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Group  
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**THE AUDIT COMMITTEE REGULATIONS**

**OF**

**ROMPETROL RAFINARE S.A.**

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**Updated on 11 August 2020**

**According to the Decision no. 3 adopted by the Board of Directors of  
Rompetrol Rafinare S.A. as of August 11st, 2020**



This Document contains the Audit Committee Regulations of the Audit Committee established by the Board of Managing Directors of SC Rompetrol Rafinare S.A (hereinafter the “**Company**”) pursuant to article 15.1 of the Articles of association.

## 1. Applicable guidelines and legal framework

- Law 162/ 2017 regarding Audit committee establishment
- Corporate Governance Code of Bucharest Stock Exchange
- Companies Law no. 31/ 1990 and subsequent amendments
- Articles of Incorporation of Rompetrol Rafinare S.A.

## 2. Definitions and Interpretation

The following capitalized terms used in these Audit Committee Regulations have the meanings set opposite to such terms:

<b>Alternate President</b>	one of the other Audit Committee Members, designated by majority of the votes cast by the Audit Committee Members present at an Audit Committee Meeting where the President is absent;
<b>Articles</b>	the articles of association of the Company as amended from time to time;
<b>Audit Committee</b>	the Audit committee established by the Board by resolution adopted on April 13rd 2018
<b>Audit Committee Meeting</b>	a duly convened meeting of the Audit Committee held by the Audit Committee Members in person or by telephone conference or by video conference, or other means of electronic communication via which official and authorized decisions can be made, provided that all participants to the meeting can hear each other simultaneously;
<b>Audit Committee Member</b>	a member of the Audit Committee who is not an employee of the Group and/or the CEO of the Company;
<b>Audit Committee Regulations</b>	these regulations of the Audit Committee including the Annexes, as the same may be amended from time to time;
<b>Board</b>	the board of managing directors of the Company;
<b>CEO</b>	the chief executive officer of the Company;
<b>CFO</b>	the chief financial officer of the Company;
<b>Company</b>	Rompetrol Rafinare S.A.;
<b>General Meeting</b>	the general meeting of shareholders of the Company;
<b>Group</b>	the Company and its Subsidiaries and Group Companies from time to time;
<b>President</b>	the chairman of the Audit Committee – member who meets the criteria of non-executive and independence (different from the Chairman of the Board)



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### **3. Status of these Audit Committee Regulations**

These Audit Committee Regulations have been adopted unanimously by all Board Members at that time in office, in the resolution adopted by the Board of 11 August 2020.

These Audit Committee Regulations are in addition to the rules and regulations which are applicable to the Board under Romanian law, under the Articles. In the case of any inconsistencies between these Audit Committee Regulations, Romanian law and/or the Articles, the applicable provisions will prevail in the following order: (i) Romanian law; (ii) the Articles; (iii) these Audit Committee Regulations.

### **4. Constitution of the Audit Committee**

The Audit Committee is constituted pursuant to article 15 of the Articles. The Audit Committee is an independent body and consists of three (3) members, nominated and appointed by the Company's Board. The member(s) who are not part from the Board should be appointed by General Meeting of the Shareholders.

All the Audit Committee Members must have the necessary competences in oil and energy industry and at least one member must have financial management or accounting expertise confirmed by official (certified) documents.

### **5. The President**

The President is nominated by the Board members. Meetings of the Audit Committee are presided over by the President, non-executive and independent member, or, in his absence, by the Alternate President. Where in these Audit Committee Regulations a reference is made to the President such reference shall include a reference to the Alternate President where it concerns the absence of the President.

### **6. Secretary**

The Audit Committee is assisted by a secretary, who is appointed by the President. The secretary shall be in charge with making the minutes of the Audit Committee Meeting. The minutes shall provide insight into the proceedings during the Audit Committee Meeting and into the decision-making process. The minutes shall be submitted to the Audit Committee for approval after closing of the same Audit Committee Meeting or at the next meeting.

### **7. General duties of the Audit Committee**

The Audit Committee shall assist the Board in fulfilling its responsibilities for the integrity of the Company's financial statements, the financial reporting process, the system of internal business controls and risk management, the internal and external audit process, the internal and external auditor's qualifications, independence and performance as well as the Company's process for monitoring compliance with laws and regulations and any code applicable to the Company.

The Audit Committee shall periodically report its findings to the Board and shall periodically call meetings with the Board, the Company's internal auditors and the Company's external auditors.



