Trade Registry under the number J13/534/1991 and Tax Identification Number 1860712.

Starting with 01.01.2014, Rompotrol Rafinare S.A. took over the operational plants (polymer and utilities production) of Rompotrol Petrochemicals S.R.L.

In accordance with the provisions of the Articles of Incorporation of the Company Rompotrol Rafinare S.A. the main field of activity is „manufacturing of the products obtained from the processing of crude oil” (NACE code 192), and the main object of activity is represented by the “manufacturing of the products obtained from the processing of crude oil” (NACE code 1920). Other secondary objects of activity are detailed in the Articles of Incorporation of the Company. The company develops its activity either directly or by means of related entities of Romania, Switzerland, Netherlands, Bulgaria, Serbia, Republic of Moldova, Turkey, etc.

Rompotrol Rafinare holds the quality as authorized warehouse keeper, in accordance with the applicable tax legislation. Petromidia and Vega Refineries are authorized as production tax warehouses, being manufacturers of energetic products, according to the tax rules governing the production of energetic products.

Rompotrol Rafinare also holds Integrated Environmental Permits, issued by the competent environmental authorities in accordance with the environmental legislation, for the 2 operated refineries: Petromidia and Vega.

The shares of Rompotrol Rafinare are traded freely within the Standard category of the Bucharest Stock Exchange, under market symbol RRC. The stock market capitalization as at 31 December 2020 amounted to RON 1,940.81 millions.

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Rompetrol Rafinare is the parent company for the subsidiaries Rompetrol Quality Control S.R.L., Rom Oil S.A., Rompetrol Downstream S.R.L., Rompetrol Logistics S.R.L., Rompetrol Gas S.R.L and Rompetrol Petrochemicals S.R.L. within KMG International Group.

The stand-alone financial statements of the Company for the year ended as at 31 December 2020 are prepared according to the International Financial Reporting Standards adopted by the European Union (EU IFRS) according to the Order of Public Finance (OMF) no. 2844/2016 disposing that the listed Romanian companies must issue stand-alone financial statements according to IFRS adopted by the European Union (EU).

The annual consolidated financial statements of Rompetrol Rafinare S.A. and those of Rompetrol Quality Control S.R.L., Rom Oil S.A., Rompetrol Downstream S.R.L., Rompetrol Logistics S.R.L., Rompetrol Gas S.R.L and Rompetrol Petrochemicals S.R.L. branch offices are also prepared by the Company according to IFRS adopted by EU. On its turn, the parent company Rompetrol Rafinare is part of KMG International Group that issues the consolidated financial statements at the level of KMG International N.V., with registered office in Netherlands.

The stand-alone and consolidated financial statements of Rompetrol Rafinare are public and can be obtained from the Company's website www.rompetrol-rafinare.ro.

I) The production activity during year 2020

Rompetrol Rafinare is the owner of three production capacities: Petromidia (located in Navodari) and Vega (located in Ploiesti) refineries and Petrochemical plant (located in Navodari).

Rompetrol Rafinare – Work point (Petromidia Refinery)

The production plan of ROMPETROL RAFINARE S.A. for year 2020 was designed with a total processing of 5,494,102 tons, out of which 4,849,465 tons crude oil and 644,637 tons other raw matters.

This program formed the basis for the preparation of the 2020 income and expense budget. Total feedstock processed in 2020 was 4,864,005 tons, out of which 3,818,714 tons crude oil and 1,045,291 tons other raw materials, this one being influenced by the general overhaul in March – April 2020 and the pandemics of the new Coronavirus- Covid19.

This processing represents 88.53 % as compared to the schedule set up for the 2020 budget.

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<i>Tons</i>		
2020	Budget	Achieved
Total throughput	5,494,102	4,864,005
Processed crude oil	4,849,465	3,818,714
Other raw matters	644,637	1,045,291

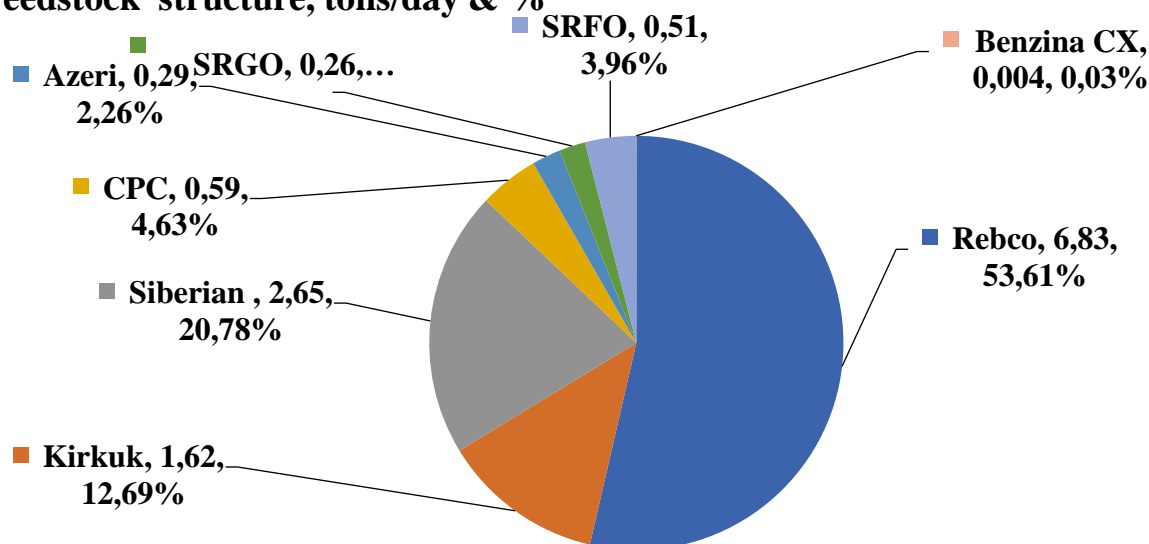
The situation of processing, per quarters, is presented in the table herein below:

Processing	Q I	Q II	Q III	Q IV	Total 2020
Budget (tons)	1,204,795	1,023,339	1,664,004	1,601,964	5,494,102
Achieved (tons)	1,239,996	875,842	1,388,504	1,359,663	4,864,005
Achieved/Budget (%)	102.92	85.59	83.44	84.87	88.53

The action of attracting other raw materials (*e.g.* diesel and Straight Run fuel) into processing was also classified under the same strategy, of ensuring an ongoing operation and at a plant loading as good as possible.

Petromidia Refinery succeeded to adjust the crude runrate and recipe based on the current market conditions replacing expensive crudes with cheaper grades like Kirkuk and SRFO with positive impact on gross refinery margin, taking into account the technological and operational flexibility of the refinery.

Feedstock structure, tons/day & %



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The Diesel yield reached at the level of 51.77% in 2020 being a new record in the history of Petromidia as a result of optimizing refinery units and also using the Jet component as a Diesel component according to market demand. The yields for fuels (gas, Diesel, Jet, automotive LPG fuel) reached the level of 74.79% in 2020.

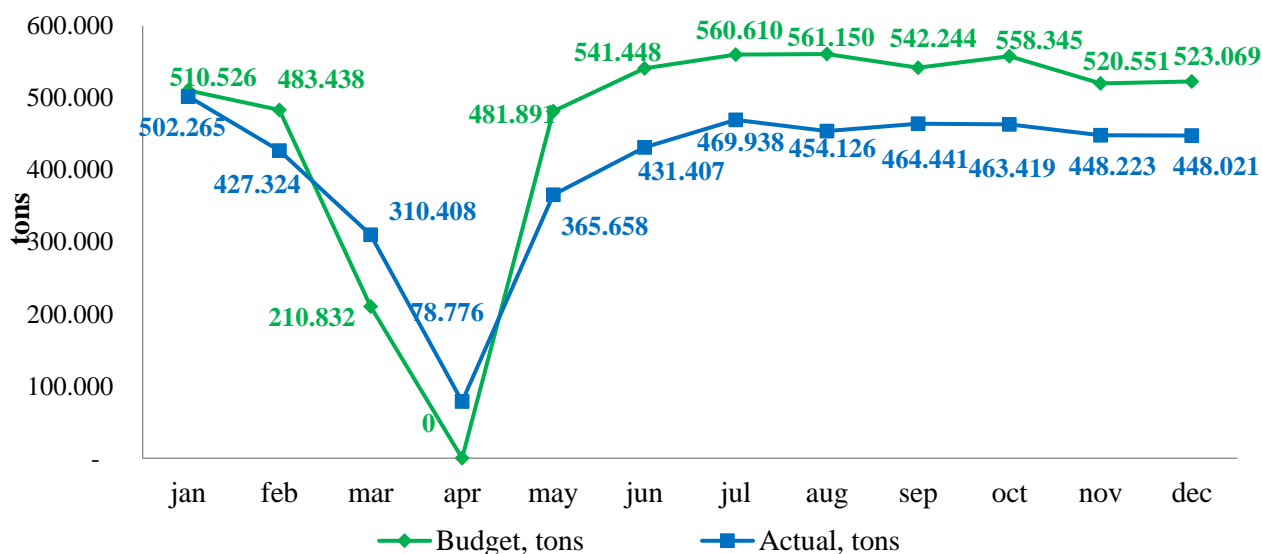
Petromidia Refinery produced 2.52 million tons of Diesel in 2020, 51.77%, the highest yield it has ever reached since its commissioning in 1979.

Energy Intensity Index achieved in 2020 was 99.17 points

Following the general Turnaround performed in 2020 (March-April 2020) the equipment functioned in 2020 at a high level of safety, featuring a mechanical availability of 96.93%.

The operation of the refinery facilities is carried out in accordance with the highest performance standards ensuring at the same time the fulfilment of the commitments assumed relating to the environmental protection.

2020 Monthly processing evolution versus Budget



The structure of the physical production as compared to the Budget, in 2020, is as follows:

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YEAR 2020	Budget		Achieved	
	tons	%	tons	%
Finished Products	5,378,233	97.89	4,748,894	97.63
Gasoline	1,373,840	25.01	1,128,351	23.20
Diesel Fuel	2,612,967	47.56	2,518,297	51.77
Jet	341,209	6.21	138,646	2.85
Fuel Oil	179,645	3.27	165,644	3.41
Propylene	127,298	2.32	117,477	2.42
Liquefied Petroleum Gas (LPG)	237,405	4.32	222,578	4.58
Coke	223,013	4.06	203,018	4.17
Sulphur	47,126	0.86	46,235	0.95
Other Products	235,731	4.29	208,648	4.29
Total Consumption:	125,267	2.28	127,807	2.63
White products obtained		86.49		85.93

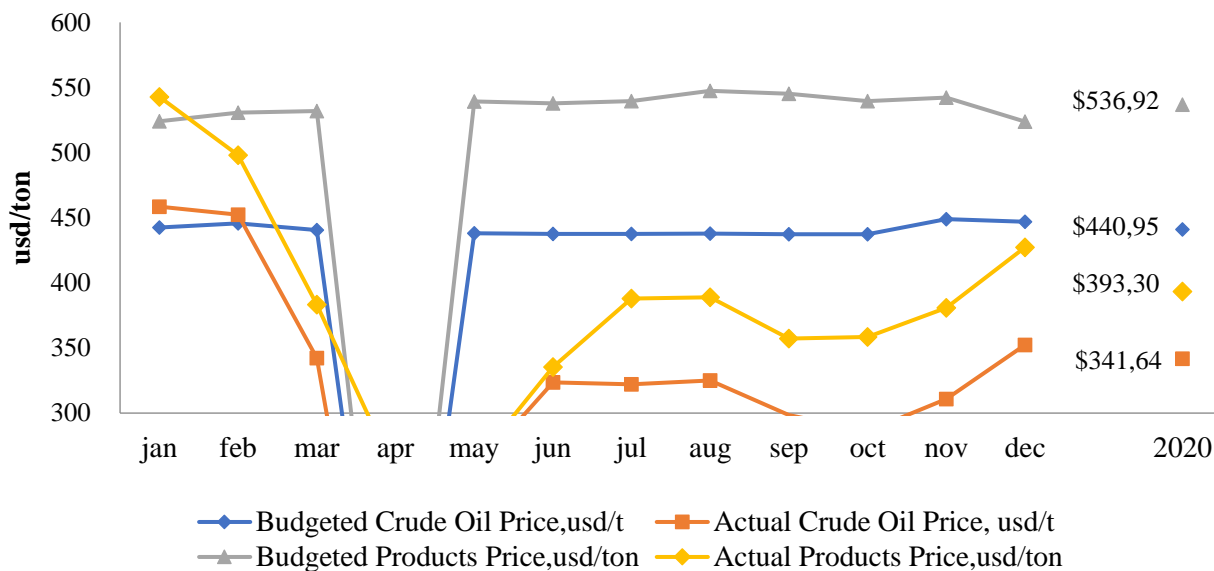
In 2020, crude oil purchase price of USD 440.95 /ton was budgeted, with an average final price of USD 341.64 /ton.

The average value of the finished products was budgeted for 2020 at USD 536.92 /ton and an average price of USD 393.30 /ton.

As one can notice, the evolution of the crude oil market as compared to the budget forecast registered an annual decrease of 22.52%, and the price of oil products followed the same decreasing trend as compared to the budget, the decrease being of 26.75%.

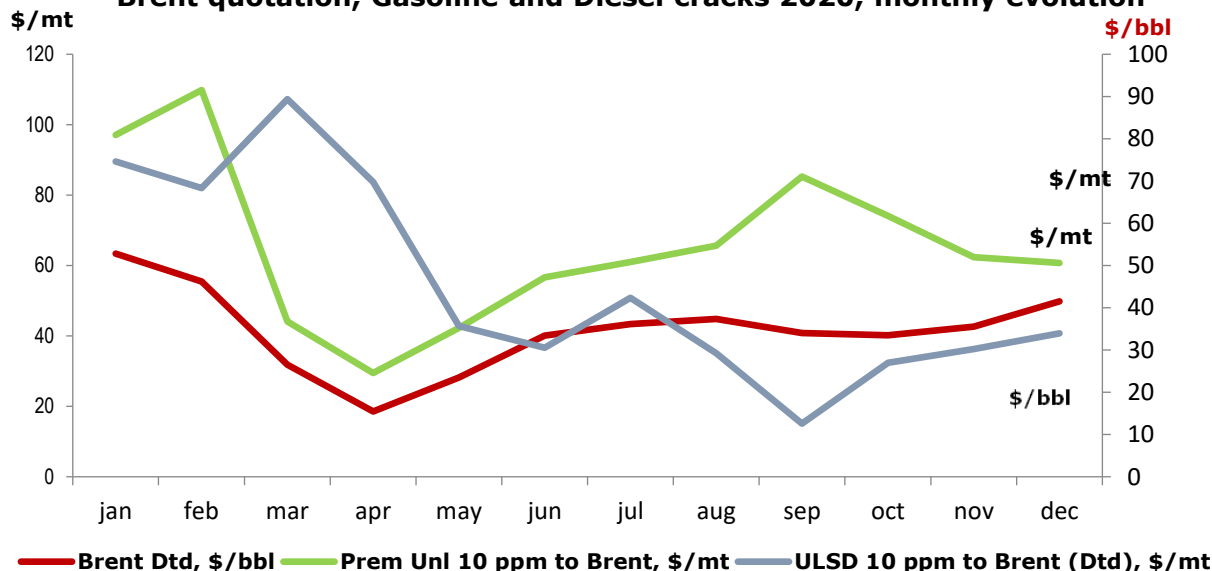


Crude Oil and Products Price, 2020 monthly evolution



During 2020, the crack of gasoline exceeded that of Diesel by an average of approx. 20.39 USD / to, the trend remaining slightly decreasing during March-April 2020, increasing for the rest of the year.

Brent quotation, Gasoline and Diesel cracks 2020, monthly evolution



Sursa: Platts

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In 2020, a consumption of energy of 3.06 GJ/t related to the ton of throughput was recorded, higher than the consumption of energy recorded in year 2019 with ~ 2.25 % correlated to the lower refinery throughput.

In 2020, the cost of utilities amounted to \$10.7/mt being higher than 12% (~\$1,14/mt) compared to the previous year, correlated to the smaller refinery throughput.

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

OIL PRODUCTS	TOTAL DELIVERIES	DELIVERIES					
		DOMESTIC *		EXPORT		TRANSFER	
		[tons]	[%]	[tons]	[%]	[tons]	[%]
Gasoline	977,517	325,597	33.31	651,920	66.69	0	0.00
Gasoline for chemical use	151,875	0	0.00	3,755	2.47	148,121	97.53
Petroleum	142,117	111,279	78.30	18,471	13.00	12,367	8.70
Auto diesel fuel	2,517,386	1,949,877	77.46	567,509	22.54	0	0.00
Fuel oil	172,163	4,995	2.90	16,462	9.56	150,706	87.54
Propylene Propane	117,477	0	0.00	0	0.00	117,477	100.00
Liquefied Petroleum Gas LPG	223,323	223,323	100.00	0	0.00	0	0.00
Petroleum Coke	198,942	161,190	81.02	37,752	18.98	0	0.00
Petroleum Sulphur	49,835	63	0.13	49,771	99.87	0	0.00
Other Products	95,971	43,208	45.02	0	0.00	52,764	54.98
TOTAL	4,646,607	2,819,533	60.68	1,345,641	28.96	481,434	10.36

* The quantities delivered for domestic consumption include the petroleum products marketed 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 2020 production schedule of ROMPETROL RAFINARE S.A., work point Vega Refinery was designed for a total processing output of 400,013 tons, out of which 399,944 tons raw materials within the Group and 69 tons raw materials acquired outside the Group.

This schedule formed the basis for the preparation of the 2020 income and expense budget.

The processing carried out in 2020 amounts to 363,803 tons, out of which 363,791 tons from the Group and 12 tons non-Group.

The processing represents 90,95 % as compared to the schedule established for the 2020 budget, according to the available raw materials from Petromidia Refinery and correlated to the market demand.

tons

2020	Budget	Achieved
TOTAL THROUGHPUT	400,013	363,803
Group	399,944	363,791
Non group	69	12

The situation of processing, per quarters, is presented in the table herein below:

THROUGHPUT	Q I	Q II	Q III	Q IV	TOTAL
Achieved, tons	72,130	81,991	110,431	99,250	363,803
Budget, tons	61,640	91,388	121,818	125,168	400,013
Achieved/Budget (%)	117.0%	89.7%	90.7%	79.3%	90.95%

In 2020, the processed quantity was by 9.05% higher than budgeted quantity, the monthly average being 30,317 tons as compared to 33,334 tons according to the budget.

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Structure of Physical Production as Compared to the Budget, in 2020, is the following:

YEAR 2020	Budget [tons]	Achieved [tons]
Finished products	396,411	361,107
Gasoline + Solvents	163,861	128,129
n-Hexane	78,282	68,636
White spirit and Comb P	4,655	6,531
Calor Extra I	3,245	4,258
Light oil fuel type III	5,125	9,624
Heavy fuel oil	24,305	21,300
Bitumen	116,938	122,629
Other products	-	-

White products obtained %	BUDGET	ACTUAL
Related to total throughput	61.7	55.9
Related to commercial products	62.3	56.3

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

In 2020, the energy consumption reported to throughput ton registered an increased with approximately 7% compared to year 2019, the influence comes from the decrease of the processed quantity, due to the lack of available raw materials.

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The quantitative structure of the deliveries of petroleum products in 2019 is summarized in the following table:

Group of products	TOTAL DELIVERIES 2020		DOMESTIC		EXPORT	
	[tons]	% of total sales	[tons]	%	[tons]	%
Naphtha gasoline	94,209	25.64	19,160	20.34	75,049	79.66
Bitumen	122,666	33.38	122,420	99.80	246	0.20
Heating fuels	14,025	3.82	14,025	100.00	0	0
Hexane	72,305	19.68	3,744	5.18	68,561	94.82
Heavy fuel oil	21,175	5.76	21,175	100.00	0	0
Petroleum and White spirit	6,787	1.85	3,358	49.48	3,429	50.52
Ecologic solvents	36,323	9.88	635	1.75	35,688	98.25
Total	367,490	100.00	184,517	50.21	182,973	49.79

Rompetrol Rafinare – work point Năvodari (the Petrochemical complex)

The production plan of ROMPETROL RAFINARE S.A. – Petrochemical complex for year 2020 was prepared for the functioning of the PP and LDPE polymer plants with the obtaining of a production of 151,113 tons of polymers: PP – 82,283 tons and LDPE – 68,850 tons.

This schedule formed the basis for the preparation of the 2020 income and expenses budget.

The polymer production realized in 2020 amounted to 143,327 tons, out of which PP – 78,758 tons and LDPE – 64,569 tons.

The structure of processed raw materials as compared to the 2020 Budget is as follows:

YEAR 2020	Budget tons	Achieved tons
Raw materials	197,731	183,498
Propane propylene mixture	127,298	117,172
Ethylene	70,434	66,326

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The structure of the physical production as compared to the 2020 Budget is as follows:

YEAR 2020	Budget tons	Achieved tons
Finished products	168,330	154,796
Polymer production	151,113	143,327
PP	82,283	78,758
LDPE	68,850	64,569
Production of polymerizable propylene	17,197	11,469

The comparison budget-achieved shows that the PP production reached 96% as compared to the budget and the LDPE production reached 94% as compared to the budget.

The situation of polymer production, per quarters is presented in the table herein below:

		Q I	Q II	Q III	Q IV	2020
PP	Budget (tons)	18,815	15,503	23,983	23,983	82,283
	Achieved (tons)	19,218	14,584	21,040	23,917	78,758
	Achieved/Budget (%)	102%	94%	88%	100%	96%
LDPE	Budget (tons)	15,750	13,050	20,025	20,025	68,850
	Achieved (tons)	13,474	13,571	20,472	17,052	64,569
	Achieved/Budget (%)	86%	104%	102%	85%	94%

The average value of the cost for processed raw materials, in 2020, was for:

- Propane-propylene mixture – budgeted at USD 676 /t and USD 588/t was achieved;
- Ethylene – budgeted at USD 731/t and \$ 765 /t was achieved.

The average sale price for finished products, in 2020, was for:

- PP budgeted at USD 1.090 /ton and USD 941 /ton was achieved
- LDPE budgeted at USD970 /ton and USD 942 /ton was achieved

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The quantitative structure of the deliveries of polymers is summarized in the following table:

PRODUCTS	TOTAL DELIVERIES	DELIVERIES			
		DOMESTIC		EXPORT	
	[tons]	[tons]	[%]	[tons]	[%]
PP	79,071	38,555	49%	40,517	51%
LDPE	68,705	34,601	50%	34,104	50%

II) Investment activity

The investment activity in the year 2020 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 with the aim of reducing emissions.
- The alignment with safety regulations
- Projects for static and dynamic equipment revamp and modernization to keep them in good condition for safe operation

The investments performed in **2020** added up to **110.944.885 USD**.

The main projects **completed in the year 2020** in Rompetrol Refinery:

- **Petromidia Refinery, Petrochemicals and Vega Refinery 2020 General Turnaround**

For Petromidia and Vega refineries, general turnaround means a scheduled large-scale maintenance activity wherein the entire process unit is taken off stream for an extended period for comprehensive revamp and renewal. This operation involves many preparations and requires many precautions,

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especially at during startup.

Rompetrol Rafinare Board of Directors adopted in May 15, 2018 a new strategy for planning the General Turnarounds and Shutdowns between 2018-2026 by reducing the actual cycle of 5 years to 4 years for General Turnaround, respectively to establish a Shutdown between 2 General Turnarounds, every 2 years.

To reach refinery goal by having a high mechanical availability, refinery must have high reliability at low cost. This can be assured only by having periodically refinery turn around.

The main works packages consist of:

- Catalyst Replacement / Regeneration and Catalyst Services - all work related to the replacement of end-of-life catalysts with new or regenerated catalysts - to maintain a high gasoline / diesel production efficiency, and to obtain products with high economic value.
- Operational works - The other activities, which do not refer to maintenance repairs or modernization, but which are required in order to achieve good efficiency in the refinery, mandatory activities in order to prevent possible damage or defects of equipment due to corrosion, erosion, deposits in the technological process
- Maintenance – Usual repairs and inspection necessary for equipment static/dynamics and pipes that cannot be performed during units operation.
- Capital Maintenance – equipment's that will be replaced only in shutdown period.
- Capex or Improvement project – implementation of CAPEX projects that can be done only with plants shutdown.
- Unexpected/found works – works that appear after the equipment opening.

Within this project, the benefits are as follows:

- Maintain Refinery at its nominal monthly capacity.
- Reduce routine maintenance costs.
- Maintain units safe and normal operating conditions until next planned shutdown.
- Improve efficiency of plant within high mechanical availability.
- Keep a high percentage of mechanical availability.
- Increase reliability / availability of equipment during operation.
- Safety–zero incidents (human accidents or damage to equipment).

➤ **Rehabilitation of C100 tank and connection to delivery paths**

The benefits obtained by project implementation are:

- Ensuring the needed facilities for safe operation of the C100 tank from technological and safety point-of-view



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- Running with Diesel In Line Blending Unit through automation and use in a proper operational way diesel component from HPM, HPR, HDV and MHC units
- Increase storage capacity for diesel component and finished product in order to ensure operational and logistic flexibility and to operate the refinery at a processing capacity of 5 mil tons / year.

➤ **100C1 Atmospheric distillation column- increase heat removal from gasoil PA (pump around) and replacing pumps 100P3A and R for CDU unit (Crude Distillation Unit)**

The project objective was to assure a constant operation of Crude Distillation Unit (CDU) at maximum throughput (maximum throughput following project implementation is 15,700 tons/day), to increase operability and reliability of 100-C1 Atmospheric Distillation Column, to proper recovery / increased yield of Gasoil (Diesel) product when CDU is operated at high/ maximum capacity and / or when Unit is processing a Crude Recipe with high Diesel potential and to allow column operating parameters adjustment is such a way to avoid Corrosion phenomenon presence at the equipment top section. Project benefits resulting from project implementation are in the monitoring stage.

➤ **Improve 180C2 Coker fractionator operation by installing Light Coker GasOil pumparound**

The estimated benefits from project implementation consist in recovery of LCGO at the same quality by reducing the HCGO and reduces coke drum pressure by 0.1 bar, reducing coke production.

The project scope consists in reduce the thermal and hydraulic tower overhead restriction it is necessary to install a Light Coker Gas Oil (LCGO) pumparound. The new pumparound will draw with LCGO from the same tray (number 14) and will return 3 trays above. The duty of LCGO is 3.5Gcal/h. Also, to have a good LCGO recovery without affect his quality respective the final boiling point, it is necessary to install a new LCGO internal reflux which means to return some LCGO immediately under LCGO draw tray.

➤ **Replacement of reactor 130 R1, R2, R3**

The scope of the project was to manufacture and installation of a new reactor on the 130 R1, R2, R3 position of the Catalytic Reformer Unit, having the same constructive shape with the existing one.

The main benefits of implementing of project are:

- Possibility of obtaining the license of the reactor according to PT ISCIR C4/2010;
- Increasing levels of safety and security of personnel.
- Increasing levels of prevention and intervention in case of fire or emergency situations;



- Reducing the risk of accidental shutdown of the Catalytic Reformer Unit;

➤ **Fluid Catalytic Cracking (FCC) Unit Rehabilitation**

During 2020 Refinery General Turnaround (TAR), a comprehensive modernization project (Revamp) which consist in replacing some of FCC Unit critical equipment was implemented.

Regarding benefits of the project implementation, we can mention:

- Decrease FCC Unit shut-down risk due to mechanical problems.
- Increase FCC Unit Mechanical Availability

➤ **Expire authorization ISCIR (State Inspection for Control of Boilers, Pressure Vessels and Lifting Installations) for static equipment Refinery Platform (ISCIR PEM 2019-2020)**

The project scope consists in the reauthorization of pipes and technological units equipment, according to the ISCIR requirements in force; in addition will carry out VTP (Technical Periodic Verification) activities and elaborate technical documentation for the extension of ISCIR due date to equipment due in 2019 and 2020.

By project implementation, the following benefits were achieved:

- Running with the refinery units in safety conditions according to legislation in force, as a result of detailed verifications which will be performed during this evaluation program which will have as a result the technical evaluation of the equipment after specified years of service, as well as repair or elimination of the faults which will appear after the checks;
- Obtaining the functioning authorization for the pressurized equipment, pipes and lifting equipment as per Technical Prescriptions

➤ **Fire-fighting Water Main Replacement Package 2020 sections T009, T010, T013, T049, T050, T051**

For 2020, the rehabilitation program continued with 1,490 m with the replacement of six sections: T009 (375 ml), T010 (260 ml), T013 (305 ml) in Petrochemical Area and sections T049 (110 ml), T050 (230 ml), T051 (210 ml) in Nitrogen-Oxygen Area. The project scope was to perform replacement and rehabilitation of the firefighting civil and mechanical infrastructure, according to the established priorities for 2020, based on the project design.

Benefits of implementing this project:

- Increase the safety level for personnel and assets.

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- Increase the level of prevention and protection in case of emergency situations (fire) by providing the necessary operating conditions for firefighting system: 12barg in standby mode and 16barg in case of fire.

➤ **New High Pressure pipelines (36 barg) between Refinery (UTM limit-node A) and Petrochemicals (node H)**

The scope of the project was to replace the existing 36 barg-High Pressure steam pipeline (1,200 m, Dn 350) with a smaller diameter pipe (Dn 200), between the node A in the Refinery and the node H in the Petrochemicals. The benefits of this project implementation will be to assure the high-pressure steam proper parameters for all consumers. Project benefits resulting from project implementation are in the monitoring stage.

➤ **Maximize usage of 185 unit (Amine and Sulphur Recovery Unit) condensate thermal potential**

The project objective was to increase Refinery Energy Efficiency Index (EII), reducing EII with 0.29 points, by maximizing usage of condensate from amine unit. In Phase 1 it was developed Basic Design and a Simulation Report was performed, to find out all the constraints of system configuration and to verify the initial assumptions and benefits as well. Project benefits resulting from project implementation are in the monitoring stage.

