



**rompetrol**

KazMunayGas  
International  
Group Member

**ROMPETROL RAFINARE S.A.**  
**INDIVIDUAL ANNUAL REPORT OF THE BOARD OF DIRECTORS**  
**for the financial year 2023**

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

**INDIVIDUAL ANNUAL REPORT**  
**OF THE BOARD OF DIRECTORS**

**2023**



**ROMPETROL RAFINARE S.A.**  
**INDIVIDUAL ANNUAL REPORT OF THE BOARD OF DIRECTORS**  
**for the financial year 2023**

**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, republished, and to Annex 15 of Regulation 5/2018 issued by Financial Services Authority (FSA) for the financial year concluded on December 31<sup>st</sup>, 2023**

**Report date:** March 21, 2024  
**Registered office:** 215 Navodari Blvd.,  
Administrative Pavilion,  
Navodari, Constanta county

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

**Tax Identification Number at the Trade**

**Register Office by the Law Court of Constanța:** 1860712

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

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

**Subscribed and paid-in share capital:** 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

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<sup>1</sup>Starting 5th of January 2015 the shares of Rompetrol Rafinare S.A. are traded in the Standard Category of the Bucharest Stock Exchange (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. stands as a testament to operational excellence and strategic importance within the Romanian and wider European energy sector. With a solid foundation built on decades of expertise, a strategic network of subsidiaries, and a commitment to compliance and best practices, Rompetrol Rafinare continues to set benchmarks in the oil refining industry, contributing significantly to energy security and economic stability in Romania and beyond.

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.



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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 2023 amounted to RON 2,230.97 million.

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 2023 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/>.

## ***2023 FOR ROMPETROL RAFINARE S.A.***

Petromidia refinery is one of the most modern in the Black Sea region and represents approximately 40% of the refining capacity in Romania. The unit located in Navodari city has a stable flow of raw materials, mainly thanks to deliveries of Kazakh crude oil made with the support of KazMunayGas, the national oil and gas company of Kazakhstan. In 2023, in vast proportion, Petromidia processed Kazakh crude oil – KEBCO and CPC.

In 2023, the total throughput for Petromidia refinery was 5.012 million tons lower by 5% as against last year. The decrease was affected by operation of Petromidia refinery without the Mild Hydrocracking unit (MHC), due to a technical incident that occurred on 21<sup>st</sup> of June 2023.

The rehabilitation works of MHC unit were carried out by the company's contractor, Rominserv, with the support of specialized subcontractors from the region.



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In 2023 the refining capacity utilization in Petromidia refinery reached 78.2%, lower as against last year, being influenced by MHC incident.

Petromidia refinery achieved in 2023 a good refining operational performance for the main operational parameters, such as:

- ✓ White finished products yield of 84.1% wt;
- ✓ Technological loss of 0.66% wt;
- ✓ Record for RON 98 gasoline production and special diesel grades production (Diesel 55, EFIX Diesel, Super Diesel Euro 5)

In respect of Vega refinery (the only domestic producer of bitumen and hexane), the total throughput was 374,327 tons in 2023, higher by 0.38%, compared with last year when the total throughput was 372,920 tons for full year 2022.

In 2023 the refining capacity utilization for Vega refinery was higher by 0.43% compared with the same periods last year.

Vega refinery also managed to achieve in 2023 good refining performance results, of which the following are emphasized:

- ✓ Technological loss of 0.58%;
- ✓ Energy consumption of 2.33 GJ/t;
- ✓ Mechanical Availability of 98.50%.

Rompetrol Rafinare S.A. continued to be an important contributor to Romania's fiscal budget with over USD 1.65 billion in 2023 of which USD 128 million representing solidarity contribution for year 2022, paid on June 23, 2023.

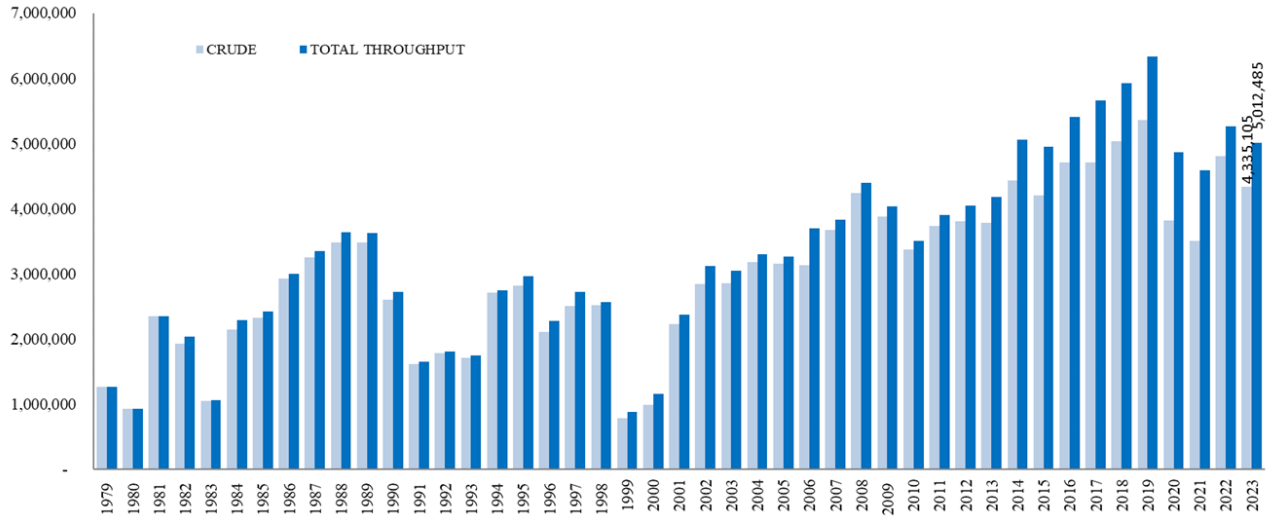




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The evolution of the processed feedstock starting from 1979 (the year of starting up the first installation within the Petromidia Refinery - Atmospheric and Vacuum Refinement) up to 2023 is rendered by the graphic below:

1979 - 2023, Refinery Processing, tons



**b) Date of establishment**

Rompetrol 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 nearly 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).



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

<b>1975 - 1977</b>	<ul style="list-style-type: none"> <li>• <b>Midia Navodari Petrochemical Plant</b> (the first name of Rompetrol Rafinare S.A.) was deigned on the basis of Romanian refining technologies and of certain foreign licenses.</li> </ul>
<b>1979</b>	<ul style="list-style-type: none"> <li>• The first unit - the Atmospheric Distillation Unit - is commissioned</li> </ul>
<b>1991</b>	<ul style="list-style-type: none"> <li>• 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 <b>PETROMIDIA S.A.</b>, 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. 1 to the regulatory act mentions the headquarters of the joint stock company, as being located in Constanta, DN 228 km 23, Constanta County.</li> <li>• The Company is registered with the Constanta Trade Registry under No. J13/534/1991 and has sole registration code 1860712.</li> </ul>
<b>2000</b>	<ul style="list-style-type: none"> <li>• Government Decision No. 540/2000 on the approval of the classification into functional categories of public roads and private utility roads open to public</li> </ul>



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	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.
<b>2001</b>	<ul style="list-style-type: none"> <li>Change of the Company’s name from “<b>PETROMIDIA S.A.</b>” into “<b>ROMPETROL RAFINARE-COMPLEXUL PETROMIDIA S.A.</b>”</li> </ul>
<b>2003</b>	<ul style="list-style-type: none"> <li>The Company changes its name to „<b>ROMPETROL RAFINARE S.A.</b>”</li> </ul>
<b>2004</b>	<ul style="list-style-type: none"> <li>Shares listing at the Bucharest Stock Exchange, under the “RRC” symbol”</li> </ul>
<b>2007</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
<b>2010</b>	<ul style="list-style-type: none"> <li>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 <b>215 Navodari Blvd, Administrative Building, Navodari, Constanta County</b> 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.</li> </ul>
<b>2012</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>2013</b>	<ul style="list-style-type: none"> <li>Decision No. 6/2013 issued by the Extraordinary General Meeting of the Shareholders approved the obtainment, by means of purchasing, of the ownership right over the assets consisting in intangible assets, tangible assets, fixed assets (buildings and constructions, technological equipment, measurement machinery and plants, office equipment, IT equipment, transportation means, other tangible assets), investments in progress and stocks, assigned or related to the main activity of petrochemistry, found in the property of Rompetrol Petrochemicals SRL</li> </ul>



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2014	<ul style="list-style-type: none"> <li>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.</li> </ul>
2015	<ul style="list-style-type: none"> <li>Rompetrol Rafinare puts into operation the first Particle Separation Plant (ESP) in Romania</li> </ul>
2019	<ul style="list-style-type: none"> <li><b>Celebrating of four decades of performance and professionalism</b> 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.</li> <li>From 3.8 million tons processed at the Petromidia refinery in 2007, <b>in 2019, before the outbreak of the pandemic, it reached a record level of 6.33 million tons.</b></li> </ul>
2020	<ul style="list-style-type: none"> <li><b>Vega Ploiesti, 115 years of performance in the refining industry</b> 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.</li> </ul>
2021	<ul style="list-style-type: none"> <li>The Decarbonization Strategy is developed, with clear directions for finding viable economic solutions for emissions reduction</li> </ul>
2022	<ul style="list-style-type: none"> <li><b>The 10th anniversary of the commissioning of the MHC-HPP and New SRU facilities</b></li> </ul> <p>In 2022, the Petromidia Refinery in Navodari celebrated 10 years since the commissioning of the MHC-HPP and New SRU facilities</p>
2023	<ul style="list-style-type: none"> <li>Rompetrol Rafinare continues the large-scale project for the rehabilitation and modernization of the Petromidia Refinery tank farm. There have been invested over 10 million USD up till now. Overall, there are planned rehabilitation and construction of about 50 tanks. During the Company’s journey in 2023, alongside with the companies from the KMG International Group, we faced challenges, we learned</li> </ul>

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precious lessons, developed solutions, and, of course, celebrated the projects implemented together.

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... 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 2023, 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 2023, the company has not acquired shares 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 2023 amounted to approximately Lei 238 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 17,120,703,327** in 2023, this being mainly impacted by the volatility of the international oil and natural gas market environment transposed into lower quotations for oil products sold in 2023 compared to the previous year, on the ground of decreased production and petroleum products volumes sold in 2023 compared with the ones from 2022. Due to the technical incident occurred in June 2023 at the Mild Hydrocracking unit (MHC) from Petromidia refinery the feedstock processed in Petromidia refinery in 2023 was lower by 5% against last year affecting the production of oil products for 2023.

In the 2023 financial year the company recorded a net loss of **Lei (550,355,167)**, due to the significantly decreased refinery margins recorded during 2023 compared to the levels registered in 2022, on the ground of the decrease in international quotations for petroleum products.



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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 2023 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 2023, an aspect that impacted the net result of the company.

According to the accounting policy adopted by the Company starting with the financial period ended at 31.12.2021, Rompetrol Rafinare SA performed the valuation process of property, plant and equipment as of 31.12.2023. Considering this, a net loss from revaluation was recorded in amount of RON 687 million, being related to items for which the revalued amount was lower than the carrying amount and no previous revaluation reserve was recorded or revaluation reserve previously recorded was lower. Therefore, the result of the revaluation has a significant impact on the net result of the Company in 2023.

The net result was impacted positively in 2023 by the gains from exchange rate differences recorded by the company generated by the appreciation of the national currency against the USD during 2023. 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 31.12.2023, 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, adopted by Law no. 119/2023, a measure grounded on the provisions of Council Regulation (EU) 2022/1854, Rompetrol Rafinare estimated a contribution for 2023 of RON 141 million (2022: RON 578 million). The registration of this tax has a significant impact to the company's net result for 2023. Additionally, the Company registered in 2023 a solidarity contribution in amount of RON 2.1 million related to the year 2022 as a result of submitting a rectification declaration regarding the profit tax calculated for the year 2022.

A positive impact in net result of the period ended at 31.12.2023 is coming from the recognition of a revenue from deferred income tax in the amount of Lei 130 million.



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### 1.1.1. ELEMENTS OF GENERAL ASSESSMENT

#### ECONOMIC ENVIRONMENT

		2023	2022	%
Brent Dated	USD/bbl	82.6	101.3	-18%
CPC Blend CIF	USD/bbl	79.7	94.2	-15%
Brent-CPC Differential	USD/bbl	2.9	7.2	-59%
Premium Unleaded 10 ppm FOB Med	USD/ton	843	985	-14%
Diesel ULSD 10 ppm FOB Med	USD/ton	815	1,037	-21%
RON/USD Average exchange rate		4.58	4.69	-2%
RON/USD Closing exchange rate		4.50	4.63	-3%
RON/EURO Average exchange rate		4.95	4.93	0%
RON/EURO Closing exchange rate		4.97	4.95	1%
USD/EURO Closing rate		1.11	1.07	4%
Inflation in Romania*		6.61%	16.37%	-60%

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

In 2023, **Dated Brent** decreased by -18.6\$/bbl. (-18%) compared to 2022 reaching an average of 82.6\$/bbl.

During the same period, the **CPC** quotation also registered a decline, dropping by -14.5\$/bbl. (-15%), averaging at 79.7\$/bbl. Decrease of crude quotations was attributed to the correction in the oil market from the peak reached in March 2022, a level not seen since 2008.

Focusing on the movement of Dated Brent in Q1 2023, the crude oil price displayed a volatile trajectory. It reached its highest point at 88.21\$/bbl. on January 23<sup>rd</sup>, marking the highest level since early December. This increase was driven by optimism about a rapid recovery in Chinese demand following the relaxation of Covid Zero restrictions and a weaker US currency. Additionally, supply disruptions in the Middle East and Turkey, caused by two earthquakes in February, contributed to the price increase.

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However, in mid-March, the crude oil price declined to 71.71\$/bbl. following the bankruptcy of Silicon Valley Bank, the most significant US bank collapse since 2008.

The downward trend was short-lived, as by the end of Q1, OPEC+ announced a "voluntary" collective output cut of 1.66 million b/d, which took effect in May and was set to continue until the end of 2023. Subsequently, Dated Brent dropped to around 75\$/bbl. and remained at this level throughout Q2 due to concerns about China's economic outlook, a cooling US labor market, and renewed concern about the US banking sector, as the Federal Reserve signaled that rate increases were not yet over.

During Q3, Dated Brent displayed an upward trend, starting at 75\$/bbl. at the beginning of July and reaching 98\$/bbl. by the end of September, the highest level since November 2022. This was influenced by the announcement from OPEC+ leaders, Saudi Arabia and the Russian Federation, that they would extend supply curbs through the end of the year, tightening the global market. Additionally, global demand reached a historic high of 102.8 million b/d in July, with the 2023 demand estimate revised upward by approximately 550,000 b/d to 1.5 million b/d.

In Q4 the price of Dated Brent had a downward trend of 11%, dropping from 95\$/bbl. at the beginning of October to 75\$/bbl. by the end of December. This decrease was primarily influenced by the temporary suspension of sanctions on Venezuelan oil, gas, and gold production by the United States. Additionally, there were uncertainties surrounding OPEC+'s to effectively implement planned production cuts, which raised concerns about oversupply in the market. The situation worsened due to the increased crude oil shipments from the Russian Federation and the significant rise in US crude exports, nearing a record of 6 million barrels per day. Amidst these factors, the market witnessed increased volatility and downward pressure on oil prices throughout the quarter.

Concerns about the global economy and uncertainties surrounding the Israel-Hamas conflict have led to a decline in crude oil prices, particularly in the Mediterranean region from where Israel imports about 70% of its crude oil needs. Additionally, the United States' decision to increase its oil production to an average of 12.93 million barrels per day in 2023 has emphasized the perception of a global crude oil market heading towards oversupply.

Goldman Sachs has adjusted its forecast range for 2024 Brent crude oil prices by 10\$/bbl. to \$70-\$90. This adjustment reflects their expectation of only a modest deficit and slightly lower long-term prices. Goldman Sachs now forecasts that Brent crude oil will rise to \$85 by June 2024, and average \$80-81 in 2024-2025, which is \$5-6 higher than current forward prices.

The **refinery margins** followed a downward trend during the period from January to April, reaching 38\$/MT, which marked the lowest level since the beginning of last year. This decline can be attributed to a combination of factors: rising diesel stocks in Europe prior to the Russian diesel embargo from 5<sup>th</sup> of February, weak macroeconomic indicators which have reduced expectations of demand in the





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market, consistent crude oil price increase following OPEC+ agreement to cut production, refineries coming out of maintenance season, particularly in the Mediterranean region.

Subsequently, margins gradually recovered, reaching 105\$/MT by June. This recovery was driven by a series of unplanned outages at European refineries and increasing demand as the summer season got underway.

During Q3, the refinery margins had an upward trend in July and August, reaching 162.5\$/MT, the highest level since the beginning of the year. This increase was fueled by sustained summer demand for core refined products and limited supply, attributed to a drawdown in US gasoline inventories and low water levels in the Rhine, which pushed up diesel cracks.

After that, the margins decreased until end of September, to the level of 75\$/MT due to seasonal decrease in products demand and a relative moderate maintenance season.

In Q4, the refinery margins had an upward trend, rising from 52\$/MT at the beginning of October to 80\$/MT by the end of the year, with peaks reaching 101\$/MT in late November. This increase was attributed to various factors, including a decrease in crude prices and unplanned outages across Europe.

Compared to 2022, European margins decreased by -37.5\$/MT (-27.5%) in 2023 and settled to an average level of 98.6\$/MT.

Amid the challenges faced by European refiners including concerns of a looming recession and a slowing demand recovery, factors such as crude feedstock, refinery delays and low inventories levels may help sustain profits through the first quarter of 2024. While margins are expected to gradually return to more typical levels after the peaks of the past two years, Goldman Sachs expects them to remain above historical averages.

**Gasoline cracks** remained high throughout 2023, as European gasoline demand appears to get close to levels seen a year ago (and those in 2019).

In August 2023, the gasoline cracks reached the highest level in a year, surpassing expectations due to a high summer demand in a tight market influenced by refinery outages and hurricane seasons. Subsequently, in September, the cracks saw a decline, primarily due to the typical seasonal decrease in driving demand, a progressively lighter crude slate in post-embargo times and decreasing export opportunities to US and Nigeria.

Gasoline cracks underwent a significant decline during Q4 primarily due to the conclusion of the summer driving season and a decrease gasoline consumption across the US. This decline resulted in the lowest level observed since September 2022. Contributing to this trend were seasonal factors such



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as the transition to winter-grade gasoline and diminished trans-Atlantic flows, which applied additional pressure and lead to inventory builds.

In the first half of the year, **diesel cracks** were under pressure due to ARA (Amsterdam-Rotterdam-Antwerp) diesel inventories exceeding levels from both 2021 and 2022 levels, despite the decline in imports from the Russian Federation. This highlights a flat European diesel demand, which is usually a good leading indicator for economic performance, pointing to ongoing economic headwinds up ahead.

However, in the third quarter, the Diesel cracks remained robust as Amsterdam-Rotterdam-Antwerp diesel stocks fell below the five-year average. Early in July, reduced water levels in the Rhine River significantly limited the load capacity of barges, increasing the strain on inventory. The impact of the absence of Russian products was more pronounced, with August diesel imports to Europe reaching their lowest point in nearly 20 months.

Diesel cracks demonstrated a steady increase throughout Q4, driven by tight supply and resilient demand. The anticipation of a 1.22 million barrels per day deficit in the extremely tight Q4 balance further contributed to the increased Diesel cracks.

**Jet cracks** registered a significant rise in the first half of the year, primarily driven by a substantial surge in travelers during the Easter period in Europe and Eid Mubarak celebrations in the Middle East, coupled with the commencement of the holiday season in June. European air traffic reached 88% of 2019 levels, according to Platts, and Amsterdam-Rotterdam-Antwerp (ARA) jet fuel inventories came remarkably close to the lower end of the five-year range.

During Q3 the jet cracks reached the highest level since January due to high summer demand. Amsterdam-Rotterdam-Antwerp jet inventories decreased to 682,000 mt, marking the lowest level for the year and a 15% decrease compared to the previous year.

Jet cracks strengthened in Q4 as Europe's need for winter-grade diesel influenced kerosene blending, thus reducing jet yields, and reinforcing cracks.

In 2023, the **EU Allowances (CO2 certificates)** price averaged 83.5 EUR/EUA, reflecting a year of notable volatility.

The EUA market in Q1 experienced fluctuating prices, ranging between 75-97 EUR/EUA. This was primarily driven by subdued demand owing to unseasonably warm temperatures. February witnessed a surge following the European Parliament's commitment to phasing out internal combustion vehicles by 2035. However, March saw a downturn due to the significant bankruptcy of the Silicon Valley Bank, introducing unexpected shifts in market dynamics.

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Moving into Q2, April marked a robust rebound, driving the EUA price to 95 EUR/EUA, fueled by regulatory communications and market anticipation. May, however, witnessed a retreat influenced by negative auction results and declining energy prices.

In Q3, June recorded the highest monthly increase, surging from 77 to 93 EUR/EUA due to various factors including gas price hikes and favorable auction outcomes. July, however, saw a dip triggered by a decline in fossil energy production. August's EUA price of 81 EUR/EUA was driven by sales pressure, technical breaches, and speculators unwinding positions.

Entering Q4, September witnessed downward pressure, dipping below 80 EUR/EUA, influenced by typical auction volumes, and weakened energy markets. October and November saw further declines, attributed to various factors including temperature fluctuations, market sentiment, and regulatory expectations.

December saw a decline followed by a recovery to 77 EUR/EUA, rounding out the complex journey of the EUA market in 2023 amidst global uncertainties.

Analysts have subsequently revised down price forecasts for EU carbon permits for 2024 to 2026, with expectations averaging 74.1 EUR in 2024 and 83.3 EUR in 2025 (January 2024 Reuters survey).

**Forex & Interest Rates**US zone

In 2023, monetary policy and forex rates stabilized compared to the volatile conditions of 2022. Central banks maintained high interest rates without further adjustments throughout the year. Despite a global decrease in inflation rates, they weren't significant enough to prompt central banks to consider rate cuts. The economic environment remained unstable, characterized by minimal changes in the forex market.

In 2023, the U.S. Dollar declined from its 2022 highs but remained strong due to steady interest rates.

Following significant rate hikes in 2022, the Federal Reserve held rates steady since July 2023 as inflation eased from its peak. Despite a slowdown in economic growth, the USD depreciated about 3% against the EUR throughout 2023, averaging 1.08 compared to 1.05 in 2022.

Euro zone

In the last quarters of 2023, the European Central Bank pushed back against expectations of interest rate cuts by reaffirming its commitment to maintaining record-high borrowing costs. Despite lower



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inflation expectations, the ECB remained focused on combating the most severe inflationary pressures in decades, opting to keep rates unchanged without suggesting any potential reductions.

In December 2023, consumer price inflation in the Euro Area was confirmed at 2.9% year-on-year, up from November's 2.4%, exceeding the European Central Bank's target of 2.0%.

### Romania

In 2023, the Romanian Leu (RON) appreciated against the U.S. Dollar (USD) by almost 3%. The yearly average USD/RON exchange rate was lower than in 2022, at 4.58 compared to 4.69.

Regarding EUR/RON, the RON slightly depreciated by 1% against the Euro (EUR), with the exchange rate at 4.97 in 2023 compared to 4.95 in 2022.

In January 2023, the National Bank of Romania (NBR) raised the monetary policy rate to 7% p.a. from 6.75% p.a. and maintained existing minimum reserve requirement ratios. The interest rate remained unchanged thereafter, with no plans for cuts.

Romania's annual inflation rate decreased to 6.61% in December 2023 from 6.72% in November. This was the lowest level since September 2021, driven by moderation in food prices due to lower oil, lard, and fat costs. However, inflation slightly increased for non-food products and services.



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**STATEMENT**  
**OF THE MAIN ECONOMIC-FINANCIAL INDICATORS**  
**AND OTHER INFORMATIVE DATA, AS AT 31.12.2023, AS COMPARED TO**  
**THE INCOME AND EXPENDITURE BUDGET APPROVED IN THE**  
**GENERAL MEETING OF THE SHAREHOLDERS OF THE COMPANY 2023**

Ref. no.	INDICATOR'S NAME	RON	
		OMFP no. 2844/2016	
		Achieved 2023	Budgeted 2023*
1	Crude oil processed and other raw materials (tons)	5,012,485	5,682,983
2	Net turnover	17,120,703,327	20,144,686,258
3	Cost of sold production	(16,688,163,711)	(19,851,194,257)
4	<b>Gross profit</b>	<b>432,539,616</b>	<b>293,492,000</b>
5	Distribution and general administrative expenses	(423,197,026)	(223,944,312)
6	Other operating income/(expenses)	(668,830,546)	158,225,188
7	<b>Operating Profit / (Loss)</b>	<b>(659,487,956)</b>	<b>227,772,877</b>
8	Financial expenses	(460,970,175)	(217,817,270)
9	Financial income	458,110,750	-
10	(Losses)/ Gains on exchange rate variations, net.	124,797,627	-
11	<b>Gross profit/ (Loss)</b>	<b>(537,549,754)</b>	<b>9,955,606</b>
12	Income tax	(12,805,413)	(5,973,364)
13	<b>Profit/(Loss) of the year</b>	<b>(550,355,167)</b>	<b>3,982,243</b>

\* Equivalent in LEI at exchange rate of 4.41 USD/RON of the values provided in the 2023 Income and Expense Budget

Ref. no.	INDICATOR'S NAME	RON	
		OMFP no. 2844/2016	
		Balance at 31.12.2023	
1	Non-current assets	6,532,549,534	
2	Inventories	1,411,718,964	
3	Receivables	1,719,861,179	
4	Cash	613,521,713	
5	Total debts (including provisions)	8,315,037,704	
6	<b>Equities</b>	<b>1,962,613,686</b>	
7	<b>Average number of employees</b>	<b>1,124</b>	



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From the data presented in the above table, comparing the results recorded at 31.12.2023 with those approved in the Income and Expense Budget (IEB), the following results:

1. In 2023, Rompetrol Rafinare processed a quantity of crude oil and other raw materials of 5,012,485 tonnes, down with 12% compared with that provided in the Income and Expenditure Budget, i.e. 670,498 tonnes less than budgeted, due to the technical incident occurred in June 2023 at the Mild Hydrocracking unit (MHC) from Petromdia refinery that affected the refinery production capacity.
2. Turnover achieved in 2023 was at a level of 15% lower compared to the budgeted value, the positive variation being mainly determined by the decrease in international quotations for oil products compared to the previous year, on the ground of reduced quantities of products sold compared to the budgeted ones.
3. The cost of goods sold recorded in 2023 was 16% below the budgeted level, the variation being mainly determined by the volatility of the international oil and natural gas market environment that generated decreased quotations during 2023 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 registered higher values than those budgeted by 112%, on the background of higher loans and debts exposure by the Company.  
In 2023 the Company recorded financial incomes in the amount of lei 458 million. RON due mainly to the recognition of incomes in the amount of Lei 369 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.
5. Net exchange rate differences recorded during 2023 are favourable, their value reaching Lei 124,797,627, due to the appreciation of the national currency against USD during 2023.
6. Considering that Rompetrol Rafinare is subject to the solidarity contribution regulated by Government Emergency Ordinance 186, issued December 28th, 2022, adopted by Law no. 119/2023, a measure grounded on the provisions of Council Regulation (EU) 2022/1854, Rompetrol Rafinare estimated a contribution for 2023 of RON 141 million. 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 130 million.

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Additionally, the Company registered in 2023 a solidarity contribution in amount of RON 2.1 million related to the year 2022 as a result of submitting a rectification declaration regarding the profit tax calculated for the year 2022.

7. **At the end of 2023, Rompetrol Rafinare recorded a negative net result, a loss of Lei (550,355,167).**
8. The total amount paid during 2023 to the state and local budgets was Lei 7,571,248,041 (equivalent to about USD 1.65 billion) consisting mainly of excise duties, VAT, payroll taxes, local taxes and others, out of which RON 580 million representing solidarity contribution for year 2022 after submitting rectifying Corporate Income Tax declaration for 2022. 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 17,120,703,327.**

*Financial results*

Indicators (LEI)	2023
<b>Loss</b>	(550,355,167)
Operating result - loss	(659,487,956)
Net turnover, of which:	17,120,703,327
Export	5,669,992,812
Cost of sold production	(16,688,163,711)
Market share (%) <sup>2</sup>	25%
Liquidity (effective amounts in accounts and cash equivalents)	613,521,713

**a) Loss**

At the end of 2023, Rompetrol Rafinare registered a negative result, a loss of **Lei (550,355,167)**.

<sup>2</sup>Fuels sales (gasoline and diesel) on the domestic market segment are exclusively delivered by the Group authorized trader – ROMPETROL DOWNSTREAM S.R.L.- which owns a 25% market share of Romanian fuel distribution.



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***b) Turnover***

In 2022, the company's net turnover was **17,120,703,327** lei. Turnover in 2023 was mainly impacted by the volatility of the international oil and natural gas market environment transposed into lower quotations for oil products sold in 2023 compared to the previous year, on the ground of decreased production and petroleum products volumes sold in 2023 compared with the ones from 2022. Due to the technical incident occurred in June 2023 at the Mild Hydrocracking unit (MHC) from Petromidia refinery the feedstock processed in Petromidia refinery in 2023 was lower by 5% against last year affecting the production of oil products for 2023.

***c) Export***

In 2023, the share of international sales in total sales represented approximately 33% (35% previous year). The volumes sold on the foreign market have decreased, as a result of lower levels of the quantity of raw materials processed in 2023 compared to 2022, while 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 achieve better refining margins.

The total amount realized during 2023 from the external sales of finished products was Lei 5,669,992,812, 30% less than that of the previous year (2022: Lei 8,139,859,729), related to the two Petromidia and Vega refineries and the Petrochemical Plant. The lower value of sales in 2023 compared to the previous year is due mainly to the decrease of quotations on international markets, quotations that constitute the basis for calculating the selling prices both on the domestic and on the foreign market and due to reduced volumes sold in 2023 vs. 2022.

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

The cost of production registered a decrease of about 21% compared to 2022 due to the decrease in quotations on the oil and natural gas market, on the ground of decreased production and petroleum products volumes sold in 2023 compared with the ones from 2022

***e) Market share owned***

From the data which we hold, the market share we estimated in the year 2023 reached about 25% (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 an increase from 0.44 in 2022 to 0.57 in 2023.





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

#### ***THE PRODUCTION ACTIVITY DURING YEAR 2023***

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***

The production plan of ROMPETROL RAFINARE – Petromidia Refinery work point for 2023 was performed with a total processing of 5,682,983 tons, out of which 5,313,229 tons crude oil and 369,755 tons other raw materials.

