

**rompetrol**

KazMunayGas  
International  
Group Member

# The pandemic and **our future**

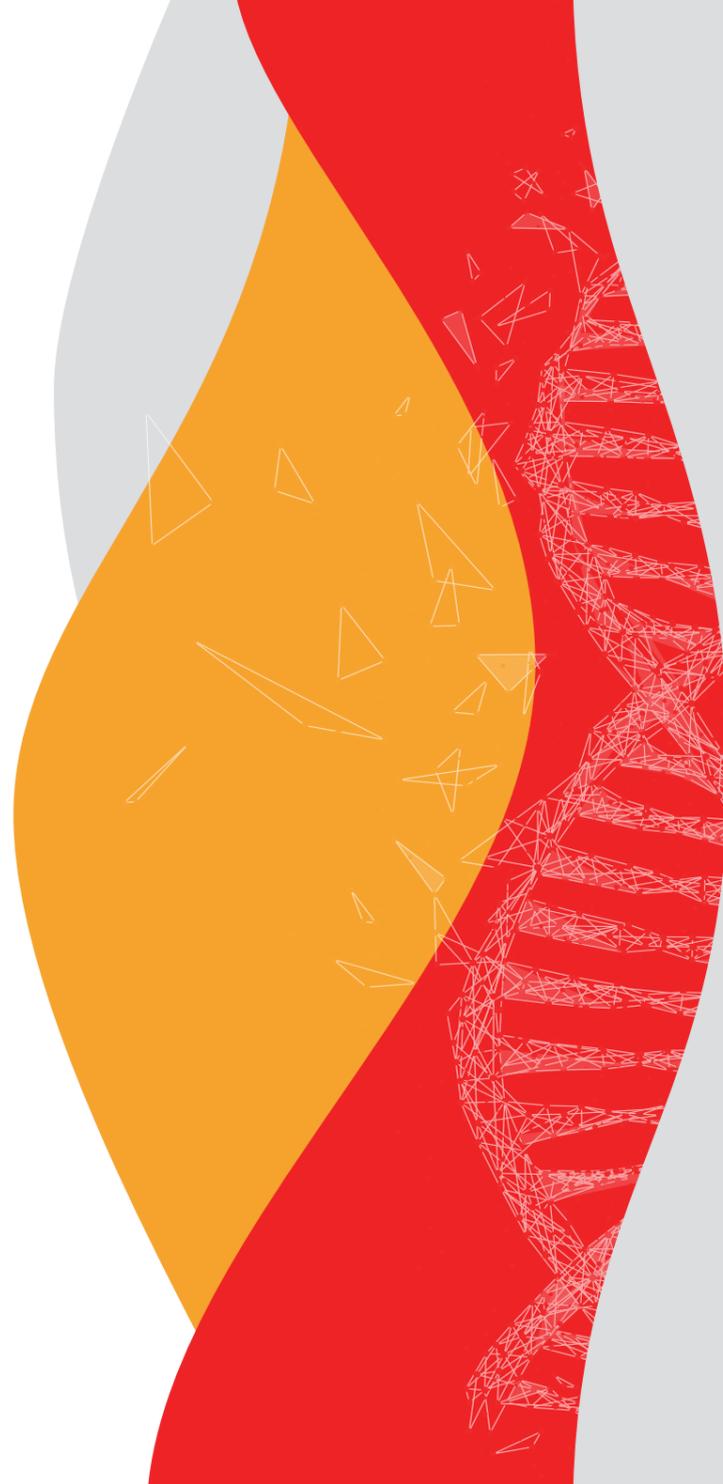
**2020** SUSTAINABILITY REPORT

KMG International

Rompetrol Rafinare and affiliated companies



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## Dear Stakeholders,

2020 was a very challenging year for all, with the pandemic deeply impacting the livelihoods of companies and individuals worldwide. For Rompetrol, 2020 was one of the most difficult years in its entire history. Our oil & gas industry was substantially affected – sharp decrease in demand for petroleum products, highly volatile prices for raw materials and fuels, negative margins especially in the refining sector lasting for months. It also represented a setback for sustainable development.

KMG International responded immediately and with clear priorities, activating and implementing measures to keep our people safe, and ensuring the fuel supply. Our highest priorities were the safety of our employees and the safety of our consumers and the public, which included supporting our heroic healthcare workers and first responders with vital products and supplies, taking careful and extensive measures at our work locations and retail points to ensure safety of employees and customers.

We supported the authorities and medical staff with funds and fuel for the purchase of protective garments and medical equipment for hospitals across Romania, and also allocated resources that would contribute to the pandemic management efforts of local authorities in other countries of operations, like the Republic of Moldova, Bulgaria, and Georgia.

Moreover, we took our commitment further and developed a new range of polymer, vital in the production of medical protective equipment. This was a premiere for Romania and Central and Eastern Europe and a major success for the team of specialists at Petromidia refinery in the fight against COVID-19. With this new assortment, the Group produces and provides all the necessary types of products for necessary for manufacturing FFP1 and FFP2 sanitary and surgical masks and medical accessories.

Also during the pandemic we conducted the general turnaround of Petromidia refinery, an operation scheduled at every 4 years, with almost 1500 works executed during 45 days, with additional protection measures taken, and successfully completed without any health and safety incidents.

Despite a hostile environment, in which restrictions severely reduced fuel sales and generated negative refining margins for months, we continued to do business responsibly, to continue, develop and implement sustainability initiatives across the Group in 2020. And the results didn't fail to reward us in terms of environmental and social performance.

We were deeply committed to safeguarding the well-being of our employees and communities amidst the pandemic, not least by securing the energy supply. Thus, in order to support our colleagues, digitalization projects for the support functions were implemented, flexible work or work from home programs were developed, as well as other measures for providing IT equipment and solutions. To these we added the efforts to maintain jobs, in a context marked by increased volatility in the job market.

Despite the financial impact and the negative results recorded, we managed to protect and maintain our profile activities in Romania and in the region, while providing our employees, customers, business partners, local and central authorities with stability and continued support.

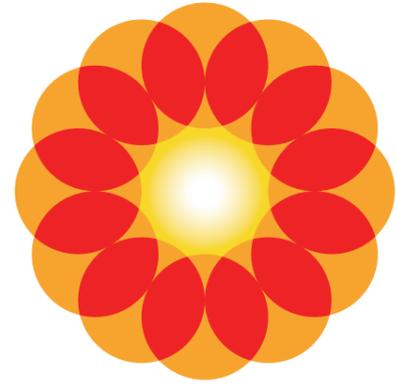
No fatal incidents occurred in 2020, while occupational indicators maintained a stable positive trend. All planned development programs in the refining and retail sectors continued according to schedule, along with the digitization of processes and operational flows. In addition, fuel production and distribution flows were never interrupted.

Not only did the Group maintained both its refineries operational - Petromidia Navodari and Vega Ploiesti, but it also continued the development of its presence in the retail sector, expanding its regional fuel distribution network by 46 stations, of which 19 in Bulgaria, Georgia, and the Republic of Moldova.

In a nutshell, we once again managed to prove our resilience and our dedication through good and bad times. Yes, the challenges we had to face were many, from the invisible threat of the SARS-CoV-2 virus to the sudden decrease in fuel sales due to the restrictions imposed by the pandemic and the added financial pressure. However, 2020 also had a silver lining. It showed us the power of coming together for the greater good. It also showed us that we are more resourceful and resilient than we thought. We look into 2021 with optimism and ambitious development and sustainability plans, and a strong focus on developing extensive environmental projects.

This report provides a detailed overview of how KMG International is making a difference across our main impact areas – individuals and families, communities, and the planet. For their commitment to navigating through the darkest times of the pandemic and their trust in a brighter future, I would like to thank our employees, suppliers, and partners, along with all of you who have put your trust in us.

**BEIMBET SHAYAKHMETOV**  
CEO,  
KMG International



**Approach**



The energy  
to get up  
and **about**

## About this Report

As proof of our commitment to helping our stakeholders understand sustainability at KMG International within the wider context of our business performance, since 2013, we have been delivering dedicated sustainability reports. Moreover, an overview of our sustainability commitments, performance and management priorities have also been included in the Group's Annual Reports. The 2020 KMG International sustainability report marks the Group's seventh year of non-financial reporting and closely reflects the activity of the Group against the backdrop of the events and evolutions shaping the reporting period.

We recognize our responsibility to be accountable to all of our stakeholders, which involves regular and open reporting of our performance on environmental, social, governance (ESG), and other nonfinancial matters. The overall indicators of the activities carried out throughout 2020 in the countries with significant operations were included in this integrated, comprehensive report. These may include information from previous years that we considered relevant for understanding the information from the year covered by the reporting.

As part of our commitment to the United Nations (UN) Global Compact, the Report acts as the Group's annual Communication on Progress (CoP). We describe practical actions the Company has taken to implement the 10 Principles and highlight the ways in which we address the UN Sustainable Development Goals<sup>1</sup> (SDGs). We actively support the UN Sustainable Development Goals and the UN Global Compact's 10 Principles on human rights, labor standards,

environment, and anti-corruption, within our Group, across our value chain and in the business conduct of our suppliers and partners.

This edition was prepared in accordance with the Comprehensive option of the Global Reporting Initiative<sup>2</sup> (GRI) Standards, maintaining, at the same time, the specific indicators pertaining to the oil and gas sector, which have yet to be adapted and included in the set of available GRI Standards. There were no major changes in our reporting approach compared to the previous year.

The Group's overall approach to sustainability considers multiple factors with a high impact on our activity and, in turn, on our community and the society as a whole. These includes the external trends influencing our business, from climate change to economic growth or technological disruption, the UN SDGs, along with the results of our internal risk assessment and our identified material topics. These are the elements that provide us the general directions that we should constantly follow and monitor in our approach.

As a result, our sustainability approach is not only comprehensive, but also unitary, as we apply the same professional and responsible approach to people, the environment, and communities as we do in our operational activities. We take great pride in

our sustainable practices and we use this report to show our stakeholders how our strong values and solid principles are reflected in our daily operations.

And, while we are proud of our achievements so far, we always strive to become an ever more sustainable company. To do that, we aim to maximize the positive impact on all of our stakeholders while minimizing our negative impact throughout the value chain and across all operations.

This SD Report stands also as non-financial reporting of Rompetrol Rafinare (RRC) and its affiliated companies, with operations based in Romania, the country of main assets and business activities of KMG International.

Aiming to show our stakeholders a clear picture of the non-financial impact of our RRC and affiliated companies, we make an overview of the large framework of operations, supply chain – imports of crude for the refinery, exports of products from the refinery to Romania and Near-Abroad countries, key environmental indicators of production units as well as social and society impact of RRC and affiliated companies.

This report can be read in conjunction with the financial statements of RRC or KMG.

1. The United Nations Sustainable Development Goals (SDGs) are an internationally recognized framework that aims to address the three elements of economic growth, social inclusion, and environmental protection as part of a broader endeavor to eradicate poverty and strengthen peace and freedom. There are 17 goals, accompanied by 169 specific targets.

2. The Global Reporting Initiative (GRI) is an independent, international organization dedicated to helping businesses and governments report effectively and publicly disclose the impact of their activities on key environmental, social, and governance (ESG) sustainability topics.

