



rompetrol

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International
Group Member

ROMPETROL RAFINARE S.A.
INDIVIDUAL ANNUAL REPORT OF THE BOARD OF DIRECTORS
for the financial year 2022

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

INDIVIDUAL ANNUAL REPORT
OF THE BOARD OF DIRECTORS

2022



ROMPETROL RAFINARE S.A.
INDIVIDUAL ANNUAL REPORT OF THE BOARD OF DIRECTORS
for the financial year 2022

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, 2022

Report date: March 24, 2023
Registered office: 215 Navodari Blvd.,
Administrative Pavilion,
Navodari, Constanta county

Nr. Telephone/Facsimile No.: +(40) 241 506100
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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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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 and Vega 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.

According to the provisions of the Articles of Incorporation of the Company Rompetrol Rafinare S.A. the main field of activity is „manufacturing of products obtained from the processing of crude oil” (NACE code 192), and the main object of activity is represented by the “manufacturing of 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.

Rompetrol Rafinare holds the quality of authorized warehouse keeper, in accordance with the applicable tax legislation. Petromidia and Vega Refineries are authorized as production tax warehouses, being manufacturers of energy products, according to the tax rules governing the production of energy 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 2022 amounted to RON 2.124,74 million.



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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., (together with its subsidiary Rompetrol Gas S.R.L.) and Rompetrol Petrochemicals S.R.L.

The stand-alone financial statements of the Company for the year ended as of 31 December 2022 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., (together with its subsidiary 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 <https://rompetrol-rafinare.kmginternational.com/>.

2022 FOR ROMPETROL RAFINARE S.A.

Petromidia successfully finalized the planned 2022 turnaround (11th of March 2022 – 4th of April 2022).

The operation in Petromidia refinery was optimized considering high refinery margin. Thus, in 2022, the total throughput for Petromidia refinery was 5.26 million tonnes, higher by 0.67 million tonnes as against 2021, meaning a 14.67% increase, correlated with number of operational days from 2022; in 2022 the refining capacity utilization in Petromidia refinery was 87% correlated also with number of operational days.

At the level of 2022, Petromidia refinery recorded the main technological and operational parameters, as follows:

- ✓ White finished products yield of 85.55%wt;
- ✓ Jet yield of 6.5% record level, 3.1% higher as against 2021 based on Crude diet and optimized Diesel recipe;
- ✓ Technological loss of 0.80 %wt, the lowest level in history after 'Package 2010' implementation, below previous year by 0.02%wt;
- ✓ Energy Intensity Index of 96.2%.



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In respect of Vega refinery (the only domestic producer of bitumen and hexane), the total throughput was 372,920 tonnes in 2022, higher by 16.16% as against last year.

In 2022 the refining capacity utilization for Vega refinery was higher by 15.72% as against last year.

Vega refinery developed a new product in 2022 (n-heptane), as part of the continuous development process, to be used for polymers production in Petrochemicals division.

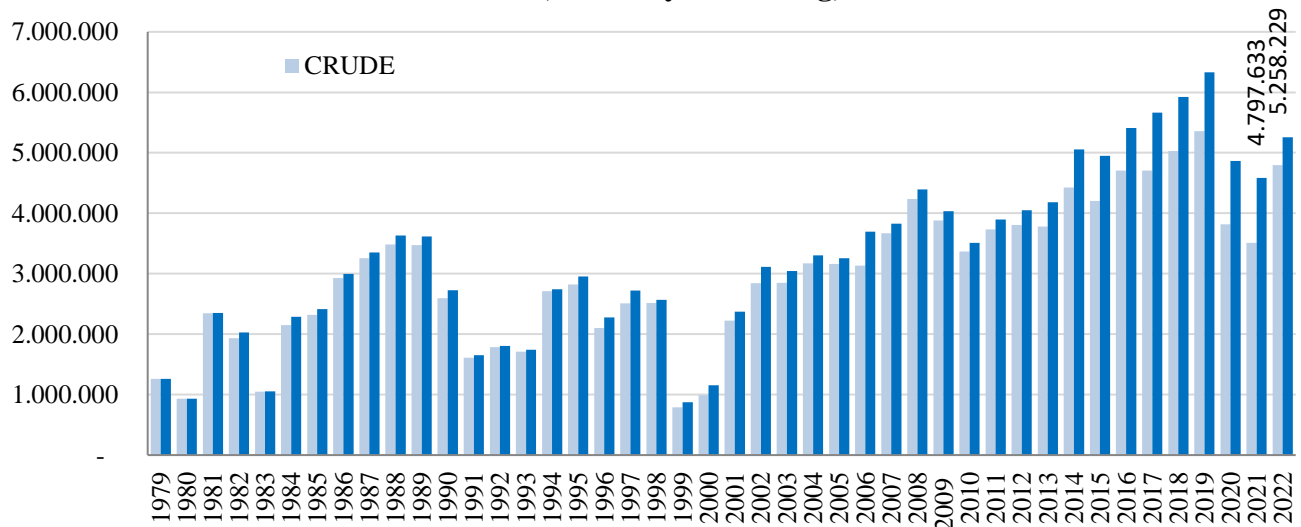
Vega refinery recorded very good operational results in 2022, for the main technological and operational parameters, such as:

- ✓ Technological loss of 0.62%;
- ✓ Energy consumption of 2.34 GJ/t;
- ✓ Mechanical Availability of 98.69%.

Rompetrol Rafinare S.A. continued to be an important contributor to Romania’s fiscal budget with over USD 1.56 billion in 2022.

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 2022 is rendered by the graphic below:

1979 - 2022, Refinery Processing, tons





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b) Date of establishment

Romp petrol Rafinare S.A. is the most important asset of KMG International N.V. 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).



The most important moments in the history of the Company can be summarized as follows:

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



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	<p>1 to the regulatory act mentions the headquarters of the joint stock company, as being located in Constanta, DN 228 km 23, Constanta County.</p> <ul style="list-style-type: none"> The Company is registered with the Constanta Trade Registry under No. J13/534/1991 and has sole registration code 1860712.
2000	<ul style="list-style-type: none"> Government Decision No. 540/2000 on the approval of the classification into functional categories of public roads and private utility roads open to public traffic, road DN 228 was re-categorized as a county road under the name of County Road 226. The regulatory act resulted in the amendment of the Company's Articles of Incorporation and Registration Certificate.
2001	<ul style="list-style-type: none"> Change of the Company's name from "PETROMIDIA S.A." into "ROMPETROL RAFINARE-COMPLEXUL PETROMIDIA S.A."
2003	<ul style="list-style-type: none"> The Company changes its name to „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 on 146 Valeni str., Ploiesti, Prahova County. 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 to 215 Navodari Blvd, Administrative Building, Navodari, Constanta County 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.
2012	<ul style="list-style-type: none"> The modernization process of Petromidia refinery is completed, following an investment of over USD 380 million. Petromidia thus became the largest refinery in Romania, with a processing capacity of 5 million tons/year.
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,



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	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
2014	<ul style="list-style-type: none"> In May, the Petromidia refinery registered a record amount of over 465,000 tons of processed raw materials, the highest level reached since its commissioning in 1979, until that moment.
2015	<ul style="list-style-type: none"> Rompetrol Rafinare puts into operation the first Particle Separation Plant (ESP) in Romania
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. From 3.8 million tons processed at the Petromidia refinery in 2007, in 2019, before the outbreak of the pandemic, it reached a record level of 6.33 million tons.
2020	<ul style="list-style-type: none"> Vega Ploiesti, 115 years of performance in the refining industry In 2020, Vega Ploiesti 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 Ploiesti 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 Navodari. 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 Ploiesti develops exclusively high value-added products.
2021	<ul style="list-style-type: none"> The Decarbonization Strategy is developed, with clear directions for finding viable economic solutions for emissions reduction
2022	<ul style="list-style-type: none"> The 10th anniversary of the commissioning of the MHC-HPP and New SRU facilities In 2022, the Petromidia Refinery in Navodari celebrated 10 years since the commissioning of the MHC-HPP and New SRU facilities

... and our story continues, with even more ambitious plans and innovative projects. Together with the companies of the KMG International Group we have the energy to move forward!



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c) *Significant mergers or reorganizations*

During the financial year 2022, 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 Gas S.R.L and Global Security Sistem S.A. through Rompetrol Logistics S.R.L.

d) *Assets acquisitions and sales*

In 2022, the Company did not register participations in other companies, purchased assets such as fixed assets and did not sell non-current assets. During the analyzed financial year, there were no asset purchases, except for those that were necessary for the operation and development of the activity, reflected in the investment plan and in the budgets approved for this purpose. The total expenditures for investments during 2022 amounted to approximately Lei 268 million.

Assets alienations did not take place, except for the obsolete ones according to the law.

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

Rompetrol Rafinare S.A. recorded a turnover of **Lei 23,026,777,606** in 2022, this being mainly impacted by the volatility of the international oil and natural gas market environment transposed into significantly higher quotations for oil products sold in 2022 compared to the previous year, on the ground of increased sales volumes by 10% in 2022 compared with the ones from 2021. In the 2022 financial year the company recorded a net profit of **Lei 666,277,159**, due to the significantly increased refinery margins recorded during 2022, on the ground of the increase in international quotations for petroleum products determined by the continued recovery of the demand for refined products compared to 2021, combined with the decrease in imports of crude oil and Russian products determined by the economic sanctions imposed by the European Union and the low stocks in Europe, which continued to push refining margins to record levels. Margins were supported by strike actions at four of France's six refineries which added pressure to diesel and heating oil market. Also strike actions at refineries in Rotterdam, UK and Italy exacerbated European product market tightness once again before year-end.

During 2022, the geopolitical situation at the international level determined a significant volatility of the prices in the oil industry, with implications on the result of hedging instruments operations carried out at the Company level. Crude price increased in 2022 to levels last seen in 2008 (the hedging



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strategy of Rompetrol Rafinare's stocks being that of protection against the price drop), and the Urals heavy crudes grades spread over Dated Brent moved in a very wide range after the military invasion in Ukraine, some of them reaching the historical low levels.

Rompetrol Rafinare has the obligation to comply with the CO2 emission rights quota. Thus, Refinery CO2 emissions are offset with EUA certificates. The actual emissions from 2022 have exceeded the free allocated certificates and in this respect Rompetrol Rafinare recognized in environmental expenses the counter value of the required certificates for compliance at the level of 2022, an aspect that impacted the net result of the company, in the context of the significant increase in 2022 of the quotations of EUA certificates that are traded on the European market compared to the levels recorded in 2021.

Also, a significant impact on the company's net result was the increase in utility costs, especially those with electricity and natural gas due to the strong increase in prices in 2022 vs. 2021, increases started from the second semester of 2021 determined by the energy crisis in Europe. However, in order to reduce the negative effects of the energy market on consumers, including industrial ones such as the Company, the Romanian state applied during 2022 a series of measures and support schemes dedicated to the energy and natural gas market.

The net result was also impacted in 2022 by the losses from exchange rate differences recorded by the company generated by the continuous depreciation of the national currency against the USD during 2022. A significant positive impact was also generated by the positive adjustment of the value of the financial investments of the company recognized at fair value on 31.12.2022, according to the accounting policy adopted by Rompetrol Rafinare starting with 31.12.2021.

Considering that Rompetrol Rafinare is subject to the solidarity contribution regulated by Government Emergency Ordinance 186, issued December 28th, 2022 ("GEO 186"), a measure grounded on the provisions of Council Regulation (EU) 2022/1854, Rompetrol Rafinare estimated a contribution of RON 578 million, taking in account the present norms of the "GEO 186". The actual level of the contribution is to be determined by June 25th, 2023, the legal deadline for declaration and payment of the contribution, in accordance with the provisions of the law which will approve the GEO 186.

The registration of this contribution significantly affected the company's net result for 2022.

A positive impact in net result of the period ended at 31.12.2022 is coming from the recognition of a revenue from deferred income tax in the amount of Lei 42 million.



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1.1.1. ELEMENTS OF GENERAL ASSESSMENT

ECONOMIC ENVIRONMENT

		2022	2021	%
Brent Dated	USD/bbl	101.3	70.9	43%
CPC Blend CIF	USD/bbl	94.2	68.8	37%
Brent-CPC Differential	USD/bbl	7.2	2.1	244%
Premium Unleaded 10 ppm FOB Med	USD/tonne	985	670	47%
Diesel ULSD 10 ppm FOB Med	USD/tonne	1,037	580	79%
RON/USD Average exchange rate		4.69	4.16	13%
RON/USD Closing exchange rate		4.63	4.37	6%
RON/EURO Average exchange rate		4.93	4.92	0%
RON/EURO Closing exchange rate		4.95	4.95	0%
USD/EURO Closing rate		1.07	1.13	-6%
Inflation in Romania*		16.37%	8.19%	100%

Source: Platts, * INSS (Inflation in Romania is calculated based on CPI - i.e. Consumer Price Index)

The CPC quotation increased by +25.3 USD/bbl. (+36.8%) in 2022 vs. 2021 and settled to an average of 94.2 USD/bbl.

During January, the Dated Brent increased from 79 to 92.5 USD/bbl., the highest since 2014, and the best January performance in at least 30 years, on signs of sustained global demand together with decreasing US crude inventories to the lowest level since 2018.

The current regional context had an extremely volatile effect on markets and fueled fears of a supply crunch, driving prices to their highest since 2008. Dated Brent price reached even 137.6 USD/bbl. on 8th of March.



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On 2nd of March, OPEC+ ratified the 400,000-bpd production increase that was scheduled for April and wrapped up in a record time of just 13 minutes.

During Q2 of 2022, in a very tight crude market, where the global crude inventories remain near multi-year lows, the European Union leaders agreed to implement a partial ban on imports of crude from the Russian Federation while China further eased anti-virus curbs, aiding demand.

Another factor that determined the increase for the crude price came after OPEC+ effectively failed to increase output at all during Q2 as members remained overwhelmed by capacity constraints.

Meanwhile, Russian crude continues to be distributed to other markets, so Indian, Chinese and Turkish refineries ramped up their Urals sourcing during Q2, roughly the amount by which European refineries cut their respective Urals supplies.

Dated Brent had a downward trend during Q3, falling below 90 USD/bbl. for the first time since January, as concerns that a global recession might hurt energy demand more than offset persistent supply-side issues.

During Q4, China's COVID Zero kept oil demand in check as travel diminished. China's stringent virus controls continued to suppress the economy, damaging hopes that demand for key commodities will rebound any time soon.

Bearish sentiment has filtered through commodities also due to the inflation that was looming in the US and the recession risk that raised concerns about the demand outlook. A rising dollar has also added pressure, making oil less attractive to investors.

Thus, Dated Brent crude oil had a downward trend in the fourth quarter as well, falling below the level of 80 USD/bbl. for the first time since December 2021, and due to the fact that the European Union has taken into account a higher price ceiling than expected in the market regarding Russian crude oil (60 USD/bbl.).

EU economic sanctions concluded with a clear prohibition of trading and/or buying Russian crude oil from the market, amended by EU regulations (with the applied exemptions), and market reaction have led to a sudden increase in the Brent-Urals Differential, which has therefore ceased to be an appropriate indicator of the market price for Urals crude oil originating from other countries than Russian Federation, as is the case with Kazakhstan crude oil.



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On 4th of December, OPEC agreed to maintain production at current levels, pausing to take stock of the global market.

As for the European refining margin, until February 2022 fluctuated within normal ranges, around the average of 23 USD/t. Starting with February 24, however, the margins increased to a record level of 252 USD/t, following the collapse of the Urals-Dated Brent differential. The margins increased by +113 USD/t in 2022 compared to 2021 and settled at an average level of +128 USD/t.

During 2022, refining margins in Europe were very strong against the backdrop of quotations increases for the main petroleum products, gasoline and diesel. The ongoing recovery of refined product demand compared to 2021, combined with lower imports of Russian crude and products and lower inventories in Europe, continued to boost cracks to record levels.

Margins were supported by strike actions at four of France's six refineries which added pressure to diesel and heating oil market. Also strike actions at refineries in Rotterdam, UK and Italy exacerbated European product market tightness once again before year-end.

Gasoline cracks increased in 2022, with support coming from U.S. bookings as demand there exceeded the five-year average. Also, the ARA (Amsterdam-Rotterdam-Antwerp) gasoline inventory level was below the 2021 average, helping the European cracks. However, during Q3 the cracks declined to the lowest level since February 2021 as the trans-Atlantic arbitrage remained closed and the domestic demand in Northwest Europe has not been strong enough to completely offset the weak exports.

In Q4 gasoline cracks increased to levels last seen in July, where gasoline demand usually is seasonally the strongest, due to continue tightness in Amsterdam-Rotterdam-Antwerp (ARA) stocks. The stocks decreased to the lowest level since April due to high US imports as Florida was affected by Ian Hurricane.

During Q4, Diesel cracks reached historical high level of 746 USD/MT as supplies were so tight heading into winter.

Stocks of middle distillates, which include diesel, at key global hubs were at the lowest level in five years and the demand for diesel, alongside gasoil, increased and could continue this trend in the winter as traders stock up due to fears over gas shortages later in the year. During December, the seasonal slowdown of industrial activity, combined with recessionary fears pulled the cracks a little lower, but they remained elevated and will continue to be strong due gas to diesel switch during the winter.

In Q4, Jet cracks also reached the historical record value (814 USD/MT) because refiners have continued to minimize jet yields and maximize diesel. Air mobility recovered across the region, with



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European air traffic reaching 97% of 2019 levels at the end of October, which is the closest it has ever come to pre-pandemic levels, according to Eurocontrol.

Global risk aversion rose abruptly in the closing 10-day period of February, while investor sentiment vis-à-vis CEE markets worsened considerably during the year in the context of the geopolitical situation and with the imposition of international sanctions.

Against this background, the RON/USD exchange rate was at an average level of 4.6923 for the entire year of 2022. In terms of exchange rates, internally, the RON/EUR exchange rate remained relatively stable, on the higher level, fluctuating between 4.8215 and 4.9492 and having an average level of 4.9313 in 2022.

In Romania the inflation in 2022 reached 16.37%, calculated based on CPI - i.e. Consumer Price Index.

STATEMENT
OF THE MAIN ECONOMIC-FINANCIAL INDICATORS
AND OTHER INFORMATIVE DATA, AS AT 31.12.2022, AS COMPARED TO
THE INCOME AND EXPENDITURE BUDGET APPROVED IN THE
GENERAL MEETING OF THE SHAREHOLDERS OF THE COMPANY 2022

ef. no.	INDICATOR'S NAME	RON	
		OMFP no. 2844/2016	
		Achieved 2022	Budgeted 2022*
1	Crude oil processed and other raw materials (tons)	5,258,229	5,664,147
2	Net turnover	23,026,777,606	12,287,814,059
3	Cost of sold production	(21,069,220,156)	(12,278,204,758)
4	Gross profit	1,957,557,450	9,609,301
5	Distribution and general administrative expenses	(446,821,707)	(196,860,706)
6	Other operating income/(expenses)	(184,607,583)	132,519,028
7	Operating Profit / (Loss)	1,326,128,160	(54,732,377)
8	Financial expenses	(383,275,538)	(146,755,227)
9	Financial income	582,374,723	0
10	(Losses)/ Gains on exchange rate variations, net.	(323,129,338)	0
11	Gross profit/ (Loss)	1,202,098,007	(201,487,604)
12	Income tax	(535,820,848)	(21,925,046)
13	Profit/(Loss) of the year	666,277,159	(223,412,650)

* Equivalent in LEI at exchange rate of 4.08 USD/RON of the values provided in the 2022 Income and Expense Budget



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Ref. no.	INDICATOR'S NAME	RON
		OMFP no. 2844/2016
		Balance at 31.12.2022
1	Fixed assets	7,401,542,611
2	Inventories	1,226,387,029
3	Receivables	1,676,716,096
4	Cash	23,243,490
5	Total debts (including provisions)	7,419,752,928
6	Equities	2,919,993,039
7	Average number of employees	1,074

From the data presented in the above table, comparing the results recorded at 31.12.2022 with those approved in the Income and Expense Budget (IEB), the following results:

1. In 2022, Rompetrol Rafinare processed a quantity of crude oil and other raw materials of 5,258,229 tonnes, down with 7% compared with that provided in the Income and Expenditure Budget, i.e. 405,918 tonnes less than budgeted, given the problems encountered on the crude oil supply chain between February and March 2022 generated by the war in Ukraine.
2. Turnover achieved in 2022 was at a level of 87% higher compared to the budgeted value, the positive variation being mainly determined by the significant increase in international quotations for oil products compared to the previous year, despite some slightly reduced quantities of sold compared to the budgeted ones.
3. The cost of goods sold recorded in 2022 was 72% above the budgeted level, the variation being mainly determined by the volatility of the international oil and natural gas market environment that generated significantly increased quotations during 2022 compared to the budgeted ones, on the background of a level of processed raw materials lower by 7% compared to the budgeted level.
4. Financial expenditure register higher values than those budgeted by 161%, on the background of a higher interest rate recorded in 2022 than the budgeted one.
In 2022 the Company recorded financial incomes in the amount of lei 582 million. RON due mainly to the recognition of incomes in the amount of Lei 539 million from the revaluation of



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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.

5. Net exchange rate differences recorded during 2022 are unfavourable, their value reaching Lei (323,129,338), due to the continuous depreciation of the national currency against USD during 2022.
6. Considering that Rompetrol Rafinare is subject to the solidarity contribution regulated by Government Emergency Ordinance 186, issued December 28th, 2022 (“GEO 186”), a measure grounded on the provisions of Council Regulation (EU) 2022/1854, Rompetrol Rafinare estimated a contribution of RON 578 million, taking in account the present norms of the “GEO 186”. The actual level of the contribution is to be determined by June 25th, 2023, the legal deadline for declaration and payment of the contribution, in accordance with the provisions of the law which will approve the GEO 186. The solidarity contribution is included in the indicator "Profit tax" which is also positively impacted by the recognition of a revenue from deferred income tax in the amount of Lei 42 million.
7. **At the end of 2022, Rompetrol Rafinare recorded a positive net result, a profit of Lei 666,277,159.**
8. The total amount paid during 2022 to the state and local budgets was Lei 7,310,740,300 (equivalent to about USD 1.56 billion) 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.

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 23,026,777,606.



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Financial results

Indicators (LEI)	2022
Profit	666,277,159
Operating result - profit	1,326,128,160
Net turnover, of which:	23,026,777,606
Export	8,139,859,729
Cost of sold production	(21,069,220,156)
Market share (%) ²	27%
Liquidity (effective amounts in accounts and cash equivalents)	23,243,490

a) Profit

At the end of 2022, Rompetrol Rafinare registered a positive result, a profit of **Lei 666,277,159**.

b) Turnover

In 2022, the company's net turnover was **23,026,777,606** lei. Turnover in 2022 was mainly impacted by the volatility of the international oil and natural gas market environment transposed into significantly higher quotations for oil products sold in 2022 compared to the previous year, on the ground of increased sales volumes by 10% in 2022 compared with the ones from 2021. The turnover recorded in 2022 was 90% higher than the one recorded in 2021.

c) Export

In 2022, the share of international sales in total sales represented approximately 35% (116% more than the previous year). Although the volumes sold on the foreign market have increased, as a result of a higher level of the quantity of raw materials processed in 2022 compare to 2021, the Company has focused more on maximizing sales on the domestic market, in order to ensure the country's energy and implicitly the consumption on the domestic market and to achive record refining margins this year.

The total amount realized during 2022 from the external sales of finished products was Lei 8,139,859,729, over 2 times more than the one related to the previous year (2021: Lei 3,764,486,227), related to the two Petromidia and Vega refineries and the Petrochemical Plant. The superior value of sales in 2022 compared to the previous year is due to the significant increase of quotations on international markets, quotations that constitute the basis for calculating the selling prices both on the domestic and on the foreign 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 27% market share of Romanian fuel distribution.



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d) Cost of sold production

The cost of production registered an increase of about 76% compared to 2021 due to the increase in quotations on the oil and natural gas market.

e) Market share owned

From the data which we hold, the market share we estimated in the year 2022 reached about 27% (through distribution to retail).

f) Liquidity

The company has made sustained efforts to maintain the capacity to hedge current liabilities from current assets, with the current liquidity indicator registering a light decrease from 0.46 in 2021 to 0.44 in 2022.

***1.1.2. THE ASSESSMENT OF THE TECHNICAL LEVEL OF THE COMPANY,
INCLUDING PRODUCTION***

THE PRODUCTION ACTIVITY DURING YEAR 2022

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 –Petromidia Refinery work point

ROMPETROL RAFINARE. – Petromidia Refinery work point production plan for 2022 was formulated with a total processing of 5,664,147 tons, out of which 5,033,693 tons crude oil and 630,454 tons other raw materials.

This program formed the basis for the preparation of the 2022 income and expense budget.

5,258,229 tons were processed in 2022, out of which 4,797,633 tons of crude oil and 460,597 tons of other raw materials, below the budgeted level with 405,918 tons.

This level of processing represents 92.83% of the program established for the 2022 budget.

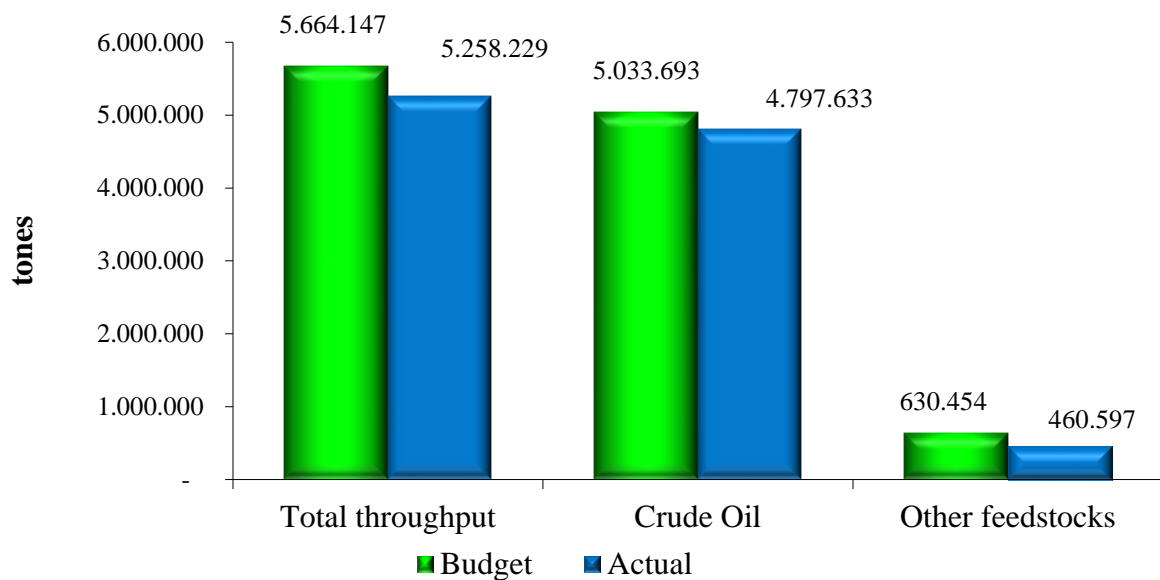


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[tons]

2022	Budget	Achieved
Total throughput	5,664,147	5,258,229
Crude Oil	5,033,693	4,797,633
Other feedstocks	630,454	460,597

2022, Actual vs Budget Processing

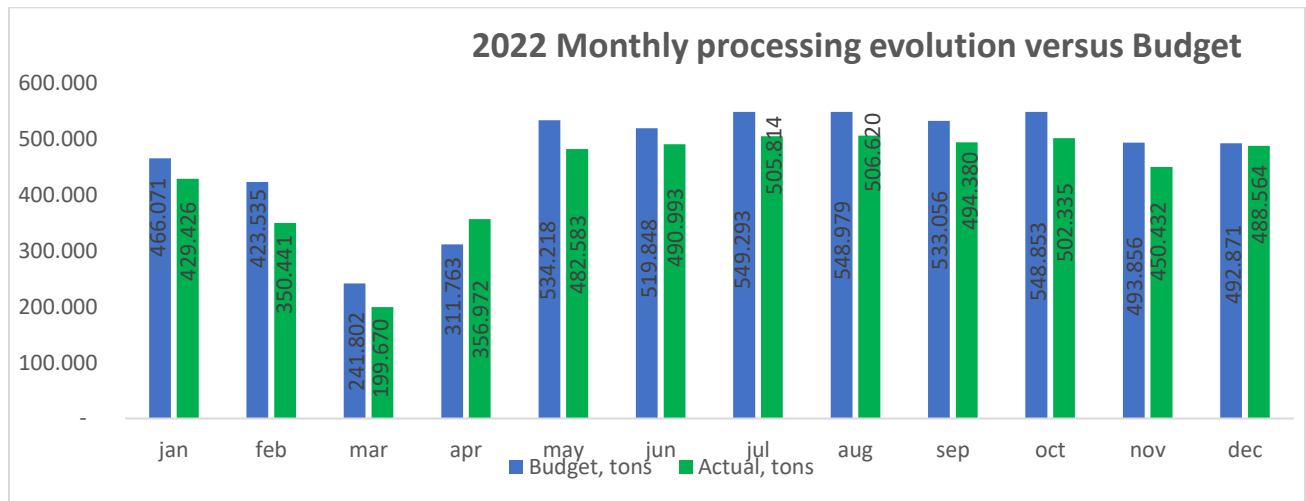


The situation of processing, per quarters, is presented in the table herein below:

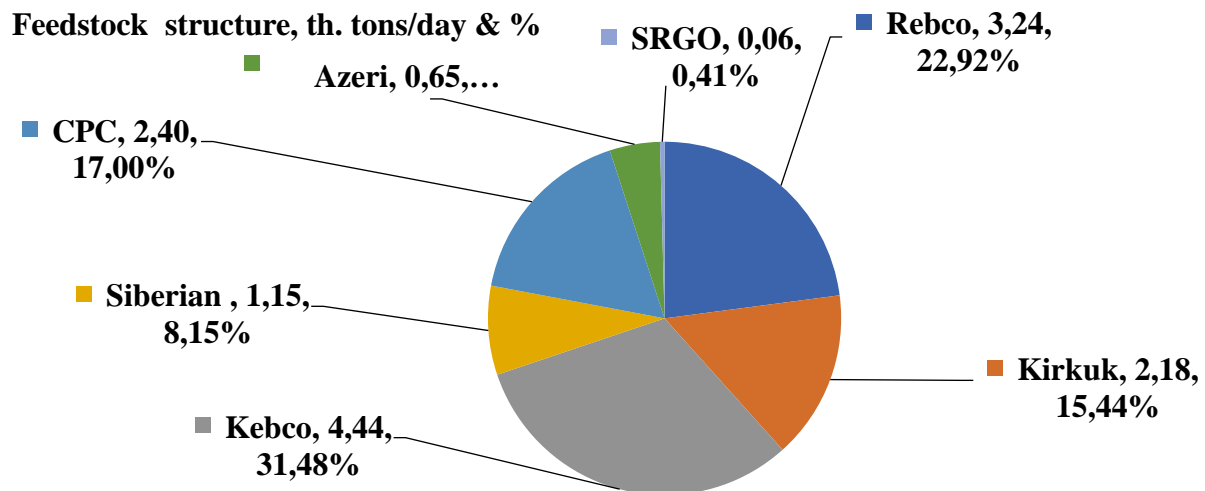
	Q I	Q II	Q III	Q IV	Total 2022
Budget (tons)	1,131,409	1,365,830	1,631,329	1,535,580	5,664,147
Achieved (tons)	979,537	1,330,548	1,506,814	1,441,331	5,258,229
Achieved/Budget (%)	86.58	97.42	92.37	93.86	92.83



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From an operational point of view, the refinery operated at a capacity of 15,409 tons of raw materials per day, compared to the actual operating time, this capacity being influenced by the period from March 11 to April 4, 2022, when the Petromidia refinery had 24 days of planned technological shutdown, the period in which the works at the Diesel Hydrotreater Unit (DHT) were also completed.