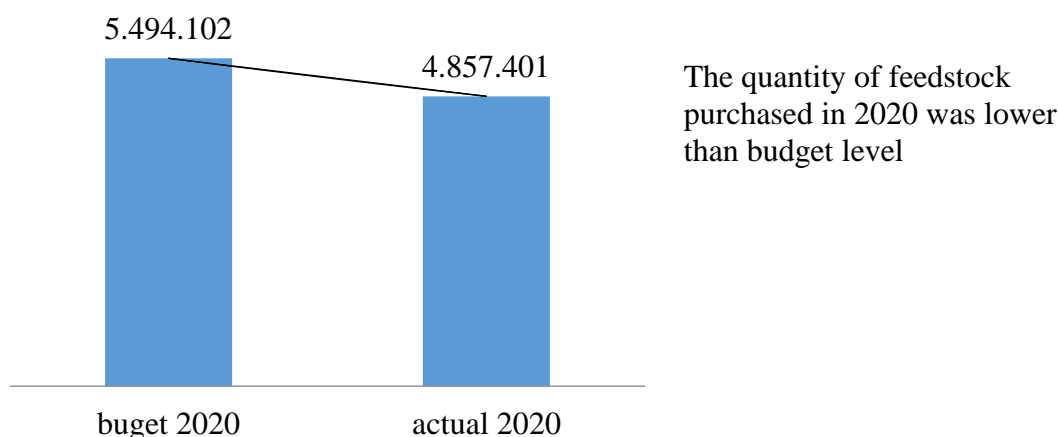


III) Commercial activity

Rompetrol Rafinare – work point Năvodari (Petromidia Refinery)

1. Supply of Raw Materials

Feedstock acquisitions (tons)



In year 2020, crude oil acquisitions were lower (3,825,505) than 2019 (5,324,175 tons) following the general overhaul carried out in 2020 developed during March – beginning May and due to the unforeseen pandemics crisis, that affected the oil industry worldwide. The crude oil imports developed exclusively through the trading company of the group, Kazmunaygas Trading AG.

All feedstock volumes purchased in 2020 from external sources (4,730,249 tons) were lower than that of previous year 2019 (6,074,447 tons).

Average price of crude oil acquired in 2020 was lower (USD335 /ton) to that of 2019 (USD 474 /ton) due to the significant decrease of international quotations following the pandemics crisis that affected extremely serious the oil market (in 2020 the average quotation for the crude oil Brent amounted to USD42 //bbl (USD315 /mt) compared to USD 64 /bbl (USD 484 /ton) in 2019.

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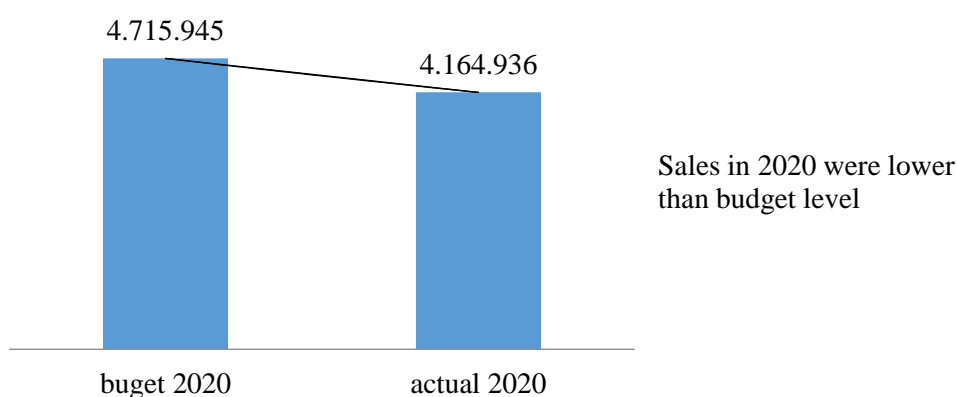
Domestic acquisitions in 2020 amounted to 99,828 tons compared to 107,661 tons in the previous year. Added to these, there were also volumes transferred from Vega refinery in amount of approximately 27,324 tons (66,904 tons in 2019).

Domestic suppliers have been:

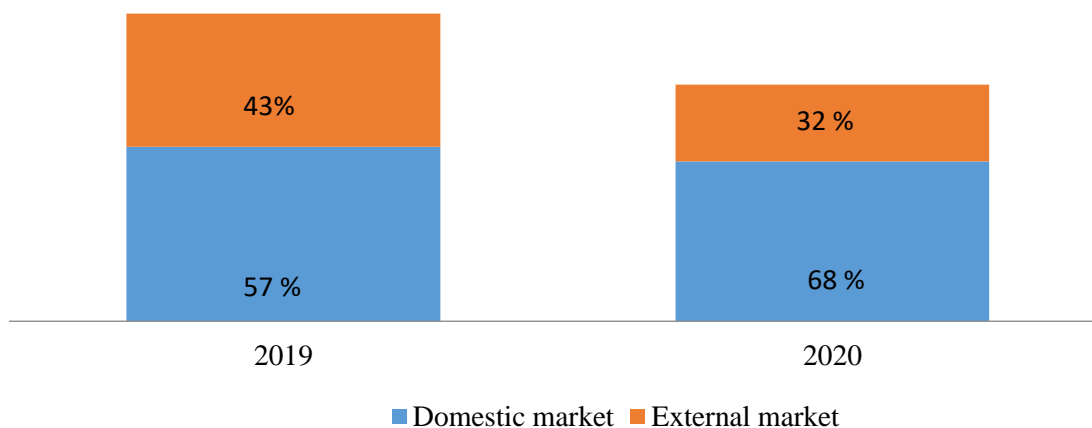
- Socar Petroleum – methanol
- Prio Biocombustibil; Expur - biodiesel

2. Sales activity

Sales of finished products vs budget (tons)



Structure of total sales



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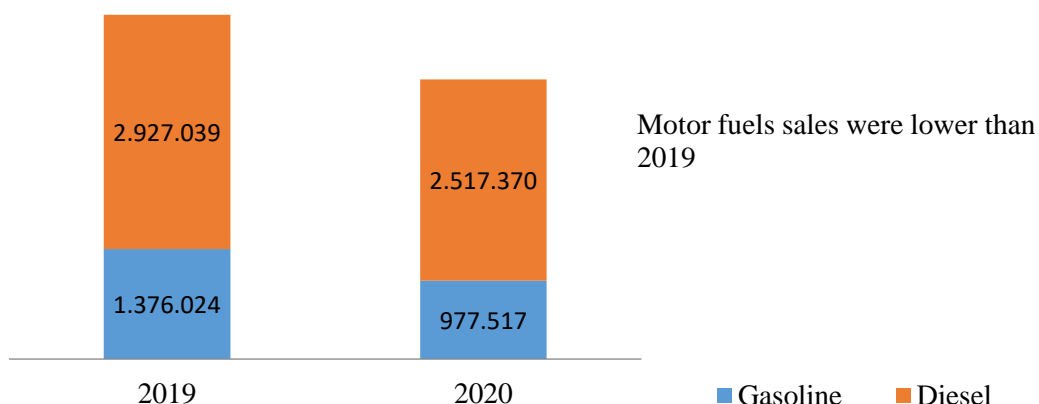
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Gasoline + Diesel sales (tons)

Total 4,303,063 tons

Total 3,494,887



Rompetrol Rafinare – work point Vega Refinery

The quantitative structure of the deliveries of oil products in 2020 is synthetized as follows:

Product Group	Total deliveries 2020		Domestic		External	
	[tons]	% of total sales	[tons]	% of total sales	[tons]	% of total sales
Other gasolines	94,209	25.64	19,160	10.38	75,049	41.02
Bitumen	122,666	33.38	122,420	66.35	246	0.13
Heating oils	14,025	3.82	14,025	7.60	-	0.00
Hexane	72,305	19.68	3,744	2.03	68,561	37.47
Fuel Oil	21,175	5.76	21,175	11.48	-	0.00
Petroleum and White spirit	6,786	1.85	3,358	1.82	3,429	1.87
Ecological solvents	36,323	9.88	635	0.34	35,688	19.50
Total	367,490	100.00	184,517	100.00	182,972	100.00

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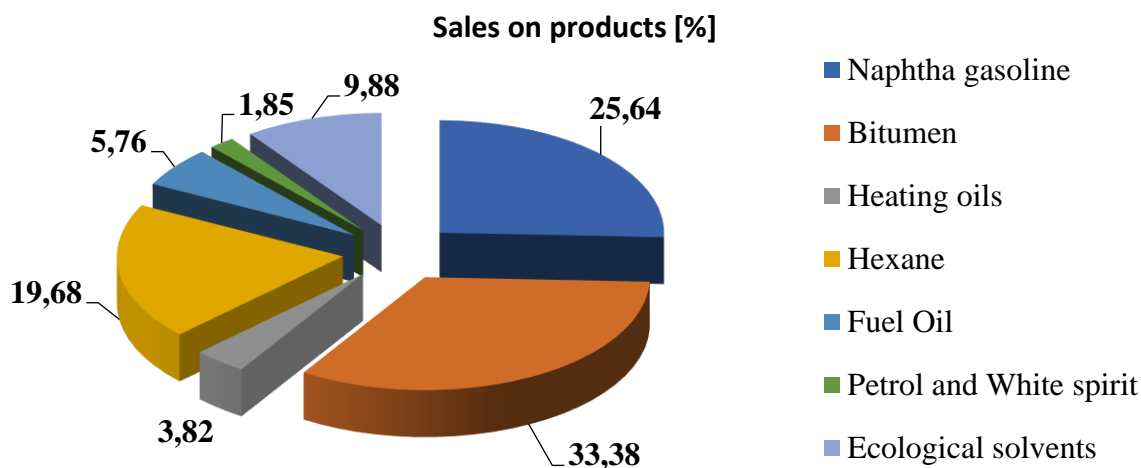
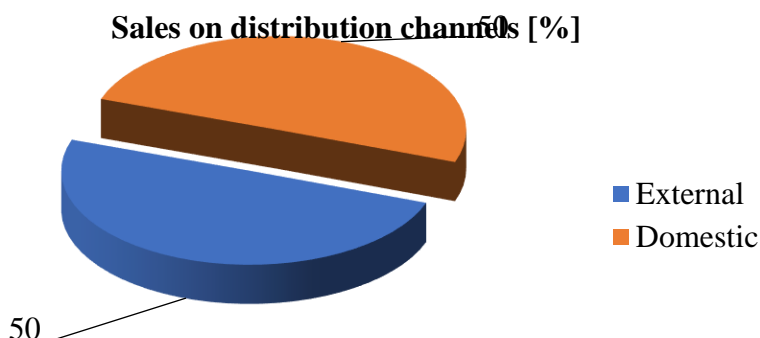
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The main markets for external channel were:

- Hungary, Slovakia, Czech Republic, Poland, Spain for naphtha;
- India, Turkey, Ukraine, Bulgaria, Russia for hexane;
- Germany, Hungary, Ukraine, Spain, Moldova for ecological solvents;
- Bulgaria, Moldova for white spirit;
- Bulgaria for bitumen

Sales market

In 2020, sales amounted to 367,490 tons. 184,517 tons were sold on domestic market, and 182,972 tons were sold on external markets. Share on sales of finished products on sales market was relatively equal for the two distribution channels.



White products sales (naphtha, ecological solvents, hexane and white spirit) represented about 57% of total sales in 2020.



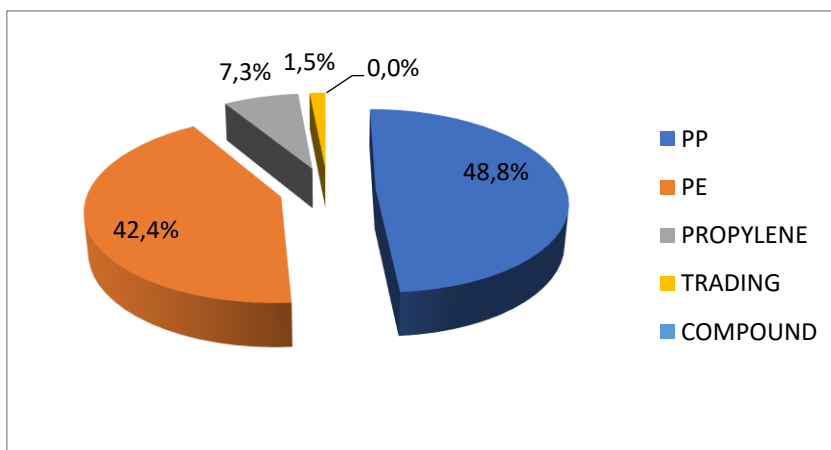
Rompetrol Rafinare – Work point Năvodari, the Petrochemical complex

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

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), linear low density polyethylene (LLDPE), PVC, PET and PP.

The sales of Rompetrol Rafinare – Petrochemical complex amounted in 2020 to a quantity of 162,192 tons.

In 2020, 48.8% of total sales stand for polypropylene (PP), 42.4% stand for polyethylene and the remaining of 8.8% represents sales of propylene and trading activity.



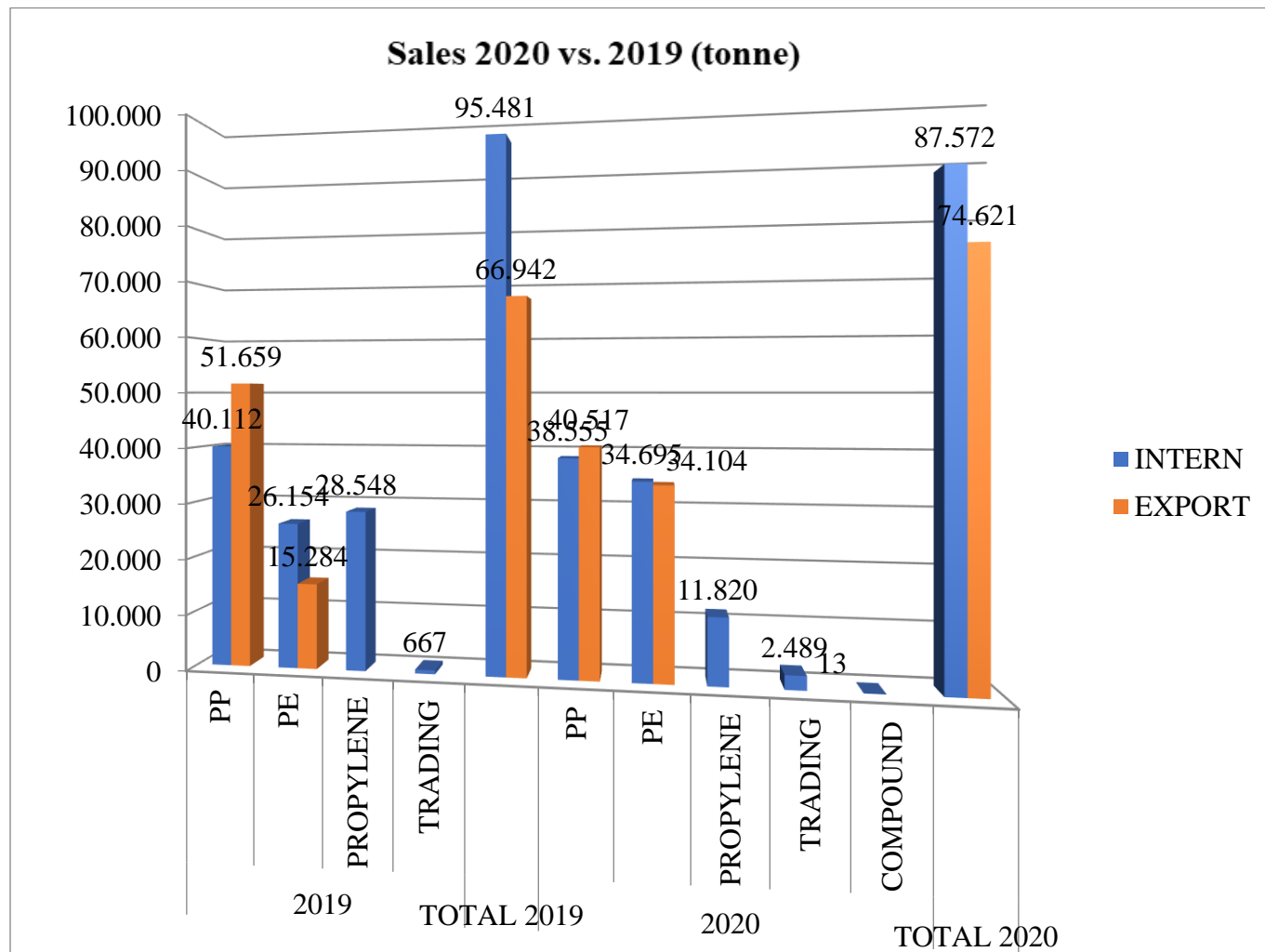
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The polyethylene (PE) (+66%) and the trading activity (+ 273%) registered significant increases of sales compared to year 2019.



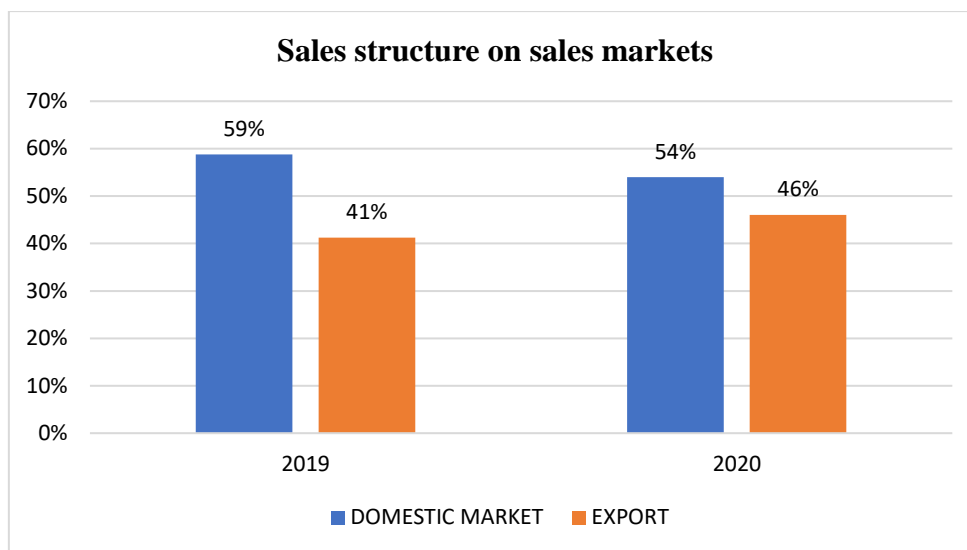
Out of total sales, 54% is the domestic market and the rest of 46% represents exports.

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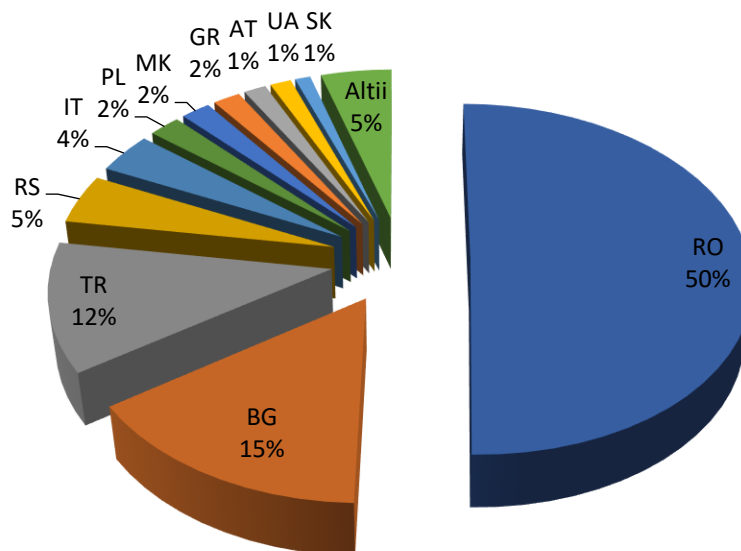
The most important distribution channels for polymers (PP, LDPE, HDPE, PET and PVC) are represented by: Romania, Bulgaria, Turkey and Republic of Serbia.

Year 2020 marks a new historical record as regards the sales of polymers on the domestic market: 75,751.75 TO

The external sales of polymers were targeted to both the European Union and third countries. The intra-communitarian deliveries represented approx. 79% of the total export sales of finished goods, the difference representing the export sales on the non-EU markets.

The distribution of petrochemical products sold by Rompetrol Rafinare was carried out by road and railway means in the case of sales on the domestic market and, in the case of sales on the foreign market, the distribution of these products was carried out both by road and maritime transport means through Agigea and Constanta ports.

Polymer Sales by Destination 2020



IV) Activity regarding Quality, Occupational Health and Safety and Environmental Protection (QHSE)

The QHSE specific activities were meant to achieve the goals set for the year 2020. All these have materialized by **maintaining** the integrated quality-environment- occupational health and safety management system, as confirmed by **the supervisory audit**, carried out by DNV-GL representatives (April 2019).

Major activities carried out in 2020 in order to achieve the QHSE objectives (detailing of the environmental and safety activities is to be found in the relevant chapters of this report):

- Certifications for Rompetrol Rafinare have been maintained, for:
 - Auto fuels and bitumen, according to the legal and statutory requirements
 - Integrated Management System – Environment – Occupational Health and Safety (QHSE) according to ISO 9001, 14001 & ISO 45001 standards

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- ISCC Management System (International Sustainability & Carbon Certification), from the point of view of the sustainability requirements disposed in Directive 2009/28/EC (RED)
- Active involvement in maintaining the certification of Energy Management System as well as preparation of its transition according to the new version of ISO 50001 standard;
- Integrated Management System documents have been maintained /developed /revised /reviewed (policies/objectives/plans/programs/procedures/work instructions/regulations, etc.)
- The Risk Register for Rompetrol Rafinare was maintained and updated quarterly;
- Considering the coronavirus pandemics, the necessary prevention measures have been identified and implemented related to the organization to prevention and documentation purpose (Contingency Plan, Continuity Plan, Crisis Management Procedure), constant communication of internal relevant information (Internal orders, recommendations) and external (from official sources) as well as the follow-up by inspections of the compliance with all the prevention rules established.
- During the development of the 2020 overhaul within the pandemic context, specific activities have been developed so that to ensure both the fluidization of the activities and the occupational health and safety. Thus, the overhaul completed with **0 incidents and 0 cases of infection** with SARS-COV 2 virus.
- There were performed internal audits, safety audits, inspections in accordance with the planning or unforeseen, in order to identify both weak points and improvement opportunities;
- 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 compliance obligations and the requirements of relevant interested parties;
- The Water Management Permit (Petromidia) was revised; for the other Permits, all the formalities necessary to carry out the overhaul have been fulfilled – documentations issued and submitted before the Environmental Authorities, the authorization procedure being in course of development.
- The activity at the two work points - Petromidia refinery, with two plants (Refinery and Petrochemistry), and Vega refinery have been monitored for purposes of environment protection, pursuant to the Integrated Environment and Water Management Permits, as well as in what regards the compliance requirements under the Greenhouse Gas Authorization;
- The efficacy of the safety project “1.Life/1.Viata” has been maintained, by the establishment of a Process Safety Management sub-committee and by more than 2000 safety audits.
- The following actions have been taken:
 - Actions for personnel recognition and motivation,
 - ✓ International Occupational Health and Safety Day



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- ✓ Campaign for supplying some protection masks
- ✓ Christmas Campaign Small rewards on site – Christmas campaign
- Actions for promoting the company image, through the participation and support of presentations:
 - ✓ Forum 2020 – Occupational Health and Safety Management, more than 300 participants – presentation “Revision Journal”
 - ✓ Occupational mental health –A”BIS” presentation - Awareness & Adaptability
 - ✓ Interview published in HSE Guidelines – Romania 2020

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STATEMENT
OF THE MAIN ECONOMIC-FINANCIAL INDICATORS
AND OTHER INFORMATIVE DATA, AS AT 31.12.2020, AS COMPARED TO
THE INCOME AND EXPENDITURE BUDGET APPROVED IN THE
GENERAL MEETING OF THE SHAREHOLDERS OF THE COMPANY 2020

Ref. no.	INDICATOR'S NAME	RON	
		OMFP no. 2844/2016	
		Achieved 2020	IEB 2020
1	Crude oil processed and other raw materials (tons)	4,864,005	5,494,102
2	Net turnover	8,275,110,517	12,283,641,497
3	Cost of sold production	(8,646,900,936)	(11,825,780,398)
4	Gross profit/ (Loss)	(371,790,419)	457,861,099
5	Distribution and general administrative expenses	(343,120,147)	(228,732,820)
6	Other operating income/(expenses)	79,881,482	(5,473,200)
7	Operating Profit / (Loss)	(635,029,084)	223,655,079
8	Financial expenses	(182,465,147)	(202,535,931)
9	Financial income	86,748,261	287,735
10	(Losses)/ Gains on exchange rate variations, net.	208,940,736	-
11	Gross profit/ (Loss)	(521,805,234)	21,406,882
12	Income / (Expense) on deferred corporate income tax /Minority interests	(124,017,823)	(40,945,985)
13	Profit/(Loss) of the year	(645,823,057)	(19,539,102)
14	Fixed assets	5,337,995,718	-
15	Inventories	527,073,050	-
16	Receivables	1,167,390,890	-
17	Cash	365,595,493	-
18	Total debts (including provisions)	6,062,448,007	-
19	Equities	1,335,607,145	-
20	Average number of employees	1,138	1,151

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From the data presented in the above table, comparing the results recorded at 31.12.2020 with those approved in the Income and Expense Budget (IEB), the following results:

1. In 2020, Rompetrol Rafinare processed a quantity of crude oil and other raw materials of 4,864,005 tonnes, down with 11% from that provided in the Income and Expenditure Budget, i.e. 630,097 tonnes less than budgeted, on the background of reduced market demand for petroleum products as a result of the Covid-19 pandemic compared to 2019.
2. Turnover achieved in 2020 was at a level of 33% lower compared to the budgeted value, the negative variation being mainly due to the reduction in production and quantities of petroleum products sold on the background of reduced market demand, as well as the significant reduction in quotations of petroleum products on the international market in the context of the Covid-19 pandemic.
3. The cost of the sold production recorded in 2020 was 27% below the budgeted level, the change being mainly due to the reduction in production and quantities of petroleum products sold on the background of lower market demand, as well as the reduction in quotations for crude oil and other raw materials on the international market in the context of the Covid-19 pandemic.
4. The operating income result is negative (loss) in the amount of Lei (635,029,084); Financial expenditure is less than budgeted by 10% on the basis of low production and less financing for the amount of crude oil purchased and processed than the budgeted level.
5. Net exchange rate differences recorded during 2020 are favourable, their value reaching 208,940,736 lei, in the light of the continuous appreciation of the national currency against USD starting from May 2020 until the end of 2020.
6. **At the end of 2020, Rompetrol Refining recorded a negative net result (loss) of (645,823,057) lei.**

The total amount paid during 2020 to the state and local budgets was 4,852,598,157 lei (equivalent to about 1.15 billion USD) consisting mainly of excise duties, VAT, taxes and payroll taxes, local taxes and others. From the taxes paid by the Company to the state budget, large amounts, quotas established by the legislation governing local budgets, are directed to the local authorities within the range of which the company operates.

b) Date of establishment

Rompotrol Rafinare S.A. is the most important asset of KMG International NV in Romania, with a significant economic impact on and contribution to energy security. The Company has an experience of more than 40 years in the field of making products obtained from crude oil processing and a history that began in 1979, upon the commissioning of the first unit, the AD unit (atmospheric distillation unit).



Please find herein below a brief presentation of the most important times in the Company's history:

1975 - 1977	<ul style="list-style-type: none"> • Midia Navodari Petrochemical Plant (the first name of Rompetrol Rafinare S.A.) was deigned on the basis of Romanian refining technologies and of certain foreign licenses.
1979	<ul style="list-style-type: none"> • The first unit - the Atmospheric Distillation Unit - is commissioned
1991	<ul style="list-style-type: none"> • Midia Petrochemical Plant turns into a joint stock company, the assets of the former unit being entirely taken over. The newly-formed company, under the name of PETROMIDIA S.A., was established under Government Decision No. 1176/1990, issued under Law No. 15/1990 on the reorganization of State



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	<p>economic operators as <i>regies autonome</i> and business companies. Annex No. 1 to the regulatory act mentions the headquarters of the joint stock company, as being located in Constanta, Str. DN 228 km 23, Constanta County.</p> <ul style="list-style-type: none"> The Company is registered with the Constanta Trade Registry under No. J13/534/1991 and has sole registration code 1860712.
2000	<ul style="list-style-type: none"> Government Decision No. 540/2000 on the approval of the classification into functional categories of public roads and private utility roads open to public traffic, road DN 228 was re-categorized as a county road under the name of County Road 226. The regulatory act resulted in the amendment of the Company's Articles of Incorporation and Registration Certificate.
2001	<ul style="list-style-type: none"> Change of the Company's name from "PETROMIDIA S.A." into "ROMPETROL RAFINARE-COMPLEXUL PETROMIDIA S.A."
2003	<ul style="list-style-type: none"> The Company changes its name into "ROMPETROL RAFINARE S.A."
2004	<ul style="list-style-type: none"> Shares listing at the Bucharest Stock Exchange, under the "RRC" symbol"
2007	<ul style="list-style-type: none"> The Extraordinary General Meeting of the Shareholders of September 17, 2007 decided to acquire the full ownership over the machinery and equipment within the Vega Refinery, located in Ploiești, str. Văleni nr. 146, județul Prahova. Acquiring the ownership over and resuming the possession of the plot of land and all the assets from the premises of the Vega Refinery, the Company established its own Work Point at Ploiesti and obtained effective December 1, 2007, the capacity of Warehouse keeper authorized for the production of energy products also in relation to the Vega Refinery from Ploiesti.
2010	<ul style="list-style-type: none"> Decision No. 2 of the Board of Directors dated October 19, 2010 approved the change of the address of the registered headquarters from Navodari, County Road 226, km 23, Constanta county into Năvodari, bulevardul Năvodari, nr. 215, Pavilion Administrativ, județul Constanța further to Decision No. 187/24.07.2009 issued by the Navodari Local Council on the granting of names to streets and alleys which are not included in the list of street names, and to the addresses communicated by the City Hall of Navodari City in relation to the assignment of street numbers to the Company's property located in Navodari.
2013	<ul style="list-style-type: none"> Decision No. 6/2013 issued by the Extraordinary General Meeting of the Shareholders approved the obtainment, by means of purchasing, of the ownership right over the assets consisting in intangible assets, tangible assets, fixed assets (buildings and constructions, technological equipment, measurement machinery and plants, office equipment, IT equipment, transportation means, other tangible

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	assets), investments in progress and stocks, assigned or related to the main activity of petrochemistry, found in the property of Rompetrol Petrochemicals SRL
2019	<ul style="list-style-type: none"> • Celebrating of four decades of performance and professionalism In 2019, Petromidia Refinery from Navodari celebrated 40 years of activity, time frame when from one idea it reached to be the largest such unit in Romania and one of the most modern in the Black Sea region.
2020	<ul style="list-style-type: none"> • Vega Ploiești, 115 years of performance in the refining industry In 2020, Vega Ploiești Refinery, operated by Rompetrol Rafinare, celebrated 115 years of activity in the oil product processing industry. Having a rich history full of events that marked its development, the unit of Ploiești represents an important reference in the Romanian energy field. At present, the refinery does not process crude oil anymore, but only medium distilled products, resulted from Petromidia Refinery of Năvodari. Thus, even if it is the smallest unit in this field in the country, having an annual production output of approximately 400,000 tons, Vega Ploiești develops exclusively high value-added products.

c) Significant mergers or reorganizations

During the financial year 2020, there were no significant mergers or reorganizations within RRC or in its controlled companies. The company makes part of KMG International Group. RRC controls directly branch offices of Rompetrol Downstream S.R.L. (in a percentage of 99.994688898%), Rompetrol Quality Control S.R.L. (in a percentage of 70.91%), Rom Oil S.R.L. (in a percentage of 99.9998505%), Rompetrol Logistics S.R.L. (in a percentage of 66.1911%), Rompetrol Petrochemicals S.R.L. (in a percentage of 100%) and indirectly Rompetrol Gaz S.R.L and Global Security Sistem S.A. through Rompetrol Logistics S.R.L.

d) Assets acquisitions and sales

Throughout 2020, the Company did not register participations in other companies, purchased assets such as fixed assets and did not sell assets. During the analyzed financial year, there were no asset purchases, except for those that were necessary for the operation and development of the activity,

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reflected in the investment plan and in the budgets approved for this purpose. The total expenses for investments during 2020 amounted to approximately RON 482 million. Assets alienations did not take place, except for the obsolete ones according to the law.