## Materiality Assessment

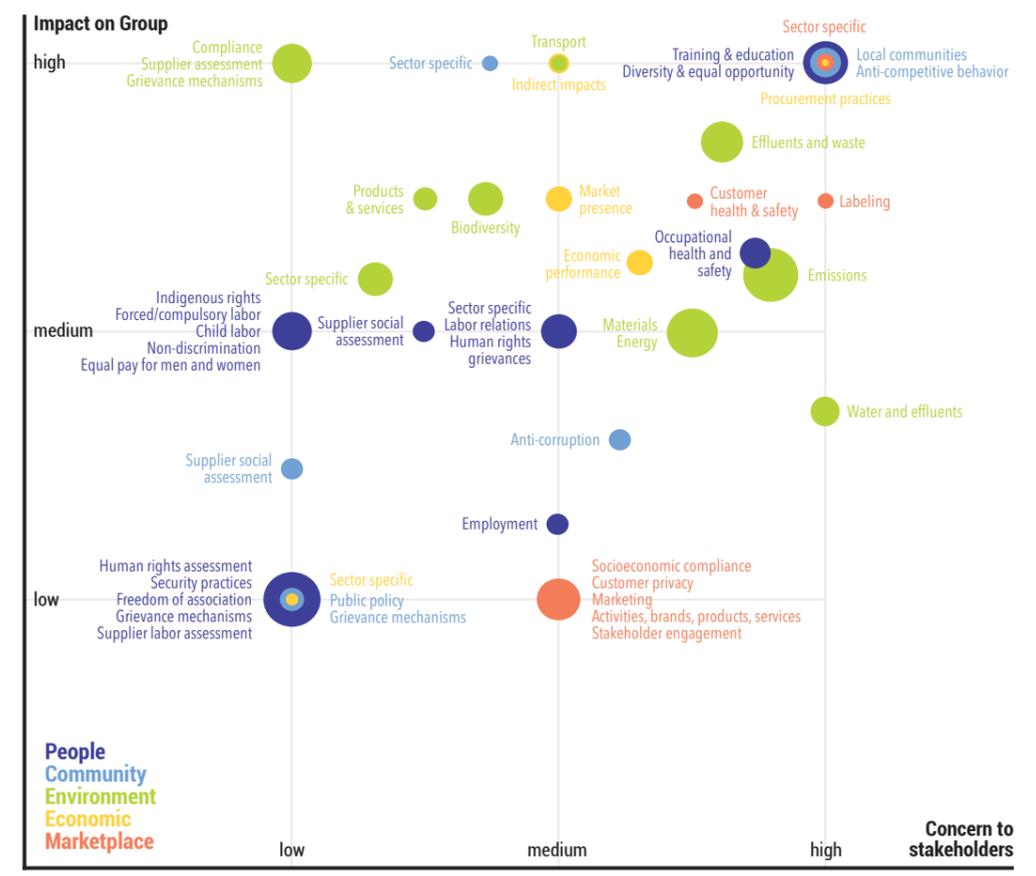
The content of our annual sustainability report is determined by reference to a detailed materiality assessment. The assessment identifies and evaluates the sustainability topics that mattered most to our businesses and our stakeholders during the year under review and will matter most to them in the near-term future. This activity entails various types of actions, which in their entirety constitute a comprehensive process carried out both by the KMG dedicated reporting team, as well as by various specifically assigned staff from the Group's different divisions.

As part of our materiality assessment, we have identified a list of issues which are relevant for our company and our stakeholders, included in the materiality matrix. In drafting the content of this report, we considered not only the Group's values and experience, but also the expectations and interests of our stakeholders, collected through comprehensive consultation and surveys, adapted accordingly to each group.

Consistent with GRI guidance, we prioritized issues important to our stakeholders when developing the content for our sustainability report, using a high-medium-low type of scale that reproduced the stakeholders' view on the indicators. The prioritization was done by scoring the two elements of the analysis: the impact on the Group and the importance to stakeholders.

In determining the importance of the sustainability-related topics, we employed market research and analytics on our consumers, non-profit organizations, and relevant stakeholders from both the private and the public sector.

Outcomes of our Materiality Assessments are included in our annual sustainability reporting, following all material topics and their evolutions throughout the reporting intervals. Additionally, we review our Materiality Assessment each year to make sure we continue to focus on the topics of most interest to stakeholders and relevance to our business success. In identifying and assessing material topics, we follow guidance from and report with reference to Global Reporting Initiative (GRI) Standards.



GRI STANDARDS

People	
403-1 to 403-10	Occupational Health & Safety
404-1 to 404-3	Training and Education
405-1	Diversity & Equal Opportunity
402-1	Labor Relations
OG 9	Sector Specific
414-1, 414-2	Supplier Social Assessment
401-1 to 401-3	Employment
405-2	Equal Pay for Men and Women
406-1	Non-Discrimination
408-1	Child Labor
409-1	Forced/Compulsory Labor
411-1	Indigenous Rights
103-2	Human Rights Grievances
414-1, 414-2	Supplier Labor Assessment
103-2	Management Approach: Grievance Mechanisms
412-2, 412-3	Human Rights Assessment
407-1	Freedom of Association and Collective Bargaining
410-1	Security Practices
412-1	Human Rights Assessment
Community	
413-1, 413-2	Local Communities
206-1	Anti-Competitive Behavior
419-1	Socio-economic Compliance
OG 10 to OG 13	Sector Specific
205-1 to 205-3	Anti-Corruption
414-1, 414-2	Supplier Social Assessment
415-1	Public Policy
103-2	Grievance Mechanisms

Aspects are listed in descending order of their score.

**More details about each of the indicators used can be found in the GRI Annex at the end of this report.**

GRI STANDARDS

Environment	
305-1 to 305-7	Emissions
N/A	Transport
306-2 to 306-4	Effluents and Waste
303-1 to 303-5	Water and Effluents
301-1, 301-2	Materials
302-1 to 302-5	Energy
304-1 to 304-4	Biodiversity
301-3	Materials
several	Overall
307-1	Environmental Compliance
308-1, 308-2	Supplier Environmental Assessment
103-2	Grievance Mechanisms
OG 2 to OG 8	Sector Specific
Economic	
203-1, 203-2	Indirect Economic Impacts
201-1 to 201-4	Economic Performance
202-1, 202-2	Market Presence
204-1	Procurement Practices
OG 1	Sector Specific
Marketplace	
416-1, 416-2	Customer Health and Safety
417-1 to 417-3	Marketing and Labeling
102-43, 102-44	Stakeholder Engagement
102-2	Activities, Brands, Products and Services
417-3	Marketing and Labeling
418-1	Customer Privacy
419-1	Socioeconomic Compliance
OG 14	Sector Specific

## Report Concept

### Unexpected Unknown Unpredictable

These are some of the words that could be used to describe the year 2020.

The world was taken over by storm by a dangerous and deadly virus that nobody knew anything about. And that overthrew everything, from global to local economies, people's health and well-being, social interactions.

The COVID-19 pandemic has suspended our lives and we had to struggle to adjust to the new reality. But while we were fighting the fear and uncertainty engulfing the world, we could not let go of our commitments, with the hope of being able to reclaim our future.

Our 2020 Sustainability Report stays testament to this struggle and tries to reflect our endeavors towards maintaining a sense of reality by actively contributing to the local and regional efforts of limiting the SARS-CoV-2 spread and impact, while also investing in a safe and rapid recovery and a resilient future.

Even though the year that passed interrupted our streak of record-breaking operational successes, it brought us the satisfaction of going through a never-before-seen crisis unscaled, with all our people safe and sound and a deeper-than-ever engagement towards healing the planet to the best of our capabilities.

## Stakeholder Engagement

### Stakeholder engagement, a key element of our value creation model, is the process by which information and viewpoints in relation to the Company's activities are exchanged together with our stakeholders.

As part of our Materiality Assessment process, and in line with the GRI Principle of Stakeholder Inclusiveness, we have identified four broad stakeholder groups relevant to our activities: social, industry, regulatory, market. In order to be constantly involved with stakeholders we have developed tailored communication mechanisms for each relevant group as a way to identify our material topics, to understand how we should tackle the wide variety of challenges and to come up with the right answers for different needs.

REGULATORY

MARKET	INDUSTRY	SOCIAL
<p><b>Authorities &amp; Regulatory Bodies</b> Safeguarding people, environment and assets, job creation, revenue transparency, taxes, socio-economic impact, environmental compliance, policy</p>	<p><b>Local Authorities &amp; Institutions</b> Safeguarding people, environment and assets, local community development programs, emergency response, climate change &amp; biodiversity</p>	
<p><b>Shareholders</b> Financial performance, operating responsibly, transparency, social contribution</p> <p><b>Business partners</b> Operations, stakeholder engagement</p> <p><b>Clients</b> Customer health and safety, customer privacy</p> <p><b>Media</b> Operations, financial performance, environment, contribution to society, innovation</p>	<p><b>Trade associations</b> Economic role, job creation, health safety &amp; environment, innovation</p> <p><b>Suppliers</b> Business ethics, labor practices, health safety &amp; environment</p> <p><b>Students &amp; Academia</b> Job creation, innovation, education, skill development, tech development, health safety &amp; environment</p>	<p><b>Employees</b> Labor practices, HSE, trainings, professional &amp; personal skill development, know-how transfer</p> <p><b>Trade unions</b> Safety &amp; working environment, labor practices, job creation</p> <p><b>NGOs</b> Socio-economic &amp; environmental impacts, volunteering</p> <p><b>Community</b> Safety, climate change, impact assessment, mitigation, grievance mechanisms, contribution to society</p>

We gather opinions and advice from our stakeholders in various ways, including formal and informal meetings, surveys, and research. Their feedback and input help us ensure that coverage is balanced, relevant and complete.

All information pertaining to sustainability matters are directly communicated to our stakeholder groups, as well as on our own channels, including the Group's websites.

## Material Topics

As general practice, our dedicated cross-function reporting team includes people from all different areas of the organization, who have extended knowledge about who our stakeholders are and what topics they consider important.

### Furthermore, each report undergoes an internal and external assurance process, to make sure all feedback is effectively incorporated.

We conduct reviews and assessments to verify and re-evaluate our materiality topics and any potential shifts in relevance or priority status. Based on stakeholder feedback and consultations, there has been no significant change in our list of material topic or stakeholder attitudes towards said topics, respectively.

As such, greenhouse gas emissions, occupational health and safety, environmental and socioeconomic compliance, fair labor practices, customer health and safety or community engagement continue to be some of the main topics addressed by the report.

Our well-perfected and complex process sees that we embed sustainability into all our projects and operations and aim to balance short- and long-term business interests. Whether we refer to topics like biodiversity, waste, air, energy and water management, and human rights, we make sure we follow all rules and regulations in place, along with the highest standards and industry best practices. This way, we make sure that we walk on a successful path, robust and gentle at the same time, a path that shows kindness to future generations and allows us to reach many more milestones along the way.

KMG International recognizes the urgent call for action to achieve a better and more sustainable future for all. Thus, we welcome and support the UN Sustainable Development Goals (SDGs) which are at the heart of the 2030 Agenda for Sustainable Development.

Achieving the sustainable development goals (SDGs) will require action by governments, non-governmental organizations, and the private sector. As a responsible corporate citizen, KMG International is committed to leave its mark, by harmonizing the 2030 Agenda principles with its long-term sustainable development strategy.

**Of all 17 SDGs, the following are particularly relevant to KMG International, capturing the Group's specific activities, operation principles and locations.**



Health and well-being represent top priorities for KMG International, with regard to both employees and the communities we operate in. Not only do we have strict health and safety work procedures in place, but we also carry out customized internal well-being programs addressing emotional and social, physical and financial well-being. Furthermore, KMG International has been actively involved in supporting the Romanian healthcare system, through its long-standing partnership with SMURD & the Inspectorate for Emergency Situations (ISU), as well as through its consistent investments in healthcare-related projects across the country.

Chapters: Community, People



Investing in education, personal and professional development is embedded into our business strategy and part of our mission to nurture the growth of our employees and communities. Beyond our annual internship program, which has been running for more than a decade, we support organizational growth through dedicated development, life-long learning and career progression programs, along with investments and sponsorships addressing community education needs.

Chapters: Community, People



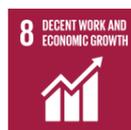
Our sustainable development plans place high emphasis on preserving water and managing its use in a responsible and sustainable way. We invest in new technologies and constantly improve our processes to use this valuable resource more efficiently. Reducing water consumption, wastewater outputs and discharge, is an important part of our environmental standards.