This program formed the basis for the preparation of the 2023 income and expense budget.

Total feedstock processed in 2023 was 5,012,485 tons, out of which 4,335,105 tons crude oil and 677,380 tons other raw material.

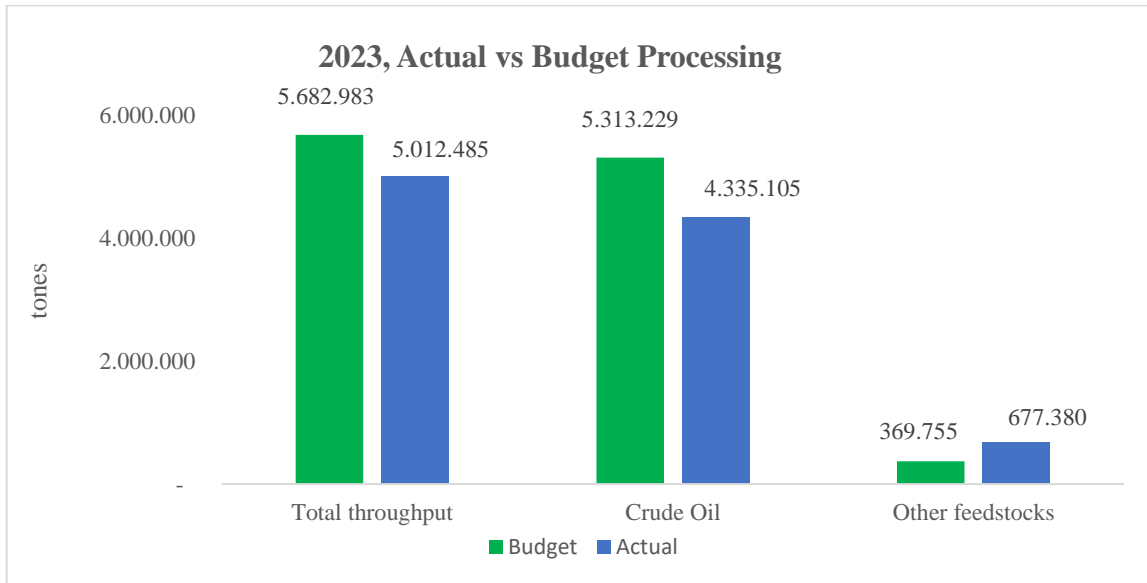
This processing represents 88.20 % as compared to the schedule set up for the 2023 budget.

*[tons]*

<b>2023</b>	<b>Budget</b>	<b>Achieved</b>
<b>Total throughput</b>	5,682,983	5,012,485
<b>Crude Oil</b>	5,313,229	4,335,105
<b>Other feedstocks</b>	369,755	677,380



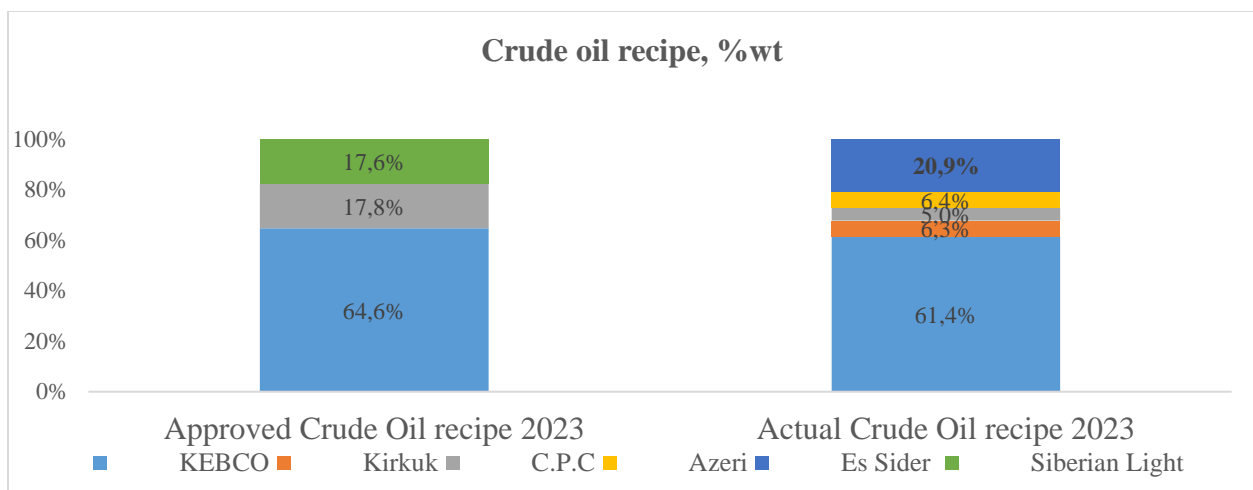
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The Refinery throughput was 13,985 tons per day, related to actually worked time, Refinery throughput being influenced mainly due to: unplanned shutdown of the Mild-Hydrocracker (“MHC”) caused by the incident occurred on 21st of June 2023 and to lower availability of crude in winter period due to weather conditions from the loading port.

During the year, crude recipe was in accordance with crude availabilities in the market.

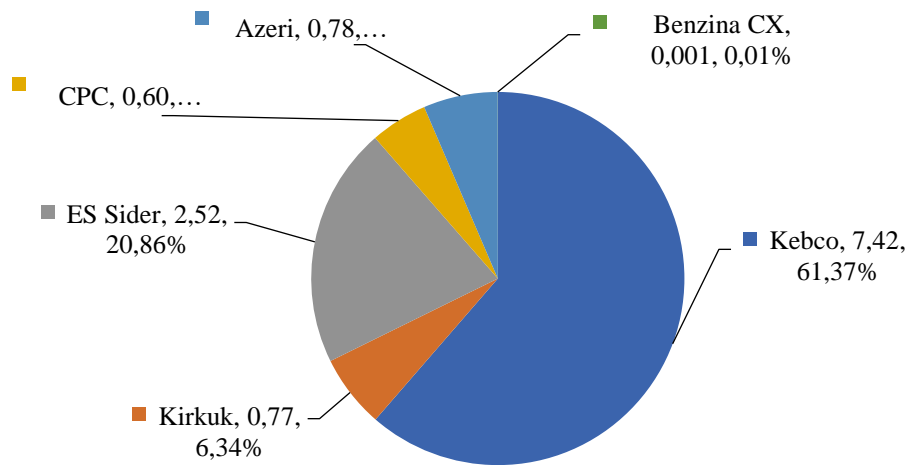
Also, to assure the domestic market demand, it was imported Jet and Diesel components with low density, low Sulphur, and low aromatics to cover market needs and sustain internal production.





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**Feedstock structure, th. tons/day & %**



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

2023	Q1	Q2	Q3	Q4	2023
Budget, tons	1,186,417	1,490,442	1,513,337	1,492,787	5,682,983
Actual, tons	1,278,510	1,402,982	1,158,433	1,172,560	5,012,485
Actual/Budget (%)	107.76	94.13	76.55	78.55	88.20

For Quarter 1- the level of total throughput processed was above budget, by 92 ktons, coming from higher crude oil processed and import of diesel component of 24 ktons. In February 2023, Rompetrol Rafinare carried out a series of planned technological operations, in order to support the corresponding operational activity of the Petromidia refinery (for approximately 10 days); thus, work was carried out to change and regenerate the catalysts, decoking and other specific maintenance operations; during these operations Crude unit was stopped but some of the units (Mild Hydrocracker, FCC, MTBE, 125 Diesel Hydrotreater, SRU, Hydrogen plant) were operating at reduced capacity using unfinished products from inventory, as such resulting in higher production compared with budget (this being a measure that company took to improve its production).

For Quarter 2 - lower crude oil processed by 87.5 ktons (6%) compared with budget, due to shutdown of the Naphtha Hydrotreater, the technical conditions of the available storage tank for SR Naphtha (B5 tank), short delay of some crude oil vessels in April and unplanned shutdown of the MHC unit due to the incident occurred in June.



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For Quarter 3 - the refinery throughput was significantly affected by refinery running without MHC unit, nevertheless Petromidia Refinery continued to operate properly all the other units so to ensure proper production so to cover mainly Romanian market needs, as following:

- Reduced refinery runrate at 9.8-10.6 ktons/day, to balance unfinished products.
- 125 Diesel Hydrotreater (HDV) switched from Diesel mode to VGO to assure FCC unit feedstock.
- Maintaining minimum Delayed Coker feed rate to produce less cracked materials in the refinery (cracked materials increase reactors temperature) and as consequence, to assure feedstock for Vacuum Distillation / Bitumen plants in Vega refinery.
- 121 Kerosene Hydrotreater operated in campaigns (kerosene & diesel modes).
- Importing Diesel component 182 ktons and blended with biocomponents corresponding with current legislation.

For Quarter 4 - lower crude oil processed by 320 ktons (21%) compared with budget, the throughput being affected by refinery running without MHC unit. Petromidia Refinery continued to import Diesel component to cover the Romanian market needs, 322 ktons.

In order to maximize the Jet production, a new initiative was implemented, as part of the Delfin project. Through this measure, part of the gasoline obtained in the Catalytic Cracking unit (FCC) was separated and sent for processing in the Kerosene Hydrothreater unit (KHT), obtaining an additional approximately 1,500 tons Jet per month.

The Diesel yield reached at the level of 42.85% in 2023 while the yields for fuels (gas, Diesel, Jet, automotive LPG fuel) reached the level of 74.12% in 2023. Jet yield reached at the level of 6.12%. Petromidia technological loss reached in 2023 the lowest level in history of 0.66% after „Package 2010” implementation.

Energy Intensity Index achieved in 2023 was 101.3 higher than previous year negatively impacted by lower refinery run rate and also operation of the refinery without MHC unit.

In 2023, it has been recorded a consumption of energy of 3.06 GJ/ton, higher than the energy consumption registered in 2022 by ~ 1.2% correlated with lower throughput of the refinery.

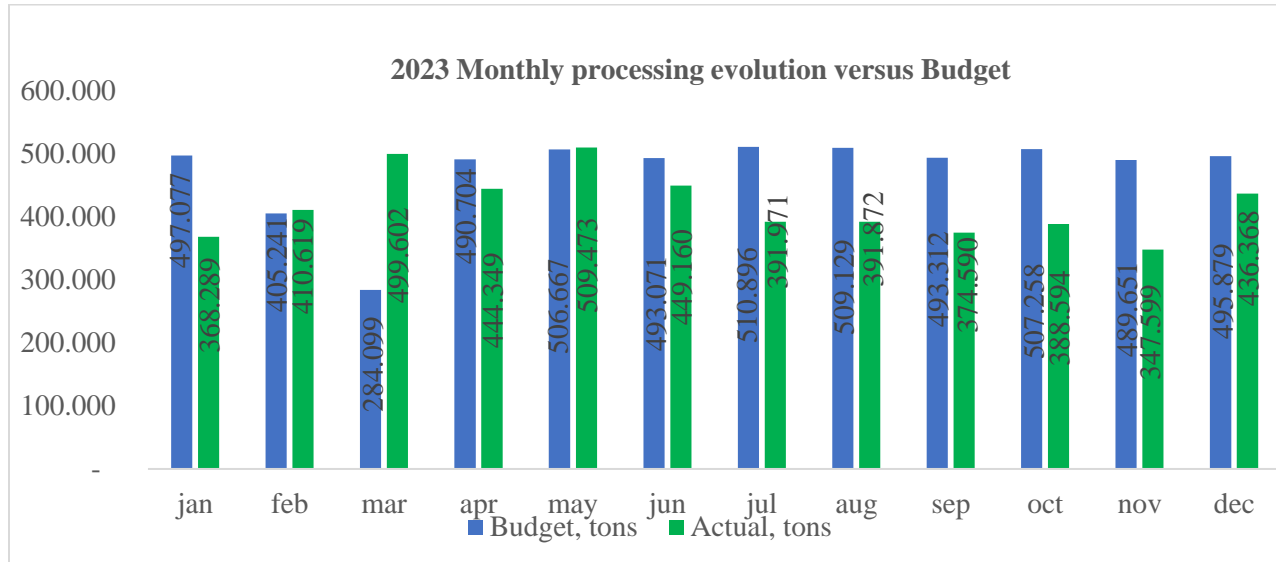
In 2023, utilities cost was 20.56\$/mt higher with 2.8% (~0.58\$/mt) compared to the previous year, correlated with lower refinery runrate.

The Mild-Hydrocracker Unit (“MHC”) was shutdown caused by the incident occurred on 21st of June 2023. After this date all the equipments functioned in 2023 at a high level of safety, featuring a mechanical availability of 92.44%.



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



The structure of the physical production as compared to the Budget, in 2023, is as follows:

2023 Year	Budget		Actual	
	tone	%	tone	tone
<b>Finished Products:</b>	<b>5,540,279</b>	97.49	<b>4,848,254</b>	96.72
Gasoline	1,522,470	26.79	1,371,199	27.36
Diesel auto	2,482,422	43.68	2,147,650	42.85
Jet	339,434	5.97	306,941	6.12
Fuel Oil	182,199	3.21	164,974	3.29
Propylene	143,343	2.52	117,287	2.34
LPG	271,473	4.78	213,406	4.26
Coke	257,450	4.53	245,918	4.91
Sulfur	47,036	0.83	50,762	1.01
Other products	294,451	5.18	230,118	4.59
<b>Total Loss:</b>	<b>142,704</b>	<b>2.51</b>	<b>121,965</b>	<b>2.43</b>
<b>White products</b>		<b>85.14</b>		<b>84.07</b>



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***Rompetrol Rafinare –Vega Refinery work point***

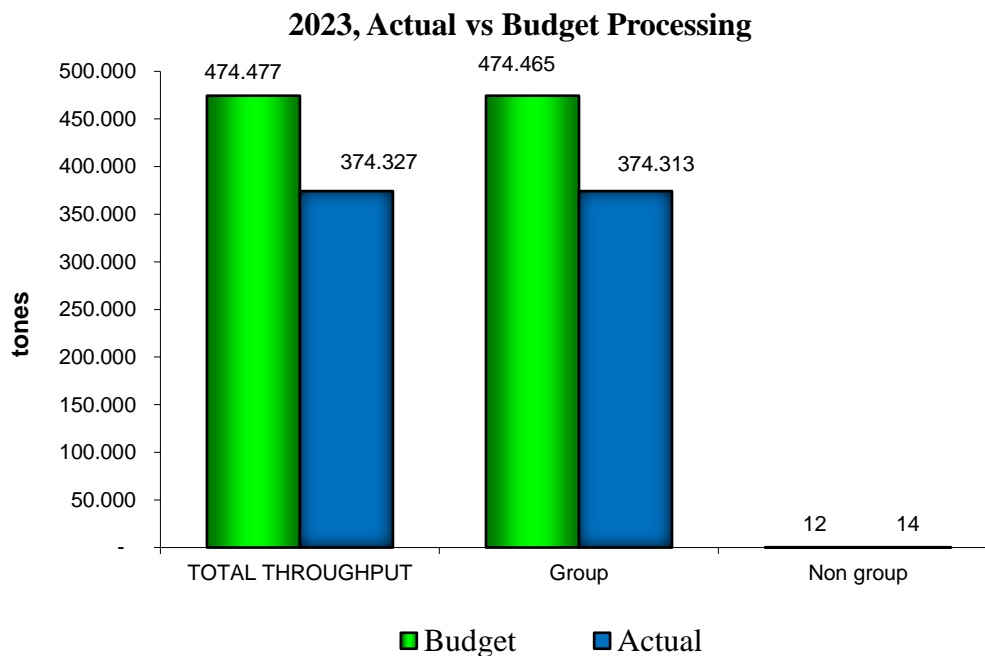
The production schedule of ROMPETROL RAFINARE - work point Vega Refinery for the year 2023 has been designed with a total processing capacity of 474,477 tonnes, of which 474,465 tonnes raw materials of the Group and 12 tonnes raw materials outside the Group.

This schedule has been the basis for the preparation of the income and expenditure budget for the year 2023.

The processing carried out in 2023 is of 374,327 tonnes, out of which 374,313 tonnes from the Group and 14 tonnes outside the Group.

This processing represents 78.89% of the program set up for the 2023 budget, in accordance with the raw materials available in Petromidia refinery and the market demand.

	<i>[tonns]</i>	
<b>2023</b>	<b>Budget</b>	<b>Achieved</b>
<b>TOTAL THROUGHPUT</b>	<b>474,477</b>	<b>374,327</b>
Group	474,465	374,313
Non group	12	14



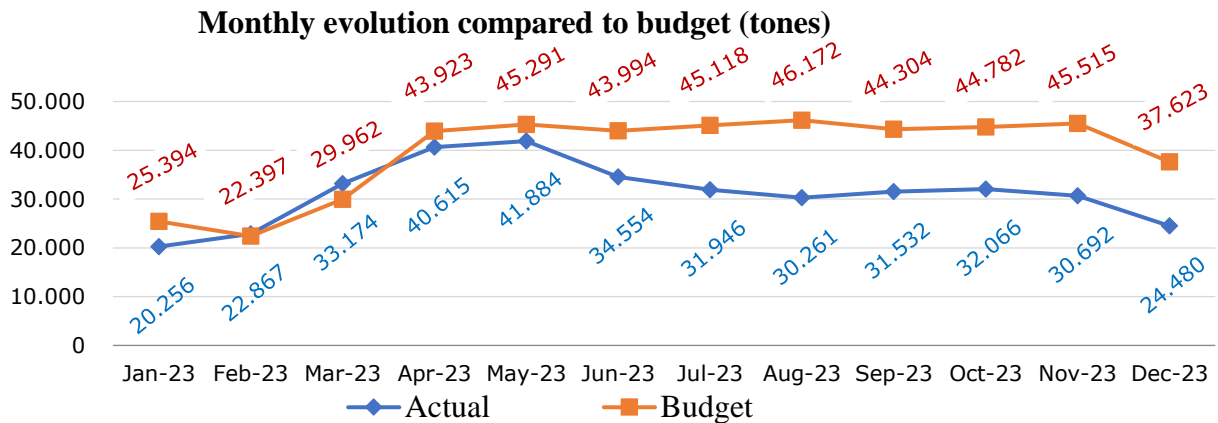


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The situation of the processing, on quarters, is mentioned in the table below:

Table with 6 columns: Throughput, Quart I, Quart II, Quart III, Quart IV, All. Rows: Achieved,tonnes; Budget,tonnes; Achived/Budget (%).

In 2023, the processed quantity was approximately 21.1% lower than budgeted amount, the monthly average being 31,194 tonnes as compared to 39,540 tonnes provided under the budget.



The structure of the physical production as compared to the budget, in 2023, is as follow:

Table with 3 columns: YEAR 2023, Budget tonnes, Actual tonnes. Rows: FINITE PRODUCTS, Gasoline & Solvents, n-Hexan, White spirit & Petroleum, Calor Extra I, Light liquid fuel, Fuel oil, Bitumen, Other products.



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<b>White products obtained,%</b>	<b>BUDGET</b>	<b>ACTUAL</b>
Related to total throughput	63.2	51.6
Related to comercial products	63.5	60.4

From the comparison budget – carried out, the concern is noted regarding the obtaining of products in accordance with the market requirements.

In 2023, the ratio of energy consumption to the tonne decreased by approximately 0.4% as compared to 2022, due to the higher throughput and lower specific consumptions.

***Rompetrol Rafinare –Năvodari work point (the Petrochemicals area)***

The production plan for Petrochemicals area in 2023 was prepared for the operation of the Polymers plants: Polypropylene plant (PP) and Low Density Polyethylene plant (LDPE), with a production of 168,270 tons polymers as follows: PP – 90,870 tons and LDPE – 77,400 tons.

This schedule formed the basis for the preparation of the 2023 income and expenses budget.

The polymer production achieved in 2023 was 104,602 tone, out of which PP – 86,619 tons and LDPE – 17,983 tons.

**The structure of the physical production as compared to the 2023 Budget** is as follows:

<b>YEAR 2023</b>	<b>Budget tons</b>	<b>Achieved tons</b>
<b>Finished products</b>	<b>189,394</b>	<b>109,593</b>
Polymers production	168,270	104,602
PP	90,870	86,619
LDPE	77,400	17,983
Polymerizable propylene production	21,124	4,991

In 2023, achieved PP production was 95% compared to the budget and LDPE production was 23% compared to the budget.





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

		Q I	Q II	Q III	Q IV	2023
PP	Budget (tons)	20,540	23,270	23,530	23,530	90,870
	Achieved (tons)	22,027	22,119	20,514	21,958	86,619
	Achieved/Budget (%)	107%	95%	87%	93%	95%
LDPE	Budget (tons)	17,550	19,800	20,025	20,025	77,400
	Achieved (tons)	4,317	9,184	0	4,482	17,983
	Achieved/Budget (%)	25%	46%	0%	22%	23%

The main deviations at the level of quarters of 2023, are:

**In Quarter 1:**

- the actual PP production obtained was above budget by 1,487 tons coming from continuous operation vs 10 days of shutdown planned in March 2023.
- lower production for LDPE due to plant shutdown based on high polymer stock and economics.

**In Quarter 2:**

- lower production by 1,151 tons for PP Plant, due to shutdowns and slowdowns based on cooling capacity constraints and mechanical interventions at Z502 and M402.
- lower production for LDPE due to plant shutdown based on high polymer stock and economics.

**In Quarter 3:**

- lower production by 3,016 tons for PP Plant, due to shutdowns and slowdowns based on mechanical interventions at Z501, Z502 and M301 and technological intervention - plugging of transfer line between D201 and D202 reactors.
- no production for LDPE based on economics.

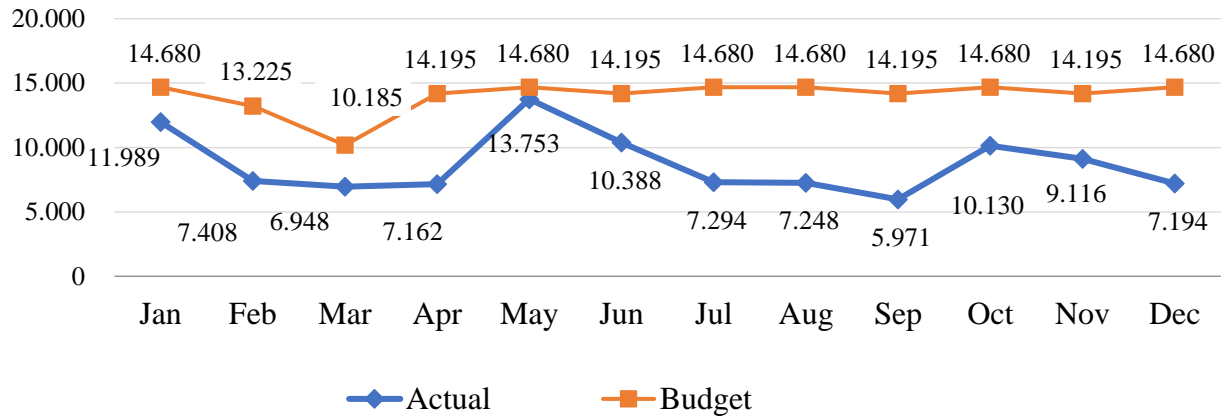
**In Quarter 4:**

- lower production by 1,572 tons for PP Plant, due to slowdowns based on cooling capacity constraints, mechanical interventions at Z501, M402 and M301 and technological intervention - plugging of transfer line between D201 and D202 reactors.
- lower production for LDPE due to plant shutdown based on high polymer stock and economics.



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**2023 Monthly polymers production evolution versus Budget (tons)**



The structure of processed raw materials as compared to the 2023 Budget is as follows:

<b>YEAR 2023</b>	<b>Budget [tons]</b>	<b>Achieved [tons]</b>
<b>Raw materials</b>	222,523	135,721
Propane propylene mixture	143,343	117,300
Ethylene	79,180	18,421

The average sale price for finished products, in 2023, was for:

- Propane-propylene mixture – budgeted at 994 USD/tonne and 854 USD/tonne was achieved
- Ethylene - budgeted at 1,492 USD/tonne and 954 USD/tonne was achieved

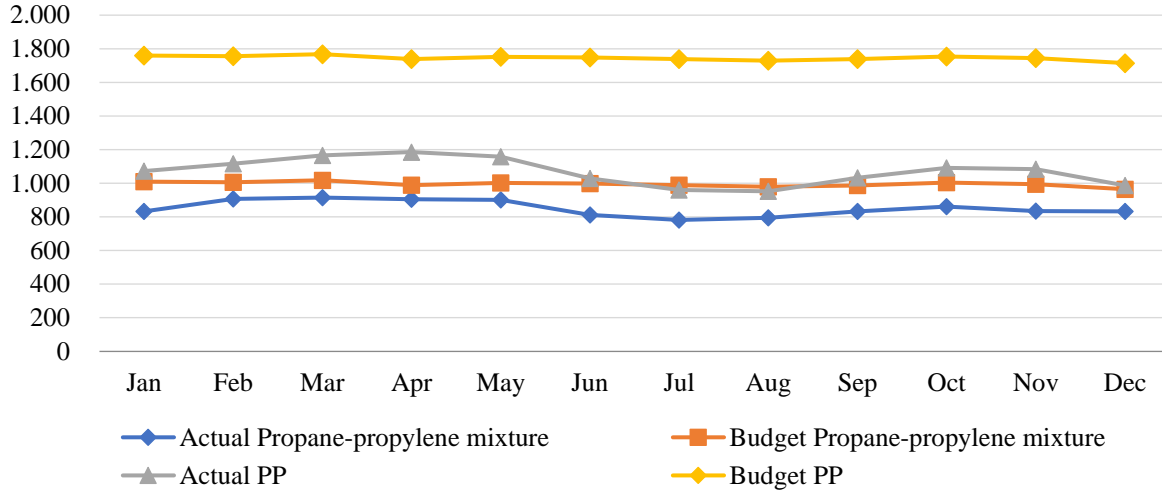
The average sale price for finished products, in 2023, was for:

- PP - budgeted at 1,744 USD/tonne and 1,065 USD/tonne was achieved
- LDPE - budgeted at 1,987 USD/tonne and 1,211 USD/tonne was achieved

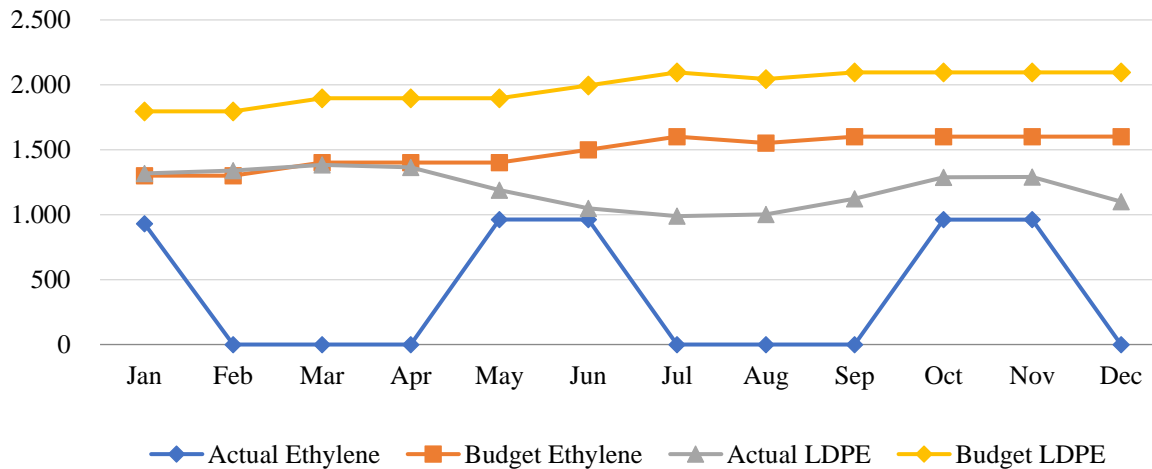


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**Propane-propylene cost/ PP selling price, 2023 monthly evolution (USD/tonne)**



**Ethylene cost/ LDPE selling price, 2023 monthly evolution (USD/tonne)**





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***The main products produced by Rompetrol Rafinare S.A. in 2023***

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

The products marketed in 2023 by Rompetrol Rafinare – Petromidia Refinery work point, are grouped in the following categories:

**1. Liquid fuels**

**a) Gasoline**

- Gasoline Euro Super 98
- EFIX Gasoline 95
- Natural Gasoline RON 92
- Gasoline RON 98
- Gasoline Efix S RON 98
- EuroPlus Gasoline with Bioethanol
- EuroPlus Unleaded Gasoline Euro 5
- 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
- SRGO

**c) Jet**

- Aviation Turbine Fuel Jet A1

**d) Fuel Oil**

- Fuel Oil type 1
- Fuel Oil type 1 marked
- Fuel Oil



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- 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

**3. Solid products**

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

The products marketed in 2023 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



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- Diesel -15
- d) Fuels**
  - Light liquid fuel type III
  - Calor Economic 3
- e) Fuel oil**
- f) Bitumen**
  - Road bitumen
  - Special bitumen
  - Polymer modified bitumen

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 2023***

During 2023, 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:



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- 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;
- 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 the year 2023, sales on domestic market accounted 66% of total sales, the share being slightly higher than that of the year 2022. Share of motor fuels (gasoline and diesel) reached 80% of total finished products sales. Domestic market absorbed about 76% of total motor fuels sold in 2023. Sales of gasoline and diesel for domestic market intended for national consumption through the gas stations network covered all Romanian areas. The highest share (abt 78%) of total motor fuels sold nationwide was represented by diesel sales.

The external sales had as final destination both European Community area and Non European Community areas. Intra-Community deliveries accounted for about 9% of the total finished products sold on the external market, lower than in 2022 (15%).

By country, sales had the following main destinations:

Gasolines - Libya, Georgia, Gibraltar, Moldova, Cyprus, Tunisia, Ukraine



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Diesel	- Moldova, Bulgaria, Georgia, Ukraine
Jet fuel	- Moldova
Petcoke	- Moldova, Turkey
Sulphur	- Egypt, Morocco
Carbon black feedstock	- Hungary

**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.

The external sales of polymers were targeted to both the European Union and third countries. The intra-communitarian deliveries represented approx. 87% of the total export sales of finished goods, the difference representing the export sales on the non EU markets.

The most important distribution channels for polymers (PP, PE) are: Romania (50%), Bulgaria (18%), Italy (6%) and Republic of Serbia (5%).

**The distribution of petrochemical products sold** by Rompetrol Rafinare SA was done by means of auto and railway in the case of sales on the domestic market and, in the case of sales on the foreign market, the distribution of these products was made both by means of automotive and maritime transport through the ports of Agigea and Constanta.