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

Rompetrol Rafinare S.A. recorded a net turnover of **8,275,110,517 lei** in 2020, this being strongly impacted by a cumulation of factors represented by the planned shutdown of refineries operated by the Company for the conduct of the general turnaround carried out in March-May 2020, the reduction of production and quantities of petroleum products sold on the background of reduced market demand, as well as the significant reduction of quotations of petroleum products on the international market in the context of the Covid-19 pandemic. In the 2020 financial year the company recorded a net loss of **(645,823,057) lei**, 2020 being a difficult year for the entire oil and gas industry, throughout its chain of activities – from crude oil extraction to distribution of petroleum products. The effects and influences caused by COVID19 were also reflected in the steep drop in demand for petroleum products, a high volatility in international fuel quotations, and also in negative refining margins.

1.1.1. ELEMENTS OF GENERAL ASSESSMENT

The income of the company originates mainly from the production and delivery of petroleum products obtained from the processing of crude oil and other raw materials: Lei 8,275,110,517.

Indicators (LEI)	2020
Loss	(645,823,057)
Operating result - profit	(635,029,084)
Net turnover, of which:	8,275,110,517
Export	2,728,832,744
Cost of sold production	(8,646,900,936)
Market share (%) ²	31%
Liquidity (effective amounts in accounts and cash equivalents)	365,595,493

²Fuels sales (gasoline and diesel) on the domestic market segment are exclusively delivered by the Group authorized trader – ROMPETROL DOWNSTREAM SRL Bucharest which owns a 31% market share of Romanian fuel distribution.

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a) Loss

At the end of 2020, Rompetrol Rafinare registered a negativ result (loss) of **Lei (645,823,057)**.

a) Turnover

In 2020, the company's net turnover was **8,275,110,517 lei**. Turnover in 2020 was strongly impacted by a number of factors represented by the planned shutdown of refineries operated by the Company for the conduct of the general turnaround carried out in March-May 2020, the reduction of production and quantities of petroleum products sold on the background of reduced market demand, as well as the significant reduction of oil prices on the international market in the context of the Covid-19 pandemic. Results in 2020 were 44% lower than in 2019.

b) Export

In 2020, the share of international sales in total sales represented approximately 33%, the Company focusing more on maximizing sales on the domestic market, which generates profit margins higher than those obtained from export sales, in the context of lower quotations on international markets of reference.

The total amount achieved in 2020 from export sales of finished goods was of Lei 2,728,832,744 (related to the two refineries Petromidia and Vega and the Petrochemistry Plant).

c) Cost of sold production

The cost of production registered a drop by about 40% compared to 2019.

d) Market share owned

From the data which we hold, the market share we estimated in the year 2020 reached about 31% (throughout distribution to retail), increasing compared to the market share held last year.

e) Liquidity

The company has made sustained efforts to maintain the capacity to hedge current liabilities from current assets, with the current liquidity indicator falling from 0.56 in 2019 to 0.40 in 2020.

2020 was a difficult year for the entire petrol and gas industry, across its chain of activities – from crude oil extraction to distribution of petroleum products. The effects and influences caused by

COVID19 were also reflected in the steep drop in demand for petroleum products, a high volatility in international fuel quotations, and also in negative refining margins.

1.1.2. THE ASSESSMENT OF THE TECHNICAL LEVEL OF THE COMPANY

The main products produced by Rompetrol Rafinare S.A. in the year 2019:

The Production Nomenclature of Rompetrol Rafinare S.A., work point Navodari - 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 BIO Gasoline
- Efix S 98 Gasoline
- Efix S 95 Gasoline
- Raffinate for chemical use

b) Diesel fuels

- Euro 5 Diesel
- 51 EFIX Diesel
- 51 EFIX Diesel Winter
- Unmarked 55 Diesel
- 55 Winter diesel
- 55 Efix S Diesel
- Euro 5 Diesel (Winter Diesel)
- Marked Euro 5 Diesel (Winter Diesel)
- Euro 5 Diesel (Euro 5 Super Diesel)



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- Euro 5 Diesel (Euro 5 Super Diesel) with biodiesel
- Slurry

c) Petroleum

- Aviation turbine fuel jet A1

d) Fuel oil

2. Gaseous fuels

a) Liquefied Petroleum Gas

- GPL
- Automotive LPG
- Propane fuel
- Commercial Propane-Butane

b) Gases

- C5-C6 Fraction
- Refinery fuel gasses
- Propylene/propane-propylene mixture

3. Solid fuels

- Petroleum coke
- Petroleum Sulphur

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



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- 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

- e) Fuel oil**

- f) Bitumen**
 - Roads Bitumen
 - Special Bitumen
 - Polymer-modified Bitumen

- g) Additives**

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

1. Polypropylene (PP)

- a)** Injection sorts – J500, J600, J700, J800, J900, J1000, J1100, J1200, J1300, J1400, J1450, RHC40, J1500 new
- b)** Sorts of Raffia – F301, F401, F501
- c)** Sort thermos-forming – RTF-3
- d)** Sorts of film – F500, F600, RCF9 , F400BO
- e)** Sorts of fibers – S711, S1001, RSB25

2. Polyethylene of low density (LDPE)

- a) Sorts of thin film – B20/2, B21/2, B20/3, B21/3
- b) Sort of film for thick bags – B20/03,
- c) Sort of film for liquid packaging – B21/05
- d) Sorts of thin film for thermo-contracting foil – B22/025, B22/07
- e) Sorts of agro-film for greenhouses - RGH-035 UV

The Main Services of Rompetrol Rafinare:

During 2020, the company provided the following services:

➤ Energy distribution and utilities services. These services have been performed by Thermo-Hydro Unit together with the Electric Unit for the companies on Petromidia platform as well as for other companies outside the platform, consisting of:

- Instrumental air, technical air, fire extinguishing water, drinkable water, hot water, condensed return water, waste water treatment, demineralized water, raw water, filtered water, combustible refinery gases, electric energy, thermal energy, drinkable water, propane for heating.

Services provided to third parties: waste water Treatment in Water Purification Plant.

All these utilities are transported and distributed by the pipeline network exploited by the Utilities Plant. Transport and distribution costs are included in the price of the utilities, except for:

- electric energy – electric energy distribution tariffs on the two voltage levels of low voltage and high voltage are regulated by the National Energy Regulatory Agency;
- drinkable water – the tariff for the distribution of drinkable water is regulated by the National Regulatory Authority for Community Services of Public Utilities;
- wastewater treatment service, for wastewater whose characteristics fall within the limits imposed by the contract - tariff regulated by ANRSC (National Regulatory Agency for Community Services of Public Utilities)



Concurrently, the company purchased services consisting of: take over, transport, for the purpose of the final elimination in authorized installations of hazardous sludge waste having waste codes: 05 01 09* and 19 08 13*.

1.1.2.1. The main distribution markets for each product and methods of distribution

During 2020, sales on domestic market accounted 68% of total sales, the share being slightly higher than that of the year 2019. Share of motor fuels (gasoline and diesel) reached 84% of total finished products sales. Domestic market absorbed about 65% of total quantity of auto gasoline and diesels marketed in 2020. Sales of gasoline and diesel for domestic market intended for national consumption through the gas stations network covered all Romanian areas. The highest share (approximately 86%) of total motor fuels sold nationwide was represented by diesel sales.

The external sales had as final destination both European Community area and Non-European Community areas. Intra-Community deliveries accounted for about 29% of the total finished products sold on the external market, slightly higher than in 2019 (33%).

On countries, sales had the following main destinations:

Gasoline	- Greece, Georgia, Albania, Bulgaria, Moldova, Turkey
Diesel fuels	- Georgia, Greece, Bulgaria, Moldova, Turkey, Serbia
Petroleum	- Moldova, Bulgaria
Coke	- Moldova, Ukraine, Serbia
Sulphur	- Egypt

The distribution of oil products sold on the domestic market took place mostly by vehicle means and railway means, but also by barges. On external channel, most of the sales were largely dispatched by the sea via the Midia and Constanta ports, but also by road and rail transportation means.

The polymers sales on the international market had as destinations both the European Community area, as well as the non-European community area. The deliveries within the community represented approximately 79% of the total finished goods sold on the international market, the difference representing the sales on the non-EU markets.

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The most important sale markets for polymers (PP, LDPE, HDPE, PET and PVC) are represented by: Romania, Bulgaria, Republic of Serbia and Italy.

The distribution of the petrochemical products sold by Rompetrol Rafinare was performed by road and railway in the case of the sales on the domestic market, and for the external markets, the distribution of these products was performed both by road as well as by sea, via Agigea and Constanta ports.

1.1.2.2. 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 RON			% in turnover		
	2018	2019	2020	2018	2019	2020
Net turnover, of which:	14,100	14,750	8,275	100.0%	100.0%	100.0%
Gasoline and diesel fuels	10,880	11,382	6,360	77.2%	77.2%	76.9%
Other petroleum products	2,401	2,606	1,260	17.0%	17.7%	15.2%
Petrochemical products	779	732	619	5.5%	5.0%	7.5%
Goods	19	7	11	0.1%	0.0%	0.1%
Utilities	8	9	9	0.1%	0.1%	0.1%
Services	13	15	15	0.1%	0.1%	0.2%

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

1.1.2.3. The new products taken into account in the future financial year as well as the development stage of these products

During year 2020, Rompetrol Rafinare continued the production of the fuel production “Diesel 55” and “Efex S Diesel 55 having improved winter properties. The product is marketed in the fuel stations as “Xtreme Winter Efex S”, its property being resistant to temperatures up to -35 C degrees.

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In 2021, Rompetrol Rafinare shall continue to deliver on the domestic market only Euro 5 fuels (max Sulphur content 10 mg/kg) and a content of biofuel of minimum 8 % in volume for gasoline and minimum 6,5% in volume for Diesel fuel (in compliance with Law No. 311/2018).

The Euro 5 fuels are:

- Efix S 98 Gasoline;
- RON 98 Gasoline;
- Efix 95 Gasoline;
- Europlus Gasoline;
- Efix S Diesel 55;
- Diesel 55;
- Efix Diesel 51;
- Euro 5 Diesel.

For year 2021, Rompetrol Rafinare does not consider the increase of the vehicle fuels portfolio.

Year 2020 was a major challenge for the Petrochemical division, due mainly to the situation generated by SARS-Cov2 pandemics.

Even since 2018, the PP installation had in its portfolio a sort for the spunbond type application, RSB25, usable in the medical field for the manufacture of protection suits as well as for the exterior layers of the protection masks.

In the midst of the crisis of protection equipment, the Petrochemistry industry focused on the development of a new sort of polypropylene, used as a filtering layer of the protection masks. The new sort, RMB30H produces a meltblown material with excellent filtering and organoleptic properties, Rompetrol Rafinare being today one of the few manufacturers of Europe of a sort for this application. In parallel, the spunbond sort was improved and the sorts RSB35H and RSB40H were introduced in the manufacturing, for the manufacturing of the interior layer of masks, that ones that comes in contact with the skin and that has a higher fineness.

The assortment range meant to medical and hygiene fields was differentiated from the rest of the products by adding the H suffix to the name of the respective assortments.

At present, Rompetrol Rafinare has the capacity to produce assortments in order to cover integrally the domestic consumption for the manufacture of masks and protection suits.



In year 2020, Vega Refinery continued to focus on the solvents production (SE 30/60, n-Hexane, White spirit), naphtha gas, liquid and heavy fuels, for heating, normal road bitumen and modified with polymers.

Following the very low request on the market and the high costs corresponding to Reach records, in 2020 they waived of the manufacturing of the product “Non-industrial fuel type P”.

The introduction into manufacturing of some new products was not disposed for year 2021.

1.1.3. THE TECHNICAL AND MATERIAL SUPPLY ACTIVITY

The technical-material supply regarding materials and products necessary to develop the activities is achieved by both internal and import sources.

RRC has the supply sources for the development under good conditions of its activity, and the inventories of raw material and materials are accordingly dimensioned to ensure the continuation of operation of the two Refineries in Navodari and Ploiești, respectively as well as the Petrochemicals Plant activity.

Information regarding the safety of sources of purchase, the prices of raw material and to the dimensions of raw material stocks and materials

KazMunayGaz Trading A.G. company, the trader of the KMG International Group, was the one that contracted the amount of crude oil required for the year 2020. KazMunayGaz Trading A.G. is located in Switzerland and is a specialized company in commercial operations with crude oil and petroleum products. The role is well defined: it ensures imports of crude oil and other raw materials, and on the downstream side, it takes over oil products for sale on foreign markets.

The production process of Petromidia refinery relies on raw materials purchased under important contracts concluded, both on import and on the domestic market. The main raw material of Rompetrol Rafinare, crude oil, comes exclusively from import, based on firm contracts signed annually. This ensures the stability and safety that the refinery needs to operate at maximum. The volumes of crude oil acquired takes place by Midia Marine Terminal S.R.L. company of KMG International Group, being unloaded in the maritime terminal situated in the immediate vicinity of Petromidia Refinery. The other raw matters come both from external sources and domestic sources.

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When it comes to the purchase of raw materials, the Group follows the tendency of quotations on international markets, and as a rule, the reference quote calculation (Brent, Ural) is used. Yearly, the level is determined by fluctuations on the market, by the international context influenced by geopolitical or economic factors. All factors are ultimately reflected in the level of purchase prices of raw materials.

For discharging crude oil from Kazakhstan, Rompetrol Rafinare S.A. uses a modern marine terminal, which belongs to the KMG International group, located near the Petromidia Refinery.

For loading and unloading of raw materials and petroleum products in the ports of Constanta and Midia, contracts were signed with service providers such as Conpet S.A., Oil Terminal S.A. and Midia Marina Terminal S.R.L., respectively Decirom S.A. (for solid products).

Ethylene is a raw material for polyethylene and it is purchased from the foreign market at prices following the trend of quotations.

The chemicals purchased by Rompetrol Rafinare S.A. (for the two refineries) during 2020 can be grouped into:

- catalysts
- additives
- chemical services for water treatment
- other chemicals (inhibitors, process chemicals, and so on)
- reagents
- oils

1.1.4. SALES ACTIVITY

a) The trend of sales on the domestic and/or external market and their estimate on medium and long term

Total sales in 2020 decreased compared to year 2019 due to the technical overhaul carried out during March – May and considering the pandemic crisis that affected the oil industry worldwide. On the external market, the volumes traded were lower than those of 2019 at all groups of products. The greatest part of the volumes was sold on the regional markets. For year 2021, it is aimed to strengthen the current markets and to penetrate other markets. For the domestic market, the marketing strategies



continue to aim the increase of the market share through an extended network of gas stations at the national level.

b) Competition situation, market share of the company products and the main competitors

The main **competitors** (that are also producers) on the internal market are:

- OMV Petrom S.A.
- Lukoil România S.R.L.

The main **competitors** on the foreign market are: OMV, Shell, Mol, Agip.

The main **competitors** (which are also producers, but located outside of Romania) for petrochemical products on the domestic and external markets are:

- TVK
- Slovnaft
- HIP Pancevo
- Lukoil Burgas
- Borealis
- Sabic
- DOW
- Petkim

c) Significant dependency of the company towards a single customer or group of customers, the loss of which would have a negative impact on the income of the company

From the point of view of the significant dependence towards a single customer or group of customers:

- ✓ KazMunayGaz Trading A.G., related entity of Rompetrol Rafinare S.A.- holds more than 10% of the company's external sales.
- ✓ Customers with more than 10% of the company's sales on the internal market: Rompetrol Downstream S.R.L. (subsidiary of Rompetrol Rafinare S.A.)

Rompetrol Rafinare, as member of KMG International Group, increased its customer base with part of the related entities within KMG International Group. The transactions with these companies are made based on the market value principle and are submitted in the stand-alone financial statements of Rompetrol Refinery and reported to the Bucharest Stock Exchange and the Financial Supervisory Authority (FSA) according to the requirements and regulations of FSA.

1.1.5. HUMAN RESOURCES ACTIVITY

The activity developed by RRC during year 2020, in the human resources field had as main goals:

- To maintain the stability of the personnel and increase of its involvement degree by using some financial and non-financial instruments;
- To maintain an open dialogue between the administration and the social dialogue partners – Trade unions activating within the Company.

a) Number, level of training of the company employees and the degree of unionising the employees

As at 31.12.2020, Rompetrol Rafinare, Navodari Work Point (Petromidia Refinery) had a number of 936 employees, out of which: 240 - higher education staff.

As at 31.12.2020, in the Vega Refinery Work Point, Ploiesti, the company had a number of 186 employees, out of which: 35 - higher education staff.

TOTAL: As at 31.12.2020, Rompetrol Rafinare S.A. had a total of 1,122 employees, out of which: 275 - higher education staff.

The trade union membership rate was 78.34 % (901 employees are Trade Union members).

The following trade unions activate within the company: Petrochimistul Free Trade Union (599 members), Vega Free Trade Union (45 members), Midia Navodari Industrial Platform Workers Trade Union (235 members).

Breakdown of employees on age groups:

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Age Range	Number of employees	Percent of the total number of employees
<30	130	14%
30 – 39	158	17%
40 – 49	135	14%
50 – 59	474	51%
>60	39	4%

- Rompetrol Rafinare Vega work point

Age Range	Number of employees	Percent of the total number of employees
<30	18	10%
30 – 39	14	8%
40 – 49	40	22%
50 – 59	110	59%
>60	4	2%

Also, during the reported period, several training programs were carried out for the employees in the following areas: functional competences; general knowledge; legislation; communication; QHSE certifications; safety; professional knowledge - support functions, etc.

A total number of 328 (non-unique) employees attended the trainings, which totalled 4,044 hours, meaning an approximate average of 12.5 hours of training/employee.

The total cost of training for 2020 was USD 39,573.

During 2020, the employees also had the possibility to register on an online platform with 100 courses for the development of soft skills (for eg. management skills, skill to settle the problems, written and spoken communication skills, etc.).



b) Relations between management and employees as well as any conflicting elements which characterize these relations

The rights and obligations of employees are stipulated in the Collective Employment Agreement („CCM”) of Rompetrol Rafinare, in Individual Employment Contracts („CIM”) and Internal Regulations of the Company.

The employees carry out their activity in accordance with the established working schedule, the job description as well as the Rules for Organization and Operation („ROF”).

The relationships between the company management and employees are normal, having no negative impact on the economic performances of the company. There is a regular dialogue between the company management and the employees’ unions, and the measures that the employer took for the prevention and control measures of the infections with coronavirus SARS-CoV-2, were discusses and agreed including with the employees’ representatives.

The legal act that governs the labor relations within Rompetrol Rafinare is the Labor Code – Law No. 53/2003, as further amended and supplemented, according to which, in 2020, a protocol was signed to extend the CCM between Rompetrol Rafinare company and „Petrochimistul” Free Union („SLP”) – a representative union at unit level, with legal-personality, according to the legislation in force during the state of alert.

1.1.6. ACTIVITY RELATED TO ENVIRONMENTAL PROTECTION

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.

The environment strategy of Rompetrol Refinery 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;

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- Using the environmental management system in order to integrate performance criteria as well as criteria regarding air, water, soil and natural resources protection;
- 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 parties including 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 and dangerous substances for the activities carried out and which may have an impact on the environment.
- Informing the public about the risks associated with hazardous chemicals and the security measures and behavior in case of major accident;
- Participation in voluntary projects and social responsibility projects in the neighboring communities.

Integrated Environmental Permit

Throughout 2020 Rompetrol Rafinare SA – Năvodari Unit operated based on the Integrated Environmental Permit no 1 / 10.05.2013 updated on 18.02.2019. The Integrated Environmental Authorization is in the revision procedure in order to integrate the completed / implemented projects in the period 2019-2020.

Vega Refinery functioned based on the Environment Integrated Permit no 9/08.07.2015 issued by APM Prahova, valid until 08.07.2025. The Integrated Environmental Authorization is in the review procedure.

Environmental Agreement

During 2020 all investment projects were completed within the assessment procedure of impact on the environment together with the receipt of the regulation documents (Decisions/environmental agreements) on the project category level) from the competent authority on environmental protection.

For the project “Rehabilitation and layout of the field area on the premises of ROMPETROL RAFINARE S.A. - Rafinăria Vega Ploiești on which we have located acid tars and oil residues” having the Environment Agreement no 1/18.02.2015, in 2020, Rompetrol Rafinare resubmitted the documentation for the revision of the environmental agreement and, in January 2021, the new revised Environmental Agreement has been obtained.

Also, works on Lagoon 18 have been completed and start works on treating waste for Lagoons 16&17, works which are ongoing today.

The Water Permit

In 2020 Rompetrol Rafinare SA - Petromidia Refinery operated based on Water Management License no.222 / 05.09.2018, issued by ANAR (valid until 30.09.2020); this was renewed by ANAR, through issuing the Water Management Authorization no. 135 / 19.10.2020, valid for 3 years. This Permit is in the review procedure.

The Greenhouse Gas (CO₂) Permit

In 2020, Rompetrol Rafinare SA –workpoint Petromidia operated based on Greenhouse Gas (CO₂) Permit nr.135 / rev. 05.06.2019, for 2013-2020 period.

Rompetrol Rafinare SA - workpoint Vega operated based on Greenhouse Gas (CO₂) Permit no. 196/30.07.2013 revised on 20.12.2018.

During 2020, Rompetrol Rafinare prepared and submitted to the National Agency for Environmental Protection the supporting documents for the issuance of the Greenhouse Gas Authorization for the period 2021-2030 (phase IV) and the Plan for monitoring and reporting CO₂ emissions for 2021, the procedure being in progress.

Following the approval of accessing the reserve for new entrants for the period nov. 2018-2020 (increase of processing capacity) during 2020 Rompetrol Rafinare - working point Petromidia obtained an additional 188090 CO₂ certificates.

In April 2020, the compliance procedure was completed by returning to the European Register of Greenhouse Gas Emissions (EUTL), the CO₂ emissions certificates of 2020.

Compliance with the REACH Regulation – as required by the European Chemicals Agency (ECHA) regarding registration of produced / imported substances as well as of the information communicated through the safety data sheets.

In 2020, at Rompetrol Rafinare - Work Point Petromidia continued the emptying of lagoon no.1.

Regarding the portion of land contaminated with oil product located in Vadu (Boxes 1 and 2, designed according to the project data for the storage of dredged biological sludge from Pond 1), during 2019 Environment Protection Authority (EPA) Constanța was designated as a regulatory authority for the procedure for decontamination, for the two boxes, the applicable procedure being the one regulated by Law 74/2019 on the management of potentially contaminated and contaminated sites. According

to the regulatory requirements, respectively of Law 74/2019, the “Preliminary Investigation Report” and the “Detailed Investigation Report & Risk Assessment” were elaborated and submitted to EPA. Following the publication, in September 2020, of the methodology for investigating contaminated sites, EPA requested additional information & review of the detailed investigation report.

In order to identify fugitive emissions / losses associated with equipment - which can be reduced by maintenance activity (LDAR-Leak Detection and Repair project), during the scheduled overhaul carried out in 2020, more than 80% of the fugitive emission sources identified in technological installations on the Petromidia platform were repaired. During 2020, the decision was made to continue this project through its own resources and the procedure for acquiring an IR detection camera was initiated.

1.1.7. RESEARCH AND DEVELOPMENT ACTIVITY

The expenses during the financial year 2020 as well as those anticipated for the next financial year for the research and development activity

Expenditure carried out in the year 2020

Expenditure for studies and technical assistance USD 519,191

Expenditure planned for the year 2021

Expenditure for studies and technical assistance USD 1.069.300

The main studies performed in 2020 are:

- *Fractioning Sections Assessment Study, Gas Concentration, MEROX LPG and MEROX Gasoline within the Catalytic Cracking Complex*
- *Study for the reclassification of capacity values for the processing of Refinery installations*
- *Member of CONCAWE Association (European Petroleum Refiners Association)*
- *Issue of the energetic audit report necessary to maintain the agreement for the exception from payment of green certificates according to the provisions of the Government Decision HG 495/2014*
- *Specialty consultancy in the anticorrosive protection field of water coolers corresponding to G1 tower by the implementation of cathode protections with sacrificial anodes*



From the studies list proposed by Rompetrol Rafinare to be carried out in 2021 we can mention:

- *Benchmark Study 2020 Solomon*
- *Basic Design and Detail Design for the conversion of PP installation (Low pressure polyethylene) to PP (PoliPropylene) – continuation from 2020*
- *Member of CONCAWE Association (European Petroleum Refiners Association)*
- *Issue of the energy audit report necessary to maintain the agreement for the exception from the payment of green certificates according to the provisions of the Government Decision 495/2014.*

1.1.8. RISK MANAGEMENT ACTIVITY

Company's exposure to the price risk, credit risk, liquidity risk 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. For this reason the management developed a hedge policy, which was implemented within Rompetrol Rafinare S.A. starting with January 2011. According to the hedge policy, on the raw materials and petroleum products side, the flat price risk for priced inventories above a certain threshold (called base operating stock in case of Rompetrol Rafinare) is hedged using future contracts traded on ICE Exchange and some OTC instruments.

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 2020 at a value of 0.40

Policies and objectives of the company regarding the risk management

The Company's activities expose it to a variety of risks including the effects of: changes in the international quotations for crude oil and petroleum products, foreign currency exchange rates and interest rates. The Company's overall risk management main objective is to minimize the potential adverse effects on the financial performance of the Company.

Interest rate risk

Interest rate price risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rate that applies to the financial instrument. Interest rate cash flow risk is the risk that the interest cost will fluctuate over time. The Company has long-term debt and short-term debt that incur interest at fixed and variable interest rates that exposes the Company to both fair value and cash flow risk. During 2020, the Company covered its interest rate risk through Interest Rate Swap instruments.

Foreign exchange risk

The Company's reporting currency is Romanian LEU (RON). The fact that most of the acquisitions represented by crude oil imports and other feedstock, also a significant part of petroleum products sold are all denominated principally in US Dollars, but over 60% of the Company's sales are made in national currency (RON), generates a significant foreign currency exposure risk. The Company's management is working on identification of certain methods of reduction of foreign currency risk with impact in the individual financial statements in RON, which will be brought to the knowledge of the Board of Directors of Rompetrol Rafinare SA. Certain assets and liabilities are denominated in foreign currencies, which are translated at the prevailing exchange rate at each balance sheet date. The resulting differences are charged or credited to the income statement but do not affect cash flows. Treasury department is responsible for handling the Company's foreign currency transactions.

Liquidity and cash flow risks

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

One of the concerns of the management of Rompetrol Rafinare is to know the effects of all these risks in order to ensure that the economic-financial activity of the company is carried out without any problems. The provision of continuous and planned financing resources and the elimination of situations of temporary lack of financial flows and assurance of the firm's liquidity was made possible in 2020 as a result of taking the following measures: postponing the payment of debts to the State Budget and local budgets according to the legal regulations valid during this period, obtaining agreements to extend the maturities of commercial debts and renegotiating contracts to extend the due payment terms. Rompetrol Rafinare is part of the cash pooling facility of the KMG I Group and therefore can cover unexpected cash outflows by drawing from the facility.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating

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activities primarily for trade receivables and from its financing activities including bank deposits, foreign exchange transactions and other financial instruments.

- *Trade receivables*

The company is exposed to credit risk, which is why it applies a credit control and collection policy aimed for reducing credit risks and increasing the level of debt collection. Thus the Company analyzes the financial creditworthiness of customers in order to grant credit limits for the sales made to them and determines the need to secure credit limits with different guarantee instruments. It also applies a process of collection of debts in stages, depending on the value, maturity and guarantees provided for securing them. Overdue customer receivables are regularly monitored. The requirement for impairment is analyzed on a regular basis, being undertaken on an individual basis as well as collectively on the basis of aging.

- *Financial instruments and bank deposits*

Credit risk from balances with banks and financial institutions is managed by the treasury department in accordance with existing policies.

Commodity price risk

The Company is affected by the volatility of crude oil, oil product and refinery margin prices. Its operating activities require ongoing purchase of crude oil to be used in its production as well as supplies to its clients. Due to significantly increased volatility of crude oil, the management developed a hedge policy which was presented to the '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 raw materials and petroleum products side, the flat price risk for priced inventories above a certain threshold (called base operating stock in case of Rompetrol Refinery) is hedged using future contracts traded on ICE Exchange and some OTC instruments. 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. Based on the expectations of crude oil price increase, the hedge strategy for 2020 was based on futures while a certain quantity above base operating stock left unhedged.

Trading activities are separated into physical effective transactions (purchase of raw materials and sales of petroleum to third parties or Intercompany) and paper trades (for economic hedging purposes). Each physical effective 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 Company sells or buys the equivalent number of future contracts based on the current position at that particular moment. This paper trade is done only to hedge the risk of the Physical Trade and not to gain from the trading of these instruments. The company also had hedge operations for refinery margins.

Operational risk

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. Also, the Company is preoccupied with maintaining and improving the quality-environment-safety integrated system on a constant basis, aiming to improve the organizational image, by complying with the requirements on quality, environmental protection and work safety, by improving the relationship with the authorities and with the socio-economic society, by limiting the civil and criminal liability and by meeting the legal requirements for quality – environment – security.