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In the context of the war in Ukraine, the crude oil that Kazakhstan exported in the second half of 2022 was marketed under the name of Kazakhstan Export Blend Crude Oil (KEBCO), to differentiate it from the crude originating in Russia.

Thus, starting July 2022, Rompetrol Rafinare changed the Platts quotation based on which the prices of heavy crude oil acquisitions are made for the Kazakh Exported Blend Crude Oil (KEBCO) with source from KMG NC, from Urals to CPC, following the market reaction to the events in the region.

The technological consumption of the refinery of 0.80%, reached in 2022, is the lowest value in the history of the refinery since the implementation of the „2010 Package”, lower than the previous year by 0.02%.

The Energy Intensity Index achieved in 2022 was 96.25 points, very close to the previous record of 96.1.

Between March 11 and April 4, 2022, the refinery had approx. 24 days of planned technological shutdown, during which the company's specialists, together with the personnel contracted for the planned shutdown works, completed the technological shutdown in Petromidia and Vega refineries including the rehabilitation works at the Diesel Hydrotreater Unit (DHT) affected by the technical incident on July 2, 2021. The DHT unit was put into operation starting April 13, 2022. After this date, all units in the Refinery were restarted, the equipment operating with a high degree of safety, Petromidia achieving a mechanical availability of 95.53%.

Refinery units were operated according to the highest performance standards, ensuring at the same time compliance with the commitments made regarding environmental protection.

The diesel yields registered 44.65% in 2022, while the yields for fuels (gasoline, diesel, Jet, LPG) reached 74.77%. The Jet yield registered a new record of 6.5% in 2022 (corresponding to approx. 340 thousand tons), higher than the previous year (2021: Jet yield 3.4%, corresponding to approx. 156 thousand tons), thanks to the optimization of crude oil and diesel recipes.



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The structure of the physical production as compared to the Budget, in 2022, is as follows:

2022 Year	Budget		Achieved	
	Tone	%	tone	%
Finished Products:	5,519,143	97.44	5,140,991	97.77
Gasoline	1,408,989	24.88	1,386,941	26.38
Diesel	2,692,207	47.53	2,347,836	44.65
Jet	261,668	4.62	339,706	6.46
Fuel Oil	199,911	3.53	149,720	2.85
Propylene	145,641	2.57	125,548	2.39
LPG	272,941	4.82	238,699	4.54
Coke	241,638	4.27	248,123	4.72
Sulfur	49,125	0.87	52,324	1.00
Other products	247,024	4.36	252,094	4.79
Total Loss :	145,004	2.56	129,897	2.47
White products		85.54		85.55

In 2022, it has been recorded a consumption of energy of 3.03 GJ/ton, higher than the energy consumption registered in 2021 by about 4% correlated with the refinery throughput of the refinery.

Rompetrol Rafinare –Vega Refinery work point

The production program of ROMPETROL RAFINARE - Vega Refinery work point for 2022 was designed with a total processing of 452,847 tons, of which 452,829 tons of raw materials from the Group and 18 tons of raw materials purchased from outside the group.

This program was the basis for preparing the income and expenditure budget for 2022.

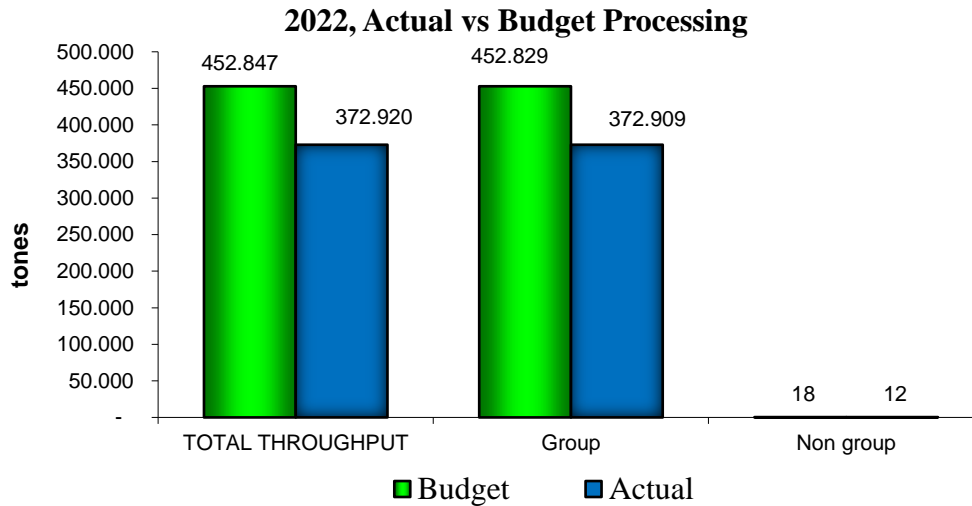
Processing in 2022 reached the level of 372,920 tons, of which 372,909 tons from the group and 11 tons non-group, below the budgeted level, due to the lower volumes of raffinate processed, correlated with the availability of raw material, railway blockages and sales demand and approx. 52 tons over the previous year.

This level of processing represents 82.35% compared to the program established for the 2022 budget, in accordance with the raw materials available from the Petromidia Refinery and correlated with market demand.



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2022	Budget	Achieved
TOTAL THROUGHPUT	452,847	372,920
Group	452,829	372,909
Non group	18	11



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

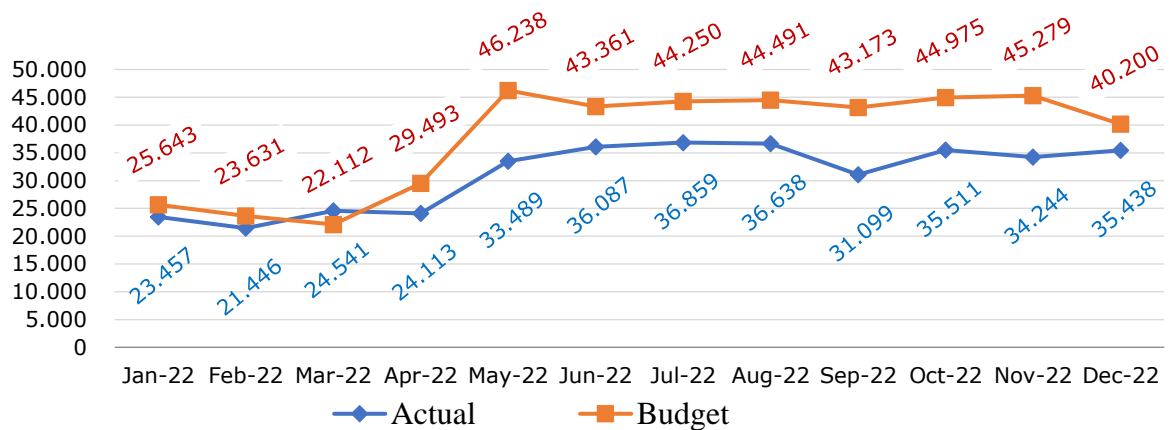
THROUGHPUT	Q I	Q II	Q III	Q IV	TOTAL
Achieved, tons	69,444	93,688	104,595	105,193	372,920
Budget, tons	71,386	119,092	131,914	130,455	452,847
Achieved/Budget (%)	97.3%	78.7%	79.3%	80.6%	82.4%

In 2022, 17.6% less was processed than budgeted, the monthly average being 31,077 tons compared to the budgeted 37,737 tons.



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Monthly evolution compared to budget (tones)



Structure of Physical Production as Compared to the Budget, in 2022, is the following:

YEAR 2022	Budget [tons]	Achieved [tons]
Finished products	449,766	370.145
Gasoline & Solvents	172,096	145,239
n-Hexan	90,640	79,321
White spirit & Petroleum	6,117	5,400
Calor Extra I	4,114	5,355
Light liquid fuel	4,797	11,660
Fuel oil	31,757	22,685
Bitumen	140,245	100,485

White products obtained %	BUDGET	ACTUAL
Related to total throughput	59.4	61.7
Related to commercial products	59.8	62.1

From the Budget - Realized comparison, we can see the concern to obtain oil products in accordance with market requirements.

In 2022, the energy consumption per ton of material saw a decrease of approximately 15.3% compared to 2021, the influence coming from the increase in processing volume and the decrease in the specific consumption of the units.



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Rompetrol Rafinare –Năvodari work point (the Petrochemicals area)

The production plan for Petrochemicals area in 2022 was drawn up for the operation of the Polymers plants: Polypropylene plant (PP) and Low Density Polyethylene plant (LDPE), with a production of 161,350 tons polymers as follows: PP – 87,100 tons and LDPE – 74,250 tons. At the same time, the production plan provided for a production of polymerizable propylene of 26,937 tons. This program was the basis for the preparation of the income and expenditure budget for 2022.

The polymer production achieved in 2022 was 128,958 tone, out of which PP – 86,404 tons and LDPE – 42,554 tons, and polymerizable propylene was 11,878 tons.

The structure of the physical production compared to the Budget, in 2022, is presented follows:

YEAR 2022	Budget [tons]	Achieved [tons]
Produce finite	188,287	140,836
Finished products		
Polymers production	161,350	128,958
PP	87,100	86,404
LDPE	74,250	42,554
	26,937	11,878

From the budget-achieved comparison, PP production was achieved in a proportion of approx. 99% compared to the budget and the production of LDPE was achieved in a proportion of approx. 57% compared to the budget having in view that LDPE plant operated discontinuously, being influenced by the fluctuations of the ethylene / polyethylene market, as well as the operational availability of the plant.

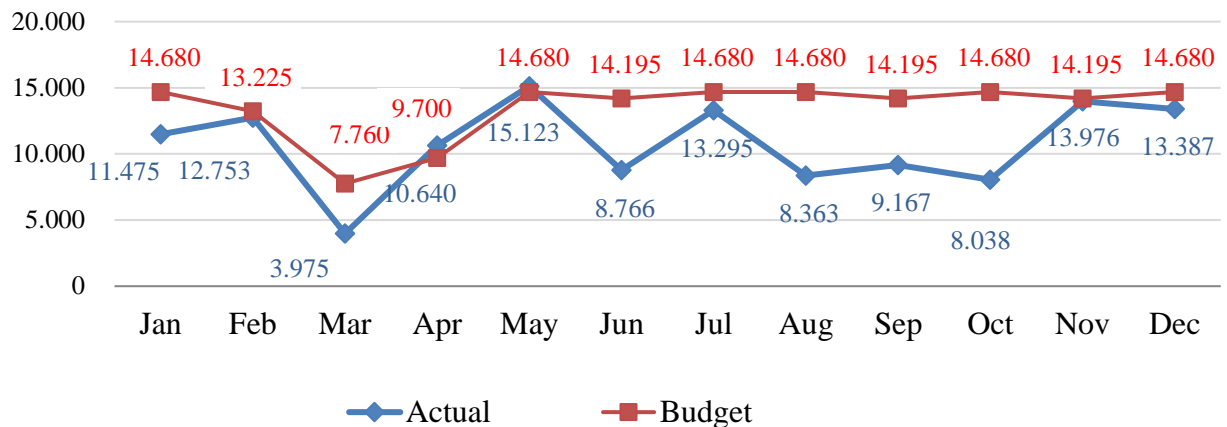
The situation of polymer production, per quarters is presented in the table below:

		Q I	Q II	Q III	Q IV	2022
PP	Budget (tons)	19,240	20,800	23,530	23,530	87,100
	Achieved (tons)	18,355	21,478	23,305	23,267	86,404
	Achieved/Budget (%)	95%	103%	99%	99%	99%
LDPE	Budget (tons)	16,425	17,775	20,025	20,025	74,250
	Achieved (tons)	9,848	13,051	7,520	12,135	42,554
	Achieved/Budget (%)	60%	73%	38%	61%	57%



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2022 Monthly polymers production evolution versus Budget (tons)



The structure of processed raw materials compared to the Budget, in 2022, is as follows:

YEAR 2022	Budget [tons]	Achieved [tons]
Raw materials	221,598	169,258
Propane propylene mixture	145,641	125,568
Ethylene	75,958	43,690

The main products produced by Rompetrol Rafinare S.A. in 2022

The Production Nomenclature of Rompetrol Rafinare S.A. includes a wide range of finished products.

The products marketed in 2022 by Rompetrol Rafinare – Petromidia Refinery work point, are grouped in the following categories:

1. Liquid fuels

a) Gasoline

- Gasoline Euro Super RON98
- Gasoline Efix RON95



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- Natural Gasoline RON92
- Gasoline RON 98
- Gasoline Efix S RON98
- EuroPlus Unleaded Gasoline
- Raffinate

b) Diesel fuels

- Diesel Euro 5
- 51 EFIX Diesel
- Super Diesel Euro 5
- Super Diesel Euro 5 marked
- 55 Diesel
- 55 Efix S Diesel
- Slurry

c) Jet

- Fuel jet A1

d) Fuel Oil

- Fuel Oil type 1
- Fuel Oil type 1 marked
- Fuel Oil
- FCC Residues

2. Gaseous fuels

a) Liquefied Petroleum Gas

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

b) Chemical grade gas

- C5-C6 cut
- Fuel gas
- Propylene/Propane-propylene mix



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3. Solid products

- Petroleum Coke
 - Petroleum Coke
 - Sorted Petroleum Coke for domestic use
- Petroleum Sulphur

The products marketed in 2022 by Rompetrol Rafinare – Vega Refinery work point, are grouped in the following categories:

1. Liquid fuels

a) Solvents

- Ecological solvents
- N-Hexane
- Naphtha gasoline
- Light naphtha type II
- Aromatic extract

b) White spirit and petrol

- White spirit

c) Diesel

- Calor Extra I
- Diesel -15

d) Fuels

- Light liquid fuel type III
- Calor Economic 3

e) Fuel oil

f) Bitumen

- Road bitumen
- Special bitumen
- Polymer modified bitumen

g) Additives



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The production classification of *Rompetrol Rafinare S.A. - Navodari work point – Petrochemical complex*, contains a large array of petrochemical finished products, grouped into the following categories:

1. Polypropylene (PP)

- a) Injection grades - J500, J600, J700, J800, J900, J1000, J1100, J1200, J1300, J1400, J1450, RHC40, J1500, J1550, J1600, J1600 RH
- b) Raffia grades - F301, F401, F501
- c) Thermoforming grades - RTF-3
- d) Film grades - F500, F600, RCF9, F400BO
- e) Fiber grades - S711, S1001
- f) Nonwoven fiber grades - RSB25, RSB35H, RSB40H, RSB45H, RMB30H

2. Low density polyethylene (LDPE)

- a) Thin film grades - B20/2, B21/2, B20/3, B21/3
- b) Thick bags film grades - B20/03
- c) Liquid packaging film grades - B21/05
- d) Heat-shrinkable film grades - B22/025, B22/07
- e) Greenhouse film grades - RGH-035 UV

Main services rendered by Rompetrol Rafinare in 2022

During 2022, the company provided the following services within the Utilities Unit, for the companies located on the Petromidia platform as well as for other companies outside the platform:

- electricity distribution, service provided by the Electric Department;
- utility distribution, service provided by the Thermo-Hydro Section consisting in the distribution of: instrumental air, technical air, fire water, potable water, hot water, returned condensate, raw water, filtered water, fuel refinery gases, thermal energy;
- wastewater treatment in the wastewater treatment plant of the Thermo-Hydro Section.

All these utilities are transported and distributed through the own pipeline network operated by the Utilities Plant. Tariffs for the distribution of electricity, drinking water and wastewater treatment are regulated by the competent authorities:

- electricity - electricity distribution tariffs on the two voltage levels, respectively low and medium voltage, regulated by the National Energy Regulatory Agency;



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- drinking water - distribution tariffs regulated by the National Regulatory Agency for Public Utilities Community Services;
- wastewater treatment service - tariffs regulated by ANRSC (National Regulatory Agency for Public Utilities Community Services).

The sales prices for the rest of the utilities are established taking into account the production cost of the respective utilities as well as the distribution expenses.

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

In 2022, sales on the domestic market accounted for 65% of total sales, a share slightly lower than in 2021. The share of automotive fuels (gasoline and diesel) reached 79% of the total volume of oil products sold. Approximately 73% of the total amount of gasoline and diesel fuel sold in 2022 was sold on the domestic market. Sales of gasoline and diesel fuel intended for consumption on the domestic market through the gas station network covered all geographical areas in Romania. The largest share (approx. 84%) in the sales of car fuels sold at the national level was the sale of diesel fuel.

External sales had as final destinations both the community and the non-community space. Intra-community deliveries had a share of about 15% of the total of finished products sold on the foreign market, slightly lower than in 2021 (18%).

By country, sales had the following main destinations:

Gasoline	- Albania, Gibraltar, Georgia, Tunisia, Turkey, Moldova, Ukraine
Diesel	- Bulgaria, Georgia, Moldova, Grecia, Serbia, Turkey, Ukraine
Petrol	- Moldova, Albania, Georgia
Coke	- Moldova, Turkey
Sulphur	- Egypt, Maroc

The distribution of oil products sold on the domestic market was mostly carried out by road and rail, but also by barges. On the external sales channel, the largest share of distribution was achieved by sea through Midia and Constanta ports, but also by road and rail.



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Sales of polymers on the foreign market were intended for both the EU and non-EU countries. Intra-community deliveries amounted to approx. 89% of the total finished products sold on the foreign market, the difference representing export sales on non-EU markets.

The most important markets for polymers (PP, LDPE, PET and PVC) are represented by: Romania (56%), Bulgaria (15%), Serbia (6%) and Italy (6%).

The distribution of the oil products sold by Rompetrol Rafinare was done by road and rail on the domestic market, and in the case of sales on the foreign market, the distribution of these products was carried out both by road and sea transport through 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		
	2020	2021	2022	2020	2021	2022
Net turnover, of which:	8,275	12,150	23,027	100.0%	100.0%	100.0%
Gasoline and diesel fuels	6,360	9,334	18,017	76.9%	76.8%	78.2%
Other petroleum products	1,260	1,746	3,993	15.2%	14.4%	17.3%
Petrochemical products	619	770	939	7.5%	6.4%	4.1%
Goods	11	271	44	0.1%	2.2%	0.2%
Utilities	9	12	17	0.1%	0.1%	0.1%
Services	15	17	17	0.2%	0.1%	0.1%

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

In 2022, **Rompetrol Rafinare** continued the production of “Diesel 55” and “Efix S Diesel 55” fuel assortments with improved winter properties. The product is sold in fuel stations under the name “Xtreme Winter Efix S”, its main property being resistance to temperatures up to -35 degrees C.



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In 2023, **Rompetrol Rafinare** will continue to deliver to the domestic market only Euro 5 fuels (sulfur content max. 10 mg/kg) and with a biofuel content of at least 8% by volume for gasoline and at least 6.5% by volume for diesel fuel (according to Law no. 311/2018).

For 2023, the Petromidia Refinery does not consider increasing its automotive fuel portfolio.

In 2022, the new grades produced by the **Petrochemical sector** represented 21.5% of the total production, up from 17.4% achieved in 2021. They brought an additional benefit of about USD 920,000 (calculated as the difference between the selling price of special grades and that of general-purpose grades).

The development activity in 2022 was focused on optimizing the existing grades, improving their properties by using the latest generations of additives (RTF3 thermoforming grade and RCF9 film grade).

In the difficult economic context of 2022, measures were taken to improve the efficiency of the units, thus the use of a new type of initiator in the LDPE unit was tested and then used, thus increasing the portfolio of potential suppliers. Also, the use of a solvent produced internally in Vega Refinery was started, thus reducing the dependence on particularly volatile external sources, especially due to the evolution of quotations.

In 2022, **Vega Refinery** continued to focus on the production of solvents (SE 30/60, n-Hexane, White spirit), naphtha gasoline, light and heavy liquid fuels for heating, normal and polymer-modified road bitumen.

For 2023, the introduction of new products in the **Vega Refinery** portfolio was not foreseen.

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.

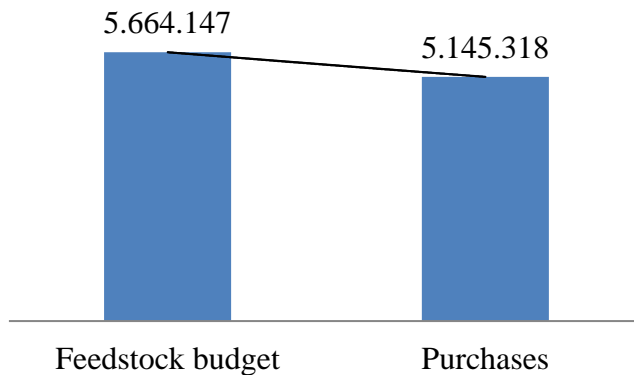
RRC has the supply sources for the development under good conditions of its activity, and the inventories of raw material and materials are accordingly dimensioned to ensure the continuation of operation of the two Refineries in Navodari and Ploiesti, respectively as well as the Petrochemicals Plant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



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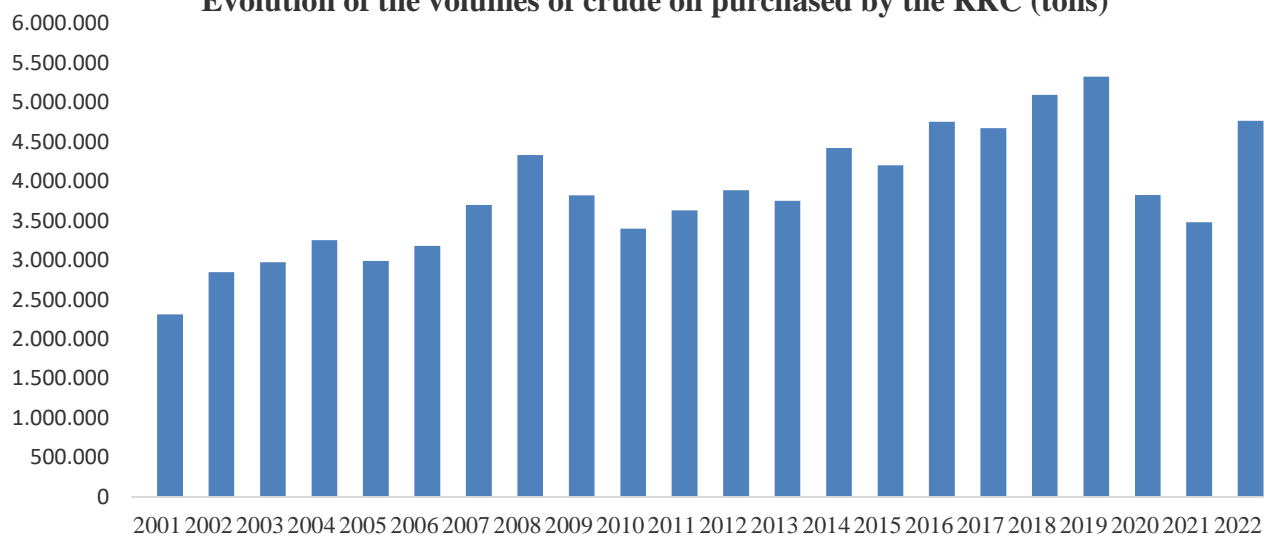
Raw material supply activity for Rompetrol Refining – Năvodari work point (Petromidia Refinery)

Feedstock acquisitions vs budget (tons)



The quantity of feedstock purchased in 2022 was lower than budget throughput level (which includes also other feedstock than those purchased). In the period March - April, a planned shutdown of the Petromidia Refinery was

Evolution of the volumes of crude oil purchased by the RRC (tons)



In 2022, crude oil purchases were higher (4,764,543 tons) than in 2021 (3,481,771 tons). Crude oil imports took place exclusively through the group's trading company, KazMunayGas Trading A.G.

The volume of all raw materials purchased in 2022 from external sources (5,054,271 tons) was higher than in 2021 (4,426,276 tons).

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The average price of crude oil purchased in 2022 was much higher (669 USD/ton) than the previous year (498 USD/ton) against the background of the outbreak of the war started by Russia against Ukraine, a war which led to a significant increase in international quotations levels. In 2022, the average price of Brent was 101 USD/bbl (767 USD/ton) compared to 71 USD/bbl (535 USD/mt) in 2021.

The volume of acquisitions of raw materials from the country was 91,047 tons in 2022 compared to 89,338 tons in the previous year. To these are added the quantities of raw materials from Vega in a total amount of about 28,365 tons compared to 24,651 tons in 2021.

Domestic rawmaterials suppliers:

- Socar Petroleum S.A. – methanol
- BUNGE BIOCOMBUSTIBIL S.R.L.; EXPUR S.A. - biodiesel
- Lukoil Romania S.R.L. - diesel component; MTBE

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

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 secured on the basis of a firm contract concluded for a period of 5 years, starting in 2021. This guarantees the stability of the Petromidia refinery's operating process under optimal conditions. The quantity of crude oil required for processing in the Refinery is contracted by the entity KazMunayGaz Trading A.G., the trader of the KMG International Group, with its headquarters in Switzerland. Its role within the KMG International Group is a well-defined one: it ensures imports of crude oil and other raw materials, and on the downstream distribution side it takes over petroleum products for sale on foreign markets.

2022 was a difficult year on the international crude market, difficulties generated by the geopolitical context that led to the imposition of sanctions on Russia by limiting access to crude oil and oil products of Russian origin, sanctions taken by the European Commission and applicable to all EU member states. To avoid any confusion with Russian crude, the KMG International Group adopted a strategy of individualizing the crude oil of Kazakhstan origin, by assigning it the name of KEBCO (Kazakhstan Export Blend Crude Oil). With full compliance with the restrictions imposed by EU on crude imports from Russia, the activity of purchasing crude oil was carried out correspondingly, ensuring a stable flow of crude oil for the Petromidia refinery.



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The volumes of crude oil purchased are handled through the Midia Marine Terminal, being unloaded in the modern marine terminal owned by the KMG International Group and located in the immediate vicinity of the Petromidia Refinery.

For loading and unloading of raw materials and oil products in Constanta and Midia ports, contracts are also concluded with service providers, such as Conpet S.A., Oil Terminal S.A. and Midia Marine Terminal S.R.L, respectively Decirom S.A. (for solid products).

The acquisition prices of raw materials are calculated based on the international quotations considered as reference on the oil market. Their level is induced by the fluctuation and the world situation influenced by economic and geopolitical factors and this fact is also reflected in the level of purchase prices of raw materials.

The other raw materials needed in the process of operating the refinery are purchased both from external sources and from the domestic market. And in their case, firm annual contracts are concluded to ensure the safety of the refinery's operating process. Among other raw materials, biocomponents (bioethanol and biodiesel) are purchased to produce automotive fuels required on the domestic market, in line with the legal regulations that establish the obligation of suppliers to sell gasoline and diesel with a minimum content of biofuels to final consumers.

