



rompetrol

KazMunayGas
International
Group Member

ROMPETROL RAFINARE S.A.
INDIVIDUAL ANNUAL REPORT OF THE BOARD OF DIRECTORS
for the financial year 2021

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

INDIVIDUAL ANNUAL REPORT
OF THE BOARD OF DIRECTORS

2021

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, 2021

Report date: March 25, 2022
Registered office: 215 Navodari Blvd.,
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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: 2,655,920,572.60 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:** 26,559,205,726
 - **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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STRATEGY

In 2021 the Group has updated the medium-term development Strategy. The strategy assessed development perspectives of the oil and gas industry and the current trends in the downstream sector, both in the region and internationally. It is reaffirming the confidence that the downstream business will remain highly attractive in the mid-term, especially in the CEE/Mediterranean/Black Sea areas.

In the following period investments in current infrastructure would be focused on the retail network development in Romania and in projects aimed towards the medium to long term decarbonization strategic targets.

With a view of European green deal and global trends in sustainable development, in autumn 2021, the Group started the development of decarbonization strategy following the EU's new measurement set aiming to reach 'net zero' emissions by 2050, strategy aiming to reduce Group's emissions and associated abatement costs, and to maximize profitability either through extending life of Group's business, integrating the existing assets with the new opportunities generated by decarbonization and/or diversified businesses.

OUTLOOK FOR 2022

Group operations: The Group will continue to further improve its operational performance and carry on the operational initiatives which were identified and put in motion since several years ago, such as: Refining planning and production optimization, energy efficiency and organizational effectiveness, Retail gas stations network development, increase of non-fuel profitability, trading profitability increase, as follows:

- Petromidia 2022 Feedstock Target performance set at 5.7 million tons, corresponding to 14.8 ktons/day of operation;
- White products 2022 yield target of 85.5%, -0.5% below 2021;
- Downstream Romania sales target set at 2.44 million tons, +14% growth target versus 2021;
- Downstream Romania Non-Fuel Margin performance 2022 targeted at USD 38.6 million, +30% versus 2021.

Based on the Group's budget for 2022, it's Medium-Term Development Strategy and other matters mentioned above, Group Management considers that the preparation of the financial statements on a going concern basis is appropriate.



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2021 FOR THE OIL & GAS INDUSTRY

The year 2021 continued to be a difficult year for the entire oil & gas industry, in each area of activity - from oil extraction to the distribution of oil products.

The main three products (accounting for approximately 75% of the production yields) market cracks year-on-year dynamics has been the following:

- Gasoline cracks against Urals (main crude oil type) recorded an average level of 169 \$/MT in 2021 compared with 81\$/MT in 2020. European gasoline cracks increased to levels last seen in October 2019, supported by growing mobility in EU which sent the ARA (Amsterdam, Rotterdam and Antwerp) hub stocks to their lowest level since 2016 (almost 50% lower y-o-y at a total of 6.2mil bbl.) and by numerous bookings, especially from U.S., which was hit by very cold temperatures in February, and by Ida Hurricane in August, disrupting production.
- Diesel cracks settled at an average level of 79\$/MT in 2021 vs. 61\$/MT in 2020. Diesel cracks reached their highest value since April 2020 due to increasing export to the U.S. European domestic demand recovered considerably, supported by rising mobility levels and by a stronger performance of the agricultural and manufacturing sectors, which are fostering diesel consumption for goods transportation.
- Jet cracks have been 92\$/MT in 2021 compared with 40\$/MT in 2020. Jet cracks reached their highest level since the start of the COVID pandemic, helped by the removal of quarantine requirements across much of the EU countries and U.S. Also, favorable import-export dynamic helped the cracks, as flows from the Middle East and Asia to Europe dropped and departures from Europe towards the US have been trending significantly above 3-year average since early Q2.

During 2021, RON depreciated strong versus USD, by approximately 10%, breaking the psychological level of 4.4, by the end of the year. However, in terms of yearly average, USD/RON was traded lower than in 2020, 4.16 versus 4.24 in 2020.

In terms of EUR/RON, RON depreciated by approximately 2% versus EUR (4.92 in 2021 versus 4.84 in 2020).



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In 2021, Standard & Poor's rating agency improved Romania's outlook from negative to stable. Romanian industrial production has been on an increasing trend and retail sales returned in positive territory.

National Bank of Romania Board decided to increase twice the monetary policy rate by 25 basis points in the end of the year.

In Romania the inflation in 2021 reached 8.19%, calculated based on CPI - i.e. Consumer Price Index.

2021 FOR ROMPETROL RAFINARE S.A.

The production activities of the Petromidia refinery restarted at the end of September 2021, after the event that occurred on July 2nd, 2021 at HPM unit (Diesel Hydrotreater Unit); the technological installations restarted in stages, after a series of works took place for the restoration of the affected units. As for the Diesel Hydrotreater Unit (HPM), it has been technologically isolated, the completion of the reconstruction and restart will take place during 2022.

Although during the period after the incident and until the restart, production activity was completely stopped, in order to ensure sales on the domestic market and in the distribution network in Rompetrol Bulgaria, Georgia and Moldova, components were imported for auto fuels and also aviation fuels for the main airports from Romania.

In 2021, the total throughput of Petromidia refinery was 4.59 million tonnes, lower by 5.7% compared to last year, when the total throughput was 4.86 million tonnes.

The results obtained for the main technological and operational parameters are the following:

- ✓ White finished products yield of 86.12% wt;
- ✓ Technological loss of 0.82% wt.

In respect of Vega refinery, the only domestic producer of bitumen and hexane, the total throughput was 321,052 tonnes in 2021, lower by 11.75% compared with last year when the total throughput was 363,803 tonnes.

In 2021 the refining capacity utilization was 97.29%, lower by 12.95% compared to last year.

Vega refinery managed to achieve in 2021 the following refining results:

- ✓ Technological loss of 0.64%;



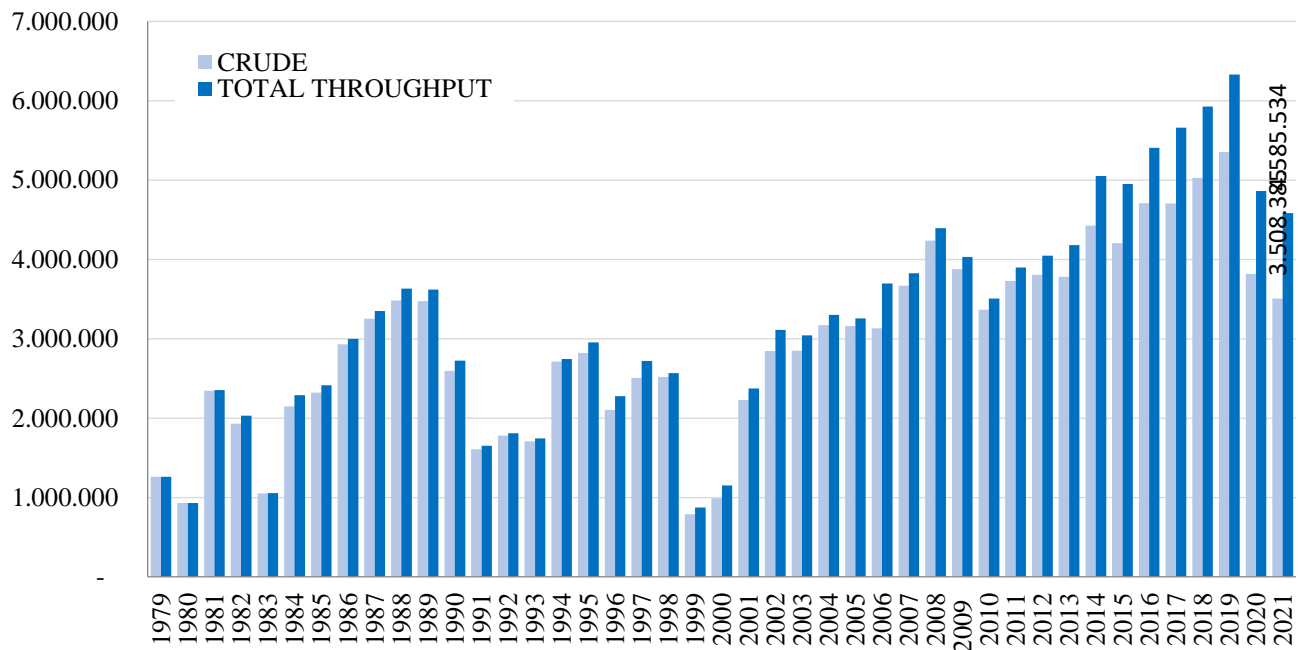
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- ✓ Energy consumption of 2.76 GJ/t;
- ✓ Mechanical Availability of 98.72%.

Rompetrol Rafinare S.A. continued to be an important contributor to Romania’s fiscal budget with over USD 1.63 billion in 2021.

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 2021 is rendered by the graphic below:

1979 - 2021, Refinery Processing, tons





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IMPORTANT PROJECTS INITIATED BY THE COMPANY – DELFIN PROJECT

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.

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

In 2021, the implementation of both the initiatives developed in the previous stage and of the new initiatives, continued, under the name of “**Delfin 5**”. The teams were reorganized into 5 working teams: Energy, Continuous Improvement, Maintenance, Organizational Efficiency 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*



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- Identify and look out for new opportunities, drive for continuous improvements - *assess and develop ideas and profitable investments for the future*

Scope of Work 2021 was defined in 2020 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 **3 millions USD**.

The total benefits of **3.9 millions USD** achieved during **2021** from the initiatives implemented in all workstreams exceeded with **0.9 millions USD** the **3 millions USD** benefit target planned for 2021.

The benefits recorded in 2021 during January-June resulted from the following items:

- Delfin project was focus on units industrial test, loss reduction ideas and energy projects initiatives;
- Have been seen results of succession plan - organizational effectiveness initiative: some of pairs established through Delfin made the transition

During July-December, after the HPM incident and shut down of Refinery:

- Delfin members were involved in getting and preparing the data for authorities, insurance and restart of Refinery;
- A working group was created in order to plan the restart of Refinery without HPM (strategy on throughput, recipe, quality of components, jet production) in order to meet all market demand;
- After restart of Refinery the action plan for Delfin initiatives was reanalyzed in order to adapt to new situation, to function without one hydrotreater - HPM component represent a good component for diesel blends;

In addition to the financial benefit, the project had a significant impact on the working methods of the project teams improving communication, collaboration and teamwork, as well as their project management skills (benefits planning, drafting clear and detailed action plan, clear process for analyzing and implementing ideas, according to the specifics of each stream, recurrent meetings to track progress, monthly benefits reporting and recognition of achievements).

All the workstreams have contributed with expertise, specialty skills, know-how and internal resources in achieving Delfin targets/objectives, in addition to their existing roles in the organization and contributing at the same time to the defining and promoting of an organizational culture driven by performance (improving inter-departmental communication; giving juniors responsibilities and lead time; team work and spirit; open mind; permanently seek improvement in all area; knowledge transfers between generations).



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

1.1. OVERVIEW OF THE COMPANY

a) Main activity of ROMPETROL RAFINARE

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

In accordance with the provisions of the Articles of Incorporation of the Company Rompetrol 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.

Rompetrol 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.

Rompetrol 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 Rompetrol Rafinare are traded freely within the Standard category of the Bucharest Stock Exchange, under market symbol RRC. The stock market capitalization as of 31 December 2020 amounted to RON 2,177.85 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 of 31 December 2021 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 2021

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 2021 was performed with a total processing of 6,001,441.5 tons, out of which 5,254,886.1 tons crude oil and 746,555 tons other raw materials.

This program formed the basis for the preparation of the 2021 income and expense budget.

Total feedstock processed in 2021 was 4,585,533.6 tons, out of which 3,508,384.8 tons crude oil and 1,077,148.8 tons other raw material, this being influenced by the force majeure fire incident occurred within Diesel Hydrotreater Unit (DHT Unit) from 2nd of July (four other refining units have been affected by the DHT Unit incident: Kerosene Hydrotreater, Naphtha Hydrotreater, Saturated Gas Plant and Catalytic Reformer), and led to the entire refinery being shutdown for emergency situation for a period of 83 days. The Refinery was restarted on September 24, 2021, after all affected units were



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repaired, except DHT Unit. During the shutdown the Refinery continue to supply components: gasoline, jet and diesel to ensure the deliveries on the domestic market.

This processing represents 76.41% as compared to the schedule set up for the 2021 budget.

[tons]

2021	Budget	Achieved
Total throughput	6,001,442	4,585,534
Crude Oil	5,254,886	3,508,385
Other feedstocks	746,555	1,077,149

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

Processing	Q I	Q II	Q III	Q IV	Total 2021
Budget (tons)	1,204,978	1,498,514	1,667,068	1,630,881	6,001,442
Achieved (tons)	1,264,667	1,461,713	599,939	1,259,214	4,585,534
Achieved/Budget (%)	104.95	97.54	35.99	77.21	76.41

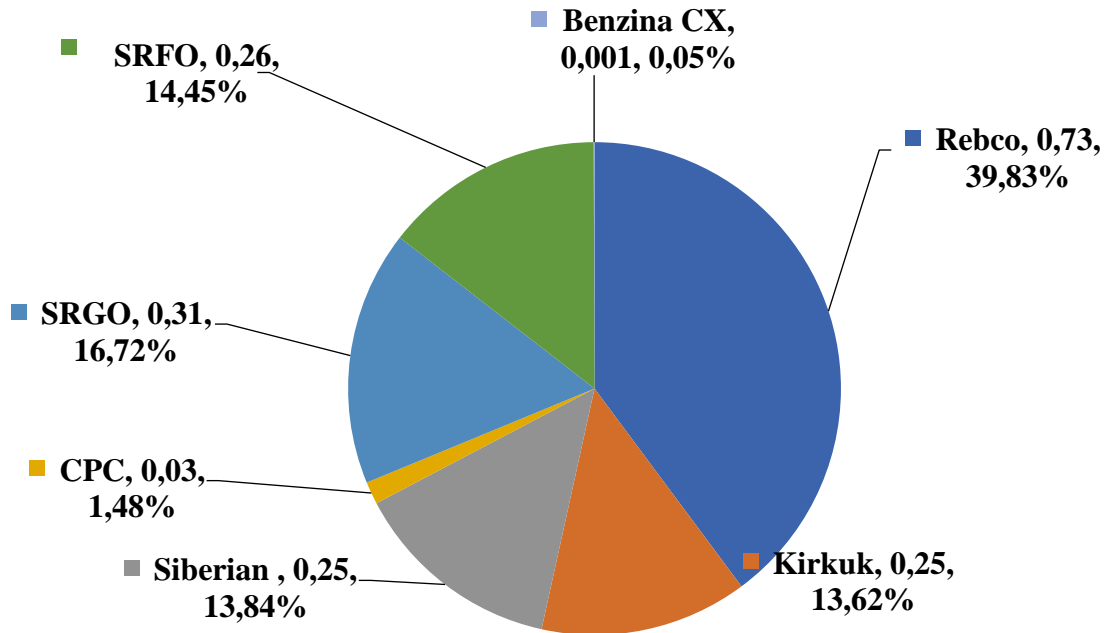
The Refinery throughput was 16,310 tons per day related to actually worked time, Refinery throughput being influenced by the imports of components from the period when the refinery was shut down (diesel component - 418,943 tons, jet components - 35,832 tons and gasoline components - 63,772 tons).

Petromidia has managed to capture market opportunities by diversifying the structure of processed raw materials, especially the replacement of expensive crude oil with the cheapest such as Kirkuk and fuel oil from atmospheric distillation, with a positive impact on the refinery's gross margin, also given technological and operational flexibility of the refinery.



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Feedstock structure, th. tons/day & %



The Diesel yield reached at the level of 50.86% in 2021 while the yields for fuels (gas, Diesel, Jet, automotive LPG fuel) reached the level of 75.10% in 2021.

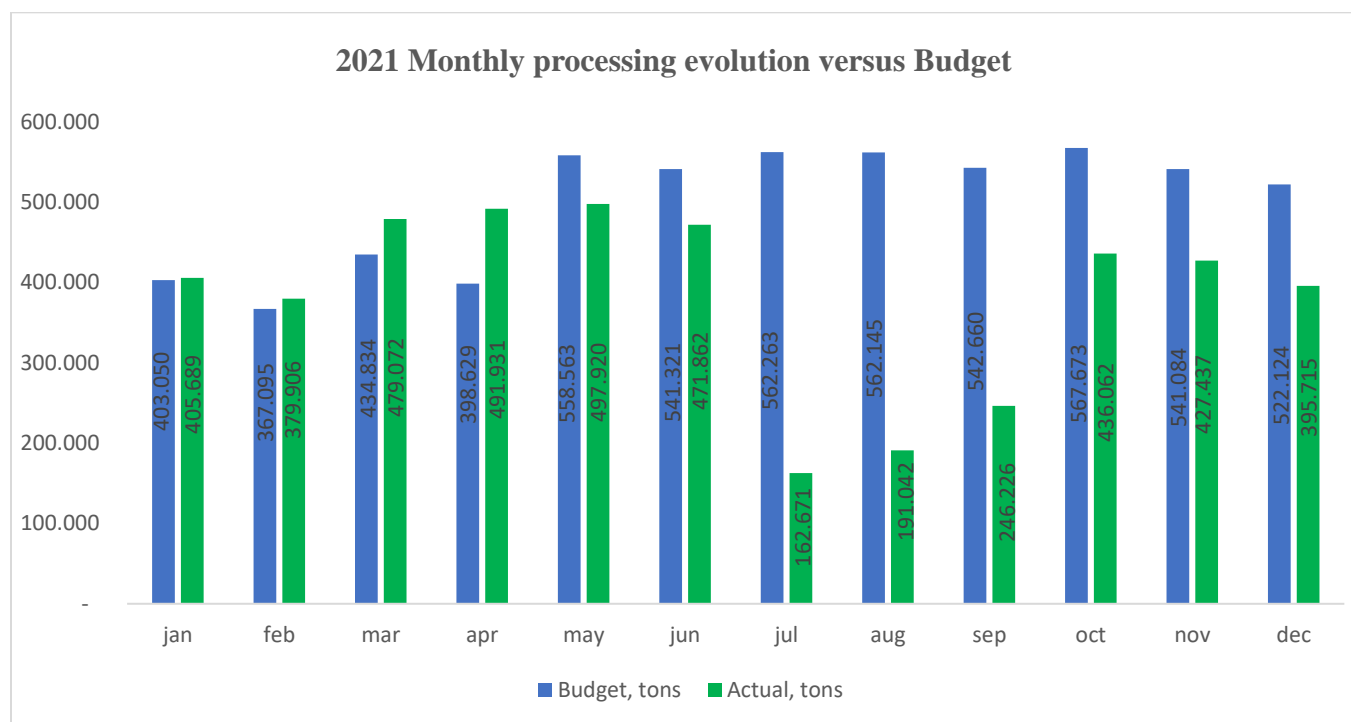
Energy Intensity Index achieved in 2021 was 102.78 points.

Starting with 24th of September Refinery successfully restarted except the most affected unit (Diesel Hydrotreater); the equipment functioned in 2021 at a high level of safety, featuring a mechanical availability of 96.1%.

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.



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The structure of the physical production as compared to the Budget, in 2021, is as follows:

YEAR 2021	Budget		Achieved	
	Tons	%	tons	%
Finished Products	5,849,947	97.48	4,470,062	97.48
Gasoline	1,489,085	24.81	1,102,170	24.04
Diesel Fuel	2,942,031	49.02	2,331,096	50.84
Jet	246,408	4.11	155,952	3.40
Fuel Oil	171,315	2.85	145,930	3.18
Propylene	158,854	2.65	109,799	2.39
Liquefied Petroleum Gas (LPG)	289,013	4.82	197,921	4.32
Coke	242,790	4.05	199,837	4.36
Sulphur	46,598	0.78	42,086	0.92
Other Products	263,853	4.40	185,271	4.04
Total Consumption:	151,494	2.52	110,464	2.41
White products obtained		86.51		86.12



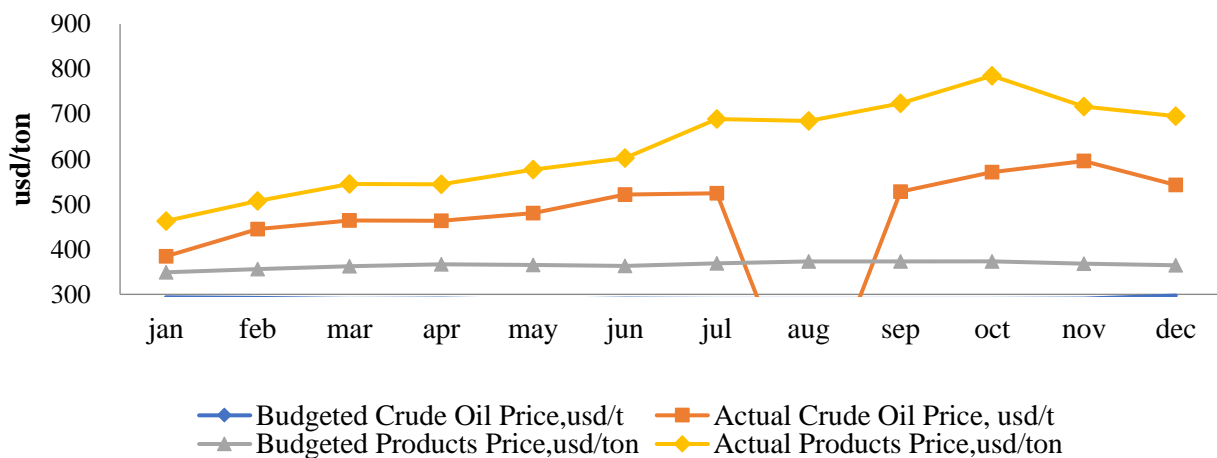
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In 2021, crude oil purchase price was budgeted at USD 291.15/ton vs. actual average final price of USD 494.41/ton.

The average value of the finished products was budgeted for 2021 at USD 365.99/ton and an average price of USD 617.81/ton was achieved.

What can be notice, the evolution of the crude oil market as compared to the budget forecast registered an annual increase of 70.16%, and the price of oil products followed the same increasing trend as compared to the budget, the increase being of 68.81%.