Chapter: Environment



By environmental policy, we undertake reducing consumption of resources by using them in an effective way and by changing old, high energy consumption equipment with modern low-power equipment. Moreover, we have taken on implementing new low-carbon technologies and sources of green energy (electrical car charging points in gas stations and photovoltaic panels).

Chapter: Environment



Our activities create jobs, use local suppliers and support local communities and we contribute to economic growth through investments and by paying taxes to local governments. We assess those we work with to ensure they adhere to principles laid out in our Code of Ethics and Conduct. We have social investment projects to help consolidate local communities and facilitate their growth.

Chapters: Intro, People



KMG International is constantly investing in the development of its operations to build a resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. Under KMG International ownership, Petromidia has become one of the most modern refineries in Eastern Europe, accounting for more than 40% of Romania's current refining capacity.

Chapter: Intro



We have codes, policies and assurance processes to help define how we can protect the environment, respect our stakeholders and communities and cause no harm to people. Energy efficiency is carefully considered in the life cycle of our products, from managing energy consumption in their production to providing customer advice on optimum fuel efficiency.

Chapters: Environment, Marketplace



We continue to work to manage GHG emissions from our operations, in strict compliance with national and international regulations. We focus our efforts on reducing our environmental footprint year on year and we are proud of our achievements in this regard.

Chapter: Environment



Being aware of our responsibility when it comes to preserving biodiversity, the Group gives special attention to the Black Sea region, where Petromidia Refinery is situated, and cares about the very active wildlife populating the area. For each new project the impact of the refining activity on biodiversity is analyzed and assessed.

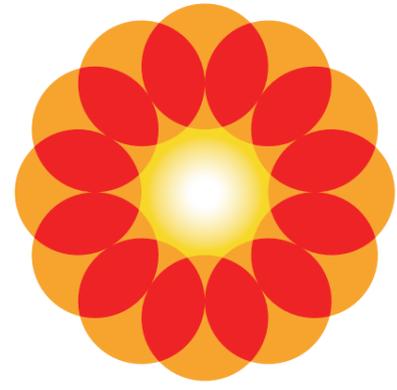
Chapter: Environment



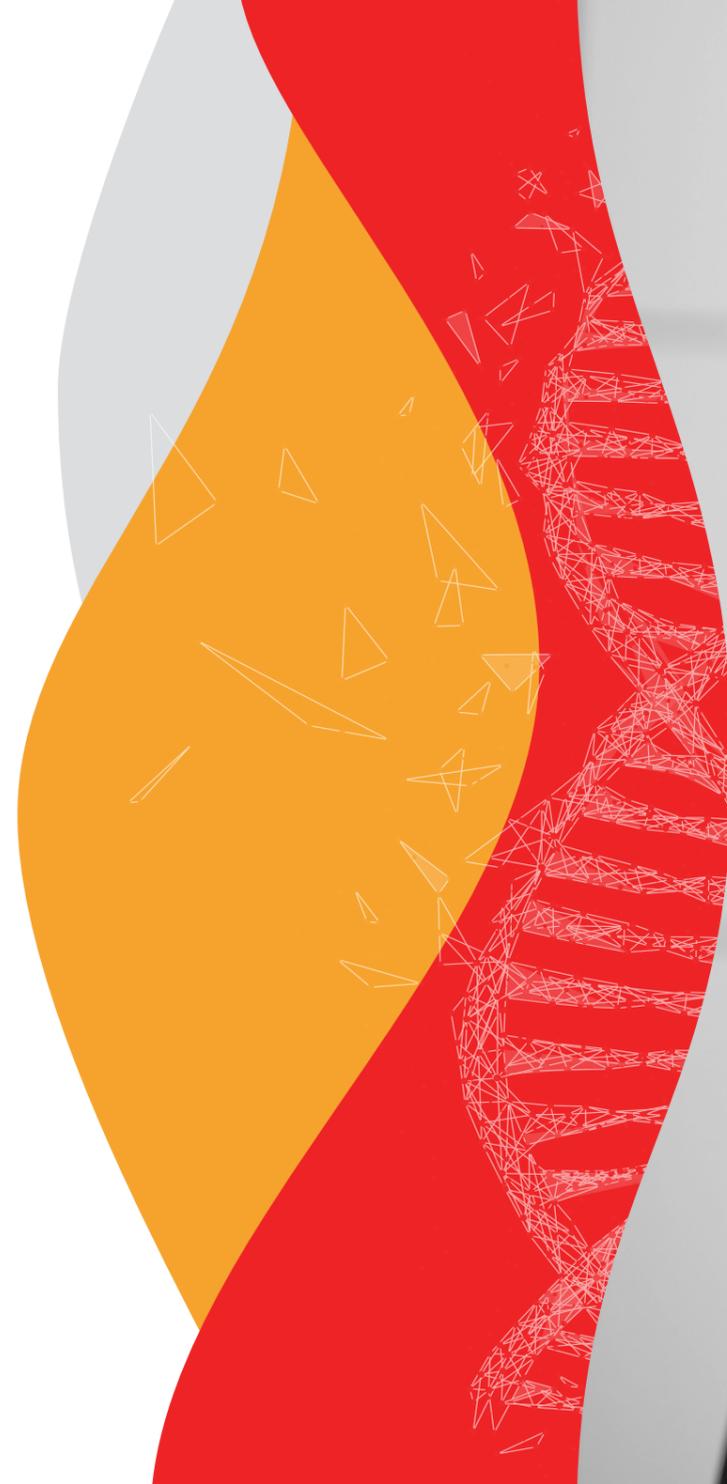
The principles for sustainable development set in the 2030 Agenda have been undertaken by the Group and they are now embedded into its business principles and strategy.

Chapter: Approach





# Introduction



The energy to face  
**the challenge**

### Operations in Romania

**Full REACH compliance**

**All EURO5 fuels and additives**

**RAR-certified fuels**

**Full health and safety compliance**

**Full marketing & communication compliance**

**Romp petrol Rafinare**  
Petromidia Refinery (gasoline, diesel, jet fuel)  
Vega Refinery (n-hexane, bitumen, solvents, heating oils, additives)  
Petrochemicals Division (HDPE, LDPE, PP)

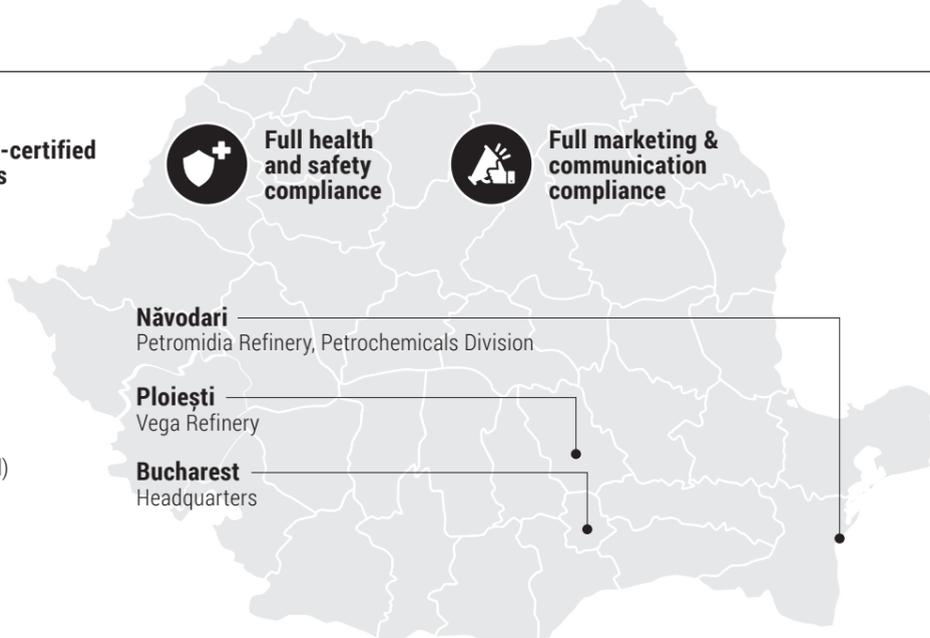
**Romp petrol Downstream**  
Warehouses (Șimleu Silvaniei, Vatra Dornei, Mogoșoaia, Zărnești, Craiova, Arad)  
Fuel distribution network

**Romp petrol Gas**  
Gas cylinders, auto LPG, propane

**Năvodari**  
Petromidia Refinery, Petrochemicals Division

**Ploiești**  
Vega Refinery

**Bucharest**  
Headquarters



### Business Units & Main Companies

**Trading & Supply Chain**

KazMunayGas Trading  
Byron Shipping  
Midia Marine Terminal

**Refining & Petrochemicals**

Romp petrol Rafinare  
• Petromidia Refinery  
• Vega Refinery  
• Petrochemicals Division

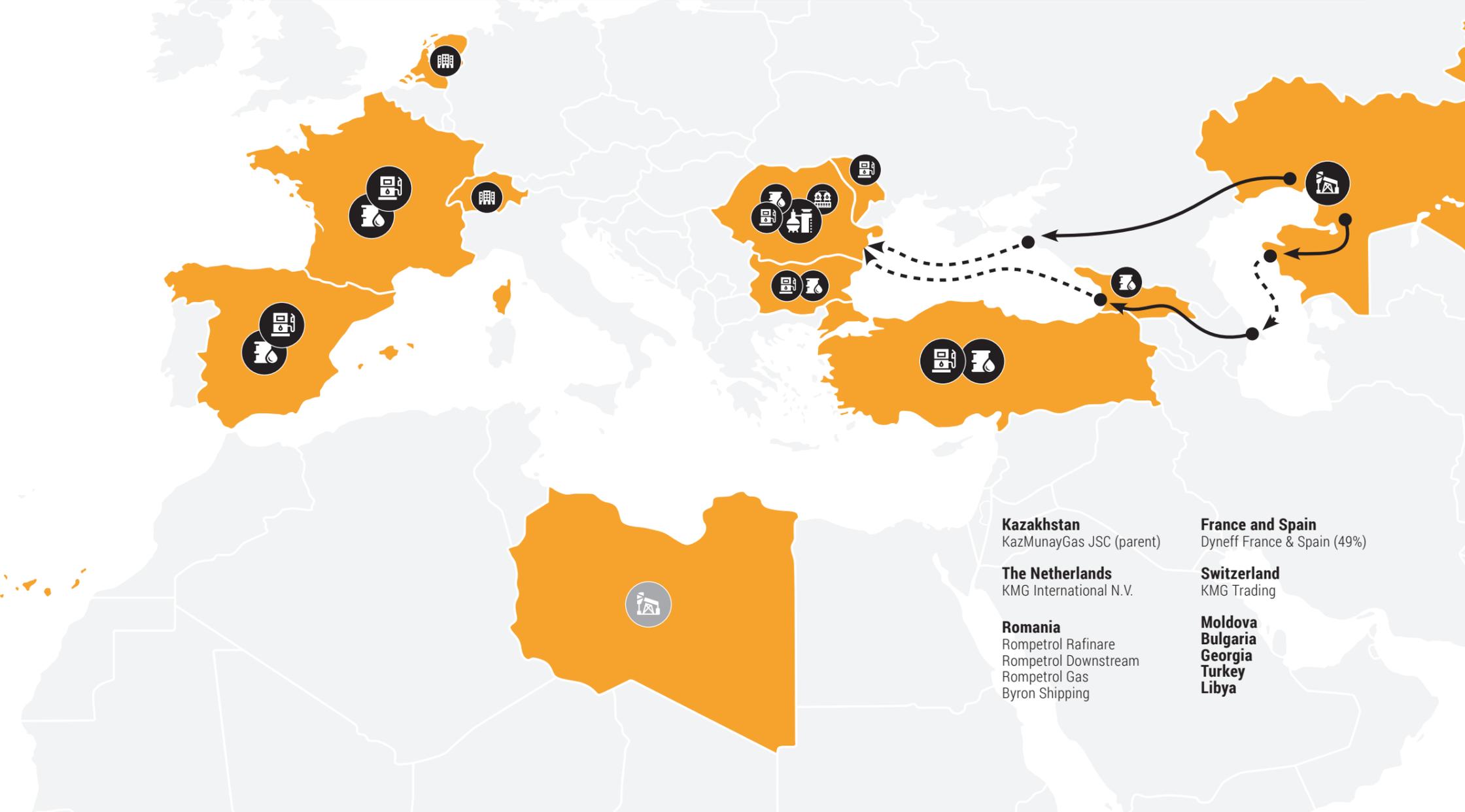
**Retail & Marketing**

Romp petrol Downstream  
Romp petrol Gas  
Romp petrol Georgia  
Romp petrol Moldova  
Romp petrol Bulgaria  
Dyneff France & Spain

**Industrial Services**

Oilfield Exploration Business Solutions  
Romp petrol Well Services  
Romp petrol Quality Control  
Rominserv Valves IAIFO  
Rominserv  
KMG Engineering  
Palplast

### Countries of Main Operations & Main Companies



## Brands & Trademarks

### Trademarks portfolio

#### RETAIL

Under the **Romp petrol** brand we distribute and promote our retail products & services on 4 European markets – Romania, the Republic of Moldova, Bulgaria, and Georgia.