Ethylene is a raw material for polyethylene (LDPE) and is purchased from the foreign market at prices that follow the trend of quotations.

The chemicals purchased by Rompetrol Rafinare S.A. (for the two refineries) during 2022 can be grouped into:

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



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1.1.4. SALES ACTIVITY

Rompetrol Rafinare –Petromidia Refinery work point

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

OIL PRODUCTS	TOTAL DELIVERIES	DELIVERIES					
		DOMESTIC *		EXPORT		TRANSFER	
		[tons]	[%]	[tons]	[%]	[tons]	[%]
Gasoline	1,181,261	344,865	29.19	836,395	70.81	0	0.00
Gasoline for chemical use	201,228	0	0.00	32,030	15.92	169,198	84.08
Petroleum	330,978	290,255	87.70	29,640	8.96	11,083	3.35
Auto diesel fuel	2,337,376	1,787,138	76.46	543,446	23.25	6,792	0.29
Fuel oil	151,221	25,083	16.59	0	0.00	126,138	83.41
Propylene Propane	125,548	0	0.00	0	0.00	125,548	100.00
Liquefied Petroleum Gas LPG	241,611	241,611	100.00	0	0.00	0	0.00
Petroleum Coke	251,993	183,835	72.95	68,158	27.05	0	0.00
Petroleum Sulphur	51,992	39	0.07	51,954	99.93	0	0.00
Other Products	87,374	29,008	33.20	0	0.00	58,366	66.80
TOTAL	4,960,583	2,901,834	58.50	1,561,624	31.48	497,124	10.02

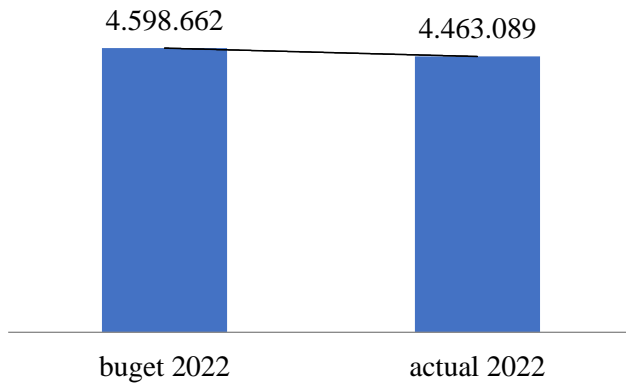
* domestic deliveries include oil products sold on the domestic market, deliveries to Vega and Petrochemicals, being entered under the heading "transfer"

In 2022, the sales volume was slightly lower than the budgeted one and increased by 44.36% compared to 2021 (2021 deliveries: 3,091,583 tons).



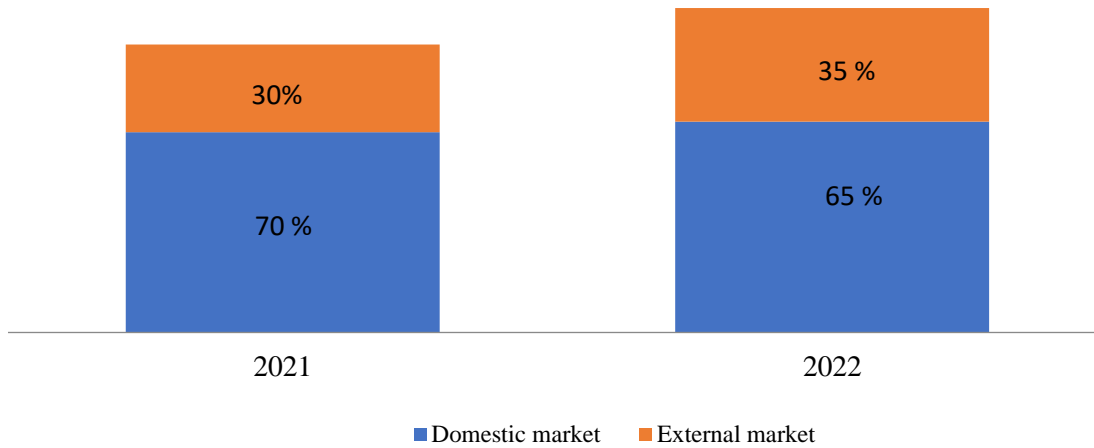
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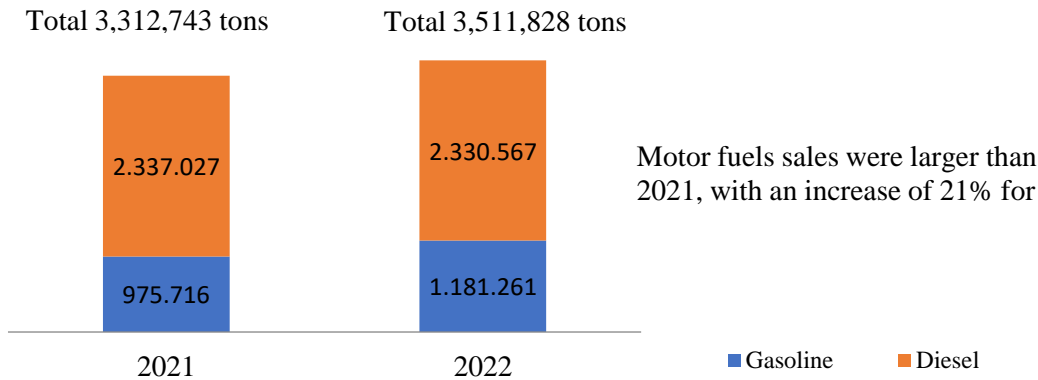
Volumes of finished products sold compared to budget (tons)



Sales in 2022 were slightly lower than budget level. We mention that the budget volume includes only the correspondent products usually sold based on sale plan for 2022.

The structure of total sales by distribution channels



**ROMPETROL RAFINARE S.A.**
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In 2022, the total sales volume increased by about 13% compared to 2021, which was a second year affected by the pandemic crisis.

On the external market, the volumes traded were higher than in 2021. The largest part of the quantities was sold on the regional markets, where we have a competitive logistic advantage: Bulgaria, Moldova, Hungary and Serbia.

Rompetrol Rafinare –Vega Refinery work point

The quantitative structure of the deliveries of oil products in 2022 is summarized in the following table:

Group of products	TOTAL DELIVERIES 2022		DOMESTIC		EXPORT	
	[tons]	% of total sales	[tons]	%	[tons]	%
Naphtha gasoline	100,827	27.69	23,000	22.81	77,827	77.19
Bitumen	100,495	27.60	100,495	100.00	-	-
Heating fuels	15,761	4.33	15,761	100.00	-	-
Hexane	77,593	21.31	4,377	5.64	73,216	94.36
Heavy fuel oil	22,441	6.16	22,441	100.00	-	-
Petroleum and White spirit	4,969	1.36	2,310	46.48	2,659	53.52
Ecologic solvents	42,056	11.55	784	1.87	41,272	98.13
Total	364,142	100.00	169,168	46.46	194,974	53.54



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The quantitative structure of oil products deliveries in 2022 compared to the budget is summarized in the following table:

Product Group	Total sales 2022		Domestic		External	
	[tons]	% of total sales	[tons]	% of total sales	[tons]	% of total sales
Naphtha gasoline	100,827	27.69	23,000	13.60	77,827	39.92
Bitumen	100,495	27.60	100,495	59.41	-	0.00
Heating oils	14,823	4.07	14,823	8.76	-	0.00
Gasoil - 15	937	0.26	937	0.55		
Hexane	77,593	21.31	4,377	2.59	73,216	37.55
Fuel Oil	22,441	6.16	22,441	13.27	-	0.00
Petrol and White spirit	4,969	1.36	2,310	1.37	2,659	1.36
Ecological solvents	42,056	11.55	785	0.46	41,272	21.17
Total	364,142	100.00	169,167	100.00	194,974	100.00

Sales market

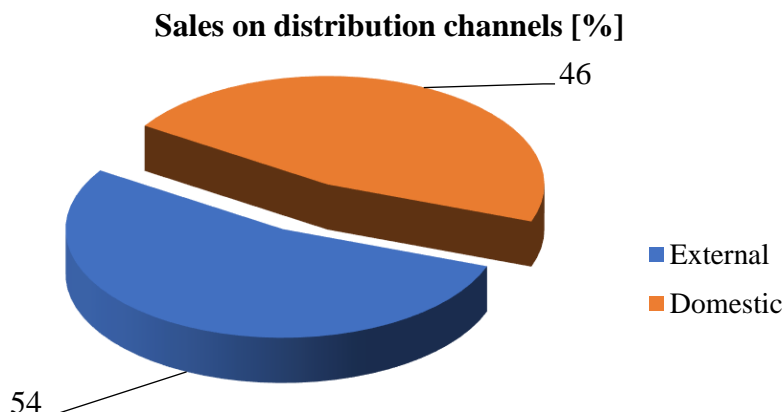
Deliveries in 2022 totaled a quantity of 364,142 tons, 14% higher than the previous year (2021 deliveries: 318,797 tons). 169,167 tons were delivered on the internal distribution channel (2021: 151,702 tons), and 194,974 tons were sold on the external distribution channel. The share of sales of finished products on the foreign market was higher than on the domestic market.

The main markets for external channel were:

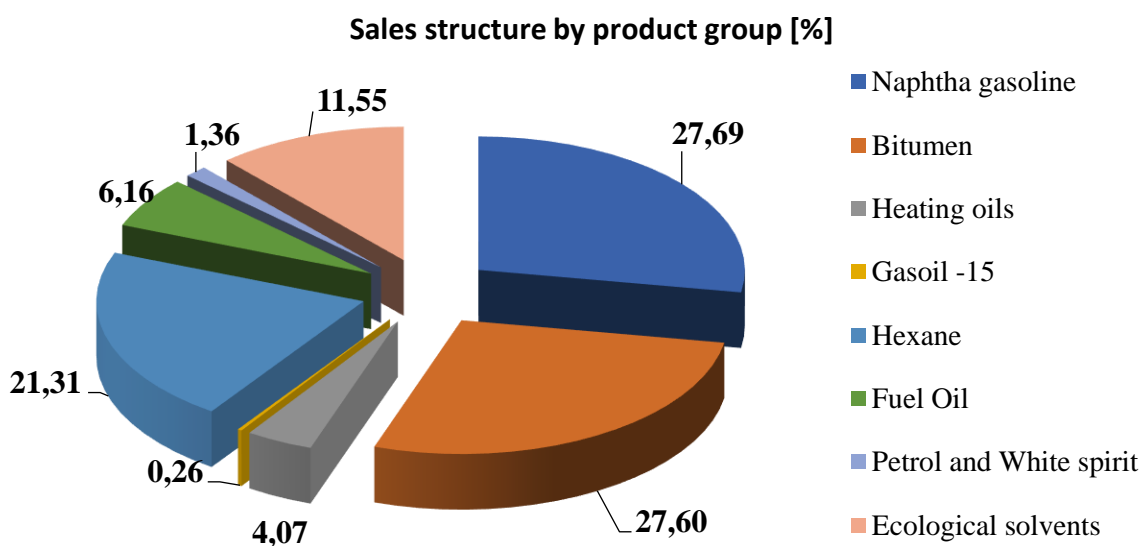
- Hungary, Poland, Bulgaria, Moldova, Slovakia - for naphtha;
- India, Turkey, Ukraine, Bulgaria - for hexane;
- Germany, Hungary, Italy, Ukraine, Moldova - for ecological solvents;
- Bulgaria, Moldova, Turkey - for white spirit;



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White products sales (naphtha gasoline, ecological solvents, n-hexane and white spirit) represented about 62 % of total sales in 2022.





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Rompetrol Rafinare –Năvodari Work point, Petrochemical complex

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

Products	Deliveries				
	Total deliveries	Domestic		Export	
	[tons]	[tons]	%	[tons]	%
PP	89,249	49,958	56%	39,292	44%
LDPE	41,267	22,973	56%	18,295	44%

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

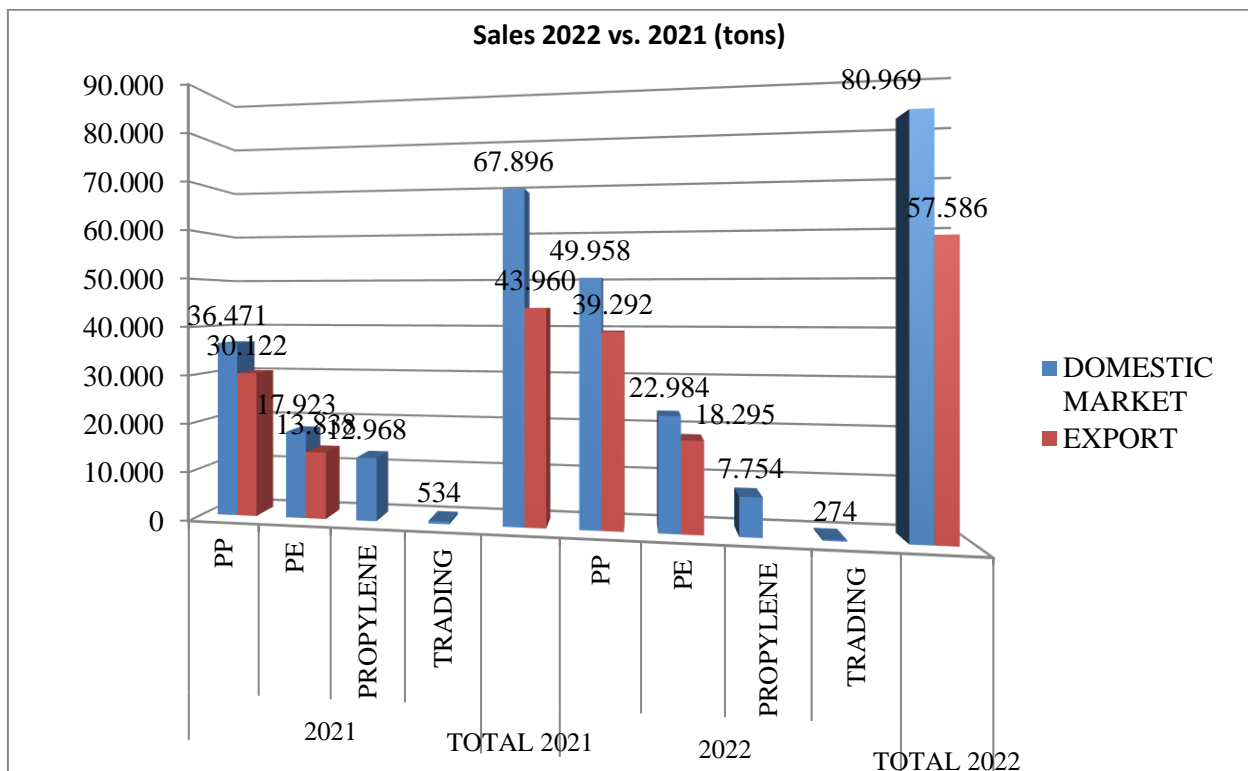
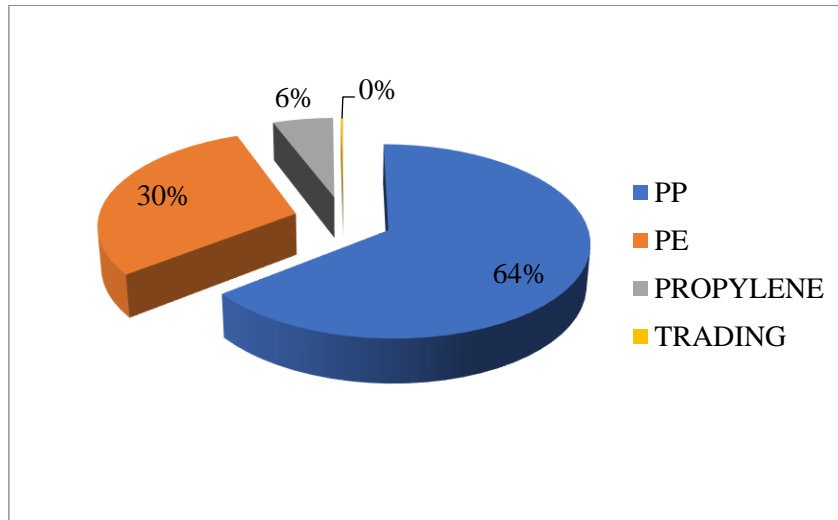
In addition to its own products, the company performs a sustained activity of marketing a varied range of petrochemical products that are not currently in the production portfolio of Rompetrol Rafinare - Petrochemical complex, but for which there is demand on the Romanian market: high density polyethylene grades (HDPE pipe grades), linear low-density polyethylene (LLDPE), PVC, PET and PP.

The sales of the Petrochemical Complex in 2022 totaled a quantity of 138,556 tons, increasing by approx. 24% compared to the previous year (2021: 111,856 tons).

In 2022, 64% of total sales are represented by polypropylene (PP), 30% by polyethylene (PE: LDPE and HDPE) and the remaining 6% by propylene sales.



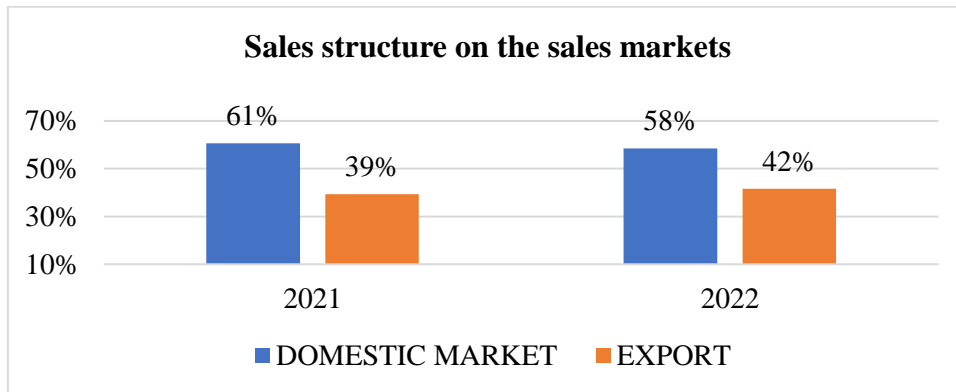
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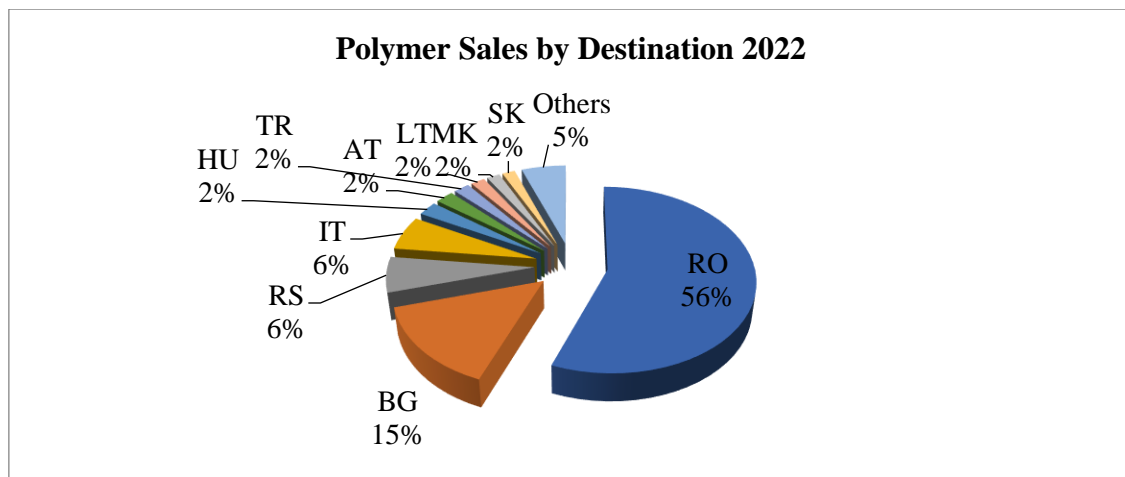
Of the total sales, 58% represents the domestic market and the remaining 42% represents exports.



The most important markets for polymers (PP, LDPE, PET and PVC) are represented by: Romania - 56%, Bulgaria -15%, Serbia -6% and Italy -6%.

Sales of polymers on the foreign market were intended for both the EU and non - EU countries. Intra-community deliveries represented approx. 89% of the total finished products sold on the foreign market, the difference representing export sales to non-EU markets.

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





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

The main competitors on the domestic market are the other two producers, OMV Petrom and Petrotel Lukoil, but also the other international companies with subsidiaries in Romania: MOL, SOCAR.

The main **competitors** on the foreign market are:

Regional producers:

- LITASCO (Romania, Bulgaria);
- OMV PETROM (Romania, Austria);
- MOL (Hungary, Slovakia);
- SOCAR (Turkey);
- GASPROM (Serbia)

International traders, present on all markets: VITOL; TRAFIGURA.

For petrochemical products, the main competitors (who are also producers but are not located in Romania) on the internal and external market are:

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

b) *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 significant dependence on a single customer or group of customers:

- ✓ KazMunayGas 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.)



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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 2022, 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 unionizing the employees

On 31.12.2022, Rompetrol Rafinare, Navodari Work Point (Petromidia Refinery) had 956 employees, of which: 250 - personnel with higher education.

On 31.12.2022, at the Vega Refinery Work Point, Ploiesti, the company had 187 employees, of which: 41 - personnel with higher education.

TOTAL: On 31.12.2022, Rompetrol Rafinare S.A. had a total number of 1,154 employees, of which: 1,143 with an active employment contract and 11 employees with a suspended employment contract.

The degree of unionization of the workforce was 75% (859 employees are union members).

The following trade unions are active within the Company: the Petrochemist Free Trade Union (606 members), the Vega Free Trade Union (32 members), the Midia Navodari Industrial Platform Workers' Union (221 members).



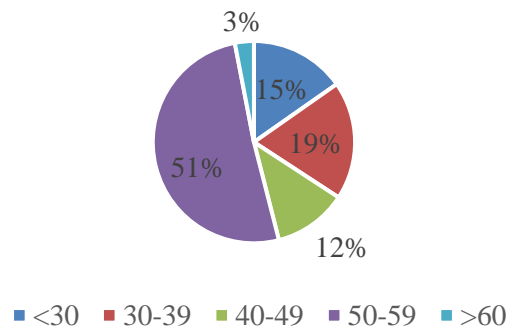
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Employees' split by age groups:

- Rompetrol Rafinare Petromidia work point

Age Range	Number of employees	Percent of the total number of employees
<30	146	15%
30 – 39	181	19%
40 – 49	113	12%
50 – 59	487	51%
>60	29	3%

**Rompetrol Rafinare Petromidia Work Point
Percentage of the total number of employees**

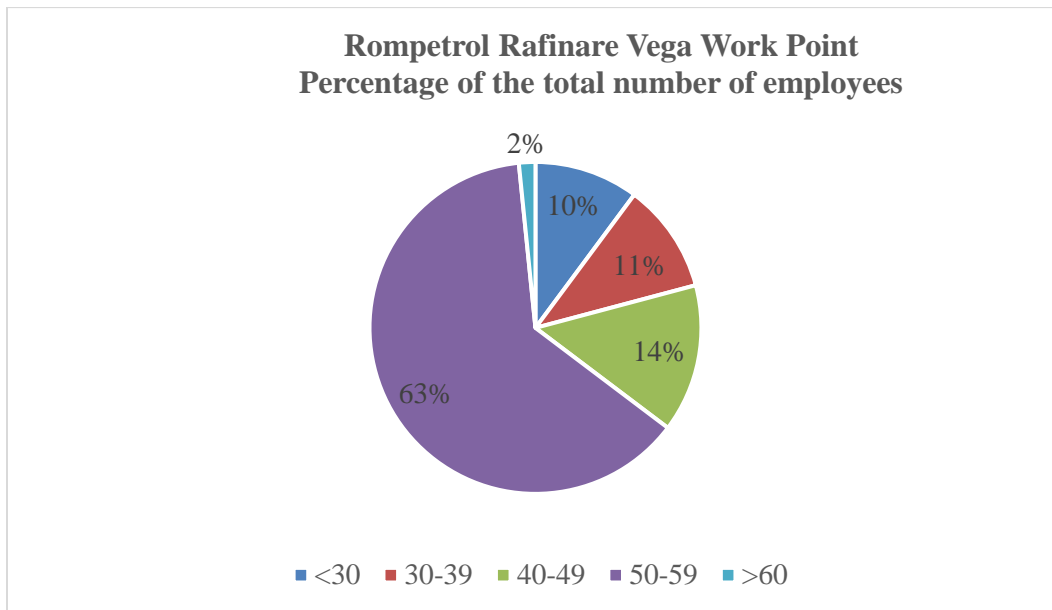


- Rompetrol Rafinare Vega work point

Age Range	Number of employees	Percent of the total number of employees
<30	19	10%
30 - 39	20	11%
40 - 49	27	14%
50 - 59	118	63%
>60	3	2%



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Also, during the reported period, a series of employee training programs were held within the Company in the fields of: functional skills; general knowledge; communication; QHSE certifications; safety; professional knowledge – support functions, etc.

A total number of 1,108 employees (non-unique) participated in the training programs that totaled 44,142 hours, which means an average of approx. 39.83 training hours/employee.

The total cost of training in 2022 was USD 118,295.

Also in 2022, all employees still had the opportunity to register on an online platform with over 100 courses for the development of soft skills (e.g. management skills, problem-solving skills, 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.



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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 relations between the company's management and employees are normal, not negatively influencing the company's economic performance. There is a regular social dialogue between the management of the company and the union.

In 2022, the new Collective Labor Agreement was negotiated and signed between Rompetrol Rafinare and the Free Petrochemist Union ("SLP").

Also, at the end of 2022, the collective salary increase was negotiated with application starting with March 1st, 2023.

1.1.6. ACTIVITY RELATED TO ENVIRONMENTAL PROTECTION AND QUALITY, HEALTH AND SAFETY

The Company owns and operates the Petromidia Refinery, located in Navodari, Constanta County and the Vega Refinery located in Ploiesti, Prahova County.

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

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

- Compliance with legislation and other applicable requirements, the permanent monitoring of the degree of legal compliance;
- 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;



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- 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 2022, Rompetrol Rafinare SA - Petromidia Work Point operated based on the Integrated Environmental Permit no. 1/10/05/2013 updated on 18/02/2019. The Integrated Environmental Permit is in the updating procedure in order to integrate projects completed / implemented after 2019 (Constanta Environmental Authority issued Decision No. 785/20.05.2021 regarding the updating of the authorization and will issue the renewed document in the following period).

The Vega refinery operated based on Integrated Environmental Permit no. 9/08.07.2015 issued by APM Prahova, revised on 09.11.2022.

Environmental Agreement

During 2022 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.

The project “Rehabilitation and development of the land area within the premises of ROMPETROL RAFINARE S.A. - Vega Ploiesti Refinery, on which the lagoons for acid tars and oil residues are located” continued based on the Environmental Agreement no. 1/18.02.2015, revised on 14.01.2021.

At the end of 2022, works on Lagoon 17 were completed.

Also, for the other lagoons to be rehabilitated (16, 19-20, 7-15), the works will be executed with contractors authorized in terms of environmental legislation, in the following period and according to the Environmental Agreement.



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Water permit

In 2022 Rompetrol Rafinare SA - Petromidia work 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 based on 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 2022, Rompetrol Rafinare SA - Petromidia work point operated based on the Authorization regarding the greenhouse gas emissions no. 89 / 01.03.2021 for the period 2021-2030.

Also, during 2022, the greenhouse gas emissions monitoring plan for the period 2021-2030 was approved / validated (according to the format imposed by the EC).

Rompetrol Rafinare SA - Vega work point operated based on the GHG Authorization no. 139 / 02.06.2021 for the period 2021-2030 and the monitoring plan approved by the competent authority.

In April 2022, the compliance procedure was completed by returning the certificates related to the CO₂ emissions of 2021 to the European Register of Greenhouse Gas Emissions (EUTL).

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.

During 2022, the process of staged revision of all safety data sheets for own products (Petromidia and Vega) was initiated in accordance with the requirements of Regulation no. 878 / amending Annex II to Regulation (EC) no. 1907/2006 of the European Parliament and of the Council on the registration, evaluation, authorization, and restriction of chemicals.

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), in 2019 the Environment Protection Authority (EPA) Constanta was designated as the regulatory authority for the procedure for decontamination of 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.



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Based on the mentioned investigation studies, during 2021 APM Constanta issued Decision no. 1/22.04.2021 by which the mentioned location was classified as a "contaminated site" respectively Decision 1R/ 08.11.2021 regarding the remediation of the contaminated site and notified Rompetrol Rafinare regarding the continuation of the procedure by developing the feasibility study and the remedial project. The feasibility study was developed and submitted to APM Constanta (29.12.2021), later completed (May 2022) and the authority's point of view is currently awaited regarding the approval of the scenario / remedial solution identified in the study and the initiation of the technical remediation project.

During 2022, the application of LDAR-Leak Detection and Repair techniques continued, in order to identify fugitive emissions / losses associated with equipment, which can be reduced through maintenance activity.