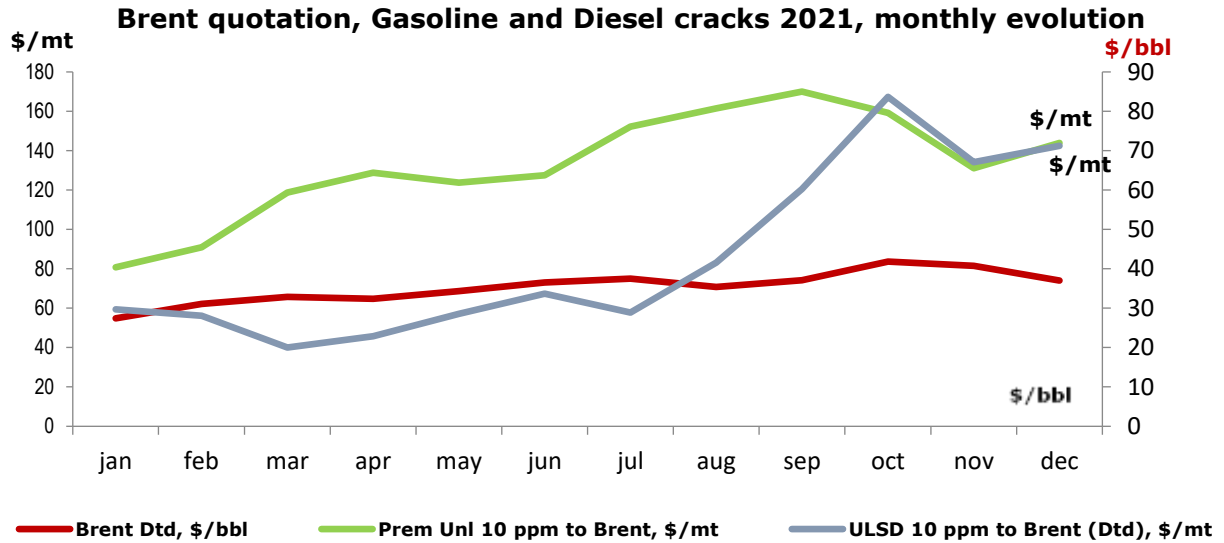
Crude Oil and Products Price, 2021 monthly evolution



During 2021, the crack of gasoline exceeded that of Diesel by an average of approx. 89.41 USD/ton, the trend remaining slightly decreasing during all year.



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Sursa:Platts

In 2021, it has been recorded a consumption of energy of 2.9 GJ/ton taking in consideration throughput tone, lower than the energy consumption registered in 2020 by approximately 5% correlated with the function of the refinery as well as with the higher quantity of the throughput of the refinery/day.

In 2021, utilities cost was 17.2 USD/mt higher with 60% (~6.5 USD/mt) compared to the previous year, correlated with the dramatic increase of electricity and natural gas prices in the last 6 months of the year.



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

OIL PRODUCTS	TOTAL DELIVERIES	DELIVERIES					
		DOMESTIC *		EXPORT		TRANSFER	
		[tons]	[%]	[tons]	[%]	[tons]	[%]
Gasoline	975,716	301,277	30.88	674,439	69.12	0	0.00
Gasoline for chemical use	146,182	0	0.00	6,284	4.30	139,899	95.70
Petroleum	154,541	114,301	73.96	29,193	18.89	11,047	7.15
Auto diesel fuel	2,337,047	1,923,171	82.29	413,876	17.71	0	0.00
Fuel oil	145,637	11,607	7.97	12,795	8.79	121,235	83.24
Propylene Propane	109,799	0	0.00	0	0.00	109,799	100.00
Liquefied Petroleum Gas LPG	196,353	196,353	100.00	0	0.00	0	0.00
Petroleum Coke	204,450	177,762	86.95	26,688	13.05	0	0.00
Petroleum Sulphur	38,265	123	0.32	38,142	99.68	0	0.00
Other Products	88,014	35,832	40.71	0	0.00	52,182	59.29
TOTAL	4,396,003	2,760,425	62.79	1,201,417	27.33	434,161	9.88

* 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"

Rompetrol Rafinare – work point Vega Refinery

The production schedule of ROMPETROL RAFINARE S.A. work point Vega Refinery for the year 2021 has been designed with a total processing capacity of 408,277 tonnes, of which 408,206 tonnes raw materials of the Group and 71 tonnes raw materials outside the Group.



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This schedule has been the basis for the preparation of the income and expenditure budget for the year 2021.

The processing carried out in 2021 is of 321,052 tonnes, out of which 321,043 tonnes from the Group and 9 tonnes outside the Group.

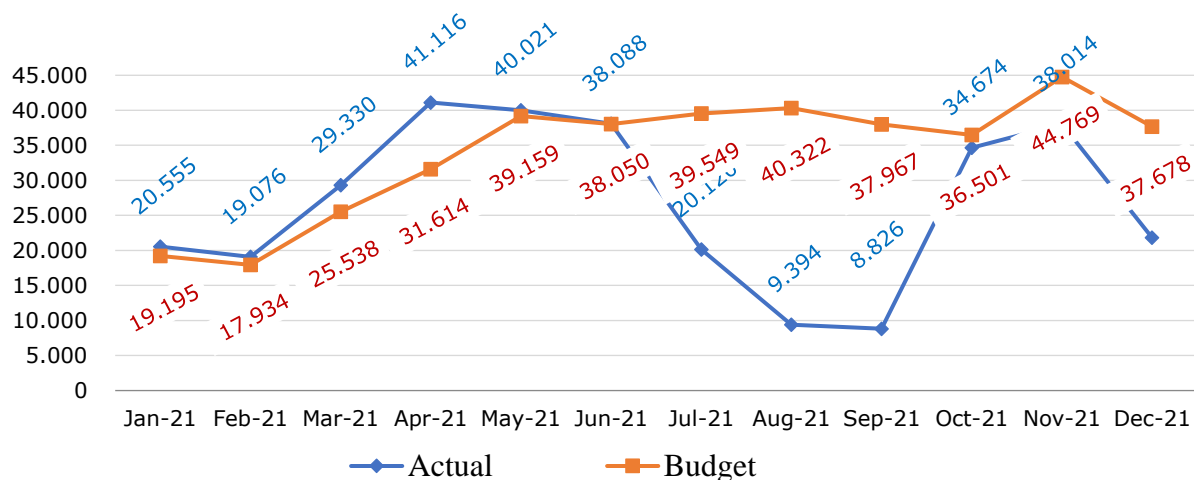
This processing represents 78.64 % of the program set up for the 2021 budget, in accordance with the raw materials available in Petromidia refinery and the market demand.

<i>[tons]</i>		
2021	Budget	Achieved
TOTAL THROUGHPUT	408,277	321,052
Group	408,206	321,043
Non group	71	9

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	68,962	119,225	38,339	94,526	321,052
Budget, tons	62,667	108,824	117,838	118,948	408,277
Achieved/Budget (%)	110.0%	109.6%	32.5%	79.5%	78.6%

In 2021, the processed quantity was approximately 21.4% lower than budgeted amount, the monthly average being 26,754 tonnes as compared to 34,023 tonnes provided under the budget.

**ROMPETROL RAFINARE S.A.
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Structure of Physical Production as Compared to the Budget, in 2021, is the following:

YEAR 2021	Budget [tons]	Achieved [tons]
Finished products	404,776	319,618
Gasoline + Solvents	158,123	119,110
n-Hexane	82,142	69,120
White spirit and Comb P	7,889	4,938
Calor Extra I	3,146	4,428
Light oil fuel type III	6,329	6,802
Heavy fuel oil	26,726	21,948
Bitumen	120,421	93,272

White products obtained %	BUDGET	ACTUAL
Related to total throughput	60.8	60.2
Related to commercial products	61.3	60.4

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



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In 2021, the ratio of energy consumption to the tonne increased by approximately 7.5% as compared to 2020, due to the lower throughput as a consequence of the lack of raw materials.

The quantitative structure of the deliveries of petroleum products in 2021 is summarized in the following table:

Group of products	TOTAL DELIVERIES 2021		DOMESTIC		EXPORT	
	[tons]	% of total sales	[tons]	%	[tons]	%
Naphtha gasoline	84,080	26.37	16,332	19.42	67,748	80.58
Bitumen	93,277	29.26	93,277	100.00	-	-
Heating fuels	12,009	3.77	12,009	100.00	-	-
Hexane	68,401	21.46	3,694	5.40	64,707	94.60
Heavy fuel oil	23,010	7.22	23,010	100.00	-	-
Petroleum and White spirit	5,463	1.71	2,714	49.69	2,749	50.31
Ecologic solvents	32,557	10.21	666	2.05	31,891	97.95
Total	318,797	100.00	151,702	47.59	167,095	52.41

Rompetrol Rafinare – work point Năvodari (the Petrochemical complex)

The production plan for Petrochemicals area in 2021 was prepared for the operation of the Polymers plants: Polypropylene plant (PP) and Low Density Polyethylene plant (LDPE), with a production of 171,910 tons polymers as follows: PP – 92,485 tons and LDPE – 79,425 tons.

This schedule formed the basis for the preparation of the 2021 income and expenses budget.

The polymer production achieved in 2021 was 106,167 tone, out of which PP – 70,173 tons and LDPE – 35,994 tons.

The structure of processed raw materials as compared to the 2021 Budget is as follows:

YEAR 2021	Budget tons	Achieved tons
Raw materials	240.105	146.971
Propane propylene mixture	158.854	109.976
Ethylene	81.252	36.995



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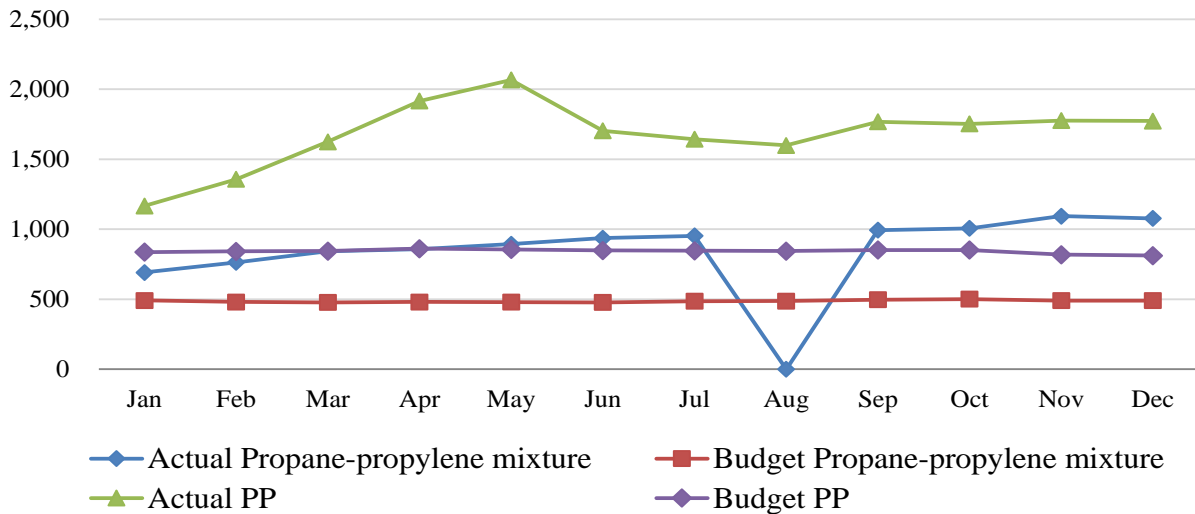
The average value of the cost for processed raw materials, in 2021, was for:

- Propane-propylene mixture – budgeted at 487 USD/tonne and 907 USD/tonne was achieved
- Ethylene - budgeted at 705 USD/tonne and 1,505 USD/tonne was achieved

The average sale price for finished products, in 2021, was for:

- PP - budgeted at 842 USD/tonne and 1,635 USD/tonne was achieved
- LDPE - budgeted at 923 USD/tonne and 2,007 USD/tonne was achieved

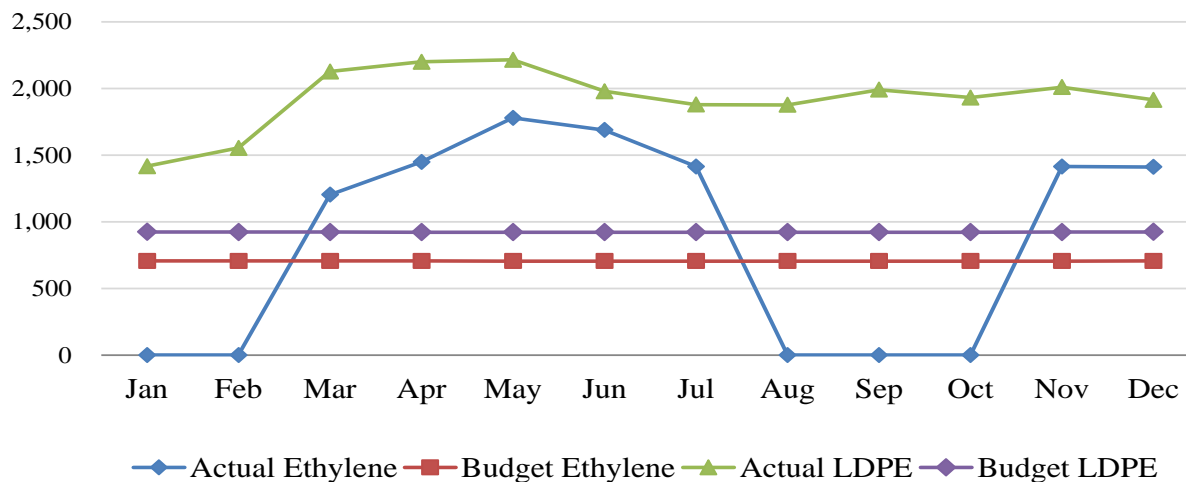
**Propane-propylene cost/ PP selling price, 2021 monthly evolution
(USD/tonne)**





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Ethylene cost/ LDPE selling price, 2021 monthly evolution (USD/tonne)



The structure of the physical production as compared to the 2021 Budget is as follows:

YEAR 2021	Budget Tons	Achieved tons
Finished products	203,892	121,536
Polymer production	171,910	106,167
PP	92,485	70,173
LDPE	79,425	35,994
Production of polymerizable propylene	31,982	15,369

From the comparison of budget – achieved, it can be observed that achieved PP production was 76% compared to the budget and LDPE production was 45% compared to the budget.

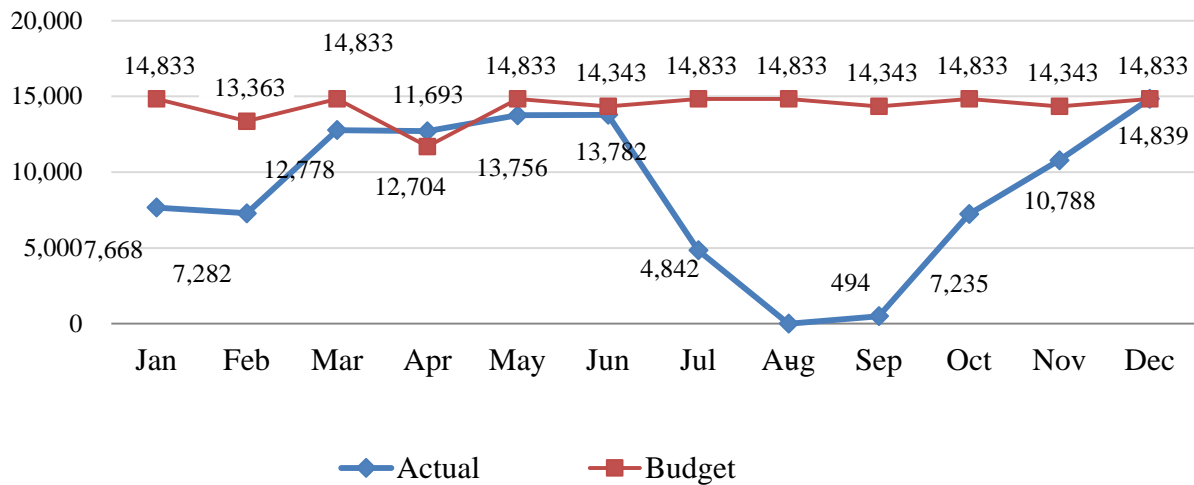


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The situation of polymer production, per quarters is presented in the table herein below:

Table with 7 columns: Category, Metric, Q I, Q II, Q III, Q IV, 2020. Rows include PP (Budget, Achieved, Achieved/Budget) and LDPE (Budget, Achieved, Achieved/Budget).

2021 Monthly polymers production evolution versus Budget (tons)





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

PRODUCTS	DELIVERIES				
	TOTAL DELIVERIES	DOMESTIC		EXPORT	
	[tons]	[tons]	[%]	[tons]	[%]
PP	66,593	36,471	55%	30,122	45%
LDPE	31,142	17,881	57%	13,262	43%

II) *Investment activity*

The investment activity in the year 2021 was focused, in accordance with the program, on the following:

- Restore 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 **2021** added up to **42.58 mil USD**.

	Budget 2021
Petromidia, from which:	38,002,641
Development	562,397
Operational Support	153,387
Compliance	2,047,993
Capital maintenance	35,238,864
Vega, from which:	4,575,355
Compliance	188,330
Capital maintenance	4,387,025
Refinery Total Investments	42,577,996



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The main projects which impacted year 2021 in Rompetrol Refinery:

- **Refinery Restart 2021 Incident**

Related to unfortunate event from 2nd of July 2021, which has estimated in Petromidia damages in HPM – unit affected directly by explosion/fire (approximately 60%), and other units which are affected indirect by explosion/fire: HPR (approximately 30%), FG (approximately 10%) and RC (approximately 20%) it was decided to restart production in shortest possible time.

To rehabilitate refinery to normal production in shortest possible time a working group was created who involved 2 companies Rompetrol Refinery S.A. and Rominserv S.R.L. and Procurement Department within KMG International Group with set targets in terms of damaged equipment inspection performing, evaluation of damages on nearby units, establish the scope of work and to rehabilitate the damaged equipment to assure safety.

In this respect a project was created, and all works related to HPR, FG, RC were done, creating assumptions for Refinery start-up and HPM is currently in progress. The estimated term for project finalizing is Apr 2022.

- **Replacement of strategic equipment**

Petromidia Refinery is a very complex structure, with several industrial units managing different chemical processes, which involves a lot of static equipment's (such as columns, vessels, pipeline, valves, drains, flanges, etc.) and dynamic ones (e.g. compressors, pumps, etc.). The main purpose of these industrial facilities is to handle and to process crude oil and semi-fabricated products (hydrocarbons) in order to obtain finished products within quality requirements stipulated by national and international standards.

The following centrifugal compressors / pump represent strategical equipment for the Refinery Platform and an unexpected shutdown for any of it, conducts to related unit shutdown and significant production losses.

- 138FC1 – main air blower
- 138GC1 – wet gas compressor
- 130K1 – hydrogen gas compressor
- 220K1 – hydrogen gas compressor
- 180P77 – coke cutting pump

Moreover, acquisition of spare parts for above presented strategic equipment involves long-term delivery and specific expertise. Thus, failure of one of this equipment will lead to entire refinery shut down for a long-term period.

To maintain mechanical availability of the Refinery Platform, spare parts of these strategic equipment shall be available anytime, preferable in the custody of the manufacture, which can offer needed storage special conditions.

Currently below items were contracted and there are in an advanced phase of execution (more than 70%), most of them being available for 2022 shutdown:



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- 138FC1 compressor: new compressor rotor supplied
- 138FC1 steam turbine: old spare rotor refurbished
- 138GC1 compressor: new case and internals supplied for 138GC1
- 138GC1 compressor: old spare rotor inspected + inspection report (refurbished)
- 130K1 compressor: new compressor rotor supplied
- 130K1 steam turbine: new steam turbine rotor supplied + old parts refurbished
- 220K1 compressor: spare rotor refurbished
- 220K1 steam turbine rotor: old spare rotor inspected and repaired
- 180P77 coke cutting pump: old, spare pump cartridge refurbished

The estimated term for project finalizing is Feb 2024, being connected with Turnaround and the fact that some items are stored in the manufacturer warehouse.

- **Replace Refinery static equipment**

It was started a program „Refinery static equipment rehabilitation” in order to create conditions for the operation of the Refinery at maximum capacity of crude oil processed by ensuring efficient cooling of gaseous fractions converted into gasoline, an improvement of the technological process, higher efficiency and an increase in quality and production.

Main activity of the program is manufacturing and replacement of static equipment for a proper functioning of the refinery units.

This project aims increasing the mechanical availability of the refinery, in order to have a high level of equipment functioning in safety conditions and to maintain the refinery operating capacity at its nominal level. Assure the normal operation of the heat exchangers and vessels in order to follow MOP results with consequence in respecting refinery P&L; maintaining production capacity and quality of the products, according to product specification; elimination of liquid/ gas nitrogen losses; maintaining in the optimal limits the nitrogen stock for degraded situations or for increased consumption of nitrogen in Refinery or Petrochemicals; reducing the risk to slow down of units and entire refinery; reducing maintenance costs; safely operation of the units and eliminating the risk of fire.

Scope of this program is manufacturing, supplying, and installing below equipment and currently, production is in different stages, with several items which shall be delivered till 2022 shutdown:

- **Static equipment’s replacement Project (6 equipment's)**
 - 100A1/1 and 100A1/2 tubular sections repairing (total replacement of pipes + distribution and return chambers repair as per NDT control findings). Installing not included. (Jan22 - delivered)
 - 120S4 purchase and installing of a new tubular bundle + new floating cap. (Nov21 - delivered)
 - 120S8 purchase and installing of a new tubular bundle. (Nov21 - delivered)
 - 190S13B purchase and installing of a new plate heat exchanger. (Dec 2021- delivered)
 - E401 PP Unit – purchase of a new tubular element. Installing not included (Feb22)



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- Static equipment's replacement project (12 equipment's)
 - New tubular bundles purchased and installed for: 100S22C, 100S21B, 180S7B, E295/2. E212A. Installing not included (to be performed during 2022 SD). (Mar 2022)
 - New tubular sections for air coolers: 122A1/1, 122A3/1, 122A3/2. Installing included (Mar 2022)
 - New distribution chambers for following heat exchangers: 313V-S2, ABS800. Installing included (to be performed during 2022 SD). (Mar 2022)
 - New tubular bundle for 120S1E heat exchanger and new air preheater for 100H2. Installing not included. (Mar 2022)
 - 130S5 180S5 121 A1 (3 equipment's)
 - New domed cover purchased and installed for 130S5 heat exchanger. (Mar 2022)
 - New tubular bundle and floating cap for 180S5 heat exchanger. (Installation after SD 2022, in operation)
 - New tubular section for 121 air coolers. (Installation during SD 2022, Mar 2022)The estimated term for program finalizing is Aug 2022.