**hei** is our approach for shop & gastro within the gas stations network. It is a fresh and communicative brand, created to improve customer experience and interaction with our retail products and services. The atmosphere inside is cozy and welcoming, but also mouthwatering & fresh - our customers are always welcome to stop by and say "hei!"

**efix** is Rompetrol's advanced range of fuels with outstanding engine protection properties. The fuels are designed with an optimum combination of additives ensuring not only the cleaning of valves and injectors, but also the reduction in fuel consumption and increase in engine performance. Efix fuels are produced at Petromidia and distributed in Romania, Bulgaria, Moldova, and Georgia.

**Fill&Go** offers innovative pay-at-the pump services, fuels, and shopping in the Hei stores, being the first identification system at the pump, available in different versions for both individual and corporate clients.

**Fill&Go Personal** (Fill&Go Debit, Fill&Go Credit) is designed for individual customers and gives them a fast and efficient fueling experience. It is the only fuel card that allows a monthly payment. It is integrated with Rompetrol Go, allowing customers to earn points by using their Fill&Go cards.

**Fill&Go Business** is an advanced fleet management service, tailored to the needs of any business: Fill&Go Fuel Control (Fill&Go Ring, Fill&Go Easy Ring, Fill&Go Card), Fill&Go Vehicle Control, Fill&Go Service Control, Fill&Go Fixed Units (internal filling stations).

**Romp petrol go** is the first program in the energy industry in Romania, dedicated to private customers, that offers both loyalty rewards and utility when using a mobile application. For every liter fueled or amount spent in Rompetrol's shops and restaurants, customers receive GoPoints. These points can be used for purchasing goods and services in the gas stations shops and restaurants. The program is available via mobile app, which can be downloaded from Apple Store and Google Play.

#### REFINING & PETROCHEMICALS

**Jet A1 Aviation fuel** - Rompetrol produces enhanced fuel for turbine-powered aircrafts, with antistatic properties and able to sustain lower temperatures, in line with the international regulations, used for civil and military aviation. Rompetrol is Romania's biggest producer of jet A1 aviation turbine fuel.

**Coke** is a carbon-rich solid final product resulting from refinery processes. Rompetrol produces petroleum coke for industrial and commercial applications.

**Bitumen** - Vega Refinery is the only bitumen producer in Romania, having over 90 years of experience in this field. Polymer-modified bitumen is distinguished by improved elasticity and higher resistance to deterioration and temperature variations, with a 50% longer service life and the ability to reduce traffic noise.

**N-hexane** is produced at Vega Refinery, the sole producer in Romania. The major use for solvents containing n-Hexane is to extract vegetable oils from crops such as soybeans. These solvents are also used as cleaning agents in the printing, textile, furniture, and shoemaking industries.

#### INDUSTRIAL SERVICES

**Rominserv** is the first Romanian company to integrate industrial maintenance services, industrial project management and technical and technology development services.

The company provides a full range of services for industrial installation of mechanical, static, and dynamic equipment, services of current repair and capital repair works, general and partial revamping, as well as predictive, preventive and corrective maintenance, engineering and project management.

**Romp petrol Well Services** – with its 70 years of experience, RWS is one of the leading oil and gas services companies in Romania and the CEE region.

The company offers a wide range of specialized services for the oil and natural gas wells that include cementing, sand control, stimulation, testing, and casing running operations.

**Romp petrol Quality Control (RQC)** is one of the top companies on the national market of laboratory analysis, performing the task for both internal customers (KMG International companies) and external companies. RQC is ISO 17025, 9001, 14001, 18001 accredited. RQC has three business lines fully covering needs in terms of lab testing: petroleum product analysis, petrochemical products analysis, environmental analysis.

#### TRADING

**Midia Marine Terminal** operates the Group's marine terminal and its berths for crude oil and oil products transit through Midia Port.

#### CORPORATE

**Romp petrol**, the first Romanian brand to expand internationally, operates different businesses in 11 countries and 2 continents, being an important voice in the region and a real energy bridge between Europe and Asia. The Group's almost 6,000 employees cover several business lines ranging from refining and petrochemicals, crude oil transportation and well services, to fuel distribution stations in several Black Sea countries.



## Operational Profile

KMG International N.V. (formerly named The Rompetrol Group N.V.) is a company incorporated and operating under Dutch laws, having its headquarters located in Amsterdam, The Netherlands. Incorporated in November 1999, the company has been 100%-owned by the National Company 'KazMunayGas' JSC since the 9th of May 2016.

KMG International N.V. and its subsidiaries, altogether referred to as the KMG International Group, represent a major worldwide player in the oil & gas sector, carrying out operations in 13 countries throughout Europe, Central Asia, and North Africa.

KMG International Group's activities are primarily concentrated in the refining, retail, marketing, and trading areas. The Group conducts additional operations in the exploration and production segments, as well as other oil industry services (such as upstream services, industrial services, drilling etc.), business and management consulting services being also performed as support function.

As of December 2020, the KMG International Group comprised 63 entities (sub-divided into 52 legal entities – joint stock or limited liability companies/partnerships and 11 branches, representative offices and joint ventures), headquartered in 13 countries (i.e. Romania, The Netherlands, Republic of Kazakhstan, Switzerland, Bulgaria, Republic of Moldova, Georgia, Turkey, Ukraine, France, Spain, Libya, Gibraltar), with the four Albanian companies undergoing liquidation.

The Articles of Association and the regulations applicable to each entity comply with local legislation and provide the rules underlying our ethical business conduct, as well as the proper administration and management of each entity. In Romania, the main applicable corporate regulations refer to Company Law no. 31/1990, as further amended and supplemented, and Law no. 297/2004 regarding capital market (the latter being applicable to stock exchange listed companies).

## Major Corporate Changes in 2020

The following corporate changes occurred throughout 2020, with regard the organization size, structure, ownership of the Group:

KAZMUNAYGAS TRADING SINGAPORE PTE. LTD., headquartered at 61 Robinson Road, Robinson Centre, Singapore ceased to carry on business on January 31st, 2020

KAZMUNAYGAS ENGINEERING B.V., based at Strawinskylaan 807, Tower A-8, 1077XX, Amsterdam, The Netherlands, merged into KMG International on July 28, 2020

Acquisition of 3 companies where Dyneff holds 50% interest: NATGAS France SAS on January 7th, 2020 ORCEYRE SAS on September 11th, 2020 ANEO SAS on December 22nd, 2020

## Management

The management system of KMG International N.V. includes three levels of approval, in accordance with its statutory documents and applicable Dutch law:

### Sole Shareholder Board of Managing Directors Chief Executive Officer ('CEO')

The Sole Shareholder of KMG International N.V. is the National Company 'KazMunayGas' JSC.

The Board of Managing Directors comprises 8 (eights) managing directors, of which 1 (one) executive managing director (CEO) and 7 (seven) non-executive managing directors.

The non-executive managing directors include three independent directors. Independent members are of paramount importance from the Corporate Governance perspective, as they provide well-grounded opinions in their area of expertise in support of management decisions, while also offering an increased protection of the interests of shareholders and other stakeholders, and an adequate guarantee for third parties.

### BOARD OF MANAGING DIRECTORS OF KMG INTERNATIONAL

as of Dec. 2020

**Daniyar Berlibayev**  
Chairman

**Beimbet Shayakhmetov**  
CEO

**Zhanat Tussupbekov**  
non-executive managing director

**Azamat Zhangulov**  
non-executive managing director

**Arman Saulebay**  
non-executive managing director

**Johan Frederik Lodewijk Frowein**  
independent non-executive managing director

**Emile Eduard Wolff**  
independent non-executive managing director

**Ramon Diego Mendes de Leon**  
independent non-executive managing director

### CHIEF EXECUTIVE OFFICER OF KMG INTERNATIONAL

**Beimbet Shayakhmetov**

In accordance with KMG International N.V. Articles of Association and Board Regulations, the CEO, being the sole executive member of the Board, is responsible for the day-to-day management of the company, being also in charge of reviewing, defining, and submitting strategic options that may contribute to the development of the company and its subsidiaries. The CEO is authorized to independently represent KMG International N.V., with the possibility to delegate his managing function for certain operations or categories of operations to certain third parties.

The non-executive members of KMG International N.V. Board mainly have the following duties: (i) to participate in determining the strategy and general policies of the company; (ii) to supervise the management position and the general affairs of the company and its subsidiaries.

In support of its activity, the Board of Managing Directors established specialized committees, such as the Audit Committee, the Appointment and Remuneration Committee, the Strategy and Innovation Committee and the Finance and Investment Committee.

The unified management system existing at the level of KMG International N.V. is mirrored at the level of the Group's subsidiaries. As a result, the decision-making powers within most of such subsidiaries are divided into two or three layers:

### GENERAL ASSEMBLY OF SHAREHOLDERS

(KazMunayGas JSC sole shareholder)

**Board of Directors**

**General Manager & Chief Financial Officer**

**Sole Director**

In accordance with KMG International N.V. Board Regulations, the company's Board approves the appointment of general managers (GM) of KMG International N.V. affiliates, as well as the organizational structure of Rompetrol and the appointment of Chief Officers by business units. Therefore, the nomination process of key people within the Group is approached, discussed, and approved by the highest governance body, based on criteria such as expertise, knowledge, skills, in line with the Group's business needs.

As per the above-mentioned Board Regulations, all transactions in which there is a conflict of interest among KMG International N.V. and a Board 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 subsidiaries are active. Such Regulations also lay down rules and requirements concerning a conflict of interest.

In terms of employment and remuneration across the Group, the Appointment and Remuneration Committee established by the Board of Managing Directors at the level of KMG International N.V. is responsible for advising the Board and the General Meeting (i.e. Sole Shareholders) generally in matters related to remuneration policy, terms of employment, total compensation, and performance criteria for top management. They are also responsible for the creation and implementation of any compensation plans, and the monitoring and assistance in the implementation of remuneration policies and plans at the Group level. The decision-making powers of any remuneration policies and plans applicable at Group level would rest upon the KMG International N.V. Board of Managing Directors.

Recognizing our moral responsibility of promoting and protecting the health, safety, and wellbeing of everyone involved in our activities, KMG International has implemented an integrated QHSE management, whose straightforward principles are embraced within all KMG entities.