**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		
	2021	2022	2023	2021	2022	2023
<b>Net turnover, of which:</b>	<b>12,150</b>	<b>23,027</b>	<b>17,121</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Gasoline and diesel fuels	9,334	18,017	13,574	76.8%	78.2%	79.3%
Other petroleum products	1,746	3,993	2,931	14.4%	17.3%	17.1%
Petrochemical products	770	939	569	6.4%	4.1%	3.3%
Goods	271	44	2	2.2%	0.2%	0.0%
Utilities	12	17	27	0.1%	0.1%	0.2%
Services	17	17	17	0.1%	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.





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***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 the year 2023, **Rompetrol Rafinare** continued the delivery on the domestic market of Euro 5 fuels (sulphur 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 (according to GEO 33/2023).

In 2024, **Rompetrol Rafinare** will continue to deliver to the domestic market only Euro 5 fuels (sulphur content max. 10 mg/kg) and does not consider increasing the automotive fuel portfolio.

In 2023, the new grades produced by the **Petrochemical Division** within Rompetrol Rafinare represented 21.2% of the total polymer production, slightly decreasing by 0.3% compared to previous year.

New grades developed for special applications, representing a total of 8 grades from the extended range of Polypropylene plant portfolio, brought an additional benefit of around 830,000 USD (calculated as the difference between the sale price of special grades and the price of general purpose grades).

In order to find an alternative to the current catalyst used in the Polypropylene production plant, starting with 2023 a study for the possibility of using a new catalytic complex was started. The benefits of the initiative consist in obtaining finished products with improved characteristics and increasing the operational availability of the plant. In 2023, a first industrial trial with positive results was carried out, and in 2024 the trial for the use of the new catalytic complex will be extended to the entire PP portfolio.

In 2023, **Vega Refinery** continued to be focused on the production of solvents (SE 30/60, n-Hexane, White spirit), naphtha, light and heavy liquid fuels for heating, normal road bitumen and polymer modified bitumen.

For the year 2024 was not foreseen the introduction of new products in the manufacture program of **Vega Refinery**.



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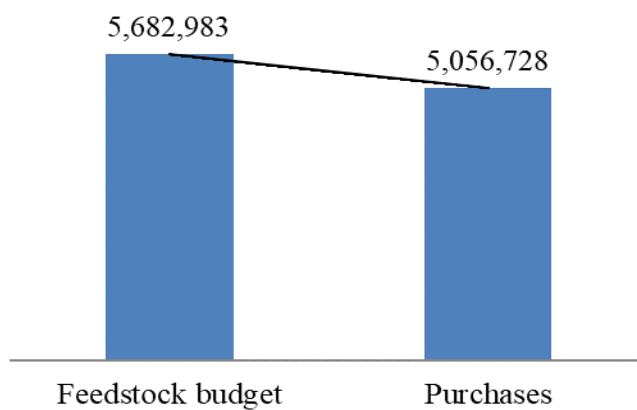
**1.1.3. THE TECHNICAL AND MATERIAL SUPPLY ACTIVITY**

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.

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

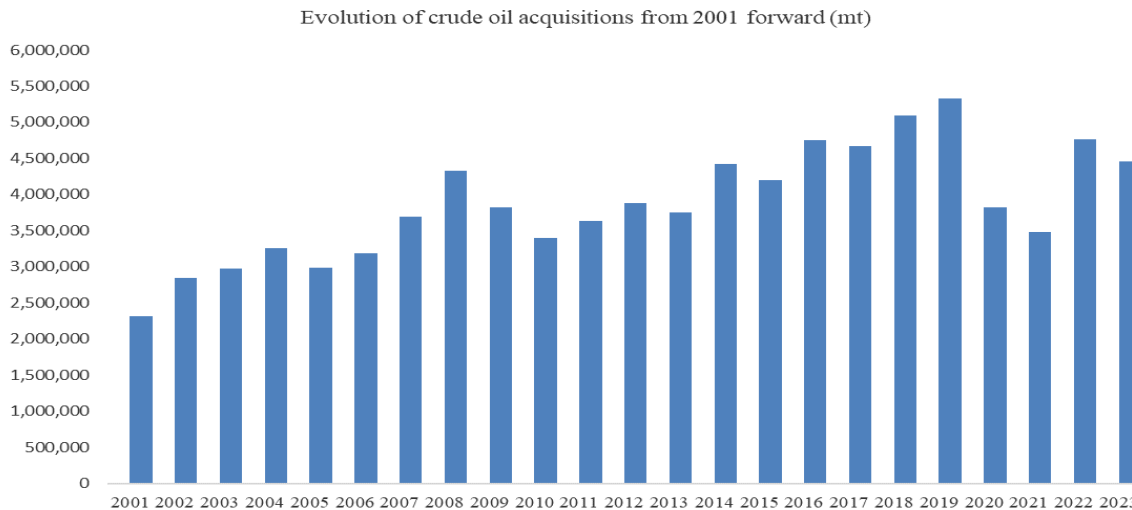
Feedstock acquisitions vs budget (tons)



The quantity of feedstock purchased in 2023 was lower than budget throughput level (which includes also other feedstock than those purchased), due to the incident that occurred in June to the MHC installation that led to the reducing of the processing capacity.



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In the year 2023, crude oil acquisitions were lower (4,459,830 tons) than in last year (4,764,543 tons). Crude acquisitions have been exclusively carried out by the trading company of the KMG International Group - KazMunayGas Trading A.G.

All feedstock volumes purchased in 2023 from external sources (5,056,728 tons) were lower than in 2022 (5,145,318 tons).

In 2023, average price of acquisition for crude was lower (592 \$/ton) than in 2022 (669 \$/ton). In 2023, the average for Brent was 83 \$/bbl (625 \$/ton) compared to 101 \$/bbl (767 \$/ton) in 2022.

Domestic acquisitions in 2023 amounted to 135,324 mt, compared to 91,047 tons in the previous year. Added to these, there were also volumes transferred from Vega refinery in amount of 51,672 tons compared to 28,365 tons in 2022.

Domestic rawmaterials suppliers have been:

- Socar Petroleum S.A. – methanol
- Bunge Biocombustibil S.R.L.; Expur S.A. - biodiesel
- Lukoil Romania S.R.L. - MTBE
- OMV Petrom S.A. - diesel component



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***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 external and domestic markets. Crude oil – the main refinery raw material is purchased from import sources only, being secured by a firm contract that was concluded in 2021 for a period of 5 years, this ensuring the stability and safety of the refinery's operating process under optimal conditions. The main source for crude oil is Kazakhstan market, and when it's not sufficient for operating at high or maximum capacity, the complementary sources are those from the Black Sea area (with the exception of Russia), Azerbaidjan, the Mediterranean Sea, North and West Africa, as well as the Middle East area; these contracts are executed through KazMunayGas Trading AG based in Paradiso, Switzerland, following a market analysis process and auctions for spot and term contracts.

The volumes of crude oil purchased are received through the Midia Marine Terminal S.R.L., being discharged in the modern marine terminal owned by the KMG International Group and located in the immediate vicinity of the Petromidia Refinery. The other raw materials come from both external and internal sources

The acquisition prices for all raw materials are calculated based on international quotations considered as benchmarks on the oil market. The level of quotations on the international markets is induced by the fluctuation and the global situation influenced by economic and geopolitical factors and this fact is also reflected in the level of the purchase prices of raw materials. These prices are established by mutual agreement between the Supply Chain & Trading and Refinery and are based on technical and economic foundations.

For the 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 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 in order to ensure the safety of the refinery's operating process. Among other raw materials, biocomponents (bioethanol and biodiesel) are purchased for the production of automotive fuels required for consumption 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, HDPE) and is purchased from the foreign market at prices that follow the trend of quotations.



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The chemicals purchased by Rompetrol Rafinare S.A. (for the two refineries) during 2023 can be grouped into:

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

### 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	1,203,957	383,721	31.87	820,235	68.13	0	0
Gasoline for chemical use	168,464	0	0	0	0	168,464	100
Petroleum	307,466	270,397	87.94	24,798	8.07	12,270	3.99
Auto diesel fuel	2,144,803	1,725,660	80.46	419,144	19.54	0	0
Fuel oil	156,184	13,146	8.42	0	0	143,038	91.58
Propane Propylene	117,287	0	0	0	0	117,287	100
Liquefied Petroleum Gas LPG	216,915	216,915	100	0	0	0	0
Petroleum Coke	245,679	152,925	62.25	92,754	37.75	0	0
Petroleum Sulphur	51,299	59	0.12	51,239	99.88	0	0
Other Products	108,770	43,985	40.44	7,670	7.05	57,116	52.51
<b>TOTAL</b>	<b>4,720,823</b>	<b>2,806,808</b>	<b>59.46</b>	<b>1,415,840</b>	<b>29.99</b>	<b>498,175</b>	<b>10.55</b>

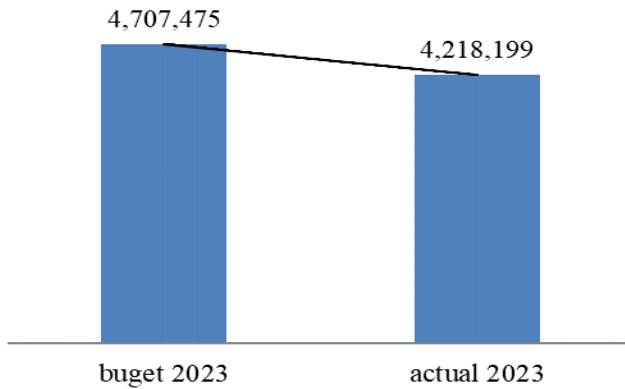
\* domestic deliveries include oil products sold on the domestic market, deliveries to Vega and Petrochemicals, being entered under the heading "transfer"



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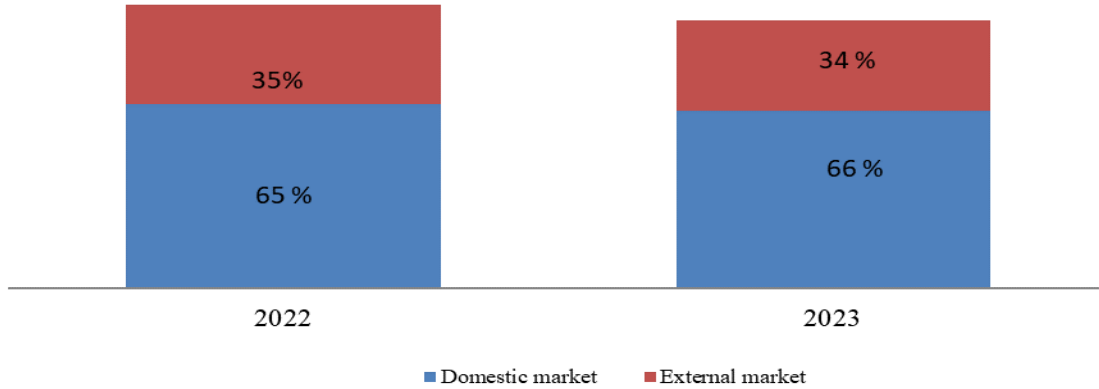
In 2023 the sales were lower than budgeted.

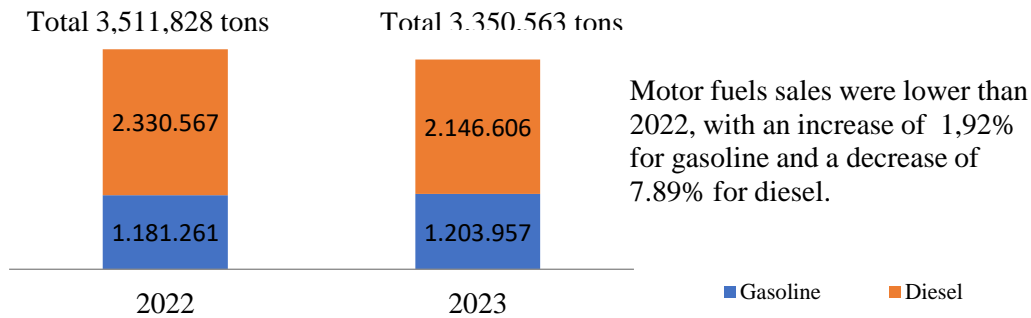
Sales of finished products vs budget (tons)



Sales in 2023 were lower than the budget level. We mention that the budget volume includes only the correspondent products usually sold based on sale plan for 2023.

Structure of total sales



**ROMPETROL RAFINARE S.A.  
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for the financial year 2023****Gasoline + Diesel sales (tons)**

Compared to 2022, total sales in 2023 were slightly lower (cca 5%) due to a technical incident to the MHC installation which led to a decrease of the processing capacity.

On the external market, volumes traded were lower than in 2022 at all product categories. Most part of volumes was sold on regional markets.

For the year 2024, the aim is to consolidate the existing markets but also to penetrate other markets. For the domestic market, the marketing strategies continue to increase the market share through an expanded network of national gas stations.

***Rompetrol Rafinare –Vega Refinery work point***

The quantitative structure of the deliveries of oil products in 2023 is summarized in the following table:

Products group	Total deliveries 2023		INTERNAL		EXTERNAL	
	Tonnes	% of the total sales	tonnes	%	tonnes	%
Naphtha gasoline	108,223	28.63	48,162	44.50	60,061	55.50
Bitumen	104,696	27.69	104,696	100.00	-	-
Heating oil	18,019	4.77	18,019	100.00	-	-
n-Hexan	83,336	22.04	4,335	5.20	79,001	94.80
Fuel oil	22,268	5.89	22,268	100.00	-	-
White spirit&Petroleum	5,963	1.58	2,404	40.32	3,559	59.68
Ecological Solvents	35,546	9.40	895	2.52	34,651	97.48
<b>Total</b>	<b>378,051</b>	<b>100.00</b>	<b>200,779</b>	<b>53.11</b>	<b>177,272</b>	<b>46.89</b>



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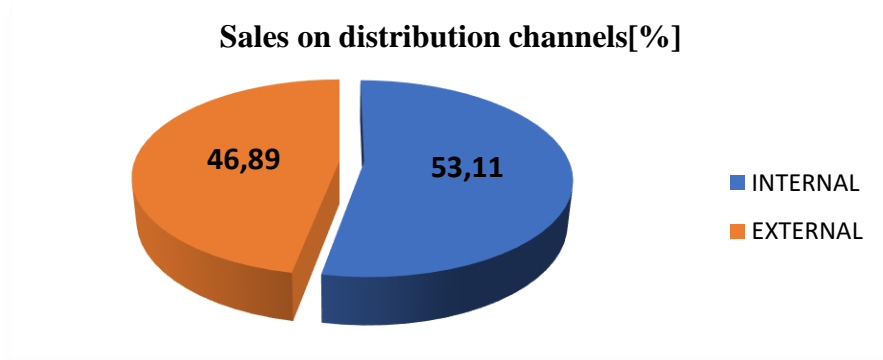
**Sales market**

The main distribution markets abroad have been:

- Hungary, Austria, Poland, Bulgaria, Moldavia, Holland, Slovakia and Czech Republic for naphtha gasoline
- India, Turkey, Ukraine, Italy, Pakistan, Bulgaria, Bosnia, Belarus, Germany, France, Kazakhstan, Macedonia, Moldova, Poland, Serbia, Holland, Austria, Slovakia, Hungary and Uzbekistan for hexane
- Germany, Hungary, Italy, Poland, Moldova, Serbia and Ukraine for ecological solvents
- Bulgaria, Ukraine and Moldova for white spirit

The sales in 2023 totalled a quantity of 378,051 tonnes (deliveries in 2022: 364,142 tonnes). Within the external distribution channel there were sold 177,272 (2022: 194,974 tonnes) and within the internal distribution channel there were sold 200,779 tonnes (2022: 169.167 tonnes).

The share of finished products sales on distribution market is shown in the graphic below:

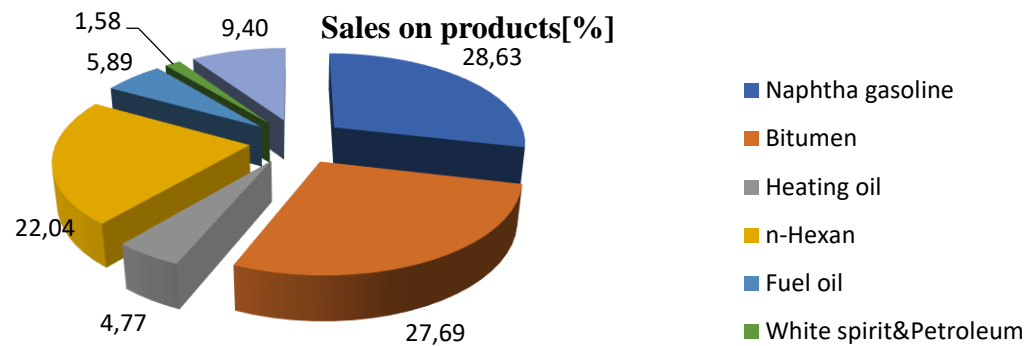






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The white products sales (naphtha gasoline, hexane, ecological solvents and white spirit) represents approximately 62% of the total sales of 2023.



***Rompetrol Rafinare –Năvodari Work point, Petrochemical complex***

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

Products	Deliveries				
	Total deliveries	Domestic		Export	
		tons	tons	%	tons
PP	86,727	40,270	46%	46,457	54%
LDPE	20,902	13,199	63%	7,703	37%

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

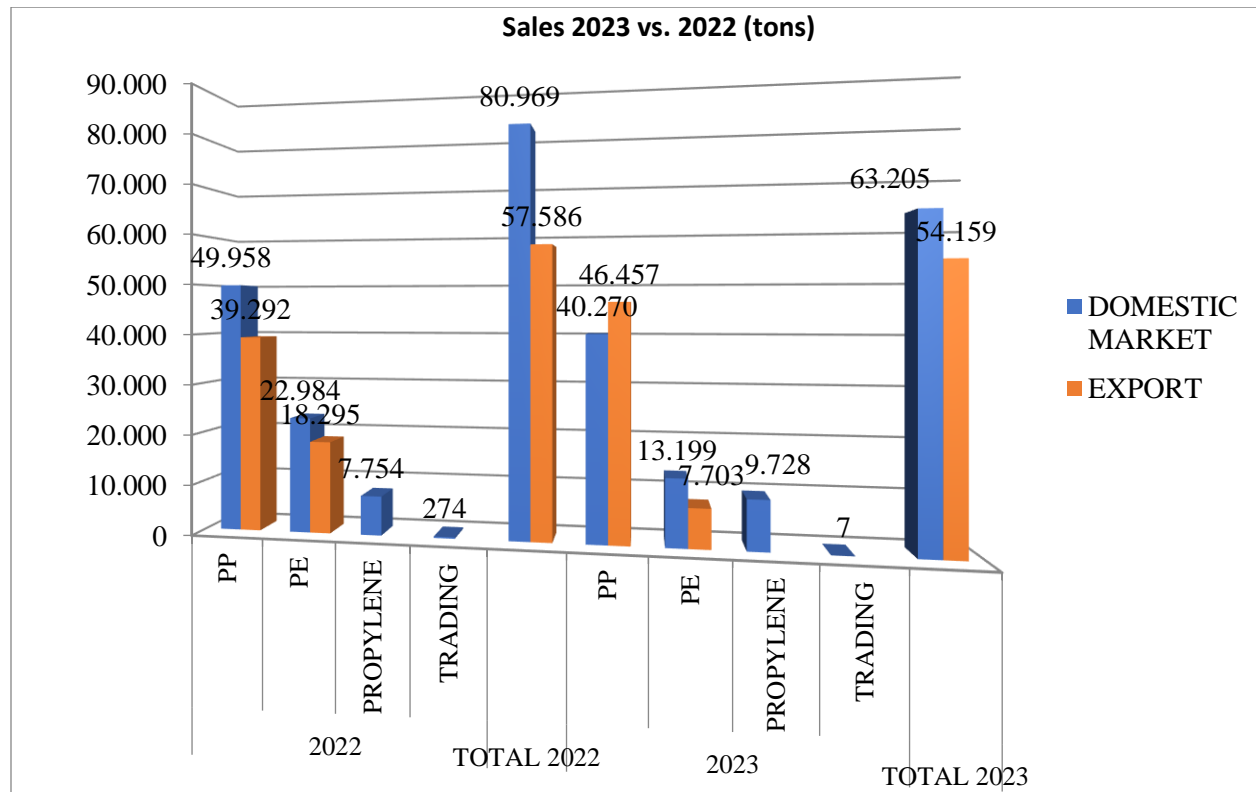
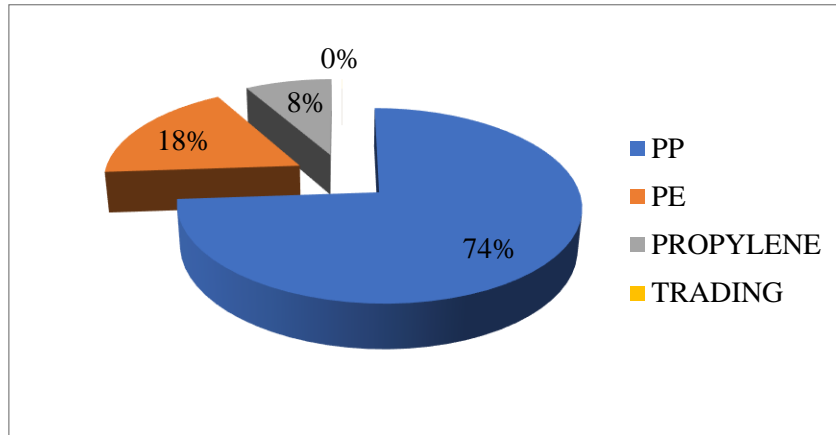
Besides its own products, the Company is now actively selling a wide range of petrochemical products which are not currently produced by the Rompetrol Rafinare – the Petrochemical Plant, but which are in demand on the Romanian market, namely: High density polyethylene variants (HDPE pipe variants), linear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

The sales of the Petrochemicals Area in 2023 amounted to a total quantity of 117,364 tons.



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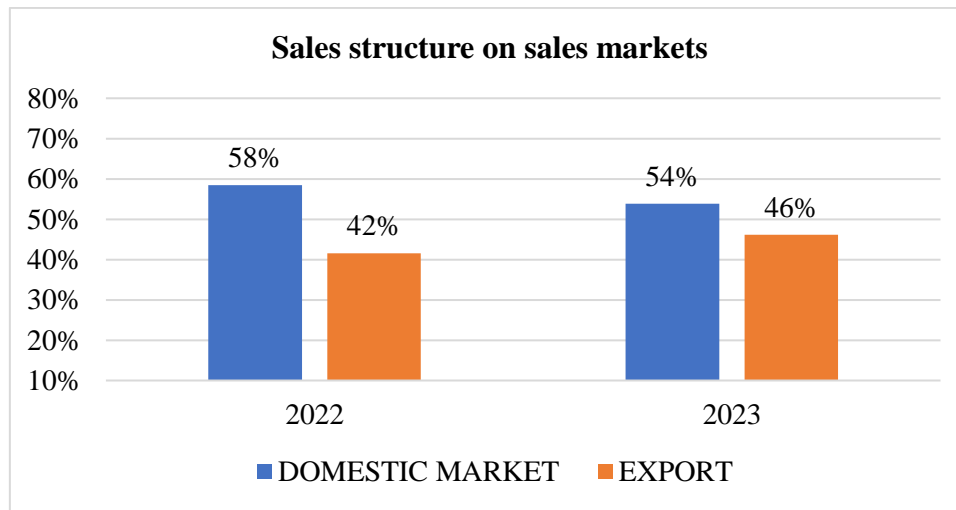
In 2023, 74% of the total sales were represented by polypropylene (PP), 18% by polyethylene (PE) and the remaining 8% represents the sales of propylene and trading activity.





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



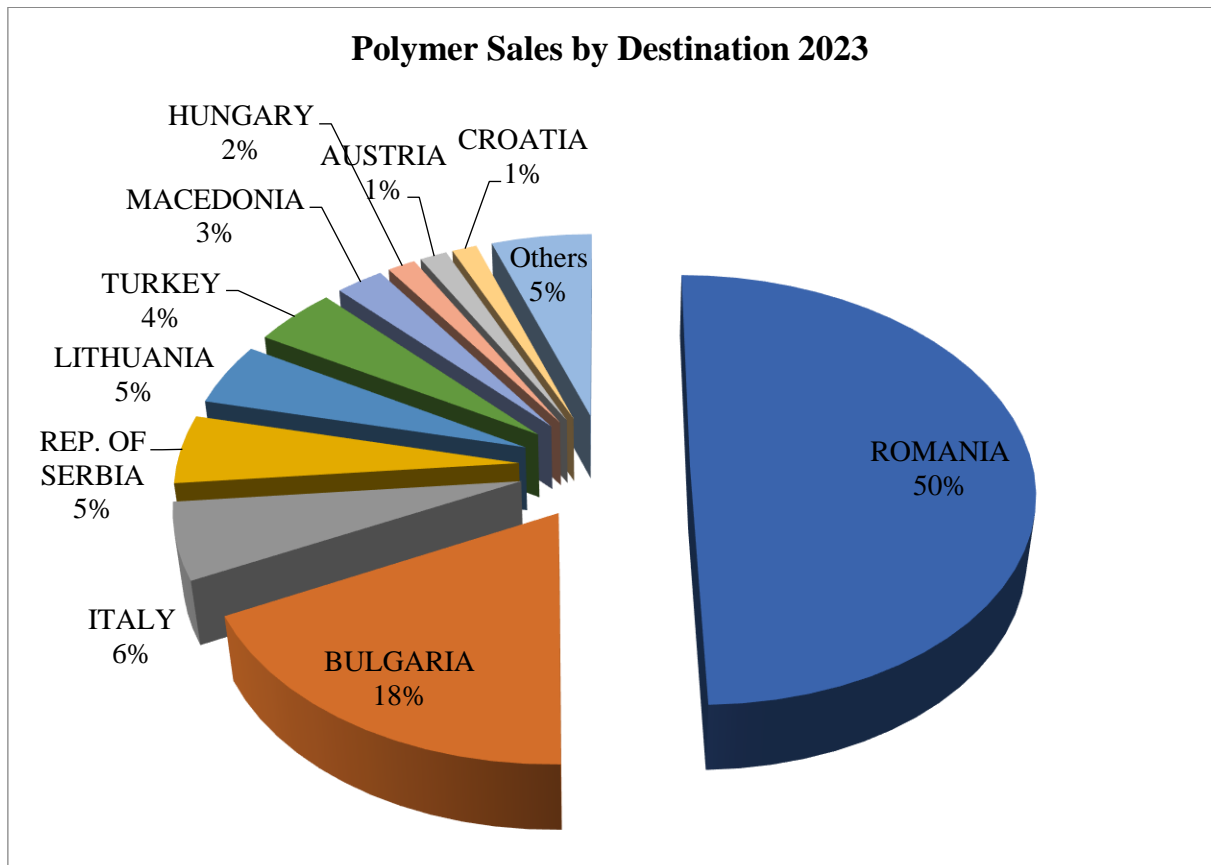
The most important distribution channels for polymers (PP, PE) are Romania -50%, Bulgaria -18%, Italy -6% and Republic of Serbia -5%.

The external sales of polymers were targeted to both the European Union and third countries. The intra-communitarian deliveries represented approx. 87% of the total export sales of finished goods, the difference representing the export sales on the non EU markets.

The distribution of petrochemical products sold by Rompetrol Rafinare S.A. was done by means of auto and railway in the case of sales on the domestic market and, in the case of sales on the foreign market, the distribution of these products was made both by means of automotive and maritime transport through the ports of Agigea and Constanta.



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**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)



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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.)

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***

Our mission is to bring people together to find inspiration and create opportunities for them to grow. Their enthusiasm in contributing to people initiatives showed us they are the leaders we are waiting for. We set out to achieve our mission together with the people of KMG International Group, who



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embark on a journey of individual transformation to reach authentic and conscious leadership, catalyzing together our energy toward growing our community.

We strongly believe that education and professional training for young people are the key to a stable future for the energy industry and our community. We continue to support and invest in the development and growth of our current and future employees every year through our program and project.

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

On 31.12.2023, Rompetrol Rafinare, Năvodari Business Unit (Petromidia Refinery) had 987 active employees, of which: 241 - staff with higher education.

On 31.12.2023, at the Vega refinery, Ploiesti, the company had 189 active employees, of which: 50 - staff with higher education.

TOTAL: On 31.12.2023, Rompetrol Rafinare S.A. had a total of 1,176 employees, of which: 291 - staff with higher education.

The unionisation of the workforce was 75% (882 employees are union members).

The following trade union organisations are active in the Company: Free Petrochemical Union (610 members), Vega Free Union (23 members), Midia Năvodari Industrial Platform Workers' Union (249 members).