- **Firefighting Water Main Replacement 2021**

The main goal of a fire-fighting system is to prevent, extinguish, localize, or block fires, trying to preserve live, protect property, limit environmental possible negative impact.

Main part of existing fire-fighting system represents water network:

- fire Fighting Pumping Station which is feed with water from Poarta Alba-Midia-Luminita Channel
- feeding line 1 - from Fire Fighting Pumping Station to the Refinery – 1,800m (DN1000)
- feeding line 2 - from Fire Fighting Pumping Station to the Refinery – 1,100m (DN1000)
- inside platform pipelines network, around 38,311m (with vary diameters between DN 100 and DN 1000) split in the Refinery, Petrochemicals, Crude Tank Farm (8x50.000mc) and Wastewater Treatment Plant areas.

Total estimated 41,211m pipelines and related infrastructure for the firefighting system.

Water network shall be permanent rehabilitated with specific works like: replacing pipelines, hydrants and fire guns, new or repairing valve pits, undercrossing of existing infrastructure.

The existing fire-fighting water network was built and running since 1979, initially designed to operate in standby mode at 12 barg and in case of fire to be able to operate to an increased pressure of 16barg.

At the current date entire infrastructure is old and very poor technical conditions, a lot of breaches occurred during the period of more than 35 years life time.



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The operating pressure is limited now to 6 barg, in order to assure as much as is possible the network integrity.

Average cost per 1,000 m is around 1.4 mil \$, which is bringing necessity to invest around 49 mil \$. Rehabilitation program was started in 2010, having an initial duration till 2038 (main constrain being magnitude of investment).

After 2nd of July 2021 event an optimized program is proposed to be finished till 2030, around 4,000m per year.

Scope of Fire-fighting Water Main Replacement Package 2021 consists in sections T031, T054, T056, T059; currently, first 2 finalized and the other 2 in an advanced execution phase, bringing following benefits:

- Increase the safety level for personnel and assets.
- 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.

The estimated term for project finalizing is Jun 2022.

• **Swing HDPE to PP**

It is a strategic in progress project who has the goal to convert existing HDPE plant to produce both polypropylene and high-density polyethylene, giving more flexibility on propylene side avoiding remaining captive to Oltchim, buyer of extra propylene production from FCC.

Additionally, it will enhance the propylene value by producing PP, instead of selling it as it is by polymerization to polypropylene.

Following benefits of the project can be considered:

- Increase production capacity on the polypropylene range by converting the HDPE plant to PP, covering the entire production of propylene supplied by the FCC.
- Add value to propylene by producing PP, which has a better market quotation.
- Split of PP production in two units conducts to more flexibility of production process, giving possibility to increase the quantities of special grades with add value.
- based on market requests, the unit will be able to also produce HDPE grades.

The project is under developing in two stages: basic Design & Detail Design Elaboration and project implementation. Currently, Basic Design & Detail Design Elaboration are finalized (with holds on major equipment) and following in progress activities:

- tenders for critical LLIs (dryer and compressor)
 - dryer, tender is finalized and contract in approval and signing process



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- compressor updated commercial offers and discount were received, winner shall be nominated, and contract signed
- building permit
 - documents were consolidated and request for building permit was issued
 - urbanistic certificate was obtained and developing necessary documents is in progress
- existing 6 equipment authorization process
 - technical requirements were elaborated, offer was obtained, Interna Memo and contract were signed, and inspections programs are in progress (verification programs with TUV)
- tenders for rest of LLIs
 - static equipment TERs were issued and in review process, signing and in ARIBA posted for approval.
 - pumps and electrical motors in restart the technical evaluation process and report issuing
- construction works
 - RIS DDE review was done
 - tenders for field works and bulk materials/ equipment shall start

The estimated term for project finalizing is June 2023.

• **Refinery 2021 Catalyst Change**

2021 effort consists in:

- 120 NHT unit contracting, supply, replace and activation
- 122 DHT unit contracting, supply and replace
- 130 RC unit (make up 20%) contracting and start manufacturing
- 125 DHT unit contracting and start manufacturing
- 120 V101 start contracting (replace opportunity is still in progress)

The benefits of program implementation are:

- Running refinery at nominal run rate.
- Operate all the units at planned capacity and obtain required quality of products

The estimated term for project finalizing is Apr 2022.

• **Slow Down 2021 – CX Unit Shut Down**

- The project benefits consist in:
 - Maintain PEM Refinery at the highest level in terms of mechanical availability, until 2022 next scheduled SD.
 - Increase operational efficiency of repaired, washed and inspected equipment



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Project was implemented in June 2021.

- **Replaced heater in VD unit**

The heater in the VD unit was built in the 1930s, and it is currently operating with small interruptions over the years for revision. The year of start-up is 1933 (according to the documents). A normal service period of the equipment is 25 years, according to the last HG for the fixed assets, or the one provided by manufacturer in the offer.

Considering that the proposed works from the expertise were executed and the two-year period has been passed, the heater's life span have been exceeded by 63 years, the heater's efficiency is low, reaching a maximum of 60% (versus 86-90% for a new heater), the heater has also no integrated combustion control system, in order to keep the functioning of the DV unit, it is necessary to replace the existing heater with a new one.

The benefits estimated from project implementation consist in:

- Reducing the specific consumption of utilities natural gas.
- Increasing heater efficiency from 60% to 86-95%;
- Reduced maintenance costs.
- To meet the latest environmental standards, according to Environmental Integrated Accord laws.
- Operation of the DV unit without constraints and increasing of production capacity from 125.000 tons/year to 165.000 tons/year and increasing of asphalt product from 107.000 tons/year up to 127.000 tons/year.

Currently, the heater is installed, and it is waiting unit start-up (after winter period) in order to have a performance test. The estimated term for project finalizing is Apr 2022.

- **Expire authorization ISCIR for static equipment (ISCIR 2021-2022)**

Project consists in aligning to legislation requirements in terms of safety functionality of the refinery equipment.

In July 2010 occurred new modifications of the existing legislation, namely technical prescriptions C4, C6 and C10, 2010 edition introduced the obligation to prepare Examination, Checks and Investigation (EVI) Programs for all equipment and pressurized pipes older than 12÷18 years in order to perform Technical Checks in Use for Examinations with Technical Character (VTU-IECT).

For end user is mandatory to prepare Technical Documentation for each pipe and to authorize all pressurized pipes owned. By project implementation, the following benefits are expected:

- 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



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- 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

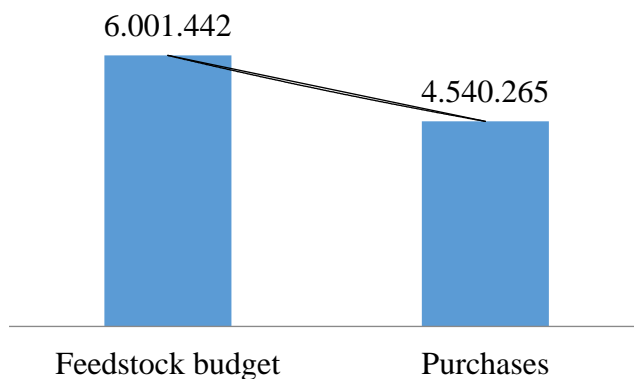
The estimated term for project finalizing is December 2022.

III) Commercial activity

Rompetrol Rafinare – work point Năvodari (Petromidia Refinery)

1. Supply of Raw Materials

Feedstock acquisitions vs budget (tons)



The quantity of feedstock purchased in 2021 was lower than budget level due to incident occurred in July that led to total shutdown of the refinery for a period of 83 days.

In the year 2021, crude oil acquisitions were lower (3,481,771 tons) than in last year (3,825,505 tons) due to fire incident occurred in July. Crude acquisitions have been exclusively carried out by the trading company of the Rompetrol Group - Kazmunaygas Trading AG.

All feedstock volumes purchased in 2021 from external sources (4,426,276 tons) were lower than in 2020 (4,730,249 tons).



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Average price of acquisition for crude was in 2021 higher (498 \$/ton) than in 2020 (335 \$/ton) due to significant increase of international quotations after pandemic crisis in 2020 (in 2021 average for Brent was 71 \$/bbl (535 \$/ton) compared to 42 \$/bbl (315 \$/ton) in 2020.

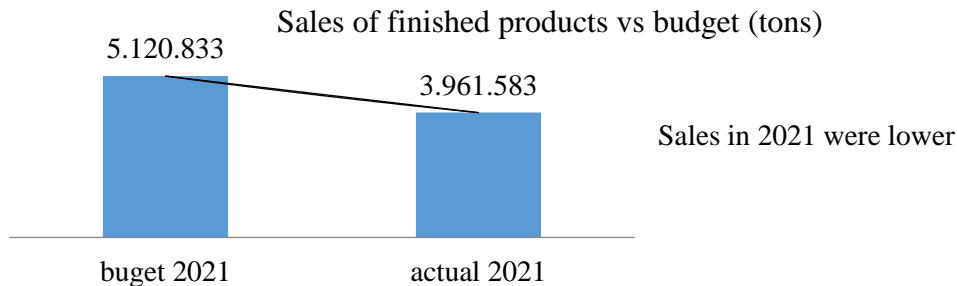
Domestic acquisitions in 2021 amounted to 89,338 mt, compared to 99,828 tons in the previous year. Added to these, there were also volumes transferred from Vega refinery in amount of 24,651 tons compared to 27,324 tons in 2020.

Domestic suppliers have been:

- Socar Petroleum – methanol
- Prio Biocombustibil;Expur - biodiesel
- OMV Petrom - gasoline component

2. Sales activity

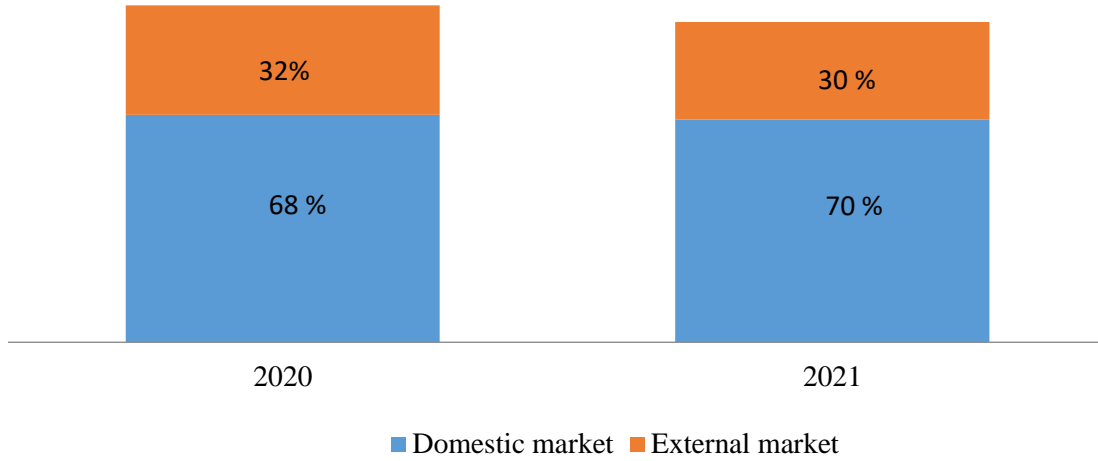
In 2021, the sales were lower than budgeted, due to the technical incident occurred in the refinery in July 2021.





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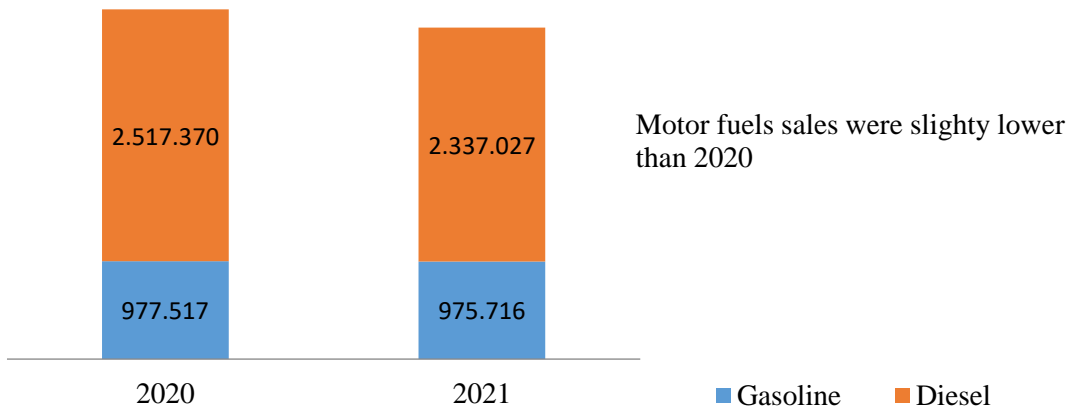
Structure of total sales



Gasoline + Diesel sales (tons)

Total 3.494.887 tons

Total 3,312,743





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Rompetrol Rafinare – work point Vega Refinery

The quantitative structure of the deliveries of oil products in 2021 is synthetized as follows:

Product Group	Total sales 2021		Domestic		External	
	[tons]	% of total sales	[tons]	% of total sales	[tons]	% of total sales
Naphtha gasoline	84,080	26.37	16,332	10.77	67,748	40.54
Bitumen	93,277	29.26	93,277	61.49	-	0.00
Heating oils	11,205	3.51	11,205	7.39	-	0.00
Gasoil - 15	804	0.25	804	0.53		
Hexane	68,401	21.46	3,694	2.43	64,707	38.72
Fuel Oil	23,010	7.22	23,010	15.17	-	0.00
Petrol and White spirit	5,463	1.71	2,715	1.79	2,748	1.64
Ecological solvents	32,557	10.21	666	0.44	31,891	19.09
Total	318,797	100.00	151,702	100.00	167,095	100.00

The main markets for external channel were:

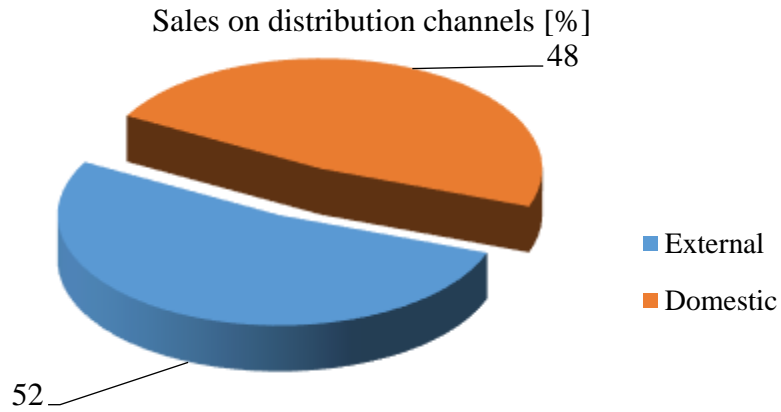
- Hungary, Poland, Bulgaria, Moldova, Slovakia for naphtha;
- India, Turkey, Ukraine, Bulgaria, Russia for hexane;
- Germany, Hungary, Ukraine, Moldova for ecological solvents;
- Bulgaria, Moldova for white spirit;

Sales market

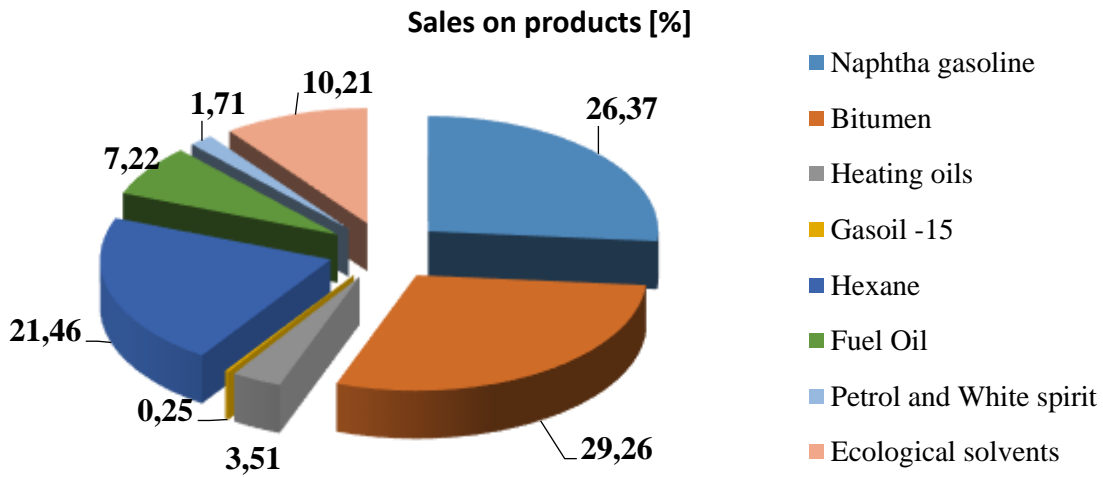
In 2021, sales amounted to 318,797 tons, on domestic market 151,702 tons and on external markets 167,095 tons and. Share on external market was slightly higher than domestic market.



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White products sales (naphtha, ecological solvents, n-hexane and white spirit) represented about 60 % of total sales in 2021.





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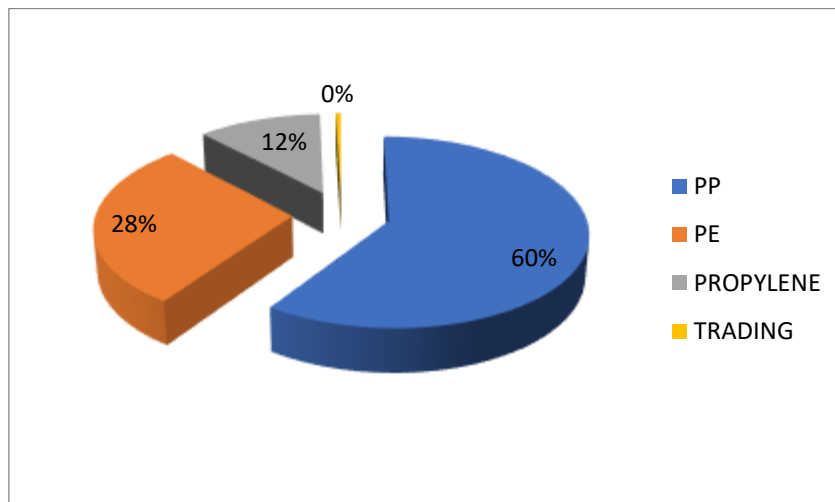
Rompetrol Rafinare – Work point Năvodari, the Petrochemical complex

Rompetrol Rafinare – Petrochemicals Area is the single producer of polypropylene (PP) and polyethylene (LDPE) in 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.

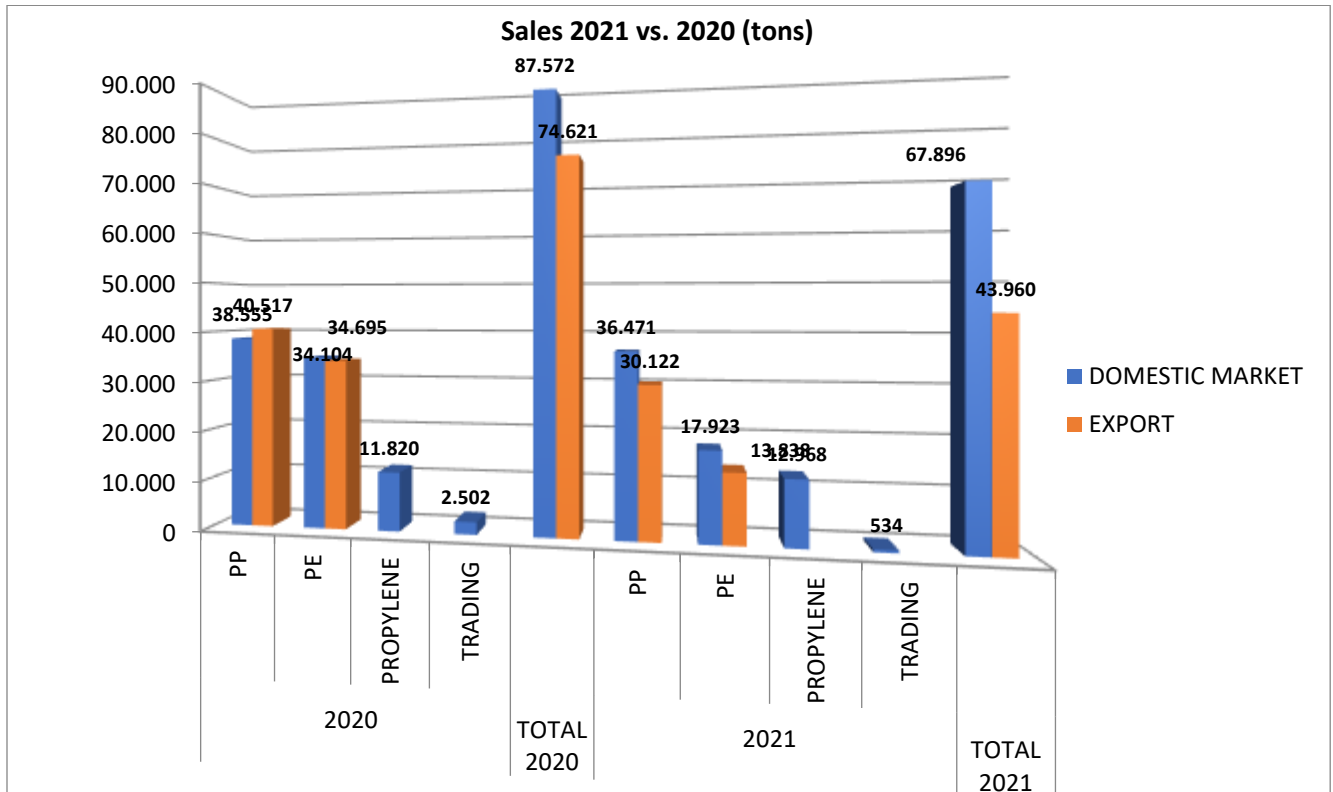
The sales of the Petrochemicals Area in 2021 amounted to a total quantity of 111,856 tons.