### AUDIT COMMITTEE

as of Dec. 2020

**Ramon Diego Mendes de Leon - Chairman**  
**Emile Eduard Wolff**  
**Marat Serikbayev**

### APPOINTMENT & REMUNERATION COMMITTEE

as of Dec. 2020

**Johan Frederik Lodewijk Frowein** (Chairman)  
**Ramon Diego Mendes de Leon**  
**Azamat Zhangulov**  
**Gina Cruceru**

### STRATEGY & INNOVATION COMMITTEE

as of Dec. 2020

**Azamat Zhangulov** (Chairman)  
**Johan Frederik Lodewijk Frowein**  
**Emile Eduard Wolff**  
**Alexey Golovin**

### FINANCE & INVESTMENT COMMITTEE

as of Dec. 2020

**Ramon Mendes de Leon** (Chairman)  
**Azamat Zhangulov**  
**Askar Abilov**  
**Alexey Golovin**  
**Johan Frederik Lodewijk Frowein** or  
**Emile Eduard Wolff** (alternatively)

More precisely, all employees are responsible for actively participation in the development of the QHSE management system and the promotion of a positive QHSE culture within each KMG International entity organization. At the same time, Management is responsible for effectively communicating their commitment to QHSE issues and encouraging employee participation in the QHSE management system. It is the responsibility of all employees to communicate QHSE concerns, hazards, issues, and reward positive QHSE behavior.

Effective communication is what ensures that all the KMG International QHSE objectives and policies are clearly understood by all KMG International entities employees, that action plans, standards, procedures, and systems are efficiently implemented, performance is monitored, and feedback is provided.

Throughout 2020, the KMG International Group implemented provisions to fight against the backdrop of the COVID-19 virus in the countries where it operates to ensure business continuity and preserve the health and safety of employees and their families, collaborators, and customers.

All required preventive rules and measures, imposed/ recommended by authorities and the sole shareholder were observed and implemented, being continuously monitored. CEO Decisions and subsequent action plans were adapted to each stage/ phase of the pandemic evolution, having as denominator the wellbeing of the employees and the mitigation of negative impact on the business.

The most senior manager in an operational area is responsible for planning, conduction and ensuring minutes of management Review Meetings which will be held twice annually at a minimum.

## Code of Ethics and Business Conduct

*Our Code of Ethics and Code of Business Conduct reflect the Group's set of values, principles and ethical regulations that we observe in our day-by-day activities and we also expect our business partners to align with.*

***Being engaged in almost all the operations pertaining to the Oil & Gas Industry, our success is only possible if our business is based on a clear and long-term strategic orientation towards integrity, honesty and responsibility.***

### Code of Ethics

Regarding ethics, human rights, advice-seeking and grievance mechanisms, anti-corruption / anti-bribery policy, and risk management, KMG International has put policies in place that apply to all subsidiaries within our organization, and all organizations we do business with, both domestic and international. These policies are applicable to all employees, contractors, and stakeholders with direct or indirect relation to KMG International, treating all possible concerns raised in a prompt, professional and objective manner.

The Code of Ethics establishes norms of behavior in interaction with colleagues, government bodies, our shareholders, affiliates, business partners, communities, and the media.

We encourage our employees and collaborators to report any breaches of the Code and possible ethical issues - whether these relate to them, their direct reports, line managers or others. The Compliance Department has to be contacted for any ethical issues or concerns that employees may have. The concern will be treated in a strictly confidential manner.

In this regard, we employ various advice seeking and grievance mechanisms so that every employee, business partner and stakeholder can feel confident in sharing any non-compliance incident, environmental concerns or social injustices with our corporate ethics

and human resources departments. Concerns about unethical or unlawful behavior and matters related to integrity can also be reported directly to our Compliance Department.

Our procedure for reporting grievances or seeking advice begins with the employee seeking guidance from their immediate supervisor. If he or she can not address the issue, they then go to their next level manager. If they are not able to handle the problem, then functional teams such as HR and compliance departments will step in. However, if any persons in this chain of command are part of the problem, there are dedicated email addresses (and also external emails) made available to each employee for them to report concerns about unethical or unlawful behavior. All reports are treated in a strictly confidential manner, without fear of retaliation. We provide regular training on this process so that employees know how to access the reporting mechanisms.

Furthermore, our anti-bribery and anti-corruption policies promote integrity, accountability, and proper management of the business in an ethical and transparent manner. It is the only way to do business and going forward our employment agreements and internal documents now have informative amendments on anti-corruption topics.

As part of the induction process, the Compliance Department provides training on ethical principles: Equal Chances, Competition Compliance Highlights, Managing Conflicts of Interest, Gifts, Insider Training, Using Confidential Information, Social Media, Channels to be used to report misconduct.

### Code of Conduct

*We are a dynamic leader in the regional oil field and believe that our success is possible because it stems from and is shaped by a well-defined set of values all our employees and business partners adhere to:*

#### OUR PEOPLE

We place the highest priority on the needs of our employees. Our actions are always determined with their safety and well-being in mind.

#### CARE, INTEGRITY, RESPONSIBILITY

We are a trusted global partner and a valued corporate citizen. We are honest with all stakeholders and take responsibility for all our actions.

#### DETERMINATION

The strength of our business stems from our strong will and determination to succeed and deliver excellence in everything.

#### ENVIRONMENTAL PROTECTION

As a company and throughout our entire supply chain we adhere to all the national and European laws and regulations governing the environment and proper management of resources.

#### SUSTAINABILITY

We support the principles set forth in the Universal Declaration of Human Rights and maintain those high standards of integrity. Through the development of profitable business operations and also active engagement with the local communities, we aim to ensure that our business practices contribute to long-term economic and social development.

#### HIGH QUALITY

We are committed to quality in everything we do, and we strive to continuously improve. We are passionate about achieving results that not only satisfy but exceed expectations.

#### COMMITMENT TO LEADERSHIP

We use our experience, our technology, and our perseverance to be an example for all others in our industry. We are committed to leadership in all our actions.

***The principles at the core of the Group have been instilled across all operations throughout our history:***

#### HEALTH, SAFETY, AND SECURITY

The health, safety and security of our employees, suppliers and communities are priorities over everything else we do.

#### RISK MANAGEMENT

We strive to identify, evaluate, and manage the risks that may impact our host communities, employees, contractors, business, and the environment.

#### RESPECT FOR OUR EMPLOYEES

We respect our employees and support their constant improvement.

#### CONTINUOUS INVOLVEMENT

We believe that the one true way to grow as a company is to have our employees grow with us. For this reason, we constantly provide continuous improvement opportunities for all employees.

#### EDUCATION AND LEADERSHIP

We promote leadership among all employees, especially through activities that encourage social responsibility and entrepreneurship.

#### RESPECT FOR LOCAL COMMUNITIES

We respect, protect, and promote the human rights, the culture, the traditions, and the values of the local communities where we undertake our activities, and we also give back to our communities through social involvement.

#### BEST PRACTICES

We adhere to the best global practices. The principles of the United Nations Global Compact and the OECD guidelines for multinational enterprises guide all our activities.

We take pride in being a customer-oriented business, as we place the customer at the center of our business. We do business in a transparent manner and ensure timely, reliable, and relevant information disclosure.

At the same time, we are an equal opportunity employer, committed to respect all applicable human rights, civil rights, and labor laws. We do not tolerate any form of abuse, harassment, or discrimination in any Group workplace. We continuously strive to better ourselves in this respect as we feel we owe it to our people, our stakeholders, and our communities.

We could have never achieved our success without being a law-abiding corporate citizen. Thus, we comply with all applicable regulations and legal requirements whenever and wherever

we operate. We are committed to conducting our business fairly, honorably, with integrity and honesty and in compliance with all applicable laws, and we are requesting the same approach from our partners.

We engage only in fair competition; we do not tolerate conflicts of interests and all our activities must be undertaken for the best interest of the Group. We are politically neutral, and we don't engage in any political activities in the countries where we operate.

We comply with the organizational and behavior rules defined by these Codes in all our activities and we request our business partners to meet the same standards that we have set in our operations.

## Supplier Code of Conduct

KMG International's Supplier Code of Conduct has been developed for the purpose of ensuring that KMG International and all its subsidiaries suppliers are in full compliance with all applicable national and international laws and regulations pertaining to human rights, safe working conditions, promoting fair employment conditions, responsible management of environmental issues and high ethical standards.

All prequalified suppliers receive, review and sign that they respect the ethical principles stated in KMG International Supplier Code of Conduct and assume responsibility for services and products delivered and for all data communicated to KMG Rompetrol including that they respect labor practices.

## Labor Practices

*In all our operations, we apply fair labor practices and abide by all applicable workplace, employment, privacy, and human rights legislation including support of the principles of the Universal Declaration of Human Rights.*



## BUSINESS ETHICS AND COMPLIANCE

KMG International Codes of Business Conduct and Ethics aim to promote ethical values and principles within KMG International and its affiliated companies in order to support and protect the Group's reputation. For our employees, it is a prerequisite to be signatories of the Group's Code of Ethics and trainings on this matter are provided annually.

Moreover, we encourage our employees and collaborators to report to the Compliance Department any breaches of KMG International's Code of Business Conduct and Ethics, whether these are related to them, their direct reports, line managers or others.

Concerns about unethical or unlawful behavior and matters related to integrity are also reported directly to our Compliance Department. In this regard, trainings are performed on a regular basis on the matters to be reported and how to access the reporting mechanism. More specifically, as part of the induction process, KMG International's Compliance department provides extensive training on the Group's ethical principles: Equal Chances, Competition Compliance Highlights, Managing Conflicts of Interest, Gifts, Insider Training, Using Confidential Information, Social Media, Channels to be used to report misconduct.

## ADVICE AND GRIEVANCE MECHANISMS

The overall responsibility for seeking advice mechanism is assigned to HR, Compliance, Forensics, and Security Departments. Employees are informed about the mechanisms for seeking advice through internal communication tools: E-mail, Intranet, Internal Magazine.

These mechanisms include line manager direct reporting, HR hot line, Compliance Department advice for ethics, topics pertaining to conflicts of interests. The advice is treated in a confidential manner.

The Whistleblower Mechanism is managed by the Internal Controls Department. A dedicated channel (e-mail address) is used by employees and business partners to report concerns about unethical or unlawful behavior and matters related to integrity, in a strictly confidential manner. The identity of the sender remains anonymous (if our employees wish to keep their identity confidential) and the e-mail address is accessed only by the Forensics & Security Department. This mechanism is regulated by internal policies and contains non-retaliation provisions. Trainings on accessing the mechanism and reporting have been provided to the employees in the company. Valid or proofed concerns are subject to a review of the Ethics Commission, which analyses the matters and may take corrective action, if necessary. Regular reporting is done to the KMG International Board of Directors on allegations received through the dedicated channel.

In 2020, no grievances or complaints related to incidents of corruption or any breaches of labor practices or human rights were filed, addressed, and resolved through formal grievance mechanisms of KMG International's Compliance department.

## ANTI-BRIBERY AND ANTI-CORRUPTION

KMG International's Anti-Bribery and Anti-Corruption Policy is communicated, easily accessible on the Corporate Intranet and applicable to all Group entities, employees, business units and collaborators. Training on anti-corruption issues is delivered to all employees (including governance body members) and all entities (regions) on a regular basis.

All employees and collaborators are encouraged to raise any concerns to the Internal Control Department or the Compliance Department about any suspicions of bribery or corruption whilst guaranteeing confidentiality of this information.

## FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

At KMG International, we fully acknowledge our employees' legal right to form trade unions and join other third-party organizations without fear of coercion. During our 2020 operations we did not identify any operations or suppliers in which the right to exercise freedom of association and collective bargaining was violated or at significant risk.

## CHILD LABOR

KMG International respects all minimum age laws in countries where it operates. KMG International has never and will never resort in any way to hiring children or putting them in working relations with our Group.

## FORCED OR COMPULSORY LABOR

KMG International did not resort to and does not condone the use of forced or compulsory labor within our company. We also enforce this standard on all of our prequalified suppliers.