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 is an active part in consolidating the risk awareness culture in KMGI, addressing the preventive risk management in a disciplined, iterative, accessible and consistent way, through the following stages:

1. Implementation of the risk policy and methodology developed by KMGI, aligned with the best practices and professional standards from a global perspective;
2. Implementation of the annual identification and evaluation process by:
 - Timely identification of all risk factors / risks that could affect the objectives established using the Unified Risks Classification, by maintaining the Risk Register containing detailed information and analyzing all the risks of the company, as well as a description of those factors whose change could influence or cause the emergence of risks;
 - Evaluation of the impact of the identified risk factors, using the detailed methods in the methodology;
 - Mitigation measures and information on the realization of risks;
3. Implement the quarterly monitoring and reassessment of the risks already identified through:
 - Updating the data and the level of risk in order to determine their impact on the achievement of the set objectives;
 - Administration and implementation of the measures established for the control of the risks related to the implementation of the processes through the quarterly evaluation of the progress made;
 - Monitoring the quarterly evolution of risk factors;
 - Analysis and closure of risk events, if applicable;
 - Maintaining the database with the risks materialized quarterly;

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- Ensuring the provision of complete and timely information on the status of risks and the performance of the control measures implemented through the Risk Reporting Package sent quarterly to Rompetrol Rafinare management for approval and to the Enterprise Risk Management department of KMGI;

4. Ensuring that there are management mechanisms for specific risks, appropriate control procedures for processes (standards, regulations, corporate policies for managing certain types of risks) and aimed at reducing the level of risk.

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 clients requests, the legal requirements and regulations on Quality Environment and Safety.

In this respect, Rompetrol Rafinare holds certifications on all vehicle fuels on the market and the QHSE Management Systems was maintained throughout 2019 as well. The management system for the Sustainability Requirements Management System (ISCC) has also been recertified according to International Sustainability & Carbon Certification System (ISCC).

At the level of Rompetrol Rafinare S.A. adequate actions have been taken to achieve the objectives regarding occupational health and safety as well as activities necessary to comply with legal and regulatory requirements.

In 2020, the company still continued to identify and assess the major dangers generated by normal operation as well as accidental circumstances, as well as to assess their probability and severity, to this purpose performing HAZOP type risk analysis, for technological plant HB, HPM, HPR and for operation the tanks from DH-DV plant.

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 Stations from both Industrial platforms, has been maintained through the surveillance audit carried out by INCD INSEMEX Petroșani. 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

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are also involved the subcontractors. Also, during 2020, practical exercises have been carried out with the staff, having as a subject “the use of extinguishers of all types”.

In order to identify, assess and minimize the risks to our communities, employees, contractors, the environment and our business, Rompetrol Rafinare is an active part in strengthening the culture of risk awareness by approaching preventive risk management in a disciplined, iterative, accessible and consistently manner, by going through the following steps:

1. Implementation of the risk policy and methodology developed by KMGI, aligned with the best practices and professional standards from a global perspective;
2. Implementation of the annual identification and evaluation process by:
 - Timely identification of all risk factors / risks that could affect the objectives established using the Unified Risks Classification, by maintaining the Risk Register containing detailed information and analyzing all the risks of the company, as well as a description of those factors whose change could influence or cause the emergence of risks;–
 - Evaluation of the impact of the identified risk factors, using the detailed methods in the methodology;
 - Mitigation measures and information on the realization of risks–
3. Implement the quarterly monitoring and reassessment of the risks already identified through:
 - Updating the data and the level of risk in order to determine their impact on the achievement of the set objectives;
 - Area Administration and implementation of the measures established for the control of the risks related to the implementation of the processes through the quarterly evaluation of the progress made;
 - Monitoring the quarterly evolution of risk factors;
 - Analysis and closure of risk events, if applicable;
 - Maintaining the database with the risks materialized quarterly;
 - Ensuring the provision of complete and timely information on the status of risks and the performance of the control measures implemented through the Risk Reporting Package sent quarterly to Rompetrol Rafinare management for approval and to the Enterprise Risk Management department of KMGI;–
4. Ensuring that there are management mechanisms for specific risks, appropriate control procedures for processes (standards, regulations, corporate policies for managing certain types of risks) and aimed at reducing the level of risk.

At the level of Rompetrol Rafinare S.A. adequate actions have been taken to achieve the objectives regarding occupational health and safety as well as activities necessary to comply with legal and regulatory requirements.

The safety awareness program 1.LIFE for Petromidia and Vega employees was continued in order to consolidate employees safety culture and also to pursuing the development and implementation of

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occupational health and safety management to the highest standards and achieving a level of safety comparable to the levels of the most renowned companies in the world. The program aims to improve the activity on the line of occupational safety, in order to make the workers aware, including the subcontractors of works on the approach of a safe behavior and to reduce the risks of accident and / or occupational illness specific to all the activities carried out on the Petromidia and Vega platforms..

Thus, during 2020, in addition to current activities, a new subcommittee was set up, namely the Process Safety Management Committee (PSM); the objectives of the PSM were established and pilot tests were developed and applied for two elements of the PSM, namely: "Layers of Protection Analysis (LOPA), on one RCA (Roor Cause Analisis) for a technological unit), respectively " Pre-Start-up Safety Review - Checklist start / restart installation / equipment", applied at the start of two technological units.

The LOTO project (Lock Out -Tag Out), an element of PSM, is implemented, functional, monitored through internal inspections.

The organization continued in 2020 the identification and assessment of major hazards resulting from normal operation and accidental situations, as well as the assessment of their probability and severity, in this sense performing risk analyzes type HAZOP, for MTBE unit Petromidia, respectively for the Rectification Unit Vega.

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.

BBS safety audits (BBS - Behavior Based Survey) were continued, which focus on behavioral auditing, both at work and in driving cars for Rompetrol Rafinare employees.

According to the legal requirements and those of ISO 45001 standard, emphasis was placed on the participation and consultation of workers and their representatives in: evaluating aspects and decisions related to health and safety at work through CSSM (Health and Safety at Work Comittee) meetings, assessing the risks of accidents and occupational diseases, accident research , reviewing OSH-ES procedures and plans, etc

"The operation authorization" of the rescue Stations from both Industrial platforms, has been maintained through the surveillance audit carried out by INCD INSEMEX Petroșani. 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 or neighborhood operators. In this respect, besides the alarming exercises performed according to the exercise schedule, 4 unplanned exercises were performed (use of extinguishers in installations, for internship participants and for two contractors on their site organizations) and an alarming exercise, initiated by RRC and joint with UT Midia company, for the application of External Emergency Plan ((planned through the QHSE management program).

1.1.9. ELEMENTS OF PERSPECTIVE REGARDING THE ACTIVITY OF ROMPETROL RAFINARE S.A.

a) Factors of uncertainly which could affect the liquidity of the Company

2020 has been a difficult year for the entire oil & gas industry, across its chain of activities - from crude oil extraction to distribution of petroleum products. The effects and influences caused by COVID19 were also reflected in the steep drop in demand for petroleum products, a high volatility in international fuel quotations, and also in negative refining margins.

The company has made sustained efforts to maintain the capacity to hedge current liabilities from current assets, with the current liquidity indicator falling from 0.56 in 2019 to 0.40 in 2020.

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 maturity, 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. Starting with January 2011 the Group implemented the hedge policy within Rompetrol Rafinare.

b) Capital expenses, current or anticipated on the financial situation of the company

The investment activity in the year 2020 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 main projects completed in the year 2020, in the Petromidia Refinery:

- **Modernization of VRU system at IPPA and CF Ramp**

The scope of the project is represented by aligning to BAT – BREF legislative requirements in accordance with Law 278/2013 regarding emission limits for Volatile Organic Compounds and Benzene on exit from Vapor Recovery units.

The project was implemented during Refinery 2020 Genera Turnaround.

- **Mount floating membrane on tanks A53, A12, A118, A92, A95 – Vega Platform**

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The projects benefits consist in decrease the emissions of volatile organic compounds into the atmosphere, as per the requirements of EU Decision 9/10/2014 BAT by decreasing with 70% the evaporation losses following the installation of internal floating roofs. Also, by mounting internal floating roof will avoid the risk of air pollution by emissions of VOCs (volatile organic compounds) and reduce the risk of receiving penalties from the competent institutions in environmental protection. Reduced risk of fines from the ISU Seveso Directive (Inspectorate for Emergency Situations) due to hydrocarbon emissions in the atmosphere that can lead to explosive mixture, or even fire in the tank farm.

c) *Events, transactions and economic changes that affect revenues from the main activity*

Turnover recorded in 2020 in the amount of Lei 8,275,110,517, was strongly impacted by a cumulation of factors represented by the planned shutdown of refineries operated by the Company for the conduct of the general turnaround carried out in March-May 2020, the reduction of production and quantities of petroleum products sold on the background of reduced market demand, as well as the significant reduction of quotations of petroleum products on the international market in the context of the Covid-19 pandemic, thus achieving only 67% of the budgeted amount and recording a decrease of 44% compared to the turnover achieved in 2019. This is mainly due to the steep drop in demand for petroleum products, the high volatility of international fuel quotations, but also the negative refining margins compared to the budget provisions.

d) *Others*

On August 22, 2016, a technical incident occurred at the Atmospheric and Vacuum Distillation Unit ("ADV") followed by a fire that was extinguished by refinery staff, private and public fire services. Following the event, two employees of Rominserv S.R.L., a member company of the KMG International Group, suffered burns and two people died. The competent authorities initiated investigations in order to establish the circumstances and causes that generated the technical incident, the injury and the death of Rominserv SRL employees. Regarding the work accident, the Prosecutor's Office by the Constanta Court of Appeal notified itself ex officio, opening file no. 586/P/2016, during which employees of the two companies were interviewed and a technical expertise was performed. Following the completion of the criminal investigation, Rompetrol Rafinare S.A., Rominserv SRL and 3 employees of the 2 companies were sent to court for: failure to take measures for ensuring occupational safety and health, culpable bodily harm, culpable homicide, accidental pollution. At the same time, Rompetrol Rafinare S.A. also has the status of a civilly responsible party in the case. At

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the same time, the Territorial Labor Inspectorate communicated the Investigation Minutes to the Company on March 10, 2017. Based on this act the Company was sanctioned with a fine in the amount of 18,000 lei, sanction that was contested in court. At the date of issuing the present report the dispute was suspended until the final settlement of the criminal case.



2. TANGIBLE ASSETS OF ROMPETROL RAFINARE

2.1. LOCATION AND CHARACTERISTICS OF THE MAIN PRODUCTION CAPACITIES

The company ROMPETROL RAFINARE S.A. is located about 20 km north of the Constanta County, between the Black Sea and the lake Navodari (Tasaul), on a plot of land partly recovered from the sea and from the lake, near the Midia port and the Poarta Alba – 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 Constanta 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 tons raw material**
- Utilized capacity: **4,864 million tons raw materials in 2020** (pursuant to the refining capacity expansion project)
- Future capacity starting from the year **2021: 6,001 million tons raw material/year**
- Infrastructure:



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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 near 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 Constanta (one of the biggest in the region), through the pipe of OIL TERMINAL S.A., for a distance of approximately 40 km.



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 wagons 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 Ploiesti city, about 1 km from the Ploiesti North railway station, with which it is directly connected. The exploitation of the railways lines as also the manoeuvre and transport operations shall be carried out by the Romanian railway company Group Feroviar Roman, the owner of the railways lines being Rompetrol Logistics S.A.

The Vega Refinery is currently operating the following facilities: Vacuum distillation, Bitumen, Hexane, Rectification, Dearomatization Unit, Blending Unit (AFP). Auto platforms and railways related to Blending Unit are operated by Midia Marine Terminal S.R.L.

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 Blending Unit, 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 auto tanks.

2.2. THE DEPRECIATION DEGREE OF THE ASSETS

At the end of 2020, the accumulated depreciation of the fixed assets, tangible assets (expressed in RON) is as follows:

Depreciation of tangible assets	Balance on 01.01.2020	Balance on 31.12.2021
Lands-(developments)	29,214,330	30,871,081
Constructions	209,504,136	311,975,552
Technical equipment and machinery	2,259,602,810	2,469,959,076
Other facilities, equipment and furniture	8,954,926	10,047,159
Total	2,507,276,201	2,822,852,869

By Decision no. 3 of the Board of Directors dated May 15, 2018, it was approved the proposal of the Executive Management and for the period 2018 - 2026, a new schedule of General Turnarounds and Planned Shutdowns was approved, in the sense of reducing the cycle of 5 years between two General Turnarounds to the cycle of 4 years and for establishing a Planned Shutdown every 2 year, between General Turnarounds.

2.3. POTENTIAL ISSUES RELATED TO THE OWNERSHIP RIGHT REGARDING THE TANGIBLE ASSETS OF ROMPETROL RAFINARE S.A.

1. On September 10, 2010, ANAF issued a decision of distraint on all the share packages held by Rompetrol Rafinare in its affiliated companies, as well as on the movable and immovable assets of Rompetrol Rafinare, except for the stocks. This measure is still in force; however, on the issue date of this report, this distraint has no direct effects on the Company's current operations.

On the preparation date of this report, the Romanian State waived the trial of all pending disputes on the dockets of the courts of law with regard to the method of applying the provisions of GEO No. 118/2003, as approved and amended under Law No. 89/2005.

The termination of the debts of Rompetrol Rafinare SA to the Romanian State, generated by the method of applying GEO No. 118/2003, as subsequently amended, makes us foresee that the distraint presented in this chapter shall be waived shortly, on lack of grounds.

2. On May 6th, 2016, the Public Prosecutor's Office attached to the High Court of Cassation and Justice – the Directorate for Investigating Organized Crime and Terrorism issued the Order of distraint on all the share packages held by Rompetrol Rafinare in its affiliated companies, as well as on the movable and immovable assets of Rompetrol Rafinare, except for the stocks, bank accounts and receivables. In April 2019, the Public Prosecutor's Office attached to the High Court of Cassation and Justice – the Directorate for Investigating Organized Crime and Terrorism issued an Order to release from seizure all immovable assets of Rompetrol Rafinare S.A. except those of Petromidia Refinery. On 5th of December, 2019, the Public Prosecutor's Office attached to the High Court of Cassation and Justice – the Directorate for Investigating Organized Crime and Terrorism, by the Ordinance issued for this purpose, released from seizure all immovable assets, but in order to protect the civil parties, the seizure of 4 units of Rompetrol Rafinare S.A., valued at up to USD 106 million, is temporarily maintained. If the said civil parties will not file civil claims against the companies of the KMG International Group, the temporary seizure will also be revoked. If they will take such actions, it is up

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to the civil courts to determine whether there are grounds for keeping seizure in place until the civil actions are resolved.

On 10 July 2020, the Supreme Court issued a final decision according to which all complaints against the rejection of complaints against the Ordinance of 5 December 2019, issued in criminal case 225/D/P/2006 by Public Prosecutor's Office attached to the High Court of Cassation and Justice – the Directorate for Investigating Organized Crime and Terrorism, were rejected as inadmissible.

3. In 2016, Marway Fertilchim SA, currently known as Novifert SRL, filed against Rompetrol Rafinare SA two actions at law:

- An action for the delimitation of property pending on the dockets of the Constanta Court, regarding setting the delimitation between the secondary headquarters of Rompetrol Rafinare SA from Navodari and the building belonging to the plaintiff, having a surface of 51,873 sqm, identified with land book No. 103053, and for compelling Rompetrol Rafinare to leave in the quiet enjoyment and peaceful possession over the plot of land resulting from measurements as belonging to Novifert. The action is pending for settlement on the date when these specifications are made. The next hearing is scheduled to be held on March 25, 2021.
- An application for arbitration on the dockets of the International Commercial Arbitration Court within the Chamber of Commerce and Industry of Romania, requesting that Rompetrol Rafinare SA should be compelled to restore and repair the pipe system that is the property of Novifert, and which was decommissioned by Rompetrol. In addition, they requested that Rompetrol Rafinare should be compelled to execute all the construction, repair and maintenance works undertaken by the Parties' Covenant authenticated under No. 1548/11.06.2001. Under the same action at law, they requested that Rompetrol Rafinare SA should be compelled to return to Novifert SRL the immovable assets that formed the object of the 2001 Commodatum Agreement. On the preparation date of this report, the application for arbitration filed by plaintiff Novifert SRL was admitted in part, Rompetrol Rafinare SA being compelled to return the assets that formed the object of the Commodatum Agreement and the assets which were the plaintiff's property, and which existed on the plot of land related to the secondary headquarters of the defendant. However, at the same time, the claims of plaintiff Novifert SRL to compel Rompetrol Rafinare SA to repair the pipes which were the property of Novifert SRL were rejected. Also, the counterclaim filed by Rompetrol Rafinare SA was admitted in part, being ascertained the cessation of the easement right of Novifert SRL over the land of Rompetrol Rafinare SA. The ruling made by the arbitration court was challenged by an action for annulment filed by Novifert SRL, which action was rejected.
- In 2018, Novifert SRL filed with the Constanta Tribunal, against Rompetrol Rafinare SA, a new action at law, having, however, the same object as that specified by the plaintiff in its application

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for arbitration, solved by the International Arbitration Court within Chamber of Commerce, Industry, Navigation and Agriculture of Romania. The Constanta Tribunal re-sent the case for competent ruling, to the Court of International Commercial Arbitration within the Chamber of Commerce and Industry of Romania. On November 6, 2020, the Court of International Commercial Arbitration rejected as unfounded the action filed against Rompetrol Rafinare S.A. This decision was also challenged by an action for annulment by Novifert SRL, the case being pending.

4. Also, in 2020, Novifert SRL filed a lawsuit in Constanta Court to establish a right of easement for car and pedestrian crossing over a plot with an area of 8,844 sqm, having CF number 101506, in Navodari, so that the applicant company to have access from its property to the public road. The action is pending.

5. The plot of land related to the Fuel Supply Station located in Constanta, Primaverii street corner of Soveja street, is in the State's private property and Rompetrol Rafinare has a right to use it under a joint venture agreement concluded by, on the one hand, the Constanta Local Administrative Unit, through the mayor, and by Rompetrol Rafinare SA, then named Petromidia SA. During November 2018, the Company was informed about the existence of a court decision which received a final resolution, ascertaining that the Constanta City Hall concluded, *inter alia*, the joint venture agreement with Rompetrol Rafinare SA, in breach of the provisions of Law 215/2001. Discussions were held with the Constanta City Hall to remedy any legal deficiencies. No agreement was reached in this respect, given that the court decision is not relied on as against us, the Company was not a party in the dispute and was unable to express its point of view on the joint venture that took place in 2000. The situation has not changed either in 2019 or in 2020.

3. SECURITIES ISSUED BY THE COMPANY

3.1. THE ROMANIAN MARKETS AND THE MARKETS OF OTHER COUNTRIES WHERE THE SECURITIES ISSUED BY THE COMPANY ARE TRADED

Starting with April 7, 2004, the Company's shares are traded on a regulated market operated by the Bucharest Stock Exchange (Bursa de Valori Bucuresti SA – “BVB”) under the “RRC” symbol and ISIN code ROPTRMACNOR5. The shares of Rompetrol Rafinare are traded at the Standard category of the Bucharest Stock Exchange.

On 31.12.2020, the total number of shares issued by Rompetrol Rafinare is 44,109,205,726, representing a total value of the share capital of RON 4,410,920,572.6.

The Company's shares are common, nominative, issued in dematerialized form, whose records are held by DEPOZITARUL CENTRAL SA Bucharest as independent registry company, authorized by the Authority for Financial Supervisory.

3.1.1. RRC ACTIVITY ON BVB

The activity carried out by RRC in 2020, as issuer of transferable securities on the capital market in Romania, is presented as follows:

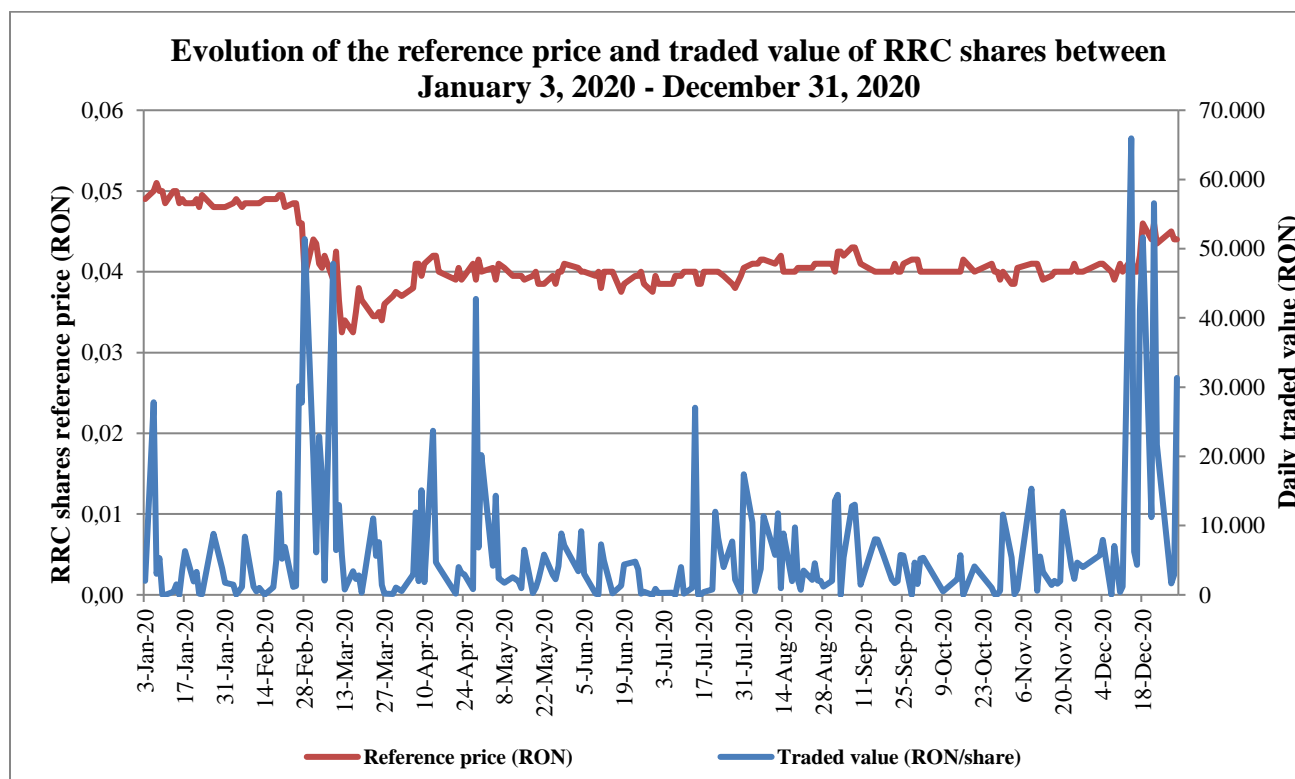
- ❖ In 2020, a total number of 1,630 transactions with RRC shares were made, with an average number of approx. 7 transactions per day;
- ❖ The total volume of the RRC shares traded was of 33,117,257 shares (approximately 68% more than in 2019, when the total volume of 19,717,579 shares was registered);
- ❖ The total value of transactions in 2020 with RRC amounted to RON 1,372,060;
- ❖ RRC transactions in 2020 were concluded only on the REGS market;
- ❖ The price of a share during 2020 was between a maximum value of RON 0.051 and a minimum of RON 0.0315, decreasing compared to the values recorded in 2019 when the maximum value was RON 0.0525 and the minimum value was RON 0.0425, respectively also decreasing compared to the values registered in 2018 when the maximum value was RON 0.06 and the minimum value was RON 0.044;



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- ❖ Stock market capitalization³ on the last trading day in 2018, 2019 and 2020 is shown in the table below.

Shares of Rompetrol Rafinare	2018	2019	2020
Number of shares	44,109,205,726	44,109,205,726	44,109,205,726
Stock exchange capitalization, Lei mil. ⁴	2,108.42	2,205.46	1,940.81
Stock exchange capitalization, Euro mil. ⁵	452.07	461.54	398.16
Maximum price, Lei ⁶	0.06	0.0525	0.051
Minimum price, Lei ⁷	0.044	0.0425	0.0315
Price at yearend, Lei	0.0478	0.05	0.044



³ Capitalization represents the total market value of the Company (number of shares * market price of the share)

⁴ Calculated based on the share price on the last trading day of the year under consideration, respectively December 30, 2020.

⁵ Calculated at the euro exchange rate (RON 4.8744) from the last trading session of the year under consideration, respectively December 30, 2020.

⁶ Registered on January 7, 2020, April 1 and December 16, 2019, respectively February 16, 2018.

⁷ Registered on March 13, 2020, May 16, 2019, respectively September 3, 2018.

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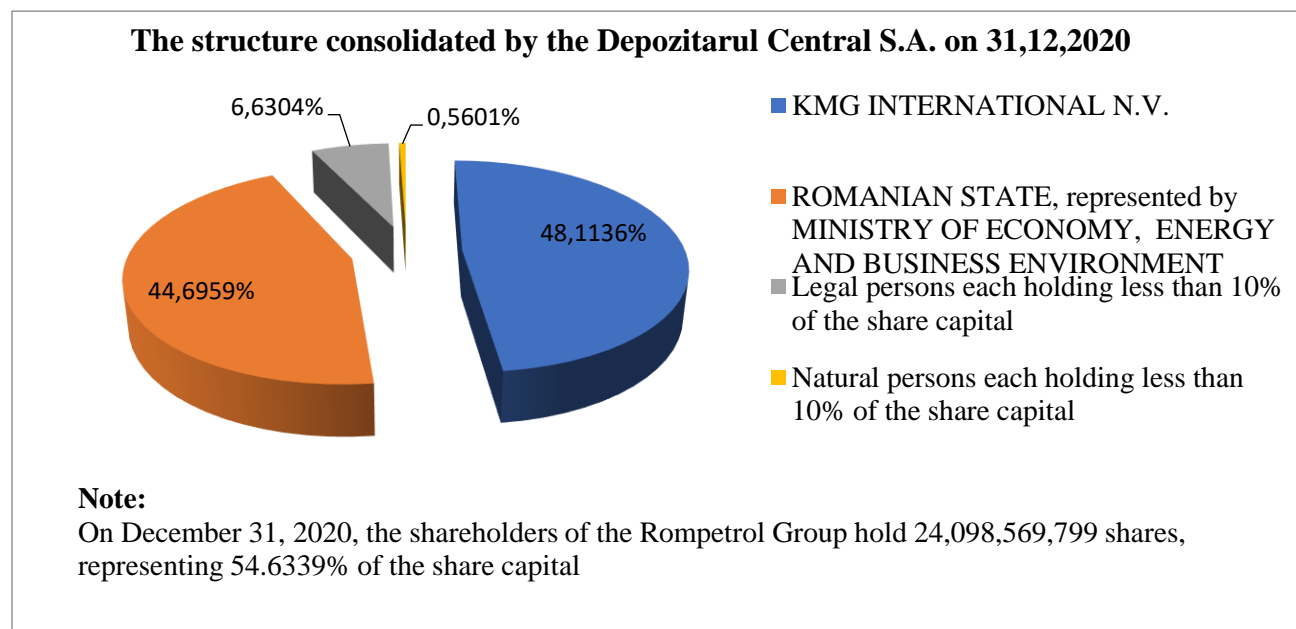
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The weighted average price (WAP) of the RRC shares during 2020 = RON 0.041430355 per share. The volume traded in December 2020 represents approximately 22.35% of the total volume traded in 2020 (total volume traded in 2020 = 33,117,257 shares).

SHAREHOLDERS OF ROMPETROL RAFINARE

During the analyzed period, there were no changes that could affect the value of the Company's share capital.

According to the Register of Shareholders with the consolidation date on December 31, 2020, made available by Depozitarul Central, the structure of the Company's significant shareholders is presented in the chart below:



Source: Depozitarul Central, Rompetrol Rafinare S.A.



3.1.2. COMMUNICATION WITH THE SHAREHOLDERS AND INVESTORS

The activity concerning the Communication and Relationship with the Investors is carried out in compliance with legal provisions in force as defined in Law no. 31/1990 republished, as further amended and completed, updated, Law no. 24/2017 on the issuers of financial instruments and market operations, the Regulation no. 5/2018 regarding the issuers of financial instruments and market operations, the Code of the Stock Exchange Bucharest and the Code of Depozitar Central, as well as the regulations of the Financial Supervisory Authority.

Internally, it is taken into account to disseminate the financial, legal, corporate governance and social responsibility information to investors and shareholders (a mandatory requirement of a company traded on the stock exchange or following a request of the shareholders, investors, or other stakeholders interested in the evolution of the Company).

The actions related to the communication with the shareholders and investors were materialized in 2020 as follows:

- ❖ Submitting as a matter of priority the information requested by the shareholders/possible investors;
- ❖ Organizing the General Meetings of the Shareholders and of all other actions on guaranteeing the rights of shareholders; Considering the recommendations of the Romanian public authorities in terms of the prevention/limitation of the spread of COVID-19 during 2020, Rompetrol Rafinare recommended to its shareholders to the extent possible: (a) To access the informative materials for the General Meetings organized in 2020, in electronic format, available on the website of the Company, rather than in physical format at the Registry; (b) To vote by mail, using the mail Ballot Forms; (c) to use, as a means of communication, the e-mail with an extended electronic signature incorporated, rather than mail or courier to the Registry when submitting: (i) proposals for the addition of new items to the OGMS agenda, (ii) nominations of candidates for membership of the Board of Directors, (iii) draft decisions, (iv) written questions before the GMS, (v) powers-of-attorney for representation in the GMS, or (vi) mail Ballots;
- ❖ Collecting the information, preparing the current reports, sending them to the competent authorities (BVB and FSA) and publishing them on the Company's website in full compliance with the deadlines imposed by the legislation in force;
- ❖ Updating the RRC website to improve the access to relevant information of the shareholders and investors.

3.2. DIVIDENDS

As of December 31, 2018, ROMPETROL RAFINARE recorded a net loss of RON (230,205,630).

As of December 31, 2019, ROMPETROL RAFINARE recorded a net loss of RON (352,730,468).

As of December 31, 2020, ROMPETROL RAFINARE recorded a net loss of RON (645,823,057).

Given the above, the Company was unable to grant dividends to its shareholders for any of the following financial years: 2018, 2019 and 2020.

In the event that Rompetrol Rafinare S.A. will register profit in the following financial years, the Company may register and pay dividends distributed from the net profit, only after the approval of the annual financial statements by the General Meeting of Shareholders and the proposal for the distribution of profits.

Information on dividends and annual dividend distribution (if applicable) or other benefits for shareholders will be proposed by the Executive Management of the Company (General Manager and Economic Director) and approved by the Board of Directors.