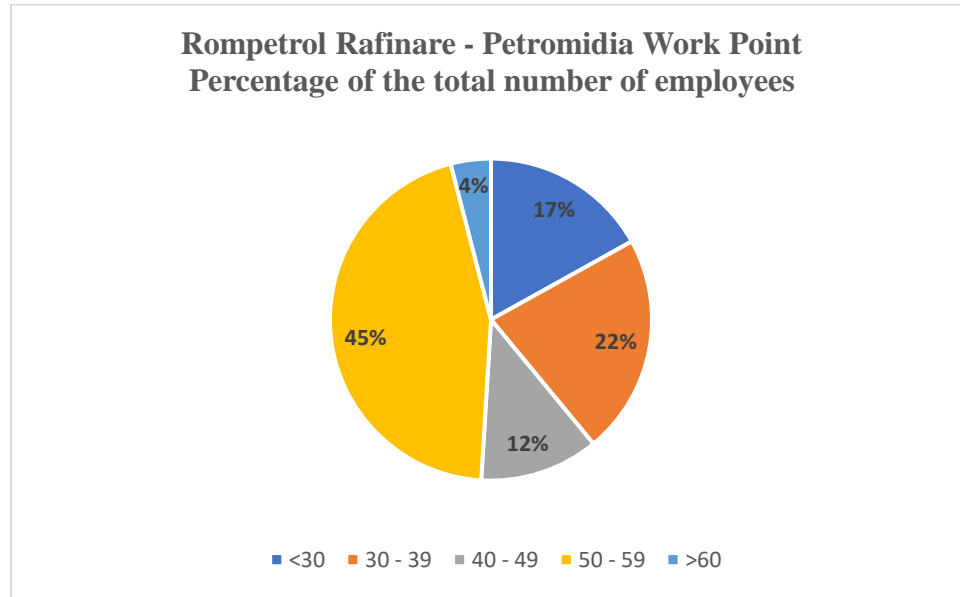
**Breakdown of employees by age group:**

**- Rompetrol Rafinare Petromidia Business Unit**

Age Range	Number of employees	Percentage of total staff
< 30	161	17%
30 – 39	219	22%
40 - 49	121	12%
50 - 59	446	45%
>60	40	4%



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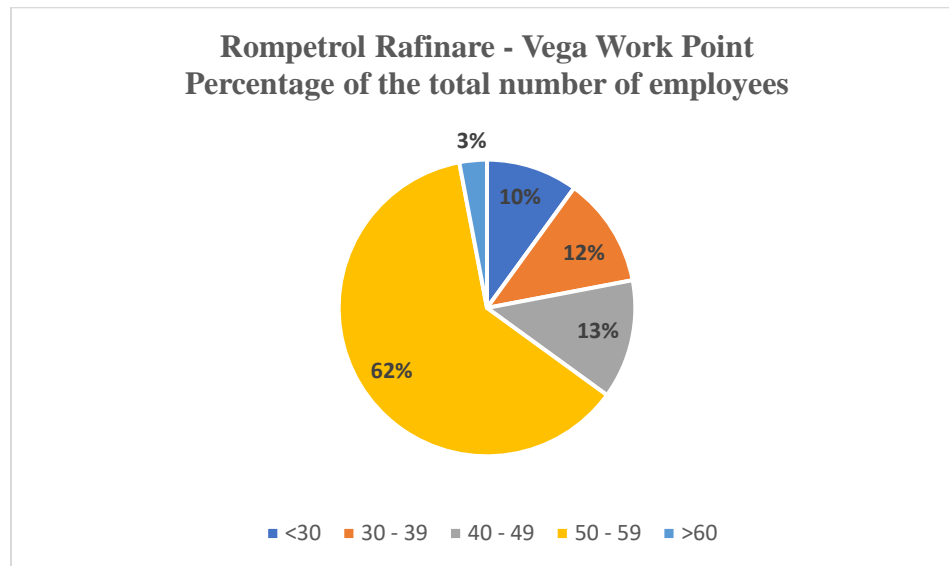


**- Rompetrol Rafinare Vega Business Unit**

Age range	Total Staff	Percentage of total staff
<30	19	10%
30 - 39	22	12%
40 - 49	25	13%
50 - 59	118	62%
>60	5	3%



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During the reporting period, certain training programmes were conducted within the Company in the areas of: functional skills; general knowledge; communication; QHSE certifications; safety; professional knowledge - support functions, etc.

A total of 710 (non-unique) employees participated in training programmes totalling 12,695 hours, i.e. an average of approx. 17.88 training hours/employee.

The total training cost was EUR 181,853 million

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

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

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

The 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.





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

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

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

The environmental strategy of Rompetrol Rafinare S.A. is based on compliance with legal and regulatory requirements, both through permanent monitoring and periodic reporting of the degree of compliance, as well as the continuation of investment programs, through the use of the best techniques available in the field (BAT BREF), having the following principles:

- Compliance with legislation and other applicable requirements, the permanent monitoring of the degree of legal compliance;
- The use of the environmental management system to integrate into the company's decisions performance criteria for the protection of air, water, soil and the conservation of natural resources;;
- Continuation of the investment program in order to comply with the regulatory requirements in the field of environmental protection and to reduce the impact of the activity on the environment;
- 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 2023 Rompetrol Rafinare SA - Petromidia working point operated based on the Integrated Environmental Authorization no. 1/10.05.2013 updated on 18.02.2019 and renewed by the competent authority with no. 5/ 20.07.2023, for an unlimited period, with an annual visa.



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Vega Refinery functioned based on the Environment Integrated Permit no 9/08.07.2015 issued by APM Prahova, reviewed on 09.11.2022 with an annual visa for the period 07.08.2023-07.08.2024.

**Environmental Agreement**

During 2023 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 layout of the field area on the premises of ROMPETROL RAFINARE S.A. - Vega Refinery Ploiești on which we have located acid tars and oil residues” continued, having the Environment Agreement no 1/18.02.2015, reviewed on 14.01.2021.

The works on the lagoons 17 & 18 have been completed.

Also for the other lagoons to be rehabilitated (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. An auction is currently underway for lagoons 19 and 20.

**The Water Permit**

In 2023 Rompetrol Rafinare S.A. - Petromidia working point operated based on the Water Management Authorization no. 135 / 19.10.2020 (valid until 31.10.2023); it was renewed by ANAR issuing the Water Management Authorization no. 174/27.11.2023, valid for 3 years.

Rompetrol Rafinare SA - Vega Refinery operated on the basis of the Water Management Authorization no. 42 / 26.02.2021 issued by SGA Prahova with a validity of 3 years (until 01.03.2023) and revised on 28.02.2023, valid until 01.03.2025.

**The Greenhouse Gas (CO<sub>2</sub>) Permit**

During 2023, Rompetrol Rafinare S.A. -Petromidia working point operated on the basis of the Authorization regarding the greenhouse gas emissions no. 89 / 01.03.2021 for the period 2021-2030.

Rompetrol Rafinare SA-Vega working point operated based on the Authorization regarding the greenhouse gas emissions no. 139 / 02.06.2021 for the period 2021-2030 and on the plan for monitoring greenhouse gas emissions approved by the competent authority.

In April 2023, the compliance procedure was completed by returning to the European Register of Greenhouse Gas Emissions (EUTL), the CO<sub>2</sub> emissions certificates for 2022.



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**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 the year 2023, the revision process of the Safety Data Sheets for our own products (PEM and VEGA) continued, in accordance with the requirements of Regulation no. 878 / 2020 amending Annex II to Regulation (EC) no. Regulation (EC) No 1907/2006 of the European Parliament and of the Council on the registration, evaluation, authorization and restriction of chemicals, as a result of internal / external requests (clients) and the new applicable regulatory requirements.

Regarding the portion of land contaminated with oil product located in Vadu (Boxes 1 and 2, designed according to the project data for the storage of dredged biological sludge from Pond 1), during 2019 Environment Protection Authority (EPA) Constanța was designated as a regulatory authority for the procedure for decontamination, for the two boxes, the applicable procedure being the one regulated by Law 74/2019 on the management of potentially contaminated and contaminated sites. According to the regulatory requirements, respectively of Law 74/2019, the “Preliminary Investigation Report” (2020), the “Detailed Investigation Report & Risk Assessment” (2021) were elaborated and submitted to the EPA.

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 SA regarding the continuation of the procedure by developing the feasibility study and the remediation 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.

Following the issuance by the Environmental Protection Agency of the Initial Evaluation Stage Decision no. 127/23.03.2023 for the project "Greening of the site boxes1&2Vadu ", by which it was decided to initiate the procedure for assessing the impact on the environment, respectively the submission of the completed presentation memorandum according to the content-framework provided in annex 5E of Law no. 292/2018 regarding the assessment of the impact of certain public and private projects on the environment during 2023, in order to prepare the requested documentation and argue the solution identified in the feasibility study, laboratory tests were carried out on undisturbed samples taken from the boxes, for testing the in-situ bioremediation technology.

The supporting documentation requested by the decision mentioned above, which also integrates the results of the laboratory tests, was submitted to the regulatory authority on 31.10.2023.

Currently, as a result of the Environmental Protection Agency address no. 12628/29.11.2023 by which the submission of the technical remedial project was requested, the contracting procedure of the authorized developer for the realization of this project is underway.



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During 2023, 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 2023 in order to achieve the QHSE objectives (details of the environmental , health, safety and emergency situations 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 II)
  - Rescue Stations, according to legal requirements
- A number of 63 documents of the integrated management system were elaborated / reviewed / verified and an extensive process of translation of the procedures into English is underway.
- There have been registered here were registered: 1 work accident with 2 fatalities (under investigation by the competent authorities), 3 accidents with temporary incapacity for work, a property damage as a result of the fire in the MHC facility (under investigation by the competent authorities).
- To improve process safety, HAZOP and LOPA studies were carried out for 7 installations from the two refineries
- 435 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 51 inspections and external audits by authorities and certification bodies
- Complaints for delivered products were handled according to internal procedures
- The implementation stage of actions from QHSE plans and programs was monitored and 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 specific QHSE information related to Rompetrol Rafinare was consolidated and sent to KMG International Grup, for the preparation of the Sustainability Report



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- The activity at the two work points – Petromidia and Vega refineries have been monitored for purposes of environment protection, pursuant to the Integrated Environment and Water Management Authorizations, as well as in what regards the compliance requirements under the Greenhouse Gas Authorization.
- To improve performance from the QHSE point of view, additional human resources were allocated, being engaged into the team 2 (two) employees with international work experience; also, employees of the department participated in external training courses (NEBOSH, risk assessor, internal auditor).
- In order to increase the safety awareness of our own staff and contractors who carry out their activity on industrial platforms, promotion, motivation and awareness actions were undertaken, completed with the awarding of prizes:
  - ✓ "International Day of Health and Safety at Work" - distribution of the new "Passports for Life"
  - ✓ "Safety starts with you" - campaign to distribute the new "Life-saving Rules" and the Safety Responsibility Card
  - ✓ Event and interview at Radio PEM on the occasion of "Oilman's Day" on safety topics proposed by employees
  - ✓ Safety motivation campaign for employees who have demonstrated knowledge of the "Life-saving Rules"

**1.1.7. RESEARCH AND DEVELOPMENT ACTIVITY**

*The expenses during the financial year 2023 as well as those anticipated for the next financial year for the research and development activity*

**Expenditure carried out in the year 2023**

Expenditure for studies and technical assistance 1,021,226 USD

**Expenditure planned for the year 2024**

Expenditure for studies and technical assistance 1,249,080 USD

**The main studies performed in 2023:**

- *Corrosion Benchmarking*
- *UOP Technical Assistance for Licensed Units*
- *Feasibility Study for Bitumen Plant in Petromidia*

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- *Member of CONCAWE Association (European Petroleum Refiners Association)*
- *Study to determine the auto-ignition temperature of petroleum products*
- *Elaboration of Energy audit report required to maintain the green certificates payment exception agreement in accordance to HG 495/2014*
- *HAZOP (Hazard and Operability) and LOPA (Layers of Protection Analysis) Studies*
- *2022 Solomon Benchmark Study*
- *P&IDs (Process & Instrumentation Diagram) in Nitrogen – Oxigen (N<sub>2</sub>-O<sub>2</sub>) and Compressed Air Units*
- *100-C5 Vacuum Distillation Column Revamp Study*
- *Revamp study regarding improved performance trays in Atmospheric and Vacuum Distillation Unit's columns*

From **the studies list proposed by Rompetrol Rafinare to be carried out in 2024** we can mention:

- *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 to HG 495/2014*
- *Study for increasing design capacity for the following units: Naphtha Hydrotreater, Catalytic Reforming, Saturated Gas Plant and Kerosene Hydrotreater*
- *Study to verify the integrity of underground perimeter wall*
- *HAZOP (Hazard and Operability) and LOPA (Layers of Protection Analysis) Studies*
- *Technical studies resulted from HAZOP and LOPA Studies*
- *APC (Advanced Process Control) program maintenance*
- *Study for increasing design capacity for HPN unit (Hygh Pressure Nitrogen unit)*
- *Filtering solution for NMP solution (N-methyl-pyrrolidone)*
- *Update P&IDs (Process & Instrumentation Diagram) for Hexane and Vacuum Distillation units – Vega refinery*

### **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



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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) can be hedged using future contracts traded on ICE Exchange and some OTC instruments.

From the point of view of liquidity, on the background of a volatile market of petroleum and refined products, the company has made efforts to maintain the coverage of current debts from current assets, the current liquidity indicator being in 2023 at a value of 0.57.

### ***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.

#### **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. Certain assets and liabilities are denominated in foreign currencies, which are translated at the prevailing exchange rate at each balance sheet date. The resulting differences are charged or credited to the income statement but do not affect cash flows. Treasury department is responsible for handling the Company's foreign currency transactions.



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**Liquidity and cash flow risks**

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

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily for trade receivables and from its financing activities including bank deposits, foreign exchange transactions and other financial instruments.

- *Trade receivables*

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

- *Financial instruments and bank deposits*

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

**Commodity price risk**

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

According to the hedge policy, on the raw materials and petroleum products side, the flat price risk for priced inventories above a certain threshold (called base operating stock in case of Rompetrol Refinery) can be 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.





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Trading activities are separated into physical effective transactions (purchase of raw materials and sales of petroleum to third parties or Intercompany) and paper trades (for economic hedging purposes). Each physical effective transaction can be 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 can sell or buy the equivalent number of future contracts based on the current position at that particular moment. This paper trade is done only to hedge the risk of the Physical Trade and not to gain from the trading of these instruments. The company manages price risk hedging operations on EUA certificates for which futures instruments are used.

### **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 our business, Rompetrol Rafinare is an active part in strengthening the culture of risk awareness by approaching preventive risk management in a disciplined, iterative, accessible and consistently manner, by going through the following steps:

1. Was implemented the risk policy and methodology developed by KMG International Group (“KMGI”), aligned with the best practices and professional standards from a global perspective;
2. It continued the implementation of the quarterly risks identification and evaluation process by:
  - Timely identification of all risk factors / risks /consequences that could affect the objectives established using the Unified Risks Classification (URC), 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/consequences, using the detailed methods in the methodology;
  - Risks mitigation measures and information on the realization of risks
3. It continued 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;



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- 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 (UERED);
- Ensuring the provision of complete and timely information on the status of risks and the performance of the control measures implemented through the Risk Reporting Package (Risk Report, Risk Register, Unified Electronic Risk Events database, Key Risk Indicators Status Report) sent quarterly to Rompetrol Rafinare management for approval and to the Enterprise Risk Management department of KMGI;

4. Management mechanisms were developed and implemented for specific risks, appropriate control procedures for processes (standards, regulations, procedures, instructions, corporate policies for managing certain types of risks) and aimed at reducing the level of risk.

The organization continued in 2023 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, with an external consultant, risk analyzes type HAZOP and LOPA, for 7 PEM & VEGA units, the resulting recommendations to be prioritized and implemented through CAPEX programs.

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.

The new campaign launched on the 2 platforms "SAFETY STARTS WITH YOU!" it aims both to strengthen a culture of safety at work and the quality of working conditions and the detailed analysis of these aspects.

Through the communication channel of the "1.Life/1.Viata" project for the growth and consolidation of the safety culture, the planning of BBS (BBS - Behavior Based Survey) safety audits was sent monthly, 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. Also, Safety Alerts, local QHSE Alerts were communicated to the staff, safety and health at work rules and measures were periodically reiterated on various topics of interest.

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.



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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), training for access to the platforms, respectively the annual retraining of the own staff (Iknow application in which new training and testing modules were introduced), retraining employees with the procedures for starting/stopping/changing pumps specific to each area/installation, monitoring the health status of employees, 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.

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

The revised emergency management documents for Rompetrol Rafinare-Platforma Petromidia (Security Report and Internal Emergency Plan) were submitted to the competent authority for obtaining the visa. The Internal Emergency Plan for Rompetrol Rafinare-Vega Platform was reviewed and advised by the competent authority.

SMURD first aid courses were organized for employees and 2 External Automatic Defibrillators were purchased and installed in Petromidia and 1 in Vega.

For the training of the staff operating on platforms, and on the basis of the scenarios from the Internal Emergency Plan, 104 simulation exercises of a major accident were carried out and also a drill of Emergency Cell of Petromidia Platform; on Vega Platform, a JOINT type tactical level exercise took place with the participation of external intervention forces in emergency situations, based on a scenario from the External Emergency Plan.

In order to improve aspects related to health and safety at work and emergency situations, a QHSE Execution Plan was documented and approved, to be implemented in 2024.



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

**INVESTMENT ACTIVITY IN 2023**

Total investments realized value for 2023 is 53.1 millions USD, following splitting per programs according below table:

USD amount	Achieved 2023
<b>Petromidia, from which:</b>	<b>51,810,431</b>
Development	500,136
Operational Support	3,807,920
Compliance	13,790,867
Capital maintenance	33,711,508
<b>Vega, from which:</b>	<b>1,217,637</b>
Compliance	294,145
Capital maintenance	923,492
<b>Refinery Total Investments</b>	<b>53,028,068</b>

The main projects which have implemented and/or with implementation ongoing on year 2023 in Rompetrol Refinery:

- **Petromidia Refinery, Petrochemicals and Vega Refinery 2024 General Turnaround (preparation works for Refinery General Turnaround 2024)**

The main works packages consist of:

- Catalyst Replacement / Regeneration and Catalyst Services - all work related to the replacement of end-of-life catalysts with new or regenerated catalysts - to obtain products with high economic value.
- Operational works - The other activities, which do not refer to maintenance repairs or modernization, but which are required in order to achieve good energy efficiency in the refinery (exchangers washing, column checking, other equipment)
- Maintenance – Usual repairs and inspection necessary for equipment static/dynamics and pipes that cannot be performed during units operation;
- Capital Maintenance – equipment that will be replaced only in shutdown period.



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- Capex or Improvement project – implementation of CAPEX projects that can be done only with units shutdown.
- Unexpected/found works – works that appear after the equipment opening.

Within this project, the benefits are as follows:

- Safety—zero incidents (human accidents or damage to equipment)
  - Maintain Refinery at its nominal monthly capacity.
  - Maintain the refinery mechanical availability at 97%;
  - Increase reliability / availability of equipment during operation.
- **“2023 PEM Refinery Shut – Units: 100 CDU, 120 NHT, Platforming and 180 DCU”, performed between 24th of January and 2nd of February.**  
The updated plan was done based on the decision to move the planned slowdown of the refinery from March 2023 to January 2023 in order to execute in one single shutdown all planned technological and mechanicals activities for:
    - decoking of the Coker heater,
    - Naphtha Hydrotreater catalyst replacement,
    - Platforming catalyst regeneration
    - to take the opportunity to perform intervention at Crude Unit which consist in 100C2 column internals replacement and inlet connection for heavy gasoil into 100 C4 column replacement , in order to increase the flexibility of running the refinery at maximum capacity and with different types of crudes.

First time in history was shut down the crude unit without shutting down the entire refinery, the strategy being to have partial shutdown vs. total shutdown as per approved budget.

- **"The technical incident followed by a fire in the premises of the Petromidia Refinery"** took place on 21.06.2023 in the MHC Unit (mild hydrocracking unit). Starting from 10.07.2023, the authorities granted full access permission to the area affected by the incident, and verification, identification, estimation and remediation activities began at a sustained pace; these were performed by the Company's contractor, Rominserv S.R.L., and by subcontractors.

Following the completion of expertise and checks in the MHC Unit, as a result of the incident, it was found that approximately 195 pipes, 22 static equipment, 7 dynamic equipment, 7 electric motors were directly and indirectly affected. To these equipment is added the damage to the metal structure that serves the equipment, as well as the civil structure. The catalyst in the 3 reactors was also affected, needing to be replaced until the unit is restarted. Also, the electrical cables rack and instrumentation was compromised, requiring the replacement of the cables entirely. Last but not least, it was found necessary to change the instrumentation and control elements, as well as the electrical devices in the area where the fire occurred (adjustment valves, signal transmission, lighting fixtures, etc.). To these



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actions are added all the support activities in order to properly and safely carry out the repair activities (scaffolding, insulation, anti-corrosion protection, NDT checks, etc.).

The estimated value of the repairs in the MHC area amounts to about 21.5 million USD, to which is added the profit for the repair services of the Rominserv affiliate, as will be determined based on the analysis of the transfer prices corresponding to the year in which the activity is carried out; also the catalyst was purchased by the Company, the value of the purchase being 6.2 million USD. The completion of the works and the restart of the MHC Unit was performed on February 26, 2024.

Part of the activities will also be performed during the year 2024 during the planned shutdown of the Refinery, requiring a longer procurement time. In this situation, there is the replacement of the tubular bundles from the 220 S1 (3 pieces), the installation of the turbine to the 220 P12R pump. For these activities, solutions were found to ensure the safe operation of the installation until the scheduled shutdown in 2024.

• **Replace Refinery static equipment Program - 2023 and 2024 Packages**

The „Refinery static equipment rehabilitation” program was started to create conditions for operating of the Refinery at maximum capacity of crude oil processed, by improvement of the technological process with higher energy efficiency.

- Static equipment’s replacement – 2023 Package (9 items) includes the following:
  - Replace tubular bundle for 100S5, 100 CDU unit; actual status: tubular bundles replaced and equipment is in operation.
  - Replace tubular bundle for 120S2A, 120 NHT unit; Actual status: tubular bundles replaced and equipment is in operation.
  - Replace tubular section for 220A2/1 air cooler, MHC unit; Actual status: tubular bundles replaced. Equipment in operation.
  - Replace tubular section for 220A2/2 air cooler, MHC unit; Actual status: tubular bundles replaced. Equipment in operation
  - Replace recycle cooler for 322E108G, LDPE unit; Actual status: new equipment purchased.
  - Replace tubular bundle for heat exchanger E951, PP unit; Actual status: new equipment purchased.
  - Replace caps for E243, Steam Cracker unit. Actual status: new equipment purchased.
  - The project was finalized at the end of 2023.

**Replace Refinery static equipment Program - 2024 Package**

- 313V S3: New subassemblies for heat exchanger (shell, distribution chamber)
- 220-E302: New air preheater
- 138-FV14: New ventilation vessel
- 130-S16: New heat exchanger
- 135-S12A: New tubular



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- 147-S5 147-S6: New tubular bundles for 147-S5 and 147-S6
- 138F-V16, 138F-NV17A, 138F-NV17B, 138F-NV18: New equipment
- Economizer Eco640: 10 new tubular bundles. Mounting activity not included into project scope, which will be managed separately on 2024 Refinery General Turnaround.
- 121-V7: New vessel

Besides economizer, the rest of all equipment were delivered and will be installed through this project in Turnaround 2024.

○ **Refinery Catalyst Change**

The activities with the objective of changing catalysts in the Petromidia Refinery in 2023 consist of replacing the following catalysts:

- 125 DHT unit delivery of regenerated catalyst, supply new guard and make-up;
- 122 DHT unit delivery of catalyst.

Preparation for 2024 Refinery General Turnaround:

- Catalyst replacement 352- Flare Gas Recovery Unit;
- Catalyst replacement 220-MHC Unit;
- Catalyst Replacement 125 DHT;
- Catalyst Replacement 120 NHT;
- Catalyst replacement 147-MTBE Unit;
- Catalyst replacement 130-Platforming Unit;
- Replacement of adsorbent from 120-V101 Guard vessel;
- Replacement of molecular sieve and ceramic balls D214 and D707 in PP unit;
- Replacement of molecular sieve and ceramic balls for dryers F211 in Steam Cracker;
- POSORB catalyst replacement for the R229 reactor in Steam Cracker;
- The procurement process was completed, and the purchase contracts was signed in 2023. The catalyst delivery procedure are ongoing with delivery terms as per contracts assumptions by the end of February 2024. Mild Hydrocracking unit catalyst was completely delivered in October 2023, and the Prosorb catalyst for the R229 reactor, Steam Cracker unit, to be delivered at the beginning of April 2024, before 2024 Refinery General Turnaround.

• **Expire authorization ISCIR for static equipment (ISCIR 2023-2024)**

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 a result of detailed verifications which will be performed during this evaluation program which will have as a result the technical evaluation of the equipment after specified years of service, as well as repair or elimination of the faults which will appear after the inspections;



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- Obtaining the functioning authorization for the pressurized equipment, pipes and lifting equipment as per Technical Prescriptions

In 2023 were executed partially from the total volume of works. These were works of technical documentation, scaffolding and nondistructive checks.

The projects will be finalized in december 2024.

- **Tanks rehabilitation program**

The scope for 2023 is to rehabilitate the following tanks:

- A gasoline tank with a capacity of 5,000 cubic meters with construction works planned to be performed in 2023 year (B6 tank); This project was finalized in October 2023.
- A vacuum distillate tank, with a capacity of 5,000 cubic meters with inspection and detail design activities planned for 2023 (DV21 tank); The measurement program was finalized in 2023. Until March 2024 it is planned to be finalized the Detail Design Engineering with increase in capacity +\_20% and re-estimate cost and budget for Phase II – execution. The estimated deadline for project finalization is December 2023.
- Four diesel tanks with a capacity of 10,000 cubic meters with design and execution related activities planned to be performed during 2023 as follows:
  - Two tanks with detailed design related activities (M95 tank and C99 tank); Phase I was finalized for both tanks (M95 and C99) and Phase II / execution stage was postponed for 2025.
  - Two tanks with construction related activities (M92 tank and C101 tank); M92 tank was finalized in 2023, while C101 tank is scheduled to be finalized in November 2024.

- **Replace coke drilling-cutting system in the DCU unit**

Project Scope of Work consist in design stage execution, materials purchasing and installing a new coke cut/drilling system for Delayed Coker Unit from Refinery. Project is correlated with 2024 Refinery General Turnaround.

- In 2023, following activities were performed:
  - New coke cut/drilling system was contracted with RuhrPumpen, Germany;
  - Components of new system are under manufacturing process as per contractual assumptions, stating a level of execution of 76%.
  - Engineering Phase for system replacement is finalized.
  - Technical Expertise and Repairing project of actual support structure are finalized.
  - Cut/drilling system replacement, commissioning and start-up –will be correlated with 2024 Refinery General Turnaround.
  - Project will be finalized in November 2024.





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- **Replace subassembly of reformer heater 352-H201**

The project scope of work consist in acquisition and replacement of 352-H201 reformer subassemblies (outlet subleaders – 3 pieces, catalyst tubes – 114 pieces, distributors – 3 pieces and inlet pigtails – 114 pieces, S2103 preheater, etc.), which is correlated with 2024 Refinery General Turnaround.

- In 2023, all subassemblies (except 352-S2103 preheater) were contracted with Technip, Benelux (Unit Licensor) and delivered in Refinery. 352-SS2103 manufacturing was finalized and will be delivered in into 2024.
- 352-H201 reformer heater subassemblies replacement will be correlated with 2024 Refinery General Turnaround.
- Project will be finalized in May 2024.

- **Acquisition and install of 2 new Reactors -125-DHT unit**

The project scope of work consist in replacement of the actual reactors 125R1, R2 from Diesel Hydrotreater Unit with new ones, designed and manufactured in accordance with current date standards.

- In 2023, following activities were performed:
  - New reactors were contracted and are under manufacturing process as per contractual assumptions.
  - Reactors internals were contracted and are under manufacturing process as per contractual assumptions.
  - Detail Design Engineering was finalized.
  - Project will be finalized in May 2024.

- **Flue gas pipe support system expertise and replacement of the flue gas pipe N-PG-138F-030**

Project is corelated with 2024 Refinery General Turnaround, with set scope of work to replace flue gas pipe, together with lenticular expansion compensator, expecting following benefits:

- Reducing maintenance costs;
- Safe operation of the installation.

Performed activities within 2023:

- Detailed Design Engineering stage was finalized;
- Contracting for the development of a flue gas pipe replacement project;
- Project will be finalized in April 2024,

- **New Traveling crane with clamshell bucket**

- Delayed Coker Unit is equipped with two portal cranes. These have the role of loading the coke resulting from the production process from the storage to railcars.



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Performed activities within 2023:

- Contracting the acquisition of crane;
- Crane manufacturing is ongoing (50% execution progress);
- Project will be finalized in May 2024.

- **Safety measures package for Petromidia Refinery hydrotreaters units**

Project objectives consist in development and implementation of a safety measures package for separation points between high-pressure and low-pressure sections for Refinery hydrotreaters units.

Performed activities within 2023:

- Detailed Design Engineering stage was finalized;
- all materials (instrumentation, mechanical, electrical) were contracted, under manufacturing process as per contractual assumptions.
- construction and mounting works, commissioning, and start-up activities will be correlated with 2024 Refinery General Turnaround.
- Project will be finalized in May 2024.

- **Safety package - phase II (sampling systems) - Up-grade sample points in Petromidia Refinery units**

Project consist in acquisition and installing of new sampling points in Refinery units, with following activities performed within 2023:

- Detailed Design Engineering stage is ongoing (engineering stage for tie-in's is finalized).
- Acquisition of bulk materials and mechanical works related to tie-in's execution is correlated with 2024 Refinery General Turnaround.
- Project will be finalized in July 2024.

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

In 2023, the implementation of both the initiatives developed in the previous stage and the new initiatives continued heaving four interdepartmental work teams: Energy, Continuous Improvement, Maintenance and Organizational Efficiency.

**The goal of the 2023 project was established at the end of 2022 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 \$ 5 million benefit.



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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.*

At the end of **2023**, there were achieved **USD 7.23 million** benefits through the implementation of the initiatives by the project teams, which exceeded the planned amount by USD 2.23 million.

The benefits recorded during January - December 2023 resulted from the following directions:

- Reduction of utilities/energy consumption in the current market conditions where their price increase
- Optimization of valuable products and increase of the production of refinery gas in order to reduce the purchase of natural gas.

## ***STRATEGY***

KMG International Group strategy was approved in March 2022, focusing on decarbonization and transition of the Group from being a traditional oil and gas downstream company into a diversified downstream player. This option has been chosen out of four strategic after the assessment of several criteria such as KMG strategic targets, decarbonization targets, its capabilities, the long-term business model sustainability or the value creation potential. This option sets forth pursuit of gradual diversification, including into new biofuels (bioethanol and biodiesel), renewable electricity production, expanding EV charging network. A portfolio of 6 projects has been shortlisted following the assessment of more than 40 decarbonization solutions which can be implemented in the medium and long-term. Decarbonization projects lead to improved profitability and capability to offer low-carbon products and services, thus improving KMG's brand image & long-term company resilience.

In 2023 KMG Group focused on implementation of the projects from the approved list of priority projects. Completed feasibility studies in line with the GD 907/2016 on the Framework content of Technical Documentation for three projects: installation of solar panels at the Petromidia refinery, construction of the advanced generation bioethanol plant (based on second generation cellulosic feedstock (cereal straw, such as wheat, barley), co-processing of advanced biodiesel.



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Transposition of RED II regulation in Romania and upcoming RED III regulation, imposes legislative requirements on Group for minimum content of new generation biofuels starting 2023. Production of new generation biofuels for own use is a low hanging fruit that would allow to reduce costs and secure supply. First project co-funded by the European Union, through Connecting Europe Facility was launched, for installation of 11 charging stations of 300kW and upgrading the grid connection for 11 locations to 600kW each on Rompetrol's highway stations. It is worth to mention, that development of vertical integration through extensive development of controllable channels in Romania and near abroad remains an important development direction, aiming to mitigate exposure to volatility of the market refining margin. The Group is working on the project for gradual substitution of gray hydrogen in the production processes of Petromidia refinery with green hydrogen, this could allow to reduce CO2 emissions by approximately 24% by 2030.