## Romania

*Some of the initiatives and organizations KMG International is associated with, primarily to give the Group access to the associations' expertise in business, technical and industry best practices – an approach that is consistent with our industry peers, are the following:*

### FIC - FOREIGN INVESTORS COUNCIL

Considers that the dialogue between policy makers and the foreign investment community lies at the very heart of successfully improving the climate for investment, while stimulating the development of the Romanian economy.

### AMCHAM ROMANIA - AMERICAN CHAMBER OF COMMERCE IN ROMANIA

Firmly committed to facilitating an open dialogue between the business community and central authorities, promoting transparent solutions and priorities for making Romania a better home for businesses and increasing the country's economic competitiveness in the region and in Europe.

### NRCC - NETHERLANDS ROMANIAN CHAMBER OF COMMERCE

Supports and promotes the Dutch-Romanian business community. Creates business opportunities within its active community of members, acting as a consultation partner between the business sector and the Romanian Government.

### CRE - ROMANIAN ENERGY CENTER

The general objective of CRE is to promote the participation of member institutions, the Romanian state and private energy companies in the decision process of the European institutions, the participation in European partnerships, in the financing programs of the European institutions and to perform the activity of representation in the interest of the Romanian energy sector's institutions.

### IAA - INTERNATIONAL ADVERTISING ASSOCIATION

A unique strategic partnership, which defends the common interests of all subjects in the entire spectrum of marketing communications – from advertisers to media companies, agencies and direct marketing firms and individual practitioners.

### RAC - ROMANIAN ADVERTISING COUNCIL

A professional, non-governmental, non-profit and independent organization focused on self-regulation of the advertising industry.



## Moldova

### AMCHAM

Its mission is to work with the Moldovan government and business leaders to foster a more favorable business climate in Moldova.

### FOREIGN INVESTORS ASSOCIATION

The main mission of the Association is to facilitate the dialogue between relevant decision makers and foreign investors in order to create a sound environment for the foreign direct investment.

### ASSOCIATION OF ROMANIAN INVESTORS IN MOLDOVA

Brings together companies with Romanian capital into Moldova and represents a platform for development and attraction of Romanian investments within national economy.

## Georgia

### ASSOCIATION OF OIL PRODUCTS IMPORTERS AND DISTRIBUTORS

The main goal of the association is to monitor and analyze the oil market, to protect the interests of its members and also to cooperate with legislative and executive powers for the continuous improvement and progress of the oil sector.

### BUSINESS ASSOCIATION OF GEORGIA

The main function of the organization is to represent to the government and protect the legitimate and objective business interests of member companies.

### KAZAKH-GEORGIAN ECONOMIC UNION

The founders of the Union are business players and corporations created with Kazakh capital, operating in the Georgian market. The Union aims to deepen investment and trade cooperation, the development of tourism and cultural ties between Georgia and Kazakhstan.

## Bulgaria

### BULGARIAN PETROLEUM AND GAS ASSOCIATION

Its founders are guided by the desire to pool their potential in order to protect the interests of distributors, producers and retailers of petroleum and gas products, develop petroleum and gas trade and industry in Bulgaria by reaffirming the equal status of economic subjects and fair competition.

### BULGARIA-KAZAKHSTAN BUSINESS ASSOCIATION

Aims to provide comprehensive assistance for the promotion and expansion of trade, economic and scientific-technical cooperation between business organizations of the Republic of Bulgaria and the Republic of Kazakhstan.

### BULGARIA-ROMANIA BUSINESS ASSOCIATION

Its main objective is to provide support to the business community of both countries in order to raise their competitiveness and help them build capacity to grow and expand both to the neighboring country and internationally.

### BULGARIAN CHAMBER OF COMMERCE AND INDUSTRY

Local organization of businesses and companies in Sofia with the intention to develop and further the interests of local companies and businesses in Bulgaria.



**People**



The energy that runs in the **family**

## Protecting Our People During the COVID-19 Outbreak

2020 took the world by storm, forcing everyone to rethink their operations and interactions. KMG International Group activated its crisis management plan as soon as the COVID-19 breakout was declared, after having implemented a series of preventive measures since early February, due to the spread of the novel coronavirus worldwide. All measures adopted in 2020 were intended to protect the safety and security of our employees, collaborators and customers, the continuity of the Group's specific activities and minimizing the risk of flow interruption regarding fuel production and distribution.

Our employees have been at the heart of our 2020 strategy, aimed at both protecting them and minimizing the risk of infection with the new virus, while also keeping jobs intact.

Thus, in order to support our colleagues, flexible work or work-from-home programs were developed, digitalization projects for the support functions were implemented, as well as other measures to provide the adequate IT equipment and solutions. Other specific measures such as limiting / canceling business trips, reintegration on the return from a trip abroad (working from home at least 7 days after returning from unaffected areas and 14 days after returning from affected areas), limitation of meetings (physical presence of max. 3 persons with at least 2 meters between them) or cancellation of internal events were also implemented across Group functions and locations of operation. Additionally, core processes and projects were adapted to the virtual environment: Induction, Internship, knowledge transfer, soft skills trainings etc.

Furthermore, dedicated measures were taken to increase hygiene and safety in common work / meeting spaces, in accordance with the recommendations of the authorities (hand and surfaces disinfectants and PPEs, limiting access and fluidizing access paths, safety & pandemic hygiene trainings, etc.).

The Group's production units didn't stop their activity. However, both refineries of the Group, Petromidia and Vega, as well as the Petrochemical Division saw new stricter rules being implemented (testing the body temperatures, temporary setting of spaces for customers / subcontractors outside the workspace, improvement in the flow of people, fluidization of car traffic, anti-virus barriers / mats, intensification of cleaning actions in risk areas - entrances / corridors / toilets). At the same time, facilities such as the canteen or the medical dispensary also took the necessary measures (delivery in catering system, setting up dedicated areas for temporary isolation).

Because of the concern for the health and safety of our employees and customers, extended safety measures were also applied to the Rompetrol gas stations in Romania, Bulgaria and the Republic of Moldova, including the implementation of a strict hourly schedule for hygiene / disinfection of direct contact surfaces, cleaning / washing the floor at least four times a day (24 hours), supplementing specific in-demand materials (disinfectants, wet wipes, hand dryers, etc.), keeping a distance between customers of at least one meter, serving gastro-products mainly in single-use packaging or encouraging Fill&Go customers to use the online payment methods of current invoices, reduce interaction in the stations or fuel directly at the pump.

Constant testing against COVID-19 was performed throughout the entire 2020 and when it was possible, given the membership to Oil&Gas industry, vaccination was possible on the national vaccination platform created by the health authorities in Romania, thus a high number of people in the operational field was vaccinated.

To all these measures, we added the efforts to maintain jobs, in a context characterized by difficult decisions, like technical unemployment, reduced work schedule, collective dismissals, closures or suspension of activities, with great impact upon all or almost all lines of activity. Due to our preparedness, we managed to protect and maintain our profile activities in Romania and in the region, but also to continue to be a pillar of stability for employees, customers, business partners, local and central authorities.

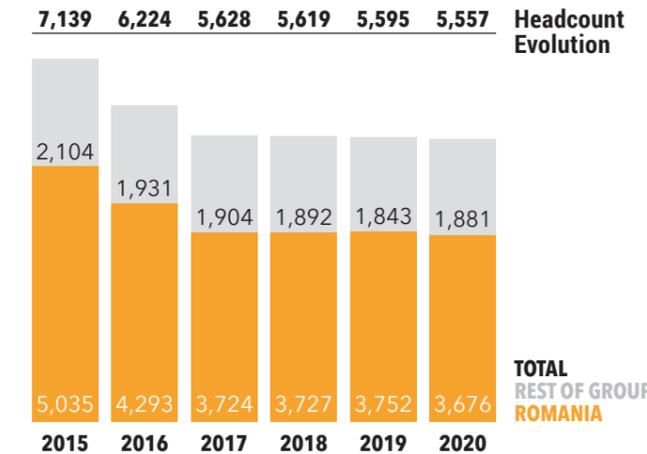
*We have found ourselves as an organization in many unforeseen situations over the time, we have adapted quickly, so for us change has become a constant.*

**And this great advantage is largely due to our employees.**

**ALEXEY GOLOVIN**  
Chief Officer Corporate Services  
KMG International

## Employment Breakdown

**As of December 2020, our total headcount was 5,557, with the majority of KMG International employees being located in Romania (66%), the largest base of operations for the Group.**



Despite the extremely difficult context from both epidemiological and economical standpoints, KMG International's workforce structure evolution continued to follow the stable trend of the past few years, with only variations in employee numbers in 2020. While the Group's Romanian operations saw very little decrease in employee numbers compared to the previous year, the overall Group headcount was balanced by the small increase in numbers registered in Georgia and the Republic of Moldova, where the new distribution stations were added to the Group's retail network throughout the year.

All our employees have a labor contract and 90% of them have a full-time contract. All 102 part-time employees are active in the Group's Romanian operations, of which 63 male and 39 female. Nevertheless, the Group offers the same benefits to its employees, regardless of their contract type, be it part-time of full-time, as part of KMG International's internal policy.

Headcount by country	2015	2016	2017	2018	2019	2020
Romania	5,035	4,293	3,724	3,727	3,752	3,676
Georgia	706	774	792	787	762	776
Moldova	604	708	790	941	931	967
France	367	-	-	-	-	-
Kazakhstan	200	328	196	33	27	20
Bulgaria	65	66	74	79	76	78
Libya	52	10	10	7	3	3
Spain	44	-	-	-	-	-
Switzerland	28	26	26	29	29	28
Ukraine	21	3	-	-	-	-
Singapore	8	6	6	5	5	-
The Netherlands	6	6	6	6	5	4
Turkey	4	4	5	5	5	5
<b>Total</b>	<b>7,139</b>	<b>6,224</b>	<b>5,628</b>	<b>5,619</b>	<b>5,595</b>	<b>5,557</b>

With the exception of three countries in which KMG International has operations where there is no minimum wage established by national legislation (Georgia, Singapore, Switzerland), in 2020 there were employees earning minimum wage only in Moldova and Romania, along with a one-month exception for 1 part-time employee in Kazakhstan as well. However, compared to the previous year, their numbers had dropped considerably, namely by nearly 80%.

Minimum wage by law	local currency	USD equivalent
Romania	RON 2,230.00	USD 525.45
Moldova	MDL 2,775.00	USD 160.22
Georgia	GEL N/A	USD N/A
Kazakhstan	KZT 42,500.00	USD 102.82
Bulgaria	BGN 610.00	USD 354.80
Switzerland	CHF N/A	USD N/A
Singapore	SGD N/A	USD N/A
Libya	LYD 450.00	USD 321.43
The Netherlands	EUR 1,680.00	USD 1,918.56
Turkey	TRY 2,943.00	USD 418.98

**We employ a high number of local nationals in our international operations, including senior managers, Group Chief Executive Officers, Chief Officers, and Group Directors.**

By hiring locally, we demonstrate our long-standing policy to support the growth of our host communities and provide an inclusive environment and multiple opportunities for cultural and organizational exchanges.

Percentage of senior management hired from local community (2020 average)	The Netherlands		Romania	
	%	#	%	#
Kazakh	100%	1	63%	6
Moldovan	-	-	7%	1
Romanian	-	-	30%	3

For example, in Romania, the largest base of operations for the Group, which includes its complex refining activities, there is a mix of nationalities in senior management, with 25% national representatives, alongside 75% Kazakh.

## Diversity and equal opportunity

The diversity and stability in our human resources reflect our belief system and organizational culture which we base our activities on throughout the Group's entire value chain. More specifically, we have made it our mission to not discriminate by gender, age, nationality or by any other factor that has no bearing on how employees can perform their job.

As such, our employee community includes over 18 nationalities, mostly Romanian, Georgian, Moldovan, Kazakh, French and Spanish. Furthermore, diversity is also reflected in gender and role assignment within the Group, at all levels of operations. While the headcount proportion accurately reflects the dimension of the Group's operations in certain regions, its split into age categories considers several other factors, from local legislation, to the specific of the activity carried out and of that of the regional labor market.