The profit distribution proposal (if applicable) will be submitted for approval to the Annual Ordinary General Meeting of Shareholders. The Company will publish the principles of the annual net profit distribution policy (when the Company registers this indicator) on the RRC website, in the Investor Relations section (subsection “Information on shares”/“Dividends”).

Information on the payment of dividends, how the payment will be made, as well as the dates on which dividends will be paid (if applicable) will be published on the RRC website in the abovementioned section (in case it will be possible to calculate and grant them after the approval of the annual financial statements and the proposal for the distribution of net profit).

3.3. OWN SHARES

At the end of 2020 ROMPETROL RAFINARE S.A. held a total number of 6,134,701 own shares with a nominal value of RON 0.10 each, for a total of RON 613,470.10, representing 0.0139% of the registered capital of the Company.

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During the financial year ended December 31, 2019, the Company did not trade (bought, respectively sold) its own shares.

In 2020, Rompetrol Rafinare did not repurchase or cancel its own shares.

3.4. THE NUMBER AND NOMINAL VALUE OF THE SHARES ISSUED BY THE PARENT COMPANY, OWNED BY SUBSIDIARIES

In 2020, the Company's subsidiaries did not hold any shares issued by Rompetrol Rafinare.

4. THE MANAGEMENT OF THE COMPANY

4.1. PRESENTATION OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for taking of all the measures necessary for the performance and monitoring of the Company's activity. Its membership, duties and responsibilities are established under the Company's Articles of Incorporation, available on our website (www.rompetro-rafinare.ro, section Relation with Investors/Corporate Governance, subsection Corporate Governance Documents).

During 2020, the following changes were made at the level of the Board of Directors:

- *4 June 2020:* according to Decision no. 1 dated 4 June 2020, the Board of Directors took note of the waiver of Mr. Mihai-Liviu Mihalache of the mandate of member of the Board of Director starting with 4 June 2020 and ascertained the vacancy of a position of director;
- *4 June 2020:* according to Decision no. 1 dated 4 June 2020, the Board of Directors appointed Mr. Bogdan-Cătălin Steriopol as provisional director, starting with 4 June 2020, until the next meeting of the Ordinary General Meeting of Shareholders;
- *18 September 2020:* according to the Decision no. 6/2020 adopted by the Ordinary General Meeting of Shareholders, the election of Mr. Bogdan-Cătălin Steriopol was approved, in his condition of permanent director of the Company instead of Mr. Mihai-Liviu Mihalache following his revocation from the position of director, starting with 4 June 2020. The mandate of Mr. Bogdan-Cătălin Steriopol was established starting with the date of this general meeting until 30.04.2022 (expiration date of the mandate of the other active directors on the election date). The candidature proposal of Mr. Bogdan-Cătălin Steriopol was formulated by the significant shareholder, the Romanian State, represented by the Ministry of Economy, Energy and Business Environment. During 4 June 2020 – 17 September 2020, Bogdan-Cătălin Steriopol held the position of provisional director.

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- *18 September 2020:* pursuant to the Decision no. 6/2020 adopted by the Ordinary General Meeting of Shareholders, the election of Mr. Felix Crudu-Tesloveanu was approved, in his condition of director of the Company instead of Mr. Saduokhas Meraliyev, following his waiver of the mandate, starting with 1 October 2020. The mandate of Mr. Felix Crudu-Tesloveanu was established starting with 1 October 2020 until 30.04.2022 (expiration date of the mandate of the other active directors on the election date) and the candidature proposal was filed by the majority shareholder KMG International N.V.
- *1 October 2020:* according to Decision no. 1, the Board of Directors elected Mr. Yedil Utekov in the position of Chairman starting with 1 October 2020 (appointment date by the OGMS dated 18 September 2020 of a director instead of Mr. Saduokhas Meraliyev who waived both of the position of Chairman of the Board of Directors and of the position of director), until 30 April 2022 (expiration date of the mandates of all the 5 members of the Board of Directors).

The Board of Directors gives thanks to Mr. Mihai-Liviu Mihalache for the services and expertise during the approximately 5-year mandate during which he held the position of director.

At the same time, the Board of Directors gives thanks to Mr. Saduokhas Meraliyev for the passion, abnegation, personal contribution had in the results obtained until present both within the Company and within the Production blocks & Industrial Services, Marketing & Retail as well as Trading & Supply Chain at the level of KMG International Group, for the experience, commitment and for his entire dedication during more than 12 years of activity within KMG International N.V. Group.

The Chairman of the Board of Directors has been appointed by the Board of Directors amongst its members. The Chairman of the Board of Directors is appointed for a period that cannot exceed the period of his/her mandate as a director and can be revoked anytime by the Board of Directors.

The directors can be revoked anytime by the Ordinary General Meeting of the Shareholders. Each director has expressly accepted the exercise of his/her mandate.

In compliance with the legal provisions in force, the members of the Board of Directors have the obligation to ensure that they avoid any conflict of interests directly or indirectly with the Company, and in case such conflict occurs, to refrain from the debates held and voting regarding the related matters.

The members of the Board of Directors have the obligation to exercise their mandate in a professional manner, in good-faith, honestly, with the prudence and diligence of a good director, in the best interest of the Company and they are not allowed to disclose confidential information and business secrets of the Company.

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As at 31 December 2020, the membership of the Board of Directors was as follows:

- **Yedil Utekov**, a citizen of Kazakhstan, Chairman of the Board of Directors;
- **Alexey Golovin**, a citizen of Kazakhstan, member of the Board of Directors;
- **Felix Crudu-Tesloveanu**, a citizen of Romania, executive member of the Board of Directors, also holding the position of General Manager of the Company (starting with 1 January 2020);
- **Nicolae Bogdan Codruț Stănescu**, a citizen of Romania, member of the Board of Directors;
- **Bogdan-Cătălin Steriopol**, a citizen of Romania, member of the Board of Directors.

Please find herein below the most relevant items related to the expertise and professional background of the Company's directors in office on 31.12.2020.

The Curriculum Vitae of the current directors of the Company are also posted on the Company's web page www.rompetrol-rafinare.ro, section "*Relations with Investors – Corporate Governance – Board of Directors*".

Name and first name	Age (years)	Position held in the Board of Directors and length of service; Mandate	Other information (qualifications, professional experience)	Date of mandate expiration
Yedil Utekov	43 years old	<p>- Chairman in the Board of Directors starting with 1 October 2020</p> <p>Member of the Board of Directors starting with 04.03.2015 – until 30 September 2020.</p> <p>- Interim member of the Board of Directors during 01.10.2014 – 03.03.2015.</p>	<p>Graduate of the Faculty of Resources and Hydrocarbons Chemical Technology within the Astrakhan State Technical University in Russia.</p> <p>With a professional background of more than 10 years in the oil and gas industry, he joined the KMG International Group in January 2010, as a Deputy General Manager of Rompetrol Petrochemicals S.R.L.</p> <p>He was elected as the General Manager of Rompetrol Rafinare starting with 12 June 2014 until 31 December 2019, and he previously held the position of Deputy General Manager of the Company, from January 2013.</p> <p>He started his career in the oil and gas industry back in 2001, as a</p>	30.04.2022



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Name and first name	Age (years)	Position held in the Board of Directors and length of service; Mandate	Other information (qualifications, professional experience)	Date of mandate expiration
			<p>process operator with Akasaraisky Gas Processing Plant in Russia. Between September 2001 and June 2002, he worked as an operator for ZAO Intergaz Central Asia, Kazakhstan.</p> <p>Starting from June 2002, he gradually advanced from the position of engineer with the Atyrau Refinery, to that of Ecology, Technology, Health and Safety Manager.</p> <p>Between April 2005 and April 2010, he worked for Agip KCO, in Atyrau, Kazakhstan. The last position held in this company was Group Coordinator for Technical Control and Inspection between August 2008 and April 2010.</p> <p><i>Responsibilities:</i> within the KMG International Group, he is also the Sole Director of Rompetrol Petrochemicals S.R.L.</p> <p>- starting with 1 October 2020, he was elected the Chairman of the Strategy Committee instead of Mr. Saduokhas Meraliyev, for a mandate until 30 April 2022.</p>	
Alexey Golovin	42 years old	<p>- Member of the Board of Directors from 13.04.2017 – present date.</p> <p>- Interim member of the Board of Directors during the period comprised between 10.02.2017 – 12.04.2017.</p>	<p>Alexey Golovin is a graduate of the "Adilet" Law School, a Pre-Master's Degree Program of the Oxford University, UK and holds a Master of Arts degree in Business Management within the Essec & Mannheim EMBA program.</p>	30.04.2022



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Name and first name	Age (years)	Position held in the Board of Directors and length of service; Mandate	Other information (qualifications, professional experience)	Date of mandate expiration
			<p>He joined the KMG International Group in November 2009 as the Group's Corporate Governance Director. In 2011, he was appointed as the Group's Marketing and Communication Corporate Officer, being in charge with the coordination of the Marketing, Brand Management, Public Relations and Internal Communications functions, while between 2013 and 2014 he was the Corporate Development and Communication General Manager, being in charge with the development of the company's long-term strategy. Between January 2015 and December 2016, he coordinated the strategy and activity of the national company KazMunayGas in the processing field, outside Kazakhstan.</p> <p>Starting from December 2016, Alexey Golovin was the Vice-President for Strategic and Corporate Development of the KMG International Group. In this capacity, he coordinated the strategic development, the merger and acquisition projects, the public relations, and the relations with the government agencies and with the sole shareholder.</p> <p>Since March 2019, he has been the Chief Legal and Corporate Affairs Officer within KMG International Group.</p> <p><i>Responsibilities:</i></p> <p>- starting 13 April 2018, he was elected non-executive member of</p>	



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Name and first name	Age (years)	Position held in the Board of Directors and length of service; Mandate	Other information (qualifications, professional experience)	Date of mandate expiration
			<p>the Audit Committee established under Decision No. 1 of the Board of Directors dated April 13, 2018, and reconfirmed under BD Decision No. 3 dated May 3, 2018, for a term of office until April 30, 2022.</p> <p>- starting 1st of April 2019, he was elected non-executive member of the Strategy Committee established by the Decision no. 4 of the Board of Directors dated March 20, 2019, for a mandate until 30 April 2022.</p>	
Felix Crudu-Tesloveanu	50 years old	<p>- Executive member in the Board of Directors since 1 October 2020.</p> <p>- He was elected as member of the Board of Directors according to Decision no. 6/2020 adopted by the Ordinary General Meeting of Shareholders dated 18 September 2020</p>	<p>Mr. Felix Crudu-Tesloveanu started his career in 1988 in the operational segment, where he activated during 10 years at Petromidia refinery. Then, he occupied, by turn, the positions of Station Manager in Constanța, Area Coordinator, Sales Regional Coordinator, Sales Regional Manager, Sales Manager, Operations Manager and General Manager of Rompetrol Downstream –retail division of the Group in Romania. In 2016, he took over the management of the Group subsidiary of Republic of Moldova, then he was appointed the General Manager of Rominserv Valves IAIFO.</p> <p>Mr. Felix Crudu Tesloveanu graduated the Faculty of Commercial Management within „Dimitrie Cantemir” University of Constanța.</p>	30.04.2022



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Name and first name	Age (years)	Position held in the Board of Directors and length of service; Mandate	Other information (qualifications, professional experience)	Date of mandate expiration
			<i>Responsibilities:</i> he holds the position of General Manager of Rompetrol Rafinare	
Nicolae Bogdan Codruț Stănescu	46 years old	<p>Independent non-executive member within the Board of Directors starting with 27.04.2018</p> <p>He was elected as a member of the Board of Directors by Decision No. 3/2018 adopted by the Ordinary General Meeting of the Shareholders dated 27 April 2018.</p> <p>He was one of the Company's directors also between 12.06.2015 – 27.04.2016</p>	<p>He is the representative of the Ministry of Energy within the Board of Directors of Rompetrol Rafinare.</p> <p>Since 2016 and until the present date, he has been a Strategy Consultant within the Chancellery of the National Bank of Romania.</p> <p>Holder of a Ph. Degree in Law, a Bachelor of Arts degree in Legal Studies in 1996, and also a graduate of the Oil and Gas University, in 1999. He completed Master of Arts programs for "Mediation of Law Conflicts" (Titu Maiorescu University), "National Security and Defense" (National Defense University Carol I), "European Public Space" (National School of Political Science and Public Administration), "Public International Law" (Alexandru Ioan Cuza Police Academy, Bucharest). He is also specialized in the banking field, holding two certificates issued by the Romania Banking Institute– Banking European Certificate and Banking Mediation diploma.</p> <p>Starting from 1998, he was a legal expert jurist within the State Ownership Fund, a director with APAPS Bucharest, a Director of the</p>	30.04.2022



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Name and first name	Age (years)	Position held in the Board of Directors and length of service; Mandate	Other information (qualifications, professional experience)	Date of mandate expiration
			<p>Directorate for Privatization Disputes within the Authority for State Assets Recovery, and the General Director of the Legal General Directorate within the same institution (2007 – 2010). Between 2013 and 2014, he was an expert with the Procurement Division of the Nuclearelectrica National Company.</p> <p>Starting with 2010, he was the advisor of the Vice-governor of the National Bank of Romania, and between 2013 and January 2014 he was the personal advisor of the Minister of Economy on legal matters.</p> <p>From January 2015 to August 2016, he was the General Director of the General Directorate for Privatization and Management of State Ownership (DGPAPSE) within the Ministry of Energy.</p> <p>Starting with August 2019 until the current date, he is the Chairman of the Management team within “Societatea de Administrare a Participațiilor în Energie S.A.” (S.A.P.E.).</p> <p><i>Responsibilities:</i></p> <ul style="list-style-type: none"> - starting May 1, 2018, he was elected as an independent non-executive member of the Audit Committee, for a term of office until April 30, 2022. - Starting April 1, 2019, he was elected independent non-executive member of the Strategy 	



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Name and first name	Age (years)	Position held in the Board of Directors and length of service; Mandate	Other information (qualifications, professional experience)	Date of mandate expiration
			Committee , for a mandate until April 30, 2022.	
Bogdan-Cătălin Steriopol	35 years old	<p>Independent non-executive member within the Board of Directors starting with 4 June 2020.</p> <p>During 4 June 2020 – 17 September 2020, he was provisional director</p> <p>He was elected as a member of the Board of Directors by Decision No. 6/2020 adopted by the Ordinary General Meeting of the Shareholders dated 17 September 2020</p>	<p>He is the representative of the Ministry of Energy, in the Board of Directors of Rompetrol Rafinare, starting with 4 June 2020.</p> <p>In 2008, Mr. Bogdan Cătălin Steriopol graduated the Faculty of Marketing, within „Artifex” University, Bucharest, obtaining the bachelor’s degree and the qualification of Economist. Mr. Bogdan Cătălin Steriopol is also master student of the Information Academy „Mihai Viteazu” Bucharest, having a professional experience of more than 10 years in media and communication field.</p> <p>During 2017 - 2019, Mr. Steriopol held the position of Specialty Reviewer within Transelectrica SA company. Then, he held the position of Expert in the follow-up Department of Intra-community Development Association Termoeenergetica Bucharest-Ilfov.</p> <p>In November 2019, he was appointed Counsellor within the Ministry of Education and Research.</p>	30.04.2022

The Members of the Board of Directors are appointed by the shareholders, during the Ordinary General Meeting of Shareholders. To the best knowledge of the directors, **there was no agreement, understanding or family connection** between the directors and any other person, due to whom the respective director was appointed.

According to the Registry of the Company's shareholders, consolidated on 31.12.2020 and made available by Depozitarul Central SA, directors of Rompetrol Rafinare do not hold any shares issued by the Company.

None of the members of the Company Board of Directors is a person affiliated to the Company, within the meaning of the FSA Regulation No. 5/2018.

4.2. MEMBERS OF THE COMPANY'S EXECUTIVE MANAGEMENT

In accordance with the provisions of the Company's Articles of Incorporation, the only offices to be delegated with the company's management on the strength of the provisions of Art. 143 of Company Law 31/1991 are the offices of General Manager and Economic Manager. Any other office of manager within the company (human resources manager, commercial manager, administrative manager, IT manager, etc.), regardless of its name, shall not involve also the company's management.

Felix Crudu-Tesloveanu – General Manager

By the Decision dated December 18, 2019, the Board of Directors appointed Mr. Felix Crudu-Teslovenu as the General Manager of the Company and assigned him the management of the company and Company representation duties, for a term of office starting with 1st of January 2020, expiring on April 30, 2022.

Mircea-Ștefan Stănescu –Economic Manager

By Decision No. 2 of November 12, 2018, the Board of Directors appointed Mr. Mircea-Ștefan Stănescu as the Economic Manager of the Company and delegated to him the Company's executive management and Company representation duties, for a term of office starting with November 15, 2018 to expire on April 30, 2022.

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By Decision no. 1 dated 16 December 2020, the Board of Directors appointed Mrs. Ramona-Georgiana Gălăţeanu in the position of Economic Manager of the Company, starting with 1 January 2021, until 30 April 2022, and delegated the Company management and representation tasks of the Company.

By Decision no. 3 dated 24 December 2019, the Board of Directors approved the new chart flow of the Company starting with 1 January 2020 on the first 4 hierarchy levels, and the position of Deputy General Manager and Operations Manager is occupied by Mr. Kuanysh Dosmuratov, citizen of Kazakhstan.

On 31.12.2020, the two directors who were delegated the management, as mentioned above, were:

Name and First Name	Office
Felix Crudu-Tesloveanu	General Manager
Mircea-Ştefan Stănescu	Economic Manager

Members of the executive management shall exert their offices for a term of office to expire on 30.04.2022 (at the same time with the directors who appointed them).

Ramona-Georgiana Gălăţeanu - Economic Manager of the Company, on the issue date of this Report

According to Decision no. 1 dated 16 December 2020, the Board of Directors appointed Mrs. Ramona-Georgiana Gălăţeanu as Economic Manager of the Company and delegated the executive management of the Company and representation duties, for a term of office starting with 1 January 2021 that shall expire on 30 April 2022.

We have no information about any cases of understandings, agreements or family connections between the members of the executive board and any other persons which resulted in their appointment to their offices.

Neither one of the two Managers presented in the Table under Item 4.2. holds shares in the Company.

4.3. LITIGATIONS IN WHICH THE DIRECTORS OR MEMBERS OF THE EXECUTIVE MANAGEMENT HAVE BEEN INVOLVED, DURING THE LAST 5 YEARS

None of the two actual Executive Managers holding the positions on the issue date of this report (General Manager and Economic Manager) has been involved in litigations or administrative procedures.

Starting with March 22, 2005, criminal investigations were started related to certain former directors, managers and external censors of Rompetrol Rafinare S.A.; these ones were officially performed and materialized in various specific criminal procedural activities (including specific judicial expertise), currently under criminal investigation).

The said charges have been disjoined by the prosecutors' office from the initial case file in 2004 (that was sent to trial following such disjoining and which is definitively closed) and are subject to a separate file which concerns the followings: a) failure to fulfil the investment commitments undertaken under the privatization contract concerning the Parent Company; b) unlawful declaration of excises and other debts to the state budget; c) incorrect keeping of accounting registries regarding the transactions undertaken at the oil terminal owned by Oil Terminal. These charges concern events occurred during April 2001 – October 2002. d) status of adoption of the Government Emergency Ordinance 118/2003. On 5th of December 2019, the charges mentioned above have been entirely closed by an ordinance issued by DIICOT. All complaints against this Ordinance were rejected by the High Court of Cassation and Justice on July 10, 2020.

4.4. CHANGE OF THE ARTICLES OF INCORPORATION

The Articles of Incorporation may be amended by Decision of the General Meeting of Shareholders, according to the provisions of Law no. 31/1990 on companies, in conjunction with the provisions of the Articles of Incorporation. The Articles of Incorporation may also be amended by the Board of Directors 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 on companies.



5. INDIVIDUAL FINANCIAL STATEMENT AS AT 31.12.2020

The individual financial statements are attached. Extracts containing the main elements are presented below.

a) *THE INDIVIDUAL FINANCIAL POSITION STATEMENT*

THE SITUATION OF THE MAIN INDICATORS DURING THE PERIOD 31.12.2018 to 31.12.2020

	2020		2019		2018	
	Lei	%	Lei	%	Lei	%
Intangible assets	26,873,710	0%	22,713,799	0%	17,940,585	0%
Goodwill	152,720	0%	152,720	0%	152,720	0%
Tangible assets	3,623,946,290	49%	3,516,851,506	45%	3,622,505,369	45%
Rights of use assets	58,002,943	1%	9,018,898	0%	-	0%
Financial assets	1,629,020,055	22%	1,629,020,055	21%	1,629,020,055	20%
Deferred tax assets	0	0%	110,131,585	2%	163,026,035	2%
Total non-current assets	5,337,995,718	72%	5,287,888,563	68%	5,432,644,764	68%
Inventories, net	527,073,050	7%	822,822,149	10%	816,566,125	13%
Debts and expenses	1,167,390,890	16%	1,784,692,732	23%	1,530,215,763	19%
Derivatives	0	0%	2,585,313	0%	6,197,265	0%
Cash at bank and in hand	365,595,493	5%	22,373,528	0%	19,450,444	0%
Total current assets	2,060,059,433	28%	2,632,473,722	32%	2,372,429,597	32%
TOTAL ASSETS	7,398,055,151	100%	7,920,362,285	100%	7,805,074,361	100%



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	2020		2019		2018	
	Lei	%	Lei	%	Lei	%
Subscribed Share Capital	4,410,920,573	60%	4,410,920,573	56%	4,410,920,573	54%
Premium related to capital	232,637,107	3%	232,637,107	3%	232,637,107	3%
Revaluation reserve, net of deferred tax impact	509,938,277	7%	533,398,479	7%	566,948,566	7%
Other reserves	3,395,246,289	46%	3,386,268,737	43%	3,408,959,991	42%
Reported loss	(6,567,312,044)	-89%	(6,242,510,389)	-79%	(6,049,107,446)	-80%
Result of the current financial year	(645,823,057)	-9%	(352,730,468)	-5%	(230,205,630)	5%
Total Equity	1,335,607,145	18%	1,967,984,039	25%	2,340,153,161	32%
Hybrid loan – long term portion	-	0%	69,291,612	1%	69,291,612	1%
Long-term loans from banks	570,759,324	8%	613,184,904	8%	489,405,927	0%
Provisions	297,034,901	4%	342,060,438	4%	335,464,381	4%
Long-term lease debts	56,981,732	1%	5,368,671	0%	-	0%
Deferred tax liability	9,417,626	0%	-	0%	-	0%
Total non-current liabilities	934,193,583	13%	1,029,905,625	13%	894,161,920	5%
Commercial debts & Other debts	4,774,877,899	65%	4,701,068,748	59%	3,936,412,324	48%
Contract liabilities	91,363,247	1%	47,196,182	1%	89,334,760	1%
Short-term lease debts	2,542,555	0%	6,451,650	0%	-	0%
Derivatives	617,651	0%	15,786,131	0%	-	0%
Short term loans from subsidiary companies	48,949,030	1%	103,891,017	1%	438,118,914	8%
Short term bank loans	209,904,041	3%	48,078,893	1%	106,893,282	6%
Total current liabilities	5,128,254,423	69%	4,922,472,621	62%	4,570,759,280	63%
TOTAL LIABILITIES AND EQUITY	7,398,055,151	100%	7,920,362,285	100%	7,805,074,361	100%

- i) Within the assets, an important share (49%) it represents the **tangible assets** – lands, buildings, technical equipment, construction in progress. At the end of 2020, these reached the value of Lei 3,623,946,290, higher by 3% than that recorded in 2019, respectively approximately equal to that recorded in 2018 especially influenced by the following factors:

- continuation of the new investments;
- amortisation (depreciation of fixed assest).

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- ii) Within the **financial assets** (22%), the entire value (Lei 1,629,020,055) is represented by shares and shares held in the affiliated entities. Their value remained at the same level recorded at the end of 2019 and 2018.
- iii) **Receivables and prepayments** (16%) are lower than those booked at 31.12.2019 by 35%.
- iv) **Share capital** (60%) has a value similar to that at the end of 2019 and 2018, respectively Lei 4,410,920,573;
- v) **Equity** registered the value of Lei 1,335,607,145, reaching a level with 32% lower than its value at 31.12.2019 and 43% lower than the value of equity at the end of 2018. The reduction in equity is mainly due to the result of the negative current financial year.

At 31 December 2020 the Company's net assets are lower than half of the value of the subscribed share capital similar to the end of 2019, compared with the end of 2018 when net assets were higher than half of the value of the subscribed share capital in compliance with Law no. 31/1990 regarding the trade companies, as amended.

- vi) **Trade and other payables** at the end of 2020 are a slight increase from their value at 31.12.2019 and an increase of 21% compared to the end of 2018
- vii) With regard to **short-term loans (from affiliates and banks)** their level reached a total value of Lei 258,853,071 at the end of 2020, increasing with 70% compared to the end of 2019. Compared to the end of 2018 they have fallen by 52%. The increase in 2020 compared to 2019 was generated largely due to the use of short-term revolving facilities granted by Banca Transilvania and the use of a new short-term credit facility (Facility C) granted under the Syndicated Credit agreement. At the same time, the loans granted by the affiliated entities Midia Marine Terminal and Rompetrol Financial Group were fully repaid.

b) THE PROFIT AND LOSS ACCOUNT

Continuous activities	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Turnover	8,275,110,517	14,750,359,139	14,115,915,691



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Gross incomes from the sales of petroleum finished goods	12,124,701,665	19,439,433,814	18,265,248,407
Income from sales of goods	11,007,498	6,698,163	18,191,556
Income from sales of utilities	8,813,904	9,255,572	8,313,460
Income from sales of other products	398,214	797,266	746,271
Income from rents and other services	15,136,662	13,712,961	12,958,673
Gross turnover	12,160,057,943	19,469,897,775	18,305,458,367
Minus sales associated taxes	(3,884,947,426)	(4,719,538,636)	(4,189,542,676)
Total	8,275,110,517	14,750,359,139	14,115,915,691
Cost of sold production	(8,646,900,936)	(14,411,331,213)	(13,609,234,205)
of which:			
Crude oil and other raw materials	7,614,092,570	13,226,728,823	12,638,548,476
Utilities	416,956,855	489,802,104	397,646,059
Gross Profit/ (Loss)	(371,790,419)	339,027,926	506,681,486
Distribution and general administrative expenses	(343,120,147)	(344,429,727)	(326,753,920)
Other operational incomes/(expenses)	79,881,482	70,133,170	(68,837,668)
Operational Profit / (Loss)	(635,029,084)	64,731,369	111,089,898
Financial expenses	(182,465,147)	(235,486,607)	(173,755,558)
Financial income	86,748,261	22,779,343	14,718,404
Net (Losses)/ gains on exchange rate difference	208,940,736	(145,469,631)	(181,901,099)
Gross Loss	(521,805,234)	(293,445,526)	(229,848,355)
Deferred income tax Revenue	(124,017,823)	(59,284,942)	(357,275)
Exercise Loss	(645,823,057)	(352,730,468)	(230,205,630)

- i. **The net turnover** registered in 2020 was lower both in 2019 and in 2018. Turnover in 2020 was strongly impacted by a number of factors represented by the planned shutdown of refineries

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operated by the Company for the conduct of the general turnaround carried out in March-May 2020, the reduction of production and quantities of petroleum products sold on the background of reduced market demand, as well as the significant reduction of oil prices on the international market in the context of the Covid-19 pandemic. Results in 2020 were 44% lower than in 2019 and 41% lower than in 2018.

- ii. In respect of the **cost of production sold**, it decreased by 40% compared to 2019 and by 36% compared to 2018.
- iii. At 31.12.2020, Rompetrol Rafinare S.A. recorded an **operational loss of Lei 635,029,084**, compared to the positive results recorded in 2019 in the amount of Lei 64,731,369 and in 2018 in the amount of 111,089,898 lei. The negative operational result in 2020 was mainly determined by the planned shutdown of the refineries operated by the Company for the conduct of the general turnaround carried out in March-May 2020 and by the subsequent reduction of production and sales activities compared to the period prior to the period of emergency and alert decreed on Romanian territory in the context of the Covid-19 pandemic. These aspects, together with the negative refining margins recorded during 2020 compared to the same period last year, led to the negative operational result recorded by Rompetrol Rafinare S.A. in 2020.
- iv. **Financial expenditures** recorded a decrease of 23% in 2020 compared to 2019 and an increase of 5% from the level recorded in 2018. It should be noted that at the end of 2020 the company recorded a net exchange rate gain of Lei 208,940,736, compared to losses recorded in 2019 (Lei 145,469,631) and 2018 (Lei 181,901,099). The favourable exchange rate differences at the end of 2020 are due to the continued appreciation of the national currency against the USD starting from May 2020 until the end of 2020. Thus, if at the end of 2019 1 USD = 4.2608 lei, at 31.12.2020, 1 USD was equal to 3.9660 lei.
In respect of the **final result of the financial exercise concluded on 31.12.2020, the Company recorded a net loss in amount of Lei (645,823,057).**



c) CASH FLOW STATEMENT

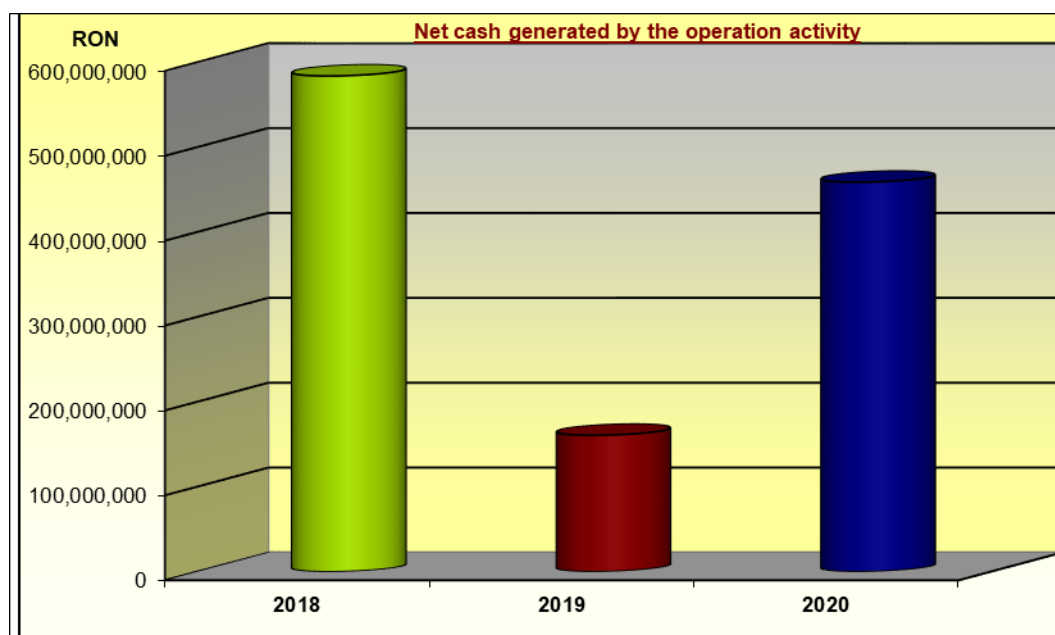
Cash flows from operating activity during 2020 were significantly influenced by reduced production and sales activities along with negative refining margins recorded in 2020 compared to 2019, as well as the variation in commercial and other debt balances, while reducing the balances of trade receivables and the value of stocks.