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

Major activities carried out in 2022 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 2018/2001/ EC (RED)
 - Rescue Stations, according to legal requirements
- Integrated Management System documents have been maintained / developed / revised/reviewed (policies, objectives, plans, programs, procedures, work instructions, regulations, REACH dossiers and safety datasheets for products, Hazardous chemicals list, Security Report, Internal Emergency Plan, etc.);
- The monitoring of infection with the SARS-COV2 virus continued, registering a number of 103 positive cases, without impact on the company's activity.
- There have been registered 2 (two) work accidents with temporary incapacity (DAFWC-days away from work cases)



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- For carrying out the planned revision works (March 2022) in good conditions, specific activities were carried out so as to ensure both the fluidization of activities and occupational health and safety. 2,104 contractors participating in the works on the Petromidia and Vega platforms were trained, there here have been organized 3 work shops on PTW (permits to work) and 3 “stop works” for discussions on work safety with subcontractors. 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** for own employees and direct contractors. PSSR (Process Startup Safety Rewiev) checklists were used to restart the installations in safe conditions.
- .
- In order to implement the decarbonization strategy of KMG International Group, 2 approaches have been identified, for which feasibility studies will be developed by an external service provider.
- 507 internal inspections and audits were performed according to the planned / unplanned / thematic, in order to identify both the weaknesses and opportunities for improvement.
- There were 43 inspections and external audits by authorities and certification bodies
- The degree of customer satisfaction was monitored in correlation with the number of complaints, no well-founded complaints were registered for refining products and for polymer products a 45% decrease in the number of complaints was recorded compared to 2021.
- Specific statistics and reports were prepared, with established frequencies (weekly / monthly / quarterly / half-yearly/ annually) or on request, in order to meet both the internal and external requirements of the relevant stakeholders (authorities, customers, suppliers).
- 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, accidental pollution not being recorded.
- Employees of the department participated in external training courses (REACH compliance, risk assessor) and in the national competition, to Insemex Petrosani, in respect of mining and surface rescue teams (“General meeting of the Association of Mine and Surface Rescuers“)
- Within the 1.Life/1.Viata project, through the Motivation and Awareness Subcommittee, promotion, motivation and awareness actions were undertaken , namely:
 - The celebration of 10 years since the commissioning of the MHC, HPP, New SRU units
 - “Work permits” - question and answer session
 - Oil and Gas Industry Workers Day - safety contest with questions from internal procedures



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- Safety motivation action with questions regarding safety and emergency rules and procedures.

1.1.7. RESEARCH AND DEVELOPMENT ACTIVITY

The expenses during the financial year 2022 as well as those anticipated for the next financial year for the research and development activity

Expenses in 2022

Expenditure for studies and technical assistance 334,616 USD

Expenses planned for 2023

Expenditure for studies and technical assistance 1,504,759 USD

The main studies performed in 2022:

- *UOP Technical Assistance for Licensed Units*
- *Member of CONCAWE Association (European Petroleum Refiners Association)*
- *Elaboration of Energy audit report required to maintain the green certificates payment exception agreement in accordance with GD 495/2014*
- *New pumping station for untreated water - Carasu*
- *HAZOP study (Hazard and Operability)*
- *WoodMacKenzie – Rompetrol Petromidia – Petrochemical Masterplan*
- *Technical expertise - INCD INSEMEX PETROSANI and NUCLEAR NDT RESEARCH & SERVICES SRL*
- *Updating Concawe files and improving SIEF (Substance Information Exchange Fora) facilitation for petroleum substances - CONCAWE Association (European Petroleum Refiners Association)*



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From the studies list proposed by Rompetrol Rafinare to be carried out in 2023 we can mention:

- *UOP Technical Assistance for Licensed Units*
- *Benchmark study 2022 Solomon*
- *Member of CONCAWE Association (European Petroleum Refiners Association)*
- *Updating Concawe files and improving SIEF (Substance Information Exchange Fora) facilitation for petroleum substances - CONCAWE Association (European Petroleum Refiners Association)*
- *Elaboration of Energy audit report required to maintain the green certificates payment exception agreement in accordance with GD 495/2014*
- *Vacuum distillation column 100-C5 modernization study*
- *Preparation of P&IDs (Process & Instrumentation Diagram) for the Nitrogen-Oxygen units (N₂-O₂) and compressed air units*
- *Updating the P&IDs for the thermal energy utility systems in Petromidia*
- *Feasibility study to identify the alternative raw material for the Hydrogen Factory unit*
- *Modernization study regarding the improvement of the performance of the column plates in the Atmospheric and Vacuum Distillation Unit*
- *Filtration solution for NMP (N-methyl-pyrrolidone) solution*
- *Update P&IDs for utility systems - Vega Refinery*
- *Corrosion benchmark study*

1.1.8. RISK MANAGEMENT ACTIVITY

Company's exposure to the price risk, credit risk, liquidity risk and cash flow risk

The company is exposed to the risk induced by the high volatility of the prices of crude oil and petroleum products, with a direct impact on the gross margin on sales. For this reason the management developed a hedge policy, which was implemented within Rompetrol Rafinare S.A. starting with January 2011. According to the hedge policy, on the raw materials and petroleum products side, the flat price risk for priced inventories above a certain threshold (called base operating stock in case of Rompetrol Rafinare) is hedged using future contracts traded on ICE Exchange and some OTC instruments.



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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 2022 at a value of 0.44.

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 2022, 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 60% of the Company's sales are made in national currency (RON), generates a significant foreign currency exposure risk. The Company's management is working on identification of certain methods of reduction of foreign currency risk with impact in the individual financial statements in RON, which will be brought to the knowledge of the Board of Directors of Rompetrol Rafinare SA. Certain assets and liabilities are denominated in foreign currencies, which are translated at the prevailing exchange rate at each balance sheet date. The resulting differences are charged or credited to the income statement but do not affect cash flows. Treasury department is responsible for handling the Company's foreign currency transactions.

Liquidity and cash flow risks

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



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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.

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



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gain from the trading of these instruments. The company also had price risk hedging operations on EUA certificates for which it used futures instruments and carried out hedging transactions for refining margins and the Urals-Dated Brent oil price differential using swap instruments Over-The-Counter (OTC).

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 has implemented a quality-environment-safety integrated system meeting the legal requirements for quality – environment – security.

In order to identify, assess and minimize the risks to our communities, employees, contractors, the environment and the 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 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



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- Unified Electronic Risk Events database, Key Risk Indicators Status Report) sent quarterly to Rompetrol Rafinare management for approval ;

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.

In order to achieve the objectives regarding occupational health and safety and emergency situations adequate actions have been taken, as well as activities necessary to comply with legal and regulatory requirements.

Within the project "1.Life/1.Viata", to increase and consolidate the safety culture, the team was reorganized into subcommittees, with objectives and actions established for each working group.

Periodic safety meetings were organized together with top management, installation heads from the Petromidia and Vega platforms, QHSE safety inspectors and the inspectors of the Installation Control department, for the analysis of operational safety and the identification of improvement measures in the safety chapter.

Through the "1.Life/1.Viata" communication channel, the planning of BBS (BBS - Behavior Based Survey) safety audits was sent monthly, there were audits carried out to identify and correct the unsafe behaviors of Rompetrol Rafinare employees both at the places of work as well as driving cars.

The organization continued in 2022 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 HPR, HDV and SRU units, with an external consultant.

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) quarterly meetings, assessing the risks of accidents and occupational diseases (MERP application, PECE method), accidents investigations, 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. For Petromidia, the documentation of the Rescue Station has been updated due to the change of the component, with the integration of Rompetrol Energy company.

The operative staff who work within the Rescue Stations were authorized/reauthorized by INSEMEX Petrosani.



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The Audibility Study for the PEM centralized alarm system was documented, for the completion of which the second phase of the project was initiated, which mainly targets the locations in the vicinity of the site.

There were revised the documents regarding emergency situations management:

- Raport de Securitate al Rompetrol Rafinare-Platforma Petromidia
- Plan de Urgenta Intern al Rompetrol Rafinare-Platforma Petromidia
- Raport de Securitate al Rompetrol Rafinare-Platforma Vega

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:

- 9 unplanned exercises in PEM (use of fire extinguishers, respectively mobile foam units in technological installations, addressed to employees, contractors, participants in the internship program and the QHSE Forum)
- 3 unplanned exercises at Vega (extinguishing use and checking the response capacity on two scenarios according to the Internal Emergency Plan).



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

INVESTMENT ACTIVITY IN 2022

Total investments actual value for **2022** is **54.4 million USD**, increasing by approx. 28% compared to the previous year.

	Achieved 2022
Petromidia, from which:	51,778,538
Development	173,280
Operational Support	144,977
Compliance	11,365,166
Capital maintenance	40,095,115
Vega, from which:	2,651,132
Compliance	595,376
Capital maintenance	2,055,756
Refinery Total Investments	54,429,670

The main projects **realised in year 2022 are:**

• **Petromidia Refinery, Petrochemicals and Vega Refinery 2022 Shutdown**

The technological shutdown represented the most important project foreseen in the company's investment plans for the year 2022.

To reach refinery goal of having a high mechanical availability, refinery must have high return at low costs. This can only be assured by execution of periodical refinery shutdowns.

Among the main works executed, which have a positive effect on operational returns, are:

- Catalyst Replacement / Regeneration and Catalyst Services - all work related to the replacement of end-of-life catalysts with new or regenerated catalysts - to maintain a high gasoline / diesel production efficiency, and to obtain products with high economic value.
- Operational works - The other activities, which do not refer to maintenance repairs or modernization, but which are required to achieve good efficiency in the refinery, mandatory activities to prevent possible damage or defects of equipment due to corrosion, erosion, deposits in the technological process



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- Maintenance – Usual repairs and inspection necessary for equipment static/dynamics and pipes that cannot be performed during units operation.
- Capital Maintenance – equipment that can only be replaced during shutdown period.
- Capex or Improvement project – implementation of CAPEX projects that can be done only during plants shutdown.
- Unexpected/found works – works that appear after the equipment opening.

Within this project, the benefits are as follows:

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

All activities specific to the Planned Shutdown Program, from March 11 to April 4, 2022, were completed accordingly, fulfilling the objectives assumed by the project documentation, even in the conditions of the effects of the cyber-attack that the Company faced during this period.

- **Replace Refinery static equipments**

The „Refinery static equipment rehabilitation” program has as main objective to create conditions for operating 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.

Scope of this program is to manufacture, supply, and install the below listed equipment:

- **Static equipment’s replacement Project (6 equipments)**
 - 100A1/1 and 100A1/2 tubular sections repairing (total replacement of pipes + distribution and return chambers repair as per NDT control findings)- mounted in shutdown 2022.
 - 120S4 purchase and installing of a new tubular bundle + new floating – delivered and mounted.
 - 120S8 purchase and installing of a new tubular bundle- delivered and mounted.
 - 190S13B purchase and installing of a new plate heat exchanger- delivered and mounted.
 - E401 PP Unit – purchase of a new tubular element- mounted in shutdown 2022.
- **Static equipment’s replacement Project (12 equipments)**



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- New tubular bundles purchased and installed for: 100S22C, 100S21B, 180S7B, E295/2, E212A - mounted during shutdown 2022.
- New tubular sections for air coolers: 122A1/1, 122A3/1, 122A3/2 - mounted during shutdown 2022.
- New distribution chambers for following heat exchangers: 313V-S2 (purchased and kept as spare part) and ABS800 (mounted during shutdown 2022).
- New tubular bundle for 120S1E heat exchanger (mounted during shutdown 2022) and new air preheater for 100H2 (purchased and kept as spare part).
- 130S5 180S5 121 A1 (3 equipments) – purchased and mounted.

• **Firefighting Water Main Replacement Package 2021**

The main goal of a fire-fighting system is to prevent, extinguish, localize, or block fires, trying to preserve lives, protect property, and limit possible negative environmental 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 – 1,800 m (DN1000)
- feeding line 2 - from Fire Fighting Pumping Station to the Refinery – 1,100 m (DN1000)
- inside platform pipelines network, around 38,311 m (with vary diameters between DN 100 and DN 1000) split in the Refinery, Petrochemicals, Crude Tank Farm (8x50.000 mc) and Wastewater Treatment Plant areas.

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

Works were started, as follows:

- Replacement of fire water pipes Package 2022 - sections T073, T078, T080 with completion deadline in 2023 and package 2023 - Replacement of fire water pipes - 6 sections T065, T069, T072, T079, T077, T061, with estimated deadline for completion in June 2024.

• **Refinery Catalysts Change**

The effort in 2022 consisted in the following catalysts replacement, during the 2022 Shut down:

- 122 DHT unit activation of catalyst supplied in 2021.
- 130 RC unit delivery, sifting and make-up 20%.
- 125 DHT unit delivery, replace and activation
- 352 HPP unit, contracting, supply, replace
- 147 MTBE unit, contracting, supply, replace
- 120 V101 partial replacement from existing refinery stock.



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The benefits of program implementation are:

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

Also, the 2023 catalyst replacement projects were started. Replacement of the catalysts from the 120HB and 122HPM installations and replacement of the catalysts and refractory protection at Reactors 125 R1, R2 from the 125 HDV installation with considerable progress recorded in 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.

By project implementation, the following benefits are expected:

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

The projects were finalized in December 2022.

- **Tanks rehabilitation program**

2022 Scope of work related to tank rehabilitation is the following:

- Two gasoline tanks with a capacity of 3,150 cubic meters and 5,000 cubic meters, of which one tank had a capital repair, completed in 2022;
- A vacuum hydrofined distillate tank, with a capacity of 5,000 cubic meters, repaired in the revision of 2022.
- Three diesel tanks with a capacity of 10,000 cubic meters for which the design stage is underway, according to which the rehabilitation works will start for tanks with a capacity increase of 12,000 cubic meters;
- A tank with a capacity of 400 cubic meters, for which the capital rehabilitation works were completed in the 2022 Revision.

- **Replacement of absorption column 185C1**

Considering that several refinery units have been upgraded (HPM, HPR, HDV, HB, MHC, RGF), it was launched the absorption column 185C1 replacement project.

Project was finalized during 2022 Shutdown.

- **130 K1 PLC Upgrade**



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During 2022, a completely new system was installed, a system that communicates with the DCS unit and allows operators to operate the installation through the DCS interface in an improved manner. The project was completed during the 2022 Review.

• **Heater replacement in the DV (Vacuum Distillation) unit, Vega Refinery**

The heater has been installed and tested for performance. The project was completed in March 2022. The benefits resulting from the implementation of the project consist of:

- Reducing the specific consumption of natural gas.
- Increasing the efficiency of the exchanger from 60% to 86-95%;
- Reduction of maintenance costs.
- To meet the latest environmental standards, according to the legislation for the Integrated Environmental Agreement.
- Operating the DV plant without constraints and increasing production capacity from 125,000 tons/year to 165,000 tons/year and asphalt production from 107,000 tons/year to 127,000 tons/year.

***OTHER SIGNIFICANT PROJECTS DEVELOPED BY THE COMPANY –
DOLPHIN PROJECT***

In 2022, the implementation of both the initiatives developed in the previous stage and the new initiatives continued. In 2022, the activity of this project continued with four interdepartmental work teams: Energy, Continuous Improvement, Maintenance and Organizational Efficiency.

The goal of the 2022 project was established at the end of 2021 and was oriented towards the following areas: reducing utilities consumption and improving energy efficiency, increasing the refinery's utilization capacity, optimizing blends, improving product yields, reducing technological losses, for which it is estimated a \$ 4 million benefit.

All teams had one single goal:

- Increasing the operational performance of Petromidia and Vega - *maximizing refinery profitability without capital investment;*
- Developing, updating and implementing new processes / structures / systems - *implementing a modern way of working and supporting constant development;*
- Identifying new opportunities, generating continuous improvements - *evaluating and developing profitable ideas and investments for the future.*



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At the end of **2022**, there were achieved **\$ 21 million** benefits through the implementation of the initiatives by the project teams, which exceeded greatly the planned amount.

The benefits recorded during January - December 2022 resulted from the following directions:

- Reduction of utilities/energy consumption in the current market context where their price has increased significantly compared to previous years;
- Increase of the production of refinery gas in order to reduce the purchase of natural gas;
- Optimizing the spare on the Atmospheric Distillation installation as well as optimizing raw material transfers to the Vega Refinery.

STRATEGY

Following a detailed assessment there is a favorable economic outlook with a positive impact for road fuels demand on the mid-term driven by increasing motorization rate and small electrification rates in CEE. Accelerated extensive development of controllable channels in Romania remains an important direction for development until 2025, to ensure mitigation of oil and refinery margin fluctuations and increase profitability of system volumes.

On the long-term (2030+) road fuels demand will be negatively impacted by the population decline, higher electrification rate, as well as vehicle energy efficiency improvement. Decreasing demand for fuels putting pressure on refining volumes, utilization and margins.

Based on the market outlook and current position, KMG International Group has two main objectives: i) In the short to mid-term, increase vertical integration and start diversification of business; ii) In the mid-long term, to continue further transition from diversified downstream player to energy provider. To address these objectives, projects have been defined, corresponding to different time horizons, with highest priority for the short to mid-term projects run in the existing markets and current assets.

OUTLOOK FOR 2023

Group operations: The Group will continue to further improve its operational performance as well as 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:



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- Petromidia 2023 Feedstock Target performance set at 5.68 million tons, corresponding to 16 ktons/day of operation, with +0.42 million tons above achieved level of 5.26 million tons in 2022 (340 days of operation in 2022 vs 355 scheduled in 2023);
- White products 2023 yield target of 85.1%, -0.5% below 2022 level;
- Downstream Romania sales target set at 2.35 million tons, +18% growth target versus 2022;
- Downstream Romania Non-Fuel Margin performance 2023 targeted at USD 43.1 million, +25% versus 2022.

a) *Factors of uncertainty which could affect the liquidity of the Company*

The year 2022 was impacted mainly due to the volatility of the market environment of oil and natural gas, which led to significantly higher quotations compared to the previous year for crude oil and other feedstock, as well as for the petroleum products resulting from their processing.

Refining margins experienced a strong increase during 2022, on the ground of the increase in international quotations for petroleum products determined by the continued recovery of the demand for refined products compared to 2021, combined with the decrease in imports of crude oil and Russian products determined by the economic sanctions imposed by the European Union and the low stocks in Europe, which continued to push refining margins to record levels.

During 2022, the geopolitical situation at the international level determined a significant volatility of the prices in the oil industry, with implications on the result of hedging instruments operations carried out at the Company level. Crude price increased in 2022 to levels last seen in 2008 (the hedging strategy of Rompetrol Rafinare's stocks being that of protection against the price drop), and the price for Urals heavy crudes grades spread over of that of the Dated Brent moved in a very wide range after the military invasion in Ukraine, some of them reaching the historical low levels.

Also, a significant impact on the company's net result was the increase in utility costs, especially those with electricity and natural gas due to the strong increase in prices in 2022 vs. 2021, increases started from the second semester of 2021 determined by the energy crisis in Europe. However, in order to reduce the negative effects of the energy market on consumers, including industrial ones such as the Company, the Romanian state applied during 2022 a series of measures and support schemes dedicated to the energy and natural gas market.

The company has made sustained efforts to maintain the capacity to hedge current liabilities from current assets, the current liquidity indicator registering in 2022 a level of 0.44 close to that of 2021 of 0.46.

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



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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, it was implemented and apply starting 2011 the Hedge Policy.

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

The investment activity within 2022 year has focused, in accordance with the investment 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 Diesel Hydrotreater Unit under safe commissioning conditions. according to the schedule after the long stop;
- Running refinery at nominal run rate, operate all the units at planned capacity and obtain required quality of products by replacing necessary catalysts.
- 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.

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

Rompetrol Rafinare S.A. recorded a net turnover of **Lei 23,026,777,606** in 2022, this being mainly impacted by the volatility of the international oil and natural gas market environment transposed into significantly higher quotations for oil products sold in 2022 compared to the previous year, on the ground of increased sales volumes by 10% in 2022 compared with the ones from 2021. In the 2022 financial year the company recorded a net profit of **Lei 666,277,159**, due to the significantly increased refinery margins recorded during 2022, on the ground of the increase in international quotations for petroleum products determined by the continued recovery of the demand for refined products compared to 2021, combined with the decrease in imports of crude oil and Russian products determined by the economic sanctions imposed by the European Union and the low stocks in Europe, which continued to push refining margins to record levels.

During 2022, the geopolitical situation at the international level determined a significant volatility of the prices in the oil industry, with implications on the result of hedging instruments operations carried out at the Company level. Crude price increased in 2022 to levels last seen in 2008 (the hedging strategy of Rompetrol Rafinare's stocks being that of protection against the price drop), and the Urals heavy crudes grades spread over Dated Brent moved in a very wide range after the military invasion in Ukraine, some of them reaching the historical low levels.



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d) Others

1. On August 22, 2016, a technical incident took place at the Atmospheric and Vacuum Distillation (AVD) unit followed by a fire that was extinguished by the refinery staff and 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. Following the completion of the criminal investigation and the administration of the technical expertise, Rompetrol Rafinare S.A., Rominserv SRL and 3 employees of the 2 companies were sent to court for: negligent failure to take measures regarding safety and health at work, culpable bodily injury, culpable homicide, accidental pollution. The Company is also a civilly responsible party in the file. At the date of issuing this report, the litigation is pending before the court.
2. On July 2, 2021, an explosion took place, followed by a fire at Petromidia refinery, Diesel hydrotreater unit. As a result of the accident, 3 company employees died and another employee suffered a hip fracture. The criminal investigations are carried out by the Prosecutor's Office attached to the Court of Constanta, with the technical expertise ordered by the criminal investigation bodies in progress. At the same time, the collective work accident was investigated by the Territorial Labor Inspectorate. The Minutes of the investigation were issued in 2022.
3. As part of the investigation carried out by the Directorate for the Investigation of Organized Crime and Terrorism ("DIICOT"), the investigation that is the subject of criminal file 279/D/P/2020, the Company received during 2021 of a series of ordinances by which it was requested to make available to the criminal investigation bodies some documents related to the works contracted for the greening of lagoon 18 of the VEGA Refinery. The Company obtained the Environmental Agreement no. 1/18.02.2015, revised on 14.01.2021, issued by the competent environmental authority for all 14 lagoons, for their greening. At the date of the preparation of the financial statements for auditing (March 2023), the Company has no capacity in the criminal file, reserving the right, in relation to the evolution of the criminal case that is the subject of the criminal file 279/D/P/2020, to formulate a request for the establishment of a civil party if the case arises.



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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 capacity of Petromidia Refinery, following the refining capacity expansion project from 2012 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 KMG International Group) operate in various business areas.

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



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

Strategically located on the Black Sea coast, the 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 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.

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



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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 rail wagons cars and trucks.

2.2. THE DEPRECIATION DEGREE OF THE ASSETS

At the end of 2022, the accumulated depreciation of the tangible non-current assets (expressed in RON) is as follows:

Depreciation of tangible non-current assets	Balance on 01.01.2022	Balance on 31.12.2022
Lands-(developments)	-	8,265,581
Constructions	-	164,926,607
Technical equipment and machinery	2,461,464	351,743,540
Other facilities, equipment and furniture	-	923,632
Total	2,461,464	525,859,359

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.

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

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1. On 10 September 2010, ANAF issued a decision establishing the precautionary seizure of all the holdings held by Rompetrol Rafinare in its affiliated companies, as well as on the movable and immovable property of Rompetrol Rafinare, except for the stocks. This measure is still in force, but at the time of issue of this report, this seizure does not have any direct effect on the Company's (Rompetrol Rafinare SA) recurring operations. On the date of the preparation of this report, the Romanian State has waived the judgment of appeals in all disputes before the courts whose object was related to the application of the provisions of the Government Emergency Ordinance no. 118/2003, Approved with amendments by Law no. 89/2005. The settlement of Rompetrol Rafinare SA's debts to the Romanian State, generated by the way of applying GEO no. 118/2003, with subsequent amendments, led us to challenge in court the precautionary seizure and to request the court to oblige ANAF to remove the precautionary seizure from the mobile and real estate registers, as if left without object. This dispute has received, on the substance, a court decision favorable to the Company (Rompetrol Rafinare SA). ANAF appealed this solution, and the appeal received a hearing term for settlement at the High Court of Cassation and Justice, on May 25, 2023.

2. Legal disputes with Marway Fertilchim SA, currently under the name of Novifert SRL:

a) During 2016 year, Marway Fertilchim S.A., currently under the name of Novifert SRL, filed in contradiction with Rompetrol Rafinare SA an establish border request, pending before the Constanta Court, regarding the establishment of the boundary line separating the secondary headquarters of Rompetrol Rafinare SA in Năvodari from the building belonging to the applicant in an area of 51,873 sqm, Identified with cadastral number 103053 and the obligation of Rompetrol Rafinare to leave in full ownership and possession the land area that will emerge from the measurements as belonging to Novifert. The overlap with the Novifert property affects 200 sqm of the 8845 sqm lot (CF 101506) and 683 sqm of the 11113 sqm area (lot CF 101513), both areas being owned by Rompetrol Rafinare SA. At the time of this report, the establish border request filed by Novifert is still pending in the first court, the next hearing time is on March 23, 2023;

b) During 2018 year, the company Novifert S.R.L. filed on Constanta Court, against Rompetrol Rafinare S.A., a new court action, having as object the obligation of Rompetrol Rafinare SA to repair the pipelines and to confirm a servitude right for these pipes, but this time in front of Constanta Tribunal, on delictual not contractual grounds. Constanta Tribunal declined its competence in favor of the Arbitration Court of CCIR and we won on merits in 2020. In 2021 Novifert won the annulment action in front of the Bucharest Court of Appeal and the Court resent the case for competent settlement to Constanta Tribunal. Our appeal against this decision was rejected by the High Court of Cassation



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and Justice. We will receive a first hearing term from the ordinary courts of common law in Constanta (Constanta Court).

c) Also in 2020, Novifert SRL filed an action at the Constanta Court for establishing a right of servitude for car and pedestrian crossing over a plot of land in the area of 8,844 sqm, with the number CF 101506, of Năvodari, for the applicant company to have access from its property to the public road. The action is pending, the case continues to be judged in 2022, and also in 2023.

3. The land of the station Fuel distribution located in Constanta, Primaverii Street corner with Soveja Street, is in the private domain of the state and we have it in use under a joint venture contract, concluded, on the one hand, by the territorial administrative unit Constanta, through the Payor, and by Rompetrol Rafinare S.A., having the name in that period Petromidia S.A. During November 2018, the company was informed about the existence of a final court decision, which found that Constanta City Hall concluded, among other things, the joint venture agreement with Rompetrol Rafinare S.A., in violation of the provisions of Law 215/2001. There were discussions with the City Hall of Constanta to remedy some legal deficiencies. No agreement was reached in this regard, given that the court decision is not enforceable against us, the Company was not a party to the proceedings and could not express an opinion on the association in 2000. The situation did not change in 2022.

4. The County Council Constanta communicated in April 2021 an address showing that the limits of the County Road 226 are affected by the expansion of several plots of land of Rompetrol Rafinare S.A. It is an area of 3,457 square meters. Rompetrol Rafinare S.A. submitted a reply to the Constanta City Council, accompanied by the documentation consisting of the title of ownership of the land issued by the former Ministry of Industries in 1994 under Government Decision 834/1991 and the neighborhood minutes drawn up for the implementation of GD 834/1991. So far, I have not received any response from the County Council of Constanta.

5. It is also important to be mentioned that Rompetrol Rafinare S.A. is in the process of updating the cadastral documentation and introducing cadastral information into the integrated cadaster system of land book eTerra 3, together with the graphical basis. As a result of this transition process to the integrated cadaster system, it was identified that in e-terra there is an overlap of 21,754 square meters between the lots 101923, 101924 and 101926 with areas already registered in ether 3 by the Romanian Railway Transport Company. The situation will be clarified amicably or, otherwise, by court.



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 31.12.2022, the total number of shares issued by Rompetrol Rafinare is 26,559,205,726, representing a total value of the share capital of Lei 2,655,920,572.60. The Company's shares are common, nominative, issued in dematerialized form, whose records are held by DEPOZITARUL CENTRAL S.A. 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 2022, as issuer of transferable securities on the capital market in Romania, is presented as follows:

- ❖ In 2022, a total number of 1,563 transactions with RRC shares were made, with an average number of approx. 7 transactions per day;
- ❖ The total volume of the RRC shares traded in 2022 was 11,329,859 shares (approximately 40% less than in 2021 when the total volume of 18,775,685 shares was registered);
- ❖ The total value of transactions in 2022 with RRC shares was Lei 870,670 (approximately 42% less than in 2021 when the total volume of transactions was Lei 1,496,267);
- ❖ In 2022 the highest price of one share was 0.085 Lei³ and the lowest price was 0.063 Lei⁴
- ❖ RRC transactions in 2022 were concluded only on the REGS market;

³ Registered on November 22, 2022

⁴ Registered on March 7, 2022



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- ❖ Stock market capitalization⁵ on the last trading day in 2020, 2021 and 2022 is shown in the table below.

Shares of Rompetrol Rafinare	2020	2021	2022
Number of shares	44,109,205,726	26,559,205,726 ⁶	26,559,205,726 ⁷
Stock exchange capitalization, Lei mil. ⁸	1,940.81	2,177.85	2,124.74
Stock exchange capitalization, Euro mil. ⁹	398.16	440.06	429.60
Price at yearend, Lei	0.044	0.082	0.080

The weighted average price (WAP)¹⁰ of the RRC shares during 2022 = 0.0768 Lei/share, taking into account the transactions carried out on the Bucharest Stock Exchange on the main market of the regulated market (REGS).