As regard to Cogeneration plant, the project, worth over 164 million USD, is financed by the Kazakh-Romanian Energy Investment Fund (KRIEF). The project is a brownfield investment and will integrate the assets of the Midia Thermal Power Plant, as well as its staff, for the operation of the new plant's equipment. Construction is expected to be completed in Q2 2024.

It is envisaged that major investment projects of the Group in Romania will be implemented on the basis of Kazakh-Romanian Investment Fund in the Energy sector established in November 2018 together with the Romanian State, represented by the Management Company of the Shares Owned within Energy Sector (S.A.P.E.), which holds 20% in the equity of the Fund, 80% belonging to KMGI.

## ***OUTLOOK FOR 2024***

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

- ✓ Petromidia 2024 Feedstock Target performance set at 4.956 million tons, corresponding to 15.9 ktons/day of operation, with -0.1 million tons below achieved level of 5.01 million tons in 2023 mainly due to mandatory 4 years shutdown activities (358 days of operation in 2023 vs 311 scheduled in 2024); relative low decrease in feedstock processes in comparison with the decrease in number of days due to shutdown of the Mild-Hydrocracker installation as a result of the incident occurred on 21st of June 2023.
- ✓ White products 2024 yield target of 85.85%.



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

The year 2023 was impacted mainly due to the volatility of the market environment of oil and natural gas, which led to lower 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 significant decrease during 2023, on the ground of the decrease in international quotations for petroleum products.

Considering that Rompetrol Rafinare is subject to the solidarity contribution regulated by Government Emergency Ordinance 186, issued December 28th, 2022, adopted by Law no. 119/2023, a measure grounded on the provisions of Council Regulation (EU) 2022/1854, Rompetrol Rafinare estimated a contribution for 2023 of RON 141 million and has paid in 2023 a contribution of RON 580 million after submitting rectifying Corporate Income Tax declaration for 2022.

The company has made sustained efforts to maintain the capacity to hedge current liabilities from current assets, the current liquidity indicator registering an increase in 2023 to the level of 0.57 compared to that of 2022 of 0.44.

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

Among the factors that can influence the Company's liquidity in the future, are:

- Oil and gas international market volatility with impact on refinery margins;
- The potential amendments to the Romanian and/or EU legislative framework in the field of carbon gases reduction, environment protection and energy;
- The fluctuations in interest rates and exchange rates;
- The volume of maintenance and development investments;
- The taxation rates, including introduction of new taxes.

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

The investment activity within 2023 year has focused, in accordance with the investment program, on the following:



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- Starting activities for projects package with implementation during General Turnaround 2024
- Acquisition of spare parts for strategic equipment;
- Continuing Fire Fighting program, to create assumptions for providing the necessary operating conditions for firefighting system;
- Replacing necessary catalysts;
- Detailed inspections and obtaining the functioning authorization for the pressurized equipment, pipes and lifting equipment as per Technical Prescription.
- The alignment with the requirements of the environmental standards in force, and 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 17,120,703,327** in 2023, this being mainly impacted by the volatility of the international oil and natural gas market environment transposed into lower quotations for oil products sold in 2022 compared to the previous year, on the ground of decreased volumes sold in 2023 compared with the ones from 2022. In the 2023 financial year the company recorded a net loss of **Lei (550,355,167)**, due to the significantly decreased refinery margins recorded during 2023, on the ground of the decrease in international quotations for petroleum products.

***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. The file is in the evidentiary administration stage, with the technical expertise report by the expert committee within INSEMEX being submitted, as well as



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the point of view of the expert appointed by the Company. 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 the status of injured party in the criminal case before the preliminary chamber, 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.
4. On May 13, 2023, an incident occurred in the Polypropylene ("PP") plant in the Petromidia refinery, as a result of which 2 company employees died. Criminal investigations are carried out by the Prosecutor's Office of the Constanța Court (Judecatorie). In the criminal case, the company has no quality, up to this moment a series of hearings have been held of the employees involved in the event or present at the workplace in the facility. At the same time, the work accident is investigated by the Territorial Labor Inspectorate according to the legislation on work incidents.
5. On June 21, 2023, a fire occurred in the Petromidia refinery, in the Mild Mydrocracking ("MHC") plant, with no recorded casualties. Criminal investigations are carried out by the Prosecutor's Office attached to the Constanța Court. The company, as the injured party, formulated and filed a criminal complaint with the object of destruction. Also, at the request of both the Company and the Prosecutor's Office attached to the Constanța Court, INCD INSEMEX Petroșani was ordered to carry out a technical-judicial expertise in order to establish the causes of the incident. At the same time, the incident, which falls under the category of major incidents in accordance with the legislation in force, is also being investigated by the Constanța Territorial Labor Inspectorate.



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

➤ **Infrastructure:**

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

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



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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 2023, the accumulated depreciation of the tangible non-current assets (expressed in RON) is as follows:

<b>Depreciation of tangible non-current assets</b>	<b>Balance on 01.01.2023</b>	<b>Balance on 31.12.2023</b>
Lands-(developments)	8,265,581	-
Constructions	164,926,607	-
Technical equipment and machinery	351,743,540	-
Other facilities, equipment and furniture	923,632	-
<b>Total</b>	<b>525,859,359</b>	<b>-</b>

*Note: On 31.12.2023, the accumulated depreciation in the amount of RON 933,147,024 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.**

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

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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.

On June 15, 2021, Rompetrol Rafinare SA has submitted to the Court of Appeal of Constanta a request for the obligation of ANAF - General Directorate of Administration of Large Taxpayers to issue the Decision to lift the precautionary seizure instituted on the property of ROMPETROL RAFINARE SA by Decision establishing the precautionary measures no. 1059301/10.09.2010 and the Decision to revoke the Enforcement Title no. 8993/17.11.2010b.

On December 21, 2021, the court accepted the request made by Rompetrol Rafinare S.A. The pronounced ruling is subject to appeal. The appeal filed by ANAF was admitted on May 25, 2023 by the High Court of Cassation and Justice, and the case was sent for retrial at the Court of Appeal, to be introduced into the case also the Ministry of Finance. The request made by Rompetrol Rafinare SA was rejudged by the first court, Constanta Court of Appeal admitting it and ordering to the NATIONAL AGENCY FOR FISCAL ADMINISTRATION - GENERAL DIRECTORATE FOR ADMINISTRATION OF LARGE TAXPAYERS to issue the Decision on lifting the insurer seizure. The solution can be appealed by ANAF.

**2.** On May 6, 2016 the Prosecutor's Office attached to the High Court of Cassation and Justice – the Directorate for Investigating Organized Crime and Terrorism issued the Ordinance establishing the precautionary seizure on all Rompetrol Rafinare shares in its affiliated companies share capital, as well as in the movable and immovable property of Rompetrol Rafinare, with the exception of stocks, bank accounts and receivables. In April 2019, DIICOT is issued an order for the release from seizure of all the buildings owned by Rompetrol Rafinare S. A., except those related to Petromidia Refinery. On December 5, 2019, DIICOT, through the ordinance issued for this purpose, raised the seizure in its entirety but, in order to protect the civil parties, the penal seizure of 4 of Rompetrol Rafinare S. A. facilities is temporarily maintained, evaluated up to USD 106 million. If the civil parties mentioned do not bring civil actions in court against the companies of the KMG International Group, the temporary seizure will also be lifted. If they introduce these actions, it is up to the civil courts to determine whether there are grounds for maintaining this seizure in force, until the civil actions are resolved. Against maintaining the criminal seizure of four installations of Rompetrol Rafinare SA, worth USD 106 million, the company has filed a civil action that, judging itself in the council chamber, it was admitted in part, in contradiction to AVAS, but was rejected in contradiction with Faber. A second action formulated by Rompetrol Rafinare SA in contradiction with Faber was admitted definitively and the DIICOT seizure was released also from the four facilities.

**3.** During 2016, Marway Fertilchim SA, currently being called Novifert SRL, filed two actions in court against Rompetrol Rafinare SA:

- A border action on the role of the Constanta Court, regarding the establishment of the boundary line separating the secondary headquarters of Rompetrol Rafinare SA in Navodari from the property belonging to the applicant in the 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

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result from measurements as belonging to Novifert. The action is pending on the date of the wording of these clarifications, the next settlement deadline being in March 2024;

- Arbitration request pending before the Court of International Commercial Arbitration within the Chamber of Commerce and Industry of Romania, requesting the obligation of Rompetrol Rafinare S.A. to reinstate and repair the pipeline system of Novifert property decommissioned by Rompetrol Rafinare SA. Also, it is requested the obligation of Rompetrol Rafinare to perform all the construction, repair and maintenance works undertaken by the Convention of the Parties authenticated under no. 1548/11.06.2001. By the same action, it is requested that Rompetrol Rafinare SA be obliged to return to Novifert SRL the real estate that was the subject of the 2001 commodatum contract. At the time of drawing up this report, the request for arbitration made by the applicant Novifert S.R.L. was admitted in part, Rompetrol Rafinare S.A. being obliged to return the goods which were the subject of the contract and the property of the applicant, existing on the land belonging to the secondary office of the defendant. At the same time, however, the claims of the applicant Novifert S.R.L. to oblige Rompetrol Rafinare S.A. to repair the pipes property of Novifert S.R.L. have been rejected. Also, the counterclaim formulated by Rompetrol Rafinare S. A. was admitted in part, being ascertained the termination of the right of servitude of Novifert S.R.L. on the Rompetrol Rafinare S.A. The judgment delivered by the arbitral tribunal was appealed by action for annulment by Novifert S.R.L., which was rejected. During 2018, the company Novifert S.R.L. introduced on the Court of Constanta, in contradiction with Rompetrol Rafinare S.A., a new action in court, however, having the same object as that stated by the applicant in the request for arbitration, settled by the Court of International Arbitration of CCINA Romania. The Constanta Tribunal sent the case for competent resolution, again, to the Court of International Commercial Arbitration within the Chamber of Commerce and Industry of Romania. On November 6, 2020, the Court of International Commercial Arbitration rejected as unfounded the action brought against Rompetrol Rafinare S. A. And this decision was appealed by action for annulment by Novifert SRL, the court seised, respectively, the Bucharest Court of Appeal admitted the action for annulment and sent the action formulated by Novifert to the Constanta Court to be solved. The file is being solved, at the date of the formulation of these specifications.

**4.** Also during 2020, Novifert SRL has introduced at Constanta Court an action in establishing a right of servitude for auto and pedestrian crossing over a plot of land in the area of 8,844 sqm, having CF number 101506, of the town of Navodari, so that the applicant company had access from its property to the public road. The action is pending, the file continuing to be tried in 2024.

**5.** The land related to the Fuel Distribution Station located in Constanta, Spring Street and Soveja Street, is in the private domain of the state, in connection with which the Company acquired a right of use under a joint venture agreement concluded in 2000 by the Territorial Administrative Unit of Constanta, through the mayor, and by the company Rompetrol Rafinare S.A., having the name in that period Petromidia S.A. In November 2018, the company was informed about the existence of a final court decision, which finds that the City Hall of Constanta has concluded, among others, the joint venture agreement with Rompetrol Rafinare S. A., breaching the provisions of Law 215/2001. At the date of issue of this report are being carried out the necessary formalities for the signing of a superficial contract by the same parties, for the land of 400 sqm on which the fuel distribution station is built.



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

#### ***3.1. MARKETS IN ROMANIA AND IN OTHER COUNTRIES WHERE SECURITIES ISSUED BY THE COMPANY ARE TRADED***

Starting April 7, 2004, the Company's shares are traded on the regulated market administered by the Bucharest Stock Exchange S.A. (BVB) under the issuing symbol RRC and ISIN code ROPTRMACNOR5.

Rompetrol Rafinare shares are traded in the Standard category of the Bucharest Stock Exchange. On 31.12.2023, the total number of shares issued by Rompetrol Rafinare is 26,559,205,726, representing a total value of the share capital of 2,655,920,572.60 Lei. The Company's shares are common, registered, issued in dematerialized form, the records of which are kept by DEPOZITARUL CENTRAL S.A. Bucharest, as an independent register, authorized by the Financial Supervisory Authority.

##### ***3.1.1. RRC ACTIVITY ON BVB***

The activity carried out by RRC in 2023, as an issuer of securities on the capital market in Romania, is presented as follows:

- ❖ In 2023, there were a total of 1,743 transactions with RRC shares, with an average daily number of approx. 7 transactions, compared to 2022 with a total of 1,563 transactions with RRC shares;
- ❖ The total volume of RRC shares traded in 2023 was 13,827,615 shares (approx. 22% more than in 2022 when a total volume of 11,329,859 shares was recorded);
- ❖ The total value of transactions in 2023 with RRC shares was 1,137,610 Lei (approx. 31% more than in 2022 when a total value of transactions of 870,670 Lei was recorded);
- ❖ The price of a share during 2023 was between a maximum value of 0.089<sup>3</sup> Lei and a minimum of 0.076 Lei<sup>4</sup>, increasing compared to the values recorded in 2022 when the maximum value was 0.085 Lei and the minimum value was 0.063 Lei.
- ❖ The RRC transactions in 2023 were concluded only on the REGS market;

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<sup>3</sup> Registered on March 3, 2023

<sup>4</sup> Registered on February 3, 2023



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- ❖ Stock market capitalization<sup>5</sup> on the last trading day of 2021, 2022 and 2023 is presented in the table below. The stock market capitalization on the last trading day of 2023 stood at 2,230.97 million lei, up from 2,124.74 lei at the end of 2022.

Rompetrol Rafinare shares	2021	2022	2023
Number of shares	26,559,205,726 <sup>6</sup>	26,559,205,726 <sup>7</sup>	26,559,205,726 <sup>8</sup>
Stock market capitalization, mil. Lei <sup>9</sup>	2,177.85	2,124.74	2,230.97
Stock market capitalization, mil. Euro <sup>10</sup>	440.06	429.60	448.47
Price at the end of the year, Lei	0.082	0.080	0.084

The weighted average price (WAP)<sup>11</sup> of RRC shares during 2023 = 0.0823 Lei/share, taking into account the transactions made at 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 influence the value of the Company's share capital.

**On December 31, 2023, the share capital of Rompetrol Rafinare S.A. had a value of 2,655,920,572.60 lei, representing 26,559,205,726 shares, with a nominal value of 0.10 lei each.**

<sup>5</sup> Capitalization represents the total market value of the Company (number of shares \* market price of the share)

<sup>6</sup> On December 8, 2021, the Central Depository registered the reduction of the share capital from 44,109,205,726 shares to 26,559,205,726 shares. We mention that the reduction of the share capital was carried out in the share of all shareholders registered with the Rompetrol Rafinare Register on December 7, 2021, in proportion to the participation share in the share capital on this date.

<sup>7</sup> On December 30, 2022 (the last trading day of 2023) the total number of shares issued by RRC was identical to that recorded on December 30, 2021 (the last trading day of 2021).

<sup>8</sup> On December 29, 2023 (the last trading day of 2023) the total number of shares issued by RRC was identical to that recorded on December 30, 2022 (the last trading day of 2022).

<sup>9</sup> Calculated based on the share price on the last trading day of the analyzed year, namely December 29, 2023, December 30, 2022, and December 30, 2021, respectively.

<sup>10</sup> Calculated at the EURO exchange rate (4.9746 lei) applicable in the last trading session of the analyzed year, namely December 29, 2023.

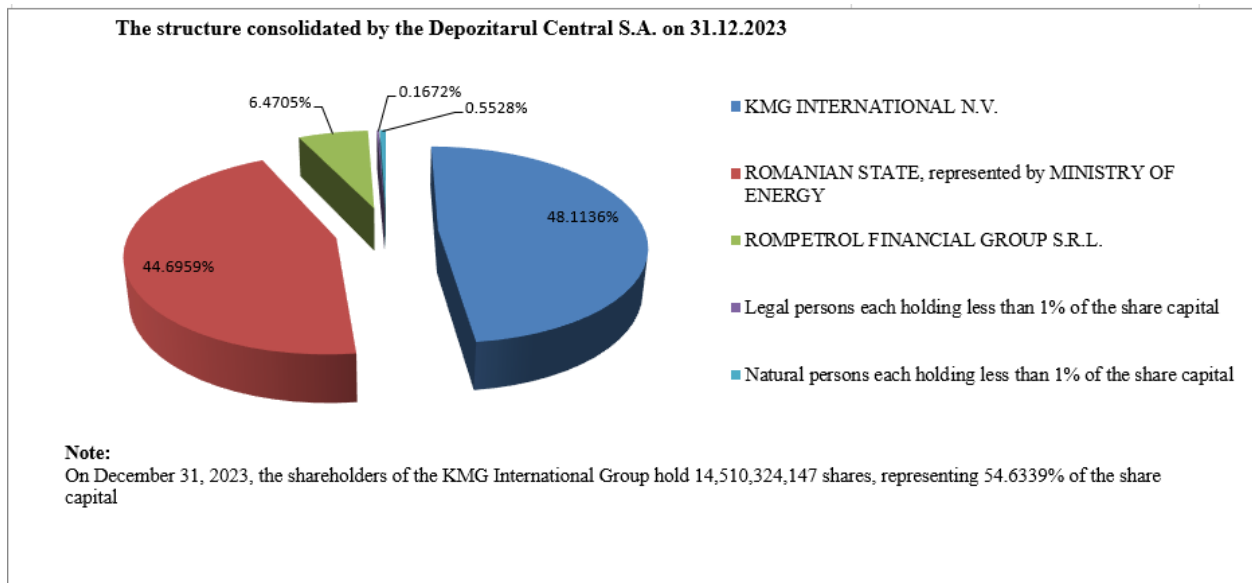
<sup>11</sup> Calculated as a ratio between Total Value traded and Total volume traded.



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According to the **Shareholders' Register with the consolidation date of December 31, 2023**, made available by the Central Depository, the structure of the Company's significant shareholders is presented in the table and graph below:

<b>Name of holder of financial instruments on 31.12.2023</b>	<b>Number of holdings (shares) on 31.12.2023</b>
KMG INTERNATIONAL N.V.	12,778,577,732
ROMANIAN STATE, represented through THE MINISTRY OF ENERGY	11,870,877,580
ROMPETROL FINANCIAL GROUP S.R.L.	1,718,511,553
Legal Entities that individually own less than 1% of the share capital	44,407,832
Individuals who individually own less than 1% of the share capital	146,831,029
<b>TOTAL</b>	<b>26,559,205,726</b>



Source: Depozitarul Central, Rompetrol Rafinare S.A.



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At the end of 2023, the Depozitarul Central recorded a total number of 18,885 holders of financial instruments (shares) issued by Rompetrol Rafinare, of which 18,821 were residents and 64 were non-residents.

Of the total number of holders, 18,827 were natural persons and the rest legal persons (58).

As for the resident holders, 18,768 were natural persons and 53 legal persons, and the non-resident holders were 59 natural persons and 5 legal persons.

Most non-resident owners, from the approx. 25 countries present on the Romanian capital market, come from Greece (8), Germany (7), Italy, Hungary, Czech Republic, Canada (4 each), Holland, Austria, Australia, Switzerland, Gibraltar (3 each) the rest of approx. 18 holders coming from other states.

### ***3.1.2. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS***

The Investor Communication and Relations activity is carried out in accordance with the legal provisions in force contained in Law no. 31/1990 republished, with up-to-date amendments and additions, Law no. 24/2017 regarding issuers of financial instruments and market operations, republished, Regulation no. 5/2018 regarding issuers of financial instruments and market operations, the Code of the Bucharest Stock Exchange and the Code of the Depozitarul Central as well as other regulations of the Financial Supervisory Authority.

At internal level, the aim is to communicate information of financial, legislative, corporate governance and social responsibility nature to investors and shareholders (mandatory requirement of a company listed on the stock exchange or following a request from shareholders, investors or other third parties interested in the evolution of the Company). The major goal is the establishment of trust-based relationships between the company and investors, shareholders, which reflect the company's fundamental values, timely and transparent provision to shareholders/investors of financial information, about investments, various projects, so that the decision to invest is based on correct and relevant data.

Communication actions with shareholders and investors in 2023:

- ❖ The prompt submission of information at the requests of shareholders/potential investors;
- ❖ Organization of General Meetings of Shareholders and other actions related to guaranteeing the rights of shareholders;
- ❖ Collecting information, drawing up current reports, submitting them to the competent authorities (Bucharest Stock Exchange (BSE) and the Financial Supervisory Authority (FSA)) and





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publishing them on the Company's website in compliance with the deadlines imposed by the legislation in force;

❖ Constant updating of information on the RRC website to improve access to relevant information for shareholders and investors.

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

### **3.2. DIVIDENDS**

**On December 31, 2021, ROMPETROL RAFINARE recorded a net loss of (450,988,114) lei, due to which the Company could not grant dividends to shareholders for the financial year 2021.**

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

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

**On December 31, 2023, ROMPETROL RAFINARE recorded a net loss of (550,355,167) lei, due to which the Company could not grant dividends to shareholders for the financial year 2023.**

If Rompetrol Rafinare will register a profit in the following financial years, it can register and pay distributed dividends 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 the profit.

Information regarding Dividends and the annual distribution of dividends (if applicable) or other benefits to shareholders, will be proposed by the Company's Executive Management (General Manager and Economic Director) and adopted by the Board of Directors.



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The profit distribution proposal (when applicable) will be subject to approval during the Annual Ordinary General Meeting of Shareholders. The Company will publish the principles of the annual dividend distribution policy (when the Company registers this indicator) on the RRC website, in the Investor Relations section/ Shares and shareholders subsection / Information about shares/Dividends.

The information regarding the payment of dividends (if it will be possible to calculate and grant them after the approval of the annual financial statements and the proposal for the distribution of the net profit), the way in which the payment will be made, as well as the dates on which the dividend payment will be prescribed (when applicable) will be published on the RRC website.

### **3.3. OWN ACTIONS**

At the end of 2023, ROMPETROL RAFINARE held a total number of 3,698,582 own shares, with a nominal value of 0.10 lei each, for a total value of 369,858.2 lei, representing 0.01393% of the issued share capital.

From the total of 3,698,582 shares registered in the Company's account on 31.12.2023, a number of 4,733 shares resulted from the registration of the reduction of the share capital on December 8, 2021, in proportion to the shareholders' participation quota on the registration date of December 7, 2021, and of the rounding down method used for the above-mentioned operation, approved by EGMS Resolution no. 7/2021 as of August 6, 2021.

During the financial year, ended on December 31, 2023, the Company did not trade (bought or sold) its own shares.

In 2023, Rompetrol Rafinare S.A. it did not redeem or cancel its own shares.

### **3.4. THE NUMBER AND NOMINAL VALUE OF THE SHARES ISSUED BY THE PARENT COMPANY, HELD BY THE SUBSIDIARIES**

In 2023, the company's subsidiaries did not hold shares issued by Rompetrol Rafinare S.A.



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### **3.5. OTHER INFORMATION**

#### ***Changes in the management of the Company - the Board of Directors***

**During 2023**, the following changes took place at the level of the Board of Directors:

- *April 27, 2023*: By Resolution no. 2/2023 adopted by the Ordinary General Meeting of Shareholders the election of Messrs. Batyrzhan Tergeussizov and Adrian Tohănean as new members of the Board of Directors for a term starting on May 1, 2023, and expiring on April 30, 2026 (date the expiration of the mandate of the current members of the Board of Directors) was approved. By the same Resolution of the Ordinary General Meeting of the Shareholders of RRC, the revocation of Messrs. Yedil Utekov and Askar Abilov as members of the Board of Directors of Rompetrol Rafinare S.A. was approved as a result of their renunciation of their mandates as directors starting May 1, 2023 (the last day of their mandate being April 30, 2023).

The above-mentioned approvals adopted by the shareholders in the meeting of April 27, 2023, were communicated to the capital market institutions as well as to the shareholders and investors through Current Report no. 2180/28.04.2023.

Through Current Report no. 2180 published on 28.04.2023, the Company informed the shareholders and investors about the Resolutions adopted in the OGMS and EGMS during the meetings as of April 27, 2023, including Resolution No. 2/2023 regarding the changes in the composition of the Board of Directors starting May 1, 2023, mentioned above.

- *May 3, 2023*: through Current Report no. 2294 published on May 4, 2023, the Company informed shareholders and investors about Decision No. 1 of the Board of Directors as of May 3, 2023, to elect Mr. Batyrzhan Tergeussizov as Chairman of the Board starting May 1, 2023, until April 30, 2026 (during his mandate as Company director).
- *July 24, 2023*: Considering the following:
  - *the increase in the numerical composition of the Board of Directors (BoD) from 5 members to 7 members as well as the corresponding amendment, completion and updating of art. 14.1 of the Articles of Incorporation of the Company regarding the BoD compositions with a number of 7 administrators was approved according with Resolution No. 6/2022 adopted by EGMS as of April 28, 2022*
  - *termination of the mandates of directors of Rompetrol Rafinare S.A. - Messrs. Yedil Utekov and Askar Abilov as a result of their request to relinquish these capacities as of May 1, 2023 (last day of mandate being April 30, 2023)*



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- on April 27, 2023, the date of the Ordinary General Meeting of Rompetrol Rafinare Shareholders, the Company's Board of Directors was composed of 7 members, namely: 5 members (of which, starting on May 1, 2023, two more positions were to be vacant as a result of the resignation requests mentioned above) and 2 vacant positions (according to EGMS Resolution no. 6/2022);
- on the agenda of the Ordinary General Meeting Shareholders of Rompetrol Rafinare S.A. as of April 27, 2023, point 8, *the election of 4 new members of the Board of Directors of Rompetrol Rafinare S.A. was subject to approval for a mandate starting on May 1, 2023, and expiring on April 30, 2026 (date of expiration of the mandate of the current members of the Board of Directors)*
- during the OGMS as of April 27, 2023, 2 (two) members of the Board of Directors were elected, according to Resolution no. 2/2023 of the OGMS as of April 27, 2023. Thus, starting May 1, 2023, the Board of Directors consists of 5 members in the person of Messrs. Batyrzhan Tergeussizov, Felix Crudu-Tesloveanu, Adrian Tohănean, Nicolae Bogdan Codruț Stănescu and Bogdan-Cătălin Steriopol, and 2 (two) vacant director positions,
- According to art. 137<sup>2</sup> of Law no. 31/1990, in case of vacancy of one or more director positions, if the Articles of Incorporation does not provide otherwise, the Board of Directors proceeds to appoint temporary directors, until the OGMS.

Thus, according to the provisions of the Articles of Incorporation of the Company and of art. 137<sup>2</sup> of Law no. 31/1990, the Board of Directors, during the July 24, 2024, meeting adopted the Decision to appoint, starting August 1, 2023, 2 (two) provisional members of the Board of Directors for a mandate starting August 1, 2023, until the next Ordinary General Meeting of Shareholders. Thus, the Board of Directors appointed Mrs. Tamila Mikulich and Mr. Constantin Saragea as provisional directors.

Through Current Report no. 3789/July 24, 2023, the Company informed the shareholders and investors about the Decision of the Board of Directors as of July 24, 2023, regarding the two appointments of provisional directors starting August 1, 2023, until the meeting of the next OGMS.



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- *September 25, 2023*: Through Current Report no. 4906/September 25, 2023, the Company informed the shareholders and investors about the Decisions of the Board of Directors as of September 25, 2023 regarding changes in the Board of Directors and the executive management of the Company, namely regarding the changes in the Board of Directors regarding the appointment of Mrs. Zhamilya Meshitbay as a provisional member of the Board of Directors, as a result of the resignation of Mr. Felix Crudu-Tesloveanu from the mandate as a member of the Board of Directors starting September 29, 2023 (the last day of the mandate). Mrs. Zhamilya Meshitbay was appointed as provisional member of the Board of Directors, starting September 30, 2023, until the next Ordinary General Meeting of Shareholders.

During the same meeting on September 25, 2023, the Board of Directors approved the appointment of Mr. Florian-Daniel Pop as General Manager of Rompetrol Rafinare S.A., in place of Mr. Felix Crudu-Tesloveanu. The mandate of Mr. Florian Daniel Pop began on September 30, 2023, and will end on September 30, 2024.

As a result, during 2023, the composition of the Board of Directors underwent the following changes:

Starting January 1, 2023 and until April 30, 2023, the Board of Directors was composed by the following 5 administrators:

- **Mr. Yedil Utekov**, citizen of Kazakhstan, non-executive member and Chairman of the Board of Directors;
- **Mr. Askar Abilov**, citizen of Kazakhstan, non-executive member of the Board of Directors;
- **Mr. Felix Crudu-Tesloveanu**, Romanian citizen, executive member of the Board of Directors, also exercising the position of General Manager of the Company (starting January 1, 2020, re-elected starting May 1, 2022);
- **Mr. Nicolae Bogdan Codruț Stănescu**, Romanian citizen, non-executive member of the Board of Directors;
- **Mr. Bogdan-Cătălin Steriopol**, Romanian citizen, non-executive member of the Board of Directors.

During the period mentioned above, two director positions were vacant.

During May 1 - July 31, 2023, the Board of Directors was composed by the following 5 administrators:

- **Mr. Batyrzhan Tergeussizov**, citizen of Kazakhstan, non-executive member and Chairman of the Board of Directors;
- **Mr. Adrian Tohanean**, Romanian citizen, non-executive member of the Board of Directors;



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- **Mr. Felix Crudu-Tesloveanu**, Romanian citizen, executive member of the Board of Directors;
- **Mr. Nicolae Bogdan Codruț Stănescu**, Romanian citizen, non-executive member of the Board of Directors;
- **Mr. Bogdan-Cătălin Steriopol**, Romanian citizen, non-executive member of the Board of Directors.

During the period mentioned above, two director positions were vacant.

*Starting August 1, 2023*, the composition of the Board of Directors was completed from 5 to 7 members, by appointing two provisional directors.

As a result, between August 1 and September 29, 2023, the Board of Directors had the following 7 members:

- **Mr. Batyrzhan Tergeussizov**, citizen of Kazakhstan, non-executive member and Chairman of the Board of Directors;
- **Mr. Adrian Tohănean**, Romanian citizen, non-executive member of the Board of Directors;
- **Mr. Felix Crudu-Tesloveanu**, Romanian citizen, executive member of the Board of Directors;
- **Mr. Nicolae Bogdan Codruț Stănescu**, Romanian citizen, non-executive member of the Board of Directors;
- **Mr. Bogdan-Cătălin Steriopol**, Romanian citizen, non-executive member of the Board of Directors;
- **Mrs. Tamila Mikulich**, citizen of Ukraine, provisional non-executive member of the Board of Directors;
- **Mr. Constantin Saragea**, Romanian citizen, provisional non-executive member of the Board of Directors.