In 2021, 60% of the total sales were represented by polypropylene (PP), 28% by polyethylene (PE: LDPE and HDPE) and the remaining 12% represents the sales of propylene and trading activity.

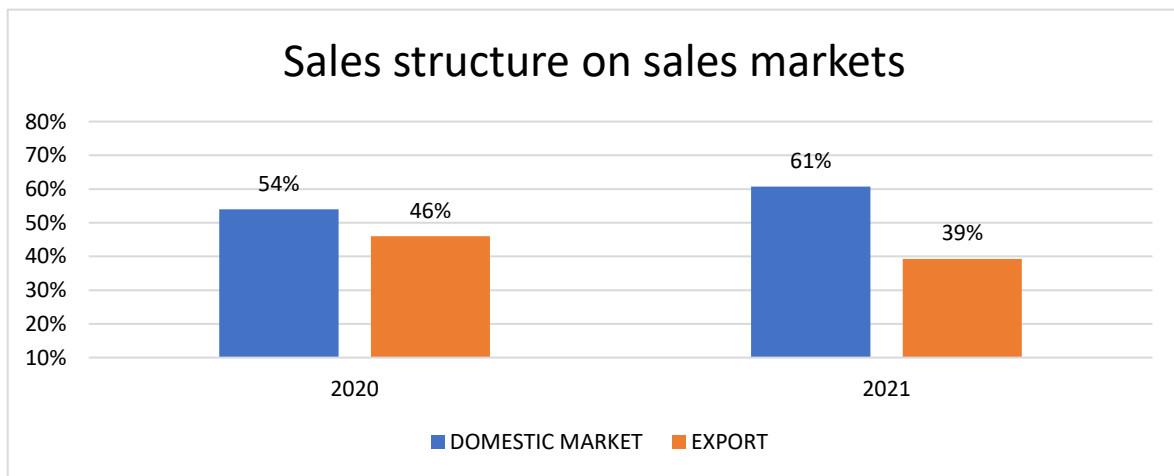




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Out of total sales, 61% is the domestic market and the rest of 39% represents exports. There is a change in the sales structure compare to 2020 in terms of distributing a larger percentage of products on the domestic market.



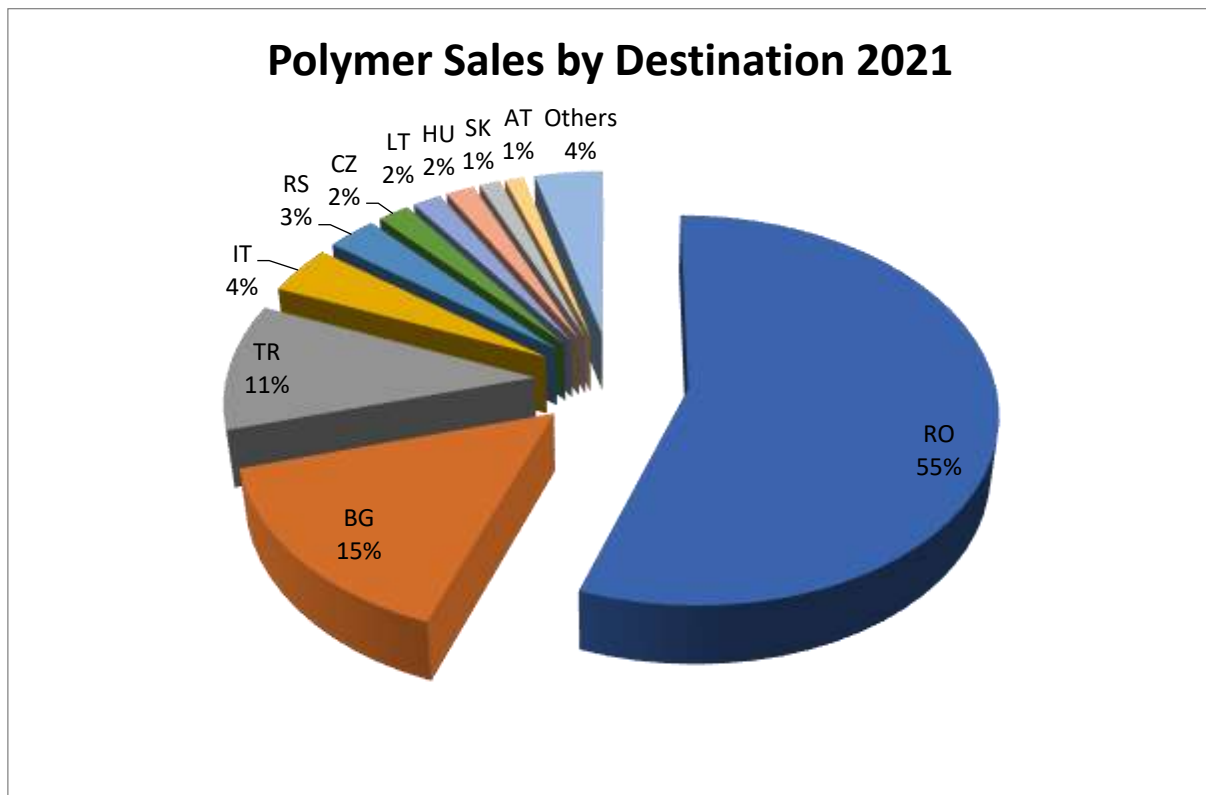


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The most important distribution channels for polymers (PP, LDPE, HDPE, PET and PVC) are Romania -55%, Bulgaria-15%, Turkey-11% and Italy-4%.

The external sales of polymers were targeted to both the European Union and third countries. The intra-communitarian deliveries represented approx. 85% 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 SA was done by means of auto and railway 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 made both by means of automotive and maritime transport through the ports of Agigea and Constanta.





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

Major activities carried out in 2021 in order to achieve the QHSE objectives (detailing of the environmental and safety activities are to be found in the relevant chapters of this report):

- Rompetrol Rafinare certifications were maintained, for:
 - Car fuels and bitumens, according to legal and regulatory requirements
 - Quality - Environment - Occupational Health and Safety Management System (QHSE) and Energy Management System, according to ISO 9001, 14001 & ISO 45001 & ISO 50001 standards
 - ISCC Management System (International Sustainability & Carbon Certification), from the point of view of the sustainability requirements provided in Directive 2009/28 / EC (RED)
- Integrated Management System documents have been maintained / developed / revised/reviewed (policies/objectives/plans/programs/procedures / work instructions / regulations, etc.);
- In the coronavirus pandemic context, the necessary prevention measures have been maintained and adapted in terms of organizing activities and documenting them in specific internal regulations (Internal orders, Crisis management procedure, Contingency and continuity plans) ; relevant internal informations (internal orders, recommendations) and external information (from official sources) were constantly communicated and compliance with the established prevention rules was monitored through periodic inspections. Active support was also provided for the development of the vaccination campaign launched at Group level.
- The proposed objective - "0 fatal accidents" - was not achieved, registering 3 fatalities as a result of the incident in the HPM installation (July 2021).
- During the whole period of the revision, reconstruction and repair works carried out after the incident, specific activities were carried out so as to ensure both the fluidization of activities and occupational health and safety. Daily safety and enviro inspections were performed for monitoring works performed and waste management resulting from activities. Weekly meetings were held with the management of subcontractors and HSE reporting, the work being completed with **0 incidents and 0 cases of infection** with the SARS-COV 2 virus.
- Internal audits and inspections were performed according to the planned / unplanned / thematic, in order to identify both the weaknesses and opportunities for improvement.
- Specific statistics and reports were prepared, with established frequencies (weekly / monthly / quarterly / half-yearly / annual / on request), in order to meet both the internal and external requirements of the relevant stakeholders (authorities, customers, suppliers).



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- The activity at the two work points – Petromidia and Vega refineries have been monitored for purposes of environment protection, pursuant to the Integrated Environment and Water Management Authorizations, as well as in what regards the compliance requirements under the Greenhouse Gas Authorization;
- The effectiveness of the safety project “1.Life/1.Viata” was maintained by performing safety audits, subcommittee meetings and centralized communication of specific information using the communication channel dedicated to the project.

- There have been taken:
 - Weekly actions of recognition and motivation of staff (contractors, subcontractors, own staff) during revision, repair and reconstruction works by offering protective masks, sweets, soft drinks and T-shirts "Year of the Environment".
 - Promotion and awareness actions:
 - The Year of the Environment - awareness in respect with waste management
 - participation to Rompetrol Business Talks
 - “For their birthday, children draw about the environment ”
 - World Day for Safety and Health at Work - “The ladybugs wear mask, as well” - 22,000 protective masks offered to children from Grigore Moisil & George Enescu schools, Navodari.



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STATEMENT
OF THE MAIN ECONOMIC-FINANCIAL INDICATORS
AND OTHER INFORMATIVE DATA, AS AT 31.12.2021, AS COMPARED TO
THE INCOME AND EXPENDITURE BUDGET APPROVED IN THE
GENERAL MEETING OF THE SHAREHOLDERS OF THE COMPANY 2021

Ref. no.	INDICATOR'S NAME	RON	
		OMFP no. 2844/2016	
		Achieved 2021	IEB 2021
1	Crude oil processed and other raw materials (tons)	4,585,534	6,001,442
2	Net turnover	12,149,617,467	9,256,834,713
3	Cost of sold production	(11,962,920,462)	(9,176,518,475)
4	Gross profit/ (Loss)	186,697,005	80,316,238
5	Distribution and general administrative expenses	(403,333,400)	(214,214,432)
6	Other operating income/(expenses)	(112,393,525)	88,907,600
7	Operating Profit / (Loss)	(329,029,920)	(44,990,593)
8	Financial expenses	(204,325,347)	(167,962,190)
9	Financial income	571,343,150	0
10	(Losses)/ Gains on exchange rate variations, net.	(374,399,749)	0
11	Gross profit/ (Loss)	(336,411,865)	(212,952,784)
12	Income / (Expense) on deferred corporate income tax /Minority interests	(114,576,249)	(36,121,000)
13	Profit/(Loss) of the year	(450,988,114)	(249,073,784)
14	Fixed assets	7,130,477,171	0
15	Inventories	1,020,528,534	0
16	Receivables	1,885,341,204	0
17	Cash	87,598,088	0
18	Total debts (including provisions)	7,896,825,547	0
19	Equities	2,331,807,666	0
20	Average number of employees	1,062	0



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From the data presented in the above table, comparing the results recorded at 31.12.2021 with those approved in the Income and Expense Budget (IEB), the following results:

1. In 2021, Rompetrol Rafinare processed a quantity of crude oil and other raw materials of 4,585,534 tonnes, down with 24% from that provided in the Income and Expenditure Budget, i.e. 1,415,908 tonnes less than budgeted, this being influenced by the force majeure fire incident occurred within Diesel Hydrotreater Unit (DHT Unit) from 2nd of July 2021, which affected four other refining units: NHT, CR, KERO HT, SGP (Naphtha Hydrotreater, Catalytic Reformer, Kerosene Hydrotreater and Saturated Gas Plant), and led to the entire refinery being shutdown for emergency situation for a period of 83 days.
2. Turnover achieved in 2021 was at a level of 31% higher compared to the budgeted value, the positive variation being mainly determined by the increase in international quotations for oil products compared to the previous year, despite some reduced quantities of sold compared to the budgeted ones.
3. The cost of goods sold recorded in 2021 was 30% above the budgeted level, the variation being mainly determined by the volatility of the international oil and natural gas market environment that generated increased quotations during 2021 compared to the budgeted ones.
4. The operating income result is negative (loss) in the amount of **Lei (329,029,920)**;
5. Financial expenditure register higher values than those budgeted by 21%, on the background of a higher exposure on credits recorded in 2021 than the budgeted one.
In 2021 the Company recorded financial incomes in the amount of lei 571 million. RON due mainly to the recognition of incomes in the amount of lei 559 million. RON from the revaluation of investments in subsidiaries as a result of the change in the accounting policy regarding the recognition of the Company's financial investments from the cost method to the fair value method starting with the financial year ended 31.12.2021.
6. Net exchange rate differences recorded during 2021 are unfavourable, their value reaching (374,399,749) lei, due to the continuous depreciation of the national currency against USD during 2021.
7. **At the end of 2021, Rompetrol Refining recorded a negative net result (loss) of (450,988,114) lei.**



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- 8. The total amount paid during 2021 to the state and local budgets was 6,786,331,022 lei (equivalent to about 1.63 billion USD) consisting mainly of excise duties, VAT, 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

Rompetrol 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.
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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 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. 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.



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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 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 2021, 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.



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d) Assets acquisitions and sales

In 2021, the Company registered in the accounting records the acquisition of a number of 1 (one) registered share issued by Rom Oil S.A. through an assignment contract concluded with Palpast S.A., acquired assets of the nature of fixed assets necessary for the operation and development of the activity, reflected in the investment plan and in the budgets approved for this purpose and did not alienate assets. The total expenditures for investments during 2021 amounted to approximately 183 million lei.

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 **12,149,617,467** lei in 2021, this being mainly impacted by the volatility of the international oil and natural gas market environment transposed into higher quotations for oil products sold compared to the previous year, in the context of approximately similar volumes sold in 2021 compared to 2020. In the 2021 financial year the company recorded a net loss of **(450,988,114) lei**, the result being significantly influenced by the technical incident that occurred in July 2021 at the Diesel Hydrotreater Unit (DHT) at Petromidia refinery, as a result of which the production activity of the refinery was temporarily stopped, this being gradually resumed starting with the end of September 2021 after the works for restarting. Also, a significant impact on the negative net result of the company was determined by the increases in utility costs, especially those with electricity and natural gas due to the strong increase in prices in the second half of the year, as well as the losses from exchange rate differences recorded by the company generated by the continuous depreciation of the national currency against USD during 2021.

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 12,149,617,467.



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Indicators (LEI)	2021
Loss	(450,988,114)
Operating result - profit	(329,029,920)
Net turnover, of which:	12,149,617,467
Export	3,764,486,227
Cost of sold production	(11,962,920,462)
Market share (%) ²	30%
Liquidity (effective amounts in accounts and cash equivalents)	87,598,088

a) Loss

At the end of 2021, Rompetrol Rafinare registered a negativ result (loss) of **Lei (450,988,114)**.

a) Turnover

In 2021, the company's net turnover was **12,149,617,467 lei**. Turnover in 2021 was mainly impacted by the volatility of the international oil and natural gas market environment transposed into higher quotations for oil products sold compared to the previous year, in the context of approximately similar volumes sold in 2021 compared to 2020. The turnover recorded in 2021 was 47% higher than in 2020.

b) Export

In 2021, the share of international sales in total sales represented approximately 31%, the Company focusing more on maximizing sales on the domestic market, which generates profit margins higher than those obtained from export sales.

The total amount achieved in 2021 from export sales of finished goods was of Lei 3,764,486,227 (related to the two refineries Petromidia and Vega and the Petrochemistry Plant).

c) Cost of sold production

The cost of production registered an increase of about 38% compared to 2020 due to the increase in quotations on the oil and natural gas market.

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 30% market share of Romanian fuel distribution.



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d) Market share owned

From the data which we hold, the market share we estimated in the year 2021 reached about 30% (through distribution to retail).

e) Liquidity

The company has made sustained efforts to maintain the capacity to hedge current liabilities from current assets, with the current liquidity indicator increasing from 0.40 in 2020 to 0.46 in 2021.

1.1.2. THE ASSESSMENT OF THE TECHNICAL LEVEL OF THE COMPANY

The main products produced by Rompetrol Rafinare S.A. in the year 2021:

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



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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)
- 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



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

1. Liquid fuels

a) Solvents

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

b) White spirit and petroleum

- White Spirit
- Non-industrial fuel type P

c) Diesel fuels

- Calor Extra I
- Diesel 15

d) Fuels

- Light oil fuel type III
- Calor Economic 3

e) Fuel oil

f) Bitumen

- Roads Bitumen
- Special Bitumen
- Polymer-modified Bitumen

g) Additives



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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, J1550 *new*, J1600 *new*, J1600 RH *new*
- b) Sorts of Raffia – F301, F401, F501
- c) Sort thermoforming – RTF-3
- d) Sorts of film – F500, F600, RCF9 , F400BO
- e) Sorts of fibers – S711, S1001
- f) Nonwoven fibers - RSB25, RSB35H, RSB40H, RSB45H, RMB30H

The new grades developed in 2021 are designed for general purpose products, for injection molding application/processing.

The RSB35H and RSB40H grades are dedicated to obtaining non-woven material for the outer layers of sanitary materials, and RMB30H to obtain non-woven material for their inner layer / filtration.

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 Agricultural film for greenhouses - RGH-035 UV

The Main Services of Rompetrol Rafinare in 2021:

During 2021, 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, wastewater treatment, demineralized water, raw water, filtered water, combustible refinery gases, electric energy, thermal energy, drinkable water.



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Services provided to third parties: wastewater 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

In the year 2021, sales on domestic market accounted 70 % of total sales, the share being slightly higher than that of the year 2020. Share of motor fuels (gasoline and diesel) reached 84% of total finished products sales. Domestic market absorbed about 67% of total motor fuels sold in 2021. 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 18% of the total finished products sold on the external market, lower than in 2020 (29%)..

On countries, sales had the following main destinations:

Gasolines - Gibraltar, Georgia, Tunisia, Turkey, Moldova
Diesel fuels – Bulgaria, Georgia, Moldova, Greece, Serbia



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Jet fuel	- Moldova, Bulgaria
Petcoke	- Moldova, Egipt, Serbia
Sulphur	- Egipt

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.

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		
	2019	2020	2021	2019	2020	2021
Net turnover, of which:	14,750	8,275	12,150	100.0%	100.0%	100.0%
Gasoline and diesel fuels	11,382	6,360	9,334	77.2%	76.9%	76.8%
Other petroleum products	2,606	1,260	1,746	17.7%	15.2%	14.4%
Petrochemical products	732	619	770	5.0%	7.5%	6.4%
Goods	7	11	271	0.0%	0.1%	2.2%
Utilities	9	9	12	0.1%	0.1%	0.1%
Services	15	15	17	0.1%	0.2%	0.1%



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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 2021, **Rompetrol Rafinare** continued the production of the fuel production “Diesel 55” and “Efix S Diesel 55 having improved winter properties. The product is marketed in the fuel stations as “Xtreme Winter Efix S”, its property being resistant to temperatures up to -35 C degrees.

In 2022, **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 the year 2022, Rompetrol Rafinare does not envisage any increase of portfolio on processed products.

In 2021 total new grades produced by **Petrochemical sector** represented ~17.4 % of PP production and the total benefits from new grade is ~ 1 million USD (difference calculated between regular grades and premium).

If until 2021 the maximum value reached for MFI was 45 [g/10min], at present the PP unit has the capacity to produce grades with MFI up to 67 [g/10min]. J1450, J1500, J1550, J1600 grades (for



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injection application, for large parts and with good processability to the customers) were added to current portfolio.

Since the number of grades produced in one monthly cycle is limited, due to operation constraints, by avoiding too many transitions (transitions can lead to offspec material production), future development in 2022 will focus on optimizing the current grades, improve their properties by using the last generation of additives (as the case of RTF3 – thermoforming application)

A project which will add new capabilities to LDPE production is underway and after implementation, the number of additivated grades will increase, to meet actual market demand.

In 2021, **Vega Refinery** continued to be focused on the production of solvents (SE 30/60, n-Hexane, White spirit), naphtha, light and heavy liquid fuels for heating, normal road bitumen and polymer modified bitumen.

For the year 2022 was not foreseen the introduction of new products in the manufacture program.

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 2021. 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.



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The acquisition of feedstock needed for refinery production process is based on firm contracts both from domestic and external markets. Crude oil – the main refinery raw material is purchased from import sources only, being concluded in 2021 a contract for 5 years from 2021 to 2025, this assuring stability and safety for the operation process in optimal conditions of the refinery. The main source for crude oil is Kazakhstan. The volumes of crude purchased are run through the Midia Marine Terminal, being discharged in the Marine Terminal located in the immediate vicinity of the Petromidia Refinery. The other raw materials come from both external and internal sources.

The acquisition prices for all raw materials are calculated based on international quotations considered as benchmarks on oil market (Brent, Ural). The level of quotations on the international markets is induced by the fluctuation and the global situation influenced by economic and geopolitical factors and this fact is also reflected in the level of the purchase prices of the 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 2021 can be grouped into:

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



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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

Compared to 2020 – a year affected by the global pandemic crisis affecting the oil industry, total sales in 2021 were slightly lower due to the technical incident from July 2, that led to shutdown of the refinery for a period of 83 days. On the external market, volumes traded were lower than in 2020 at all product categories. Most part of volumes was sold on regional markets. For the year 2022, the aim is to consolidate the existing markets but also to penetrate other markets. For the domestic market, the marketing strategies continue to increase the market share through an expanded network of national gas stations

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



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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 2021, 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 31.12.2021, Rompetrol Rafinare, Navodari Work Point (Petromidia Refinery) had a number of 925 employees, out of which: 230 - higher education staff.



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As at 31.12.2021, the company had a number of 187 employees in the Vega Refinery Work Point, Ploiesti, out of which: 38 - higher education staff.

TOTAL: As at 31.12.2021, Rompetrol Rafinare S.A. had a total of 1,112 employees, out of which: 268 - higher education staff.

The trade union membership rate was 79% (875 employees are Trade Union members).

Breakdown of employees on age groups:

- Rompetrol Rafinare Petromidia work point

Age Range	Number of employees	Percent of the total number of employees
<30	132	14%
30 – 39	166	18%
40 - 49	99	11%
50 - 59	494	53%
>60	34	4%

- Rompetrol Rafinare Vega work point

Age Range	Number of employees	Percent of the total number of employees
<30	18	10%
30 - 39	18	10%
40 - 49	29	16%
50 - 59	118	63%
>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.