ROMPETROL RAFINARE SHAREHOLDERS

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

As of December 31, 2022, the value of the shared capital of Rompetrol Rafinare amounted to **2,655,920,572.60 Lei, representing 26,559,205,726 shares, with the nominal value of 0.10 lei each.**

According to the **Shareholders' Register with the consolidation date of December 31, 2022**, made available by the Central Depository, the structure of the Company's significant shareholders is presented in the table and graph below:

⁵ Capitalization represents the total market value of the Company (number of shares * market price of the share)

⁶ On December 8, 2021, the Depozitarul Central Bucuresti (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.

⁷ As of December 30, 2022 (the last day of transaction of 2022) the total number of shares issued by RRC was identical with the one registered on December 30, 2021 (the last day of transaction of 2021).

⁸ Calculated based on the share price on the last trading day of the year under consideration, respectively December 30, 2022.

⁹ Calculated at the EURO exchange rate (RON 4.9458) from the last trading session of the year under consideration, respectively December 30, 2022.

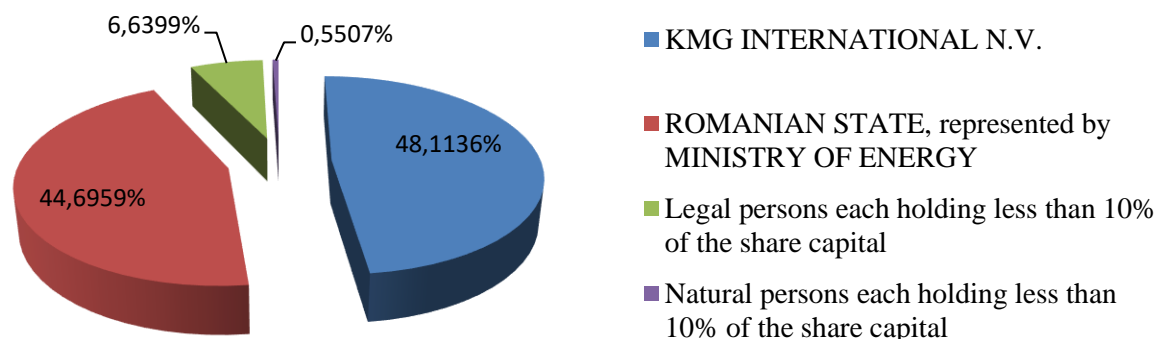
¹⁰ Calculated as ratio between Total trading Value and Total Trading Volume.



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Name of holder of financial instruments on 31.12.2022	Numbers of shares as of 31.12.2022
KMG INTERNATIONAL N.V.	12,778,577,732
ROMANIAN STATE, represented through the MINISTRY OF ENERGY	11,870,877,580
Legal entities that individually own less than 10% of the share capital	1,763,495,087
Natural persons, who each own less than 10% of the share capital	146,255,327
TOTAL	26,559,205,726

The structure consolidated by the Depozitarul Central S.A. on 31,12,2022



Note:

On December 31, 2022, the shareholders of the Rompetrol Group hold 14,510,324,147 shares, representing 54.6339% of the share capital

Source: Central Depository, Rompetrol Rafinare S.A.

At the end of 2022, the Central Depository recorded a total number of 18,716 holders of financial instruments (shares) issued by Rompetrol Rafinare, of which 18,649 were residents and 67 were non-residents.

Of the total number of holders, 18,657 were natural persons and the rest were legal persons (59).



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As for the resident holders, 18,596 were natural persons and 53 legal persons, and the non-resident holders were 61 natural persons and 6 legal persons.

Most non-resident owners, from the approx. 26 states present on the capital market in Romania, come from Germany (9), Greece (8), Italy, Hungary, Czech Republic, Canada (4 each), Holland, England, Austria, Australia, Switzerland (3 each) the rest of 19 holders from other states.

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 2022 as follows:

- ❖ Submitting as a matter of priority the information requested by the shareholders/possible investors;
- ❖ Organization of General Meetings of Shareholders and other actions related to guaranteeing the rights of shareholders; also during the year 2022, Rompetrol Rafinare recommended to its shareholders that, as far as possible: (a) access the informative materials for the Meetings organized during the year 2022, in electronic format, available on the Company's website, rather than in physical format at the Registry; (b) to vote by mail, by using the mail vote forms; (c) to use, as means of communication, e-mail with embedded extended electronic signature, rather than sending by post or courier to the Registry when sending: (i) proposals for the addition of new items to the OGMS agenda, (ii) draft resolutions, (iii) written questions before the GMS, (iv) powers-of-attorney for representation in the GMS, or (v) voting ballots for voting by correspondence;
- ❖ Collecting the information, preparing the current reports, sending them to the competent authorities (Bucharest Stock Exchange (BSE) and Financial Supervisory Authority (FSA)) and publishing them on the Company's website in full compliance with the deadlines imposed by the legislation in force;



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- ❖ Updating the RRC website to improve the access to relevant information of the shareholders and investor.

For the insurance of a high level of transparency, all Rompetrol Rafinare reports, press releases and important information for shareholders, analysts and investors are promptly disseminated on the BSE website, transmitted to the FSA and also uploaded to the Company's website, in the Investor Relations section.

3.2. DIVIDENDS

As of December 31, 2020, ROMPETROL RAFINARE recorded a **net loss (restated) in the amount of (428,499,400) Lei.**

As of December 31, 2021, ROMPETROL RAFINARE recorded a **net loss (restated) in the amount of (450,988,114) Lei.**

Considering the aforementioned, the Company could not grant dividends to shareholders for the financial years 2020 and 2021.

On December 31, 2022, ROMPETROL RAFINARE recorded a **net profit in the amount of RON 666,277,159**, proposed by the Board of Directors of Rompetrol Refined to be distributed as follows:

- *Legal reserve* **62,195,597 Lei**
- *Coverage of the accounting loss from previous years* **604,081,562 Lei**

If Rompetrol Rafinare 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 Financial Manager) and adopted by the Board of Directors.



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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 distribution dividends 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).

3.3. OWN SHARES

At the end of 2022 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 issued registered capital of the Company.

Out of the total of 3,698,582 shares registered in the Company’s account as at 31.12.2022, 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 2022, the Company did not trade (bought, respectively sold) its own shares.

In 2022, Rompetrol Rafinare S.A. 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 2022, the Company’s subsidiaries did not hold any shares issued by Rompetrol Rafinare S.A.



4. THE MANAGEMENT OF THE COMPANY

4.1. PRESENTATION OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for taking all the measures necessary for the performance and monitoring of the Company's activity. Its composition, structure, powers, and duties are set out in the Company's Articles of Association, available on our website (<https://rompetrol-rafinare.kmginternational.com/>, Relation with Investors/Corporate Governance Section, Corporate Governance Documents Subsection).

The Chairman of the Board of Directors is appointed by the Board of Directors from among its members and is named for a period not exceeding his term of office as a director and may be revoked anytime by the Board of Directors.

According to the legal provisions in force, the members of the Board of Directors are obliged to ensure the avoidance of a direct or indirect conflict of interest with the Company, and in the event of such a conflict to abstain from debating and voting on such matters.

The members of the Board of Directors should professionally exercise their mandate, 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.

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.

During 2022, the following changes were made at the level of the Board of Directors:

- *April 28, 2022*: following the expiry on May 1, 2022, of the term of office of all the Company's BoD Members, as per the Resolution No. 3/2022 adopted by the Ordinary General Meeting of Shareholders, the appointment of a new 5-member Board of Directors for a 4-year term of office, i.e. until April 30, 2026, was approved. The composition of the new Board of Directors appointed by OGMS Resolution No. 3/2022 of April 28, 2022, was:



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- Yedil Utekov
 - Askar Abilov
 - Felix Crudu-Tesloveanu
 - Nicolae Bogdan Codruț Stănescu
 - Bogdan Cătălin Steriopol
-
- *April 28, 2022:* per Resolution No. 6/2022 adopted by the Extraordinary General Meeting of Shareholders held after the Ordinary General Meeting, which, among other matters, also approved the composition of the new 5-member Board of Directors, as mentioned above, it was decided to increase of the numerical composition of the Board of Directors from five members to seven members, starting from May 1, 2022.
As a result, based on the abovementioned Resolution No. 6/2022, amendments and additions to the Company's Articles of Association were approved to make appropriate changes to Article 14.1. of the Articles of Association in respect of the numerical composition of the Board of Directors, as follows:

“Article 14.1. The Company's activity is managed by a Board of Directors composed of 7 (seven) members, appointed by the Ordinary General Meeting, who may also be shareholders of the Company, natural or legal persons, of Romanian or foreign citizenship, respectively nationality. The Directors appoint the Chairman of the Board of Directors from among themselves. When a legal person is appointed as Director, at the time of that appointment, the legal person is obliged to appoint a permanent natural person as a representative”.
 - *April 28, 2022:* At the same time, since no proposals for nominations were submitted by shareholders at the OGMS of April 28, 2022, at 11:00, subject to the approval by the EGMS of April 28, 2022, at 13:00, an increase in the number of members of the Board of Directors from five to seven members, the proposal to appoint 2 (two) additional new members to the Board of Directors of the Company for a 4-year term of office, starting from May 1, 2022, was rejected by Resolution No. 3/2022 of the OGMS of April 28, 2022. The 2 new Directors' positions created according to Resolution No. 6/2022 of the EGMS of April 28, 2022, remained vacant until December 31, 2022.
 - *May 2, 2022:* by Decision No. 1, the new 5-member Board of Directors appointed Mr. Yedil Utekov as Chairman from May 1, 2022, to April 30, 2026 (for the duration of his term as Director of the Company).



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Until 30 April 2022, the date of expiry of the term of office of all directors, the composition of the Board of Directors was as follows:

- **Yedil Utekov**, a citizen of the Republic of Kazakhstan, Chairman of the Board of Directors
- **Alexey Golovin**, a citizen of the Republic of Kazakhstan, member of the Board of Directors
- **Felix Crudu-Tesloveanu**, a citizen of Romania, Executive Member of the Board of Directors
- **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

As of May 1, 2022, the composition of the Board of Directors was as follows:

- **Yedil Utekov**, a citizen of the Republic of Kazakhstan, Chairman of the Board of Directors
- **Askar Abilov**, a citizen of the Republic 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 the General Manager of the Company (since January 1, 2020)
- **Nicolae Bogdan Codruț Stănescu**, a citizen of Romania, member of the Board of Directors
- **Bogdan-CĂTĂLIN Steriopol**, a citizen of Romania, member of the Board of Directors

Please find herein below the most relevant items related to the professional qualifications or experience of the Company's directors in office as of 31.12.2022.

The Curriculum Vitae of the current directors of the Company are also posted on the Company's web page <https://rompetrol-rafinare.kmginternational.com/>, *Relations with Investors – Corporate Governance – Board of Directors* Section



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Name and First Name	Age (years)	Position held in the Board of Directors and length of service; Mandate	Other information (qualifications, professional experience)	Date of mandate expiration
Yedil Utekov	46 years old	<p>- Chairman of the Board of Directors from October 1, 2020, reappointed on May 1, 2022 - present¹¹</p> <p>Member of the Board of Directors from March 4, 2015, to September 30, 2020.</p> <p>- Temporary member of the Board of Directors from 01.10.2014 to 03.03.2015.</p>	<p>Graduate of the Faculty of Resources and Hydrocarbons Chemical Technology at 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 appointed as the General Manager of Rompetrol Rafinare starting with June 12, 2014, until December 31, 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 at Akasaraisky Gas Processing Plant in Russia.</p> <p>Between September 2001 to June 2002, he worked as an operator for ZAO Intergaz Central Asia, Kazakhstan.</p> <p>Starting from June 2002, he gradually advanced from the position of engineer with the Atyrau Refinery, to that of Ecology, Technology, Health and Safety Manager.</p> <p>From April 2005 to April 2010, he worked for Agip KCO, in Atyrau, Kazakhstan. The last position held in this company was Group Coordinator for Technical Control</p>	30.04.2026

¹¹ At the date of the present Report, Mr. Yedil Utekov has submitted his resignation as Director, Chairman of the Board of Directors and of the Strategy Committee of Rompetrol Rafinare S.A., with effect from May 1, 2023 (the last day of his term of office being April 30, 2023)



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Name and First Name	Age (years)	Position held in the Board of Directors and length of service; Mandate	Other information (qualifications, professional experience)	Date of mandate expiration
			<p>and Inspection from August 2008 to April 2010.</p> <p><i>Responsibilities:</i> from December 18, 2019, to December 2022, he held the position of Chief Production and Industrial Services Officer within the Operational Block of KMG International Group; within KMG International Group he also held the position of Sole Director and General Manager of Rompetrol Petrochemicals S.R.L. (until October 31, 2022).</p> <p>- On October 1, 2020, he was appointed the Chairman of the Strategy Committee instead of Mr. Saduokhas Meraliyev, for a term of office until April 30, 2022. He was reappointed to this position for May 9, 2022, to April 30, 2026.</p>	
Askar Abilov	45 years old	- Member of the Board of Directors from 01.05.2022 to present¹²	<p>Askar Abilov is a graduate of Kazakhstan National State University - International Economics program. In 1999, he graduated from the School of Arts and Sciences, IDE Program (International and Development Economics), and has a Master of Arts in Economics from Yale University in the USA.</p> <p>From October 2020 to December 2022, Mr. Askar Abilov was the Chief Officer for Finance and Risk Management of KMG International Group.</p>	30.04.2026

¹² At the date of the present Report Mr. Askar Abilov has submitted his resignation as Director and member of the Audit Committee of Rompetrol Rafinare S.A., with effect from May 1, 2023 (the last day of his term of office being April 30, 2023)



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Name and First Name	Age (years)	Position held in the Board of Directors and length of service; Mandate	Other information (qualifications, professional experience)	Date of mandate expiration
			<p>Before joining the Group, Mr. Askar Abilov held the position of CFO, member of the Board of Directors of Kazakh-British Technical University JSC in Almaty. His extensive experience in finance and economics is based on the various responsibilities that he held in senior positions in companies such as Asia Gas Pipeline LLP, KazTransGas JSC, Intergas Central Asia JSC, NC KazMunayGas. Mr. Abilov has also contributed to community development projects through roles such as financial advisor at the Almaty Development Centre.</p> <p><i>Responsibilities:</i></p> <p>- On May 4, 2022, he was appointed as a non-executive member of the Audit Committee established by Decision No. 1 of the Board of Directors of April 13, 2018, for a term equal to the term of his directorship, i.e., April 30, 2026.</p>	
Felix Crudu-Tesloveanu	52 years old	<p>- Executive Member of the Board of Directors from October 1, 2020 - present</p> <p>- He was appointed as a member of the Board of Directors by Resolution No. 6/2020 adopted by the Ordinary General Meeting of Shareholders on September 18, 2020; and reappointed to the position of Director by Decision No. 3/2022 of OGMS of April 28, 2022.</p>	Mr. Felix Crudu-Tesloveanu started his career in 1988 in the operational segment, where he worked for 10 years at the Petromidia refinery. He then held the positions of Station Manager in Constanta, Area Coordinator, Regional Sales Coordinator, Regional Sales Manager, Sales Manager, Operations Manager and General Manager of Rompetrol Downstream (the Group's retail division in Romania). In 2016 he took over the management of the Group's subsidiary in the Republic of Moldova and was appointed	30.04.2026



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Name and First Name	Age (years)	Position held in the Board of Directors and length of service; Mandate	Other information (qualifications, professional experience)	Date of mandate expiration
			<p>General Manager of Rominserv Valves IAIFO.</p> <p>Mr. Felix Crudu Tesloveanu graduated from the Faculty of Commercial Management at the Dimitrie Cantemir University in Constanta.</p> <p><i>Responsibilities:</i></p> <p>- He also holds the position of General Manager of Rompetrol Rafinare</p> <p>- On May 9, 2022, he was appointed executive member of the Strategy Committee, established by Decision of the Board of Directors No. 4 of March 20, 2019, for a term of office equal to the term of his powers as a director, i.e., until April 30, 2026.</p>	
<p>Nicolae Bogdan Codruț Stănescu</p>	<p>49 years old</p>	<p>Independent non-executive member of the Board of Directors since 27.04.2018. Reappointed for a new term: 01.05.2022 - 30.04.2026</p> <p>He was appointed as a member of the Board of Directors by Resolution No. 3/2018 adopted by the Ordinary General Meeting of Shareholders on April 27, 2018; and reappointed by Resolution No. 3/2022 of OGMS on April 28, 2022.</p> <p>He also held the position of Director of the Company from 12.06.2015 to 27.04.2016.</p>	<p>He is the representative of the Ministry of Energy within the Board of Directors of Rompetrol Rafinare.</p> <p>Since 1996 he has had a Doctor of Law degree, and in 1999 he graduated from the University of Oil and Gas. He has completed master's programs for Conflict Mediation in Law (Titu Maiorescu University), Security and National Defense (Carol I National Defense University), European Public Space (National School of Political and Administrative Studies), Public International Law (Alexandru Ioan Cuza Police Academy Bucharest). He also holds specializations in banking, with two certifications from the Romanian Banking Institute – the European Banking</p>	<p>30.04.2026</p>



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Name and First Name	Age (years)	Position held in the Board of Directors and length of service; Mandate	Other information (qualifications, professional experience)	Date of mandate expiration
			<p>Certificate and the Diploma for Banking Mediation.</p> <p>Since 1998, he has held the positions of Legal Expert at the State Property Fund, Director at APAPS Bucharest, Director of the Privatization Litigation Division of the State Assets Valuation Office, and General Manager of the General Legal Department of the same institution (2007 - 2010). From 2013 to 2014, he held the position of the expert within the Procurement Division of the National Company Nuclearelectrica.</p> <p>Since 2010 he has been an advisor to the Deputy Governor of the National Bank of Romania, and from 2013 to January 2014, he was a personal advisor to the Minister of Economy on legal matters.</p> <p>From January 2015 to August 2016, he was General Manager of the General Managerate for Privatization and Management of State Holdings (DGPAPSE) of the Ministry of Energy.</p> <p>From August 2019 to the present, he is the Chairman of the Board of Directors of Societatea de Administrare a Participatiilor in Energie S.A. (S.A.P.E.).</p> <p><i>Responsibilities:</i></p> <p>- On May 1, 2018, he was appointed as an independent non-executive member of the Audit Committee for a term until April</p>	



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Name and First Name	Age (years)	Position held in the Board of Directors and length of service; Mandate	Other information (qualifications, professional experience)	Date of mandate expiration
			30, 2022. Reappointed for a new term: May 4, 2022 - April 30, 2026 - On April 1, 2019, he was appointed as an independent non-executive member of the Strategy Committee for a term of office until April 30, 2022.	
Bogdan-Cătălin Steriopol	37 years old	Independent non-executive member of the Board of Directors since June 4, 2020 - present From June 4, 2020, to September 17, 2020, he was an interim director. He was appointed as a member of the Board of Directors by resolution No. 6/2020 adopted by the Ordinary General Meeting of Shareholders on September 17, 2020; Reappointed by OGMS Resolution No. 3/2022 of April 28, 2022.	He is the representative of the Ministry of Energy within the Board of Directors of Rompetrol Rafinare since June 4, 2020. In 2008, Mr. Bogdan Cătălin Steriopol graduated from the Faculty of Marketing at Artifex University in Bucharest with a bachelor's degree and a qualification in economics. Mr. Bogdan Cătălin Steriopol is also a master's student at the Mihai Viteazu Information Academy in Bucharest, having more than 10 years of professional experience in the field of media and communication. From 2017 to 2019, Mr. Steriopol held the position of Expert at Transelectrica S.A. Then, he held the position of Expert in the Monitoring Service of the Termoenergetica Bucuresti-Ilfov Intercommunity Development Association. In November 2019, he was appointed Adviser in the Ministry of Education and Research until May 2021. <i>Responsibilities:</i> - On May 9, 2022, he was appointed as an independent non-	30.04.2026



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Name and First Name	Age (years)	Position held in the Board of Directors and length of service; Mandate	Other information (qualifications, professional experience)	Date of mandate expiration
			executive member of the Strategy Committee for the duration of his term of office as a director, i.e., until April 30, 2026.	

The Members of the Board of Directors are appointed by the Shareholders during the Ordinary General Meeting of Shareholders. To the knowledge of the Directors, **there was no agreement, understanding, or family relationship** between the Directors and other persons that led to their appointment as Directors.

According to the Registry of the Company’s Shareholders, consolidated as of 31.12.2022 and made available by Depozitarul Central S.A., the Directors of Rompetrol Rafinare do not own any shares issued by the Company.

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

4.2. MEMBERS OF THE COMPANY’S EXECUTIVE MANAGEMENT

Per the provisions of the Company’s Articles of Association, the only positions to which the management of the Company is delegated per the provisions of article 143 of Law 31/1991 on companies are those of General Manager and Financial Manager. Any other position of a manager within the Company (Human Resources Manager, Commercial Manager, Administrative Manager, IT Manager, etc.), regardless of its name, does not involve the management of the Company.

Felix Crudu-Tesloveanu – General Manager

By Decision dated December 18, 2019, the Board of Directors appointed Mr. Felix Crudu-Tesloveanu as the General Manager of the Company and assigned him the management of the Company and Company representation duties, for a term of office from January 1, 2020, to April 30, 2022.

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By Decision No. 2 of May 2, 2022, the new Board of Directors, established according to OGMS Resolution No. 3/2023 of April 28, 2022, reappointed Mr. Felix Crudu-Tesloveanu as General Manager of the Company for a term of office starting on May 1, 2022, and expiring on April 30, 2026 (with the expiration of the term of office of the Directors who made this appointment), delegating to him the management of the Company and powers of representation of the Company.

Ramona-Georgiana Gălățeanu – Financial Manager

By Decision No. 1 of December 16, 2020, the Board of Directors appointed Ms. Ramona-Georgiana Gălățeanu as the Financial Manager of the Company from January 1, 2021, to April 30, 2022, and delegated to her the management of the Company and the powers of representation of the Company jointly with General Manager in acts of a patrimonial nature.

By Decision No. 2 of May 2, 2022, the new Board of Directors, established per OGMS Resolution No. 3/2022 of April 28, 2022, reappointed Ms. Ramona-Georgiana Gălățeanu as the Company's Financial Manager for a term of office starting on May 1, 2022, and expiring on April 30, 2026 (with the expiration of the terms of office of the Directors who made this appointment).

As of 31.12.2022, the two managers to whom management was delegated for the above purposes were:

Full name	Position
Felix Crudu-Tesloveanu	General Manager
Ramona-Georgiana Gălățeanu ¹³	Financial Manager

The members of the Executive Management hold their offices for a term expiring on 30.04.2026 (together with the Directors who appointed them).

We have no information about any cases of collusion, agreements, or family links between members of the Executive Management and other persons that led to their appointment.

Neither of the two Managers listed in the table in paragraph 4.2. hold shares in the Company.

¹³From January 1, 2021, to October 31, 2022, she held the position of Financial Manager of Rompetrol Petrochemicals S.R.L. ("RPET"), wholly owned by Rompetrol Rafinare. Since November 1, 2022, she has been appointed as the Sole Director of Rompetrol Petrochemicals S.R.L. instead of Mr. Yedil Utekov.



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

The Civil case related to the July 2, 2021, incident involving Directors and members of the Executive Management:

On July 2, 2021, the heiress of one of the victims of the incident on the Petromidia platform filed a lawsuit in the Constanta court against the Company, the Directors, and the Executive Management of the Company, requesting that they be ordered jointly and separately to pay the amount of RON 1,000,000 as a civil compensation for the non-material damage suffered. The case was finally settled in October 2022 by the dismissal of the lawsuit.

4.4. CHANGE OF THE ARTICLES OF ASSOCIATION

The Articles of Association of the Company may be amended by the General Meeting of Shareholders per the provisions of Law No. 31/1990 on companies, in conjunction with the provisions of the Articles of Association. The Articles of Association may also be amended by the Company's Board of Directors, based on the delegation of powers by the shareholders' meeting, according to Article 114 of Law No. 31/1990 on companies.



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5. INDIVIDUAL FINANCIAL STATEMENT AS AT 31.12.2022

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 31.12.2020 to 31.12.2022

	2022		2021		2020 (restated)	
	Lei	%	Lei	%	Lei	%
Intangible assets	13,497,269	0%	22,835,858	0%	26,873,710	0%
Goodwill	152,720	0%	152,720	0%	152,720	0%
Tangible assets	4,163,154,164	40%	4,419,108,095	43%	3,623,946,290	46%
Rights of use assets	53,769,901	1%	55,624,904	1%	58,002,943	1%
Financial assets	3,170,968,557	31%	2,632,755,594	26%	2,078,051,547	26%
Total non-current assets	7,401,542,611	72%	7,130,477,171	70%	5,787,027,210	74%
Inventories, net	1,226,387,029	12%	1,020,528,534	10%	527,073,050	7%
Debts and expenses	1,676,716,096	16%	1,885,341,204	18%	1,167,390,890	15%
Derivatives	11,856,741	0%	104,688,216	1%	-	0%
Cash at bank and in hand	23,243,490	0%	87,598,088	1%	365,595,493	5%
Total current assets	2,938,203,356	28%	3,098,156,042	30%	2,060,059,433	26%
TOTAL ASSETS	10,339,745,967	100%	10,228,633,213	100%	7,847,086,643	100%



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	2022		2021		2020 (restated)	
	Lei	%	Lei	%	Lei	%
Subscribed Share Capital	2,655,920,573	26%	2,655,920,573	26%	4,410,920,573	56%
Premium related to capital	232,637,107	2%	232,637,107	2%	232,637,107	3%
Revaluation reserve, net of deferred tax impact	1,205,293,893	12%	1,362,457,265	13%	509,938,277	6%
Other reserves	3,467,988,066	34%	3,513,820,106	34%	3,395,246,289	43%
Reported loss	(5,308,123,759)	-51%	(4,982,039,271)	-49%	(6,335,604,209)	-81%
Result of the current financial year	666,277,159	6%	(450,988,114)	-5%	(428,499,400)	-5%
Total Equity	2,919,993,039	28%	2,331,807,666	23%	1,784,638,637	23%
Long-term loans from banks	-	0%	418,023,119	4%	570,759,324	7%
Provisions	518,326,405	5%	356,577,370	3%	297,034,901	4%
Long-term lease debts	54,700,998	1%	56,244,055	1%	56,981,732	1%
Deferred tax liability	214,628,629	2%	286,378,445	3%	9,417,626	0%
Total non-current liabilities	787,656,032	8%	1,117,222,989	11%	934,193,583	12%
Commercial debts & Other debts	5,648,166,879	55%	6,443,715,363	63%	4,774,877,899	61%
Contract liabilities	98,232,193	1%	132,163,640	1%	91,363,247	1%
Short-term lease debts	2,859,828	0%	2,517,639	0%	2,542,555	0%
Derivatives	21,584,319	0%	15,908,942	0%	617,651	0%
Short term loans from subsidiary companies	-	0%	-	0%	48,949,030	1%
Short term bank loans	283,618,888	3%	185,296,974	2%	209,904,041	3%
Profit tax payable	577,634,789	6%	-	0%	-	0%
Total current liabilities	6,632,096,896	64%	6,779,602,558	66%	5,128,254,423	65%
TOTAL LIABILITIES AND EQUITY	10,339,745,967	100%	10,228,633,213	100%	7,847,086,643	100%

- i) Within the assets, an important share (40%) it represents the **tangible non-current assets** – lands, buildings, technical equipment, construction in progress. At the end of 2022, these reached the value of Lei 4,163,154,164, lower by 6% than that recorded in 2021, respectively higher by 15% higher than that recorded in 2020 especially influenced by the following factors:
- continuation of the new investments;
 - amortisation (depreciation of fixed assets);



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- 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** (31%), the entire value (Lei 3,170,968,557) is represented by shares and shares held in the affiliated entities. Their value was revalued at 31.12.2022 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** (16%) are lower than those booked at 31.12.2021 by 11%.

- iv) **Share capital** (26%) registers a value similar to that at the end of 2021. The share capital 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 2,919,993,039, reaching a level with 25% higher than the value on 31.12.2021 and 64% higher than the restated value of the equity at the end of 2020. The improvement in the level of equity is mainly due to the positive result recorded during 2022.

- vi) **Trade and other payables** at the end of 2022 register a decrease of 12% compared to their value recorded on 31.12.2021 and an increase of 18% compared to the end of 2020.

- vii) With regard to **short-term loans (from affiliates and banks)** their level reached at the end of 2022 a total value of Lei 283,618,888, up by 53% compared to the end of 2021. Compared to the end of 2020, they increased by 10%. The increase in 2022 compared to 2021 was largely generated due to the reclassification of long-term loans from banks in the short term considering the maturity of less than one year.