The oil crisis in 2020 had a significant impact on Rompetrol Rafinare activities and results. The market margin of the refinery (component of the gross margin in the profit and loss account as the difference between the weighted market quotations of the raw materials consumed and the market quotations at the volumes sold) was negative at the level of -13 USD/t compared to last year, having a negative effect in the cash used in the operating activity.

In addition to the above, due to this crisis, Rompetrol Rafinare's sales in 2020 decreased by 1.35 million tonnes compared to last year (i.e. to 4.6 million tonnes).

The average price of crude oil purchased in 2020 was lower (\$335/tonne) than in 2019 (\$474/tonne) on the background of a significant drop in international quotations due to the pandemic crisis that has seriously affected oil market (in 2020 the average price for Brent crude oil was 42 USD/bbl (315 USD/mt) compared to 64 USD/bbl (484 USD/tonne) in 2019).

The net positive cash generated from the operating activity is due to variations in working capital.



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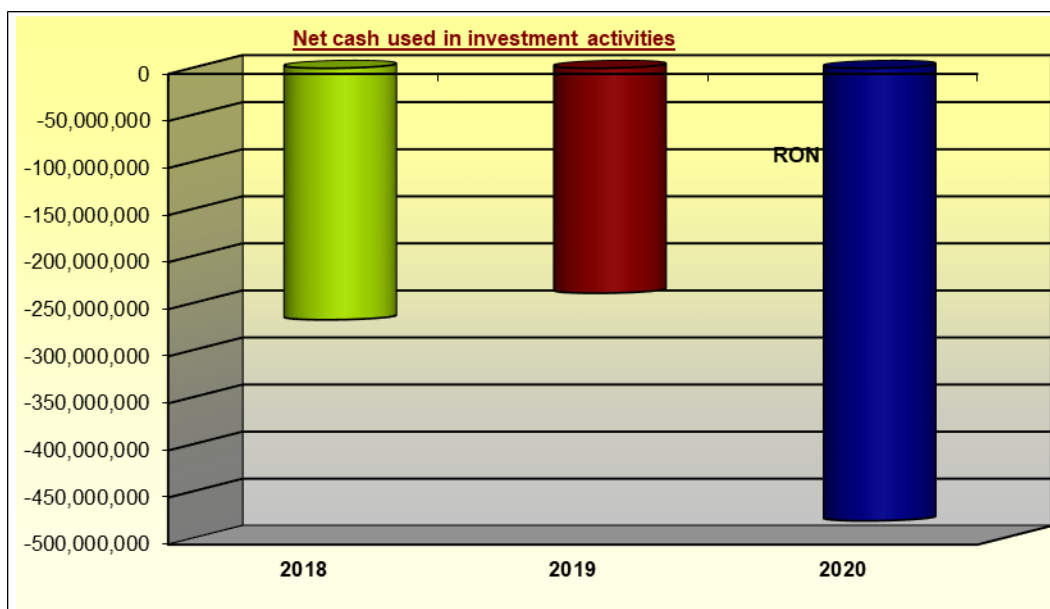


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In 2020 Rompetrol Rafinare continued implementing new technologies allowing processing of various types of crude and obtaining new products at the quality imposed by the European standards, as well as the increase yield in white products. A permanent concern was the aligning with the requirements of the European Union and compliance with the requirements of the EU Directives regarding the promotion and use of bio-fuels and of the environment regulations in force, especially aiming to reeduce the emissions of nitric oxides, volatile organic compounds and carbon dioxide and of depositing dangerous waste.

Major investment projects from 2020 concerned the General Turnaround of Petromidia and Vega refineries and of the Petrochemical unit operated by the Company, the authorization/reauthorization of equipment from the point of view of ISCIR, the replacement of catalysts in installations, the modernization of tanks and Fluid Catalytic Cracking (FCC) Unit Rehabilitation project, the modernization of loading ramps products and specific projects for optimization of the refinery.



Cash flow from financing activities during 2020 was influenced by the fact that the Company benefited from a Cash pooling contract – a system for optimising cash balances, in order to support both the needs generated by the investment activity and the development of the operational activity of the refinery, as well as a long-term facility – syndicated.

Other factors that influenced cash in the financing activity were also a significant reduction in the Company's exposure to loans contracted from affiliated companies and at the same time additional uses of short-term credit facilities from banks. The company continued the repayments of the short-

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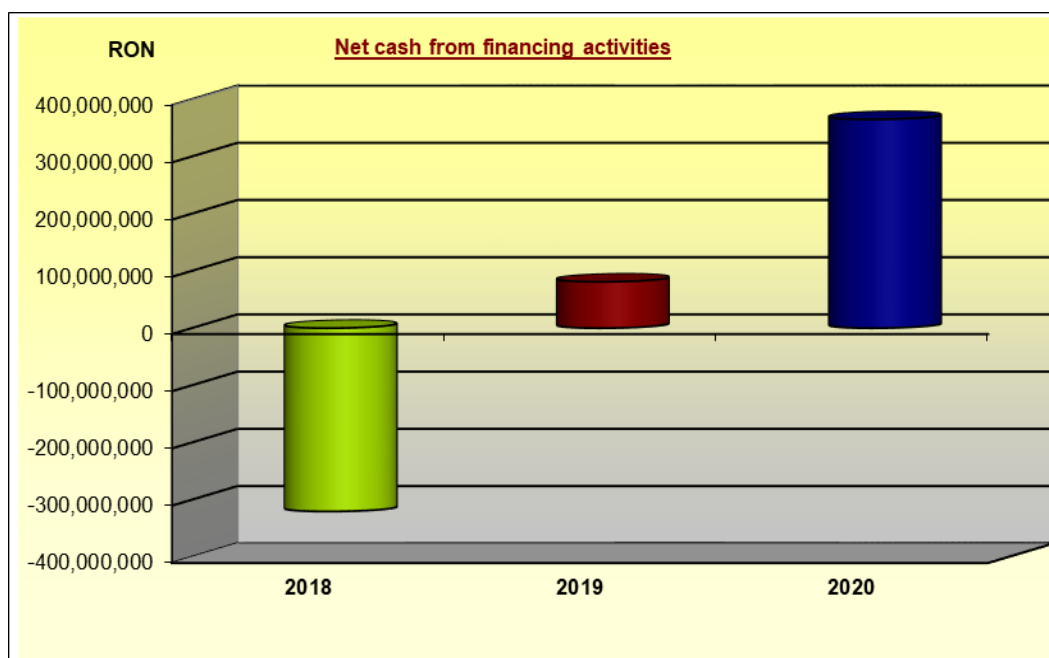


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term loan received from the affiliated company KMG International N.V. and fully repaid the short-term loans received from Rompetrol Financial Group SRL and Midia Marine Terminal SRL.

The planned capital maintenance works during the Period of the General Turnaround of Petromidia and Vega refineries and the Petrochemical unit operated by the Company were captured in an unfavorable market context with negative refining margins in 2020 compared to the same period of 2019 amid reduced market demand for petroleum products caused by the Covid-19 pandemic. The need to finance major investments during this period together with the need to establish financial safety resources to ensure the continuation of the Company's operations in case of risk generated by the Covid-19 pandemic put pressure on the operating cash generated by the Company, which had to resort to a number of measures to overcome these needs. Among these measures we mention: postponing the payment of debts to the State Budget and local budgets according to the legal regulations valid during this period, obtaining agreements to extend the maturities of commercial debts and renegotiating contracts to extend the due payment terms, as well as additional uses from bank credit facilities and cash pooling system.



6. CORPORATE GOVERNANCE DECLARATION

Rompetrol Rafinare is a trading company managed in a one-tier management 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 shares issued by the Company on the operated BVB market was decided by Decision no. 27 dated 03/25/2004 of the Stock Exchange Council regarding the admission to trading and the trading starting date was 7 April 2004. Prior to this date the Company shares were listed on the regulated market operated by RASDAQ. The Company shares are traded at BVB under the market symbol “RRC”.

The Corporate Governance report of Rompetrol Rafinare S.A. for the year 2020 is drafted according to the Corporate Governance Code (“CGC” or the “Code”), to Law no. 24/2017 on the issuers of financial instruments and market operations, to the regulations and instructions issued by the Financial Supervisory Authority – “FSA” and to the stock exchange regulations.

The scope of the code is to guarantee high transparency and visibility conditions for all shareholders and for all the third parties (“stakeholders”).

6.1. THE BVB STANDARDS REGARDING THE CORPORATE GOVERNANCE

Rompetrol Rafinare adhered for the first time to the Corporate Governance Code issued by the Bucharest Stock Exchange in 2010 and continues to improve the good corporate governance principles.

During 2020, Rompetrol Rafinare continued to implement the good practices for a corporate governance so that the internal practices correspond qualitatively to the new requirements for a company admitted to be traded on the BVB.

Rompetrol Rafinare complies with most of the provisions stipulated by the Corporate Governance Code issued by the Bucharest Stock Exchange, which came into force on 4 January 2016. Further details about the Company conformity with the principles and recommendations provided by the Corporate Governance Code of the Bucharest Stock Exchange are presented in the Corporate Governance Statement, which is an integral part of this Annual Report.

The company proposes to improve the implementation modality of the principles and recommendations of the CGC of BVB.

The statement “Apply or Explain” (see Appendix 6 to the present report) presents the level of compliance by the Company with the new provisions of CGC BVB. Rompetrol Rafinare shall continue to assess the provisions of the Code and any subsequent progress that the Company shall make in complying with it shall be reported on the market. All the “negative” aspects (from conformity to non-conformity) shall also be reported.

6.2. INFORMATION ON THE GENERAL MEETING OF SHAREHOLDERS AND THE SHAREHOLDERS' RIGHTS

The corporate bodies of RRC, trading company managed in a one-tier management system, are structured as follows: The General Meeting of Shareholders, which is the highest decision-making body of the Company and the Board of Directors.

The General Meeting of the Shareholders (“GMS”)

The General Meeting of Shareholders is the main corporate governing body of the Company, having decision making tasks on detailed activities within the Article of Incorporation of the Company.

In terms of structure, depending on the points on the agenda that the shareholders are required to approve, the General Meeting of the Shareholders can be ordinary or extraordinary.

The Ordinary General Meeting of the Shareholders (“OGMS”)

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, within the term required mandatorily by the law, and includes the following main tasks:

- a) to discuss, to 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 to revoke Company directors;
- c) to appoint and to establish the minimum duration for the financial audit contract, and also to revoke the financial auditor;
- d) to establish for each current financial year the remuneration owed to the directors;
- e) to pass opinion on the directors’ manner of administration;
- f) to establish the income and expenses budget, and, if such is the case, the activity schedule, for the following financial year;
- g) to decide the pledge, the lease or the cancellation of one or more units of the Company;
- h) to approve the maximum limits of the remuneration of the people handling/having managing positions according to the legal provisions in force.



The Extraordinary General Meeting of the Shareholders ("EGMS")

The Extraordinary General Meeting has the following tasks:

- a) to change the Company's legal form;
- b) to move the headquarters of the company;
- c) to change the company's object of activity;
- d) to set up or to dissolve secondary offices: branch offices, agencies, representations or any other such units without legal personality;
- e) to extend the company duration;
- f) to increase the share capital;
- g) to reduce the share capital or to replenish it by the 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) 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 decision for which the extraordinary general meeting consent is required.

The Extraordinary General Meeting delegates the Board of Directors to exercise the tasks mentioned at letters b) and c) of the paragraph above from the revised Articles of Incorporation.

The Extraordinary General Meeting delegates the Board of Directors to increase the share capital, pursuant to the provisions of art. 85 of Law no. 24/2017 on the issuers of financial instruments and market operations.

At the same time, pursuant to the provisions of art. 92¹ of Law no. 24/2017, the Company must refer to the approval of the shareholders the remuneration policy of the Company managers within the ordinary general meeting of shareholders.

Summoning, operation, the voting process as well as other provisions related to the GMS are detailed in the Articles of Incorporation of Rompetrol Rafinare S.A., as well as in the "*Regulation on the organization and conduct of the General Meeting in full observance of the rights of Rompetrol Rafinare S.A. shareholders*" published on the website of the Company, within section "*Relation with investors – Corporate Governance – Corporate Governance Documents*."

Summoning the General Meeting of the Shareholders

The General Meeting is summoned by the Board of Directors any time required, in compliance with legal provisions. The summoning reports, and, subsequently, the Decisions of the GMS are submitted to the Stock Exchange Bucharest and the Financial Supervisory Authority, in compliance with the

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regulations of the capital market and disclosed to public on the website of the Company as well, in the section *“Relation with the Investors – General Meeting of the Shareholders”*.

The General Meeting of the Shareholders is summoned by the directors anytime required, by publishing a notification in the Official Gazette of Romania, Part IV, as well as within one of the wide-spread national or local newspapers in the city where the headquarters of the Company are located. The General Meetings are summoned by the Board of Directors, and the summoning is submitted at least 30 days prior the date of the meeting. At the same time, the summoning notice of the general meeting is submitted to the Stock Exchange Bucharest and the Financial Supervisory Authority, however, 30 days before the meeting, it shall be also available on the Company’s website: www.rompetrol-rafinare.ro, at the section Relation with Investors. Information will be published both in Romanian, as well as in English.

GMS can be summoned under the following situations;

- (i) Anytime required following the Decision of the Board of Directors, by the President of the Board of Directors or a member thereof, based on the mandate granted by the Chairman;
- (ii) At the request of the shareholders, representing, jointly or separately, at least 5% of the capital and if the request includes provisions within the tasks and responsibilities of the General Meeting.

In compliance with the legal provisions applicable (Law no. 31/1990, the Financial Supervisory Authority Regulation no. 5/2018) as well as the provisions of the Articles of Incorporation, the Summoning report of the General Meeting of the Shareholders, includes at least the following information:

- ❖ Name of the issuer;
- ❖ Date, starting time and place chosen to hold the General Meeting of the Shareholders for the first and second summoning;
- ❖ The agenda proposed;
- ❖ Clear and exact description of the procedures to be complied with by the shareholders to be able to take part and vote within the General Meeting, respectively information related to:
 - The right of one or several shareholders, representing jointly or severally at least 5% of the Company’s capital, to add issues on the agenda (provided that it is accompanied by a proof) and to submit the projects of the decision for the items included or proposed to be included in the order of the day of the General Meeting, within no less than 15 days following the date when the summoning report was published. The agenda filled in with the issues proposed by the shareholders, after summoning, shall be published according to all the requirements disposed by the law and /or the Articles of Incorporation for summoning the general meeting, at least 10 days before the date of the General Meeting of the Shareholders, at the date mentioned in the initial summoning report.
 - Specifying expressly that the voting right can be exercised directly, by proxy or by correspondence, as well as the conditions to exercise such rights. When exercising the vote by



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proxy (representation), it shall be taken into account by for such type of vote, the proxy forms (special and general) shall be used.

- How the special/general proxy forms can be obtained for the representation within the General Meeting of the Shareholders, the deadline and the place where the proxy can be submitted to/received, as well as the means by which the Company can accept the notification regarding the proxy appointed by electronic means.
- The procedures that allow voting by correspondence.

❖ The reference date, as well as the mentions related to the fact that only the persons that are shareholders at that date have the right to take part and vote within the General Meeting of the Shareholders; the reference date must fulfil the following criteria: (i) be subsequent the publication of the summoning and before the GMS, (ii) be prior to the deadline until when the Company can submit /dispatch the powers, (iii) cannot be prior with more than 30 days before the date of the general meeting to which it applies, (iv) between the publication date of the summoning by the Company and the reference date, a term of at least 8 days should exist. When calculating this term, these two dates are not included. (v) between the deadline admitted for the second or next summoning of the general meeting and the reference date a term of at least 6 days should exist. When this term is calculated, the two dates must not be included;

❖ The deadline to receive the proposals related to the candidates for the office of directors, in case that the agenda of the meeting also includes electing the directors. The deadline is established so that the period during which proposal can be made on the candidates for the positions of directors should be of minimum 3 working days after the publication of the summoning/supplement to the summoning, including the election of director in the agenda. In the summoning report, it will be mentioned that the list including the information related to the name, domicile and professional training of the persons proposed as members of the Board of Directors is made available for the shareholders, as it can be read and completed by the shareholders;

❖ The place where the integral text of the documents and resolution drafts can be obtained, as well as other information related to the issues included on the agenda of the General Meeting of the Shareholders, the date when they become available, as well as the procedure to be followed in this regard; the Company ensures the availability of the documents corresponding to the general meeting of shareholders at the office and on the website of the Company www.rompetrol-rafinare.ro, at least 30 days before the date of the general meeting until the meeting date;

❖ If the agenda includes proposals for amending the Articles of Incorporation, the summoning report shall include the entire text of the proposals;

❖ The Company's website;

❖ The proposal regarding the registration date, regarding the ex-date and if applicable, the proposal related to the date of payment;

❖ The express specification of the fact that the voting right can be exercised directly, by proxy, by correspondence and the conditions to exercise such rights;

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- ❖ The way to distribute the ballot by correspondence and the special proxy form for representation within the General Meeting of the Shareholders, as well as the date when they become available;
- ❖ The deadline and the place where the special proxy and the ballots by correspondence should be submitted/received;
- ❖ Indicating the fact that the significant shareholders have the right to choose to implement the cumulative vote method to elect the members of the Board of Directors, in case that this issue is on the agenda of the General Meeting of the Shareholders in compliance with the provisions of Article 84 of Law no. 24/2017.

The summoning report of the general meeting, any other issue to be added on the agenda at the request of the shareholders, the document and information regarding the issues to be discussed on the agenda of the general meeting, the financial reports, the annual report, the proposal related to the dividends distribution (if applicable), the Special Proxy forms, the Correspondence Voting Forms and decision drafts, are made available to the shareholders of the Company both in Romanian and English, at the headquarters of the Company and they can be downloaded from the Company website, on the summoning date.

The shareholders will be able to request in writing copies of these documents, by courier or email.

Quorum requirements

The shareholders present during the meeting (personally or by proxy), as well as those who submitted their vote by correspondence will be taken into account by the secretary of the general meeting in determining the weight of the capital represented in the meeting out of the total of the capital of Rompetrol Rafinare S.A., to determine the quorum required to hold the meeting and validate the resolutions adopted.

The Ordinary General Meeting of Shareholders (OGMS)

For the first summoning of the OGMS, the quorum conditions are met if the shareholders representing at least 1/4 of the total number of voting rights are present or represented within the General Meeting. The resolutions can be taken in a valid manner with the vote “for” of the shareholders representing the majority of votes expressed by the shareholders present or represented. For the second summoning, the Meeting can decide regarding the issues included on the agenda of the first meeting summoned, regardless of the number of shareholders present, adopting decisions with the majority of votes held by the shareholders present or represented.

The Extraordinary General Meeting of Shareholders (EGMS)

For the first summoning of the EGMS, the quorum conditions are met if the shareholders representing at least 1/4 of the total number of voting rights are present or represented within the General Meeting. The resolutions can be taken in a valid manner with the vote “for” of the shareholders representing the majority of votes expressed by the shareholders present or represented. For the second summoning, the Meeting can decide regarding the issues included on the agenda of the first meeting summoned, if

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at least 1/5 of the total number of voting rights are present or represented, adopting decisions with the majority of votes held by the shareholders present or represented.

The resolutions for the amendment of the main scope of activity of the Company, of reducing or increasing the capital of the company, to amend its legal form of registration, of merger, division or dissolution of the Company are taken with the majority of votes of at least two thirds of the voting rights held by the shareholders present or represented.

***THE GENERAL MEETING OF THE SHAREHOLDERS OF ROMPETROL RAFINARE S.A.,
ACCORDING TO ITS UPDATED ARTICLES OF INCORPORATION***

The general meeting may be summoned at the headquarters of the Company or in other places established by the directors according to the summons. At the general meetings of shareholders, only the shareholders registered in the Register of Company Shareholders, held and issued by Depozitarul Central S.A. Bucharest have the right to participate and vote on the reference date established through the summons of the general meeting. According to the legal provisions, the shareholders may be personally represented (by legal representatives) or by representative, based on a special power of attorney or on a general power of attorney, or by correspondence, based on a voting Form by correspondence, both documents being made available to the shareholders, translated into English language. The shareholders may fill in the Special / General Powers of Attorney or the voting Form by correspondence either in Romanian or in English.

The shareholders may also be represented at the general meeting by persons who do not have the condition of the Company shareholders, except for the directors.

The general meeting is presided by the Chairman of the Board of Directors or by a person appointed by the latter, who appoints, among the members of the general meeting members or the company shareholders, one to three secretaries, plus a technical secretary among the employees. They will draft the list of presence of shareholders and verify the following:

- Identity documents of the people attending the General Meeting as shareholders or their authorized representatives;
- Special or general power of attorney presented by the authorized representatives of the shareholders. The special power of attorney is valid only for the General Meeting of Shareholders for which it has been requested.
- voting forms by mail.

The secretary of the meeting shall also verify the fulfilment 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 attendance are not met, the meeting that will take place at a second summoning may deliberate upon

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the matters of the agenda of the first meeting, regardless of the gathered quorum for OGMS, respectively with the presence of the shareholders holding at least 1/5 of all the voting rights for EGMS, passing resolutions with the majority of the expressed votes (for OGMS)/ votes held by the attending or represented shareholders (for EGMS).

After submitting the materials corresponding to the agenda, the shareholders are invited to ask questions and the issues referred to debate are subject to vote by the chairman of the meeting.

The resolutions 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 meetings of the general meeting of shareholders of Rompetrol Rafinare. The person representing several shareholders based on special powers of attorney expresses the votes of the represented persons by summing up the total number of votes “for”, “against” and “abstention” without compensation (ex. “at point x on the agenda I represent “a” votes “for”, “b” votes “against” and “c” abstention “). The votes thus expressed are validated or, as the case may be, invalidated, based on the third copy of the special power of attorney, by the secretary of the general meeting. The votes pertaining to the special power of attorney are exercised only in the manner decided by the shareholder.

The secretary or secretaries of the meeting, based on the freely expressed vote by the shareholders, shall draft the minutes of the general meeting.

Within no more than 24 hours as of the date the general meeting of shareholders took place, the company prepares a current report presenting in a short form the method employed to run the General Meeting, as well as the resolutions adopted during the meeting. The Report shall be submitted to the institutions of the capital market, i.e. to B.V.B. and F.S.A. respectively. The current report corresponding to the resolutions adopted by the general meeting of shareholders is published on the Company website together with the vote results. Moreover, the decisions of the general meeting are published in the Romanian Official Gazette, Part IV.



RESOLUTIONS ADOPTED BY THE GENERAL MEETINGS OF SHAREHOLDERS DURING 2020

The Ordinary General Meeting of Rompetrol Rafinare's Shareholders of 29 April 2020 decided as follows:

- the approval of the individual annual financial statements prepared according to the International Financial Reporting Standards ("IFRS") adopted by the European Union (EU IFRS), as provided in Order No. 2844/2016 issued by the Ministry of Public Finance, as subsequently amended, and the consolidated statements (prepared according to IFRS), audited, related to financial year 2019, based on the Reports of the Board of Directors and on the Reports of the Financial Auditor;
- the discharge from management of all the Company's directors for the activity carried out during the financial year 2019, based on the Reports submitted;
- the approval of the income and expense budget and of the Company's activity plan for 2020, including the investment plan for 2020;
- the establishment for the current year of: (i) a remuneration of the members of the Company's Board of Directors, *i.e.* maintaining the same net monthly quantum of the directors' remuneration valid for 2019, *i.e.* a net monthly quantum of RON 9,000 for each director, corresponding to a gross monthly remuneration of RON 15,385, the tax and national insurance contributions related to this remuneration, due by the Members of the Board of Directors, being withheld and paid to the state budget according to tax legislation provisions; (ii) a gross monthly remuneration of RON 5,128 Lei corresponding to a net monthly remuneration of RON 3,000 for each member of the Audit Committee; and (iii) of a gross monthly remuneration of RON 5,128 corresponding to a net monthly remuneration of RON 3,000 for each member of the Strategy Committee.
- the appointment of company ERNST & YOUNG ASSURANCE SERVICES SRL, having as permanent representative ION BOGDAN, as a financial auditor of the Company, for financial year 2020, the term of the audit contract being one year;
- the approval of the date of 19 May 2020, as a registration date for the identification of those shareholders affected by the effects of Decisions No. 1/2020, no. 2/2020 and no. 3/2020 adopted within the OGMS of 29 April 2020 and of the date of 18 May 2020 as *ex date*;



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- the authorization of Mr. Saduokhas Meraliyev, Chairman of the Company's Board of Directors, to conclude and/or sign on behalf of the Company and/or of the Company's shareholders Decision No. 1/2020, no. 2/2020 and no. 3/2020 adopted by this OGMS and Mr. Felix Crudu-Tesloveanu, General Manager of the Company, to carry out all the legal formalities for the registration, publicity, enforceability, enforcement and publication these decisions, both of them having the possibility to sub-delegate third parties.

The Extraordinary General Meeting of Rompetrol Rafinare's Shareholders dated 29 April 2020 decided as follows:

- To approve the modification and amendment of the Articles of Incorporation of the Company, according to the note submitted to the shareholders for this item on the order of the day (paragraph 1) namely, they take note of the transfer carried-out by Depozitarul Central Bucharest of the shares held by the Romanian State issued by Rompetrol Rafinare, from the account of the Romanian State through the Ministry of Energy to the account of the Romanian State by the Ministry of Economy, Energy and Business Environment following the putting into application of the provisions of the Government Emergency Ordinance no. 68/2019 and the approval of the articles corresponding to the Articles of Incorporation of the Company, amending sub-paragraph 2) of article 1 named "Shareholders", paragraph 1.1., letter A. "Significant shareholders" of the Articles of Incorporation of the Company as follows:
"2) The Romanian State represented by the Ministry of Economy, Energy and Business Environment holds 19,715,009,053 shares, integrally paid-up, amounting to RON 1,971,500,905.3, representing 44.6959% of the share capital;"
- The approval of the closing by Rompetrol Rafinare S.A. of the work point named "Constanța work point", situated in the site organization building TMUC, Office no. 1, situated within Oil Terminal, South Platform Section, Constanța, premises having a surface of 15 sqm according to Contract no. 183/02.05.2019, according to the note submitted to the shareholders for this point on the order of the day (item 2), in the sense that the extension of the commercialization activity of the oil products did not take place besides the fiscal warehouse of Năvodari;
- Confirmation of the continuation of the Company activity, considering that according to the standalone audited financial statements of year 2019, approved by the Ordinary General Meeting of Shareholders dated 29 April 2020, at 11:00 am, the net assets of the Company was reduced to less than half of the value of the subscribed share capital;
- Approval of the date 19 May 2020, as registration date to identify the shareholders affected by the effects of the Decisions no. 4/2020 and no. 5/2020 adopted in the EGMS dated 29 April 2020 and the date 18 May 2020 as *ex date*;

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- Power of attorney granted to Mr. Saduokhas Meraliyev, chairman of the Board of Directors, in order to celebrate and /or sign on behalf of the Company and / or the shareholders of the Company the Decisions no. 4/2020 and no. 5/2020 adopted by this EGMS, including the signature of the updated Company's Articles of Incorporation and of Mr. Felix Crudu-Tesloveanu, General Manager of the Company, to carry-out all the legal formalities for registration, publicity, opposability, execution and publication of these resolutions adopted, both of them having the possibility to sub-delegate third parties.

The Ordinary General Meeting of Rompetrol Rafinare's Shareholders dated 18 September 2020 decided as follows:

- To approve the revocation of Mr. Mihai-Liviu MIHALACHE from the position of member of the Board of Directors of the Company, following its waiver to the mandate, starting with 4 June 2020.
- To approve the termination of the mandate of member of the Board of directors of the Company of Mr. Saduokhas Meraliyev following his request to waive of this position starting with 1 October 2020.
- To approve the election of 2 (two) new members of the Board of Directors of the Company, as follows:
 - Mr. Bogdan-Cătălin STERIOPOL, as new permanent member of the Board of Directors for a mandate that will start with the date of the Ordinary General Meeting of Shareholders dated 18 September 2020 and shall expire on 30 April 2022 (expiration date of the mandate of the actual members of the Board of Directors);
 - Mr. Felix CRUDU-TESLOVEANU, as new member of the Board of Directors for a mandate that will start with 1 October 2020 and will expire on 30 April 2022 (expiration date of the mandate of the actual members of the Board of Directors).
- To approve the date 6 October 2020, as registration date to identify the shareholders affected by the effects of the Decision no. 6/2020 adopted in the OGMS dated 18 September 2020 and the date 5 October 2020 as *ex date*;
- To grant power of attorney to Mr. Yedil Utekov, Member of the Board of Directors, to celebrate and /or sign on behalf of the Company and / or the shareholders of the Company the Decision no. 6/2020 adopted by this OGMS and Mr. Felix Crudu-Tesloveanu, General Manager of the Company, in order to carry-out all the legal formalities for registration, publicity, opposability, execution and publication of this decision adopted, both of them having the possibility to sub-delegate third parties.

6.3. INFORMATION ON THE BOARD OF DIRECTORS

As mentioned at paragraph 4.1 of the present document, the Board of Directors is liable for fulfilling all the measures necessary to perform the activity of the Company, as well as for supervising its activity. Its structure, organization, tasks and responsibilities are set forth by the *Regulation for the organization and operation of the Board of Directors* and the *Articles of Incorporation of the Company*, both available on the web page of the company (www.rompetrol-rafinare.ro) in Investor Relations section.

The Company activity is managed by a Board of Directors composed of 5 members, appointed by the Ordinary General Meeting of Shareholders, who can also be shareholders of the company, natural or legal entities, having Romanian or foreign citizenship respectively nationality. During 2020, out of the 5 members of the Board of Directors, 3 are representatives of the main shareholder - KMG International N.V. (out of whom one is executive starting with 1 October 2020, one became executive) and 2 representatives of the significant shareholder of the Romanian State by the Ministry of Economy, Energy and Business Environment ⁸ (out of whom one is non-executive and independent until 4 June 2020, and starting with this date, both directors are non-executive and independent). **The mandate of the actual directors will end on 30 April 2022.**

The directors may be replaced under the following situations:

- a) Upon the expiration of the 4 years mandate or another period established by the General Meeting of Shareholders at the same time with the appointing of the director;
- 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 re-appointed by the General Meeting of Shareholders.