The age category with the highest representation among Group employees is the 30-50-year old's (43%), followed by employees over 50 (37%) and those under 30 years old (20%). The highest proportion of employees over 50, 45% can be observed in Romania, most of which are specialists working on the Petromidia platform, some of which even since its establishment. In terms of youngest, the most employees under 40 years old, 37%, are recorded by the Group's Georgian operations.

Headcount by age group	<30	30 - 50	>50	Total			
Romania	490	13%	1,515	41%	1,671	46%	3,676
Moldova	296	31%	473	49%	198	20%	967
Georgia	289	37%	321	41%	166	21%	776
Kazakhstan	3	15%	13	65%	4	20%	20
Bulgaria	16	20%	46	60%	16	20%	78
Switzerland	2	7%	21	75%	5	18%	28
Libya	-	-	3	100%	-	-	3
The Netherlands	-	-	3	75%	1	25%	4
Turkey	-	-	5	100%	-	-	5

We encourage equal opportunity and, while our male to female employee ratio is yet to be ideal, we continue to make efforts towards reaching this goal. Thus, our global percentage of female employees was continued to improve, despite only with a low margin of 0.3 points. However, although there are still improvements to make, we strive to make the gap smaller every day, looking to encourage not only gender diversity, but also equal pay in our operations.

Headcount by gender (labour contracts)	Women	Men		
Romania	1,183	32%	2,493	68%
Moldova	287	30%	680	70%
Georgia	43	6%	733	94%
Kazakhstan	9	43%	11	67%
Bulgaria	24	31%	54	69%
Switzerland	12	43%	16	57%
Libya	-	-	3	100%
The Netherlands	1	25%	3	75%
Turkey	-	-	5	100%

In this regard, the evolution of the ratio of the base salary and remuneration of women to men has recorded an optimistic evolution in various of our regional operations, considering the absolute values of this indicator. The percentage was calculated as ratio between average gross salary for women and average gross salary for men (negative values means average gross salary for women are below men's average gross salary with % calculated).

Wage gap (women/men)	2017	2018	2019	2020
Romania	-6%	2%	5%	4%
Moldova	13%	-67%	0%	8%
Georgia	249%	280%	285%	245%
Kazakhstan	36%	6%	8%	1%
Bulgaria	-22%	-27%	-22%	-21%
Switzerland	-33%	-42%	-35%	-21%
Singapore	-36%	n/a	-78%	n/a
Libya	-41%	n/a	n/a	n/a
The Netherlands	-76%	-74%	-76%	-86%
Turkey	-100%	n/a	n/a	n/a

Notwithstanding, the specificity of the operations should also be considered when analyzing these values. For example, in Georgia average gross salaries for women are higher due to the fact that the most part of employees are men hired in gas stations with minimum wages while the fewer women are hired in office jobs with higher level of the required skills. On the other hand, in Romania, where the Group carries out extensive operations employing the majority of its workforce, this ratio has evolved from a negative indicator in

2017, to a positive percentage in 2019, keeping its stable trend throughout 2020 as well. Also, the Republic of Moldova registered a significant leap, from a negative 67% in 2018 to a positive 8% in 2020.

It is clear to us that this is a lengthy process, especially considering our field of operations, where most jobs are traditionally performed by men. Nevertheless, we are making every effort to attract qualified female employees across all areas and functions of our business. Along these lines, our percentage of female new hires in 2020 was 25% across the Group, up by 1 point compared to the previous year. A notable increase in female new hires were recorded by the Republic of Moldova (up by 9%, up to 47%).

The highest numbers of new hires were recorded in Georgia, the Republic of Moldova and Romania, with 407, 379 and 239 new hires, respectively. A stable trend was recorded in the over 50 years old category, with 10% new hires in 2020, comparative to the 11% in the previous year and the 10% recorded in 2018. The under 30 category saw an increase, from 49% in 2018 to 53% in 2019 and 57% in 2020. At the opposite end, the 30 to 50 years old category continued its downward trend, from 41% in 2018 to 36% in 2019 and 33% in 2020.

New hires by gender	Women	Men	Total
Romania	68	171	239
Moldova	180	199	379
Georgia	8	399	407
Kazakhstan	2	6	8
Bulgaria	-	2	2
Switzerland	-	2	2
The Netherlands	-	1	1
<b>Total</b>	<b>258</b>	<b>780</b>	<b>1,038</b>

New hires by age group	<30	30 - 50	>50	Total			
Romania	128	54%	87	36%	24	10%	239
Moldova	207	54%	143	38%	29	8%	379
Georgia	257	63%	100	25%	50	12%	407
Kazakhstan	1	12.5%	7	87.5%	-	-	8
Bulgaria	1	50%	1	50%	-	-	2
Switzerland	1	50%	1	50%	-	-	2
Libya	n/a	-	n/a	-	n/a	-	n/a
The Netherlands	-	-	1	100%	-	-	1
Turkey	n/a	-	n/a	-	n/a	-	n/a
<b>Women / Men</b>	<b>169 / 426</b>	<b>84 / 256</b>	<b>5 / 98</b>	<b>1,038</b>			

There were no new hires over 50 years old in Bulgaria and Kazakhstan. The lowest rate of new hires in this category continued to be recorded in the Republic of Moldova, with 8% of all new hires (29 employees), while the highest rate was registered in the 30-50 years old category in Kazakhstan (88%), followed by Bulgaria and Switzerland, each with 50% new hires in the same age category. For the under 30, the highest percentage was attributed to Georgia (63%) and the lowest, to Kazakhstan (13%).

For a combined view, in terms of age and gender, the most prominent new hire rates in 2020 were male employees over 50 (95 % in their age category), while female new hires in the same age category were only 5% (5 of the 103 new hires in the age category). For the 30-50 years old category the ratio was 75% to 25% for male and female employees, while 28% of new hires under 30 years old were female and 72% were male. The ratios follow the same trend as previous years, the highest difference being noted in the over 50 category, with a leap in new male hires from 91% in 2019 to 95% in 2020.

Board members by age group	<30	30-50	>50
Romania	-	39	17
Moldova	-	3	2
Georgia	-	4	1
Bulgaria	-	1	2
Switzerland	-	2	2
Turkey	-	4	-
<b>Total</b>	<b>-</b>	<b>53</b>	<b>24</b>

Board members by gender	Women	Men	Total
Romania	4	52	56
Moldova	1	4	5
Georgia	1	4	5
Bulgaria	-	3	3
Switzerland	-	4	4
Turkey	-	4	4
<b>Total</b>	<b>6</b>	<b>71</b>	<b>77</b>

Looking at the composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity, one can observe that, of a total of 77 Board members across the Group, the largest number corresponds to its largest operations location, Romania, with 55 members here, the remaining being split by 5 members in each of the following regions: Bulgaria, Georgia, Republic of Moldova, Switzerland and Turkey. They are split

Board members by nationality	AUS	BUL	GEO	KAZ	MDA	ROU	RUS
Romania	-	-	-	23	1	32	-
Moldova	-	-	-	1	-	4	-
Georgia	-	-	-	2	-	3	-
Bulgaria	-	1	-	-	-	2	-
Switzerland	1	-	-	2	-	1	-
Turkey	-	-	-	3	-	1	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>31</b>	<b>1</b>	<b>43</b>	<b>-</b>

into 7 different nationalities, with the majority being Romanian (43) and Kazakh (31). Also, the vast majority of Board members are between 30 and 50 years old (53), with 24 Board members over 50 and none under 30 years old, which is natural, given the complexity of the operations and the skill development period usually required for such a position.

## Turnover and Retention

In 2020, KMG International's overall employee turnover was 1,235, slightly lower compared to the previous year. The highest number of departures was recorded in Romania, with 541 employees who left the Group, compared to 437 in 2019.

Next, 338 employees from the Republic of Moldova left the Group, fewer than the 464 in 2019, followed by Georgia, with 336 employees who left the Group, compared to the 401 of the previous year.

Judging by regional retention rates, these all keep into the same pattern, given the Group's new business model implementation in its retail network, especially in these particular countries of operations.

While the trends kept somewhat stable, with the same three countries registering the highest turnover year on year, the ranking was reversed between Romania and the Republic of Moldova, Georgia keeping to its position in at 3rd place.

Turnover by age group	<30	30-50	>50	Total			
Romania	106	22%	96	6%	339	20%	541
Moldova	183	62%	123	26%	32	16%	338
Georgia	218	75%	78	24%	40	24%	336
Bulgaria	1	6%	3	7%	-	-	4
Kazakhstan	1	32%	9	72%	1	24%	11
Switzerland	1	60%	3	14%	-	-	4
The Netherlands	-	-	1	35%	-	-	1
<b>Total</b>	<b>510</b>	<b>313</b>	<b>412</b>	<b>1,235</b>			

The highest turnover rates were recorded in Kazakhstan (55%), Georgia (43%) and the Republic of Moldova (35%). The highest turnover rates in the under 30 years old category were recorded in Georgia (75%) and the Republic of Moldova (62%), while the highest rates in the over 50 category were recorded by Georgia and Kazakhstan, both with a 24%. For a more comprehensive view, in Georgia and Moldova KMG International's main operations focus on retail which in general report a high turnover. In Romania and Bulgaria, where the Group also has retail activities, among other operations, we have a different business model for gas stations that suppose that we own the stations and the dealers operates it with his/her employees (Company Owned Dealer Operated).

In terms of gender, highest turnover rates in female employees were registered in Kazakhstan (70%) and the Republic of Moldova (48%) similar results to those of the previous year, only with a reversal in ranking between the two countries. For male employees, the highest turnover rates were registered in Georgia (45%) and Kazakhstan (44%).

Turnover by gender	Women	Men	Total
Romania	186	355	541
Moldova	139	199	338
Georgia	6	330	336
Bulgaria	2	2	4
Switzerland	1	3	4
The Netherlands	-	1	1
<b>Total</b>	<b>340</b>	<b>895</b>	<b>1,235</b>

In total, 895 male and 340 female employees left the Group. Of all Group operations, the highest turnover of male employees was recorded by Romania, with 355 male employees who left the Group in 2020, followed by Georgia, with 330, while Romania also had the most female employees to leave the Group, namely 186, followed by the Republic of Moldova, with 139.

At Group level, 136 employees were entitled to parental leave in 2020 (66 women & 70 men), of which 73 (65 women and 8 men) took the leave, a slightly higher number compared to the very balanced trend of previous years: 65 in 2019, 64 in 2018 and 66, in 2017.

Employees entitled to parental leave	Women	Men	Total
Romania	37	65	102
Moldova	19	3	22
Georgia	3	-	3
Bulgaria	4	2	6
Kazakhstan	2	-	2
Switzerland	1	-	1
<b>Total</b>	<b>66</b>	<b>70</b>	<b>136</b>

Employees who took parental leave	Women	Men	Total
Romania	36	3	39
Moldova	19	3	22
Georgia	3	-	3
Bulgaria	4	2	6
Kazakhstan	2	-	2
Switzerland	1	-	1
<b>Total</b>	<b>65</b>	<b>8</b>	<b>73</b>

The total number of employees who returned to work after parental leave ended (in 2020) was 49, considering legal provisions which, depending on the country of operations, allow variations in parental leave, such is the case of Romania, for example, where employee can opt between a 1-year and 2-year parental leave. The majority were women (42), with the highest retention being recorded in Romania - 37 (32 women and 5 men).

Of the total number of employees who returned to work in 2019 after parental leave ended (42), 29 were still employed 12 months after their return to work, of which 25 women and 4 men, with an employee turnover of 66% in Romania and 100% in the Republic of Moldova and Georgia.