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b) THE PROFIT AND LOSS ACCOUNT

Continuous activities	<u>2022</u>	<u>2021</u>	<u>2020</u> (restated)
Net Turnover	23,026,777,606	12,149,617,467	8,275,110,517
Gross incomes from the sales of petroleum finished goods	27,262,684,386	16,204,338,594	12,124,701,665
Income from sales of goods	43,815,508	270,788,798	11,007,498
Income from sales of utilities	17,256,728	12,106,975	8,813,904
Income from sales of other products	492,997	894,462	398,214
Income from rents and other services	17,272,901	15,780,075	15,136,662
Gross turnover	27,341,522,521	16,503,908,903	12,160,057,943
Minus sales associated taxes	(4,314,744,915)	(4,354,291,436)	(3,884,947,426)
Total	23,026,777,606	12,149,617,467	8,275,110,517
Cost of sold production	(21,069,220,156)	(11,962,920,462)	(8,646,900,936)
of which:			
Crude oil and other raw materials	18,050,794,740	10,605,169,921	7,614,092,570
Utilities	1,003,551,251	629,366,701	416,956,855
Gross Profit / (Loss)	1,957,557,450	186,697,005	(371,790,419)
Distribution and general administrative expenses	(446,821,707)	(403,333,400)	(343,120,147)
Other operational incomes/(expenses)	(184,607,583)	(112,393,525)	79,881,482
Operational Profit / (Loss)	1,326,128,160	(329,029,920)	(635,029,084)
Financial expenses	(383,275,538)	(204,325,347)	(216,865,516)
Financial income	582,374,723	571,343,150	338,472,287
Net (Losses)/ gains on exchange rate difference	(323,129,338)	(374,399,749)	208,940,736
Gross Profit / (Loss) before taxation	1,202,098,007	(336,411,865)	(304,481,577)
Income tax	(535,820,848)	(114,576,249)	(124,017,823)
Exercise Profit / (Loss)	666,277,159	(450,988,114)	(428,499,400)

- i. **The net turnover** registered in 2022 was higher by 90% compared to 2021, respectively higher by 178% compared to 2020. The turnover in 2022 was mainly impacted by the volatility of the environment by the international oil and natural gas market transposed into significantly higher



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quotations for oil products sold compared to the previous year and compared to 2020, on the background of a higher volume of sales (up by 10% compared to 2021).

- ii. In respect of the **cost of production sold**, it registers an increase of approximately 76% compared to 2021 and 144% compared to the value recorded in 2020. The variation of 2022 compared to 2021 was mainly determined by the volatility of the international oil and natural gas market environment, which generated increased quotations during 2022 compared to 2021, for the purchased raw materials, as well as for the utilities consumed (electricity and natural gas).
- iii. At 31.12.2022, Rompetrol Rafinare S.A. recorded an **operational profit of Lei 1,326,128,160**, compared to the negative results recorded both in 2021 in the amount of Lei 329,029,920, and in 2020 in the amount of Lei 635,029,084. The positive operating result in 2022 was mainly influenced by the volatility of the environment by the international oil and natural gas market translated into significantly higher quotations for oil products sold compared to the previous year, as well as by the higher volume of sales (up by 10% compared to 2021).

Refining margins experienced a strong increase during 2022, on the ground of the increase in international quotations for petroleum products determined by the continued recovery of the demand for refined products compared to 2021, combined with the decrease in imports of crude oil and Russian products determined by the economic sanctions imposed by the European Union and the low stocks in Europe, which continued to push refining margins to record levels.

During 2022, the geopolitical situation at the international level determined a significant volatility of the prices in the oil industry, with implications on the result of hedging instruments operations carried out at the Company level. Crude price increased in 2022 to levels last seen in 2008 (the hedging strategy of Rompetrol Rafinare's stocks being that of protection against the price drop), and the Urals heavy crudes grades spread over Dated Brent moved in a very wide range after the military invasion in Ukraine, some of them reaching the historical low levels.

Also, a significant impact on the company's net result was the increase in utility costs, especially those with electricity and natural gas due to the strong increase in prices in 2022 vs. 2021, increases started from the second semester of 2021 determined by the energy crisis in Europe. However, in order to reduce the negative effects of the energy market on consumers, including industrial ones such as the Company, the Romanian state applied during 2022 a series of measures and support schemes dedicated to the energy and natural gas market.

- iv. **Financial expenditures** registered an increase of 88% in 2022 compared to 2021 and by 77% respectively compared to the level recorded in 2020. It is worth mentioning that, at the end of



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2022, the company recorded losses from exchange rate differences in the amount of Lei (323,129,338), compared to the losses recorded in 2021 in the amount of Lei (374,399,749) and against a net gain from exchange rate differences in the amount of Lei 208,940,736 recorded in 2020. The unfavourable exchange rate differences recorded at the end of 2022 are due to the continuous depreciation of the national currency against USD in 2022. Thus, if at the end of 2021 1 USD = 4.3707 lei, at 31.12.2022, 1 USD was equal to 4.6346 lei.

In 2022 the Company registered financial revenues in the amount of RON 582 million with 2% higher than those recorded during 2021 in the amount of RON 571 mil. and 72% higher than those of 2020 (restated) in the amount of RON 338 mil. The financial revenues from 2022 are mainly due to the recognition of revenues in the amount of RON 539 million 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.

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 538 mil. in 2022, gain of RON 555 mil. in 2021; gain of RON 217 mil. in 2020 (restated).

- v. In respect of the **final result of the financial exercise** concluded on 31.12.2022, **the Company recorded a net profit in amount of Lei 666,277,159**, this being significantly impacted by the registration in 2022 of an estimated expenditure with the solidarity contribution in the amount of approximately RON 578 mil.. Considering that Rompetrol Rafinare is subject to the solidarity contribution regulated by Government Emergency Ordinance 186, issued December 28th, 2022 (“GEO 186”), a measure grounded on the provisions of Council Regulation (EU) 2022/1854, Rompetrol Rafinare estimated a contribution of RON 578 million, taking in account the present norms of the “GEO 186”. The actual level of the contribution is to be determined by June 25th, 2023, the legal deadline for declaration and payment of the contribution, in accordance with the provisions of the law which will approve the GEO 186

A positive impact in net result of the period ended at 31.12.2022 is coming from the recognition of a revenue from deferred income tax in the amount of Lei 42 million.



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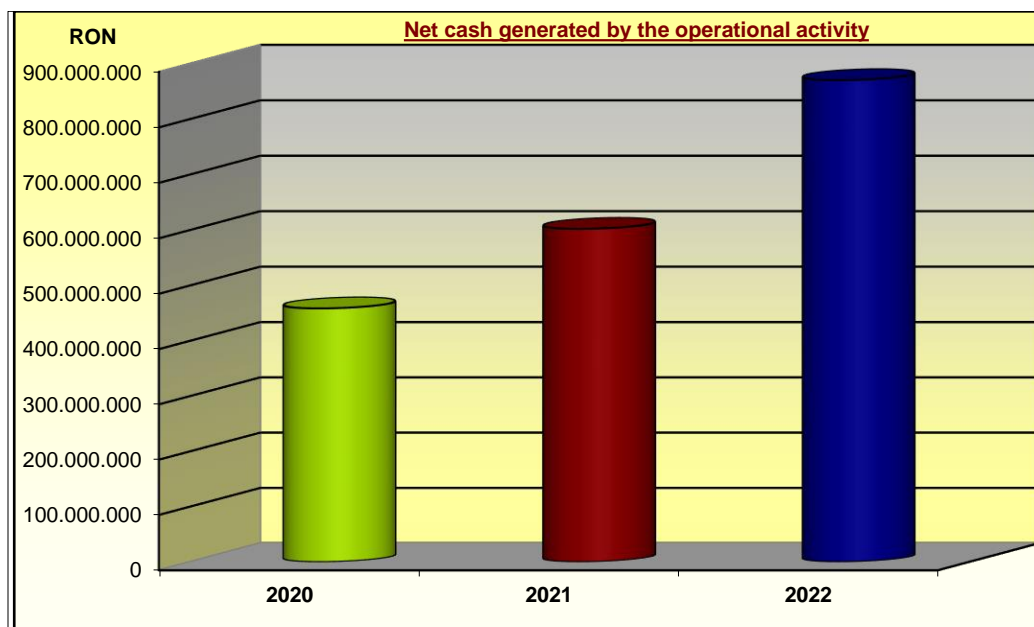
c) CASH FLOW STATEMENT

Cash flows from operating activity during 2022 were positively influenced by the production and sales activities, the company recording greatly increased refining margins compared to 2021, on the ground of the increase in international quotations for petroleum products determined by the continued recovery of the demand for refined products compared to 2021, combined with the decrease in imports of crude oil and Russian products determined by the economic sanctions imposed by the European Union and the low stocks in Europe, which continued to push refining margins to record levels.

During 2022, the geopolitical situation at the international level determined a significant volatility of the prices in the oil industry, with implications on the result of hedging instruments operations carried out at the Company level and implicitly on cash flows from operational activity.

Also, a significant impact on the company's cash flows from operational activity had the increases of utility costs, especially those with electricity and natural gas due to the strong increase in prices in 2022 vs. 2021, increases started from the second semester of 2021 determined by the energy crisis in Europe. However, in order to reduce the negative effects of the energy market on consumers, including industrial ones such as the Company, the Romanian state applied during 2022 a series of measures and support schemes dedicated to the energy and natural gas market.

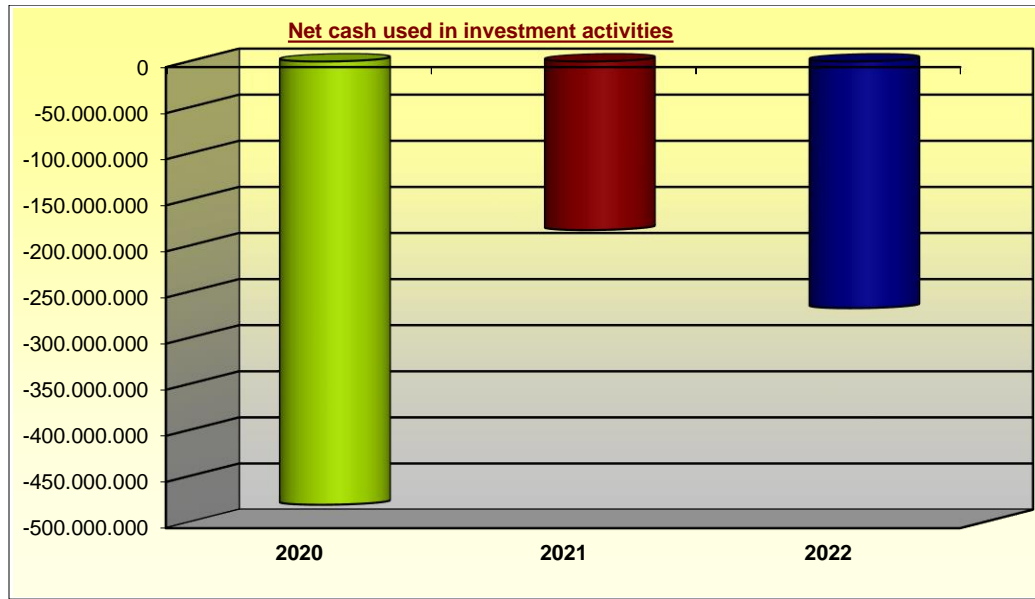
Also, the variation of the working capital significantly influenced the cash flows generated from the operational activity, the company reducing the level of commercial debts on the background of positive results in the company's cash generated from the basic activity.





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Major investment projects in 2022 concerned works related to “Refinery and Petrochemicals Planned Shutdown”, the authorization/reauthorization of equipment from the point of view of ISCIR, Restarting the refinery after the incident of July 2021 project which it mainly concerned the restarting of the Diesel Hydrotreater Unit (DHT), the projects of replacement catalysts, tank rehabilitation projects, the projects of replacement strategic equipment (rotors) and specific projects for optimizing the refinery.

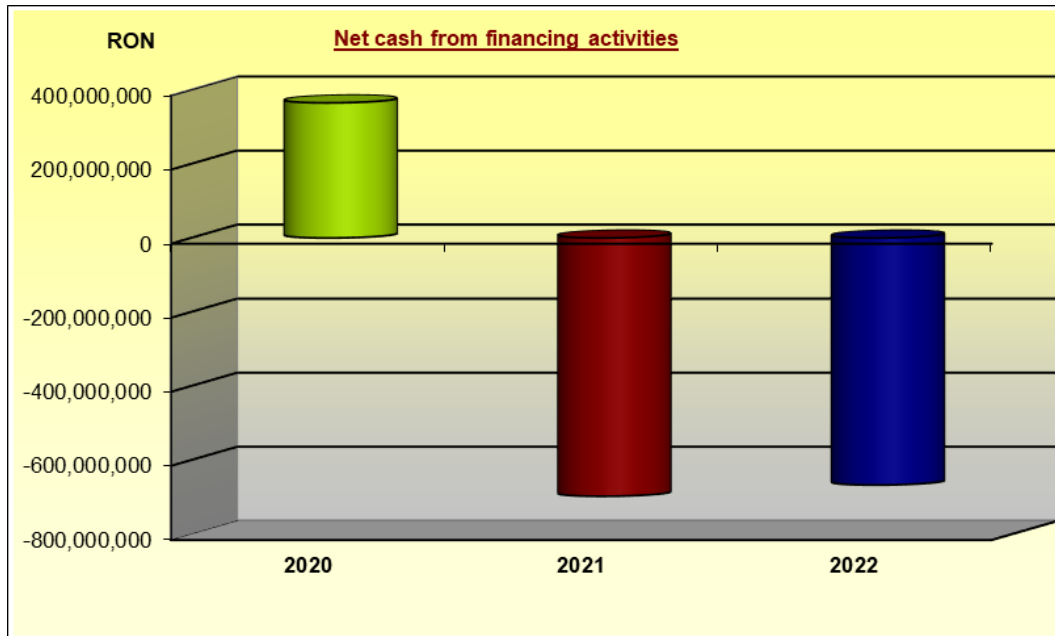


The cash flow from the financing activities during 2022 was influenced by Company’s utilization of Cash pooling contract – a system for optimizing the cash balances, in order to support both the needs generated by the investment activity and the development of the operational activity of the refinery the level of its utilization registering an increase by 7% at the end of 2022 compared to the balance at the end of 2021.

Also, cash flows from financing activities during 2022 were impacted by the significant reduction of the company's exposure to credit facilities granted by banks and the interest paid for financing the activity.



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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 Bucuresti S.A. (Bucharest Stock Exchange) (here forth BSE). The admission to trading of the shares issued by the Company on the market operated by BSE 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 April 7, 2004. Before this date, the Company shares were listed on the regulated market operated by RASDAQ.

The Company's shares are traded at BSE under the market symbol "RRC".

The Corporate Governance Report of Rompetrol Rafinare S.A. for the year 2022 is drafted according to the Corporate Governance Code (here forth 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 (here forth FSA) and to the stock exchange regulations.

The Code aims to ensure high transparency and visibility for all shareholders and third parties (here forth 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 its principles of good corporate governance.

During 2022, Rompetrol Rafinare continued to implement good practices for corporate governance so that internal practices meet the new quality requirements of being a company admitted to trading on the BSE.

Rompetrol Rafinare complies with most of the provisions of the Corporate Governance Code which came into effect on January 4, 2016. More detailed information on the Company's compliance with the principles and recommendations set out in the Corporate Governance Code is provided in the Corporate Governance Report, which is an integral part of this Annual Report.

The Company strives to improve the implementation of the principles and recommendations of the BSE Corporate Governance Code.



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The *Apply or Explain* statement (see Annex 6 to this Report) provides the Company's compliance status with the new provisions of the BSE CGC. Rompetrol Rafinare will continue to assess the provisions of the Code and any further progress made by the Company in achieving compliance with it will be reported to the market. Negative issues (from compliance to non-compliance) will also be reported.

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

The corporate bodies of RRC, a 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.

General Meeting of Shareholders (GMS)

The General Meeting of Shareholders is the main corporate governing body of the Company with decision-making powers over the business detailed in the Company's Articles of Incorporation.

In terms of its structure, depending on the matters requiring shareholder approval, the General Meeting of Shareholders may be ordinary or extraordinary.

Ordinary General Meeting of Shareholders (OGMS)

According to Article 11 of the Company's Articles of Incorporation, as amended, in conjunction with the applicable legal provisions, the Ordinary General Meeting is summoned at least once a year, within the mandatory period provided for by law, and shall have the following main duties:

- a) to discuss, approve or amend the annual financial statements, based on the reports presented by the Board of Directors and the Financial Auditor, and to establish the dividend;
- b) to appoint and revoke Company's directors;
- c) to appoint and establish the minimum duration of the financial audit contract and to revoke the financial auditor;
- d) to establish for each current financial year the remuneration owed to the directors;
- e) to offer its opinion on the management of the directors;
- 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 on the pledging, leasing, or closure of one or more units of the Company;



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- h) to approve the maximum limits of the remuneration of persons occupying/exercising managerial functions when the law so provides;
- i) to approve the Remuneration Policy for Directors and Executive Officers.

At the same time, per Article 106 of Law No. 24/2017, as republished, the Company is obliged to submit the remuneration policy of the Company's managers to the shareholders for approval at the annual ordinary general meeting of shareholders.

Extraordinary General Meeting of Shareholders (EGMS)

The Extraordinary General Meeting has the following duties:

- 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 duration of the Company;
- f) to increase the share capital;
- g) to reduce the share capital or to replenish it by the issue of new;
- h) merger with other companies or division of the Company;
- i) early dissolution of the Company;
- j) conversion of shares from one category to another;
- k) conversion of one category of bonds into another one or into shares;
- l) the bond issue;
- m) any other amendment to the Articles of Incorporation or any other decision for which the approval of an extraordinary general meeting of shareholders is required.

The Extraordinary General Meeting delegates to the Board of Directors the exercise of the powers referred to in paragraphs b) and c) of the above paragraph of the updated Articles of Incorporation.

The Extraordinary General Meeting may also delegate to the Directors the increase of the share capital, per the provisions of Article 86 of Law No. 24/2017 on issuers of financial instruments and market operations.

At the same time, per Article 91, para. 1 and para. 2 of Law No. 24/2017 on issuers of financial instruments and market operations, as republished, the Extraordinary General Meeting of Shareholders approves:



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- Acts of acquisition, disposal, exchange, or pledging of assets included in the category of fixed assets of the issuer, the value of which individually or in aggregate during the financial year exceeds 20% of the total value of fixed assets, except claims.

- Leases of tangible assets for more than one year, the value of which, individually or collectively, concerning the same counterparty or persons involved or acting in collaboration, exceeds 20% of the value of the total fixed assets, except claims at the date of conclusion of the legal document, as well as associations for more than one year exceeding the same amount.

Per the provisions of Law No. 31/1990 on companies, as republished, the Company's permission to acquire its shares is granted by an extraordinary general meeting of shareholders, which determines the conditions for such an acquisition, in particular, the maximum number of shares to be acquired, and in the case of acquisition for consideration, their minimum and maximum value and the period of the operation, in compliance with the law; it shall also determine the manner of disposal of own shares acquired by the Company.

Summoning, functioning, the voting process, and other provisions related to the GMS are detailed in the Articles of Incorporation of Rompetrol Rafinare S.A. as well as in the “*Regulations on the conduct of the General Meeting and respect for the rights of Rompetrol Rafinare S.A. shareholders*” published on the Company's website, “*Investor Relations – Corporate Governance – Corporate Governance Documents*” Section.

GMS convening process

General meetings, both ordinary and extraordinary, are summoned by the Board of Directors of the Company, whenever necessary, per the provisions of the law and the Articles of Incorporation. The summons and, subsequently, the Resolutions of the General Meeting of Shareholders are sent to the Bucharest Stock Exchange and the Financial Supervisory Authority per capital market rules and are also published on the Company's website, *Investor Relations – General Meeting of Shareholders* Section.

The General Meeting of Shareholders is summoned by the directors as needed by publishing a convening notice in the Official Gazette of Romania, Part IV, and in one of the local or national newspapers of wide circulation in the locality where the registered office of the company is located. General meetings are summoned by the Board of Directors at least 30 days before the scheduled date of the meeting. The convening notice of the general meeting will be sent simultaneously to BSE and FSA, and posted at least 30 days before the date of the meeting and on the Company's website at: <https://rompetrol-rafinare.kmginternational.com/>, *Investor Relations* Section. Information is disseminated both in Romanian and in English.



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GMS will be summoned in the following situations:

- (i) Whenever required by the decision of the Board of Directors, by the Chairman of the Board of Directors, or by a member of the Board of Directors, based on a proxy granted by the Chairman.
- (ii) At the request of the shareholders, representing, individually or jointly, at least 5% of the share capital and if the request includes provisions falling within the powers of the meeting.

Per the applicable provisions (Law No. 31/1990, Law No. 24/2017, the Financial Supervisory Authority Regulation No. 5/2018) as well as the provisions of the Articles of Incorporation, the convening notice of the General Meeting of the Shareholders, includes at least the following information:

- ❖ Name of the issuer.
- ❖ Date, starting time, and venue of the General Meeting of the Shareholders for the first and second calls.
- ❖ Proposed agenda with a clear indication of all topics to be discussed at the meeting.
- ❖ Clear and precise description of the procedures to be followed by shareholders to participate and vote within the GMS, respectively information on:
 - The right of one or more shareholders, representing individually or jointly at least 5% of the Company's share capital, to put topics on the agenda of the general meeting (provided that each topic is accompanied by a justification or a draft decision proposed for adoption by the General Meeting) or to submit draft resolution for the topics included or proposed to be included on the agenda of the General Meeting, within at least 15 days from the date of publication of the convening notice. The agenda filled in with the topics proposed by the shareholders, after summoning, will be published according to all the requirements provided by law and/or the Articles of Incorporation for summoning the general meeting, at least 10 days before the date of the General Meeting of the Shareholders, on the date mentioned in the original convening notice.
 - 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 considered for such type of vote, the proxy forms (special and general) will 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 proxies will be deposited/received, as well as how the Company can accept the notification regarding the proxy appointed by electronic means.
 - The procedures allowing 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; reference date will fulfill the following criteria: (i) be subsequent the publication of the summoning and before the GMS, (ii) be before 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



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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 the agenda of the meeting also includes electing the directors. The deadline is established so that the period during which a proposal can be made on the candidates for the positions of directors should be a minimum of 3 working days after the publication of the summoning/supplement to the summoning, including the election of the 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 topics 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 <https://rompetrol-rafinare.kmginternational.com/>, 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 convening notice will include the entire text of the proposals.

❖ The Company's website.

❖ Proposal on the Registration Date, Ex Dates, and, if applicable, a proposal on the payment date.

❖ Express specification that the right to vote may be exercised directly, by proxy under a special or general power of attorney or by correspondence and the conditions to exercise such rights.

❖ The way to distribute the correspondence voting ballots and the special proxy form for representation within the General Meeting of the Shareholders, as well as the date when they become available.

❖ Deadline and place where special/general proxies and correspondence voting ballots will be sent/received.

❖ Indication of the exact address where special/general proxies and correspondence voting ballots are sent.

❖ Indication that significant shareholders have the right to opt for the application of the cumulative voting method for the election of members of the Board of Directors, if this topic is on the agenda of the GMS per the provisions of Article 85 of Law No. 24/2017, as republished.

The convening notice of the general meeting, any other topics added to the agenda at the request of the shareholders, the documents and information materials relating to the topics on the agenda of the general meeting, the annual financial statements, the annual report, the proposal on the distribution of



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dividends (if any), the special proxy forms, the postal ballot papers, and the draft resolutions are available to the shareholders of the Company in both Romanian and English at the Company's registered office and can be downloaded from the Company's website from the date of publication of the convening notice of the general meeting.

Shareholders will be able to request copies of these documents in writing, by post, or by e-mail.

Shareholders representing individually or jointly at least 5% of the share capital of the Company may request by a request addressed to the Board of Directors the introduction of new topics on the agenda, and/or submit draft decisions for topics included on the agenda, no later than 15 days after the publication of the convening notice. The agenda supplemented with the topics proposed by the shareholders will be published at least 10 days before the General Meeting, on the date mentioned in the original convening notice.

Each shareholder may address questions in writing to the Board of Directors concerning the topics on the agenda of the General Meeting of Shareholders before the date of the General Meeting of Shareholders, which will be answered at the Meeting. The Company is obliged to answer questions from shareholders. The Company may formulate a general answer to questions of the same content. An answer is deemed to have been given if the information requested is published on the Company's website <https://rompetrol-rafinare.kmginternational.com/>, in question – answer format.

Per capital market regulations, drafts resolutions submitted to the GMS for approval, as well as other supporting materials, are published on the Company's website from the date of publication of the convening notice.

Quorum requirements

Shareholders present at the meeting (directly or by representative) as well as those who have submitted a valid correspondence voting ballot will be taken into account by the technical secretariat of the meeting when determining the weight of the share capital represented at the meeting out of the total share capital of Rompetrol Rafinare S.A., to establish the quorum required to hold the meeting and the validity of the resolutions adopted.

OGMS

For the first call of the OGMS, the quorum requirements are met if shareholders representing at least 1/4 of the total number of voting rights are present or represented at the meeting. Resolutions may be validly passed with the “for” vote of shareholders representing a majority of the votes cast. For the second call, the meeting may decide on topics included on the agenda of the first call, regardless of the number of shareholders present, by the vote of shareholders representing a majority of the votes cast.



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EGMS

For the first call of the EGMS, the quorum requirements are met if shareholders representing at least 1/4 of the total number of voting rights are present or represented at the meeting. Decisions may be validly passed with the “for” vote of shareholders representing a majority of the votes held by the shareholders present or represented. For the second call, the Meeting may decide on topics included on the agenda of the first call if at least 1/5 of the total number of voting rights are present or represented, adopting resolutions by a majority of the votes held by the shareholders present or represented.

Resolutions to change the Company's main object of activity, to reduce or increase the share capital, to change the legal form, to merge, to divide or to dissolve the Company shall be taken by a majority of at least two-thirds of the voting rights held by the shareholders present or represented.

To properly inform investors about the convening/organization/holding of general meetings of shareholders, the Company prepares and sends to the Bucharest Stock Exchange and the Financial Supervisory Authority the following current reports:

- a) The decision of the Board of Directors on the convening of the general meeting.
- b) The request made by the shareholders entitled to convene/supplement the agenda of the general meeting.
- c) The convening notice of the general meeting of shareholders.
- d) Failure of the general meeting of shareholders to adopt a resolution due to a lack of quorum or failure to meet the majority requirements.
- e) Resolutions of 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 convening notice. 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 convening notice 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 granted for that General Meeting or a general power of attorney granted for a period not exceeding 3 years, or by correspondence, based on a voting Form by correspondence, both documents being made available to the shareholders, translated into English language. The shareholders may fill in the Special/ General Powers of Attorney or the voting Form by correspondence either in Romanian or in English.



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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 proxy may not be replaced by another person. Where a proxy is a legal person, it may exercise its mandate through any person who is a member of its administrative or management body or its employees.

Legal persons may be represented by their legal representatives, who may in turn give other persons a proxy for that General Meeting.

In addition to the rules for the organization and conduct of GMSs, RRC fully complies with the legal provisions governing the process of holding GMSs of listed companies.

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 the presence of shareholders and verify the following:

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

The secretary of the meeting shall also verify the fulfillment of the legal conditions regarding the quorum of the 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 decisions 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 a vote by the Chairman of the meeting.

The resolutions of the general meeting are taken 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.



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Each share entitles to express one vote within 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 position of “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.

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 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 BSE and FSA. The current report corresponding to the resolutions adopted by the general meeting of shareholders is published on the Company website together with the vote results. Moreover, the decisions of the general meeting are published in the Romanian Official Gazette, Part IV.

RESOLUTIONS ADOPTED BY THE GENERAL MEETINGS OF SHAREHOLDERS DURING 2022

The Ordinary General Meeting of Rompetrol Rafinare’s Shareholders held on April 28, 2022, decided as follows:

- Approval of the Individual Annual Financial Statements as of and for the year ended December 31, 2021, prepared per the Order of the Ministry of Public Finance No. 2844/2016 on the approval of the Accounting Regulations per International Financial Reporting Standards, as adopted by the European Union, as subsequently amended and supplemented, and the Consolidated Annual Financial Statements (prepared per International Financial Reporting Standards (IFRS), audited, as of and for the year ended December 31, 2021, based on the Annual Reports of the Board of Directors for 2021 and the Independent Financial Auditor's Reports prepared by Ernst & Young Assurance Services SRL for 2021.
- Approval of the discharge of the all directors of the Company for the activities carried out in the FY 2021 based on the submitted reports.