Starting September 30, 2023, the composition of the Board of Directors consisted of the following 7 non-executive members:

- **Mr. Batyrzhan Tergeussizov**, citizen of Kazakhstan, non-executive member and Chairman of the Board of Directors;
- **Mr. Adrian Tohănean**, Romanian citizen, non-executive member of the Board of Directors;
- **Mr. Nicolae Bogdan Codruț Stănescu**, Romanian citizen, non-executive member of the Board of Directors;
- **Mr. Bogdan-Cătălin Steriopol**, Romanian citizen, non-executive member of the Board of Directors;
- **Mrs. Tamila Mikulich**, citizen of Ukraine, provisional non-executive member of the Board of Directors;



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- **Mr. Constantin Saragea**, Romanian citizen, provisional non-executive member of the Board of Directors;
- **Zhamilya Meshitbay**, citizen of Kazakhstan, provisional member of the Board of Administration.

### ***Changes in the management of the Company - Executive Directors***

**During 2023**, the following changes took place at the Executive Management level:

#### **General Director**

*September 25, 2023*: Through Current Report 4906 published on September 25, 2023, RRC informed shareholders and investors about the appointment of Mr. Florian-Daniel Pop as General Manager, with a term of office of 1 year, namely starting September 30, 2023, until September 30, 2024 (inclusive). The RRC Board of Directors approved in the same meeting of September 25, 2023, the termination of the mandate of Mr. Felix Crudu-Teslovanu as General Manager of Rompetrol Rafinare starting September 29, 2023 (the last day of the mandate) by concluding the Additional Act of Termination as of September 6, 2023, to the Mandate Contract for the position of General Manager.

As a result, during 2023, the position of General Director was exercised by the following persons:

**Mr. Felix Crudu-Teslovanu** – General Director – January 1 – September 29, 2023

**Mr. Florian Daniel Pop** - General Director - September 30, 2023 - present

#### **Economic Director**

*November 27, 2023*: Through Current Report 6136/28.11.2023, RRC informed the shareholders and investors about the appointment of Mr. Alexandru Stavarache as interim Financial Manager, with a term of office of 3 months starting December 1, 2023, until February 29, 2024, inclusive. Until this date, the position of Financial Manager was held by Mrs. Ramona-Georgiana Galateanu.

As a result, during 2023, the position of Financial Manager was exercised by the following persons:

**Mrs. Ramona-Georgiana Gălățeanu**<sup>12</sup> – Financial Manager - January 1 – November 30, 2023

**Mr. Alexandru Stavarache** – interim Financial Manager<sup>13</sup> - December 1, 2023 – present

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<sup>12</sup> Held the position of Financial Manager RRC from January 1, 2021, to November 30, 2023

<sup>13</sup> Until the date of this Report, in the meeting of February 27, 2024, the Board of Directors appointed Mr. Alexandru Stavarache as Financial Manager for a term starting March 1, 2024, until April 30, 2026



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#### 4. INDIVIDUAL FINANCIAL STATEMENT AS AT 31.12.2023

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***  
***31.12.2021 to 31.12.2023***

	2023		2022		2021	
	Lei	%	Lei	%	Lei	%
Intangible assets	111,338,667	1%	13,497,269	0%	22,835,858	0%
Goodwill	152,720	0%	152,720	0%	152,720	0%
Tangible assets	2,775,931,136	27%	4,163,154,164	40%	4,419,108,095	43%
Rights of use assets	50,440,933	0%	53,769,901	1%	55,624,904	1%
Investments in subsidiaries	3,531,898,492	35%	3,170,968,557	31%	2,632,755,594	26%
Deferred tax asset	21,533,586	0%	-	0%	-	0%
Long-term receivables	41,254,000	0%	-	0%	-	0%
<b>Total non-current assets</b>	<b>6,532,549,534</b>	<b>63%</b>	<b>7,401,542,611</b>	<b>72%</b>	<b>7,130,477,171</b>	<b>70%</b>
Inventories, net	1,411,718,964	14%	1,226,387,029	12%	1,020,528,534	10%
Debts and expenses	1,719,861,179	17%	1,676,716,096	16%	1,885,341,204	18%
Derivatives	-	0%	11,856,741	0%	104,688,216	1%
Cash at bank and in hand	613,521,713	6%	23,243,490	0%	87,598,088	1%
<b>Total current assets</b>	<b>3,745,101,856</b>	<b>37%</b>	<b>2,938,203,356</b>	<b>28%</b>	<b>3,098,156,042</b>	<b>30%</b>
<b>TOTAL ASSETS</b>	<b>10,277,651,390</b>	<b>100%</b>	<b>10,339,745,967</b>	<b>100%</b>	<b>10,228,633,213</b>	<b>100%</b>





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	2023		2022		2021	
	Lei	%	Lei	%	Lei	%
Subscribed Share Capital	2,655,920,573	26%	2,655,920,573	26%	2,655,920,573	26%
Premium related to capital	232,637,107	2%	232,637,107	2%	232,637,107	2%
Revaluation reserve, net of deferred tax impact	648,509,953	6%	1,205,293,893	12%	1,362,457,265	13%
Other reserves	3,474,407,165	34%	3,467,988,066	34%	3,513,820,106	34%
Reported loss	(4,498,505,945)	-44%	(5,308,123,759)	-51%	(4,982,039,271)	-49%
Result of the current financial year	(550,355,167)	-5%	666,277,159	6%	(450,988,114)	-5%
<b>Total Equity</b>	<b>1,962,613,686</b>	<b>19%</b>	<b>2,919,993,039</b>	<b>28%</b>	<b>2,331,807,666</b>	<b>23%</b>
Long-term loans from banks	1,195,433,220	12%	-	0%	418,023,119	4%
Provisions	499,613,187	5%	518,326,405	5%	356,577,370	3%
Long-term lease debts	52,429,915	0%	54,700,998	1%	56,244,055	1%
Deferred tax liability	-	0%	214,628,629	2%	286,378,445	3%
<b>Total non-current liabilities</b>	<b>1,747,476,322</b>	<b>17%</b>	<b>787,656,032</b>	<b>8%</b>	<b>1,117,222,989</b>	<b>11%</b>
Trade and other payables	5,956,570,269	58%	5,648,166,879	55%	6,443,715,363	63%
Contract liabilities	274,823,341	3%	98,232,193	1%	132,163,640	1%
Short-term lease debts	2,693,673	0%	2,859,828	0%	2,517,639	0%
Derivatives	-	0%	21,584,319	0%	15,908,942	0%
Short term bank loans	192,674,641	2%	283,618,888	3%	185,296,974	2%
Profit tax payable	140,799,458	1%	577,634,789	6%	-	0%
<b>Total current liabilities</b>	<b>6,567,561,382</b>	<b>64%</b>	<b>6,632,096,896</b>	<b>64%</b>	<b>6,779,602,558</b>	<b>66%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>10,277,651,390</b>	<b>100%</b>	<b>10,339,745,967</b>	<b>100%</b>	<b>10,228,633,213</b>	<b>100%</b>

i) Within the assets, an important share (27%) it represents the **tangible non-current assets** – lands, buildings, technical equipment, construction in progress. At the end of 2023, these reached the value of Lei 2,775,931,136, lower by 33% than that recorded in 2022, respectively 37% than that recorded in 2021 especially influenced by the following factors:

- continuation of the new investments;
- depreciation and impairment of fixed assets;



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- the results of the valuations process of tangible non-current assets as of 31.12.2023 according to the accounting policy adopted by the Company 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 **Investments in subsidiaries** (35%), the entire value (Lei 3,531,898,492) is represented by shares held in the affiliated entities. Their value was revalued at 31.12.2023 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** (17%) are higher than those booked at 31.12.2022 by 3%.
  
- iv) **Share capital** (26%) registers a value similar to that at the end of 2022. 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 1,962,613,686, reaching a level with 33% lower than the value on 31.12.2022 and 16% than the equity at the end of 2021. The reduction in the level of equity is mainly due to the negative result recorded in 2023 (loss of RON 550 million) and due to the decrease of revaluation reserves in amount of RON 520 million related to the revaluation performed for property, plant and equipment at 31 December 2023.
  
- vi) **Trade and other payables** at the end of 2023 register an increase of 5% compared to their value recorded on 31.12.2022 and a decrease of 8% compared to the end of 2021.
  
- vii) With regard to **short-term loans (from banks)** their level reached at the end of 2023 a total value of Lei 192,674,641, down by 32% compared to the end of 2022. Compared to the end of 2021, they increased by 4%.
  
- viii) With regard to **long-term loans (from banks)** the level at the end of 2023 is in total value of Lei 1,195,433,200, due to the utilization of the new loan agreement of up to USD 600 million revolving facility (with maturity April 2026) that replaced the former syndicated facility (with maturity April 2023).



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**b) THE PROFIT AND LOSS ACCOUNT**

<b>Continuous activities</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Net Turnover</b>	<b>17,120,703,327</b>	<b>23,026,777,606</b>	<b>12,149,617,467</b>
Gross incomes from the sales of petroleum finished goods	21,232,017,845	27,262,684,386	16,204,338,594
Income from sales of goods	2,047,197	43,815,508	270,788,798
Income from sales of utilities	27,445,317	17,256,728	12,106,975
Income from sales of other products	392,531	492,997	894,462
Income from rents and other services	17,482,320	17,272,901	15,780,075
Gross turnover	21,279,385,210	27,341,522,521	16,503,908,903
Minus sales associated taxes	(4,158,681,883)	(4,314,744,915)	(4,354,291,436)
<b>Total</b>	<b>17,120,703,327</b>	<b>23,026,777,606</b>	<b>12,149,617,467</b>
<b>Cost of sold production</b>	<b>(16,688,163,711)</b>	<b>(21,069,220,156)</b>	<b>(11,962,920,462)</b>
of which:			
Crude oil and other raw materials	14,940,352,794	18,050,794,740	10,605,169,921
Utilities	919,008,059	1,003,551,251	629,366,701
<b>Gross Profit</b>	<b>432,539,616</b>	<b>1,957,557,450</b>	<b>186,697,005</b>
Distribution and general administrative expenses	(423,197,026)	(446,821,707)	(403,333,400)
Other operational incomes/(expenses)	(668,830,546)	(184,607,583)	(112,393,525)
<b>Operational Profit / (Loss)</b>	<b>(659,487,956)</b>	<b>1,326,128,160</b>	<b>(329,029,920)</b>
Financial expenses	(460,970,175)	(383,275,538)	(204,325,347)
Financial income	458,110,750	582,374,723	571,343,150
Net (Losses)/ gains on exchange rate difference	124,797,627	(323,129,338)	(374,399,749)
<b>Gross Profit / (Loss) before taxation</b>	<b>(537,549,754)</b>	<b>1,202,098,007</b>	<b>(336,411,865)</b>
Income tax	(12,805,413)	(535,820,848)	(114,576,249)
<b>Exercise Profit / (Loss)</b>	<b>(550,355,167)</b>	<b>666,277,159</b>	<b>(450,988,114)</b>

- i. **The net turnover** registered in 2023 was lower by 26% compared to 2022, respectively higher by 41% compared to 2021. The turnover in 2023 was mainly impacted by the volatility of the environment by the international oil and natural gas market transposed into lower quotations for oil products sold compared to the previous year and higher compared to 2021, on the background of a lower volume of sales (higher compared to 2021).



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- ii. In respect of the **cost of production sold**, it registers a decrease of approximately 21% compared to 2022 and an increase of 39% compared to the value recorded in 2021. The variation of 2023 compared to 2022 was mainly determined by the volatility of the international oil and natural gas market environment, which generated decreased quotations during 2023 compared to 2022, for the purchased raw materials.
- iii. At 31.12.2023, Rompetrol Rafinare S.A. recorded an **operational loss of Lei (659,487,956)**, compared to the positive result recorded in 2022 in the amount of Lei 1,326,128,160, and to the negative result recorded in 2021 in the amount of Lei 329,029,920.  
The negative operating result recorded in 2023 is due to the significantly decreased refinery margins recorded during 2023 compared to the levels registered in 2022, on the ground of the decrease in international quotations for petroleum products.  
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 2023 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 2023, an aspect that impacted the operating result of the company.  
According to the accounting policy adopted by the Company starting with the financial period ended at 31.12.2021, Rompetrol Rafinare SA performed the valuation process of property, plant and equipment as of 31.12.2023. Considering this, a net loss from revaluation was recorded in amount of RON 687 million, being related to items for which the revalued amount was lower than the carrying amount and no previous revaluation reserve was recorded or revaluation reserve previously recorded was lower. Therefore, the result of the revaluation has a significant impact on the operating result of the Company in 2023.
- iv. **Financial expenditures** registered an increase of 20% in 2023 compared to 2022 and by 126% respectively compared to the level recorded in 2021. It is worth mentioning that, at the end of 2023, the company recorded gains from exchange rate differences in the amount of Lei 124,797,627, compared to the losses recorded in 2022 in the amount of Lei (323,129,338) and Lei (374,399,749) recorded in 2021. The favourable exchange rate differences recorded at the end of 2023 are due to the appreciation of the national currency against USD in 2023. Thus, if at the end of 2022 1 USD = 4.6346 lei, at 31.12.2023, 1 USD was equal to 4.4958 lei.  
In 2023 the Company registered financial revenues in the amount of RON 458 million with 21% lower than those recorded during 2022 in the amount of RON 582 mil. and 20% lower than those



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of 2021 in the amount of RON 571 mil. The financial revenues from 2023 are mainly due to the recognition of revenues in the amount of RON 369 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 361 mil. in 2023, gain of RON 538 mil. in 2022; gain of RON 555 mil. in 2021.

- v. In respect of the **final result of the financial exercise** concluded on 31.12.2023, **the Company recorded a net loss in amount of Lei (550,355,167)**, this being impacted also by the registration in 2023 of an estimated expenditure with the solidarity contribution in the amount of approximately RON 141 million (2022: RON 578 million). Considering that Rompetrol Rafinare is subject to the solidarity contribution regulated by Government Emergency Ordinance 186, issued December 28th, 2022, adopted by Law no. 119/2023, a measure grounded on the provisions of Council Regulation (EU) 2022/1854, Rompetrol Rafinare estimated a contribution for 2023 of RON 141 million. Additionally, the Company registered in 2023 a solidarity contribution in amount of RON 2.1 million related to the year 2022 as a result of submitting a rectification declaration regarding the profit tax calculated for the year 2022.

A positive impact in net result of the period ended at 31.12.2023 is coming from the recognition of a revenue from deferred income tax in the amount of Lei 130 million.

**c) CASH FLOW STATEMENT**

Cash flows from operating activity during 2023 were influenced by the production and sales activities, the Company recording decreased refining margins compared to 2022, on the ground of the decrease in international quotations for petroleum products.

Also, the variation of the working capital influenced the cash flows generated from the operational activity, the company increasing the level of trade and other payables above the increased level of receivables and inventories.

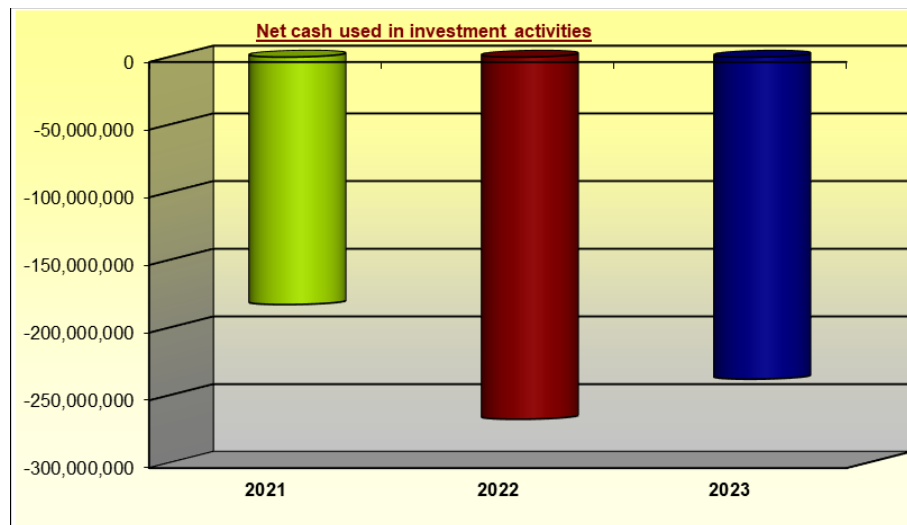
Net Cash flows from operating activities were significantly impacted by the solidarity contribution in amount of 580 million due for 2022 paid to the State Budget in 2023.



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Major investment projects in 2023 concerned works related to project of Refinery MHC unit restart, the authorization/reauthorization of equipment from the point of view of ISCIR, the projects of replacement catalysts, tank rehabilitation projects, the project of acquisition and Install of 2 new Reactors -125-DHT, the project of replace subassembly of reformer heater 352-H201 and other projects.



The cash flow from the financing activities during 2023 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

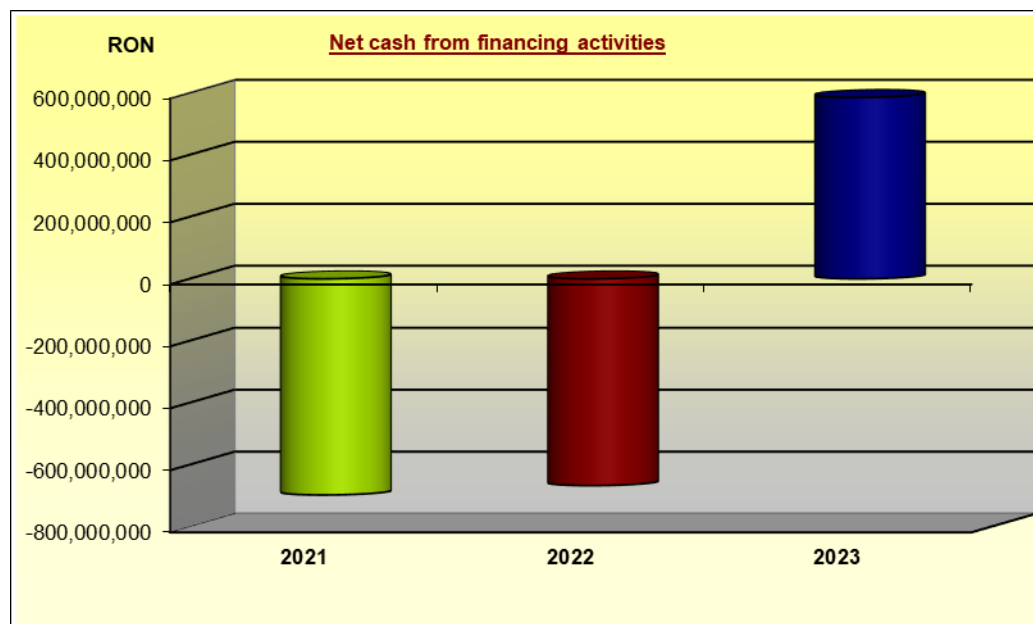


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the level of its utilization registering a decrease by 7% at the end of 2023 compared to the balance at the end of 2022.

In 2023 the KMG International Group finalized the negotiation for refinancing of the syndicated working capital loan and increase it up to USD 600 million. The facility consists of two parts out of which: USD 265.9 million are committed over 3 years period with an option of adding another 2 years period, and USD 265.9 million as overdraft over one-year period, being an uncommitted facility. Rompetrol Rafinare utilized the new loan facility in 2023 reaching an exposure of RON 1000 million on this credit facility.

The Company's Cash flow from financing activities in 2023 was also impacted by the interest and bank charges paid for financing the activity amounting to RON 443 million.





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## **5. CORPORATE GOVERNANCE DECLARATION**

Rompetrol Rafinare is a company managed in a one-tier management system, issuer of shares listed on the regulated market administered by Bursa de Valori București S.A. ("BVB"). 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 2023 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).

### **5.1. 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 2023, 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 in the Corporate Governance Code that came into force on 4 January 2016. Further details of the Company's compliance with the principles and recommendations set out in the Corporate Governance Code of the Bucharest Stock Exchange are set out in the Corporate Governance Statement, which is an integral part of this Annual Report.





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The "Apply or Explain" statement (see Annex 6 to this report) shows the status of the Company's compliance with the new provisions of the BVB CGC. Rompetrol Rafinare will continue to assess the provisions of the Code and any further progress the Company makes towards compliance will be reported to the market. Negative issues (from compliance to non-compliance) will also be reported.

## ***5.2. 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 forum 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 program, for the following financial year;
- g) to decide on the pledging, leasing, or closure of one or more units of the Company;
- 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.



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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.

The Company also submits the Remuneration Report for the most recent financial year to a vote, the opinion of the shareholders resulting from the vote and being of an advisory nature.

***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 shares;
- 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 receivables.
- Leases of tangible assets for a period exceeding one year, whose individual or aggregate value in relation to the same co-contractor or persons involved or acting in concert exceeds 20% of the value of the total fixed assets, less receivables at the date of conclusion of the legal act, as well as joint ventures for a period exceeding one year, exceeding the same value.

In accordance with the provisions of Law no. 31/1990 on companies, recast, the authorisation for the Company to acquire its own shares is granted by the Extraordinary General Meeting of Shareholders, which shall determine the conditions of such 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 the own shares acquired by the Company.

The convening, functioning, voting process and other provisions relating to the AGA are detailed in the Articles of Incorporation of Rompetrol Rafinare S.A. and in the "*Regulations on the conduct of the General Meeting and protection of the rights of Rompetrol Rafinare S.A. shareholders*" published on the Company's website, under the section "*Investor Relations - Corporate Governance - Corporate Governance Documents*".

***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. Notices and, subsequently, AGA Resolutions are sent to the Bucharest Stock Exchange and the Financial Supervisory Authority in accordance with capital market regulations and are also made public on the Company's website, under the section "*Investor Relations - General Meeting of Shareholders*".

The general meeting of shareholders shall be convened by the directors whenever necessary, by publication of a notice in the Official Gazette of Romania, Part IV, and in one of the widely circulated local or national newspapers at the place of the Company's registered office. General meetings are summoned by the Board of Directors at least 30 days before the scheduled date of the meeting. The notice of the general meeting shall be sent simultaneously to the B.V.B. and the A.S.F., and shall be available at least 30 days before the date of the meeting and on the Company's website at: <https://rompetrol-rafinare.kmginternational.com/>, in the Investor Relations section. All information is disseminated in both Romanian and 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 fact that only persons who are shareholders on that date are entitled to attend and vote at the General Meeting of Shareholders; The reference date must meet the



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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 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 this term is calculated, the two dates must not be included. (v) between the deadline admitted for the second or next summoning of the general meeting and the reference 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 board 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



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general meeting, the annual financial statements, the annual report, the proposal on the distribution of 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



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the number of shareholders present, by the vote of shareholders representing a majority of the votes cast.

#### 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



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Form by correspondence, both documents being made available to the shareholders, translated into English language. The shareholders may fill in the Special/ General Powers of Attorney or the voting Form by correspondence either in Romanian or in English.

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

The 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 2023***

***The Ordinary General Meeting of Rompetrol Rafinare Shareholders on April 27, 2023***, decided the following:

- approval of the Individual Annual Financial Statements as of and for the taxable year ended on December 31, 2022, drawn up in accordance with the Order of the Ministry of Public Finance no. 2844/2016, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards (“IFRS”), adopted by the European Union, subsequently amended and supplemented, and of the Consolidated Annual Financial Statements (prepared according to IFRS), audited, on the date and for the taxable year ended on December 31, 2022, based on the Annual Reports of the Board of Directors for 2022 and the Reports of the Independent Financial Auditor prepared by Ernst & Young Assurance Services S.R.L. for the year 2022;



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- approval of the proposal of the Board of Directors of Rompetrol Rafinare S.A. regarding the distribution of the net profit of the financial year 2022, in the amount of 666,277,159 lei, as follows:
  - to allocate the amount of 62,195,597 lei for the legal reserve and
  - the amount of 604,081,562 lei to cover the losses carried forward from previous years, as was provided in the note presented to the shareholders - item 3 on the OGMS agenda.
- the discharge of all the Company's Directors from the activity carried out in the 2022 financial year, based on the reports presented;
- approval of the income and expenditure budget for 2023 and the Company's production program for 2023, including the investment plan for 2023;
- approving the revocation of Messrs. Yedil Utekov and Askar Abilov as members of the Board of Directors of Rompetrol Rafinare S.A. as a result of their relinquishing of their mandates as Directors starting from May 1, 2023 (last day of mandate being April 30, 2023) – items 6 and 7 on the OGMS agenda;
- approval of the election of Messrs. Batyrzhan Tergeussizov and Adrian Tohänean as the new members of the Company's Board of Directors for a term starting on May 1, 2023, and expiring on April 30, 2026 (date of expiration of the mandate of the current members of the Board of Directors);
- approval of the revised form of the Company's Remuneration Policy, in the form attached to the Note related to point 9 on the OGMS agenda, with votes “for” representing 99.36915% of the share capital and 99.995437% of the votes expressed and votes “against” representing 0.004534% of the share capital and 0.004563% of the votes expressed. No mentions of “abstention” were expressed. *The revised policy entered into force on the date of the Ordinary General Meeting of Shareholders on April 27, 2023;*
- approval of the gross monthly remuneration due for the financial year 2023 to the members of the Board of Directors, as well as establishing the general limit of the additional remuneration of the members of the Board of Directors who have been granted specific functions within the Board of Directors, as follows:
  - for the financial year 2023, a gross monthly remuneration of 15,385 Lei corresponding to a net monthly remuneration of 9,000 Lei for each member of the Board of Directors until April 30, 2023 and a gross monthly remuneration of 17,094 Lei corresponding to a net monthly remuneration of 10,000 Lei for each member of the Board of Directors as of May 1<sup>st</sup>, 2023.
  - for the financial year 2023, a gross monthly remuneration of 5,128 Lei corresponding to a net monthly remuneration of 3,000 Lei for each member of the Audit Committee until April 30, 2023 and a gross monthly remuneration of 6,838 Lei corresponding to a net monthly remuneration of 4,000 Lei for each member of the Audit Committee as of May 1<sup>st</sup>, 2023;



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- for the financial year 2023, a gross monthly remuneration of 5,128 Lei corresponding to a net monthly remuneration of 3,000 Lei for each member of the Strategy Committee until April 30, 2023 and a gross monthly remuneration of 6,838 Lei corresponding to a net monthly remuneration of 4,000 Lei for each member of the Strategy Committee as of May 1<sup>st</sup>, 2023.
- approval of the gross monthly remuneration owed to the Chairman of the Audit Committee in the amount of 6,837 lei corresponding to a net monthly remuneration of 4,000 Lei until April 30, 2023 and the gross monthly remuneration in the current term of 8,548 Lei corresponding to a net monthly remuneration of 5,000 Lei starting from of May 1, 2023.
- approval by majority of the votes expressed (votes “for” representing 99.995437% of the votes cast and votes “against” representing 0.004563% of the votes cast) of the Remuneration Report of the management structure of the Company, related to the 2022 financial year, subject to the OGMS's consultative vote, considering the provisions of art. 107, paragraph (6) of Law no. 24/2017 on issuers of financial instruments and market operations, republished.
- approval of the date of May 16, 2023, as the registration date for the identification of the shareholders on whom the effects of Resolutions no. 1/2023, no. 2/2023 and no. 3/2023 adopted in the OGMS of April 27, 2023 and of May 15, 2023 as *ex date*;
- the authorization of Mr. Felix Crudu Tesloveanu, member of the Board of Directors and General Manager, to conclude and/or sign on behalf of the Company and/or the Company's shareholders Resolutions no. 1/2023, no. 2/2023 and no. 3/2023 adopted by this OGMS and to carry out all the legal formalities for registration, publicity, opposition, execution and publication of these decisions adopted by OGMS, with the possibility of delegating third parties.

***The Extraordinary General Meeting of Rompetrol Rafinare Shareholders on April 27, 2023***  
decided the following:

- approval of the modification of article 15 called "*Duties*", point 15.1, letter g, from the content of Chapter V called "*Company Administration (The unitary system). The Board of Directors*" from the Articles of Incorporation of the Company as follows:

*“15.1. The Board of Directors has the following main duties:  
... g) excepting the legal acts for the adoption/conclusion of which it is necessary, according to the mandatory provisions of the law, the approval of the General Meeting of Shareholders, approves the adoption/conclusion on behalf of the company of legal acts whose object exceeds the value of:*



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(i) **USD 50,000,000** for the case of legal documents having as their object the purchase of crude, respectively the sale of the following products: Gasoline, Diesel, Jet A1 and Liquefied Petroleum Gases;

(ii) **USD 20,000,000** for the case of legal acts having an object other than the purchase of crude, respectively the sale of the products mentioned in point (i) above, including the approval of participation in the establishment of companies or the increase of their social capital with a contribution that exceeds this value limit;”,

*the rest of the provisions of the Acts of Incorporation remaining unchanged.*

- Ratification of the conclusion of the Addendum no. 3 to the framework for crude sale-purchase contract no. 09046/2021, in order to approve the content, form, terms and conditions provided for in this Addendum concluded between Rompetrol Rafinare S.A., as the buyer, and KazMunayGas Trading A.G., as the seller.
- Approval of the date of May 16, 2023, as the registration date for the identification of the shareholders on whom the effects of Resolutions no. 4/2023 and no. 5/2023 adopted in the EGMS of April 27, 2023 and of May 15, 2023 apply, as *ex date*;
- The authorization of Mr. Felix Crudu Tesloveanu, Member of the Board of Directors, and Director General of RRC to conclude and/or sign on behalf of the Company and/or the Company's Shareholders Resolutions no. 4/2023 and no. 5/2023 adopted by this EGMS, including the signing of the Updated Articles of Incorporation of the Company, and to carry out all the legal formalities for registration, publicity, opposition, execution and publication of these adopted decisions, with the possibility of delegating third parties.

### **5.3. THE MANAGEMENT OF THE COMPANY**

#### **5.3.1. BOARD OF DIRECTORS**

##### **Structure. Appointment of members**

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).



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

**On 3 May 2023, the Chairman of the Board of Directors** was elected by the Board of Directors from among its members, in the person of Mr. Batyrzhan Tergeussizov, for the period of his tenure as a director of the Company, i.e. from 1 May 2023 until 30 April 2026. Until 1 May 2023, the position of Chairman of the Board of Directors was held by Mr Yedil Utekov.

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 their term of office, directors may not enter into an employment contract with the Company.

**Increase the number of directors on the Board of Directors from 5 to 7:**

In 2022, according to Resolution No. 6/2022 of the EGMS of April 28, 2022, the numerical composition of RRC's Board of Directors was increased from 5 (five) members to 7 (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, and since 1 May 2022, the Board of Directors has been made up of 7 members.

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), for a new 4-year term, i.e. from 1 May 2022 until 30 April 2026. 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



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Board of Directors to 7 (seven) members (as per topic 1<sup>1</sup> 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 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. Two administrator positions remained vacant until 1 August 2023.