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A total number of 435 (non-unique) employees attended the trainings, which totalled 8,659 hours, meaning an approximate average of 19.9 hours of training/employee.

The total cost of training for 2021 was USD 70,610.5.

During 2021, the employees also had the possibility to register on an online platform with 100 courses for the development of soft skills (e.g. 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 the Individual Employment Contracts („CIM”) and in the 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 („ROO”).

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 discussed and agreed including with the employees’ representatives.

In 2021, a protocol was signed to the Collective Employment Agreement (“CCM”) between Rompetrol Rafinare (the “Company”) and Sindicatul Liber Petrochimistul (“SLP”), through which the collective salary increase of RON 700 net was negotiated starting with 01.10.2021.

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.



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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;
- 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

During 2021 Rompetrol Rafinare SA - Petromidia working point operated based on the Integrated Environmental Authorization no. 1/10.05.2013 updated on 18.02.2019. The Integrated Environmental Permit is in the update procedure in order to integrate the projects completed / implemented after 2019 (Constanta Environmental Authority issued Decision no. 785 / 20.05.2021 on updating the permit and will issue a renewed document).

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.



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Environmental Agreement

During 2021 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. - Vega Refinery 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 14 of 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 2021 Rompetrol Rafinare SA - Petromidia working point operated based on the Water Management Authorization no. 135 / 19.10.2020, valid for 3 years (until 31.10.2023) issued by ANAR.

Rompetrol Rafinare SA - Vega Refinery operated on the basis of the Water Management Authorization no. 42 / 26.02.2021 issued by SGA Prahova with a validity of 3 years (until 01.03.2023).

The Greenhouse Gas (CO₂) Permit

During 2021, Rompetrol Rafinare SA-Petromidia working point operated on the basis of the Authorization regarding the greenhouse gas emissions no. 89 / 01.03.2021 for the period 2013-2020. Also, during 2021, the free allocation quotas were approved / validated at EU & Romania level, respectively the final number of greenhouse gas emission certificates for the period 2021-2025 (738414 certificates / year).

Rompetrol Rafinare SA-Vega working point operated based on the GHG Authorization no. 139 / 02.06.2021 for the period 2021-2030.

Also, during 2021, the free allocation quotas were approved / validated at EU & Romania level, respectively the final number of greenhouse gas emission certificates for the period 2021-2025 (39,308 certificates / year).

In April 2021, the compliance procedure was completed by returning to the European Register of Greenhouse Gas Emissions (EUTL), the CO₂ emissions certificates for 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.



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During 2021, the process of staged revision of all safety data sheets for own products (PEM and VEGA) was initiated in accordance with the requirements of Regulation no. 878 / amending Annex II to Regulation (EC) no. Regulation (EC) No 1907/2006 of the European Parliament and of the Council on the registration, evaluation, authorization and restriction of chemicals.

In 2021, at Rompetrol Rafinare – Petromidia working point, the works at Halda no.1 continued, to complete its emptying.

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” (2020), the “Detailed Investigation Report & Risk Assessment” (2021) were elaborated and submitted to the EPA.

During 2021, APM Constanta issued Decision no.1 / R / 08.11.2021 regarding the remediation of the contaminated site and notified Rompetrol Rafinare SA regarding the continuation of the procedure by elaborating the feasibility study and the remediation project. The feasibility study was elaborated and submitted to APM Constanta (29.12.2021), currently requesting clarifications / completions in order to identify the feasible remedy solution.

During 2021, the implementation, with its own resources, of the LDAR-Leak Detection and Repair project was continued, in order to identify the fugitive emissions / losses associated with the equipment, which can be reduced y the maintenance activity. The acquisition procedure of the IR detection camera has been completed and the internal procedure has been elaborated, through which the working stages and the responsible functions have been established.

1.1.7. RESEARCH AND DEVELOPMENT ACTIVITY

The expenses during the financial year 2021 as well as those anticipated for the next financial year for the research and development activity

Expenditure carried out in the year 2021

Expenditure for studies and technical assistance 620,552 USD

Expenditure planned for the year 2022

Expenditure for studies and technical assistance 975,772 USD



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The main studies performed in 2021:

- *UOP Technical Assistance for Licensed Units*
- *Member of CONCAWE Association (European Petroleum Refiners Association)*
- *Ellaboration of Energy audit report required to maintain the green certificates payment exception agreement in accordance to HG 495/2014*
- *2020 Solomon Benchmark Study*
- *Basic design and detail design for HDPE Plant (High Density PoliEthylene) swing to PP (PoliPropylene) – continuation from 2020; starting 2022, the study is continued on Capex*
- *WoodMacKenzie – Rompetrol Petromidia – Petrochemical Masterplan*

From **the studies list proposed by Rompetrol Rafinare to be carried out in 2022** we can mention:

- *UOP Technical Assistance for Licensed Units*
- *Member of CONCAWE Association (European Petroleum Refiners Association)*
- *Ellaboration of Energy audit report required to maintain the green certificates payment exception agreement in accordance to HG 495/2014*
- *Energy audit for entire refinery contour Petromidia & VEGA*
- *WoodMacKenzie – Rompetrol Petromidia – Petrochemical Masterplan – continuation from 2021*
- *100-C5 Vacuum Distillation Column Revamp Study*
- *Increase capacity in G200*
- *Study regarding Vega refinery steam system optimization*
- *Study for a photovoltaic park on the VEGA platform*

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



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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 2021 at a value of 0.46

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 2021, 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 about 70% 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.

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for the financial year 2021****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.

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 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 2021 was based on futures while a certain quantity above base operating stock left unhedged.



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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.

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 risks 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



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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;

- Risks 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 , the level of risk and 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 and risk dynamics;

- 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 (Risk Report, Risk Register Unified Electronic Risk Events database, Key Risk Indicators Status Report) sent quarterly to Rompetrol Rafinare management for approval and to the Enterprise Risk Mangement 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 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..

Meetings of the project subcommittees were organized as follows:

- In the Subcommittee for Emergency Situations (with representatives from the departments of Rompetrol Rafinare_ operational, QHSE and of the service providers on Platforms_Global Security Sistem SA, Midia Marine Terminal SRL) the stage of resolving the non-conformities identified by the authorities at the performed controls was analyzed and actions were



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established accordingly. Also, proposals were discussed to ensure a quick and efficient response in case of emergency and a dedicated action plan was established.

- In the Subcommittee on Process Safety (PSM - Process Safety Management) with members from different departments (P&E, operational, Plant Control, QHSE), the elements for Process Safety that need improvement have been identified:
 - Pre-Start-up Safety Review. The objective of these verifications is the safe restart of an installation or a part of the installations after repair works, revisions, etc. The analysis has been completed and implemented.
 - Process Performance Monitoring - Appropriate indicators have been defined (KPIs)

A meeting was organized with the participation of the company's management and operational management regarding safety and security aspects of the site (non-conformities resulting from the controls of the authorities and internal inspections).

Through the communication channel "1.Life/1.Viata", the planning of safety audits on the Petromidia platform was transmitted monthly, audits performed by the middle and top management team. Safety BBS (Behavior Based Survey) continued to focus on behavioral auditing, both in the workplace and in driving for Rompetrol Rafinare employees.

The organization continued in 2021 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 FG unit Petromidia, respectively for "Swing HDPE to PP" basic design.

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.

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 Committee) 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.



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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, were performed:

- 4 unplanned exercises in Rompetrol Rafinare - Work point Petromidia Refinery (use of extinguishers in installations, for internship participants and for two contractors on their site organizations);
- an alarm exercise, initiated by Rompetrol Rafinare for the application of the External Emergency Plan according to a predetermined scenario (magnitude 6 earthquake on the Richter scale causes the rupture of a vessel from the Frig installation, with ammonia dispersion and a rupture of a petrol tank with product spillage in the retention tank, with fire and victim);
- 3 unplanned exercises at Vega (extinguishing use and checking the response capacity on two scenarios according to the Internal Emergency Plan).

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

The year 2021 was impacted mainly due to the volatility of the market environment of oil and natural gas, which led to higher quotations compared to the previous year. The operational activity of the Company was significantly affected by the technical incident of July 2, 2021, occurred at the Diesel Hydrotreater Unit (DHT) at Petromidia refinery, as a result of which the production activity of the refinery was temporarily stopped, this being gradually resumed starting with the end of September 2021 after the works for restarting. Also, a significant impact on the Company's liquidity was determined by the increases in utility costs, especially those with electricity and natural gas due to the strong increase in prices in the second half of the year, as well as the losses from exchange rate differences recorded by the company generated by the continuous depreciation of the national currency against USD during 2021.

The company has made sustained efforts to maintain the capacity to hedge current liabilities from current assets, with the current liquidity indicator increasing from 0.40 in 2020 to 0.46 in 2021.



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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 2021 has focused, in accordance with the program, on the following:

- Reducing the risk of a long-term Refinery shut down by starting acquisition of important spare parts for strategic equipment and being prepared in case of these equipment failure.



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- Create conditions for normal operation of the Refinery by starting manufacturing of high priority heat exchangers and ensuring efficient cooling of gaseous fractions converted into gasoline, an improvement of the technological process, higher efficiency and an increase in quality and production.
- Increase the level of prevention and protection in case of emergency situations (fire) by continuing Fire Fighting program, in order to create assumptions for providing the necessary operating conditions for firefighting system.
- Restart Refinery after unfortunate event form 2nd of July, applying a fast-tracking approach; initiation, planning, design, procurement and execution were overlaped in a consistent internal and external effort creating condition for safety start-up.
- Starting a strategic development project creating assumptions to convert existing HDPE plant to produce both polypropylene and high-density polyethylene, giving more flexibility on propylene side.
- Running refinery at nominal run rate, operate all the units at planned capacity and obtain required quality of products by replacing necessary catalyts.
- Running with the refinery units according to legislation in force, as a result of detailed inspections and obtaining the functioning authorization for the pressurized equipment, pipes and lifting equipment as per Technical Prescriptions
- The alignment with the requirements of the European Union, the environmental standards in force, and in particular with the aim of reducing emissions.



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

Rompetrol Rafinare S.A. recorded in 2021 a net turnover of **12,149,617,467** lei, this being mainly impacted by the volatility of the international oil and natural gas market environment transposed into higher quotations for oil products sold compared to the previous year, in the context of approximately similar volumes sold in 2021 compared to 2020. In the financial year 2021, the company recorded a net loss of (450,988,114) lei, the result being significantly influenced by the technical incident occurred in July 2021 at the Diesel Hydrotreater Unit (DHT) at Petromidia refinery, as a result of which the production activity of the refinery was temporarily stopped, this being gradually resumed starting with the end of September 2021 after performing the works for restart. Also, a significant impact on the negative net result of the company was had by the increases in utility costs, especially those with electricity and natural gas due to the strong increase in prices in the second half of the year, as well as the losses from exchange rate differences recorded by the company generated by the continuous depreciation of the national currency against USD during 2021.

d) Others

1. 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 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



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in court. At the date of issuing the present report the dispute was suspended until the final settlement of the criminal case.

2. On July 2, 2021 there was an explosion followed by a fire in the Petromidia refinery, HPM plant. As a result of the accident, 3 employees of the company died, and one employee was hospitalized due to a hip fracture. The criminal investigations are carried out by the Prosecutor's Office attached to the Constanta Tribunal, a technical expertise is being carried out by INCD INSEMEX Petrosani, at the request of the criminal investigation bodies, the company has the quality of a civilly responsible party, is performed hearing employees involved in the event. At the same time, the collective work accident is being investigated by the Territorial Labor Inspectorate according to the incident legislation.
3. During the investigation carried out by the Directorate for the Investigation of Organized Crime and Terrorism ("DIICOT"), investigation which is the subject of criminal case 279 / D / P / 2020, to the Company were communicated during 2021 year a series of ordinances by which was requested to provide the documents to the criminal investigation bodies in connection with the works contracted for the greening of the lagoon 18 from the VEGA refinery. For all 14 lagoons, the Company obtained the Environmental Agreement no. 1 / 18.02.2015, revised on 14.01.2021, issued by the competent environmental authority for the execution of greening. At the date of preparation of the financial statements for audit (March 2022) the company has no quality in the criminal case. The suspicions of the criminal investigation bodies concern the alleged fictitious character of some services for which the Company would have unjustifiably paid the amount of approximately 10 million lei. On 23.02.2022, DIICOT informed the Company if it intends to become a civil party in the criminal proceedings mentioned above, the Company reserve right in relation to the evolution of the criminal case that is the subject of criminal case 279 / D / P / 2020, to make such a request to become a civil party if the 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 Constanța County, between the Black Sea and the lake Năvodari (Tașaul), on a plot of land partly recovered from the sea and from the lake, in the vicinity of the port Midia and the Poarta Albă – Midia channel.

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

- Strategic placement in the Black Sea area, near the Constanța port - one of the biggest in the region;
- Direct access to the Danube - Black Sea Channel;
- Direct access to the Midia Port;
- Near the network of crude oil pipes;
- Own railway infrastructure system;
- Logistical facilities (Midia Marine Terminal S.R.L.) which allow for reception and delivery of the liquid products by ships, barges, rail tankers and tank wagons.

➤ The project capacity of Petromidia Refinery, following the refining capacity expansion project from 1991 is **5.32 million tonnes raw material/year**

➤ Infrastructure:

The Petromidia platform has a surface of 480 hectares where more than 20 companies (also including sub-contractors from outside the Group) operate in various business areas.

The supply of crude oil and other raw materials is mainly carried out through the marine terminal located in the vicinity of the Petromidia Refinery, at a distance of about 8 km from shore and through



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the Midia port. As an alternative, the supply may also be made through the port of Constanța (one of the biggest in the region), through the 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 lowdensity 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 Petrochemistry 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 Ploiești city, about 1 km from the Ploiești North railway station, with which it is directly connected. The exploitation of the railway lines as also the manoeuvre and transport operations are carried out by the railway company Group Feroviar Român.

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



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

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

2.2. THE DEPRECIATION DEGREE OF THE ASSETS

At the end of 2021, the accumulated depreciation of the tangible non-current assets (expressed in RON) is as follows:

Depreciation of tangible non-current assets	Balance on 01.01.2021	Balance on 31.12.2021
Lands-(developments)	30,871,081	-
Constructions	311,975,552	-
Technical equipment and machinery	2,469,959,076	2,461,464
Other facilities, equipment and furniture	10,047,159	-
Total	2,822,852,869	2,461,464

Note: On 31.12.2021, the accumulated depreciation in the amount of RON 3,193,645,833 was cancelled at the date of revaluation of the property, plant and equipment in relation to their gross book value as part of the process of recording the results of the revaluation in the company's accounts.

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.



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***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 extinction 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 to the civil courts to determine whether there are grounds for keeping seizure in place until the civil actions are resolved. Against the maintenance of the criminal seizure on four installations of Rompetrol Rafinare SA, amounting to USD 106 million, the company filed a civil action which, judging in the council chamber, was admitted in part, contradictorily with AVAS, but it was rejected, contradictorily with Faber. Rompetrol Rafinare SA filed appeal against the denial solution.



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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 under cadastral number no. 103053, and for compelling Rompetrol Rafinare to leave in the quiet enjoyment and peaceful possession the plot of land resulting from measurements as belonging to Novifert. The next hearing is scheduled to be held on 5 May 2022;
- 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 free lease agreement of 2001. On the preparation date of this report, the application for arbitration filed by the plaintiff Novifert SRL was admitted in part, Rompetrol Rafinare SA being compelled to return the assets that formed the object of the free lease 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, action that was rejected.
- During 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 for arbitration, solved by the International Arbitration Court within Chamber of Commerce, Industry, Navigation and Agriculture of Romania. The Constanta Court re-sent the case for competent ruling, to the Court of International Commercial Arbitration within the Chamber of Commerce and Industry of Romania. On 6 November 2020, the Court of International Commercial Arbitration denied as ungrounded the action filed against the company Rompetrol Rafinare S.A. and this decision was appealed by action for annulment by Novifert SRL, the court notified, namely the Court of Appeal of Bucharest admitted the action for annulment and sent the action filed by Novifert to Constanța Court



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to be settled. Against the decision by the Court of Appeal of Bucharest, Rompetrol Rafinare S.A. filed appeal to be settled by the Hight Court of Cassation and Justice.

4. Also, during 2020, Novifert SRL filed an action at Constanta Court to establish a right of easement for car and pedestrian crossing over a plot with an area of 8,844 sqm, having cadastral number 101506, in Navodari, so that the claimant company have access from its property to the public road. The action is pending settlement, the case continuing to be judged in 2021.

5. The plot of land corresponding 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 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 2021.

6. The Constanța County Council communicated to us in April 2021 an address from which it results that the limits of the County Road 226 are affected by the extension of several plots of land of Rompetrol Rafinare S.A. It is about an area of 3,457 square meters. The company Rompetrol Rafinare S.A. sent a reply to Constanța Local Council, accompanied by the documentation consisting in the title deed to the land issued by the former Ministry of Industries in 1994 based on the Government Decision 834/1991 and the neighborhood minutes drawn up for the implementation of the GD 834/1991. Until this date, we have not received any response from Constanța County Council.

7. We should also mention that Rompetrol Rafinare S.A. is in the process of updating the cadastral documentation and introducing the cadastral information in the integrated cadaster system eTerra 3 to the Land Book, together within the graphical base. Following this transition process to the integrated cadaster system, it was identified that in e-terra there is an overlap of 21,754 sqm between the plots 101923, 101924 and 101926 with areas already registered in eterra 3 by Compania Română de Transport pe Căile Ferate. The situation will be clarified in court.



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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 31.12.2021, the total number of shares issued by Rompetrol Rafinare is 26.559.205.726 representing a total value of the share capital of RON 2.655.920.572,60.

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 2021, as issuer of transferable securities on the capital market in Romania, is presented as follows:

- ❖ In 2021, a total number of 1,545 transactions with RRC shares were made, with an average number of approx. 7 transactions per day;
- ❖ The total adjusted volume of the RRC shares traded in 2021 was of 18,775,685 shares (approximately 43% less than in 2020, when the total volume of 33,117,257 shares was registered); The total volume of shares was adjusted by the Bucharest Stock Exchange based on the correction factor related to the reduction of the share capital (approved by the EGMS of August 6, 2021) with the Registration Date of December 7, 2021;
- ❖ The total value of transactions in 2021 with RRC amounted to RON 1,496,267;
- ❖ RRC transactions in 2021 were concluded only on the REGS market;
- ❖ Stock market capitalization³ on the last trading day in 2019, 2020 and 2021 is shown in the table below.

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



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Shares of Rompetrol Rafinare	2019	2020	2021
Number of shares	44,109,205,726	44,109,205,726	26,559,205,726 ⁴
Stock exchange capitalization, Lei mil. ⁵	2,205.46	1,940.81	2,177.85
Stock exchange capitalization, Euro mil. ⁶	461.54	398.16	440.06
Price at yearend, Lei	0.05	0.044	0.082

The weighted average price (WAP)⁷ of the RRC shares during 2021 = RON 0.0797 per share taking into account the transactions carried out on the Bucharest Stock Exchange on the main market of the regulated market (REGS) and adjusted following the change of the share capital (reduction of the share capital approved by the EGMS of August 6, 2021) having the registration date December 7, 2021.

SHAREHOLDERS OF ROMPETROL RAFINARE

During the analyzed period, there were changes that could affect the value of the Company's share capital, as follows:

- According to Resolution no. 6/2021 adopted by the Extraordinary General Meeting of Shareholders ("EGMS") Rompetrol Rafinare on 6 August 2021 **the date 31.12.2021 was approved as representing the date until when the Company adopts all legal measures to remedy the situation of the net assets compared to the value of the share capital of the Company.**

- Also, during the same EGMS dated 6 August 2021, the Company's shareholders took note of the measures to recover the company's net assets approved by the Company's Board of Directors during the meeting dated 30 June 2021, as well as regarding the revaluation of fixed assets and, where applicable, financial investments at the fair value and change of the accounting policies.

⁴ On December 8, 2021, the Depozitarul Central București (Central Depository Bucharest) registered the reduction of the share capital from a number of 44,109,205,726 shares to 26,559,205,726 shares. We mention that the reduction of the share capital was made in the share of all shareholders registered in the Rompetrol Rafinare Register on December 7, 2021, proportionally to the shareholding of each shareholder in the share capital at that date

⁵ Calculated based on the share price on the last trading day of the year under consideration, respectively December 30, 2021.

⁶ Calculated at the euro exchange rate (RON 4.9490) from the last trading session of the year under consideration, respectively December 30, 2021.

⁷ Calculated as the ratio between Total Trading Value and Total Trading Volume. The volume was adjusted based on the correction factor related to the reduction of share capital having the Registration Date December 7, 2021



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- Thus, in order to remedy the situation of the net assets of Rompetrol Rafinare S.A. (“RRC”) compared to the value of the share capital of the Company, by Resolution no. 7/2021 adopted by EGMS Rompetrol Rafinare on 6 August 2021, **the Company's shareholders** approved the reduction of the Company's share capital according to Option 2 (out of the 8 options presented within the meeting), namely: **they approved the reduction of the share capital by RON 1,755,000,000, from the amount of RON 4,410,920,572.60 to the amount of RON 2,655,920,572.60**, by reducing the number of shares by 17,550,000,000 shares, respectively from 44,109,205,726 shares to 26,559,205,726 shares, with a nominal value of RON 0.1 each one, according to art. 207 para. (1), letter (a) of the Companies Law no. 31/1990.