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- Approval of the Income and Expenditure Budget for 2022, the Company's Production Schedule for 2022, and the Investment Budget for 2022.
- Establishing for the FY 2022: (i) for the current year, the gross monthly remuneration of the members of the Board of Directors be at the same level as for 2021, i.e., a gross monthly remuneration of RON 15,385 corresponding to a net monthly remuneration of RON 9,000 for each member of the Board of Directors; (ii) the gross monthly remuneration of RON 5,128 corresponding to a net monthly remuneration of RON 3,000 for each member of the Audit Committee; (iii) the gross monthly remuneration of the Chairman of the Audit Committee, amounting to RON 6,837 corresponding to a net monthly remuneration of RON 4,000; and (iv) the gross monthly remuneration of RON 5,128 corresponding to a net monthly remuneration of RON 3,000 for each member of the Strategy Committee.
- By unanimity of the votes cast, with no votes "against", approval of the Report on the Remuneration Structure for Management for the FY 2021, submitted to the advisory vote of the OGMS, considering the provisions of Article 107, paragraph (6) of Law No. 24/2017 on issuers of financial instruments and market operations, as republished.
- Following the expiry on 30.04.2022 of the terms of office of the members of the Board of Directors, the election of the following 5 members to the Board of Directors of the Company for a 4-year term starting from 01.05.2022, namely:
 - Mr. Yedil Utekov, Citizen of the Republic of Kazakhstan, residing in Bucharest
 - Mr. Askar Abilov, Citizen of the Republic of Kazakhstan, residing in Bucharest
 - Mr. Felix Crudu-Tesloveanu, Citizen of Romania, domiciled in cu Constanta
 - Mr. Nicolae Bogdan Codruț Stănescu, Citizen of Romania, domiciled in Bucharest, and
 - Mr. Bogdan- Cătălin Steriopol, Citizen of Romania, domiciled in Bucharest.
- Approval of the appointment of Mr. Dan Alexandru Iancu, a financial auditor registered with the Romanian Chamber of Financial Auditors, as an independent member of the Audit Committee of the Company, for a term of office equal to that of the Board of Directors appointed as mentioned above, respectively from May 1, 2022, to April 30, 2026.
- Whereas within the deadline set out in the convening notice of the OGMS, as subsequently supplemented, no nominations were submitted by shareholders, subject to the approval of EGMS of April 28, 2022, starting at 13:00, of the increase in the numerical composition of the Board of Directors from five members to seven members, the proposal to elect two (2) new members to the Board of Directors of the Company for a 4-year term of office starting on May 1, 2022, was rejected.
- Reappointment of ERNST & YOUNG ASSURANCE SERVICES SRL, legally represented by Mr. SABRAN NICOLAS MARIE MICHEL, French citizen, as a financial auditor of Rompetrol Rafinare S.A., for 2 (two) years, respectively for auditing the financial statements of the Company for the financial years 2022 and 2023, the duration of the audit service contract being 2 (two) years.



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- Approval of May 18, 2022, as the Registration Date for identifying the shareholders affected by Resolutions No. 1/2022, No. 2/2022, No. 3/2022, and No. 4/2022 taken by the OGMS of April 28, 2022, and of May 17, 2022, as the Ex-Date.
- Empowerment of Mr. Yedil Utekov, Chairman of the Board of Directors, to conclude and/or sign on behalf of the Company and/or the shareholders of the Company the Resolutions No. 1/2022, No. 2/2022, No. 3/2022, and No. 4/2022 adopted by this OGMS, and Mr. Felix Crudu-Tesloveanu, General Manager of the Company, to carry out all legal formalities for registration, announcement, enforceability, execution, and publication of the adopted Resolutions adopted by OGMS, both with the possibility of sub-mandating third parties.

The Extraordinary General Meeting of Shareholders of Rompetrol Rafinare held on April 28, 2022, decided as follows:

- Finding the reconstitution of the value of the net asset against the value of the subscribed social capital following the approval of the individual audited financial statements for the financial year ended December 31, 2021, by the OGMS on April 28, 2022.
- Approval of the increase of the numerical composition of the Board of Directors of the Company, from five members to seven members, starting on May 1, 2022.
- Approval of the amendment and completion of the Articles of Incorporation of the Company for the corresponding amendment of Article 14.1. of the Articles of Incorporation, as a result of approval of the EGMS of the proposal to increase the numerical composition of the Board of Directors from five members to seven members, per the note presented to the shareholders for this topic on the revised EGMS agenda (topic 1²) to change the number of directors as follows:

“Article 14.1. The activity of the Company is led by a Board of Directors composed of 7 (seven) members, appointed by the Ordinary General Meeting, who may also be shareholders of the company, natural or legal persons, having Romanian or foreign citizenship, respectively nationality. The Directors appoint from among themselves the Chairman of the Board of Directors. When a legal person is elected as Director, at the time of that appointment the legal person is obliged to appoint a permanent representative, who is a natural person.”

- Approval of May 18, 2022, as the Registration Date for identifying the shareholders affected by Resolutions No. 5/2022 and No. 6/2022 adopted at the EGMS of April 28, 2022, and May 17, 2022, as the Ex-Date.
- Empowerment of the Chairman of the Board of Directors, Mr. Yedil Utekov, to conclude and/or sign on behalf of the Company and/or the Company's shareholders the Resolutions No. 5/2022 and No. 6/2022 taken by this EGMS, including the signing of the updated Articles of Incorporation of the Company, and of Mr. Felix Crudu-Tesloveanu, General Manager of the Company, to complete all legal formalities for registration, publicity, opposability, execution, and publication of the adopted resolutions, both can delegate third parties.



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The Extraordinary General Meeting of Shareholders of Rompetrol Rafinare held on August 19, 2022, decided as follows:

- Ratification of the conclusion of Addendum No. 1 to the Framework Agreement for the sale – purchase of crude oil No. 09046/2021, to approve the content, form, terms, and conditions provided in this Addendum concluded between Rompetrol Rafinare S.A., as a Buyer, and KazMunayGas Trading A.G., as a Seller, according to the supporting materials submitted to shareholders for this EGMS agenda topic (topic 1), documents that were made available to shareholders within the legal deadline.
- Approval of the conclusion of a Framework Agreement for the Sale of Thermal Energy between Rompetrol Rafinare S.A., as a Buyer, and Rompetrol Energy S.A., as a Seller, for 10 years, under the terms and conditions set out in the draft of the Agreement and the supporting materials submitted to shareholders for this EGMS agenda topic (topic 2), documents that were made available to shareholders within the legal deadline.
- Approval of the conclusion of a Framework Agreement for the Sale of Electricity between Rompetrol Rafinare S.A., as a Buyer, and Rompetrol Energy S.A., as a Seller, for 10 years, under the terms and conditions set out in the draft of the Agreement and the supporting materials submitted to shareholders for this EGMS agenda topic (topic 3), documents that were made available to shareholders within the legal deadline.
- Approval of the empowerment of Mr. Felix Crudu-Tesloveanu as General Manager and Ms. Ramona-Georgiana Gălățeanu as Financial Manager of the Company, with the right of joint signature, to sign in the name and on behalf of the Company the documents mentioned in topics 2 and 3 on the agenda of this EGMS, the documents issued in connection with their execution as well as any other documents necessary to carry out the Resolution to be taken in this regard.
- Approval of the date of (i) September 7, 2022, as Registration Date, according to Article 87 (1) of Law No. 24/2017; and (ii) September 6, 2022, as Ex-Date, according to Article 2 (2) – 1) of Regulation No. 5/2018.
- Granting power of attorney to Mr. Felix Crudu-Tesloveanu, Member of the Board of Directors and General Manager of the Company, to conclude and/or sign the Resolutions No. 7/2022 and No. 8/2022 taken by this EGMS on behalf of the Company and/or of the shareholders of the Company and to carry out all the legal formalities for the registration, publicity, enforceability, enforcement, and publication of resolutions adopted, with the right to sub-appoint third parties.

The Extraordinary General Meeting of Shareholders of Rompetrol Rafinare held on November 24, 2022, decided as follows:

- Ratification of the conclusion of Addendum No. 2 to the Framework Agreement for the sale - purchase of crude oil No. 09046/2021, to approve the content, form, terms, and conditions provided in this Addendum concluded between Rompetrol Rafinare S.A., as a Buyer, and KazMunayGas Trading A.G., as a Seller, according to the supporting materials submitted to



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- shareholders for this EGMS agenda topic (topic 1), documents that were made available to shareholders within the legal deadline.
- Approval of the date of (i) December 14, 2022, as Registration Date, according to Article 87 (1) of Law No. 24/2017; and (ii) December 13, 2022, as Ex-Date, according to Article 2 (2) – 1) of Regulation No. 5/2018.
 - Granting power of attorney to Mr. Felix Crudu-Tesloveanu, Member of the Board of Directors and General Manager of the Company, to conclude and/or sign the Resolution No. 9/2022 taken by this EGMS on behalf of the Company and/or of the shareholders of the Company and to carry out all the legal formalities for the registration, publicity, enforceability, enforcement, and publication of Resolutions adopted, with the right to sub-appoint third parties.

6.3. INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS OF ROMPETROL RAFINARE S.A.

As mentioned in paragraph 4.1 of this document, the Board of Directors is responsible for taking all the measures necessary for the performance and monitoring of the Company's activity. Its composition, structure, powers, and duties are set out in *the Regulation for the organization and operation of the Board of Directors* and *the Company's Articles of Incorporation*, both available on the web page of the Company <https://rompetrol-rafinare.kmginternational.com/> in Investor Relations section.

The Company's activity is managed by a Board of Directors composed of 7 (seven) members, appointed by the Ordinary General Meeting, who may also be shareholders of the Company, natural or legal persons, of Romanian or foreign citizenship, respectively nationality.

In 2022, according to Resolution No. 6/2022 of the EGMS of April 28, 2022, the numerical composition of the Company's Board of Directors was increased from five members to seven members, starting from May 1, 2022. Thus, according to the Articles of Incorporation of the Company, until April 30, 2022, the Board of Directors was composed of 5 members, all 5 positions of directors of the Company being filled.

At the OGMS held on April 28, 2022, at 11:00, the appointment of 5 new members of the Board of Directors was approved, following the expiry on May 1, 2022, of the terms of office of all directors (of the 5 members in office). On the same day, April 28, 2022, after the OGMS (held at 11:00), the EGMS was also held (convened at 13:00), during which the shareholders approved the increase of the numerical composition of the Board of Directors to 7 members (as per topic 1¹ on the completed agenda). Since, within the legal deadline provided for in the Convening Notice of EGMS with the revised agenda following its completion on the proposal made in accordance with the law by a



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shareholder of the Company, the shareholders did not submit to the Ordinary General Meeting of Shareholders of April 28, 2022, proposals for new candidates for the two new directors' positions created per Resolution No. 6/2022 adopted by the EGMS, the two new directors' positions remained vacant. The vacancy of the two new positions created as set out above remains vacant at the date of this Report.

Of the five members of the Board of Directors acting in 2022, three are representatives of the majority shareholder KMG International N.V. (of which, from October 1, 2020, one became executive) and two are representatives of a significant shareholder, namely the Romanian state through the Ministry of Energy (since June 4, 2020, both directors are non-executive and independent). **The term of the current directors expires on April 30, 2026.**

Due to the increase in the number of members of the Board of Directors of the Company from five to seven members starting May 1, 2022, per Resolution No. 6/2022 of the EGMS held on April 28, 2022, the new Board of Directors approved at a meeting on May 4, 2022, amendments and additions to the Rules regarding organization and functioning of the Board of Directors to amend accordingly the number of directors and the provisions related to the organization and functioning of the Board of Directors. Regulation on the organization and functioning of the Board of Directors, updated on May 4, 2022, per the Decision No. 1 of the Board of Directors, are published on the Rompetrol Rafinare website in the Investor Relations Section, Corporate Governance/ Corporate Governance Documents Subsection.

The directors may be replaced in 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 as the appointment of the director.
- b) In case of resignation or recall 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 powers of the Board of Directors, according to the Articles of Incorporation and the Regulation on the organization and functioning of the Board of Directors, are as follows:

- a) Establishing the main directions of the company's activity and development.
- b) Establishing the accounting and financial control system and approving the financial planning.
- c) Appointing, recalling, respectively concluding, and terminating the contracts of the Company's directors.
- d) Supervising the activity of the directors.
- e) Drawing up the annual report, organizing the general meeting, and implementing its decisions.



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- f) Submitting 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, approving 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 pecuniary content exceeding this value limit.
- h) Approving the Company's organizational structure.

These duties will not be delegated to the Company managers.

The Board of Directors also has the following duties delegated by the Extraordinary General Meeting of Shareholders under the conditions provided by Article 114 of Law No. 31/1990, as republished:

- a) Taking decisions regarding the relocation of the Company headquarters.
- b) Taking decisions regarding the change of the Company business object of activity (except for the main domain and the main activities of the Company).
- c) Taking decisions regarding the increase of the share capital by the issue of new shares, according to the law.

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

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



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In 2022, the composition of the Board of Directors underwent the following changes:

From January 1, 2022, to April 30, 2022, the members of the Board of Directors were as follows:

- Yedil Utekov – *Non-executive Director and Chairman of the Board of Directors*¹⁴
- 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*

From May 1, 2022, to the date of this Report, the members of the Board of Directors were as follows:

- Yedil Utekov – *Non-executive Director and Chairman of the Board of Directors*
- Askar Abilov – *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, per 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 <https://rompetrol-rafinare.kmginternational.com/> here:

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.

¹⁴Until 1 January 2020 he held the position of Executive Director, as he had been delegated the position of General Manager per Article 143 of Law 31/1990



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According to Article 1 (a) of the Resolution No. 2/2022 adopted by OGMS held on April 28, 2022, for the year 2022 it was 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.

According to the Article 1 (b) of Resolution No. 2/2022 adopted by OGMS held on April 28, 2022, for the year 2022, it was approved:

- A gross monthly remuneration amounting to RON 5,128 corresponds to a net monthly remuneration of RON 3,000 for each member of the Audit Committee.

- A gross monthly remuneration amounting to RON 5,128 corresponds to a net monthly remuneration of RON 3,000 for each member of the Strategy Committee.

According to Article 2 of the Resolution No. 2/2022 taken by the OGMS held on April 28, 2022, for the year 2022 it was approved:

- A gross monthly remuneration of the Chairman of the Audit Committee of RON 6,837, corresponding to a net monthly remuneration of RON 4,000.

According to the Article 107 of Law No. 24/2017, as republished, Rompetrol Rafinare has prepared, a Remuneration Report for the financial year (FY) 2021, which provides a wide overview of the remuneration, including all benefits, regardless of the form, granted or owed during the FY 2021, to the managers individually, per the Remuneration Policy approved by the OGMS held on April 28, 2021.

The shareholders representing 99.3302% of the share capital and 99.3302% of the total voting rights, with 26,381,311,906 votes "for" representing 99.3302% of the share capital and 100% of the votes cast and without any vote "against", at the Ordinary General Meeting of Shareholders held on April 28, 2022, the shareholders approved the Remuneration Report of the Company's management structure for the FY 2021, submitted to the advisory vote of the OGMS, considering the provisions of Article 107 paragraph (6) of Law No. 24/2017 on issuers of financial instruments and market operations, as republished.

The FY 2021 Remuneration Report, approved unanimously in an advisory vote of shareholders voting at the OGMS held on April 28, 2022, has been uploaded on the Rompetrol Rafinare website, Investor Relations Section, Corporate Governance/Corporate Governance Documents Subsection.

Rompetrol Rafinare has prepared the FY 2022 Remuneration Report, which includes all remuneration, including all benefits, in whatever form, granted or due in FY 2022 to individual executives, per the Remuneration Policy, approved at the OGMS held on April 28, 2021.



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The Company's Executive Remuneration Report for FY 2022 will be subject to an advisory vote at the annual Ordinary General Meeting of Shareholders scheduled for April 27 (28), 2023.

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 Stănescu¹⁵ and Bogdan- Cătălin Steriopol¹⁶ – in office from 31.12.2022, met the independence criteria provided by the principles and recommendations of the Code.

Evaluation of the Board of Directors

In 2022, 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 31.12.2022

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 the Republic of Kazakhstan

The term of office of Director: from 01.10.2014 to 30.04.2018; 01.05.2018 – 30.04.2022 and 01.05.2022 – 30.04.2026

On 01.10.2020, he was also appointed Chairman of the Board of Directors in place of Mr. Meraliyev Saduokhas, who submitted his resignation, holding this position until April 30, 2022.

¹⁵Appointed as Director from May 1, 2018, according to Resolution No. 3/2018 of OGMS held on April 27, 2018; reappointed as Director from May 1, 2022, to April, 30, 2026, according to Resolution No. 3/2022 of OGMS held on April 28, 2022; also held the position of Director of the Company from 12.06.2015 to 27.04.2016

¹⁶Appointed as provisional Director from June 4, 2020, according to Decision No. 1 of the Board of Directors of June 4, 2020, and permanent Director from September 18, 2020, according to Resolution No. 6/2020 of OGMS held on September 18, 2020; reappointed as Director from May 1, 2022, to April 30, 2026, according to Resolution No. 3/2022 of OGMS held on April 28, 2022.

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On the same day, October 1, 2020, he was also appointed as a member of the Strategy Committee, serving on that Advisory Committee as Chairman.

At the meeting of May 2, 2022, the five new members of the Board of Directors constituted based on Resolution No. 3/2022 of OGMS held on April 28, 2022, reappointed him as Chairman of the Board of Directors for the duration of his term of office as Director.

At the meeting held on May 9, 2022, he was reappointed as a member of the Strategy Committee, holding the position of the Chairman of this Advisory Committee.

Responsibilities: within Rompetrol Rafinare S.A. also held the position of General Manager¹⁷ and until October 31, 2022, he also held the position of General Manager and Sole Director of Rompetrol Petrochemicals S.R.L. On December 18, 2019, he took over the position of Production and Industrial Chief Officer within the Operational Block of KMG International Group, a position held until December 2022.

Education and professional qualifications: graduate of the Faculty of Resources and Hydrocarbons Chemical Technology at the Astrakhan State Technical University in Russia. He started his career in the oil and gas industry in 2001 as a Process Operator at Akasaraisky Gas Processing Plant in Russia, and from September 2001 to June 2002 he worked as an operator for ZAO Intergaz Central Asia, Kazakhstan. Subsequently, from June 2002, he gradually advanced from the position of engineer with the Atyrau Refinery, to that of Ecology, Technology, Health and Safety Manager. From April 2005 to 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 from August 2008 to April 2010. With more than 11 years of professional experience in the oil and gas industry, Mr. Yedil Utekov joined KMG International Group (formerly Rompetrol Grup) in January 2010 as Deputy General Manager of Rompetrol Petrochemicals S.R.L. He was appointed General Manager of the Company and held this position from June 12, 2014, to December 31, 2019.

Askar Abilov

Born in 1977, Citizen of the Republic of Kazakhstan

The term of office of Director: from 01.05.2022 to 30.04.2026¹⁸

Non-executive Member of the Board of Directors

Responsibilities: from September 2020 to October 2022 was Chief Officer for Finance and Risk Management at KMG International Group.

¹⁷Mr. Felix Crudu-Tesloveanu is the General Manager of Rompetrol Rafinare starting January 1, 2020.

¹⁸Appointed Director according to Resolution No. 3/2022 taken by the OGMS on April 28, 2022.



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Education and professional qualifications: graduate of Kazakhstan National State University – International Economics program. In 1999, he graduated from the School of Arts and Sciences, IDE Program (International and Development Economics), and has a Master of Arts in Economics from Yale University in the USA.

Felix Crudu-Tesloveanu

Born in 1970, Citizen of Romania

The term of office of Director: from 01.10.2020 to 30.04.2022; for a new term of office from 01.05.2022 until 30.04.2026

Executive Member of the Board of Directors

Responsibilities: within Rompetrol Rafinare S.A., from January 1, 2020, until now he also holds the position of General Manager, having previously 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 worked for 10 years at the Petromidia Refinery. He then held the positions of Station Manager in Constanta, Area Coordinator, Regional Sales Coordinator, Regional Sales Manager, Sales Manager, Operations Manager, and General Manager of Rompetrol Downstream (the Group's retail division in Romania). In 2016 he took over the management of the Group's subsidiary in the Republic of Moldova and was appointed General Manager of Rominserv Valves IAIFO.

Education and professional qualifications: graduate of the Faculty of Commercial Management at the Dimitrie Cantemir University in Constanta.

The two new positions of director created by Decision No. 7/2011 taken by the Extraordinary General Meeting of Shareholders on November 29, 2011, which approved the increase of the numerical composition of the Board of Directors from three to five members, **as of 31.12.2022 (the positions) are occupied by Nicolae Bogdan Codruț Stănescu and Bogdan-Cătălin Steriopol.** Both were appointed to these positions at the proposal of the shareholder Romanian State, represented by the Ministry of Energy.

Nicolae Bogdan Codruț Stănescu was appointed as a member of the Board of Directors by Resolution No. 3/2018 taken by the OGMS on April 27, 2018, and Bogdan-Cătălin Steriopol by Resolution No. 6/2020 taken by the OGMS on September 18, 2020. Both were reappointed as directors according to Resolution No. 3/2022 taken by the OGMS on April 28, 2022.



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Nicolae Bogdan Codruț Stănescu¹⁹

Born in 1974, Citizen of Romania

The term of office of Director: from 01.05.2018 to 31.04.2022; 01.05.2022 – 31.04.2026²⁰

Independent non-executive member of the Board of Directors

Education and professional qualifications: Ph.D. in Law from the Alexandru Ioan Cuza Academy (class of 2001); graduated in legal sciences from the Hyperion University of Bucharest (class of 1996) and graduated from the Faculty of Petroleum Processing Technology and Petrochemicals (class of 1999). He has completed master's degree programs for Conflict Mediation in Law (Titu Maiorescu University), Security and National Defense (Carol I National Defense University), European Public Space (National School of Political and Administrative Studies), Public International Law (Alexandru Ioan Cuza Police Academy, Bucharest). He holds specializations in the banking field, with two certifications from the Romanian Banking Institute – the European Banking Certificate and the Diploma for Banking Mediation. He holds a Certificate in Public Leaders and a specialization in Protocol and Communication.

Career milestones:

- Personal advisor to the Minister of Economy on legal issues (October 2013 – January 2015)
- Director General of the General Directorate for Privatization and Administration of State Holdings of the Ministry of Energy (January 2015 – August 2016) and Director General of the General Directorate for Commercial Companies of the Ministry of Energy
- Expert within the Procurement Division of the National Company Nuclearelectrica (September 2013 – September 2014)
- Director General of the Privatisation Litigation Department of the Authority for the Valuation of State Assets (September 2004 – January 2007), and Director of the General Legal Department of the same institution (2007 – 2010)
- Since 1998, he has held the positions of a legal expert within the State Property Fund (SPF) and Director within State Assets Management Authority Bucharest (former State Property Fund)
- Legal adviser within the Regional Customs Directorate of Galați (February 1997 – September 1998)

¹⁹Proposed in the Board of Directors of the Company by Letter No. 101409/AA/12.04.2018 from the significant shareholder Ministry of Energy – Minister's Office. Reappointed as a director based on the address of the Minister of Energy No. 12864/VDP/11.04.2022

²⁰He was also a director of the Company from 12.06.2015 to 27.04.2016



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Bogdan- Cătălin Steriopol²¹

Born in 1986, Citizen of Romania

The term of office of Director: from 04.06.2020 to 31.04.2022²²; 01.05.2022 – 31.04.2026

Independent non-executive member of the Board of Directors

Education and professional qualifications: graduate of the Faculty of Marketing, Artifex University, Bucharest, with a bachelor's degree and the qualification of Economist and master's degree from the Information Academy Mihai Viteazu Bucharest, with over 10 years of professional experience in the field of media and communication.

Career milestones:

From 2017 to 2019, Mr. Steriopol held the position of Specialty Manager at Transelectrica SA. Then, he held the position of Expert within the Monitoring Service of the Association of Intercommunity Development Thermoenergetic Bucharest-Ilfov. In November 2019, he was appointed Counsellor within the Ministry of Education and Research, until May 2021.

As of 31.12.2022, the two new director positions created by Resolution No. 6/2022 taken by the Extraordinary General Meeting of Shareholders on 28 April 2022, which approved an increase in the numerical composition of the Board of Directors from 5 to 7 members, **are vacant**.

²¹Proposed to the Board of Directors of the Company by Letter No. 8266/VDP/19.08.2020 of the significant shareholder Ministry of Economy, Energy and Business Environment (with the current name Ministry of Energy) – Minister's Office. He was reappointed as a director based on the Letter of the Minister of Energy No. 12864/VDP/11.04.2022

²²During 04.06.2020 – 17.08.2020 he held the position of provisional Director. He was appointed permanent Director by Decision No. 6/2020 taken by the Ordinary General Meeting of Shareholders on 18.09.2020.



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Information on other relatively permanent professional duties and obligations of members of the Board of Directors in 2022

<i>Name</i>	<i>Company</i>	<i>Position held</i>	<i>Period</i>
Yedil Utekov	Rompetrol Petrochemicals S.R.L.*	General Manager	13.11.2013 – 31.10.2022
		Sole Director	01.03.2014 – 31.10.2022
	Rompetrol Well Services S.A.*	Chairman of the Board of Directors ("	01.10.2020 – 29.04.2022 30.04.2022 – 30.04.2026
		Member of the Audit Committee	01.10.2020 – 29.04.2022 02.05.2022 – 30.04.2026
	ROMINSERV S.R.L.*	Chairman of the Board of Directors	15.09.2020 – 31.01.2023
Rompetrol Energy S.A.*	Chairman of the Board of Directors	01.10.2020 – 28.02.2023	
Askar Abilov	TRG PETROL TICARET ANONIM ŞIRKETI*	Member of the Board of Directors	30.09.2020 – January 2023
	KMG INTERNATIONAL N.V.*	Member Finance and Investment Committee	30.09.2020 – January 2023
	Rompetrol Downstream SRL	Member of the Board of Directors	10.09.2020 – 31.10.2022
	KazMunayGas Trading AG	Member of the Board of Directors	10.09.2020 – 15.11.2022
	Rompetrol Gas SRL	Member of the Board of Directors	10.09.2020 – 31.10.2022
	KMG Rompetrol Services Center SRL	Member of the Board of Directors	11.09.2020 – 31.10.2022
	Rompetrol Moldova	Member of the Board of Directors	20.07.2020 – 04.11.2022
Nicolae Bogdan Codruț Stănescu	Oltchim SA, Ramnicu Valcea	Special Manager	27.03.2013 – until the end of insolvency proceedings
	SNGN Romgaz S.A. – FIGN DEPOGAZ Ploiești	Chairman of the Board of Directors	04.2018 – present
	Societatea de Administrare a Participațiilor in Energie S.A.	Chairman of Management Board	01.08.2019 – 01.08.2023

*Member company of the KMG International Group

6.5. ATTENDANCE OF DIRECTORS AT THE BOARD OF DIRECTORS MEETINGS

According to the Articles of Incorporation, the Board of Directors will meet at least once every three months and whenever it is necessary. The Members of the Board of Directors have always paid due attention to the duties of diligence and loyalty to the Company. Thus, the members of the Board of



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Directors and the Executive Management made the decisions regarding the business of Rompetrol Rafinare considering the Company's best interests.

In 2022, the Board of Directors met in 24 meetings. Most of the Board meetings were held by electronic means of communication (by organizing meetings in Microsoft Teams or via email – by electronic voting). 3 (three) meetings were held in presentia of the Directors, 9 (nine) meetings were held in Microsoft Teams, and the other 12 (twelve) meetings were held via electronic communication (in the form of communication via email – by electronic voting).

On the agenda of the meetings of the Board of Directors were topics concerning the day-to-day business of the Company, for example: to approve the Annual Report (standalone and consolidated) and to organize the Annual Ordinary General Meeting to approve the annual financial results, including the endorsement of documents and information materials for approval at the Annual OGMS; with a view to endorsing documents and information materials for approval at the Extraordinary GMS held on April 28, 2022, on the establishment of the reconstitution of the net asset value in relation to the value of the subscribed share capital following the approval of the individual audited financial statements for the financial year ended December 31, 2021; to supplement the agenda of the Extraordinary General Meeting of Shareholders of April 28, 2022, with the inclusion of the topics concerning the increase of the numerical composition of the Board of Directors to 7 directors and the proposal to amend the Company's Articles of Incorporation concerning the composition of the Board of Directors; to supplement the agenda of the Ordinary General Meeting of Shareholders on April 28, 2022 by including in the agenda of the meeting the issue of reappointing the financial auditor of the Company to audit the financial statements for 2022 and 2023, as well as a proposal to appoint 2 new members of the Board of Directors for a 4-year term of office starting from May 1, 2022, only if the EGMS of shareholders on April 28/29, 2022, at 13:00, approves an increase in the number of members of the Board of Directors from five to seven members; it was also decided to supplement the agenda of the OGMS dated April 28, 2022, and include issues related to the appointment of Mr. Dan Alexandru Iancu, a financial auditor registered with the Romanian Chamber of Financial Auditors, as an independent member of the Audit Committee for the term of office, equal to the term of office of the Board of Directors, namely from May 1, 2022 to April 30, 2026, as well as the approval of the net monthly remuneration of the Chairman of the Audit Committee of RON 4,000.

At the same time, the agenda of the meetings of the Board of Directors included the following topics: approval of reports and materials related to the preliminary financial results for 2022, semi-annual and quarterly financial results for 2022; approving the convening of an extraordinary general meeting of shareholders to be held on August 19/22, 2022, and the materials to be approved and informed by shareholders during this meeting, namely: (i) ratification of the conclusion of Addendum No. 1 to the Framework Agreement for the sale and purchase of crude oil No. 09046/2021 for the purpose of approving the content, form, terms and conditions set forth in this Addendum between Rompetrol Rafinare S.A., as a Buyer, and KazMunayGas Trading A.G., as a Seller; (ii) approval of the conclusion

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of a framework contract for sale - purchase of heat energy between Rompetrol Rafinare S.A. as a Buyer, and Rompetrol Energy S.A., as a Seller, for a period of 10 years, and (iii) approval of the conclusion of a Framework Agreement for sale - purchase of electricity between Rompetrol Rafinare S.A. as a Buyer, and Rompetrol Energy S.A., as a Seller, for a period of 10 years; approval of the convening of an extraordinary general meeting of shareholders on November 24/25, 2022, and materials subject to approval and informing of shareholders during this meeting, namely for the ratification of the conclusion of Addendum No. 2 to the Framework Agreement for the sale - purchase of crude oil No. 09046/2021, to approve the content, form, terms and conditions provided in this Addendum concluded between Rompetrol Rafinare S.A., as a Buyer, and KazMunayGas Trading A.G., as a Seller.