The tasks of the Board of Directors, according to the Articles of Incorporation and Organizational and Operational Guidelines 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, concludes and terminates the agreements 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 no. 85/2014 on the insolvency procedure;

⁸ On the issuing date of this Report, under the name Ministry of Energy

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g) except for the legal documents for whose adoption / conclusion the approval of the General Meeting of Shareholders is necessary, according to the imperative provisions of the law, approves the adoption / conclusion on behalf of the company of the legal documents whose object exceeds the value of:

ii) USD **50,000,000** as regards the legal documents having as object the supply of crude oil, respectively the distribution of refined products;

iii) USD **20,000,000** as regards the legal documents having another object than the supply of crude oil, respectively the distribution of refined products, the approval of the participation in the establishment of some trading companies with a contribution exceeding this value, other documents with patrimony content exceeding this value limit;

h) approves the Company organizational structure.

These tasks may not be delegated to the company managers.

The Board of Directors also has the following tasks delegated by the Extraordinary General Meeting of Shareholders under 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 business object of activity (except for the main domain and the main activities of the company);

c) decides regarding the increase of the share capital by the issue of new shares, according to the law.

The Board of Directors also meets other tasks, established de jure under their charge, by virtue of the applicable normative acts.

As regards the issue of shares, the Board of Directors may initiate this operation within the share capital increase operations, exercised based on the tasks delegated according to the provisions of Law no. 31/1990 corroborated with the provisions of Law no. 24/2017.

During 2020, the structure of the Board of Directors was changed as follows:

During the period 1 January 2020 until 4 June 2020, the members of the Board of Directors were the following:

Meraliyev Saduokhas – *non-executive director and Chairman of the Board of Directors;*

- Alexey Golovin - *non-executive director;*
- Yedil Utekov - *non-executive director*⁹;

⁹ Until 2020 he has held the position of executive director, as he had delegated the position of General Manager according to art. 143 of Law no. 31/1990

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- Mihai-Liviu Mihalache - *non-executive director*;
- Nicolae Bogdan Codruț Stănescu - *independent non-executive director*

During 4 June 2020 – 18 September 2020, the members of the Board of Directors were as follows:

- Meraliyev Saduokhas - *non-executive director and Chairman of the Board of Directors*;
- Alexey Golovin - *non-executive director*;
- Yedil Utekov - *non-executive director*;
- Nicolae Bogdan Codruț Stănescu - *independent non-executive director*;
- Bogdan-Cătălin Steriopol – *interim independent non-executive director*.

During 18 September 2020 – 1 October 2020, the members of the Board of Directors were as follows:

- Meraliyev Saduokhas - *non-executive director and Chairman of the Board of Directors*;
- Alexey Golovin - *non-executive director*;
- Yedil Utekov - *non-executive director*;
- Nicolae Bogdan Codruț Stănescu - *independent non-executive director*;
- Bogdan-Cătălin Steriopol - *permanent independent non-executive director*.

During 1 October 2020 – present, the members of the Board of Directors were as follows:

- Yedil Utekov - *non-executive director and Chairman of the Board of Directors*;
- Alexey Golovin - *non-executive director*;
- Felix Crudu-Tesloveanu- *executive director*;
- Nicolae Bogdan Codruț Stănescu - *independent non-executive director*
- Bogdan-Cătălin Steriopol - *independent non-executive director*;

Remuneration of the Members of the Board of Directors

Rompetrol Rafinare has not established a remuneration policy for year 2020 as regards the Company Management.

The remuneration of the members of the Board of Directors is established on an annual basis by the Ordinary GMS, for the current year.

According to Decision no. 2/2020 adopted by OGMS dated 29 April 2020, for year 2020 they approved:

- A gross monthly remuneration amounting to RON 15,385 corresponding to a net monthly remuneration of RON 9,000 for each member of the Board of Directors;
- A gross monthly remuneration amounting to RON 5,128 corresponding to a net monthly remuneration of RON 3.000 for each member of the Audit Committee;

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- A gross monthly remuneration amounting to RON 5.128 corresponding to a net monthly remuneration of RON 3.000 each member of the Strategy Committee.

The remuneration of the members of the Board of Directors and of managers (executive and non-executive) is presented in Explanatory note no. 25 corresponding to the annual stand-alone financial statements as at 31.12.2020.

The allowances paid to the Company's directors in 2020 were RON 1,053,850 (RON 1,246,164 in 2019). The salaries and bonuses paid to the Company's management in 2020 (in average 13 people) amounted to RON 5,191,050 (RON 4,114,475 in 2019, in average 12 people).

Pursuant to the provisions of art. II par. (2) of Law no. 24/2020 the issuers have a term of 12 months as of the coming into force of Law no. 158/2020 to comply with the obligations established at art. 92¹ of Law no. 24/2017 referring, among others, to the fact that the issues refer to the approval of the shareholders the remuneration policy of the managers within the annual ordinary general meeting of shareholders disposed at art. 111 of Law no. 31/1990. Under these conditions, within the annual ordinary general meeting of shareholders corresponding to year 2021 (scheduled for 28/29 April 2021), Rompetrol Rafinare shall issue and refer to the approval of shareholders the remuneration policy of the Company managers.

Pursuant to art. 92² of Law no. 24/2017, Rompetrol Rafinare shall issue a remuneration report, supplying a wide overview of the remunerations, including of all benefits, regardless of the form, granted or owed during the financial exercise 2021, to the managers individually, including to the newly recruited ones and to the ex-managers according to the remuneration policy disposed at art. 92¹.

Non-executive Directors and the independence of the Directors

According to the criteria for evaluating the independence of the non-executive members of the Board of Directors, two members – Mr. Nicolae Bogdan Codruț Stănescu¹⁰ and Bogdan-Cătălin Steriopol¹¹ - in office on 31.12.2020, met the independence criteria provided by the principles and recommendations of the Code.

Evaluation of the Board of Directors

During 2020, the Board of Directors did not initiate any program for evaluating its activity.

¹⁰ Elected as director from May 1, 2018 according to OGMS Resolution No. 3/2018 of April 27, 2018

¹¹ Elected as provisional director starting with 4 June 2020 and permanent director starting with 18 September 2020 according to the Decision no. 6/2020 OGMS dated 18 September 2020

6.4. INFORMATION ABOUT THE MEMBERS OF THE BOARD OF DIRECTORS OF ROMPETROL RAFINARE AS AT 31.12.2020

Name, year of birth, nationality, the duration of the mandate for each member of the Management Board, responsibilities, training and professional qualification.

The membership of the current Board of Directors is the following:

Yedil Utekov

Born in 1976, citizen of Kazakhstan

The term of office of director: from 01.10.2014 to 30.04.2018, being re-elected for a new four-year term, *i.e.* until 30.04.2022¹².

Non-executive member of the Board of Directors

Starting with 01.10.2020, he was re-elected the Chairman of the Board of Directors instead of Mr. Meraliyev Saduokhas who submitted the request to waive of the mandate, and he shall exercise this position until 30 April 2022. At the same date, 1 October 2020, he was elected member of the Strategy Committee, holding the position of Chairman within this Consultative Committee

Responsibilities: he is also the General Manager of Rompetrol Rafinare SA ¹³ and the General Manager and Sole Director of Rompetrol Petrochemicals S.R.L. Starting with December 18, 2019 he took over the position of Production and Industrial Services Manager of the KMG International Group, under the direct subordination of Saduokhas Meraliyev, Chief Officer Operations.

Expertise and professional experience: a graduate of the Faculty of Resources and Hydrocarbons Chemical Technology within the Astrakhan State Technical University in Russia. He started his career in the oil and gas industry in 2001, as a process operator with Akasaraisky Gas Processing Plant in Russia; between September 2001 and June 2002, he worked as an operator for ZAO Intergaz Central Asia, Kazakhstan. Then, starting from June 2002, he gradually advanced from the position of engineer with the Atyrau Refinery, to that of Ecology, Technology, Health and Safety Manager. Between April 2005 and April 2010, he worked for Agip KCO, in Atyrau, Kazakhstan. The last position held in this

¹² During 01.10.2014 – 03.03.2015 he held the interim Director position. He has been permanently elected by resolution no. 1/2015 adopted by the Ordinary General Meeting of Shareholders of 04.03.2015.

¹³ Starting with 1 January 2020, the General Manager of Rompetrol Rafinare is Mr. Felix Crudu-Tesloveanu.

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company was Group Coordinator for Technical Control and Inspection between August 2008 and April 2010. With a professional background of more than 10 years in the oil and gas industry, Mr. Yedil Utekov joined the KMG International Group (formerly known as Rompetrol Group) in January 2010, as a Deputy General Manager of Rompetrol Petrochemicals SRL. He was elected as the Company's General Manager on June 12, 2014, holding this position until 31 December 2019.

Alexey Golovin

Born in 1978, citizen of Kazakhstan

The term of office of director: from 10.02.2017 to 30.04.2018, being re-elected for a new four-year term of office, *i.e.* until 30.04.2022¹⁴.

Non-executive member of the Board of Directors

Responsibilities: Starting with March 2019, he has been the Chief Legal and Corporate Affairs Officer within the KMG International Group, until this date he held the position of Vice-president for Strategic and Corporate Development of the Group.

Expertise and professional experience: a graduate of “Adilet” Law School, a Pre-Master's Degree Program of the Oxford University, United Kingdom and a Master of Arts Degree in Business Management within the EMBA Essec & Mannheim program.

Felix Crudu-Tesloveanu

Born in 1970, Romanian citizen.

The term of office of director: from 01.10.2020 to 30.04.2022

Executive member of the Board of Directors

Responsibilities: he holds the position of General Manager¹⁵ within Rompetrol Rafinare S.A., previously he held the position of Head of COO Office of KMG International Group. Mr. Felix Crudu-Tesloveanu started his career in 1988, in the operational segment, where he activated during 10 years within Petromidia Refinery. Then he held, in turn, the positions of Station Manager in Constanța, Area Coordinator, Regional Sales Coordinator, Regional Sales Manager, Sales Manager, Operations Manager and General Manager of Rompetrol Downstream –retail division of the Group in Romania

¹⁴ During 10.02.2017 – 12.04.2017 he held the position of provisional director. He was elected permanent director by Decision no. 1/2017 adopted by the Ordinary General Meeting of Shareholders dated 13.04.2017.

¹⁵ Starting with 1 January 2020, the General Manager of Rompetrol Rafinare is Mr. Felix Crudu-Tesloveanu.

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and subsidiary of Rompetrol Rafinare S.A. In 2016, he took over the management of the Group branch office of the Republic of Moldova, then he was elected General Manager of Rominserv Valves IAIFO.

Expertise and professional experience: graduate of the Faculty of Commercial Management within the University „Dimitrie Cantemir” of Constanța.

The two new director offices established under Decision No. 7/2011 adopted by the Extraordinary General Meeting of Shareholders of November 29, 2011, for approving the increase in the number of the members of the Board of Directors from 3 to 5, **on 31.12.2020 are held by Nicolae Bogdan Codruț Stănescu and Bogdan-Cătălin Steriopol**. Both of them were elected to hold these offices upon the proposal made by the Romanian State, represented by the Ministry of Energy¹⁶. Nicolae Bogdan Codruț Stănescu was elected as a member of the Board of Directors by Decision No. 3/2018 adopted by the OGMS of 27 April 2018, and Bogdan-Cătălin Steriopol by Decision No. 6/2020 of OGMS dated 18 September 2020.

Nicolae Bogdan Codruț Stănescu¹⁷

Born in 1974, citizen of Romania

The term of office of director: from 01.05.2018 to 31.04.2022

Independent and non-executive Member of the Board of Directors

Expertise and professional experience: holder of a Ph. Degree in Law of “Alexandru Ioan Cuza” Academy (graduated in 2001); holder of a Bachelor of Arts Degree in Legal Studies of Hyperion University, Bucharest (graduated in 1996) and also a graduate of the Faculty of Oil Processing Technology and Petrochemistry (graduated in 1999). He completed the Master of Arts programs for “Mediation of Law Conflicts” (Titu Maiorescu University), “National Security and Defense” (National Defense University Carol I), “European Public Space” (National School of Political Science and Public Administration), “Public International Law” (Alexandru Ioan Cuza Police Academy Bucharest). He is specialized in the banking industry, holding two certificates issued by the Romanian Banking Institute– Banking European Certificate and Banking Mediation diploma. He holds a Public Leaders Certificate and a specialization in “Protocol and Communication”

Career Benchmarks:

- Strategy Consultant within the Chancellery of the National Bank of Romania (2016 – current date)

¹⁶ During year 2020 with the name Ministry of Economy, energy and Business Environment

¹⁷ Proposed within the Company's Board of Directors by Letter No. 101409/AA/12.04.2018 filed by the significant shareholder Ministry of Energy – Minister's Cabinet.

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- Advisor of the Vice governor of the National Bank of Romania (June 2010 – current date);
- Personal advisor of the Minister of Economy on legal matters (October 2013 – January 2015);
- General Director of the General Directorate for Privatization and Management of State Ownership within the Ministry of Energy (January 2015 – August 2016)
and Management of State Ownership in the Energy Department with the Ministry of Economy;
- expert with the Procurement Division of the Nuclearelectrica National Company (September 2013 - September 2014);
- General Director of the Directorate for Privatization Disputes within the Authority for State Assets Recovery (September 2004 – January 2007), and Director of the General Legal Directorate with the same institution (2007 – 2010).
- Starting from 1998, he was a legal expert jurist within the State Ownership Fund (“FPS”), and a director within APAPS Bucharest, (former FPS).

Bogdan-Cătălin Steriopol¹⁸

Born in 1986, citizen of Romania

The term of office of director: from 04.06.2020 to 31.04.2022¹⁹

Independent and non-executive Member of the Board of Directors

Expertise and professional experience: graduate of the Faculty of Marketing, within „Artifex” University of Bucharest, obtaining the bachelor’s degree and the qualification of Economist and master student of the Information Academy „Mihai Viteazu” Bucharest, having a professional experience of more than 10 years on media and communication field.

Career Benchmarks:

During 2017 - 2019, Mr. Steriopol held the position of Specialty Reviewer within Transelectrica SA company. Then, he held the position of Expert in the follow-up Department of Intra-community Development Association Termoenergetica Bucharest-Ilfov. In November 2019, he was appointed Counsellor within the Ministry of Education and Research.

¹⁸ Proposed within the Company’s Board of Directors by Letter No. 8266/VDP/19.08.2020 filed by the significant shareholder Ministry of Economy, Energy and Business Environment – Minister’s Cabinet.

¹⁹ During 04.06.2020– 17.08.2020 he held the position of provisional director. He was elected permanent director by Decision no. 6/2020 adopted by the Ordinary General Meeting of Shareholders dated 18.09.2020

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Information related to other commitments and professional duties relatively permanent of the members of the Board of Directors

<i>Name</i>	<i>Company</i>	<i>Position held</i>	<i>Period</i>
Yedil Utekov	<i>Rompetrol Petrochemicals S.R.L.*</i>	<i>General Manager</i>	<i>13.11.2013 – current date</i>
		<i>Sole Director</i>	<i>01.03.2014 – current date</i>
	<i>Rompetrol Well Services S.A.*</i>	<i>Chairman of the Board of Directors</i>	<i>01.10.2020 – 29.04.2022</i>
		<i>Member of the Audit Committee</i>	<i>01.10.2020 – 29.04.2022</i>
	<i>ROMINSERV S.R.L.*</i>	<i>Member of the Board of Directors</i>	<i>15.09.2020 – 14.09.2024</i>
	<i>PALPLAST S.A.*</i>	<i>Chairman of the Board of Directors</i>	<i>19.10.2020 - 31.03.2021</i>
	<i>Rompetrol Energy S.A.*</i>	<i>Chairman of the Board of Directors</i>	<i>01.10.2020 – 31.01.2022</i>
Alexey Golovin	<i>The Kazakh-Romanian Energy Investment Fund *</i>	<i>Member of the Board of Directors</i>	<i>07.11.2018 – 06.11.2024</i>
	<i>Rompetrol Energy S.A.*</i>	<i>Member of the Board of Directors</i>	<i>01.10.2018 – 31.01.2022</i>
	<i>Uzina Termoelectrică Midia S.A.*</i>	<i>Member of the Board of Directors</i>	<i>08.11.2018– 08.11.2022</i>
	<i>TRG PETROL TICARET ANONIM ŞIRKETİ*</i>	<i>Vice-president of the Board of Directors</i>	<i>31.03.2017 – current date</i>
	<i>Rompetrol France SAS*</i>	<i>Member of the Board of Directors</i>	<i>13.06.2017 – 13.06.2021</i>

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	<i>KMG ROMPETROL SERVICES CENTER SRL</i> ^{*20}	<i>Member of the Board of Directors</i>	<i>11.09.2020 – 10.09.2024</i>
	<i>KMG International NV</i>	<i>Member of the Strategy and Investment Committee</i>	<i>07.12.2016 – current date</i>
Nicolae Bogdan Codruț Stănescu	<i>Oltchim SA, Rm. Vâlcea</i>	<i>Special Director</i>	<i>27.03.2013 - until the finalization of the insolvency procedure</i>
	<i>SNGN Romgaz SA – FIGN DEPOGAZ Ploiești</i>	<i>Chairman of the Board of Directors</i>	<i>04.2018 – current date</i>
	<i>Societatea de Administrare a Participațiilor în Energie S.A.</i>	<i>Chairman of the Steering Committee</i>	<i>01.08.2019 – 01.08.2023</i>
Bogdan-Cătălin Steriopol	<i>Ministry of Education</i>	<i>Minister counselor</i>	<i>November 20219 - current date</i>
	<i>INCERTRANS S.A.</i>	<i>Member of the Board of Directors</i>	<i>17.12.2020 – current date</i>

** A company member of KMG International Group*

6.5. ATTENDANCE OF DIRECTORS AT THE MEETINGS OF THE BOARD OF DIRECTORS

According to the Articles of Incorporation, the Board of Directors shall meet at least once every three months and whenever it is necessary. The Members of the Board of Directors have paid at all times the due attention to the duties of diligence and loyalty to the Company. Thus, the members of the Board of Directors and of the Executive Management made the decisions regarding the business of Rompetrol Rafinare considering the Company's best interests.

During 2020, the Board of Directors met in 17 meetings.

Considering the recommendations of the Romanian public authorities related to the prevention / limiting the spread of COVID-19 during year 2020, most of the meetings of the Board of Directors were held by means of electronic communications (by email – by electronic vote). A number of 2

²⁰ With the old name Rompetrol Exploration & Production S.R.L.

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(two) meetings took place in the physical presence of the directors, 1 (one) meeting was organized as a Microsoft Teams meeting, the other 14 meeting being organized by means of electronic communication (by email – by electronic vote). The agenda of the meetings of the Board of Directors included matters that regarded the current activity developed by the Company, for example: in order to approve the Annual Report (stand-alone and consolidated) and to organize the ordinary general meeting for approving the annual financial results, including the documents and informative materials to be referred to the approval of the GMS; in order to approve the documents and the informative materials to be referred to the Extraordinary GMS dated 29 April 2020 on the proposal of the update of the Articles of Incorporation of the Company, the closing of the work point of Constanța situated within Oil Terminal, as well as to confirm the continuation of the activity of Rompetrol Rafinare, considering that according to the stand-alone financial statements of year 2019, approved by the Ordinary General Meeting of Shareholders dated 29 April 2020, at 11:00, the net assets of the Company reduced to less than half of the value of the paid-in share capital; in order to fulfil the agenda of the Ordinary General Meeting of Shareholders dated 29 April 2020 with the inclusion in the agenda of the subject related to the election of the Company financial Auditor of the Company to audit the financial statements corresponding to year 2020; in order to approve the Report of the Board of Directors related to the patrimony standing of Rompetrol Rafinare SA as at 31 December 2019 in order to be made available to the shareholders of the Company according to the legal provisions and referred to the debate within the EGMS summoned as at 29/30 April 2020 at paragraph 3 on the agenda of this meeting in order to adopt a decision to confirm the continuation of the Company activity; in order to approve the reports and the corresponding materials corresponding to the half-yearly and quarterly financial results for 2020; the approval of the celebration of some significant legal documents to supply with raw materials, electricity, purchase of maintenance services for year 2020, etc and the sale of oil products; in order to appoint Mr. Bogdan-Cătălin Steriopol as interim member of the Board of Directors following the resignation of Mr. Mihai-Liviu Mihalache from the position of director; for convening and organizing the GMS dated 18 September 2020 in order to elect two new directors of the Company following the resignation of Mr. Mihai-Liviu Mihalache and Mr. Saduokhas Meraliyev; in order to update the Regulations of the Audit Committee; the approval of election of Mr. Yedil Utekov in the position of Chairman of the Board of Directors and member of the Strategy Committee following the request of Mr. Saduokhas Meraliyev to wave of these positions; to elect Mrs. Ramona-Georgiana Gălățeanu in the position of Chief Financial Officer, following the resignation of Mr. Mircea-Ștefan Stănescu, for a mandate starting with 1 January 2021 to 30 April 2022; etc. Other approvals were also on the agenda of the meetings of the Board of Directors for the development under good conditions both of the Company activity and of its subsidiaries, etc., as well as information by the Executive Management regarding the situation of Net Assets registered by Rompetrol Refining on June 30, 2020, respectively September 30, 2020 and the main options for its recovery.

During year 2020, the membership of the Board of Directors had two updates namely: (i) following the Decision no. 1 adopted by the Board of Directors on 4 June 2020, the resignation of Mr. Mihai-Liviu Mihalache from the position of director was registered and Mr. Bogdan-Cătălin Steriopol was

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appointed the provisional director and (ii) according to Decision no. 6/2020 adopted by the Ordinary General Meeting of Shareholders dated 18 September 2020 according to which Mr. Bogdan-Cătălin Steriopol was elected permanent director of the Company, for a mandate starting with the date of this meeting until 30 April 2022 and Mr. Felix Crudu-Tesloveanu was elected instead of Mr. Saduokhas Meraliyev starting with 1 October 2020. At the same time, according to Decision no. 1 dated 1 October 2020, the Board of Directors had another update as regards the appointment of Mr. Yedil Utekov as chairman of the Board of Directors.

Rompetrol Rafinare, in its condition of company holding securities listed on the capital market, issued and transmitted to FSA and BVB the current reports on the privileged information related to the changes suffered in the structure of the Board of Directors.

All the meetings of the Board of Directors were held with the attendance of the 5 directors according to the provisions of the Articles of Incorporation and Regulation of the Board of Directors, by direct attendance.

The decisions of the Board of Directors in 2020 were adopted with the unanimity or majority of the votes of the attending members (in some cases, abstention votes were formulated but no vote against was registered). Most of the abstention votes were formulated because account was taken of the fact that the items subject to approval referred to the designation of the director to various offices and, for this reason, he refrained from voting. There was also a refraining of a director from the conflict of interests point of view, the subject referred to approval on the conclusion of an agreement between Rompetrol Rafinare and a related entity, in both companies part of the agreement, the respective director holding the position of member of the Board of Directors. This reason determined the respective director to refrain from vote.

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The table below emphasizes the attendance in the meetings of the Board of Directors of the directors in office, for the year ended on 31 December 2020:

Name	Attendance
Saduokhas Meraliyev ²¹	12/12/17
Alexey Golovin	17/17/17
Yedil Utekov	17/17/17
Mihai-Liviu Mihalache ²²	6/6/17
Nicolae Bogdan Codruț Stănescu	17/17/17
Bogdan-Cătălin Steriopol ²³	11/11 ²⁴ /17
Felix Crudu-Tesloveanu ²⁵	5/5/17

The first number indicates the number of sessions attended by the individual in its capacity of director, the second number represents the number of sessions held during the term of office in 2020, and the third number represents the total number of sessions held in 2020.

6.6. CONSULTATIVE COMMITTEES

In its activity, the Board of Directors is supported by two consultative committees, namely: the Audit Committee and the Strategy Committee, being entrusted with concluding analysis and preparing recommendations for the Board of Directors, in the specific areas of activity, having the obligation of submitting periodic activity reports to the members of the Board of Directors.

The Audit Advisory Committee

The Committee was established based on the Decision No. 1 of the Board of Directors as of April 13, 2018.

The Strategy Advisory Committee

The Committee was established based on the Decision No. 4 of the Board of Directors as of April 20, 2019.

²¹ Director until 30 September 2020;

²² Director until 4 June 2020;

²³ Interim member and Chairman of the Board of Directors until 4 June 2020 until 17 September 2020, being elected permanent director of the Board of Directors as of 18 September 2020 until 30 April 2022

²⁴ For 6 meetings, he has been acting as interim director

²⁵ Director since 1 October 2020

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A detailed description of the tasks and responsibilities of the Advisory Committees is found in the Organizational and Operational Guidelines approved by the Board of Directors, regulations published on the company's webpage www.rompetrol-rafinare.ro, section "*Relationship with investors – Corporate Governance – Corporate Governance Documents*".

Each Consultative Committee has a secretary and a chairman.

The Audit Advisory Committee

The Audit Committee fulfils its legal duties provided under Art. 65 of Law No. 162/2017²⁶ consisting mainly in monitoring the financial reporting process, the internal audit process, the risk management process within the Company and compliance assurance, as well as in supervising the activity of statutory audit of the annual financial statements and in the management of the relationship with the external auditor.

As at 31 December 2020, the structure of the Audit Committee was as follows:

- Dan Alexandru Iancu – Chairman
- Alexey Golovin
- Nicolae Bogdan Codruț Stănescu

Information about the meetings of the Audit Committee during 2020

During 2020 a number of 6 meetings of the Audit Committee was held with the actual meeting (1 meeting), or by electronic means of communication (5 meetings, of which 2 by meeting organized by Microsoft teams and 3 by electronic vote) of the Committee members.

Additionally, in order to fulfill its legal responsibilities, in 2020 the Audit Committee had working meetings with the internal departments of the Company, namely with the Risk and Internal Audit Departments, as well as meetings with the external auditor of the Company

²⁶ Law No. 162 of July 15, 2017 regarding the statutory audit of the annual financial statements and of the consolidated financial statements and for amending certain regulatory acts

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Name and surname	Actual Attendance/electronic means of communication
Dan Alexandru Iancu	6 ²⁷ /4
Alexey Golovin	5 ²⁸ /4
Nicolae Bogdan Codruț Stănescu	6 ²⁹ /5.

During 2020, the Audit Committee formulated recommendations to the Board of Directors of RRC related to subjects that incur under its scope of tasks, as follows:

- Report on the activity of internal audit for year 2019;
- Annual Stand-alone and Consolidated Financial Statements at the end of year 2019, issued according to the International Financial Reporting Standards (IFRS – EU), based on the reports of the independent auditor and of the annual report of directors for year 2019;
- The report on the half-yearly administration activity, issued according to the legal provisions

As regards the management of the conflicts of interests, each member of the Board of Directors ensures to avoid a direct or indirect conflict of interests with the Company, and if such a conflict occurs, he/she refrains from the debates and the vote on the respective matters, according to the legal provisions in force.

In order to ensure the accuracy, transactions with parties concerned, the members of the Board of Directors recur to the following criteria, without limited to it:

- To maintain the competence of the Board of Directors or GMS, as the case may be, to approve the most important transactions (according to the competence limits comprised in the Articles of Incorporation of the Company);
- To ask a prior opinion on the most important transactions from the internal control structures

The transactions concluded in 2020 with related entities and related to the authorities of the capital market of Romania and RRC shareholders, pursuant to the provisions of art. 82 of Law no. 24/2017 and art. 92³ of Law no. 24/2017, did not raise any potential conflicts of interest with RRC directors.

The planning of the internal audit activities is realized following a risk assessment process.

The Advisory Strategy Committee

²⁷ He physically participated in 2 meetings of the Audit Committee

²⁸ During two meetings of the Audit Committee, he granted a mandate of representation to another member of the Committee

²⁹ In two meetings, he attended by meeting organized in Microsoft teams format

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The Strategy Committee supports the Board of Directors in fulfilling its responsibilities in terms of preparing and updating the general strategy for the development of the Company.

During 2020, the structure of the Strategy Committee suffered one modification in the sense of electing, starting with 1 October 2020, Mr. Yedil Utekov as member of the Strategy Committee following the request of Mr. Saduokhas Meraliyev to waive of the position of director and Chairman of the Board of Directors of the Strategy Committee.

Therefore, during year 2020, the structure of the Strategy Committee suffered the following modifications:

For the period 1 January 2020 - 30 September 2020, the members of the Strategy Committee were as follows:

- Saduokhas Meraliyev – Chairman (non-executive director)
- Alexey Golovin - member (non-executive director)
- Nicolae Bogdan Codruț Stănescu – member (independent non-executive director)

For the period 1 October 2020 - 31 December 2020, the members of the Strategy Committee were as follows:

- Yedil Utekov– Chairman (non-executive director)
- Alexey Golovin - member (non-executive director)
- Nicolae Bogdan Codruț Stănescu– member (independent non-executive director)

According to its own regulations, the Strategy Committee develops the analysis and issued the recommendations for the Board of Directors of RRC related to: the drafting/ updating and the monitoring process of the Company's Development Strategies; periodically analyses of the stage of implementation of these development strategies and the measures required to achieve the objectives proposed; monitoring of the company's activity diversification projects by implementing investment goals.

During 2020, the activity of the Advisory Strategy Committee aimed mainly, the filing of some recommendation to the Board of Directors of RRC related to the proposal of the Income and Expenses Budget for year 2020.



6.7. EXECUTIVE MANAGEMENT OF ROMPETROL RAFINARE

Pursuant to Article 16.1 of the latest Articles of Incorporation of the company - updated on 30 April 2020, the company's executive management which was delegated powers of management by the Board of Directors pursuant to the provisions of Article 143 of Law No 31/1991 on trading companies, has been provided by the General Manager and the Chief Financial Officer.

As at 31 December 2020, executive managers of the company are:

Mr. Felix Crudu-Tesloveanu	- General Manager and member of the Board of Directors
Mr. Mircea-Ștefan Stănescu ³⁰	- Chief Financial Officer

6.8. SHARES AND RIGHTS OF THE SHAREHOLDERS

The rights of the shareholders of Rompetrol Rafinare are those conferred by Law no. 31/1990 on companies, Law no. 24/2017 on the issuers of financial instruments and market operations, F.S.A. Regulation no. 5/2018, other regulations and guidelines, issued by F.S.A., of the Stock Exchange Code and other legal regulations currently in force.