According to Resolution no. 7/2021 EGMS of 6 August 2021, the procedure used to reduce the share capital was as follows:

- the existing share capital amounting to RON 4,410,920,572.60 is reduced by the amount of RON 1,755,000,000, a new value of the share capital, RON 2,655,920,572.60, resulted;
- the number of shares subject to the reduction shall be calculated proportionally to the shareholding of each shareholder in the share capital at the date of registration;
- if the application of the proportional reduction results in fractions of shares, the rounding of the number of shares remaining in the shareholders' account will be made at the lower integer. A price of RON 0.1 / share is established for the compensation of the fractions of shares resulting from the application of the algorithm and the rounding of the results;
- the decrease rate of the share capital was established according to the following formula: *number of shares with which the share capital was reduced: number of shares issued by the Company on the registration date - 17,550,000,000: 44,109,205,726 = 0.397876128375969;*
- the number of shares that were canceled as a result of the reduction of the share capital is calculated as follows: *the number of shares held by a shareholder on the registration date multiplied by the decrease rate of the share capital.*

The Resolution EGMS no. 7/2021 dated 6 August 2021 was published in the Official Gazette of Romania, Part IV, no. 3654 dated 3 September 2021.

The modification and update of the Articles of Association of Rompetrol Rafinare S.A. in order to reflect the reduction of the share capital were carried out accordingly, as at 5 November 2021, based on Resolution no. 8/2022 adopted by the EGMS on 5 November 2021, after fulfilling all the formalities provided by Law no. 31/1990 regarding the respective companies after the expiration of the two months term as of the day when the decision for approving the reduction of the share capital was published in the Official Gazette of Romania, Part IV, according to art. 208 (1) of Law no. 31/1990.



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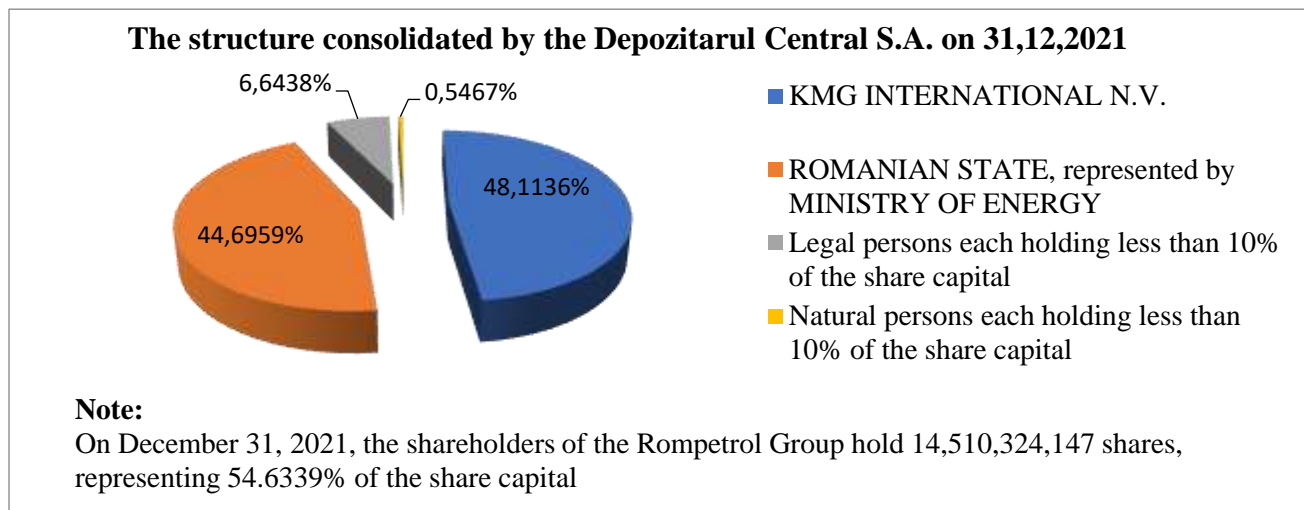
The Articles of Incorporation updated as at 5 November 2021 contains the new holdings of share capital of the significant shareholders of the Company and the new values of the share capital of the Company according to the approvals to reduce the share capital within the Resolution no. 7/2021 EGMS of 6 August 2021.

As at 22 November 2021, the Financial Supervisory Authority issued the *Registration Certificate of Financial Instruments no. AC – 2852 – 5/ 22.11.2021*, corresponding to the reduction of the share capital of the Company with the amount of RON 1,755,000,000, from the value RON 4,410,920,572.60 to the value RON 2,655,920,572.60, by the reduction of the number of shares with 17.550.000.000 shares, respectively from 44,109,205,726 shares to 26,559,205,726 shares, with a nominal value of RON 0.1 each one.

The operations for registering the reduction of the share capital at the Depozitarul Central were carried out on 8 December 2021. **We mention that the decrease was made in the share of all shareholders registered in the Register of Rompetrol Rafinare S.A. on December 7, 2021, proportionally to the shareholding of each shareholder in the share capital at that date.**

Following the reduction, the share capital of Rompetrol Rafinare S.A. has the value RON 2,655,920,572.60, being divided into 26,559,205,726 shares, with a nominal value of RON 0.10 each one.

According to the **Register of Shareholders with the consolidation date on 31 December 2021**, 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, republished, 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 Depozitarul Central, as well as other 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 2021 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 2021, Rompetrol Rafinare recommended to its shareholders to the extent possible: (a) to access the informative materials for the General Meetings organized in 2021, 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) draft decisions, (iii) written questions before the GMS, (v) powers-of-attorney for representation in the GMS, or (vi) Ballot papers for voting by mail;
- ❖ 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.



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3.2. DIVIDENDS

As of December 31, 2019, ROMPETROL RAFINARE recorded a net loss (restated) of RON (121,022,633).

As of December 31, 2020, ROMPETROL RAFINARE recorded a net loss (restated) of RON (428,499,400).

As at 31 December 2021, ROMPETROL RAFINARE recorded a net loss amounting to RON (450,988,114).

In witness thereof, the Company was unable to grant dividends to its shareholders for any of the following financial years: 2019, 2020 and 2021.

If Rompetrol Rafinare S.A. registers 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 related to 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 Finance 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 will be published on the RRC website at the above-mentioned section (if it is possible to calculate and grant them after the approval of the annual financial statements and the proposal for the distribution of net profit), how the payment will be made, as well as the dates on which the dividend payment will be prescribed (when applicable).



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3.3. OWN SHARES

At the end of 2021 ROMPETROL RAFINARE S.A. held a total number of 3,698,582 own shares with a nominal value of RON 0.10 each, for a total of RON 369,858.2, representing 0.01393% of the registered capital of the Company.

Out of the total of 3,698,582 shares registered in the Company's account as at 31.12.2021, a number of 4.733 shares resulted from the registration operation of reduction of the share capital on 8 December 2021, proportionally to the participation quota of the shareholders on the registration date 7 December 2021 and the method for rounding at the lower integer used for the aforementioned operation, approved by Resolution no. 7/2021 EGMS dated 6 August 2021.

During the financial year ended as at 31 December 2021, the Company did not trade (bought, respectively sold) its own shares.

In 2021, 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 2021, 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 2021, the following changes were made at the level of the Board of Directors:

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.

According to 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 if 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.

As at 31 December 2021, 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.



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Please find herein below the most relevant items related to the expertise and professional background of the Company’s directors in office as at 31.12.2021.

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	44 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 process operator with Akasaraisky Gas Processing Plant in Russia.</p> <p>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,</p>	30.04.2022



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			<p>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> starting with 18 December 2019, he took over the position of Production and Industrial Services Manager within the Operational Block of KMG International Group; within KMG International Group he also holds the position of 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	43 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> <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,</p>	30.04.2022



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			<p>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>Starting with March 2019, he occupied the position of Chief Legal and Corporate Affairs Officer within KMG International Group, and at present he holds the position of Chief Officer Corporate Services within KMG International Group.</p> <p><i>Responsibilities:</i></p> <ul style="list-style-type: none"> - starting 13 April 2018, he was elected non-executive member of 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. - 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. 	
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<p>Felix Crudu-Tesloveanu</p>	<p>51 years old</p>	<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> <p><i>Responsibilities:</i> he holds the position of General Manager of Rompetrol Rafinare</p>	<p>30.04.2022</p>
<p>Nicolae Bogdan Codruț Stănescu</p>	<p>47 years old</p>	<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</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>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</p>	<p>30.04.2022</p>



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		<p>between 12.06.2015 – 27.04.2016</p>	<p>“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” (Alexandu 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 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>	
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			<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 Committee, for a mandate until April 30, 2022. 	
Bogdan-Cătălin Steriopol	36 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. In addition, 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</p>	30.04.2022



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			Termoenergetica Bucharest-Ilfov. In November 2019, he was appointed Counsellor within the Ministry of Education and Research – UNTIL May 2021.	
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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 31.12.2021 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 18 December 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 30 April 2022.



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Ramona-Georgiana Gălățeanu – Finance Director

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

On 31.12.2021, the two directors who were delegated the management, as mentioned above, were:

Name and First Name	Position
Felix Crudu-Tesloveanu	General Manager
Ramona-Georgiana Gălățeanu	Finance Director

The 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).

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

The Civil file regarding the incident of July 2, 2022 which administrators and members of the Executive Management are involved in the last 5 years:

The heiress of one of the victims of the incident on the Petromidia platform from July 2, filed in the Constanta Tribunal a lawsuit against both the Company and the directors and executive management of the Company by which it requested that they would be compelled, jointly, to pay the amount of 1,000,000 lei as civil damages for the moral damage suffered. The case is pending, the first trial term being set by the court for May 4, 2022.



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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.

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rompetrol

KazMunayGas
International
Group Member

5. INDIVIDUAL FINANCIAL STATEMENT AS AT 31.12.2021

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 31.12.2019 to 31.12.2021

	2021		2020 (restated)		2019 (restated)	
	Lei	%	Lei	%	Lei	%
Intangible assets	22,835,858	0%	26,873,710	0%	22,713,799	0%
Goodwill	152,720	0%	152,720	0%	152,720	0%
Tangible assets	4,419,108,095	43%	3,623,946,290	46%	3,516,851,506	43%
Rights of use assets	55,624,904	1%	58,002,943	1%	9,018,898	0%
Financial assets	2,632,755,594	26%	2,078,051,547	26%	1,860,727,890	23%
Deferred tax assets	-	0%	-	0%	110,131,585	1%
Total non-current assets	7,130,477,171	70%	5,787,027,210	74%	5,519,596,398	68%
Inventories, net	1,020,528,534	10%	527,073,050	7%	822,822,149	10%
Debts and expenses	1,885,341,204	18%	1,167,390,890	15%	1,784,692,732	22%
Derivatives	104,688,216	1%	-	0%	2,585,313	0%
Cash at bank and in hand	87,598,088	1%	365,595,493.00	5%	22,373,528	0%
Total current assets	3,098,156,042	30%	2,060,059,433	26%	2,632,473,722	32%
TOTAL ASSETS	10,228,633,213	100%	7,847,086,643	100%	8,152,070,120	100%



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	2021		2020 (restated)		2019 (restated)	
	Lei	%	Lei	%	Lei	%
Subscribed Share Capital	2,655,920,573	26%	4,410,920,573	56%	4,410,920,573	54%
Premium related to capital	232,637,107	2%	232,637,107	3%	232,637,107	3%
Revaluation reserve, net of deferred tax impact	1,362,457,265	13%	509,938,277	6%	533,398,479	7%
Other reserves	3,513,820,106	34%	3,395,246,289	43%	3,386,268,737	42%
Reported loss	(4,982,039,271)	-49%	(6,335,604,209)	-81%	(6,242,510,389)	-77%
Result of the current financial year	(450,988,114)	-5%	(428,499,400)	-5%	(121,022,633)	-1%
Total Equity	2,331,807,666	23%	1,784,638,637	23%	2,199,691,874	27%
Hybrid loan – long term portion	-	0%	-	0%	69,291,612	1%
Long-term loans from banks	418,023,119	4%	570,759,324	7%	613,184,904	8%
Provisions	356,577,370	3%	297,034,901	4%	342,060,438	4%
Long-term lease debts	56,244,055	1%	56,981,732	1%	5,368,671	0%
Deferred tax liability	286,378,445	3%	9,417,626	0%	-	0%
Total non-current liabilities	1,117,222,989	11%	934,193,583	12%	1,029,905,625	13%
Commercial debts & Other debts	6,443,715,363	63%	4,774,877,899	61%	4,701,068,748	58%
Contract liabilities	132,163,640	1%	91,363,247	1%	47,196,182	1%
Short-term lease debts	2,517,639	0%	2,542,555	0%	6,451,650	0%
Derivatives	15,908,942	0%	617,651	0%	15,786,131	0%
Short term loans from subsidiary companies	-	0%	48,949,030	1%	103,891,017	1%
Short term bank loans	185,296,974	2%	209,904,041	3%	48,078,893	1%
Total current liabilities	6,779,602,558	66%	5,128,254,423	65%	4,922,472,621	60%
TOTAL LIABILITIES AND EQUITY	10,228,633,213	100%	7,847,086,643	100%	8,152,070,120	100%



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- i) Within the assets, an important share (43%) it represents the **tangible non-current assets** – lands, buildings, technical equipment, construction in progress. At the end of 2021, these reached the value of Lei 4,419,108,095, higher by 22% than that recorded in 2020, respectively approximately by 26% higher than that recorded in 2019 especially influenced by the following factors:
- continuation of the new investments;
 - amortisation (depreciation of fixed assets);
 - the change in the accounting policy on the recognition and measurement of all tangible non-current assets, from the cost model to the fair value model starting with the financial year ended on 31.12.2021.
- ii) Within the **financial assets** (26%), the entire value (Lei 2,632,755,594) is represented by shares and shares held in the affiliated entities. Their value was revalued at 31.12.2021 as a result of the change in accounting policy regarding the recognition of the Company's financial investments from the cost method to the fair value method starting with the financial year ended on 31.12.2021.
- iii) **Receivables and prepayments** (18%) are higher than those booked at 31.12.2020 by 62%.
- iv) **Share capital** (26%) was reduced during 2021 by RON 1,755,000,000 on account of the loss carried forward from RON 4,410,920,572.60 to RON 2,655,920,572.60 by reducing the number of shares by 17,550,000,000, respectively from 44,109,205,726 shares to 26,559,205,726 shares.
- v) **Equity** registered the value of Lei 2,331,807,666, reaching a level with 31% higher than their restated value on 31.12.2020 and 6% higher than the restated value of the equity at the end of 2019. The improvement in the level of equity is mainly due to the increase in revaluation reserves generated by the change in the accounting policy regarding the recognition of all property, plant and equipment from the cost method to the fair value method starting with the financial year ended on 31.12.2021.
- vi) **Trade and other payables** at the end of 2021 register an increase of 35% compared to their value recorded on 31.12.2020 and an increase of 37% compared to the end of 2019.
- vii) With regard to **short-term loans (from affiliates and banks)** their level reached at the end of 2021 a total value of 185,296,974 lei, down by 28% compared to the end of 2020. Compared to the end of 2019, they increased by 22%. The decrease in 2021 compared to 2020 was largely generated due to the full repayment of loans granted by affiliated entities.



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b) THE PROFIT AND LOSS ACCOUNT

Continuous activities	<u>2021</u>	<u>2020</u> (restated)	<u>2019</u> (restated)
Net Turnover	12,149,617,467	8,275,110,517	14,750,359,139
Gross incomes from the sales of petroleum finished goods	16,204,338,594	12,124,701,665	19,439,433,814
Income from sales of goods	270,788,798	11,007,498	6,698,163
Income from sales of utilities	12,106,975	8,813,904	9,255,572
Income from sales of other products	894,462	398,214	797,266
Income from rents and other services	15,780,075	15,136,662	13,712,960
Gross turnover	16,503,908,903	12,160,057,943	19,469,897,775
Minus sales associated taxes	(4,354,291,436)	(3,884,947,426)	(4,719,538,636)
Total	12,149,617,467	8,275,110,517	14,750,359,139
Cost of sold production	(11,962,920,462)	(8,646,900,936)	(14,411,331,213)
of which:			
Crude oil and other raw materials	10,605,169,921	7,614,092,570	13,226,728,823
Utilities	629,366,701	416,956,855	489,802,104
Gross Profit/ (Loss)	186,697,005	(371,790,419)	339,027,926
Distribution and general administrative expenses	(403,333,400)	(343,120,147)	(344,429,727)
Other operational incomes/(expenses)	(112,393,525)	79,881,482	70,133,170
Operational Profit / (Loss)	(329,029,920)	(635,029,084)	64,731,369
Financial expenses	(204,325,347)	(216,865,516)	(841,548,345)
Financial income	571,343,150	338,472,287	860,548,916
Net (Losses)/ gains on exchange rate difference	(374,399,749)	208,940,736	(145,469,631)
Gross Loss	(336,411,865)	(304,481,577)	(61,737,691)
Deferred income tax Revenue	(114,576,249)	(124,017,823)	(59,284,942)
Exercise Loss	(450,988,114)	(428,499,400)	(121,022,633)

- i. **The net turnover** registered in 2021 was higher compared to 2020 (restated) and lower than in 2019 (restated). The turnover in 2021 was mainly impacted by the volatility of the international oil and natural gas market environment transposed into higher quotations for oil products sold



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compared to the previous year, in the context of approximately similar volumes sold in 2021 compared to 2020.

- ii. In respect of the **cost of production sold**, it registers an increase of approximately 38% compared to 2020 (restated) and a decrease of 17% compared to the value recorded in 2019 (restated). The variation of 2021 compared to 2020 (restated) was mainly determined by the volatility of the international oil and natural gas market environment, which generated increased quotations during 2021 compared to 2020 for the purchased raw materials, as well as for the utilities consumed (electricity and natural gas), in the context of approximately similar volumes of production in 2021 compared to 2020.
- iii. At 31.12.2021, Rompetrol Rafinare S.A. recorded an **operational loss of Lei 329,029,920**, lower by 52% compared to the loss recorded in 2020 (restated) in the amount of 635,029,084 lei, and a negative result in 2021 compared to the positive result recorded in 2019 (restated) amounting to Lei 64,731,369. The negative operational result in 2021 was influenced by the technical incident of July 2, 2021, when a strong fire broke out in the DHT unit (Diesel Hydrotreater Unit) at Petromidia refinery, as a result of which the production activity of the refinery was temporarily stopped, this being gradually resumed starting with the end of September 2021 after the works for restarting. The operating result was also strongly impacted by the increased electricity and gas costs in the second half of 2021.
- iv. **Financial expenditures** recorded a decrease of 6% in 2021 compared to 2020 (restated) and by 76% respectively compared to 2019 (restated). It is worth mentioning that, at the end of 2021, the company recorded losses from exchange rate differences in the amount of Lei (374,399,749) compared to a net gain from exchange rate differences in the amount of Lei 208,940,736 recorded in 2020 and compared to the losses recorded in 2019 Lei (145,469,631). The unfavourable exchange rate differences registered at the end of 2021 are due to the continuous depreciation of the national currency against USD in 2021. Thus, if at the end of 2020 1 USD = 3.9660 lei, at 31.12.2021, 1 USD was equal to 4.3707 lei.
- In 2021 the Company registered financial revenues in the amount of RON 571 million with 69% higher than those recorded during 2020 (restated) in the amount of RON 338 mil. and 34% lower than those of 2019 (restated) in the amount of RON 861 mil. The financial revenues from 2021 are mainly due to the recognition of revenues in the amount of RON 559 million from the revaluation of investments in subsidiaries as a result of the change in the accounting policy regarding the



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recognition of the Company's financial investments from the cost method to the fair value method starting with the financial year ended 31.12.2021.

The net effect (revenues less expenses) of recognizing investments in subsidiaries at fair value starting with the financial year ended on 31.12.2021 as a result of the change in accounting policy is: gain of RON 555 mil. in 2021; gain of RON 217 mil. in 2020 (restated); gain of RON 232 mil. in 2019 (restated).

- v. In respect of the **final result of the financial exercise** concluded on 31.12.2021, the Company recorded a **net loss in amount of Lei (450,988,114)**, this being also impacted by the registration in 2021 of a deferred tax expense in the amount of approximately RON 115 million.

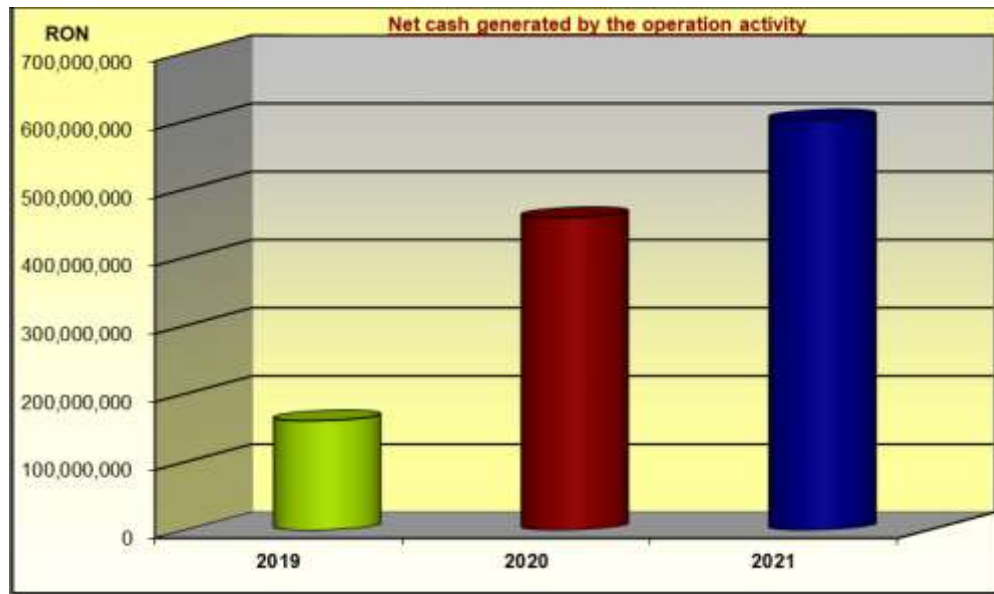
c) CASH FLOW STATEMENT

Cash flows from operating activity during 2021 were influenced by the production and sales activities significantly affected by the technical incident of July 2021 at the DHT unit from Petromidia refinery, reaching quantitative levels approximately similar to those of 2020, operations that generated very low net refining margins levels but positive ones compared to the negative ones recorded during 2020, these being also strongly impacted by the increased electricity and gas costs in the second half of 2021. Also, the change in working capital has significantly influenced the cash flows generated from the operating activity.