Other topics on the agenda of the Board of Directors meetings in 2022 were: approval of the conclusion of significant legal acts (contracts, amendments to contracts, transactions) for the supply of raw materials and sale of petroleum products, purchase of electricity, purchase of maintenance services for the year 2022; appointment of Mr. Yedil Utekov as Chairman of the Board of Directors following the appointment of the new Board of Directors by the OGMS held on April 28, 2022; the reappointment of Mr. Felix Crudu-Tesloveanu as General Manager and Ms. Ramona-Georgiana Gălățeanu as Financial Manager for a 4-year term of office, i.e., from May 1, 2022, to April 30, 2026; the appointment of the new members of the Audit Committee, namely Mr. Dan-Alexandru Iancu, Mr. Nicolae Bogdan Codruț Stănescu and Mr. Askar Abilov, and of the Strategy Committee, namely Mr. Yedil Utekov, Mr. Felix Crudu-Tesloveanu and Mr. Bogdan-Cătălin Steriopol, following the appointment of the new Board of Directors at the OGMS held on April 28, 2022, etc.

Also, on the agenda of the meetings of the Board of Directors were other topics related to the approval of decisions to ensure the smooth operation of the Company and its subsidiaries, as well as information from the executive management on the status of the Vega Lagoon Remediation Contract; proposals made by the RRC to the Interministerial Energy Committee of the Ministry of Energy on improving energy legislation; Orders of the Ministry of Energy, as a significant shareholder of RRC, issued for the topics on the agendas of the OGMS and EGMS dated April 28, 2022, EGMS dated August 19, 2022, and EGMS dated November 24, 2022; results and execution of hedging transactions in Q1 and Q3 2022, and first half-year of 2022, respectively; based on quarterly reports made by the QHSE Department and those of the Internal Department; information on the execution of contracts/addenda to contracts with pecuniary content, etc.

At the same time, on the agenda of the meetings of the Board of Directors were topics related to the signing of documents related to the extension until April 23, 2023, of Facility C of USD 75 million as well as Facility B of up to USD 120 million, which are components of the existing Credit Facility for a total amount of USD 435 million. Rompetrol Rafinare S.A. reported the signing of documents related to the above-mentioned facilities through current reports registered with the RRC under No. 2684/21.04.2022 and No. 3202/13.05.2022, respectively.



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In 2022, the composition of the Board of Directors underwent one change compared to December 31, 2021, namely:

From January 1, 2022, to April 30, 2022, the date of expiration of the terms of office of all directors, the composition of the Board of Directors was as follows:

- **Yedil Utekov**, Citizen of the Republic of Kazakhstan, Chairman of the Board of Directors
- **Alexey Golovin**, Citizen of the Republic of Kazakhstan, Member of the Board of Directors
- **Felix Crudu-Tesloveanu**, Citizen of Romania, Executive Member of the Board of Directors
- **Nicolae Bogdan Codruț Stănescu**, Citizen of Romania, Member of the Board of Directors
- **Bogdan- Cătălin Steriopol**, Citizen of Romania, Member of the Board of Directors

From May 1, 2022, to December 31, 2022, the composition of the Board of Directors was as follows:

- **Yedil Utekov**, Citizen of the Republic of Kazakhstan, Chairman of the Board of Directors;
- **Askar Abilov**, Citizen of the Republic of Kazakhstan, Member of the Board of Directors;
- **Felix Crudu-Tesloveanu**, Citizen of Romania, Executive Member of the Board of Directors, also holds the position of General Manager of the Company (since January 1, 2020);
- **Nicolae Bogdan Codruț Stănescu**, Citizen of Romania, Member of the Board of Directors;
- **Bogdan-Cătălin Steriopol**, Citizen of Romania, Member of the Board of Directors.

All meetings of the Board of Directors were held in the presence of 5 directors per the provisions of the Articles of Incorporation and the Board of Directors Rules, by direct participation apart from 5 meetings (March 25, 2022, June 22, 2022, July 5, 2022, December 20, 2022, and 21 December 2022) in which one of the members of the Board of Directors has granted a proxy to another member of the Board.

Decisions of the Board of Directors in 2022 were taken unanimously or by a majority vote of the members present (in several cases, abstentions were cast, but no votes against were registered). Most of the abstentions were cast because it was considered that the questions submitted for approval were related to the appointment of the director to various positions, and for this reason, he agreed to abstain from voting. There was also an abstention of a director due to a conflict of interest.

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The table below shows attendance at meetings of the Board of Directors by current directors for the year ended December 31, 2022:

Name	Attendance
Yedil Utekov	21 ²³ /24/24
Alexey Golovin ²⁴	7/7/24
Felix Crudu-Tesloveanu	24/24/24
Nicolae Bogdan Codruț Stănescu	22 ²⁵ /24/24
Bogdan- Cătălin Steriopol	24/24/24
Askar Abilov ²⁶	17/17/24

The first digit indicates the number of meetings attended by the individual as a member of the Board of Directors, the second digit is the number of meetings held during the term of office in 2022, and the third digit is the total number of meetings held by the Board of Directors in 2022.

6.6. ADVISORY COMMITTEES

In its activity, the Board of Directors is supported by two advisory 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 Decision No. 1 of the Board of Directors held on April 13, 2018.

The Strategy Advisory Committee

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

²³At three meetings of the Board of Directors, he granted proxy to another member of the Board

²⁴Member of the Board of Directors until April 30, 2022

²⁵At two meetings of the Board of Directors, he granted proxy to another member of the Board

²⁶Member of the Board of Directors from May 1, 2022



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A detailed description of the duties and responsibilities of the Advisory Committees is found in the Organizational and Operational Rules approved by the Board of Directors, regulations published on the Company's webpage <https://rompetrol-rafinare.kmginternational.com/>, *Investor Relations – Corporate Governance – Corporate Governance Documents Section*.

Each Advisory Committee has a secretary and a chairman.

The Audit Advisory Committee

The Audit Committee fulfills its legal duties provided under Article 65 of Law No. 162/2017²⁷ 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 supervising the activity of statutory audit of the annual financial statements and in the management of the relationship with the external auditor.

In 2022, the structure of the Audit Committee underwent the following changes:

From January 1, 2022, to May 30, 2022, the structure of the Audit Committee was as follows:

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

From May 4, 2022, to December 31, 2022, the structure of the Audit Committee was as follows:

- Dan Alexandru Iancu, Chairman
- Askar Abilov
- Nicolae Bogdan Codruț Stănescu

Information on the meetings of the Audit Committee in 2022

In 2022, a total of 9 Audit Committee meetings were held by electronic means of communication (8 of which by organizing meetings of the Committee members in Microsoft Teams).

Additionally, to fulfill its legal responsibilities, in 2022 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.

²⁷Law No. 162 of July 15, 2017, on the statutory audit of annual financial statements and consolidated financial statements and amendments to certain regulations



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The table below shows the attendance at Audit Committee meetings of members in office for the year ended December 31, 2022:

Full name	Participation in presentia/ by electronic means of communication
Dan Alexandru Iancu ²⁸	9/9/9
Alexey Golovin ²⁹	5/5/9
Nicolae Bogdan Codruț Stănescu	9/9/9
Askar Abilov ³⁰	4/4/9

The first digit indicates the number of meetings attended by the individual as a member of the Audit Committee, the second digit is the number of meetings held during the term of office in 2022, and the third digit is the total number of meetings held by the Audit Committee in 2022.

In 2022, the Audit Committee provided recommendations to the Board of Directors of RRC related to subjects that incur under its scope of duties, as follows:

- Documents related to the financial reporting for the 2021 financial year: Unaudited Standalone and Consolidated Financial Statements as of December 31, 2021, prepared per International Financial Reporting Standards (IFRS – EU), Annual Report of the Board of Directors on Standalone Financial Statements for FY 2021 and Annual report of the Board of Directors on the consolidated financial statements for FY 2021
- Interim Standalone and Consolidated financial statements prepared for 2022 per International Financial Reporting Standards (IFRS – EU)
- Report of the Board of Directors for the first half of 2022, prepared per the requirements of the law
- FY 2021 Executive Remuneration Report
- Company's internal audit plan for 2022
- Other information materials

Regarding the management of conflicts of interest, each member of the Board of Directors has to ensure that there is no direct or indirect conflict of interest with the Company, and in the event of such a conflict, refrain from discussing and voting on such issues per applicable legal provisions.

²⁸Reappointment as a member of the Audit Committee according to the OGMS Resolution No. 3/2022 of April 28, 2022

²⁹Member of the Audit Committee until April 30, 2022

³⁰Member of the Audit Committee since May 4, 2022, according to the Decision No. 6 of the Board of Directors of May 4, 2022



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To ensure the fairness of transactions with interested parties, the members of the Board of Directors use the following criteria, but are not limited to them:

- Maintaining the authority of the Board of Directors or the annual general meeting of shareholders, as the case may be, to approve the most important transactions (per the limits of competence contained in the Company's Articles of Incorporation)
- Request a preliminary opinion on the most important transactions from internal control structures

Transactions entered into in 2022 with related parties and reported to the Romanian capital market authorities and RRC shareholders according to the provisions of Article 108 of Law No. 24/2017, as republished, did not raise questions about a potential conflict of interest for the directors of the RRC.

The planning of internal audit activities is carried out per the risk assessment process.

Strategy Advisory Committee

The Strategy Committee assists the Board of Directors in fulfilling its duties in developing and updating the overall development strategy of the Company.

In 2022, the composition of the Strategy Committee underwent changes that took place at the meeting of the Board of Directors on May 9, 2022, in the sense of the reappointment of Mr. Yedil Utekov and the election of Mr. Felix Crudu-Tesloveanu and Mr. Bogdan- Cătălin Steriopol as members of the Strategy Committee in place of Mr. Alexey Golovin due to the expiration of his term of office and in place of Mr. Nicolae-Bogdan-Codruț Stănescu, who continues to work as a member of the Audit Committee.

In 2022, the structure of the Strategy Committee underwent the following changes:

From January 1, 2022, to May 30, 2022:

- Yedil Utekov – Chairman (Non-executive Director)
- Alexey Golovin – Member (Non-executive Director)
- Nicolae Bogdan Codruț Stănescu – Member (Independent Non-executive Director)

From May 4, 2022, to December 31, 2022, the structure of the Strategy Committee was as follows:

- Yedil Utekov – Chairman (Non-executive Director)
- Felix Crudu-Tesloveanu – Member (Executive Director)
- Nicolae Bogdan Codruț Stănescu – Member (Independent Non-executive Director)



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Information on meetings of the Strategy Committee during 2022

In 2022, 7 meetings of the Strategy Committee were held, both in presentia (2 meetings) and by electronic means of communication by organizing meetings (5 meetings) of Committee members in Microsoft Teams.

The table below provides information on the attendance of current members of the Committee at meetings of the Strategy Committee for the year ended December 31, 2022:

Full name	Participation in presentia/ by electronic means of communication
Yedil Utekov	5 ³¹ /9/9
Alexey Golovin ³²	4/4/9
Nicolae Bogdan Codruț Stănescu ³³	4/4/9
Felix Crudu-Tesloveanu ³⁴	3/3/9
Bogdan-Cătălin Steriopol ³⁵	3/3/9

The first digit indicates the number of meetings attended by the individual as a member of the Strategy Committee, the second digit is the number of meetings held during the term of office in 2022, and the third digit is the total number of meetings held by the Strategy Committee in 2022.

Per its regulations, the Strategy Committee analyzes and makes recommendations to the RRC Board of Directors on the following issues: coordinating the development/updating and monitoring of the Company's development strategies; periodically reviewing the progress of the implementation of these development strategies and the measures necessary to achieve the goals set; monitoring projects to diversify the Company's activities by achieving investment goals; conclusion by the Company of legal acts (contracts, addenda, orders, transactions, etc.) with significant pecuniary content.

In 2022, the activity of the Strategy Advisory Committee was mainly focused on making recommendations to the RRC Board of Directors on the proposed Revenue and Expenditure Budget for 2022, the Operational Plan for 2022, and the Investment Plan for 2022, to enter into strategic and

³¹At two meetings, he authorized another member of the Strategy Committee

³²Member of the Strategy Committee until April 30, 2022

³³Member of the Strategy Committee until April 30, 2022

³⁴Member of the Strategy Committee since May 9, 2022, per the decision of the Board of Directors dated May 9, 2022

³⁵ Member of the Strategy Committee since May 9, 2022, per the decision of the Board of Directors dated May 9, 2022



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significant legal acts by the RRC (contracts, addenda, orders, transactions, financial transactions, etc.) with significant pecuniary content.

6.7. EXECUTIVE MANAGEMENT OF ROMPETROL RAFINARE

Per Article 16.1 of the last Articles of Incorporation of the Company, as amended on May 4, 2022, the Executive Management of the Company, to which the Board of Directors has delegated management powers per the provisions of Article 143 of Law No. 31/1991 on Companies, is enforced by General Manager and the Financial Manager.

As of December 31, 2022, the Executive Managers of the Company are:

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

Ms. Ramona-Georgiana Gălățeanu – Financial Manager

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, FSA Regulation No. 5/2018, other regulations and guidelines, issued by FSA, of the Stock Exchange Code and other legal regulations currently in force.

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

Each share subscribed and paid up by the shareholders, according to the law, gives them the right to vote within the general meeting of shareholders, the right to appoint and to be appointed by the management bodies, the right to participate in the distribution of profit, in compliance with the provisions of the Articles of Incorporation of the company and the legal dispositions respectively the rights stipulated in the Articles of Incorporation.

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

The shareholder who in certain operations 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.



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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 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 from 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 Relations, on its website, where relevant information on the procedures regarding access and participation at the General Meeting of Shareholders (GMS), GMS's summon, supplemented agenda of the GMS, the responses to shareholders' questions, Current Reports, Annual, semester and quarterly reports, financial statements, the exercise of voting rights in GMS, GMS agenda materials, special proxy forms, correspondence voting ballots, financial schedule, corporate governance, etc. of the Company is constantly updated and accessible, that contributing to transparency and equitable information for all persons interested.

The main shareholders' rights regarding GMS are:

➤ *The right to notice regarding a new GMS*

The RRC Shareholders are informed about an upcoming meeting of shareholders by convening notice published in the Romanian Official Gazette, Part IV and in a newspaper of national circulation at least 30 days before the meeting; also, the convening notice is published on the website of the Company, in the Investor Relations Section and it is submitted 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 GMS*

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 topics in the agenda of the general meeting, provided that each topic is accompanied by a justification or by a draft resolution proposed to be adopted by the general meeting and b) to submit the draft resolution for the topics included or proposed to be included in the agenda of the general meetings.



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➤ *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 a representative at the General Meeting of Shareholders.

➤ *Voting right*

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

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

➤ *The right to ask questions*

Each shareholder, regardless of participation in the share capital, has the right to ask questions relating to topics on 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 have to be pertinent, relevant to the topics on the agenda, and not harm the confidentiality and commercial interests of the Company and are in writing, either by mail or courier services or by electronic means. Furthermore, the summons of the general meeting will comprise the deadline by which shareholders may exercise the above-mentioned rights.

The shareholders have the right to participate in presentia 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 are no preferential shares without the right to 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 number of dividends received and the time limit within which they shall be paid to the shareholders shall be entitled to receive dividends.



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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 transparency in communicating with the legislation in force, Rompetrol Rafinare created its website (<https://rompetrol-rafinare.kmginternational.com/>) with a special section (Investor Relations), where any investor can easily access information on (i) news, information, and events; (ii) corporate governance; (iii) shareholders rights; (iv) reports; (v) financial statements; (vi) the General Meeting of the Shareholders; (vii) the financial communication schedule, etc.

Rompetrol Rafinare attaches great importance to transparency in communicating and informing shareholders and investors. In 2022, reports, presentations and press releases were prepared on financial results, convocations of the general meetings of shareholders and resolutions taken by them, periodic reports (quarterly, semi-annual, annual), significant transactions, various information about events in the Company's activities, significant investment programs at the Petromidia and Vega refineries, planned works, etc. The information that was the subject of current and periodic communications, information and reports was brought to the attention of the market operator, the Bucharest Stock Exchange, the Financial Supervisory Authority and was made available by posting on the Company's website <https://rompetrol-rafinare.kmginternational.com/> in the Investor Relations Section. The information is distributed both in Romanian and in English.

As required by law, the individual and consolidated financial statements have been audited by an independent financial auditor, Ernst & Young Assurance Services S.R.L.

RRC submits to the Bucharest Stock Exchange no later than 120 days after the end of the reporting period, an annual report prepared per the relevant rules issued by the Financial Supervisory Authority, accompanied by all documents required by the FSA rules.

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The RRC submits to the BSE no later than 45 days after the end of the reporting period a semi-annual report and a quarterly report for the first and third quarters, respectively, drawn up per the relevant rules issued by the FSA, accompanied by all documents stipulated by the capital market rules. At the same time, preliminary results reports are also distributed through the BSE channels, they can be found on the website <https://rompetrol-rafinare.kmginternational.com/>, in the *Investor Relations/ Financial results and reports* Section, *Annual reports* Subsections, respectively *Quarterly interim reports/ Consolidated quarterly reports under IFRS (unaudited)*.

6.9.2. CORPORATE SOCIAL RESPONSIBILITY (CSR) 2022 AND NON-FINANCIAL STATEMENT

Rompetrol Rafinare S.A., the most important asset of KMG International in Romania, with a significant economic impact and a major contribution to energy security, integrates the principles of social responsibility and sustainability into its business strategy development and daily activities. Our goal is to consistently contribute to the achievement of the UN Sustainable Development Goals set out in the 2030 Agenda.

For Rompetrol Rafinare, sustainability means delivering energy and chemicals with care for the environment, people, and communities, and investing in new technologies that help us achieve our mission and reinforce our commitment to sustainable practices.

The Company demonstrates its commitment to sustainability transparency by publishing comprehensive information about its environmental, social, and governance (ESG) performance in the Group Sustainability Report. To ensure the accuracy and quality of the ESG data provided, the company applies the Global Sustainability Reporting Initiative (GRI) sustainability standards to collect and calculate ESG metrics. In addition, other reporting systems are included in the report, such as the IPIECA Voluntary Guidelines for the Oil and Gas Industry, the EU Taxonomy, TCFD, and the Sustainability Accounting Standards Board (SASB). The Sustainability Report then looks at some of the most important sustainability topics, including greenhouse gas emissions, workplace health and safety, environmental and socioeconomic compliance, fair labor practices, customer health and safety, and community involvement.

Community involvement

Over the years, the Company has built strong local partnerships to strengthen social responsibility projects designed for the communities in which we operate. Through dialogue with various stakeholders, including NGOs, local authorities and communities, government or representatives of



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academia and civil society, we believe we can identify the right opportunities for sustainable development.

In Constanta County, the Group has made numerous investments: regarding the Constanta County Hospital, we have contributed to the renovation of the Emergency Department (UPU) and the construction of a post-operative obstetric unit; in Navodari we have provided gynecological, radiological, and microbiological equipment; we also equipped the medical department in Corbu with ophthalmological equipment, and 2 social houses were restored in Lazu.

Education is an important part of our corporate social responsibility strategy, which is why we maintain long-term partnerships with universities and technical colleges in the region.

2022 marks the 22nd anniversary of our traditional Ready for Your Career internship program, which has trained future industry professionals for 21 years. The trainees participating in the program completed theoretical modules designed to help them better understand the oil and gas industry, the basic principles of exploration and production and its economic consequences, after which, on the platform of Rompetrol Rafinare S.A. mentors conducted training on-site. The trainees assigned to Rompetrol Rafinare S.A. received two certificates at the end of the two-month program: one as a graduate of the Rompetrol Ready for Your Career program and one as a graduate of the Personal Development program run with partners from the Leaders Foundation.

Non-financial report

Per the legal provisions on non-financial information, Rompetrol Rafinare publishes a separate Sustainability Report which includes the information required by the non-financial report.

The Sustainability Reports published by Rompetrol Rafinare are prepared by KMG International Group and contain detailed information about both member companies and Rompetrol Rafinare, describing KMG International Group's commitment to sustainability. The Sustainability Report of KMG International Group for 2022 will be published by June 30, 2023, both on the website of the parent Company <https://www.kmginternational.com/> and its website <https://rompetrol-rafinare.kmginternational.com/>, in a separate section on sustainability reports, located in the *Investor Relations* Section, *Financial Results and Sustainability Reports* Subsection.



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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. LEGAL ACTS REPORTED

Rompetrol Rafinare has reported on the legal acts concluded in 2022 by the Company per article 108 of Law No. 24/2017, republished, through current reports registered with the Company under No. 1087/ February 18, 2022, No. 3765/ June 16, 2022, No. 3999/ June 30, 2022, No. 4574/ July 29, 2022, No. 5637/ September 28, 2022, No. 6016/ October 13, 2022, and No. 7507/ December 27, 2022. In addition, per Article 108 of Law No. 24/2017, republished, the Company also announced an addition to the reissuance of transactions with related parties, the amount of which exceeds 5% of the Company's net assets, according to report No. 521/ January 27, 2022. In the above reports, Rompetrol Rafinare also disclosed significant transactions entered into between related parties of RRC and subsidiaries of RRC, as well as significant transactions entered into between subsidiaries of the Company.

At the same time, through Current Reports No. 2684/21.04.2022 and No. 3202/13.05.2022 respectively, Rompetrol Rafinare also announced the signing of documents related to the extension until April 23, 2023, of Loan C of USD 75 million, as well as Loan B of up to USD 120 million, which is an integral part of the existing Credit Line for the total amount of USD 435 million.

All reports were submitted to the Market Operator (i.e. Bucharest Stock Exchange), posted on the FSA website (www.asfromania.ro) in the section: Supervision/ Capital Market/ Electronic Reporting, as well as on the Company's website <https://rompetrol-rafinare.kmginternational.com/> in Investor Relations/ Financial Results and Reports Section, Current Reports Subsection.

6.11. EVENTS SUBSEQUENT TO THE BALANCE SHEET

The Company performed an assessment of the events subsequent to the balance sheet date through the date for the financial statements and determined there are no subsequent adjusting events that may require disclosure in the financial statements.

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 2023

Financial agenda	Date
Presentation of preliminary, Standalone, and consolidated financial results for 2022 and QIV 2022	February 28, 2023 <i>Tuesday</i>
Ordinary General Meeting of Shareholders for approving financial results for the year 2022	April 27, 2023 (first call)/ April 28, 2023 (second call) <i>Thursday / Friday</i>
Release of the 2022 Annual Report	April 28, 2023 <i>Friday</i>
Presentation of the results recorded in the first quarter of 2023	May 15, 2023 <i>Monday</i>
Presentation of the results of the first semester and the second quarter of 2023	August 14, 2023 <i>Monday</i>
Presentation of results for the third quarter and January – September 2023	November 15, 2023 <i>Wednesday</i>
Phone conferences and/ or meetings with investors and financial analytics, as the case may be	Upon request

Investor Relations Contact

Annual, half-yearly, and quarterly reports are made available to shareholders upon request. Requests can also be made electronically by e-mail to: 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 2022. This Report, prepared in accordance with the provisions of Article 65 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 2022, contains accurate and factual information regarding the development and performance of the Company and the RRC Group, as well as a description of the main risks and uncertainties specific to the activity carried out.

BOARD OF DIRECTORS:

Chairman
Yedil Utekov

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Yedil Utekov

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Member
Askar Abilov

DocuSigned by:

Askar Abilov

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Member
Nicolae Bogdan Codruț Stănescu

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Nicolae Bogdan Codrut Stanescu

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Member and General Manager
Felix Crudu-Tesloveanu

DocuSigned by:

Felix Crudu Tesloveanu

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Member
Bogdan-Cătălin Steriopol

DocuSigned by:

Bogdan-Catalin Steriopol

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Financial Manager
Ramona-Georgiana Gălățeanu

DocuSigned by:

Ramona Galateanu

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8. ANNEXES

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

The articles of incorporation of the company can be modified by 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 amendment of the Articles of Incorporation is the result of the vote in the Extraordinary General Meeting of the Company's Shareholders. The Articles of Incorporation can also be amended by the Company's Board of Directors, based on the delegation of powers by the shareholders' meeting, delegation given pursuant to art. 114 of Law no. 31/1990 on companies.

Two changes and updates to the Articles of Incorporation of the Company were made in 2022, as follows:

- I. By Resolution no. 6/2022 adopted by the Extraordinary General Meeting of Shareholders on April 28, 2022**, the first amendment to the Articles of Incorporation of the RRC of 2022 was approved.

Thus, point 1 of article 14 called “*Organization*”, from Chapter V called “*Society Administration (Variant of the unitary system)*” was changed. “*Board of Directors*” from the Company's Articles of Incorporation in the sense that the numerical composition of the Board of Directors has changed from 5 members to 7 members.

The amended form of art. 14.1. of the Article of Incorporation, is the following:

“Art. 14.1. The Company's activity is managed by a Board of Directors composed of 7 (seven) members, appointed by the Ordinary General Meeting, who may also be shareholders of the company, natural or legal persons, of Romanian or foreign citizenship, respectively nationality. The administrators appoint the Chairman of the Board of Directors from among themselves. When a legal person is elected administrator, at the time of that appointment, the legal person is obliged to designate a permanent natural person representative.”

- II.** The second change and update to the RRC Articles of Incorporation in 2022 was done on May 4, 2022.

During the Board of Directors meeting as of May 4, 2022, Decision no. 2 according to which the completion of point 5.2 of Article 5 of Chapter II “The object of activity” of the Company's Articles of Incorporation, with the secondary object of activity CAEN code 3511 - electricity production was approved, the other provisions of the Articles of Incorporation remain unchanged.



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Considering the above-mentioned, the Articles of Incorporation valid at the date of the present report was updated on May 4, 2022 and can be found on the Company's website in the Investor Relations section, Corporate Governance/Corporate Governance Documents 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 2022, 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 parties³⁶

Rompetrol Rafinare S.A. is part of the KMG International Group³⁷. KMG International NV is 100% owned by "National Company "KazMunayGas" JSC.

The parent companies of Rompetrol Rafinare S.A. (i.e. the shareholders of the company JSC "National Company "KazMunayGas") are (i) JSC National Welfare Fund "Samruk-Kazyna" (87.42%), (ii) the National Bank of the Republic of Kazakhstan (9.58%) - both companies being headquartered in Kazakhstan, being entirely held by the Kazakh State, and (iii) minority shareholders (3%).

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.
- Midia Green Energy S.A.³⁸
- 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.

³⁶ At this point there have been listed all of the companies in the KMG International Group

³⁷ As Rompetrol Group until March 2014

³⁸ As Uzina Termoelectrică Midia S.A. until December 2022



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- Fondul de Investitii in Energie Kazah-Roman S.A.
- KMG Rompetrol Services Center S.R.L.³⁹
- Rompetrol Renewable S.R.L.⁴⁰ – suspended activity

2. Companies with registered office abroad

- KMG International N.V.⁴¹
- 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.
- DPPLN SAS (Depot Petrolier de Port-la-Nouvelle SAS)
- Dyneff Retail SAS;
- DYNEFF ESPAGNE SL;
- DYNEFF GAS STATIONS NETWORK SL;
- DYNEFF Trading SL;
- EPPLN SAS;
- NATGAS France SAS;
- BIO ADVANCED ENERGY SAS;
- DP FOS SA;
- SPR SA;
- ANEO SAS;
- BOISSONNADE COMBUSTIBLES SAS;
- “Paul ORRIOLS” COMBUSTIBLES DE CERDAGNE SAS;
- ETS ROSSIGNOL SAS;
- PLANTIER SAS;
- ORCEYRE SAS;
- AUBAC SAS;
- TPDT SARL;
- ABC CARBURANTSALLO BEZIAT CARBURANTS SAS;

³⁹ With the old designation of ROMPETROL EXPLORATION & PRODUCTION S.R.L.

⁴⁰ As Rompetrol Drilling S.R.L. until 31.01.2023

⁴¹ Until March 2014, with the name The Rompetrol Group N.V



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- GERAUD-TAMPIER SAS;
- DAVID RECOULES SAS;
- ALEGRI SAS.
- BENON JV

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



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ANNEX 6 - Stage of implementation of the Corporate Governance Code of the Bucharest Stock Exchange as at 31 December 2021⁴²

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		

⁴² *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
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	The company will prepare a policy/guideline regarding provision B.10 of the Corporate Governance Code



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committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.			
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	YES		
B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	YES		
C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.			In 2021, the Company established the Remuneration Policy in accordance with art. 92 ¹ of Law no. 24/2017. In EGMS of April 28, 2021, the Company submitted to the approval of the shareholders the Remuneration Policy of the Company's Directors, a document that can be found on the Internet, on the Company's website



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			https://rompetrol-rafinare.kmginternational.com/ , Investor Relations section, Governance Documents subsection corporation
D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the 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:	YES		
<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		



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<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 professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken; 	YES		
<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		NO	To be implemented



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net profit. The principles of the annual distribution policy to shareholders should be published on the corporate website.			
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 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.		NO	The requirement will be implemented.
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.



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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		
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		Partially compliant	The regular reporting of the company disclosing financial information is considered complete, highly transparent



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these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.			and relevant in terms of the information needed for investment decision-making. The organization of such events will be established as requested by investors.
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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