With regards to the monitoring of the financial reporting process, the Audit Committee shall:

- advises the Company's annual and (or interim financial statements) to be disclosed, including press releases announcing financial or operating results related to or derived from such financial statements, the statement of the Board to the General Meeting to be inserted in the Company's annual accounts and any financial information or earnings guidance to be provided to financial analysts or rating agencies, and analyze the fairness and adequacy of the contents and presentation of such statements or information.
- report its findings to, and the request of the Board of Directors, discuss such financial statements and information with, the Board before these documents are signed by the Board or issued by the Company. In performing these reviews and reporting its findings to the Board, the Audit Committee shall devote special attention to:
  - any changes in the accounting policies and practices;
  - adjustments and other comments and recommendations from the internal or external audit;
  - the going concern assumptions;
  - compliance with applicable accounting standards, statutory/ legal requirements and regulations related to the review, content or presentation of financial information and financial statements;
  - detection of fraud and illegal acts;
  - significant financial exposures in the area of treasury (such as currency risks, interest rate risks, derivatives and any other hedging strategies) and potential operational risks;
  - complex or unusual transactions or any "off balance sheet" arrangements;
  - significant deviations between actual performance and planned performance, management's basis for and analysis of any projections or discussions of expected future results;
- review all matters required to be communicated to the Board by the external auditor under generally accepted auditing standards;
- analyse and submit to the Board of Directors the opinion on any transaction of the company with any of the companies with which they have close relations and whose value is equal or greater than 5% of the company net assets (according to the last financial report);

With regards to internal audit, the Audit Committee shall:

- review annually the internal audit charter, internal audit plan, audit scope and its coverage in relation to the scope of the external audit, staffing, independence and organizational structure of the internal audit function. The internal audit must be directly subordinated to the Audit Committee, thus, ensuring internal auditors' independence and objectivity;
- review annually the effectiveness of the internal audit function and the adequacy of the internal reports prepared following the risks assessments performed;
- discuss with the internal auditor his year-end report and report on internal control and report to the Board thereon;
- facilitate increasing the promptness and effectiveness for the remediation of the deficiencies or weaknesses identified following the internal audits performed.



With regards to the external audit and in preparation of final resolutions to be taken by the Board, the Audit Committee shall:

- review annually the external auditors' proposed audit scope, approach and fees, including the coordination efforts with the internal audit;
- formally evaluate, on at least an annual basis, the external auditor's independence, report to the Board of Directors its positions on this matter and requests any changes to the Company's policy on auditor independence as needed. The Audit Committee will review the opportunity of accepting and delivering other services by the external auditors and pre-approve all audit/permitted non audit services;
- monitor the audit of the statutory and consolidated financial statements considering also the findings and the conclusions of local authorities' inspections. Assess the performance of the external auditor against measurable criteria and regularly advise the Board at its request on the (re)appointment or selection procedure of the external auditor and the rotation of the lead audit partner;
- discuss with the external auditor its year-end report and report on internal control and advise the Board thereon;
- monitor and assess the financial reporting mechanism to ensure its integrity. Act as the primary point of contact for the external auditors, in the event the external auditors finds any irregularities in the financial reporting by the Company.

With regards to risk management and compliance activities, the Audit Committee shall:

- periodically discuss with the Board of Directors at its request, the Company's policy on business control and the Company's major areas of risk and methods of risk assessment and management with the Board;
- monitor the main risks' categories and verify that the main risks are properly mitigated;
- monitor the implementation of the internal auditing standards or other legal standards or legal provisions applicable to the risk management system and in order to ensure compliance;
- analyze the implementation of the Conflict of Interests Policy (or similar stipulations).
- assess the conflicts of interest regarding the company transactions, and of its branches with the related entities.

The Audit Committee, in assisting in the preparation of the resolutions to be taken by the Board, shall provide all information and documents reasonably required by the Board to evidence fulfillment of its oversight responsibilities as referred to in this article, or as otherwise requested by the Board.

## **8. The Audit Committee Meetings**

The Audit Committee shall meet at least quarterly each year. In addition, the Audit Committee shall meet at times that, in the judgment of the President or a majority of the Audit Committee Members, a meeting is required or desirable. The Chairman of the Board, the external auditors and the internal auditor may request the President to call a meeting of the Audit Committee. At least a majority of the Audit Committee Members must be present, in person or by telephone or other electronic means of communication, in order for an official, authorized act of the Audit Committee to be taken.



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The Members of the Board of Directors have unrestricted access to all Audit Committee meetings and records. This means that no other person than the Audit Committee Members, the Audit Committee's secretary and the Board Members are entitled to be present at a meeting of the Audit Committee or to have unrestricted access to the Audit Committee records, unless otherwise decided by the President or a majority of the Audit Committee Members.