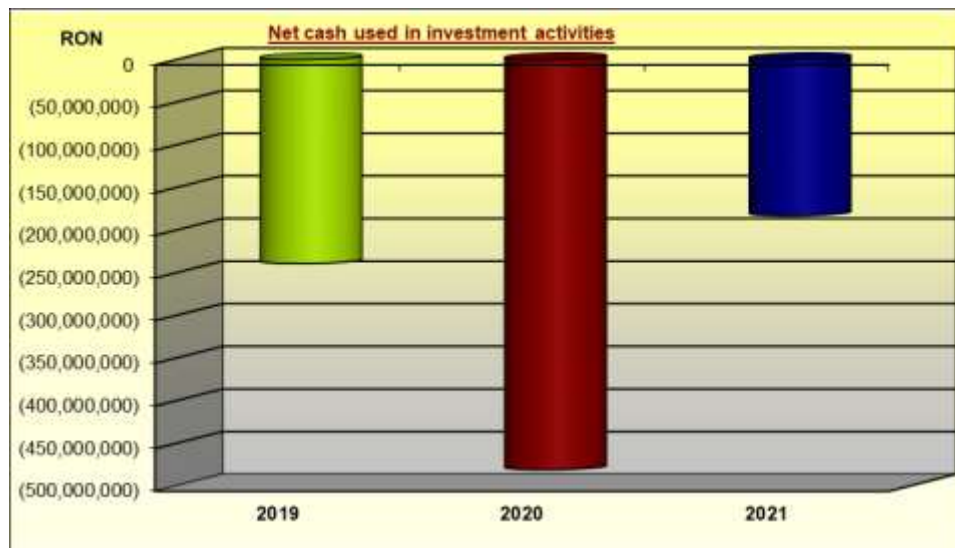
The net positive cash generated from the operating activity in 2021 is mainly due to the variations in working capital.



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The major investment projects in 2021 targeted the restart works of the Petromidia refinery following the technical incident of July 2, 2021 occurred at the DHT unit within the refinery, the reauthorization of the equipment from the ISCIR point of view, the replacement of the catalysts in the installations, the replacement of the strategic equipment, the replacement heater in VD unit, Vega Platform, replacement of the main water supply pipe for fire extinguishing 2021, transformation of the HDPE installation into PP and specific projects for optimizing the refinery.

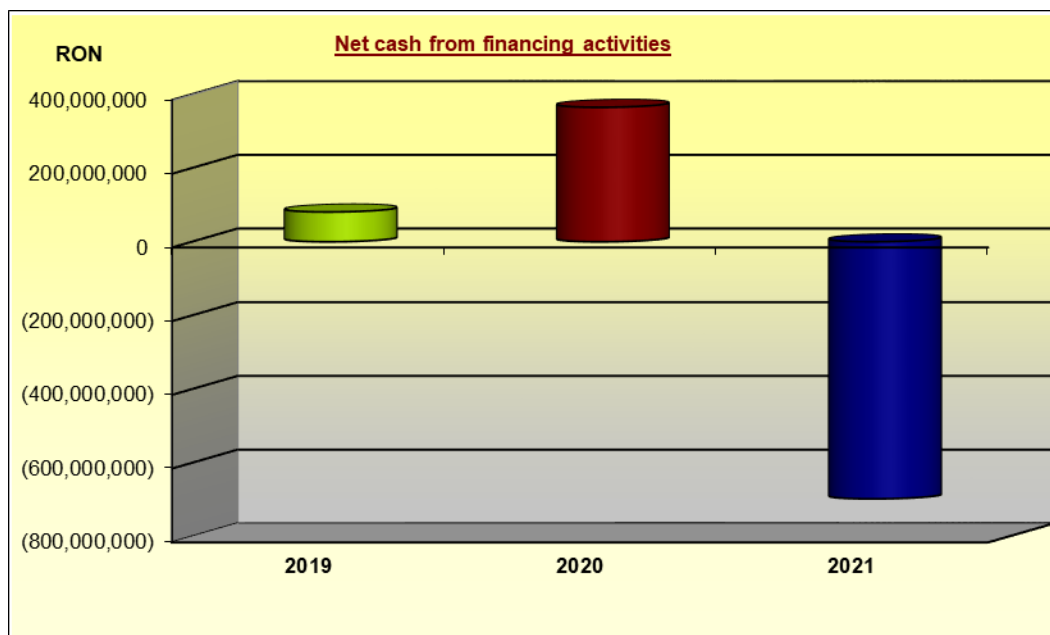




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The cash flow from the financing activities during 2021 was influenced by the fact that the Company reduced its exposure on the debts generated from the use of the Cash pooling contract – a system for optimizing the cash balances, in order to support both the needs generated by the investment activity and the development of the operational activity of the refinery.

Also, other factors that influenced the cash in the financing activity were the full repayment of the loans contracted from the affiliated companies, as well as the reduction of the Company's exposure on the short-term and long-term credit facilities granted by the banks. The company has fully repaid the short-term loan received from the affiliated company KMG International N.V.





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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 2021 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 2021, 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 for trading 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.



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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;
- i) Approves the Remuneration Policy for directors and executive managers.



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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 updated Articles of Incorporation.

The Extraordinary General Meeting delegates the Board of Directors to increase the share capital, pursuant to the provisions of art. 86 of Law no. 24/2017 on the issuers of financial instruments and market operations.

At the same time, pursuant to the provisions of art. 106 of Law no. 24/2017 republished, 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*."



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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 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 of the general meeting (provided that each item is accompanied by a justification or a draft resolution proposed for adoption by the General Assembly) or to submit the projects of the resolution for the items included or proposed to be included on the agenda 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,



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- 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 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;



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- ❖ 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;
- ❖ 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.



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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 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.

In order to properly inform investors regarding the summoning / organizing / holding of general meetings of shareholders, the Company prepares and submits the following current reports to the Bucharest Stock Exchange and the Financial Supervisory Authority:

- a) Decision of the Board of Directors regarding the summoning of the general meeting;
- b) the request addressed by the shareholders entitled to summon / complete the agenda of the general meeting;
- c) summoning the general meeting of shareholders;
- d) the failure to adopt, as a result of the failure to meet the quorum or the non-fulfillment of the majority conditions, of a decision by the general meeting of shareholders;
- e) the resolutions of the general meetings of shareholders.

***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



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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 chaired 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 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 (e.g., “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.



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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 hold the General Meeting, as well as the resolutions adopted during the meeting. The Report shall be submitted to the institutions of the capital market, respectively to B.V.B. and F.S.A. . 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 resolutions of the general meeting are published in the Romanian Official Gazette, Part IV.

RESOLUTIONS ADOPTED BY THE GENERAL MEETINGS OF SHAREHOLDERS DURING 2021

The Ordinary General Meeting of Rompetrol Rafinare's Shareholders dated 28 April 2021 decided as follows:

- the approval of the standalone annual financial statements prepared in accordance with the Order of the Ministry of Public Finance no. 2844/2016, for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards ("IFRS") adopted by the European Union, as further completed and supplemented, and the consolidated statements (prepared according to IFRS), audited, related to financial year 2020, based on the Annual Reports of the Board of Directors for 2020 and the Reports of the Independent Financial Auditor prepared by Ernst & Young Assurance Services S.R.L.;
- the discharge from management all the Company's directors for the activity carried out during the financial year 2020, based on the Reports submitted;
- to approve the income and expense budget for year 2021 and the Company's activity plan for 2021, including the investment plan for 2021;
- to approve the Remuneration Policy of the management structure of the Company, drawn up according to the provisions of art. 92¹ of Law no. 24/2017 on issuers of financial instruments and market operations.
- to establish for the financial year 2021: (i) a remuneration of the members of the Company's Board of Directors, i.e. maintaining the same net monthly amount of the directors' remuneration valid for 2020, i.e. a net monthly remuneration of RON 15,385 for each director, corresponding to a net monthly remuneration of RON 9,000; (ii) a gross monthly remuneration of RON 5,128 corresponding to a net monthly remuneration of RON 3,000 for each member of the Audit Committee; and (iii) 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.



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- to re-appoint the company ERNST & YOUNG ASSURANCE SERVICES SRL, having SABRAN NICOLAS MARIE MICHEL as permanent representative, French citizen, as financial auditor of Rompetrol Rafinare S.A., for 1-year term, respectively to audit the financial statements of the Company for the financial year 2021, the term of the audit services agreement being one year.
- the approval of the date of 18 May 2021, as a registration date for the identification of those shareholders affected by the effects of Resolutions no. 1/2021, no. 2/2021 and no. 3/2021 adopted within the OGMS of 28 April 2021 and of the date of 17 May 2021 as *ex date*;
- the power of attorney of Mr. Yedil Utekov, 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 the Resolution no. 1/2021, no. 2/2021 and no. 3/2021 adopted by this OGMS and of Mr. Felix Crudu-Tesloveanu, General Manager of the Company and member of the Board of Directors, to carry out all the legal formalities for the registration, publicity, enforceability, enforcement and publication these resolutions, both of them having the possibility to sub-delegate third parties.

The Extraordinary General Meeting of Shareholders of Rompetrol Rafinare dated 28 April 2021 decided as follows:

- to approve the amendment of the Articles of Incorporation of the Company, according to the note presented to the shareholders for this item on the agenda (item 1) in the sense that the provisions of the Government Emergency Ordinance no. 212/2020, by which the Ministry of Energy was established by taking over the activities, the related personnel and the corresponding patrimony in the field of energy from the Ministry of Economy, Energy and Business Environment, as well as by the Government Decision no. 316/2021, regarding the organization and functioning of the Ministry of Energy and approves the update of the corresponding articles of the Articles of Incorporation of the Company, regarding the name of the Romanian State shareholder represented by the Ministry of Economy, Energy and Business Environment, amending sub-item 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 Energy, holds 19,715,009,053 shares, integrally paid-up, amounting to RON 1,971,500,905.3, representing 44.6959% of the share capital;"

- To ratify the conclusion between Rompetrol Rafinare S.A. (as beneficiary) and KazMunayGas Trading A.G. (as supplier), of a framework contract for the acquisition of raw materials - crude oil, for the period 1 January 2021 - 31 December 2025 - according to the conditions of the supporting documentation that was made available to shareholders, according to the law.



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- To approve the date 18 May 2021, as registration date to identify the shareholders affected by the effects of the Resolution no. 4/2021 and no. 5/2021 adopted within the EGMS dated 28 April 2021 and the date 17 May 2021 as *ex date*;
- To grant power of attorney to Mr. Yedil Utekov, Chairman of the Board of Directors, in order to conclude and /or sign on behalf of the Company and / or the shareholders of the Company the Resolution no. 4/2021 and no. 5/2021 adopted by this EGMS, including the signature of the updated Company's Articles of Incorporation and to 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 Extraordinary General Meeting of Shareholders of Rompetrol Rafinare dated 6 August 2021 decided as follows:

- Confirmation of the continuation of the Company's activity, according to the provisions of art. 153²⁴ of the Companies Law no. 31/1990, provided that, according to the audited financial statements for 2020, the net assets of the Company were maintained at a value of less than half of the value of the subscribed share capital.
- To approve the reduction of the Company's share capital according to Option 2 submitted within the EGMS, namely:

Option 2: Approval of the reduction of the Company's share capital with the amount RON 1,755,000,000 so that on December 31, 2020 the book value of Rompetrol Rafinare shares is equal to their nominal value.

The Company's share capital will be reduced by 1,755,000,000 lei, from 4,410,920,572.60 lei to 2,655,920,572.60 lei, by reducing the number of shares by 17,550,000,000 shares, respectively from 44,109,205,726 shares to 26,559,205,726 shares according to art. 207 (1) (a) of the Companies Law no. 31/1990. The procedure used to reduce the share capital is as follows:

- the existing share capital in the amount of 4,410,920,572.60 lei is reduced by the amount of 1,755,000,000 lei, resulting in a new value of the share capital of 2,655,920,572.60 lei;
- the number of shares subject to the reduction is calculated in proportion to the shareholding of each shareholder in the share capital at the date of registration;
- if by applying the proportional reduction fractions of shares result, the rounding of the number of shares remaining in the shareholders' account will be performed at the lower whole. A price of 0.1 lei / share is established for the compensation of the fractions of shares resulting from the application of the algorithm and the rounding of the results;



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- the share capital decrease rate will be established according to the following formula: number of shares with which the share capital is reduced: number of shares issued by the company at the registration date – 17,550,000,000 : 44,109,205,726 = 0.397876128375969;
- the number of shares that will be canceled as a result of the reduction of the share capital is calculated as follows: the number of shares held by a shareholder at the registration date multiplied by the share capital decrease rate.

The modification and update of the Articles of Incorporation of the Company to reflect the reduction of the share capital will be carried out accordingly after fulfilling all the formalities provided by Law no. 31/1990 regarding the companies.

- The approval of the date: (i) 7 December 2021 as registration date, pursuant to art. 86 par. (1) of Law no. 24/2017; (ii) 6 December 2021 as „Ex Date”, according to art. 2 par. 2 letter 1 of the FSA Regulation no. 5/2018; (iii) 8 December 2021 as payment date according to art. 2 par. 2 letter h and art 178 o the FSA Regulation no. 5/2018 and (iv) 22 December 2021 as payment date of the fractions of shares resulted, according to art. 176, 178 of the FSA Regulation no. 5/2018.
- To grant power of attorney to Mr. Yedil Utekov, 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 the Resolutions No. 6/2021 and no. 7/2021 adopted by this EGMS and to Mr. Felix Crudu-Tesloveanu, General Manager of the Company and member of the Board of Directors, to carry out all the legal formalities for the registration, publicity, enforceability, enforcement and publication of these resolutions, both of them having the possibility to sub-delegate third parties.

The Extraordinary General Meeting of Shareholders of Rompetrol Rafinare dated 5 November 2021

Considering the Resolution no. 7/2021 adopted by the Extraordinary General Meeting of Shareholders of Rompetrol Rafinare S.A. on 6 August 2021 regarding the approval of the reduction of the share capital of the Company with the amount of RON 1,755,000,000, from the amount of RON 4,410,920,572.60 to the amount of RON 2,655,920,572.60, by reducing the number of shares by 17,550,000,000 shares, respectively from 44,109,205,726 shares to 26,559,205,726 shares according to art. 207 (1) (a) of the Companies Law no. 31/1990,

Considering the publication in the Official Gazette of Romania, Part IV, no. 3654 / 03.09.2021 of Resolution no. 7/2021 of the Extraordinary General Meeting of Shareholders dated 6 August 2021, mentioned above,



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The EGMS dated 5 November 2021 decided as follows:

Approval of the amendment and update of the Articles of Incorporation of the Company, as follows:

- a) **Point 1.1 of Article 1 called “Shareholders”** will be amended to reflect the new shareholdings of significant shareholders of the Company as a result of the reduction of the share capital of the Company in accordance with the approvals of EGMS Resolution no. 7/2021 as of August 6, 2021 published in the Official Gazette of Romania, Part IV, no. 3654 as of September 3, 2021, and will have the following contents:

„Art.1. Shareholders

1.1. The Shareholders of the Company are:

A. Significant Shareholders:

1) KMG International N.V. holds 12,778,577,732 shares, fully paid, amounting to 1,277,857,773.20 RON, representing 48.1136% of the share capital;

2) The Romanian State represented by the Ministry of Energy holds 11,870,877,580 shares, shares, fully paid, amounting to 1,187,087,758 RON, representing 44.6959% of the share capital.

B. Shareholders, each holding less than 10% of the share capital, holding together a number of 1,909,750,414 shares, fully paid, amounting to RON 190,975,041.40, representing 7.1905% of the share capital.”

- b) **Points 6.1 and 6.2 of article 6 called “Share capital”** will be amended to reflect the new values of the Company's share capital in accordance with the approvals to reduce the share capital of the Company according to EGMS Resolution no. 7/2021 as of August 6, 2021 published in the Official Gazette of Romania, Part IV, no. 3654 as of September 3, 2021, and will have the following contents:

“Art. 6. Share capital

6.1. The share capital of the company, fully subscribed and fully paid, is RON 2,655,920,572.60, of which RON 1,430,099,335.48 in-kind contribution and RON 1,225,821,237.12 cash contribution.

6.2. The share capital is represented by 26,559,205,726 registered shares, issued in dematerialized form, fully covered, each share having a nominal value of 0.1 RON.”



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- c) **Point 11.2 of article 11 “Duties” within Chapter IV “General Meeting”** is amended by introducing a new attribution of the Ordinary General Meeting of Shareholders regarding the approval of the Remuneration Policy for directors and executive managers:

Art. 11.2 – new letter: „*i) approves the Remuneration Policy for directors and executive managers*”.

- The approval of the date: (i) 7 December 2021 as registration date, according to art. 87 par. (1) of Law no. 24/2017, republished; and (ii) 6 December 2021 as „Ex Date”, according to art. 2 par. 2 letter 1 of the FSA Regulation no. 5/2018.
- To grant power of attorney to Mr. Yedil Utekov, 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 the Resolution No. 8/2021 adopted by this EGMS and to Mr. Felix Crudu-Tesloveanu, General Manager of the Company and member of the Board of Directors, to carry out all the legal formalities for the registration, publicity, enforceability, enforcement and publication of these resolutions, both of them having the possibility to sub-delegate third parties.

6.3. INFORMATION ABOUT THE MEMBERS OF 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 2021, out of the 5 members of the Board of Directors, 3 are representatives of the main shareholder - KMG International N.V. (out of whom starting with 1 October 2020, one became executive) and 2 representatives of the significant shareholder of the Romanian State by the Ministry of Energy (starting with 4 June 2020, both directors being non-executive and independent). **The mandate of the actual Directors will end on 30 April 2022.**



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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 the Regulation for the Organizational and Operational of the Board of Directors 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;
- 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.



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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, republished.

During 2021, the composition of the Board of Directors has not changed, being identical to the one at the end of 2020.

Thus, from October 1, 2020 until 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

In the annual ordinary general meeting of shareholders for the year 2021 held on April 28, 2021, Rompetrol Rafinare prepared and submitted to the approval of the shareholders the Remuneration Policy for the Company's directors.

Under these conditions, in accordance with Resolution no. 2/2021 of this OGMS, in the presence of shareholders representing 99.3343% of the share capital and 99.3343% of the total voting rights, and with a percentage of 99.99544% of the votes cast, **the Remuneration Policy of the management bodies of the Company was approved**, a document that can be consulted on the Internet, on the Company's website www.rompetrol-rafinare.ro here:

[https://rompetrol-rafinare.kmginternational.com/upload/files/politica de remunerare rrc ro 2434.pdf](https://rompetrol-rafinare.kmginternational.com/upload/files/politica_de_remunerare_rrc_ro_2434.pdf)

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 the article 2 of the Resolution no. 2/2021 adopted by OGMS dated 28 April 2021, for year 2021 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.

In accordance with art. 107 of Law no. 24/2017, republished, Rompetrol Rafinare has prepared a Remuneration Report for the financial year 2021, which provides a wide overview of the remuneration, including all benefits, regardless of the form, granted or owed during the financial year 2021, to the managers individually, in accordance with the Remuneration Policy approved by the OGMS on April 28, 2021.

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 Stănescu⁸ and Bogdan-Cătălin Steriopol⁹ - in office on 31.12.2021, met the independence criteria provided by the principles and recommendations of the Code.

Evaluation of the Board of Directors

During 2021, the Board of Directors did not initiate any program for evaluating its activity.

6.4. INFORMATION ABOUT THE MEMBERS OF THE BOARD OF DIRECTORS OF ROMPETROL RAFINARE AS AT 31.12.2021

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 30.04.2022¹⁰.

Non-executive member of the Board of Directors

⁸ Elected as director from May 1, 2018 according to OGMS Resolution No. 3/2018 of April 27, 2018

⁹ Elected as provisional director starting with 4 June 2020 according to the Decision no. 1 adopted by the Board of Directors on June 4, 2020 and permanent director starting with 18 September 2020 according to the Decision no. 6/2020 OGMS dated 18 September 2020

¹⁰ 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.

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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 was the General Manager of Rompetrol Rafinare SA ¹¹ and is 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, position currently under the direct subordination of Arlan Shabdarbayev, 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 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 30.04.2022¹².

Non-executive member of the Board of Directors

Responsibilities: Starting with 21 October 2020, he is Chief Officer Corporate Services within the KMG International Group, until this date, for the period March 2019 - October 20, 2020 he has been

¹¹ Starting with 1 January 2020, the General Manager of Rompetrol Rafinare is Mr. Felix Crudu-Tesloveanu.

¹² During 10.02.2017 – 12.04.2017 he held the position of provisional director. He was elected permanent director by Resolution no. 1/2017 adopted by the Ordinary General Meeting of Shareholders dated 13.04.2017.



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the Chief Legal and Corporate Affairs Officer, and respectively until March 19, 2019 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: starting with January 1st, 2020 until present, he holds the position of General Manager 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 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.



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The two new director offices established under Resolution 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 Energy¹³. 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 Stănescu¹⁴

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)
- 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);

¹³ During year 2020 with the name Ministry of Economy, energy and Business Environment

¹⁴ 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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- 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 Steriopol¹⁵

Born in 1986, citizen of Romania

The term of office of director: from 04.06.2020 to 31.04.2022¹⁶

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, until May 2021.

¹⁵ 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.

¹⁶ 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 – 14.03.2025</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 – 31.01.2026</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 – 31.01.2026</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 ŞIRKETI*</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>
	<i>KMG ROMPETROL SERVICES CENTER SRL*¹⁷</i>	<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>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

¹⁷ With the old name Rompetrol Exploration & Production S.R.L.



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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 2021, the Board of Directors met in 22 meetings.