All holders of RRC shares are treated equitably. All the shares issued grant equal rights to the holders.

Each share subscribed and paid-up by the shareholders, according to the law, gives them the right to vote within the general meeting of shareholders, the right to appoint and to be appointed by the management bodies, the right to participate in 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.

The acquisition by a person, directly or indirectly, as provided for by the law, of the ownership right on a share, has an effect the acquisition de jure of the status of shareholder of the company with all their rights and obligations derived therefrom, according to the law and to the Articles of Incorporation.

³⁰ As at 1 January 2021, the chief Financial Officer of the Company is Mrs. Ramona-Georgiana Gălățeanu

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The shareholder who in certain operation has, either personally or 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 shares issued as dematerialized shares are traded on a regulated market in compliance with the legislation of the capital market. The rights and obligations related to the shares follow the shares in case there are transferred under the ownership of other persons. The shareholders have the right to be completely informed during the General Meeting of the Shareholders on the Company's situation. In case that new shares are issued, the shareholders existing have the pre-emption right for subscription, under the conditions of the law, pro rata the percent of shares held within the Company.

All holders of financial instruments issued by Rompetrol Rafinare of the same type and class of titles benefit of equal treatment, and the Company makes permanent efforts to ensure transparent communication for the exercise of rights in an equitable manner.

The company has created a special section called Investor Relation, on its own website, where relevant information on the procedures regarding the access and the participation at the general Meeting of Shareholders (GMS), GMS convocation, supplemented agenda of the GMS, the responses to shareholders' questions, Current Reports, Annual, semester and quarterly reports, financial statements, exercise of voting rights in GMS, GMS agenda materials, special mandate models, financial calendar, corporate governance etc. of the company is constantly updated and accessible, that contributing to transparency and equitable information for all persons interested.

The main shareholders' rights regarding GMS are:

➤ *The right to notice regarding a new GMS*

The RRC Shareholders are informed about an upcoming meeting of shareholders by convocation published in the Romanian Official Gazette, Part IV and in a newspaper of national circulation at least 30 days before the meeting; also, the convocation is published on the website of the Company, in the Investor relation section and it is transmitted to the Financial Supervisory Authority and the Bucharest Stock Exchange, as a current report.

➤ *The right of access to information*

The documents and informative materials are published on the website.

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➤ *The right to supplement the agenda of the meeting*

One or several shareholders representing, severally or jointly, at least 5% of the share capital, has/have the right, under the legal conditions, to request to the company Board of Directors: a) to introduce further items in the agenda of the general meeting, provided that each item is accompanied by a justification or by a draft resolution proposed to be adopted by the general meeting and b) to submit the draft resolutions for the items included or proposed to be included in the agenda of the general meetings.

➤ *The right to attend the GMS*

The shareholders registered in the list of RRC shareholders on the reference date communicated in the Summoning of the GMS and received from the Central Depository shall be entitled to attend in person or by representative the GMS.

➤ *Voting right*

Each share registered on the shareholder's name on the reference date confers a voting right in GMS. The shareholders of Rompetrol Rafinare can exercise their vote right as follows:

1. Direct vote – in person, during the General Meeting of the Shareholders;
2. Vote by representative with a special or general proxy;
3. Vote by correspondence.

➤ *The right to ask questions*

Each shareholder, regardless of the participation in the share capital, has the right to ask questions referring to the agenda of the general meetings, and the Company may answer the questions asked by the shareholders by posting such answers on the Company website. Questions must 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, the summons of the general meeting will comprise the deadline until which shareholders may exercise the above-mentioned rights.

The shareholders have the right to participate effectively and to vote within the GMS and to be informed related to the rules, including the voting procedures, governing the GMS. Each share gives the right to one voting right, one dividend. There is no preferential shares without the right of vote or shares that confer the right to more than one vote.

Shareholders' right to dividends

If the General Meeting of 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.

6.9. OTHER ELEMENTS REGARDING THE CORPORATE GOVERNANCE

6.9.1. TRANSPARENCY, COMMUNICATION AND REGULAR AND CONTINUED REPORTING

Being a company admitted on the stock exchange, RRC operates in compliance with the information requirements regulated by the capital market norms, by preparing periodic and constant reporting regarding the events concerning the Company, including, but not limited to, its financial reports, performance, ownership and management of the Company.

To ensure the transparency in communicating with the legislation in force, Rompetrol Refinery created its own website (www.rompetrol-rafinare.ro) a special section (Relationship with Investors), where any investor can easily access information on: (i) news, information and events; (ii) corporate governance; (iii) shareholders rights; (iv) reports; (v) financial statements; (vi) the General Meeting of the Shareholders; (vii) the financial communication schedule; etc.

Rompetrol Rafinare grants special importance to the communication and information of shareholders and investors. During year 2020, reports, presentations and press releases related to the financial results, the summoning of the General Meeting of Shareholders and the resolutions adopted by General Meeting of Shareholders, periodical reports (quarterly, semester, annual), significant transactions, etc. were issued. The information included in the current and periodic reports was communicated to the market operator, the Bucharest Stock Exchange, the Financial Supervisory Authority and was made available by posting on the Company's website, www.rompetrol-rafinare.ro at the Investor Relations section. The information is disseminated in both Romanian and English.

According to the legal provisions, the separate and consolidated financial statements are audited by the company Ernst & Young Assurance Services S.R.L., independent financial auditor.

RRC submits to the Stock Exchange ("BVB"), within no more than 120 days following the end of the reporting period, the Annual Report period prepared in compliance with the regulations of this field of activity, issued by the Financial Supervisory Authority ("FSA"), accompanied by all the documents provided for by the FSA regulations.

RRC submits to BVB, within no more than 45 days following the end of the reporting period, both the Half-Yearly Report, as well as the Quarterly Report for the first and the third quarter respectively, prepared in compliance with the regulations of this sector of activity, issued by the Financial Supervisory Authority, accompanied by all the documents provided for by the regulations of the capital market.

6.9.2. CORPORATE SOCIAL RESPONSIBILITY (CSR) 2020 AND NON-FINANCIAL STATEMENT

Sustainability

Rompetrol Rafinare S.A, a company member of KMG International Group, is mainly focused to conducting operations in a safe, ethical and aware manner, in terms of social matters, reducing the impact on the environment as much as possible. These issues are integrated in our strategy and are included in our operational processes, from planning to taking decisions and implementation. The initiatives to encourage the innovation and continual progress emphasize these aspects even more, bringing efficiency and sustainability for the whole company at all times. Our social responsibility and sustainability are our core principles guiding us in the development of our business strategy and operations administration.

Being part of KMG International Group, Rompetrol Rafinare adhered to the Group's Sustainability Strategy.

Non-financial statement

According to the legal regulations related to the non-financial information, Rompetrol Rafinare publishes a distinct Sustainability Report, including the information requested by the non-financial statement.

The Sustainability Reports published by Rompetrol Rafinare, are issued by KMG International Group and comprise the detailed information both on the member companies and related to Rompetrol Rafinare describing the intentions of KMG International Group on sustainability. The Sustainability Report of KMG International Group for year 2020 will be published until 30 June 2021 both on the website of the parent company <https://kmginternational.com>, and on its own website www.rompetrol-rafinare.ro, at a distinct section dedicated to Sustainability Reports, found at section "Relation with Investors", sub-section "Financial results and Reports / Sustainability Reports".

Social impact of Rompetrol Rafinare in 2020

Approach

2020 was an extremely challenging year. The COVID-19 pandemic surprised the entire world and entire communities were caught in a battle with an invisible, but deadly enemy. This was a real turning point in the mankind history and a milestone for the long-lasting development and the future of our communities.

The crisis situations are a solidarity and social responsibility test, both for the civil society and for the companies, and this pandemic is a major crisis that changed our lifestyle, the way we work, the way we are. Despite of the extended social distancing, this was a year in which we got closed faster and stronger than never.

This pandemic changed the plans from the beginning of the year, part of the funds being directed to the actual and urgent needs of the health system and of the medical staff. However, we adapted quickly and we continued or adjusted most of the long-term projects to match the actual reality.

Together with the volatile market context, the COVID-19 Pandemic triggered a significant pressure on the activity of Rompetrol Rafinare. However, the company member of KMG International Group, found the resources to support the efforts for fighting against the SARS-CoV-2 virus, by donations, special projects and by social and educational involvement.

Firstly, the fuel produced in Petromidia refinery was used to support the activity of the health system and also the activity of the authorities, as follows:

- 37,000 litres of fuel reached the County Ambulance Service of Constanța, to support the daily activity, that registered a significant increase because of the apparition of the virus;
- 6,500 litres of fuel were delivered to the public administrations of Chisinau and other localities directly in charge with the disinfection of public places, delivery and provision of medical products and equipment and with the transfer of the medical staff to hospitals and their homes;
- 10,000 litres of fuel were used to help local authorities and professionals in the health field in their fight against the spread of the new coronavirus;
- 60,000 litres of fuel were donated to the Coordination Centre of the Emergency Situations of Georgia to limit the COVID-19 pandemic.

Then, Rompetrol Rafinare, by its petrochemical division within Petromidia refinery, succeeded in developing successfully a new sort of polypropylene dedicated to protection medical masks. This one ensures the middle layer of the mask, the most important for filtering and protecting against pathogen agents.

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rompetrol

KazMunayGas
International
Group Member

Among the benefits provided by RMB30H, we can mention a high capacity of filtering of more than 98%, a flow rate for melting of the finished product up to 1,500 grams/10 minutes depending on the processing temperature, a diameter ranging between 1 – 5 microns for the resulted fibres, and inodorous /odourless – a very important property for the protection masks or filtering systems.

RMB30H is meant particularly to obtain filtering material, and for other applications in the medical products area (protection masks, disposable equipment - sheets, hoods, wipes, etc.) or the industrial area (high absorption rate professional filters).

Through the efforts of Rompetrol Rafinare, Romania became an important source in the region for the supply of raw materials necessary in the production of medical materials.

As regards education, the 2020 internship program was also developed in the companies member of KMG International, particularly in Petromidia and Vega refineries. Despite of the difficult context, that limited the physical presence of the 55 young men on the industrial platforms, the program was continued successfully, by implementing the online working modality. After the two months of internship, young people were integrated in Petromidia and Vega refineries, following the success of the training program they attended.

The story of our Internship program is not just about the professional development of the future professionals, but also about their personal development. The energy, curiosity and enthusiasm are paramount features defining a young man at the beginning of his career. Thus, during two months, the future specialists had the opportunity to strengthen their technical knowledge, and by numerous online interactive workshops, they could develop some specific skills such as communication, empathy, adaptability and active listening, so necessary in a constantly changing environment.

From the practical point of view, the trainees had the opportunity to take the pulse of the refinery under a dynamic and complex manner, participating in various actions on Vega and Petromidia platforms together with their mentors, validating the knowledge acquired within the online sessions.

As regards arts and culture, an exhibition was organized in 2020 about the history of Vega Refinery. This way, in the spring of year 2020, an exhibition took place to present the evolution of Vega refinery, integral part of the history of Ploiești as the city of "black gold", within the County Museum of Natural Sciences of Prahova, the only Romanian institution of culture dedicated to oil.

Based on the information submitted, by means of the documents and three-dimensional objects within the museum patrimony as well as by objects belonging to Vega refinery, the exhibition presented important moments of the historic evolution of one of the oldest Romanian refineries.



6.9.3. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCEDURES

The company has permanently adapted the current internal control mechanism as a set of working procedures and methods in order to prevent acts contrary to the economic interests of the Company and of the framework covered by the way they do business, for the identification of deficiencies and laying down the measures necessary to restore the framework covered. It refers to relationships, the phenomena and financial processes, having as purpose mainly to ensure the proper functioning of economic activity. The aspects of the opportunity, necessity and exigencies of the operations carried out by the company are also analysed. As regards the financial reporting procedures, procedures for reporting internal and external outside the company are developed at the level of the company. The procedures are regularly reviewed by the specialised departments of the company. The financial reporting systems are based on principles, rules and legal provisions in force. Also, as a member of KMG International Group, the company is audited regularly by the KMG International Group's internal audit department. Also, control and internal audit activity is provided by an internal auditor and employee of the Company.

The Company's commitment to integrity, responsibility and ethical conduct is particularly important in the area of bribery and corruption prevention and detection.

Rompetrol Rafinare is committed to conducting its business fairly, honorably, with integrity and honesty and in compliance with all applicable laws. The Company adopts an approach of zero - tolerance to bribery and corruption in all its business dealings and relationships, wherever it operates.

Whistleblowing incidents are taken very seriously by the Company and its directors. Any complaints or allegations received are investigated properly by the assigned departments. Rompetrol Rafinare has established and maintained an open channel to handle and discuss internal reports concerning finance, internal control and fraud to ensure that all reports will receive enough attention. The internal investigations conducted during 2020 up to the approval date of the financial statements did not reveal any cases of ethical misconduct and non-compliance with applicable laws and regulations.

6.10. REPORTED LEGAL DOCUMENTS

Rompetrol Rafinare reported the legal documents concluded during 2020 by the Company pursuant to art. 82 of Law 24/2017 and to art. 92³ of Law no. 24/2017, by the current Reports registered with the Company under no. 4244/25 June 2020, no. 4722/17 July 2020 and no. 5028/29 July 2020. The



Company also reported the transactions with related parties pursuant to art. 92³ of Law no. 24/2017 having a value higher than 5% of the net assets of the Company according to Reports no. 223/12 January 2021 and no. 569/28 January 2021. The reports were submitted to the market operator (respectively to the Bucharest Stock Exchange), published on the website of FSA (www.asfromania.ro) under section: supervision/Capital market/Electronic reporting as well as on the site www.rompetrol-rafinare.ro under section Investor Relations /Financial Reports, subsection Current Reports.

6.11. EVENTS SUBSEQUENT TO THE BALANCE SHEET

Changes in the Management of the Company

By the Decision adopted on 16 December 2020, the Board of Directors of RRC approved the appointment of the Chief Financial Officer of the Company, Mrs. Ramona-Georgiana Gălăţeanu, starting with 1 January 2021, for a mandate that will expire on 30 April 2022.

Changing the name of a significant shareholder

Based on Government Emergency Ordinance No 212/2020, the Ministry of Energy was established by taking over the activities, related staff and corresponding energy assets from the Ministry of economy, Energy and the Business Environment, among which the field of oil and natural gas and derivatives processing.

Subsequently, under this governmental emergency ordinance, in the Romanian Official Gazette no. 268/17.03.2021, the Government Resolution no. 316/2021, concerning the organization and functioning of the Ministry of Energy, appeared. Annex 2 of this decision lists the units under the authority of the Ministry of Energy. Among these companies is also Rompetrol Rafinare SA.

This restructuring at the level of the central administrative apparatus of the State, by setting up the Ministry of Energy, determine, as provided for in the abovementioned normative document, the necessity to update the RRC Articles of Incorporation in order to replace the term “Ministry of economy, Energy and Business Environment” by the “Ministry of Energy”, to comply with the new legal provisions.

Whereas the amendment of the Articles of Incorporation of RRC is an attribution of the Extraordinary General Meeting of Shareholders, Rompetrol Rafinare will convene the Extraordinary General Meeting of Shareholders for amending and updating the Articles of Incorporation with amendment and updating of identifying significant shareholder Romanian State represented by the Ministry of Energy.



Other information

Facility granted to Rompetrol Rafinare S.A. by KMG International N.V. in amount of up to USD 250 million has been fully repaid on 18 February 2021. The facility has not been extended.

The Company's net assets (amounting to RON 1,336 million as at 31 December 2020) have decreased to less than a half of the value of share capital (amounting to RON 4,410 as at 31 December 2020) and the Company's executive management and Board of Directors intend to resolve this situation of the relation between Company's net assets and its share capital, within the timeframe stipulated by the law, based on the stipulations of art.153.24 of company Law no.31/1990, as subsequently amended and in accordance with the statutory decisions adopted.

Description of the policies and goals of the company regarding the risk management

See information at Chapter "1.1.8. Risk management activity", chapter entitled "Policies and objectives of the company regarding the risk management".

Financial Agenda proposed for year 2021

Financial agenda	Date
Period closed *	27 January 2021 - 25 February 2021
Presentation of preliminary, individual and consolidated results for the year 2020 and QIV 2020	26 February 2021 <i>Friday</i>
Period closed *	29 March 2021 - 27 April 2021
Ordinary General Meeting of Shareholders for approving financial results for the year 2020	28 April 2021 (first convocation)/ 29 April 2021 (second convocation) <i>Wednesday / Thursday</i>
Release of the 2020 Annual Report	29 April 2021 <i>Thursday</i>
Period closed *	17 April 2021 - 16 May 2021
Presentation of the results recorded during the First Quarter of 2021	17 May 2021 <i>Monday</i>
Period closed *	14 July 2021 - 12 August 2021

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Presentation of the results recorded during the First Semester and Second Quarter of 2021	13 August 2021 <i>Friday</i>
Period closed *	16 October 2021 - 14 November 2021
Presentation of the results recorded during the Third Quarter and January – September 2021	15 November 2021 <i>Monday</i>
Phone conferences and / or meetings with investors and financial analytics, as the case may be	Upon request

**the closed period refers to 30 calendar days before prior to the announcement of an interim financial report or an annual financial report, in which the issuer cannot change calendar dates, agreed in the present financial calendar*

Contact for the relationship with investors

The annual, half-yearly and quarterly Reports shall be made available to the shareholders, upon their request. Requests may also be carried out in electronic format, by e-mail sent to the address:


Investor.Relations.RRC@rompetrol.com.

7. STATEMENTS AND SIGNATURES

Based on the best information available, we hereby confirm that the Individual Financial Statements prepared according to the Order of the Minister of Public Finance no. 2844/2016 for approving the accounting regulations conform to the International Financial Reporting Standards, not audited and the Consolidated Financial Statements prepared in accordance with the applicable accounting standards (International Financial Reporting Standards (“IFRS”) approved by the European Union), provide a true correct image regarding the Financial Position of the Company and its subsidiaries respectively included in the process of consolidating the financial statements (“RRC Group”), the Financial Performance and Cash Flows for the financial year 2020. This Report, prepared in accordance with the provisions of Article 63 of Law no. 24/2017 regarding the issuers of financial instruments and market operations and Annex no. 15 of Regulation no. 5/2018 issued by the Financial Supervisory Authority, for the financial year ended as at 31 December 2020, contains accurate and factual information regarding the development and performance of the Company and the RRC Group, as well as a description of the main risks and uncertainties specific to the activity carried out.

BOARD OF DIRECTORS:

Chairman
Yedil Utekov

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Member
Alexey Golovin

DocuSigned by:

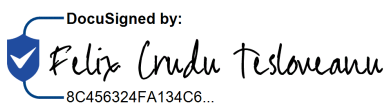
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Member
Nicolae Bogdan Codrut Stănescu

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Member and General Manager
Felix Crudu-Tesloveanu

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Member
Bogdan-Cătălin Steriopol

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Financial Manager
Ramona-Georgiana Gălățeanu

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8. ANNEXES

ANNEX 1 – Amendments to the Articles of Incorporation of the Company

The Articles of Incorporation may be amended by the General Meeting of Shareholders, in accordance with the provisions of Law no. 31/1990 on companies, in conjunction with the provisions of the Articles of Incorporation. The amendment of the Articles of Incorporation is the result of the vote of the Extraordinary General Meeting of Shareholders. The Articles of Incorporation may also be amended by the Company Board of Directors, by delegation of powers by the Meeting of the Shareholders in accordance with the provisions of Art. 114 of Law no. 31/1990 on companies.

During 2020, one amendment and update of the Articles of Incorporation of the Company occurred.

According to Decision no. 4/2020 adopted by the Extraordinary General Meeting of Shareholders dated 29 April 2020, the amendment of the Articles of Incorporation of RRC was approved.

Thus, sub-paragraph 2 of article 1 named “Shareholders”, paragraph 1.1., letter A. “Significant shareholders” of the Articles of Incorporation of the Company is amended, in the sense they recorded the transfer carried out by Depozitarul Central Bucharest of the shares held by the Romanian State issued by Rompetrol Rafinare, from the account of the Romanian State by the Ministry of Energy to the account of the Romanian State by the Ministry of Economy, Energy and Business Environment following the putting into application of the provisions of the Government Emergency Ordinance no. 68/2019.

The amended form of sub-paragraph 2 article 1, paragraph 1.1. of the Articles of Incorporation is the following:

“2) The Romanian State, represented by the Ministry of Economy, Energy and Business Environment holds 19,715,009,053 shares, integrally paid-up, amounting to RON 1,971,500,905.3, representing 44.6959% of the share capital;”.

The Articles of Incorporation valid on the issue date of this report was updated on 30 April 2020 and can be consulted on the Company website at section Relation with Investors sub-section Corporate Governance.



***ANNEX 2 - The resignation/dismissal acts of the members of the Directors,
Executive Management, Auditors.***

During the reported year, the following resignation acts occurred among the members of the Board of Directors: Mr. Mihai-Liviu Mihalache resigned from the position of member of the Board of Directors starting with 4 June 2020 and Mr. Saduokhas Meraliyev requested to waive of the position of chairman of the Board of Directors and director of the Company starting with 1 October 2020.

During the year subject to analysis, the request of Mr. Mircea-Ștefan Stănescu to waive of the position of Chief Financial Officer of the Company, starting with 1 January 2021.

No resignations or dismissals of the external financial auditor of the Company occurred.



ANNEX 3 - List of work points of Rompetrol Rafinare

At the end of the year 2020, the company holds two work points, namely:

- i) Work point located in Năvodari, Bulevardul Năvodari, nr. 1 - 283, județul Constanța;
- and
- ii) Work point located in Ploiești, str. Văleni nr. 146, județul Prahova, which carries out its activities in the space which is owned by the Company, called "Rompetrol Rafinare - Work Point Vega Refinery".



Annex 4 – List of ROMPETROL RAFINARE subsidiaries

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

- **Rompetrol Logistics S.R.L.** (with registered office in Ploiești, str. Basarabilor, nr. 7, județul Prahova, registered with the Trade Register under number J29/2556/16.09.2008, having Tax Identification Number RO 14156698).

The main business object of Rompetrol Logistics S.R.L. is *Freight rail transport* - NACE code 4920.

- **Rompetrol Petrochemicals S.R.L.** (with registered office in Năvodari, Bulevardul Năvodari, nr. 215, Pavilion Administrativ, cam. 21, registered with the Trade Register under number J13/2681/09.12.2002, having Tax Identification Number RO15077797).

The main business object of Rompetrol Petrochemicals S.R.L. is *Manufacture of plastics in primary forms* - NACE code 2016.

- **ROM OIL S.A.** (with registered office in Zărnești, Str. Mare, nr. 1, Parter, județul Brașov, registered with the Trade Register under number J8/549/13.05.1998, having Tax Identification Number RO 10600770).

Starting with 2017, the main business object of ROM OIL S.A. is *Renting and operating of own or leased real estate* - NACE code 6820.

- **Rompetrol Quality Control S.R.L.** (with registered office in Navodari, Bulevardul Navodari nr. 215-Pavilion Administrativ, etaj 2 camera 220, judetul Constanta, registered with the Trade Register under number J13/6775/22.06.2004, having Tax Identification Number RO16542407).

The main business object of Rompetrol Quality Control S.R.L. is *Technical testing and analysis* - NACE code 7120.



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- **Rompetrol Downstream S.R.L.** (with registered office in București, City Gate Northern Tower, Piața Presei Libere nr. 3-5, etaj 2, sector 1, registered with the Trade Register under number J40/1716/24.02.2000, having Tax Identification Number RO12751583).

The main business activity of Rompetrol Downstream S.R.L. is *Retail sale of automotive fuel in specialized stores* - NACE code 4730.

indirectly:

- **Global Security Sistem S.A.** (with registered office in București, strada Constantin Căpitanu, sector 1, registered with the Trade Register under number J40/10517/25.11.1999, having Tax Identification Number RO12452549).

The main business activity of Global Security Sistem S.A. is *Private security activities* - NACE code 8010.

- **Rompetrol Gas S.R.L.** (with registered office in București, strada Piața Presei Libere, City gate Northern Tower, etaj 5, camerele 4 - 5, sector 1, registered with the Trade Register under number J40/11389/12.07.2006, having Tax Identification Number RO18846690).

The main business activity of Rompetrol Gas S.R.L. is *Wholesale of solid, liquid and gaseous fuels and related products* - NACE code 4671.



ANNEX 5 – List of Company related parties³¹

Rompetrol Rafinare S.A. makes part of the KMG International Group ³².

The parent companies of Rompetrol Rafinare S.A. are the national company Welfare Fund “Samruk-Kazyna” (90%) and the National Bank of Republic of Kazakhstan (10%), companies with registered office in Kazakhstan, entirely owned by the Kazakh State.

The related parties are presented below:

1. Companies with registered office in Romania

- Oilfield Exploration Business Solutions S.A.
- 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.
- Byron Shipping S.R.L.
- Rominserv Valves Iaifo S.R.L.
- Rompetrol Energy S.A.
- KMG ROMPETROL DEVELOPMENT S.R.L.
- Fondul de Investitii in Energie Kazah-Roman S.A.
- KMG Rompetrol Services Center SRL³³

³¹ At this point there have been listed all of the companies in the KMG International Group

³² As Rompetrol Group until March 2014

³³ With the old designation of ROMPETROL EXPLORATION & PRODUCTION SRL



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- Rompetrol Drilling S.R.L.³⁴ – suspended activity

2. Companies with registered office abroad

- KMG International N.V.³⁵
- Byron Shipping LTD
- Intreprinderea Mixtă “Rompetrol Moldova” S.A.
- Rompetrol Georgia LTD
- Rompetrol France SAS
- Dyneff SAS
- Rompetrol Ukraine LLC - in liquidation
- AGAT LTD. - in liquidation
- KazMunayGas-Engineering LLP³⁶
- TRG PETROL TICARET ANONIM ŞİRKETİ
- Rompetrol Bulgaria JSC
- KazMunayGaz Trading A.G.
- Rompetrol Albania Downstream Sh.A - in liquidation
- Rompetrol Albania Wholesale Sh.A - in liquidation
- Rompetrol Albania ShA - in liquidation
- Rompetrol Distribution Albania Sh.A. - in liquidation
- KazMunayGas Engineering B.V.

Note: there are also 11 branch offices and representations of KMG International Group

³⁴ With the activity suspended between 24.08.2018 – 24.08.2021

³⁵ Until March 2014, with the name The Rompetrol Group N.V

³⁶ With the old designation of Rominserv Kazakhstan LLC

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rompetrol

KazMunayGas
International
Group Member

ANNEX 6 - Stage of implementation of the Corporate Governance Code of the Bucharest Stock Exchange as at 31 December 2020³⁷

Provisions of the Corporate Governance Code	Compliance	Not compliant or partial compliant	Reason for the non-compliance
A.1. All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	YES		
A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	YES		

³⁷ The statement makes a summary of the main provisions of the Code. For the full text of the Code, please visit the website of the Bucharest Stock Exchange www.bvb.ro



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Provisions of the Corporate Governance Code	Compliance	Not compliant or partial compliant	Reason for the non-compliance
A.3. The Board of Directors or the Supervisory Board should have at least five members.	YES		
A.4. The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a statement that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice.	YES		
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and nonexecutive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	YES		
A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly,	YES		



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Provisions of the Corporate Governance Code	Compliance	Not compliant or partial compliant	Reason for the non-compliance
shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.			
A.7. The company should appoint a Board Secretary responsible for supporting the work of the Board.	YES		
A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the Chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.		NO	The company will develop a policy/guidance concerning the Board's evaluation, including the purpose, criteria and frequency of the evaluation process.
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	YES		
A.10. The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	YES		
A.11. The Board of Premium Tier companies should set up a nomination committee formed of nonexecutives, which will lead the		N/A	The company is included in the Standard category.



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Provisions of the Corporate Governance Code	Compliance	Not compliant or partial compliant	Reason for the non-compliance
process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.			
B.1. The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the Chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	YES		
B.2. The audit committee should be chaired by an independent nonexecutive member.	YES		
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the internal control system.	YES		
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal	YES		



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control failings or weaknesses and their submission of relevant reports to the Board.			
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.		Partial compliance	The requirement will be implemented in 2021
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.	YES		
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	YES		
B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by periodical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	YES		
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	YES		
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit		NO	To be implemented in 2021



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committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.			
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	YES		
B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	YES		
C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.			The Company established the remuneration Policy according to art. 92 ¹ of Law no. 24/2017. During the OGMS scheduled for 28/29 April 2021, the Company shall refer to approval the remuneration Policy of the directors.
D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the	YES		



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general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:			
<ul style="list-style-type: none"> • D.1.1. Main corporate regulations: the articles of association, general shareholders' meeting procedures; • 	YES		
<ul style="list-style-type: none"> • D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and nonexecutive Board positions in companies and non-for-profit institutions; 	YES	Partially compliant	The recommendation is not implemented as concerns other professional commitments of the Board's members, including executive and non-executive positions in boards of directors of other companies or non-profit institutions. It will be implemented.
<ul style="list-style-type: none"> • D.1.3. . Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code; 	YES		
<ul style="list-style-type: none"> • D.1.4. Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their 	YES		



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professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;			
<ul style="list-style-type: none"> D.1.5. Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions; 	YES		
<ul style="list-style-type: none"> D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request; 	YES		
<ul style="list-style-type: none"> D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semiannual, annual), auditor reports and annual reports. 	YES		
D.2. The Company shall have an annual dividend distribution policy or related to other benefits to the shareholders, proposed by the CEO or the Management Board and adopted by the Board, as a set of guidelines the company intends to follow regarding the distribution of net profit. The principles of the annual distribution policy to shareholders should be published on the corporate website.	YES		
D.3. The company will adopt a policy with respect to forecasts, whether they are distributed or not. Forecasts refer to the quantified conclusions of studies aimed at determining the total impact of a list of		NO	The requirement will be implemented.



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factors related to a future period (so called assumptions): by nature, such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.			
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	YES		
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.	YES		The external auditors are invited to GMS when their reports are submitted within these meetings.
D.6. The Board will present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	YES		



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D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	YES		
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	YES		
D.9. A company will organize at least two meetings /conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.		Partially compliant	The regular reporting of the company disclosing financial information is considered complete, highly transparent and relevant in terms of the information needed for investment decision-making. The organization of such events will be established as requested by investors.



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D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	YES		

Legend:

GMS = General Meeting of Shareholders

BoD = Board of Directors

CV = Curriculum Vitae

Chairman of the Board of Directors
Yedil Utekov

DocuSigned by:

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