### **Main duties of the Board of Directors**

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, according to the 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.
- 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



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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 acquisition of crude, respectively the sale of the following products: gasoline, diesel, jet fuel A1 and Liquefied Petroleum Gas;

iii) **USD 20,000,000** for legal acts having a purpose other than the purchase of crude oil, i.e. the sale of the products mentioned in (i) above, including the approval of participation in the establishment of companies or the increase of their share capital with a contribution 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.

***Remuneration of the Members of the Board of Directors***

In the Annual Ordinary General Meeting of Shareholders for the year 2022 held on April 27, 2023, Rompetrol Rafinare prepared and submitted to the approval of the shareholders the reviewed Remuneration Policy for the Company's directors.

Thus, in accordance with Resolution No. 3/2023 of the OGMS of 27 April 2023, *in the presence of shareholders representing 99.3737% of the share capital and 99.3737% of the total voting rights, with a total of 26,391,656,980 "for" votes representing 99.36915% of the share capital and 99.995437% of the votes cast and 1,204,247 "against" votes representing 0.004534% of the share capital and 0.004563% of the votes cast, the reviewed Remuneration Policy for the Company's management*



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*structure was approved*, and is available for viewing on the Company's website <https://rompetrol-rafinare.kmginternational.com/>:  
<https://rompetrol-rafinare.kmginternational.com/relatia-cu-investitorii/governanta-corporativa/documente-de-governanta-corporativa>, section Other Policies, Reports and Regulations.

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

According to Article 2 (a) of the Resolution No. 3/2023 adopted by OGMS held on April 27, 2023, for the year 2023 it was approved:

- a gross monthly remuneration of 15,385 Lei corresponding to a net monthly remuneration of 9,000 Lei for each member of the Board of Directors until 30 April 2023 and a gross monthly remuneration of 17,094 Lei corresponding to a net monthly remuneration of 10,000 Lei for each member of the Board of Directors as from 1 May 2023.

According to the Article 2 (b) of Resolution No. 3/2023 adopted by OGMS held on April 27, 2023, for the year 2023 it was approved:

- a gross monthly remuneration of Lei 5,128 corresponding to a net monthly remuneration of Lei 3,000 for each member of the Audit Committee until 30 April 2023 and a gross monthly remuneration of Lei 6,838 corresponding to a net monthly remuneration of Lei 4,000 for each member of the Audit Committee as from 1 May 2023.

According to Article 2 (c) of the Resolution No. 3/2023 adopted by OGMS held on April 27, 2023, for the financial year 2023 it was approved:

- a gross monthly remuneration of 5,128 Lei corresponding to a net monthly remuneration of 3,000 Lei for each member of the Strategy Committee until 30 April 2023 and a gross monthly remuneration of 6,838 Lei corresponding to a net monthly remuneration of 4,000 Lei for each member of the Strategy Committee as from 1 May 2023.

According to Article 3 of the Resolution No. 3/2023 taken by the OGMS held on April 27, 2023 it was approved:

- the gross monthly remuneration of the Chairman of the Audit Committee in the amount of Lei 6,837 corresponding to a net monthly remuneration of Lei 4,000 until 30 April 2023 and the gross monthly remuneration in the amount of Lei 8,548 corresponding to a net monthly remuneration of Lei 5,000 as from 1 May 2023.





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According to the Article 107 of Law No. 24/2017, as republished, Rompetrol Rafinare has prepared, a Remuneration Report for the financial year (FY) 2022, which provides a wide overview of the remuneration, including all benefits, regardless of the form, granted or owed during the FY 2022, to the managers individually, per the Remuneration Policy approved by the OGMS held on April 28, 2021.

As described above, the Ordinary General Meeting of Shareholders held on 27 April 2023 approved the reviewed Company's Executive Remuneration Policy, which came into force on the date of the OGMS, i.e. 27 April 2023.

In the presence of shareholders representing 99.3737% of the share capital and 99.3737% of the total voting rights, with 26,391,656,980 "for" votes representing 99.36915% of the share capital and 99.995437% of the votes cast and 1,204.247 "against" votes representing 0.004534% of the share capital and 0.004563% of the votes cast, at the Ordinary General Meeting of Shareholders held on 27 April 2023, the shareholders approved the Remuneration Report of the Company's management structure for the financial year 2022, submitted to the consultative vote of the AGM, in view of the provisions of Article 107, paragraph (6) of Law no. 24/2017 on issuers of financial instruments and market operations, republished.

The FY 2022 Remuneration Report, approved with a majority of votes in an advisory vote of shareholders voting at the OGMS held on April 27, 2023, has been uploaded on the Rompetrol Rafinare website, Investor Relations Section, Corporate Governance/Corporate Governance Documents Subsection.

Rompetrol Rafinare has prepared the FY 2023 Remuneration Report, which includes all remuneration, including all benefits, in whatever form, granted or due in FY 2023 to individual executives, per the Remuneration Policy, approved at the OGMS held on April 27, 2023. The Company's Executive Remuneration Report for FY 2023 will be subject to an advisory vote at the annual Ordinary General Meeting of Shareholders scheduled for April 26 (29), 2024.



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**5.3.1.1. INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS OF ROMPETROL RAFINARE S.A. DURING 1 JANUARY - 31 DECEMBER 2023**

During 2023, the following changes were made at the level of the Board of Directors:

- *April 27, 2023*: following the revocation of Mr. Yedil Utekov and Mr. Askar Abilov as members of the Board of Directors of Rompetrol Rafinare S.A., due to their resignation from their mandates as directors as of May 1, 2023, pursuant to Resolution No. 2/2023 adopted by the Ordinary General Meeting of Shareholders, the election of the following new members to the Board of Directors of the Company was approved for a term of office starting on May 1, 2023 and expiring on April 30, 2026 (the date of expiry of the mandate of the members of the Board of Directors in office on the date of the OGMS of April 27, 2023):
  - Mr. Batyrzhan Tergeussizov;
  - Mr. Adrian Tohănean.
- *May 3, 2023*: by Decision No. 1, the 5-member Board of Directors appointed Mr. Batyrzhan Tergeussizov as Chairman from May 1, 2023, to April 30, 2026 (for the duration of his term as Director of the Company).
- *July 24, 2023*: Considering the following:
  - By Resolution no. 6/2022 adopted by the EGMS on 28 April 2022, the Board of Directors ("*BoD*") was increased from 5 to 7 members and the corresponding amendment, completion and updating of Article 14.1 of the Company's Articles of Incorporation regarding the composition of the BoD to 7 directors was approved,
  - Termination of the terms of office as directors of Rompetrol Rafinare S.A. of Messrs Yedil Utekov and Askar Abilov following their request to resign from these positions as of May 1, 2023 (the last day of their term of office being April 30, 2023),
  - On April 27, 2023, at the date of the Ordinary General Meeting of Rompetrol Rafinare Shareholders, the Board of Directors of the Company was composed of 7 members, namely: 5 members (of which, as of 1 May 2023, two positions were to become vacant as a result of the above-mentioned requests for resignation) and 2 vacancies (as per EGMS Resolution No 6/2022),
  - On the agenda of the Ordinary General Meeting of Shareholders of Rompetrol Rafinare S.A. on April 27, 2023, item 8 was submitted for approval the *election of 4 new*

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*members of the Board of Directors of Rompetrol Rafinare S.A. for a term of office starting on May 1, 2023 and expiring on April 30, 2026 (the date of expiry of the term of office of the members of the Board of Directors in office on the date of the AGM of April 27, 2023),*

- Two (2) members of the Board of Directors were elected at the AGM of 27 April 2023, in accordance with Resolution no. 2/2023 of this Meeting. Thus, as of 1 May 2023, the Board of Directors is composed of 5 members, namely Messrs Batyrzhan Tergeussizov, Felix Crudu-Tesloveanu, Adrian Tohănean, Nicolae Bogdan Codruț Stănescu and Bogdan-Cătălin Steriopol, 2 (two) positions of directors remaining vacant.

Thus, in accordance with the Company's Articles of Incorporation and Law no. 31/1990, the Board of Directors meeting held on July 24, 2024 adopted the Decision to appoint, starting from August 1, 2023, two (2) provisional members of the Board of Directors of Rompetrol Rafinare, namely Mrs. Tamila Mikulich and Constantin Saragea, for a term of office starting from August 1, 2023 until the next OGMS.

As a result, from 1 August 2023, the Board of Directors has been composed of the following 7 members: Batyrzhan Tergeussizov, Felix Crudu-Tesloveanu, Adrian Tohănean, Nicolae Bogdan Codruț Stănescu, Bogdan-Cătălin Steriopol, Tamila Mikulich and Constantin Saragea.

- *September 27, 2024:* following the termination of the mandate of Mr. Felix Crudu - Tesloveanu as a director of the Board of Directors as of 29 September 2023 (last day of his term) as a result of his request to terminate his term and his capacity as a director, pursuant to Decision no. 1 adopted by the Board of Directors approved the appointment of Ms. Zhamilya Meshitbay as provisional director of the Board of Directors of Rompetrol Rafinare S.A. for a term of office starting from September 30, 2023 and until the next OGMS meeting.

Therefore, in 2023, the composition of the Board of Directors underwent the following changes:

For the period from 1 January 2023 to 30 April 2023, the Board of Directors was composed of 5 directors, namely:

- **Yedil Utekov**, a citizen of the Republic of Kazakhstan, non-executive director and Chairman of the Board of Directors
- **Askar Abilov**, a citizen of the Republic of Kazakhstan, non-executive 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)



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- **Nicolae Bogdan Codruț Stănescu**, a citizen of Romania, non-executive member of the Board of Directors
- **Bogdan-Cătălin Steriopol**, Romanian citizen, non-executive member of the Board of Directors.

During the period mentioned above, two administrator positions were vacant.

For the period from 1 May to 31 July 2023, the Board of Directors was composed of 5 directors, namely:

- **Batyrzhan Tergeussizov**, a citizen of the Republic of Kazakhstan, non-executive director and Chairman of the Board of Directors
- **Adrian Tohănean**, Romanian citizen, non-executive 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, non-executive member of the Board of Directors;
- **Bogdan-Cătălin Steriopol**, Romanian citizen, non-executive member of the Board of Directors.

During the period mentioned above, two administrator positions were vacant.

As of 1 August 2023, the composition of the Board of Directors has been increased from 5 to 7 members by appointing two additional provisional directors.

As a result, from 1 August - 29 September 2023, the Board of Directors has been composed of the following 7 members:

- **Batyrzhan Tergeussizov**, a citizen of the Republic of Kazakhstan, non-executive director and Chairman of the Board of Directors
- **Adrian Tohănean**, Romanian citizen, non-executive 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, non-executive member of the Board of Directors
- **Bogdan-Cătălin Steriopol**, Romanian citizen, non-executive member of the Board of Directors;
- **Tamila Mikulich**, a citizen of the Republic of Ukraine, non-executive provisional member of the Board of Directors
- **Constantin Saragea**, Romanian citizen, non-executive provisional member of the Board of Directors.



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As of 30 September 2023, the Board of Directors has been composed of the following 7 members:

- **Batyrzhan Tergeussizov**, a citizen of the Republic of Kazakhstan, Chairman of the Board of Directors
- **Adrian Tohănean**, Romanian citizen, member of the Board of Directors;
- **Nicolae Bogdan Codruț Stănescu**, Romanian citizen, member of the Board of Directors
- **Bogdan-Cătălin Steriopol**, Romanian citizen, member of the Board of Directors;
- **Tamila Mikulich**, a citizen of the Republic of Ukraine, provisional member of the Board of Directors
- **Constantin Saragea**, Romanian citizen, provisional member of the Board of Directors;
- **Zhamilya Meshitbay**, a citizen of the Republic of Kazakhstan, provisional member of the Board of Directors



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**Please find below the most relevant elements regarding the structure of the Board of Directors, the qualifications, professional experience of the Company's directors and data on the directors' term of office between January and December 2023.**

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.

Name	Age (years)	Qualification	Professional experience (years)	Position	Appointment date	Date of mandate expiration
Yedil Utekov <sup>14</sup>	47 years	Chemical Engineer	22 years	Executive Member <sup>15</sup> of the Board of Directors	1 October 2014 (provisional mandate until the date of the OGMS)	3 March 2015
					4 March 2015 (definitive mandate for a duration starting from 04.03.2015 until 30.04.2018 according to Resolution no. 1/2015 OGMS of 04.03.2015)	30 April 2018
				Non-executive Member of the Board of Directors (as of 01 January 2020) <sup>16</sup>	1 May 2018 (4-year term, starting from 01.05.2018, according to Resolution no. 3/2018 OGMS of 27.04.2018)	30 April 2022
					1 May 2022 (4-year term, starting from 01.05.2022, according to Resolution no. 3/2022 OGMS of 28.04.2022)	30 April 2026

<sup>14</sup> From 01.10.2020 he was elected Chairman of the Board of Directors according to the Decision No. 1 Board of Directors (BoD) of 01.10.2020, until 30.04.2022. He was re-elected to this office as of 01.05.2022 by Decision No 1 BoD of 02.05.2022 for a term from 01.05.2022 to 30.04.2026

<sup>15</sup> Mr. Yedil Utekov was appointed as General Manager by the Decision of the Board of Directors of 12.06.2014 for a term of office until 30.04.2018, subsequently extended until 30.04.2022

<sup>16</sup> As of 1 January 2020, the position of General Manager has been taken over by Mr Felix Crudu-Tesloveanu pursuant to the Decision of the Board of Directors of 18 December 2019



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Name	Age (years)	Qualification	Professional experience (years)	Position	Appointment date	Date of mandate expiration
						30 April 2023 (revocation from the position of non-executive member of the Board of Directors pursuant to Resolution no. 2/2023 OGMS of 27.04.2023 following resignation from the office of director as of 01.05.2023 (last day of office being 30.04.2023))
Askar Abilov	46 years	Economist	24 years	Non-executive Member of the Board of Directors	1 May 2022 (4-year term, according to Resolution no. 3/2022 OGMS of 28.04.2022)	30 April 2026
						30 April 2023 (revocation from the position of non-executive member of the Board of Directors pursuant to Resolution no. 2/2023 OGMS of 27.04.2023 following resignation from the office of director as of 01.05.2023 (last day of office being 30.04.2023))
Felix Crudu Tesloveanu	53 years	Economist	35 years	Executive Member of the Board of Directors	1 October 2020 (mandate until 30.04.2022, according to Resolution no. 6/2020 OGMS of 18.09.2020)	30 April 2022
					1 May 2022 (4-year term, according to Resolution no. 3/2022 OGMS of 28.04.2022)	30 April 2026
						29 September 2023 (termination of the mandate of director on the Board of Directors as a result of the request for termination of the mandate and the status of director in accordance with Decision no. 1 BoD of 25.09.2023)



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Name	Age (years)	Qualification	Professional experience (years)	Position	Appointment date	Date of mandate expiration
Nicolae Bogdan Codruț Stănescu	49	- Doctor of Law - Engineer	26 years	Independent non-executive Member of the Board of Directors	12 June 2015 (term starting on 12.06.2015 until 30.04.2018 according to Resolution no. 5/2015 OGMS of 12.06.2015)	30 April 2018
						28 April 2016 (revocation of the member of the Board of Directors as a result of resignation from this position as of 28.04.2016 according to the Resolution no. 2/2016 OGMS of 28.04.2016)
					1 May 2018 (4-year term, according to Resolution no. 3/2018 OGMS of 27.04.2018)	30 April 2022
					1 May 2022 (4-year term, according to Resolution no. 3/2022 OGMS of 28.04.2022)	30 April 2026
Bogdan Cătălin Steriopol	37 years	Economist	17 years	Independent non-executive Member of the Board of Directors	4 June 2020 (provisional mandate until the date of the OGMS meeting according to Decision No 1 BoD of 04.06.2020)	
					18 September 2020 (final mandate for a duration starting from 18.09.2020 until 30.04.2022 according to Resolution no. 6/2020 OGMS of 18.09.2020)	30 April 2022
					1 May 2022 (4-year term, starting from 01.05.2022 until 30.04.2026, according to Resolution no. 3/2022 OGMS of 28.04.2022)	30 April 2026





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Name	Age (years)	Qualification	Professional experience (years)	Position	Appointment date	Date of mandate expiration
Batyrgyzan Tergeussizov	39 years	Engineer	21 years	Non-executive Member of the Board of Directors	1 May 2023 (mandate from 01.05.2023, to expire on 30.04.2026 according to Resolution No. 2/2023 OGMS of 27.04.2023)	30 April 2026
				Chairman of the Board of Directors	1 May 2023 (mandate until 30.04.2026 per Decision No 1 BoD of 03.05.2023)	30 April 2026
Adrian Tohănean	43 years	Economist	21 years	Non-executive Member of the Board of Directors	1 May 2023 (mandate from 01.05.2023, to expire on 30.04.2026 according to Resolution No. 2/2023 OGMS of 27.04.2023)	30 April 2026
Tamila Mikulich	36 years	Manager of Informational Systems	17 years	Non-executive provisional member of the Board of Directors	1 August 2023 (provisional mandate until the date of the OGMS meeting according to BoD Decision of 24.07.2023)	
Constantin Saragea	44 years	Diplomat Engineer	19 years	Non-executive provisional member of the Board of Directors	1 August 2023 (provisional mandate until the date of the OGMS meeting according to BoD Decision of 24.07.2023)	
Zhamilya Meshitbay	34 years	Economist	11 years	Non-executive provisional member of the Board of Directors	30 September 2023 (provisional mandate until the date of the OGMS meeting according to Decision No 1 BoD of 25.09.2023)	

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 31.12.2023 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.



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***Non-executive Directors and the independence of the Directors***

According to the criteria for assessing the independence of non-executive members of the Board of Directors and the Declarations of Independence, two members - Mr. Nicolae Bogdan Codruț Stănescu<sup>17</sup> and Mr. Bogdan-Cătălin Steriopol<sup>18</sup> - in office on 31.12.2023, met the independence criteria set out in the principles and recommendations of the Code (Point A4 of the BVB Corporate Governance Code).

***Evaluation of the Board of Directors***

In 2023, the Board of Directors did not initiate any program for evaluating its activity.

***Information on other relatively permanent professional duties and obligations of members of the Board of Directors in 2023***

<i>Name</i>	<i>Company</i>	<i>Position held</i>	<i>Period</i>
Batyrzhan Tergeussizov	<i>Rompetrol Downstream S.R.L.*</i>	<i>Chairman of the Board of Directors ("BoD")</i>	<i>2023-05-08 to 2024-09-09</i>
	<i>Rompetrol Well Services S.A.*</i>	<i>Chairman of the Board of Directors</i>	<i>2023-05-01 to 2026-04-30</i>
		<i>Member of the Audit Committee</i>	<i>2023-05-01 to 2026-04-30</i>
	<i>Rominserv S.R.L.*</i>	<i>Chairman of the Board of Directors</i>	<i>2023-02-01 to 2027-02-01</i>
	<i>Rompetrol Energy S.A.*</i>	<i>Chairman of the Board of Directors</i>	<i>2023-03-01 to 2026-01-31</i>
	<i>Rompetrol Georgia*</i>	<i>Member of the Board of Directors</i>	<i>2023.05.01 - unlimited</i>
Adrian Tohănean	<i>Kazakh-Roman Energy Investment Fund S.A.*</i>	<i>Member of the Board of Directors</i>	<i>2023-11-23 to 2024-11-06</i>
	<i>Rompetrol Downstream S.R.L.*</i>	<i>Member of the Board of Directors</i>	<i>2023-02-15 to 2024-09-09</i>
	<i>KMG Rompetrol S.R.L.*</i>	<i>Sole Director</i>	<i>2022-06-15 to 2026-06-15</i>
	<i>Rominserv S.R.L.*</i>	<i>Member of the Board of Directors</i>	<i>2020-09-15 to 2024-09-14</i>
	<i>Byron Shipping S.R.L.*</i>	<i>Financial Manager</i>	<i>2019.07.01 - unlimited</i>

<sup>17</sup>Appointed 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

<sup>18</sup>Appointed 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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<i>Name</i>	<i>Company</i>	<i>Position held</i>	<i>Period</i>
	<i>Rompetrol Logistics S.R.L.*</i>	<i>Financial Manager</i>	<i>2019.07.01 - unlimited</i>
	<i>Rom Oil S.A.*</i>	<i>Financial Manager</i>	<i>2019.07.01 - unlimited</i>
	<i>Midia Marine Terminal S.R.L.*</i>	<i>Financial Manager</i>	<i>2019.07.01 - unlimited</i>
	<i>Rompetrol Energy S.A.*</i>	<i>Member of the Board of Directors</i>	<i>2023.06.31 – 2026.01.31</i>
	<i>Rompetrol Moldova*</i>	<i>Member of the Board of Directors</i>	<i>2022-11-01 to 2024-07-20</i>
Nicolae Bogdan Codruț Stănescu	<i>SNGN Romgaz S.A. – FIGN DEPOGAZ Ploiești</i>	<i>Chairman of the Board of Directors</i>	<i>04.2018 – present</i>
	<i>Societatea de Administrare a Participațiilor in Energie S.A.</i>	<i>Chairman of Management Board</i>	<i>2019.08.01 – present</i>
Constantin Saragea	<i>Ministry of Research, Innovation and Digitalization</i>	<i>General Secretary</i>	<i>January – June 2023</i>
	<i>Ministry of Energy</i>	<i>General Secretary</i>	<i>June 2023 - present</i>
Yedil Utekov	<i>Rompetrol Well Services S.A.*</i>	<i>Chairman of the Board of Directors</i>	<i>2020.10.01 – 2022.04.29</i> <i>2022.04.30 - 2026.04.30</i>
		<i>Member of the Audit Committee</i>	<i>2020.10.01 – 2022.04.29</i> <i>2022.05.02 – 2026.04.30</i>
	<i>ROMINSERV S.R.L.*</i>	<i>Chairman of the Board of Directors</i>	<i>2020.09.15 – 2023.01.31</i>
	<i>Rompetrol Energy S.A.*</i>	<i>Chairman of the Board of Directors</i>	<i>2020.10.01 – 2023.02.28</i>
Askar Abilov	<i>TRG PETROL TICARET ANONIM ŞIRKETI*</i>	<i>Member of the Board of Directors</i>	<i>2020.09.30– January 2023</i>
	<i>KMG INTERNATIONAL N.V.*</i>	<i>Member Finance and Investment Committee</i>	<i>2020.09.30 – January 2023</i>
Bogdan- Cătălin Steriopol	<i>INCERTRANS S.A. (Institutul de Cercetări în Transporturi).</i>	<i>Commercial Director</i>	<i>2023 - present</i>

*\*Member company of the KMG International Group*

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



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In 2023, 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). Six meetings were held in the physical presence of the Directors, six meetings were held in Microsoft Teams, and the other 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 there were matters concerning the day-to-day business of the Company, for example: for the approval of the Annual Report (individual and consolidated) and the organisation of the Annual Ordinary General Meeting to approve the annual financial results, including the endorsement of documents and information materials to be submitted for approval at the Annual OGMS; for the endorsement of documents and information materials to be submitted for approval at the Extraordinary GMS of 27 April 2023 on the proposal to amend and update the Articles of Association of the Company in order to reformulate the provisions of Article 15.1 letter g with regard to the clarification of the text noted in this article and its application accordingly; with a view to completing the agenda of the Extraordinary OGMS of 27 April 2023 with the inclusion on the agenda of this meeting of the item on the approval of the gross and net monthly remuneration of the Chairman of the Audit Committee; with a view to completing the agenda of the Extraordinary EGMS of 27 April 2023 with the inclusion of the item on the ratification of the conclusion of the Addendum no. 3 to the Framework Agreement for the sale and purchase of crude oil no. 09046/2021, in order to approve the content, form, terms and conditions set out in this Additional Act concluded between Rompetrol Rafinare S.A., buyer, and KazMunayGas Trading A.G., seller.

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 2023.

Other topics on the agenda of the Board meetings in 2023 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, election of Mr. Batyrzhan Tergeussizov as Chairman of the Board of Directors following his election as a director by the OGMS on 27 April 2023; the election of Mr Adrian Tohănean as a member of the Audit Committee, following his election by the OGMS on 27 April 2023 as a director, the approval of the termination of the mandate of Mr Felix Crudu-Tesloveanu as a director following his request to resign his mandate as from 30 September 2023; the election of 3 provisional members of the Board of Directors in the persons of Ms Tamila Mikulich and Ms Zhamilya Metshitbay and Mr Constantin Saragea, the approval of the termination of the mandate of Mr Felix Crudu-Tesloveanu as General Manager and the appointment of Mr Florian-Daniel Pop as General Manager, approval of the termination of the mandate of Mrs Ramona-Georgiana Gălăţeanu as Financial Manager and the appointment of Mr Alexandru Stavarache as Financial Manager, approval of the election of Mrs Tamila Mikulich, Mrs Zhamilya Meshitbay and Mr Constantin Saragea as members of the Strategy Committee, etc.



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Also on the agenda of the meetings of the Board of Directors were other approvals for the smooth running of the Company's business, as well as information from the Executive Management on: the Batale Vega project, i.e. execution status and approaches to the authorities; information on the technical incident that occurred on the Petromidia platform at the Hydrocracking Unit (MHC plant); results and execution of hedging transactions in Q1 and Q3 of 2023, and Semester 1 2023 respectively; on quarterly reports by the QHSE department and those of the Internal Department; information on the execution of contracts/additional acts to contracts of significant patrimonial nature, etc.

At the same time, the agenda of the Board of Directors meetings included topics related to the signing of documents in connection with the refinancing of the existing syndicated loan of USD 435 million through a new syndicated loan of up to USD 600 million. Rompetrol Rafinare reported the signing of the documents related to the refinancing of the syndicated loan mentioned above through the Current Report registered with the RRC under no. 1963/13.04.2023.

Until 1 August 2023, the Board of Directors had 5 directors in office and 2 (two) vacant positions. During this period, all meetings of the Board of Directors were held with the presence of 5 directors in accordance with the provisions of the Regulations of the Board of Directors, by direct participation with the exception of 2 meetings (that of 24 March 2023 and that of 7 April 2023) in which one of the members of the Board of Directors granted a proxy to another member of the Board.

As of 1 August 2023, the Board of Directors has 7 directors, including 2 provisional directors. During this period, all meetings of the Board of Directors were attended by 7 directors in accordance with the provisions of the Articles of Incorporation and the Regulations of the Board of Directors, by direct participation, with the exception of 2 meetings (25 September 2023 and 18 December 2023) in which one of the members of the Board of Directors granted a proxy to another member of the Board.

The decisions of the Board of Directors in 2023 were taken unanimously or by a majority vote of the members present (in several cases, abstentions were cast, but no votes against were registered). 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. A vote was also cast for a director to abstain as proxy for another director at the meeting, considering that the proposal put to the vote resulted from discussions during the meeting and that the mandate granted to him did not relate to this subject.



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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, 2023:

<b>Name</b>	<b>Attendance</b>
Yedil Utekov <sup>19</sup>	7 <sup>20</sup> /9/24
Askar Abilov <sup>21</sup>	9/9/24
Felix Crudu-Tesloveanu <sup>22</sup>	20/20/24
Nicolae Bogdan Codruț Stănescu	24/24/24
Bogdan-Cătălin Steriopol	24/24/24
Tamila Mikulich <sup>23</sup>	7/7/24
Constantin Saragea <sup>24</sup>	5 <sup>25</sup> /7/24
Zhamilya Meshitbay <sup>26</sup>	4/4/24

*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 2023, and the third digit is the total number of meetings held by the Board of Directors in 2023..*

### **5.3.2. EXECUTIVE MANAGEMENT OF ROMPETROL RAFINARE**

Per Article 16.1 of the last Articles of Incorporation of the Company, as amended on 27 April 2023, 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.

The term of office of the Executive Directors may not exceed the term of office of the directors who appointed them.

#### **General Manager**

According to the Articles of Association, the Chief Executive Officer of the Company is directly subordinated to the other organisational structures of the Company and is in turn directly subordinated to the Board of Directors.

<sup>19</sup> Member of the Board of Directors until April 30, 2023 (last day of the term)

<sup>20</sup> At two meetings of the Board of Directors, he granted proxy to another member of the Board

<sup>21</sup> Member of the Board of Directors until April 30, 2023 (last day of the term)

<sup>22</sup> Executive member of the Board of Directors until September 29, 2023 (last day of the term)

<sup>23</sup> Member of the Board of Directors from 1 August 2023

<sup>24</sup> Member of the Board of Directors from 1 August 2023

<sup>25</sup> At two meetings of the Board of Directors, he granted proxy to another member of the Board

<sup>26</sup> Member of the Board of Directors from 30 September 2023



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If the company engages in acts of a patrimonial nature, the representation of the company is delegated, in accordance with the provisions of Article 143 of Law 31/1990 on companies, to the General Manager and the Financial Manager.

For acts of a non-patrimonial nature, the representation of the company is delegated to the General Manager.

The General Manager is responsible for taking all measures related to the management of the company, within the limits of the company's activity and in compliance with the exclusive powers reserved by law or by the Articles of Association, the Board of Directors and the General Meeting of Shareholders.

**During 2023**, the position of General Manager of Rompetrol Rafinare S.A. was held by the following persons:

**Felix Crudu-Tesloveanu** – General Manager - from 1 January to 29 September 2023

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.

By Decision No. 2 of 2 May 2022, the new Board of Directors constituted pursuant to Resolution No. 3/2022 OGMS of 28 April 2022, re-elected Mr. Felix Crudu-Tesloveanu as General Manager of the Company for a term of office commencing on 1 May 2022 and ending on the expiry of the term of office of the directors who made this appointment, i.e. on 30 April 2026.

By Decision No. 2 adopted by the Board of Directors on 25 September 2023, it was approved the termination of the Mandate Contract concluded by RRC with Mr. Felix Crudu-Tesloveanu, as General Manager, as of 29 September 2023 (last day of mandate).

**Florian Daniel Pop** - General Manager - for the period 30 September 2023 – present

By Decision No. 2 of September 25, 2023, the Board of Directors appointed Mr. Florian-Daniel Pop as General Manager of Rompetrol Rafinare for a term of office from September 30, 2023 until September 30, 2024 and delegated to him the management of the Company and powers of representation of the Company. This appointment was decided following the termination of the mandate of Mr Felix Crudu-Tesloveanu as General Manager of RRC as of 29 September 2023 (last day of mandate) by the conclusion of the Additional Deed of Termination dated 6 September 2023 to the Mandate Agreement for the position of General Manager.



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### **Financial Manager**

According to the Company's Articles of Incorporation, if the company engages in acts of a patrimonial nature, the representation of the company is delegated, in accordance with the provisions of Article 143 of Law 31/1990 on companies, to the General Manager and the Financial Manager.