Considering the recommendations of the Romanian public authorities related to the prevention / limiting the spread of COVID-19 during year 2021, most of the meetings of the Board of Directors were held by means of electronic communications (as communication via Microsoft Teams Meeting or by email – by electronic vote). A number of 3 (three) meetings took place in the physical presence of the directors, 2 (two) meetings were organized as a Microsoft Teams meeting, the other 17 (seventeen) meetings being organized by means of electronic communication (as communication by email – by electronic vote). The agenda of the meetings of the Board of Directors comprised matters related to the current activity developed by the Company, for example: for the approval of the (standalone and consolidated) Annual Report and the organization of the annual ordinary general meeting for approving the annual financial results, including the information documents and materials to be submitted for approval in the annual OGMS; in order to approve the documents and informative materials to be submitted for approval in the Extraordinary General Meeting of 28 April 2021 regarding the proposal to update the Articles of Incorporation of the Company and to approve the ratification of the conclusion between Rompetrol Rafinare S.A. (as beneficiary) and KazMunayGas Trading A.G. (as supplier), of a framework procurement agreement for raw materials – crude oil, for a 5-year term, namely for the period 1 January 2021 – 31 December 2025; in order to complete the order of the day of the Ordinary General Meeting of Shareholders of 28 April 2021 with the inclusion on the agenda of the meeting of the item regarding the re-appointment of the Financial Auditor of the Company for auditing the financial statements corresponding to year 2021; in order to approve the reports and materials related to the preliminary financial results of 2021, of the half-yearly and quarterly financial results for 2021; for approving the convening of the Extraordinary General Meeting of Shareholders dated 6/9 August 2021 and the materials subject to approval and informing the shareholders during this meeting, namely: for approving the Report of the Board of Directors regarding the patrimony situation of Rompetrol Rafinare SA as at 31 December 2020 to be made available to the Company's shareholders according to the legal provisions and subject to debate within the EGMS convened on 6/9 August 2021 at item 1 on the agenda of this meeting in order to adopt a decision in order to confirm the continuation of the Company's activity; endorsement of the proposals of the



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Executive Management regarding the measures for the recovery of the net assets of the Company (Option 1 - Option 6) according to the provisions of art. 153²⁴ of the Companies Law no. 31/1990; the approval of the re-evaluation with the reference date on the last day of the month after the expiration of the 2-month term from the day when the EGMS Decision was published in the Official Gazette of Romania, Part IV, according to art. 208 (1) of Law no. 31/1990, having as object the tangible fixed assets at fair value and the financial investments at fair value; the approval of the conclusion of significant legal acts for the supply of raw materials and the sale of petroleum products, the purchase of electricity, the purchase of maintenance services for year 2021, for the conclusion of a financial services contract regarding CO₂ / EUA certificates ("European Union Allowance") in order to carry out hedging operations for price risk for EUA, etc.; for convening and organizing the EGMS of 5 November 2021; etc.

The agenda of the meetings of the Board of Directors also comprised other approvals for the development under good conditions both of the Company's and its subsidiaries' activity, etc., as well as information by the Executive Management regarding the incident occurred at the Diesel Hydrotreating Plant within Petromidia Refinery, which took place on 2 July 2021, of the Action Plan in order to cover the identified risks regarding the lagoons rehabilitation project of Vega Refinery, information on the execution of contracts with significant patrimonial character.

At the same time, the agenda of the meetings of the Board of Directors comprised items related to the signing of documents regarding the extension until 23 April 2022 of C Facility amounting to USD 75 million, component part of the existing Credit Facility amounting to USD 435 million.

During year 2021, the membership of the Board of Directors has not changed compared to 31 December 2020.

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 except for two meetings (the one on June 30, 2021 and the one on December 23, 2021) in which one of the members of the Board of Directors empowered another member of the Board.

The decisions of the Board of Directors in 2021 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, this one refrained from voting. There was also a refraining of two directors 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 directors holding the position of Chairman and member of the Board of Directors. This reason determined the respective directors to refrain from vote.



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The table below emphasizes the attendance at the meetings of the Board of Directors of the directors in office, for the year ended as at 31 December 2021:

Name	Attendance
Yedil Utekov	21 ¹⁸ /22
Alexey Golovin	22/22
Felix Crudu-Tesloveanu	21 ¹⁹ /22
Nicolae Bogdan Codruț Stănescu	22/22
Bogdan-Cătălin Steriopol	22/22

The first number indicates the number of sessions attended by the individual in his/her capacity of director, the second number represents the total number of sessions held in 2021.

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.

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.

¹⁸ During a meeting of the Board of Directors, he granted a mandate of representation to another member of the Board

¹⁹ During a meeting of the Board of Directors, he granted a mandate of representation to another member of the Board



The Audit Advisory Committee

The Audit Committee fulfils its legal duties provided under Art. 65 of Law No. 162/2017²⁰ 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 2021, 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 2021

During 2021 a number of 14 meetings of the Audit Committee was held by electronic means of communication (of which 12 by meeting organized by Microsoft teams meeting and 2 by electronic vote) of the Committee members.

Additionally, in order to fulfill its legal responsibilities, in 2021 the Audit Committee had working meetings with the internal departments of the Company, namely with the Risk, Internal Control and Internal Audit Departments, as well as meetings with the external auditor of the Company.

Name and surname	Actual Attendance/electronic means of communication
Dan Alexandru Iancu	14/14
Alexey Golovin	14/14
Nicolae Bogdan Codruț Stănescu	14/14

During 2021, the Audit Committee formulated recommendations to the Board of Directors of RRC related to subjects that incur under its scope of tasks, as follows:

²⁰ 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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- Annual Stand-alone and Consolidated Financial Statements at the end of year 2020, issued according to the International Financial Reporting Standards (IFRS – EU), based on the reports of the independent auditor and of the annual reports of directors for year 2020;
- The interim Stand-alone and Consolidated Financial Statements prepared in 2021, issued according to the International Financial Reporting Standards (IFRS – EU);
- Report of the first semester 2021 of the Board of Directors, elaborated according with legal provisions;
- Solutions regarding the measures for recovery of the net accounting assets of RRC;
- Changes on “Accounting Policy for recognition of the fixed assets and financial investments”

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 2021 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.

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for the financial year 2021*****The Advisory Strategy Committee***

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 2021, the structure of the Strategy Committee has not changed. The last change in the structure of the Strategy Committee took place on 1 October 2020, in the sense of electing 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 as well as Chairman of the Strategy Committee.

As a result, during 2021, the composition of the Strategy Committee was as follows:

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

Information relating the meetings of the Strategy Committee during 2021

In 2021, a number of 6 meetings of the Strategy Committee were organized through the physical presence as well as electronic means of communication (of which 3 through a meeting organized through Microsoft Teams meeting) of the members of the Committee.

Below table highlights the presence in the meetings of the Strategy Committee of the incumbent members, for the year ended December 31, 2021:

Numele și prenumele	Participare efectivă/mijloace electronice de comunicare
Yedil Utekov	5 ²¹ /6
Alexey Golovin	6/6
Nicolae Bogdan Codruț Stănescu	6/6

According to its own regulations, the Strategy Committee develops the analysis and issued the recommendations for the Board of Directors of RRC related to: coordinating elaborating/ updating and the monitoring the Company’s Development Strategies; periodically analyses of the stage of

²¹Another member of the Strategy Committee was empowered in a meeting



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implementation of these development strategies and the measures required to achieve the objectives proposed; monitoring of the company's activity diversification projects by achieving some investment objectives; conclusion by the Company of legal acts (agreements, addendums, orders, transactions, etc.) significant from the patrimonial point of view.

In 2021, the activity of the Strategy Advisory Committee was mainly aimed at formulating some recommendations to the Board of Directors of the RRC regarding the proposal of the Revenue and Expenditure Budget of 2021, the Production Plan of 2021, the Investment Plan 2021, in order to be concluded by the Company legal acts (contracts, addendums, orders, transactions, etc.) significant from the patrimonial point of view.

6.7. EXECUTIVE MANAGEMENT OF ROMPETROL RAFINARE

Pursuant to Article 16.1 of the latest Articles of Incorporation of the company - updated on 5 November 2021, 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.

On 31 December 2021, executive managers of the company are:

Mr. Felix Crudu-Tesloveanu - General Manager and member of the Board of Directors

Mr. Ramona-Georgiana Gălățeanu²² - 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, republished, 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.

²² Appointed in the position of Financial Officer of the Company starting with January 1st, 2021. Until December 31, 2020, this position was held by Mr. Mircea-Ștefan Stănescu



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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.

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.



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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.

➤ *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.



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➤ *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.

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Rompetrol Rafinare grants special importance to the communication and information of shareholders and investors. During year 2021, 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) 2021 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.



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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 2022 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 responsibility

Rompetrol Rafinare is part of the social responsibility initiatives initiated at Group level and is actively involved in social projects in the communities close to its operations. Our efforts to improve the livelihood of local communities cover all aspects of human life, closely aligned with sustainable development principles.

Community involvement

KMG International is an important investor in the Romanian economy, at the same time being a responsible corporate citizen. All companies that are part of the Group have a holistic approach on sustainability, which is why our efforts to improve the quality of life for local communities target all aspects of human life, from environmental protection or social involvement, to health and well-being, culture and education, development of professional and leadership skill.

Social responsibility and sustainability are core principles that guide us in our strategic development and operational management. We strive to become one of the most sustainable players in the national and regional energy market, while being constantly involved in the communities in which we operate.

Our commitment to environmental protection, economic development and social involvement is deeply rooted in our global and local operations, as we understand our important role and our valuable contribution to achieving the Sustainable Development Goals (SDGs) included in the United Nations 2030 Agenda for Sustainable Development.

We actively contribute to the development of the communities where we carry out our activity by using local providers, employing local labour force and at the same time implementing relevant social



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responsibility projects. Our involvement is based on consulting relevant stakeholders, so that we can identify the projects with the highest added value for our communities.

Community and corporate partnerships

Through dialogue with various stakeholders, including NGOs, local authorities and communities, government or actors from academia and civil society, we believe we can identify the right sustainable development opportunities.

Since the beginning of the COVID-19 pandemic, Rompetrol contributed with over USD 2.5 million to our communities through financial contributions, in-kind donations of goods/fuel, and public events fundraising. More than half of the investment was allocated to the communities of Constanța and Prahova, the locations of the Group's main operations in Romania.

We invest and get involved in impactful projects that serve the purpose of providing education and opportunity to all people.

For Rompetrol Rafinare education is an important, strategic pillar, in forming the next generations of specialists in the energy sector, therefore we have collaborated with universities and high schools with technical profile from all over the country (eg. the Petroleum-Gas University of Ploiești, the Lazăr Edeleanu Technological High School), who have supported us in our various educational investment projects.

2021 marked the 20th anniversary of the "Ready for Your Career" internship program, with Ploiesti and Constanta university students being enrolled. For 20 years we have been training future industry professionals through our traditional Internship program. Due to the challenging external context, this year's edition was a hybrid between face-to-face and online activities. After comprehensive induction sessions designed to help interns better understand the oil and gas industry, Rompetrol's activities, the fundamentals of an upstream activity and its economic implications, the interns went through 2 weeks of online study, followed by on-site training provided by mentors at Rompetrol Rafinare platform. The online curricula consisted in the development of soft skills: communication, project management, personal branding and other skills required at the start of the career, while on-site learning was focused on technical skills development. The anniversary edition of the program went beyond knowledge transfer and skill development and included a shared value component, the "Community Challenge" project which provoked the interns to also bring change in their communities by addressing real needs and humanitarian causes.



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***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 2021 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.

The specialized department of the KMG International group received 2 notifications formulated by integrity warnings, regarding with the lagoon greening project, warnings investigated by the Internal Audit Department of the Group in accordance with the provisions of the Irregularity Reporting Policy valid from 01.11.2021. Following the investigation report submitted to the Company's statutory bodies, which concluded that warnings were not confirmed taking in consideration the conclusions and findings of the investigation team, the integrity warnings are not i) likely to have a significant effect on the Company's financial statements or ii) require adjustment or restatement of financial statements.



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6.10. REPORTED LEGAL DOCUMENTS

Rompetrol Rafinare reported the legal documents concluded during 2021 by the Company pursuant to art. 92³ of Law no. 24/2017, respectively art. 108 of Law no. 24/2017 republished, by the current Reports registered with the Company under no. 988/17 February 2021, no. 3547/25 June 2021, no. 4066/14 July 2021, no. 5000/31 August 2021, no. 5755/6 October 2021, no. 6107/27 October 2021, no. 6943/7 December 2021 and no. 7394/28 December 2021. The Company also reported the transactions with related parties pursuant to art. 108 of Law no. 24/2017, republished having a value higher than 5% of the net assets of the Company according to Reports no. 521/27 January 2022. In the above-mentioned reports, Rompetrol Rafinare also reported significant transactions concluded between RRC affiliates and RRC subsidiaries, as well as significant transactions concluded between the Company's subsidiaries. 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

Rompetrol Rafinare S.A credit facility in amount of EURO 30 million granted by Banca Transilvania was extended until July 30, 2022.

Rompetrol Rafinare S.A credit facility in amount of EURO 27,96 million granted by Banca Transilvania was extended until July 30, 2022.

The company has signed a loan agreement with the Fondul de Investitii in Energie Kazah-Roman S.A. in the amount of 16,540,000 USD in order to finance the project for the conversion of the HDPE installation into PP. The loan will be used during 2022-2023 and the repayment period is 13 years from the date of execution of the contract.

Impact of sanction risks and conflict in Ukraine

In the context of the military conflict between Russia and Ukraine, started on 24 February 2022, the EU, USA, UK and other countries imposed various sanctions against Russia, including financing restrictions on certain Russian banks and state-owned companies as well as personal sanctions against a number of individuals.



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Considering the geopolitical tensions, since February 2022, there has been an increase in financial markets volatility and exchange rate depreciation pressure.

The war in the Ukraine is creating increasing geopolitical risks and further challenges for global supply chains are to be expected which will impact the global economy. We anticipate that the global challenging conditions will persist for the following months.

At present, we are monitoring very closely the current situation and developments of sanctions applied to Russia and regularly conduct a risk assessment on this basis. We are in constant dialogue with our customers and suppliers in the region, which also enables us to identify any impact on our business and supply chains at an early stage and act accordingly.

It is expected that these events may affect the activities in various sectors of the economy, could result in further increases in European energy prices and increased risk of supply chain disturbances.

The Company does not have direct exposures to related parties and/or key customers or suppliers from those countries.

The Company's sources for crude oil are not from Russia and the Company does not have operations in Russia or Ukraine.

The effects of Russia-Ukraine conflict represent a non-adjusting event after the reporting period and therefore has no impact on the recognition and measurement assets and liabilities at balance sheet date. There is currently a high degree of uncertainty surrounding the military conflict and what the economics repercussions will be. Overall, the impact of the conflict and any further escalation of business performance in 2022 cannot currently be determined with sufficient accuracy.

At this stage Management doesn't expect that such conflict will have a significant negative impact on the Company operations and on the recoverable value of the Company long term assets and considers that the Going concern basis of preparation of the financial statements is appropriate.

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".

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rompetrol

KazMunayGas
International
Group Member

Financial Communication Calendar proposed for year 2022

Financial agenda	Date
Presentation of preliminary, individual and consolidated results for the year 2021 and QIV 2021	28 February 2022 <i>Monday</i>
Ordinary General Meeting of Shareholders for approving financial results for the year 2021	28 April 2022 (first convocation)/ 29 April 2022 (second convocation) <i>Thursday / Friday</i>
Release of the 2021 Annual Report	29 April 2022 <i>Friday</i>
Presentation of the results recorded during the First Quarter of 2022	16 May 2022 <i>Monday</i>
Presentation of the results recorded during the First Semester and Second Quarter of 2022	12 August 2022 <i>Friday</i>
Presentation of the results recorded during the Third Quarter and January – September 2022	15 November 2022 <i>Tuesday</i>
Phone conferences and / or meetings with investors and financial analytics, as the case may be	Upon request

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.



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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 2021. 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, republished, and Annex no. 15 of Regulation no. 5/2018 issued by the Financial Supervisory Authority, for the financial year ended as at 31 December 2021, 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

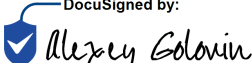
Yedil Utekov

DocuSigned by:

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Member

Alexey Golovin

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Member

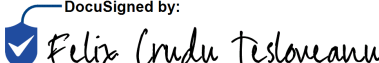
Nicolae Bogdan Codruț Stănescu

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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.

In 2021 there were two amendments and updates to the Articles of Incorporation of the Company, as follows:

- I) By Resolution no. 4/2021 adopted by the Extraordinary General Meeting of Shareholders of April 28, 2021, the first amendment to the Articles of Incorporation of the RRC of 2021 was approved.**

Thus, was amended sub-point 2 of article 1, entitled “Shareholders”, point 1.1., Letter A. “Significant shareholders” of the Articles of Incorporation of the Company in the sense that it was noted by the provisions of the Government Emergency Ordinance no. 212/2020, by which the Ministry of Energy has been set by taking over the activities, the related personnel and the corresponding patrimony in the field of energy from the “Ministry of Economy, Energy and Business Environment”, as well as by the Government Decision no. 316/2021, regarding the organization and functioning of the Ministry of Energy.

Modified form of Article 1 (2) (1.1). of the Articles of Incorporation, is as follows:

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

- II) The second amendment and update of the Articles of Incorporation of the RRC during 2021 took place on November 5, 2021.**

Considering the **Resolution no. 7/2021 adopted by the Extraordinary General Meeting of Shareholders of Rompetrol Rafinare S.A. from August 6, 2021** regarding the approval of the



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reduction of the share capital of the Company with the amount of 1,755,000,000 lei, from the amount of 4,410,920,572.60 lei to the amount of 2,655,920,572.60 lei, by reducing the number of shares by 17,550,000,000 shares, respectively from 44,109,205,726 shares to 26,559,205,726 shares according to art. 207 (1) (a) of the Companies Law no. 31/1990,

Considering the publication in the Official Gazette of Romania, Part IV, no. 3654 / 03.09.2021 of Resolution no. 7/2021 of the Extraordinary General Meeting of Shareholders of August 6, 2021, mentioned above,

In the meeting of the EGMS of November 5, 2021, from 11:00 (in the first convocation), in the presence of the shareholders of the Company representing 99.3298% of the share capital and 99.3298% of the total voting rights, the **Resolution no. 8/2021** was adopted, according to which the amendment and updating of the Articles of Incorporation of Rompetrol Rafinare was approved according to the following:

- a) **Point 1.1 of Article 1 called “Shareholders”** will be amended to reflect the new shareholdings of significant shareholders of the Company as a result of the reduction of the share capital of the Company in accordance with the approvals of EGMS Resolution no. 7/2021 as of August 6, 2021 published in the Official Gazette of Romania, Part IV, no. 3654 as of September 3, 2021, and will have the following contents:

„Art.1. Shareholders

1.1. The Shareholders of the Company are:

A. Significant Shareholders:

- 1) KMG International N.V. holds 12,778,577,732 shares, fully paid, amounting to 1,277,857,773.20 RON, representing 48.1136% of the share capital;***
- 2) The Romanian State represented by the Ministry of Energy holds 11,870,877,580 shares, shares, fully paid, amounting to 1,187,087,758 RON, representing 44.6959% of the share capital.***

B. Shareholders, each holding less than 10% of the share capital, holding together a number of 1,909,750,414 shares, fully paid, amounting to RON 190,975,041.40, representing 7.1905% of the share capital.”

- b) **Points 6.1 and 6.2 of article 6 called “Share capital”** will be amended to reflect the new values of the Company's share capital in accordance with the approvals to reduce the share



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capital of the Company according to EGMS Resolution no. 7/2021 as of August 6, 2021 published in the Official Gazette of Romania, Part IV, no. 3654 as of September 3, 2021, and will have the following contents:

“Art. 6. Share capital

6.1. *The share capital of the company, fully subscribed and fully paid, is **RON 2,655,920,572.60**, of which **RON 1,430,099,335.48** in-kind contribution and **RON 1,225,821,237.12** cash contribution.*

6.2. *The share capital is represented by 26,559,205,726 registered shares, issued in dematerialized form, fully covered, each share having a nominal value of 0.1 RON.”*

- c) **Point 11.2 of article 11 “Duties” within Chapter IV “General Meeting”** is amended by introducing a new attribution of the Ordinary General Meeting of Shareholders regarding the approval of the Remuneration Policy for directors and executive managers:

Art. 11.2 – new letter: *„i) approves the Remuneration Policy for directors and executive managers”.*

Taking into account the above, the Articles of Incorporation valid at the date of drafting of this report was updated on November 5, 2021 and can be consulted on the Company's website in the Investor Relations section, Corporate Governance subsection.



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

During the reported year, resignation acts did not occur among the members of the Board of Directors or Executive Management.

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



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ANNEX 3 - List of work points of Rompetrol Rafinare

At the end of the year 2021, 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".



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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.



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ANNEX 5 – List of Company related parties²³

Rompetrol Rafinare S.A. makes part of the KMG International Group ²⁴.

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.
- 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.
- Rompetrol Energy S.A.
- KMG ROMPETROL DEVELOPMENT S.R.L.
- Fondul de Investitii in Energie Kazah-Roman S.A.
- KMG Rompetrol Services Center SRL²⁵
- Rompetrol Drilling S.R.L.²⁶ – suspended activity

²³ At this point there have been listed all of the companies in the KMG International Group

²⁴ As Rompetrol Group until March 2014

²⁵ With the old designation of ROMPETROL EXPLORATION & PRODUCTION SRL

²⁶ With the activity suspended between 15.04.2021 – 15.04.2024



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2. Companies with registered office abroad

- KMG International N.V.²⁷
- Byron Shipping LTD
Intreprinderea Mixtă “Rompetrol Moldova” S.A.
- Rompetrol Georgia LTD
- Rompetrol France SAS
- Dyneff SAS
- TRG PETROL TICARET ANONIM ŞIRKETI
- Rompetrol Bulgaria JSC
- KazMunayGaz Trading A.G.
- OMAN JV

Note: there are also 9 branches and representative offices of the KMG International Group

²⁷ *Until March 2014, with the name The Rompetrol Group N.V*



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ANNEX 6 - Stage of implementation of the Corporate Governance Code of the Bucharest Stock Exchange as at 31 December 2021²⁸

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		

²⁸ *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 2022
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 2022



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Provisions of the Corporate Governance Code	Compliance	Not compliant or partial compliant	Reason for the non-compliance
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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Provisions of the Corporate Governance Code	Compliance	Not compliant or partial compliant	Reason for the non-compliance
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.		NO	To be implemented
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, semestrial 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 semestrial financial reports should include information in both Romanian and English regarding the key drivers that influence 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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for the financial year 2020

Provisions of the Corporate Governance Code	Compliance	Not compliant or partial compliant	Reason for the non-compliance
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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