Any Audit Committee Meeting may be called for upon a notice term of three (3) days. In urgent cases an Audit Committee Meeting may be called for on shorter notice, provided that in that case, where not all Audit Committee Members are able to attend in person, the relevant Audit Committee Meeting shall be held either by telephone conference or by video conference (provided that all participants to the relevant meeting can hear each other simultaneously), or by other electronic means of communication. Meetings of the Audit Committee are in general called for by the Secretary, in prior consultation with the President. The notice for an Audit Committee Meeting shall include: (i) the name(s) of the initiator(s) to convene the Audit Committee Meeting; (ii) the agenda for the relevant Audit Committee Meeting; (iii) supporting papers on the agenda items.

Each Audit Committee Member has the right to request the President that an item be placed on the agenda for any Audit Committee Meeting.

Audit Meetings may be held in any of the offices of the Company or any of its Group Companies or elsewhere. In addition, meetings of the Audit Committee may be held by telephone conference or other electronic means of communication provided that all participants can communicate with each other simultaneously.

## **9. Decision-making of the Audit Committee**

The Audit Committee Members shall endeavor to achieve that its advice to be provided to the Board and the General Meeting, is as much as possible, made up unanimously. The advice of the Audit Committee shall be documented in writing.

Where no unanimity can be reached on any advice to be made by the Audit Committee such advice may nevertheless be made-up where it is supported by the absolute majority of the Audit Committee Members.

## **10. External auditors**

The Audit Committee shall advise the result of the selection procedure and shall recommend the external auditors to the Board of Directors according to Law no. 162/2017. The Audit Committee shall further evaluate and, where appropriate, recommend the replacement of the external auditors. Pre-approval by the Audit Committee shall be required with respect to the fees for all audit and permitted non-audit services to be performed by the external auditors as negotiated by the Board.

The Audit Committee's pre-approval of any permitted non-audit services to be rendered by the external auditors must be obtained in advance of engaging the external auditors to render such services. The Audit Committee shall not approve the engagement of the external auditors to render non-audit services prohibited by applicable laws and regulations or that would compromise their independence.



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The Audit Committee shall consider whether the provisions of non-audit services are compatible with maintaining the external auditors' independence, including, but not limited to, the nature and scope of the specific non-audit services to be performed and whether the audit process would require the external auditors to review any advice rendered by the external auditors in connection with the provision of non-audit services.

## **11. Conflicts of Interest**

All transactions in which there is a conflict of interest among the Company or any of its Group Companies and an Audit Committee Member shall be agreed on terms that are customary for arm's-length transactions in the branch of business in which the Company and its Group Companies operate. Audit Committee members with a conflicting interest with respect to a specific agenda item shall not attend the meeting during the discussion of that agenda item.

## **12. Miscellaneous**

Any person who is appointed as an Audit Committee Member must, upon assuming office, declares in writing to the Company that he accepts and agrees to the contents of these Audit Committee Regulations and that he will comply with the provisions of these Audit Committee Regulations.

The Audit Committee will ensure that procedures for addressing complaints concerning accounting or auditing issues and procedures for employee whistleblowers to anonymously submit their concerns to the Audit Committee Members regarding accounting or auditing issues are in place.

The Audit Committee may in its sole discretion appoint an independent counsel and other advisors, as it determines necessary to carry out its duties. The costs of these advisors shall be borne by the Group.

The terms and conditions of engagement of each Audit Committee Member govern the relationship between such Audit Committee Member and the Group where it concerns matters such as remuneration, reimbursement of costs, confidentiality, duration and notices. The Board may decide to provide each Audit Committee Member with a fixed cost allowance or other method of reimbursement of costs incurred in connection with the performance of duties as Audit Committee Member.

The Audit Committee shall review and re-assess the adequacy of these Audit Committee Regulations periodically (e.g. annually), report its assessment to the Board and recommend, where appropriate, any proposed changes to the Board.



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## ANNEX I – FORM OF POWER OF ATTORNEY

The undersigned:

[*Audit Committee Member name*], residing at [*Audit Committee Member address*],

being an Audit Committee Member of **Rompetrol Rafinare S.A.**, a joint stock company incorporated under the laws of Romania, with office address at 215 Navodari boulevard, Pavilion Administrativ, Navodary City, Romania (the “**Company**”),

hereby grants full power of attorney to:

[*Proxy Holder name*], residing at [*Proxy Holder address*], and being an Audit Committee member of the Company;

to represent, in accordance with article 7 of the Audit Committee Regulations of the Company, the undersigned at the meeting of the Audit Committee of the Company to be held on or about [*date of the meeting*].

This power of attorney is solely granted for the purposes of the meeting to be held on or about [*date of the meeting*].

Signed in [*signing place*], on the [*signing date*].

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[*Audit Committee Member name*]

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Board Member

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Board Member