**During 2023**, the position of Financial Manager of Rompetrol Rafinare S.A. was held by the following persons:

**Ramona-Georgiana Gălățeanu** - Financial Manager - from 1 January to 30 November 2023

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 2 May 2022, the new Board of Directors constituted pursuant to Resolution No. 3/2022 OGMS of 28 April 2022, re-elected Mrs. Ramona-Georgiana Gălățeanu as Financial Manager of the Company for a term of office commencing on 1 May 2022 and ending on the expiry of the term of office of the directors who made this appointment, i.e. on 30 April 2026.

In the meeting held on November 27, 2023, the Board of Directors approved the termination of the mandate of Financial Manager of Rompetrol Rafinare S.A. of Mrs. Ramona-Georgiana Gălățeanu starting from December 1, 2023 (last day of mandate November 30, 2023) following the conclusion of the Addendum of Termination of November 1, 2023 to the mandate contract for the position of Financial Manager.

**Alexandru Stavarache** - Interim Financial Manager<sup>27</sup> - from 1 December to 31 December 2023

By Decision no. 2 of November 27, 2023, following the termination of the mandate as Financial Manager of Mrs. Ramona-Georgiana Gălățeanu, the Board of Directors appointed Mr. Alexandru Stavarache as Interim Financial Manager of Rompetrol Rafinare S.A. for a mandate starting on 01.12.2023 and ending on 29.02.2024. To the new Financial Manager, the Board of Directors has delegated the management of the Company and the powers of representation of the Company together with the General Manager in acts of a patrimonial nature.

At the date of this Report, the Board of Directors meeting on 27 February 2024 decided to appoint Mr Alexandru Stavarache as Financial Manager for a term of office from 1 March 2024 until 30 April 2026, following the expiry on 29 February 2024 of his provisional term of office as Financial Manager.

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<sup>27</sup> On the date of this Report, the Board of Directors, at its meeting of 27 February 2024, appointed Mr. Alexandru Stavarache as Financial Manager for a term of office starting on 1 March 2024 and ending on 30 April 2026





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Thus, the two executive directors to whom leadership was delegated for the above purposes from January to December 2023 were:

Full name	Position	Date of mandate beginning	Date of mandate expiration
Felix Crudu-Tesloveanu	General Manager	1 January 2020 (mandate until 30.04.2022 according to BoD Decision of 18 December 2019)	30 April 2022
		1 May 2022 (4-year terms of office from 01.05.2022 until 30.04.2026 (upon expiry of the term of office of the appointing directors), as per Decision No 2 BoD of 02.05.2022)	30 April 2026
			29 September 2023 (termination of the term of office of the General Manager as from 29 September 2023 (last day of the term of office) by concluding the Addendum of Termination of 6 September 2023 to the Term of Office Contract for the position of General Manager, pursuant to Decision No 2 BoD of 25 September 2023)
Florian-Daniel Pop	General Manager	30 September 2023 (term starting on 30.09.2023 until 30.09.2024 according to Decision no. 2 BoD of 25.09.2023)	30 September 2024
Ramona-Georgiana Gălățeanu	Financial Manager	01 January 2021 (term beginning on 01.01. 2021 until 30.04.2022 - upon expiry of the term of office of the appointing directors, as per Decision No 1 BoD of 16.12.2020)	30 April 2022
		01 May 2022 (4-year terms of office from 01.05.2022 until 30.04.2026 (upon expiry of the term of office of the appointing directors), as per Decision No 2 BoD of 02.05.2022)	30 April 2026
			30 November 2023 termination of the term of office of the Financial Manager as of 30.11.2023 (last day of the term of office) by concluding the Addendum of Termination of 1 November 2023 to the Contract of Mandate for the position of Financial Manager, in accordance with Decision No 1 BoD of 27 November 2023



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Full name	Position	Date of mandate beginning	Date of mandate expiration
Alexandru Stavarache <sup>28</sup>	Financial Manager with a provisional mandate <sup>29</sup>	1 December 2023 (provisional appointment as from 01.12.2023 according to Decision No 2 BoD of 27.11.2023)	29 February 2024

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 Executive Managers listed in the above table hold shares in the Company.

### **5.3.3. 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:

The heiress of one of the victims of the incident on the Petromidia platform from July 2, 2021, 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.

### **5.4. ADVISORY COMMITTEES**

In its work, 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.

<sup>28</sup> As of December 1, 2023, he was elected Sole Director of Rompetrol Petrochemicals S.R.L., a company wholly owned by Rompetrol Rafinare, replacing Mrs. Ramona-Georgiana Gălățeanu, for a term of office expiring on November 30, 2024.

<sup>29</sup> Currently serving as Financial Manager, as mentioned in index 27 above



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*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.

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. 162/2017<sup>30</sup> 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 2023, the structure of the Audit Committee underwent the following changes:

From January 1, 2023, to April 30, 2022, the structure of the Audit Committee was as follows:

- Dan Alexandru Iancu, Chairman
- Askar Abilov – member (non-executive Director)
- Nicolae Bogdan Codruț Stănescu - member (independent non-executive director)

From May 3, 2023, to December 31, 2023, the structure of the Audit Committee was as follows:

- Dan Alexandru Iancu, Chairman
- Adrian Tohănean – member (non-executive director)
- Nicolae Bogdan Codruț Stănescu - member (independent non-executive director)

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<sup>30</sup>Law 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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*Information on the meetings of the Audit Committee in 2023*

In 2023, a total of 6 meetings were organised through Microsoft Teams.

Additionally, to fulfill its legal responsibilities, in 2023 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.

The table below shows the attendance at Audit Committee meetings of members in office for the year ended December 31, 2023:

Full name	Participation in presentia/ by electronic means of communication
Dan Alexandru Iancu <sup>31</sup>	6/6/6
Askar Abilov <sup>32</sup>	2/2/6
Nicolae Bogdan Codruț Stănescu	6/6/6
Adrian Tohănean <sup>33</sup>	4/4/6

*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 2023, and the third digit is the total number of meetings held by the Audit Committee in 2023.*

In 2023, 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 2022 financial year: Unaudited Standalone and Consolidated Financial Statements (FY) as of December 31, 2022, prepared per International Financial Reporting Standards (IFRS – EU), Annual Report of the Board of Directors on Standalone Financial Statements for FY 2022 and Annual report of the Board of Directors on the consolidated financial statements for FY 2022
- Interim Standalone and Consolidated financial statements prepared for 2023 per International Financial Reporting Standards (IFRS – EU)
- Report of the Board of Directors for the first half of 2023, prepared per the requirements of the law
- FY 2022 Executive Remuneration Report

<sup>31</sup> Reappointment as a member of the Audit Committee according to the OGMS Resolution No. 3/2022 of April 28, 2022

<sup>32</sup> Member of the Audit Committee until April 30, 2023

<sup>33</sup> Member 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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- Company's internal audit plan for 2023
- 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.

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 2023 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.

### ***The 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.

During 2023, the composition of the Strategy Committee underwent 3 changes as follows:

- at the meeting of the Board of Directors on 3 May 2023, for the purpose of electing Mr Batyrzhan Tergeussizov as a member of the Strategy Committee, for a term of office starting on 3 May 2023 (the date of the Board meeting) and expiring on 30.04.2026 - as per Decision No. 2 of the Board of Directors of 3 May 2023;
- following the election of Ms Tamila Mikulich and Mr Constantin Saragea as provisional directors as from 1 August 2023, the Board of Directors elected Tamila Mikulich and Constantin Saragea as members of the Strategy Committee at its meeting of 3 August 2023 as from 1 August 2023 until the next OGMS which will discuss the election of the permanent directors;
- at the Board meeting of 25 September 2023, following the election of Ms Zhamilya Meshitbay as provisional administrator as from 30 September 2023 in place of Mr Felix Crudu Tesloveanu following the termination of his mandate as administrator and member of the Strategy



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Committee as from 30 September 2023 (last day of mandate being 29 September 2023), the Board of Directors has elected Zhamilya Meshitbay as a member of the Strategy Committee from 30 September 2023 until the next AGM which will debate the election of a permanent director.

As a results, in January - December 2022, the structure of the Strategy Committee underwent the following changes:

For the period 01 January 2023 – 30 April 2023:

- Yedil Utekov – Chairman (Non-executive Director)
- Felix Crudu-Tesloveanu – Member (Executive Director)
- Bogdan-Cătălin Steriopol – Member (Independent Non-executive Director)

From May 3, 2023, to July 31, 2023, the structure of the Strategy Committee was as follows:

- Batyrzhan Tergeussizov – Chairman (Non-executive Director)
- Felix Crudu-Tesloveanu – Member (Executive Director)
- Bogdan-Cătălin Steriopol – Member (Independent Non-executive Director)

From August 1, 2023, to September 29, 2023, the structure of the Strategy Committee was as follows:

- Batyrzhan Tergeussizov – Chairman (Non-executive Director)
- Felix Crudu-Tesloveanu – Member (Executive Director)
- Bogdan-Cătălin Steriopol – Member (Independent Non-executive Director)
- Tamila Mikulich – member (non-executive director)
- Constantin Saragea – member (non-executive director)

From September 30 to December 31, 2023, the structure of the Strategy Committee was as follows:

- Batyrzhan Tergeussizov – Chairman (Non-executive Director)
- Bogdan-Cătălin Steriopol – Member (Independent Non-executive Director)
- Tamila Mikulich – member (non-executive director)
- Constantin Saragea – member (non-executive director)
- Zhamilya Meshitbay – member (non-executive director)

*Information on meetings of the Strategy Committee during 2023*

In 2023, 4 meetings of the Strategy Committee were held, both in physical presence (2 meetings) and by electronic means of communication by organizing meetings (2 meetings) of Committee members in Microsoft Teams.



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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, 2023:

Full name	Participation in presentia/ by electronic means of communication
Yedil Utekov <sup>34</sup>	1/1/4
Felix Crudu-Tesloveanu <sup>35</sup>	2/2/4
Bogdan-Cătălin Steriopol <sup>36</sup>	4/4/4
Batyrzhan Tergeussizov <sup>37</sup>	3/3/4
Tamila Mikulich <sup>38</sup>	2/2/4
Constantin Saragea <sup>39</sup>	2/2/4
Zhamilya Meshitbay <sup>40</sup>	2/2/4

*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 2023, and the third digit is the total number of meetings held by the Strategy Committee in 2023.*

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 2023, the work of the Strategy Advisory Committee focused mainly on making recommendations to the RRC Board of Directors on the proposed 2023 Income and Expenditure Budget, 2023 Production Plan, 2023 Investment Plan, electing Mr Batyrzhan Tergeussizov as Chairman of the Strategy Committee following the resignation of Mr Yedil Utekov from this position, with a view to the conclusion by RRC of strategic and significant legal acts (contracts, additional acts, orders,

<sup>34</sup>Member of the Strategy Committee until April 30, 2023

<sup>35</sup>Member of the Strategy Committee until September 29, 2023

<sup>36</sup>Member of the Strategy Committee throughout 2023

<sup>37</sup>Member of the Strategy Committee since May 3, 2023, according to the Decision No. 2 of the Board of Directors of May 3, 2023

<sup>38</sup>Member of the Strategy Committee since August 1, 2023, according to the Decision No. 2 of the Board of Directors of August 3, 2023

<sup>39</sup>Member of the Strategy Committee since since August 1, 2023, according to the Decision No. 2 of the Board of Directors of August 3, 2023

<sup>40</sup>Member of the Strategy Committee since September 30, 2023, according to the Decision No. 5 of the Board of Directors of 25 September 2023



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execution of transactions, etc.) from an asset point of view. The Strategy Committee also took note of information on the status of repairs and the return to service of the MHC plant, as well as on the execution of the Cogen Project carried out by the affiliated company, Rompetrol Energy S.A.

## **5.5. 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.

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





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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.

➤ *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



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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.

## ***5.6. OTHER ELEMENTS REGARDING THE CORPORATE GOVERNANCE***

### ***5.6.1. 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.



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

Rompetrol Rafinare attaches great importance to transparency in communicating and informing shareholders and investors. During 2023, reports, presentations and press releases were prepared on financial results, GMS meetings and resolutions adopted by the GMS, periodic reports (quarterly, half-yearly, annual), changes in the Company's management structure, i.e. the composition of the Board of Directors, Executive Management and Advisory Committees, significant transactions, various information on events in the Company's activity, significant investment programs in the Petromidia refinery regarding storage capacities, planned works, etc. The information that was the subject of current and periodical communications, information and reports was drawn up bilingually (Romanian and English), communicated to the market operator, the Bucharest Stock Exchange (BSE), the Financial Supervisory Authority and was 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.

In accordance with the provisions of ASF Regulation No. 5/2018, RRC submitted current reports (prepared bilingually, Romanian and English) to the BVB and ASF under Article 108 of Law 24/2017, transactions that cumulatively exceed 5% of the net asset value reported in the most recent financial report. These current reports sent to the above-mentioned capital market institutions have also been posted on the RRC website and contain the following information: the parties who concluded the legal act, the date of conclusion and the nature of the act, a description of its subject matter, the total amount of the legal act, mutual claims, guarantees provided, penalties, payment terms and conditions.

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.

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).



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***5.6.2. CORPORATE SOCIAL RESPONSIBILITY (CSR) 2023 AND NON-FINANCIAL STATEMENT***

**Sustainability**

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 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, donating equipment for the Emergency Department (UPU); in Navodari we have provided gynecological, radiological, and microbiological equipment and we are in the process of installing a screening equipment for mammography. In Corbu we arranged a playground with green area for children.



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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.

2023 marked the 23rd anniversary of our traditional Ready for Your Career internship program, which has trained industry professionals. 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 2023 will be published by June 30, 2024, 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.

### ***5.6.3. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCEDURES***

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

The Company 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. The Company has internal standards and guidelines on due diligence with third parties, conflicts of interest, gifts and hospitality, which focus on mitigating potential corruption risks.



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Rompetrol's Code of Ethics and Conduct is approved by the Board of Directors and applies to all directors, executives and employees, whatever the nature of their contractual relationship with the Company. The Code creates a frame of reference for understanding and putting into practice the Company's expectations as to each person's behavior, in light of the Company's principles of action. Rompetrol's employees undergo regular professional trainings, trainings on ethical standards and anti-corruption conduct.

Whistleblowing incidents are taken very seriously by the Company and its directors. Any complaints or allegations received are investigated properly by the assigned departments. The Company 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. In line with Irregularity Reporting Policy, the internal investigations conducted during 2023 and 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 results of all internal investigations were discussed with the Company's statutory bodies, which concluded that the warnings were not confirmed.

#### **5.7. LEGAL ACTS REPORTED**

Rompetrol Rafinare reported the legal acts concluded during 2023 by the Company in accordance with Article 108 of Law no. 24/2017 recast, through the Current Reports registered with the Company no. 3140/16 June 2023, no. 4663/11 September 2023, no. 4900/ 25 September 2023, no. 5565/31 October 2023, no. 6711/29 December 2023. The Company also reported two addenda to related party transactions in accordance with Article 108 of Law No. 24/2017, recast having a value greater than 5% of the Company's net assets as per Reports No. 3840/28 July 2023 and No. 574/30 January 2024. 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 Report No. 1963/13.04.2023 Rompetrol Rafinare also reported the signing of documents in connection with the refinancing of the existing syndicated loan of USD 435 million through a new syndicated loan of up to USD 600 million.

All reports were submitted to the Market Operator (i.e. Bucharest Stock Exchange), posted on the FSA website ([www.asfromania.ro](http://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.



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## 5.8. EVENTS SUBSEQUENT TO THE BALANCE SHEET

### Changes in the Company's management - Directors

By the Current Report No. 1193 published on February 28, 2024, the Company informed about the Decision No. 2 of the Board of Directors of RRC of February 27, 2024 on the appointment of Mr. Alexandru Stavarache as Financial Manager, with a term of office starting on March 1, 2024 and ending on April 30, 2026 (the date of expiry of the terms of office of the members of the Board of Directors who made this appointment).

Banca Comercială Intessa Sanpaolo Romania joins the USD 600 million syndicated facility with a USD 20 million loan that will be divided into two parts Facility A and Facility B, each worth USD 10 million. The new agreement was signed on March 14, 2024.

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

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

### *Financial Communication Calendar proposed for year 2024*

<b>Financial agenda</b>	<b>Date</b>
<b>Presentation of preliminary, Standalone, and consolidated financial results for 2023 and QIV 2023</b>	<b>29 February 2024</b> <i>Thursday</i>
<b>Ordinary General Meeting of Shareholders for approving financial results for the year 2023</b>	<b>April 26, 2024 (first call)/ April 29, 2024 (second call)</b> <i>Friday/Monday</i>
<b>Release of the 2023 Annual Report</b>	<b>29 April 2024</b> <i>Monday</i>
<b>Presentation of the results recorded in the first quarter of 2024</b>	<b>15 May 2024</b> <i>Wednesday</i>
<b>Presentation of the results of the first semester and the second quarter of 2024</b>	<b>14 August 2024</b> <i>Wednesday</i>
<b>Presentation of results for the third quarter and January – September 2024</b>	<b>15 November 2024</b> <i>Friday</i>
<b>Phone conferences and/ or meetings with investors and financial analytics, as the case may be</b>	<b>Upon request</b>



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## **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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*Based on the best information available, we hereby confirm that the Individual Financial Statements, audited, 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, and the Consolidated Financial Statements, audited, 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 2023. 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 202, 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**  
Batyrzhan Tergeussizov**Member**  
Tamila Mikulich**Member**  
Zhamilya Meshitbay**Member**  
Adrian Tohănean**Member**  
Nicolae Bogdan Codruț Stănescu**Member**  
Bogdan-Cătălin Steriopol**Member**  
Constantin Saragea**EXECUTIVE MANAGEMENT:****General Manager**  
Florian-Daniel Pop**Financial Manager**  
Alexandru Stavarache



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## 7. ANNEXES

### *ANNEX 1 - Amendments to the Constitutive Act of the Company*

The Constitutive Act 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 Constitutive Act. The amendment of the Constitutive Act is the result of the vote in the Extraordinary General Meeting of the Company's Shareholders. The Constitutive Act 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.

In 2023, there was only one amendment and update of the Company's Constitutive Act, as follows:

**By Decision no. 4/2023 adopted by the Extraordinary General Meeting of Shareholders of April 27, 2023**, the amendment of the Constitutive Act of RRC was approved.

Thus, point 15.1, letter g, of article 15 called “*Attributions*”, from Chapter V called “*Company Administration (Unitary system variant)*” was changed. “*The Board of Directors*” from the Company's Constitutive Act for the purpose of clarifying the text noted in article 15.1. letter g and its according application.

The modified form of art. 15.1. of the Constitutive Act, is the following:

*“15.1. The Board of Directors has the following main attributions:*

*... g) with the exception of legal acts for the adoption/conclusion of which, the approval of the General Shareholders' Meeting is necessary according to the mandatory provisions of the law, approves the adoption/conclusion on behalf of the company of legal acts whose object exceeds the value of:*

*(i) 50.000.000 USD in case of legal documents having as their object the purchase of crude oil, respectively the sale of the following products: Gasoline, Diesel, Jet A1 and Liquefied Petroleum Gases;*

*(ii) 20.000.000 USD in case of legal documents having an object other than the purchase of crude oil, respectively the sale of the products mentioned in point (i) above, including the approval of participation in the establishment of companies or the increase of their social capital with a contribution that exceeds this value limit;”*,

*the rest of the provisions of the Constitutive Act remaining unchanged.*



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Considering the above-mentioned, the Constitutive Act valid at the date of this report was updated on April 27, 2023, and can be found on the Company's website in the Investor Relations section, subsection Corporate Governance/Corporate Governance Documents.



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***ANNEX 2 - Appointment/revocation documents among members of the administration, executive management, auditor.***

During the reporting year, among the members of the administration and the executive management, the following acts of appointment/revocation took place.

1	OGMS Resolution no. 2/2023 OGMS as of 27.04.2023	<ul style="list-style-type: none"> <li>- Revocation of Mr. Yedil Utekov as a member of the Board of Directors of Rompetrol Rafinare S.A. as a result of relinquishing the directors's mandate as of May 1, 2023 (the last day of the mandate being April 30, 2023)</li> <li>- Revocation of Mr. Askar Abilov as a member of the Board of Directors of Rompetrol Rafinare S.A. as a result of relinquishing the directors's mandate as of May 1, 2023 (the last day of the mandate being April 30, 2023)</li> <li>- Election of Mr. Batyrzhan Tergeussizov – non-executive director for a mandate starting on May 1, 2023, and expiring on April 30, 2026 (date of expiration of the mandate of the current members of the Board of Directors)</li> <li>- Election of Mr. Adrian Tohanean – non-executive director for a mandate starting on May 1, 2023, and expiring on April 30, 2026 (date of expiration of the mandate of the current members of the Board of Directors)</li> </ul>
2	BoD Decision as of July 24, 2023	<ul style="list-style-type: none"> <li>- Appointment of Mrs. Tamila Mikulich as provisional director, starting August 1, 2023, until the meeting of the Ordinary General Meeting of Shareholders</li> <li>- Appointment of Mr. Constantin Saragea as provisional director, starting August 1, 2023, until the meeting of the Ordinary General Meeting of Shareholders</li> </ul>
3	BoD Decision no. 1 CA as of September 25, 2023	<ul style="list-style-type: none"> <li>- termination of the mandate of Mr. Felix Crudu – Tesloveanu as executive director starting September 29, 2023 (the last day of the mandate) as a result of the request for the termination of the mandate and the capacity of director</li> <li>- appointment of Ms. Zhamilya Meshitbay as provisional director, starting September 30, 2023, until the meeting of the Ordinary General Meeting of Shareholders</li> </ul>

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4	BoD Decision no. 2 as of September 25, 2023	<ul style="list-style-type: none"><li>- termination of Mr. Felix Crudu-Tesloveanu mandate as General Manager of Rompetrol Rafinare S.A. starting September 29, 2023 (last day of mandate) as a result of the conclusion of the Additional Termination Act as of September 6, 2023, to the mandate contract for the position of General Manager</li><li>- appointment of Florian-Daniel Pop as General Manager for a term starting on September 30, 2023, and ending on September 30, 2024</li></ul>
5	BoD Decision no. 1 as of November 27, 2023	<ul style="list-style-type: none"><li>- termination of Mrs. Ramona-Georgiana Galateanu mandate as Financial Manager of Rompetrol Rafinare S.A. starting December 1, 2023 (last day of mandate being November 30, 2023) as a result of the conclusion of the Additional Termination Act as of November 1, 2023, to the mandate contract for the position of Financial Manager</li></ul>
6	BoD Decision no. 2 as of November 27, 2023	<ul style="list-style-type: none"><li>- appointment of Mr. Alexandru Stavarache as interim Financial Manager for a term starting on December 1, 2023, until February 29, 2024<sup>41</sup></li></ul>

There were no appointment/revocation documents related to the Company's external financial auditor.

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<sup>41</sup> In the meeting of February 27, 2024, the Board of Directors appointed Mr. Alexandru Stavarache as Financial Manager for a term starting March 1, 2024, until April 30, 2026



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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.

➤ Participation - 66,1911%.

- **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.

➤ Participation - 100%.

- **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.

➤ Participation - 99,9998508%.

- **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).



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

➤ Participation - 70,91%.

- **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.

➤ Participation - 99,994688898%.

indirectly:

- **Global Security Sistem S.A.** (with registered office in București, strada Constantin Căpitanu, nr. 10, 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 parties<sup>42</sup>***

Rompetrol Rafinare S.A. is part of the KMG International Group<sup>43</sup>. 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" (67.42%), (ii) the National Bank of the Republic of Kazakhstan (9.58%), and (iii) Finance Ministry of the Republic of Kazakhstan (20%) - all these three companies being headquartered in Kazakhstan, being entirely held by the Kazakh State, and (iv) 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.<sup>44</sup>
- 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.

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<sup>42</sup> At this point there have been listed all of the companies in the KMG International Group

<sup>43</sup> As Rompetrol Group until March 2014

<sup>44</sup> As Uzina Termoelectrică Midia S.A. until December 2022



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- KMG ROMPETROL DEVELOPMENT S.R.L.
- Fondul de Investitii in Energie Kazah-Roman S.A.
- KMG Rompetrol Services Center S.R.L.<sup>45</sup>
- Rompetrol Renewable S.R.L.<sup>46</sup> – suspended activity

**2. Companies with registered office abroad**

- KMG International N.V.<sup>47</sup>
- 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;

<sup>45</sup> With the old designation of ROMPETROL EXPLORATION & PRODUCTION S.R.L.

<sup>46</sup> As Rompetrol Drilling S.R.L. until 31.01.2023

<sup>47</sup> Until March 2014, with the name The Rompetrol Group N.V



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- ABC CARBURANTSALLO BEZIAT CARBURANTS SAS;
- GERAUD-TAMPIER SAS;
- DAVID RECOULES SAS;
- ALEGRI SAS.
- BENON JV
- NEEL FRAISSE SAS
- TRAVAUX FORESTIERS ZAPLOTNY SAS;
- BOIS ENERGIE DES TERRITOIRES D'Auvergne SAS;
- FRANCE HABITAT ENR SAS;
- GLOBAL'ETHIC DELTA

Note: there are also 7 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 2023***

<b>Provisions of the Corporate Governance Code</b>	<b>Compliance</b>	<b>Not compliant or partial compliant</b>	<b>Reason for the non-compliance</b>
<b>A.1.</b> 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		
<b>A.2.</b> 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-quotate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	YES		
<b>A.3.</b> The Board of Directors or the Supervisory Board should have at least five members.	YES		



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<b>Provisions of the Corporate Governance Code</b>	<b>Compliance</b>	<b>Not compliant or partial compliant</b>	<b>Reason for the non-compliance</b>
<p><b>A.4.</b> 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.</p>	YES		
<p><b>A.5.</b> 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.</p>	YES		



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<b>Provisions of the Corporate Governance Code</b>	<b>Compliance</b>	<b>Not compliant or partial compliant</b>	<b>Reason for the non-compliance</b>
<b>A.6.</b> Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, 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.	YES		
<b>A.7.</b> The company should appoint a Board Secretary responsible for supporting the work of the Board.	YES		
<b>A.8.</b> 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.
<b>A.9.</b> 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		
<b>A.10.</b> 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		



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Provisions of the Corporate Governance Code	Compliance	Not compliant or partial compliant	Reason for the non-compliance
<p><b>A.11.</b> The Board of Premium Tier companies should set up a nomination committee formed of nonexecutives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.</p>		N/A	The company is included in the Standard category.
<p><b>B.1.</b> 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.</p>	YES		
<p><b>B.2.</b> The audit committee should be chaired by an independent nonexecutive member.</p>	YES		



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<b>Provisions of the Corporate Governance Code</b>	<b>Compliance</b>	<b>Not compliant or partial compliant</b>	<b>Reason for the non-compliance</b>
<b>B.3.</b> Among its responsibilities, the audit committee should undertake an annual assessment of the internal control system.	YES		
<b>B.4.</b> 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 control failings or weaknesses and their submission of relevant reports to the Board.	YES		
<b>B.5.</b> 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>B.6.</b> The audit committee should evaluate the efficiency of the internal control system and risk management system.	YES		
<b>B.7.</b> 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>B.8.</b> 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		





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<b>Provisions of the Corporate Governance Code</b>	<b>Compliance</b>	<b>Not compliant or partial compliant</b>	<b>Reason for the non-compliance</b>
<b>B.9.</b> 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>B.10.</b> 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 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.		NO	The company will prepare a policy/guideline regarding provision B.10 of the Corporate Governance Code
<b>B.11.</b> 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>B.12.</b> 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		



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<p><b>C.1.</b> 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.</p>			<p>In 2021, the Company established the Remuneration Policy in accordance with art. 92<sup>1</sup> of Law no. 24/2017. In OGMS of April 28, 2021, the Company submitted to the approval of the shareholders the Remuneration Policy of the Company's Directors.</p> <p>In March 2023, the Company revised the Remuneration Policy. In the OGMS of April 27, 2023, the Company submitted to the approval of the shareholders the revised Remuneration Policy that entered into force on the date of this OGMS. The Remuneration Policy revised on April 27, 2023 can be found on the Internet, on the Company's website <a href="https://rompetrol-rafinare.kmginternational.com/">https://rompetrol-rafinare.kmginternational.com/</a>, Investor Relations section, Corporate Governance Documents subsection</p>



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<p><b>D.1.</b> 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:</p>	YES		
<ul style="list-style-type: none"> <li>• <b>D.1.1.</b> Main corporate regulations: the articles of association, general shareholders' meeting procedures;</li> </ul>	YES		
<ul style="list-style-type: none"> <li>• <b>D.1.2.</b> 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;</li> </ul>	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"> <li>• <b>D.1.3.</b> . 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;</li> </ul>	YES		



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<b>Provisions of the Corporate Governance Code</b>	<b>Compliance</b>	<b>Not compliant or partial compliant</b>	<b>Reason for the non-compliance</b>
<ul style="list-style-type: none"> <li>• <b>D.1.4.</b> 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;</li> </ul>	YES		
<ul style="list-style-type: none"> <li>• <b>D.1.5.</b> 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;</li> </ul>	YES		
<ul style="list-style-type: none"> <li>• <b>D.1.6.</b> The name and contact data of a person who should be able to provide knowledgeable information on request;</li> </ul>	YES		
<ul style="list-style-type: none"> <li>• <b>D.1.7.</b> Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semiannual, annual), auditor reports and annual reports.</li> </ul>	YES		
<p><b>D.2.</b> The Company shall have an annual dividend distribution policy or related to other benefits to the shareholders, proposed by the CEO or the Management Board and adopted by the Board, as a set of guidelines the company intends to follow regarding the distribution of net profit. The principles of the annual distribution policy to shareholders should be published on the corporate website.</p>		NO	To be implemented



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<p><b>D.3.</b> 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.</p>		NO	The requirement will be implemented.
<p><b>D.4.</b> 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.</p>	YES		
<p><b>D.5.</b> The external auditors should attend the shareholders' meetings when their reports are presented there.</p>	YES		The external auditors are invited to GMS when their reports are submitted within these meetings.



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<b>D.6.</b> 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		
<b>D.7.</b> 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		
<b>D.8.</b> 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		



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<b>Provisions of the Corporate Governance Code</b>	<b>Compliance</b>	<b>Not compliant or partial compliant</b>	<b>Reason for the non-compliance</b>
<b>D.9.</b> A company will organize at least two meetings /conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.		Partially compliant	The regular reporting of the company disclosing financial information is considered complete, highly transparent and relevant in terms of the information needed for investment decision-making. The organization of such events will be established as requested by investors.
<b>D.10.</b> 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**

**Batyrzhan Tergeussizov**