Employees who returned to work	Women	Men	Total
Romania	32	5	37
Moldova	3	2	5
Georgia	2	-	2
Bulgaria	3	-	3
Kazakhstan	2	-	2
Switzerland	-	-	-
<b>Total</b>	<b>42</b>	<b>7</b>	<b>49</b>

Still employed after 12 months	Women	Men	Total
Romania	21	4	25
Moldova	-	-	-
Georgia	2	-	2
Bulgaria	2	-	2
Kazakhstan	-	-	-
Switzerland	-	-	-
<b>Total</b>	<b>25</b>	<b>4</b>	<b>29</b>

The overall retention rate of employees who took parental leave (calculated for 2020 taking into consideration the number of employees who worked more than 1 year after return to work) was increasingly higher than the previous years. As such, the average retention rate across the Group in 2020 was 69%, compared to 51% in 2019 and 29% in 2018, with an average of 68% for female employees and 80% for male employees from the analyzed representative countries.

## Remuneration Compensation and Benefits

At KMG International, we are constantly working to provide the best compensation and benefits because for us motivated and engaged employees are the key drivers of individual and company performance. The KMG International Compensation program intends to support the company's commitment to develop as a successful and profitable enterprise and will reinforce employee performance orientation by aligning employee rewards with their achievements and contribution.

The Appointment and Remuneration Committee established by the Board of Managing Directors at the level of KMG International N.V. is responsible for advising the Board and the General Meeting (i.e. Sole Shareholders) in matters related to remuneration policy, terms of employment, total compensation, and performance criteria for top management. They are also responsible for the creation and implementation of any compensation plans, and the monitoring and assistance in the implementation of remuneration policies and plans at the Group level. The decision-making powers of any remuneration policies and plans applicable at Group level would rest upon the KMG International N.V. Board of Managing Directors.

Our current pay policy intends to set a comprehensive framework for establishing and adjusting the compensation elements and to provide the line management with a useful tool to ensure its consistent implementation (in terms of pay movements and related decisions), while maintaining internal equity and external competitiveness. In order to ensure market competitiveness, an external benchmarking is carried out in order to understand changes in the market compared to the previous year (annual salary surveys rolled out with leading consulting companies).

Across all locations within our company, our goal is to provide our team with one of the most competitive compensation and benefits packages in the markets where we operate. Our global pay positioning is at or above the market median. Our pay packages are generally composed of base salary

and variable pay and are linked to employee's and management's performance and business results.

Complementing the base pay, variable pay bonuses are structured in a variety of ways and may take the form of performance bonuses, bonus schemes for production, operational, sales and projects jobs, and also bonuses stipulated in the Collective Labor Agreements (profit sharing, overtime allowance and/or night shift allowance).

In addition to compensation, we believe a highly competitive benefits package is just as valuable for our employees. Providing a comprehensive benefits package is another way to thank our employees for all their hard work and contributions. As part of their benefits package, and depending on their individual situation, each employee may have access to several financial and non-financial benefits:

- Work from home
- Flexible schedule
- Short Friday schedule
- Paid time off
- Significant life events support and allowances (marriage, childbirth, illness, bereavement)
- Relocation assistance and allowances
- Kindergarten allowances
- Pregnancy and postpartum support and allowances
- Medical care support
- Health, life, illness, and disability insurance
- Humanitarian aid - for significant damages further to calamities
- Rest and relaxation allowances/tickets
- Retirement planning and management services and allowances
- Transportation and commuting reimbursement
- Gifts for employees' children on Christmas and International Children's Day
- Discounts for company products or other third-party suppliers.

## Employer Contribution and Market Presence

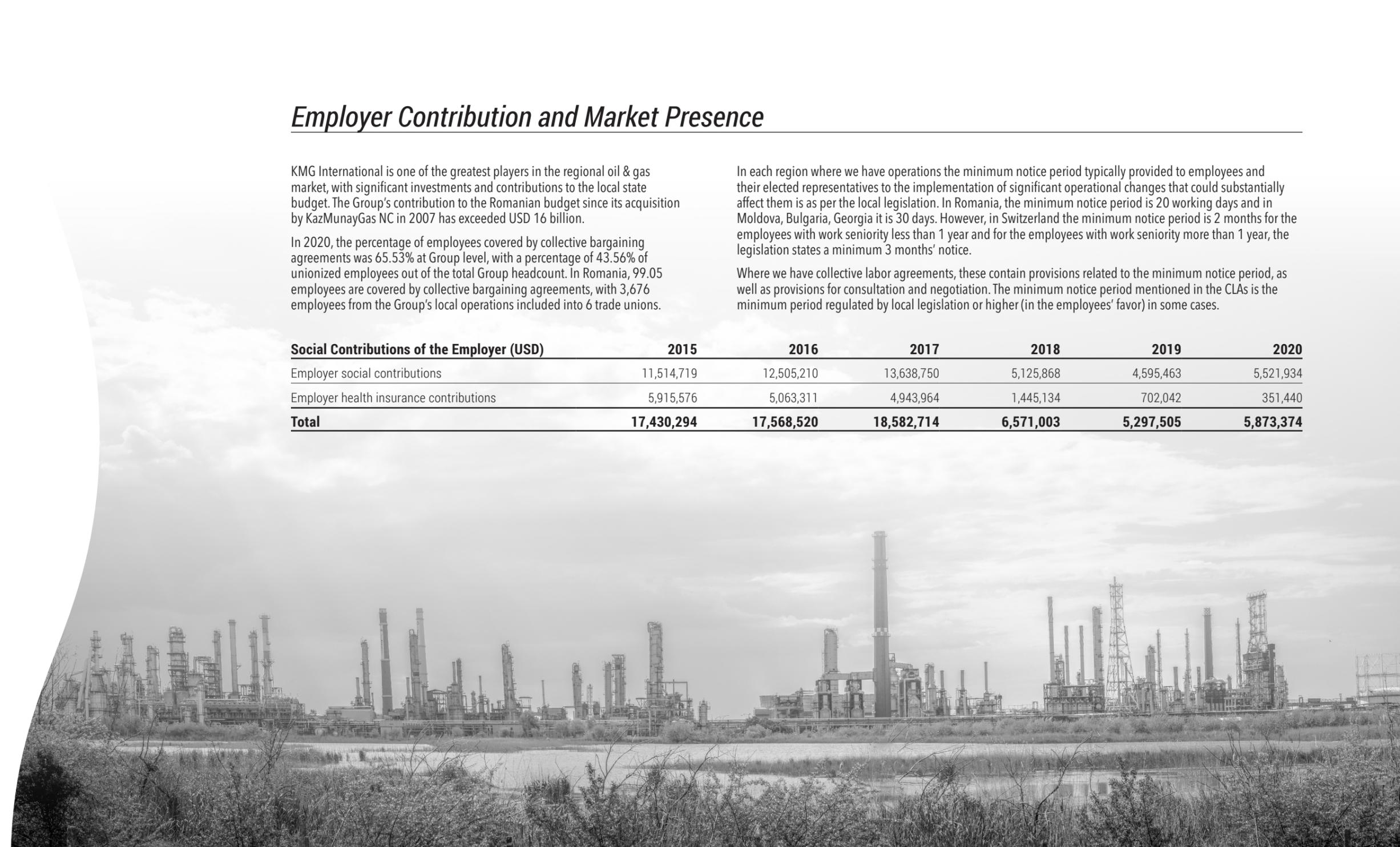
KMG International is one of the greatest players in the regional oil & gas market, with significant investments and contributions to the local state budget. The Group's contribution to the Romanian budget since its acquisition by KazMunayGas NC in 2007 has exceeded USD 16 billion.

In 2020, the percentage of employees covered by collective bargaining agreements was 65.53% at Group level, with a percentage of 43.56% of unionized employees out of the total Group headcount. In Romania, 99.05 employees are covered by collective bargaining agreements, with 3,676 employees from the Group's local operations included into 6 trade unions.

In each region where we have operations the minimum notice period typically provided to employees and their elected representatives to the implementation of significant operational changes that could substantially affect them is as per the local legislation. In Romania, the minimum notice period is 20 working days and in Moldova, Bulgaria, Georgia it is 30 days. However, in Switzerland the minimum notice period is 2 months for the employees with work seniority less than 1 year and for the employees with work seniority more than 1 year, the legislation states a minimum 3 months' notice.

Where we have collective labor agreements, these contain provisions related to the minimum notice period, as well as provisions for consultation and negotiation. The minimum notice period mentioned in the CLAs is the minimum period regulated by local legislation or higher (in the employees' favor) in some cases.

Social Contributions of the Employer (USD)	2015	2016	2017	2018	2019	2020
Employer social contributions	11,514,719	12,505,210	13,638,750	5,125,868	4,595,463	5,521,934
Employer health insurance contributions	5,915,576	5,063,311	4,943,964	1,445,134	702,042	351,440
<b>Total</b>	<b>17,430,294</b>	<b>17,568,520</b>	<b>18,582,714</b>	<b>6,571,003</b>	<b>5,297,505</b>	<b>5,873,374</b>



The health and safety of our employees are top priorities across all our operations. Whether if it is included in a formal agreement with the trade unions in a specific region or part of our internal regulations, the “safety first” culture is at the core of every decision we take. Where we have formal agreements with trade unions, several health and safety topics are covered to underline their critical importance.

In order to ensure the principles and responsibilities of Quality, Health, Safety and Environmental (QHSE) management is clearly understood through all levels of each KMG International entity organization. Furthermore, employees are responsible for active participation in the development of the QHSE management system and the promotion of a positive QHSE culture within each KMG International entity organization.

Management is responsible for effectively communicating their commitment to QHSE issues and encouraging employee participation in the QHSE management system. It is the responsibility of all employees to communicate QHSE concerns, hazards, issues, and reward positive QHSE behavior.

Effective communication ensures that all the KMG International QHSE objectives and policies are clearly understood by all KMG International entities employees, that action plans, standards, procedures, and systems are implemented, and that performance is monitored, and feedback is provided.

The most senior manager in an operational area is responsible for planning, conduction and ensuring minutes of management Review Meetings which are held twice annually at a minimum.

Additionally, in accordance with law no. 319/2006, health & safety committees are active throughout the Group’s operations and business units, being comprised of management representatives, labor administration and employees, as well as union reps, looking to ensure full compliance with the applicable legislation, as well as to incorporate everyone’s opinions on how KMG International can continue to improve health and safety. Committees meet regularly and minutes from each meeting are recorded and kept for future reference.

Given the prominence in the Group’s operation of refining and trading activities, the most comprehensive committees are reflective of this aspect. Also, both Retail and Upstream sectors have health and safety committees composed of representatives from labor administration and employee unions.

REFINING COMMITTEE

PETROMIDIA REFINERY		VEGA REFINERY	
<b>General Director</b> (President of CSSM)			
<b>HS Coordinator</b> (Secretary of CSSM)			
<b>Employee management representatives with responsibilities for health and safety at work</b> (Refinery Plant Director, Petrochemical Plant Director, Utilities Plant Director, Plant Inspection Director, QHSE Manager, HR Manager)		<b>2 employer representatives with responsibilities for health and safety at work</b> (Emergency Manager, Production Manager)	
<b>7 representatives of workers with specific responsibilities in the field of security and health</b>		<b>3 representatives of workers with specific responsibilities in the field of security and health</b>	
<b>Doctor of Medicine</b>			

TRADING COMMITTEE

MIDIA MARINE TERMINAL	
<b>General Director</b> (President of CSSM)	
<b>QHSE Coordinator</b> (Secretary of CSSM)	
<b>Employee management representatives with responsibilities for health and safety at work</b> (Logistics Manager, Offshore Manager, HR Manager)	
<b>7 employees with specific responsibilities in the field of security and health</b>	
<b>Doctor of Medicine</b>	

RETAIL COMMITTEE

ROMPETROL DOWNSTREAM	
<b>General Director</b> (President of CSSM)	
<b>QHSE Coordinator</b> (Secretary of CSSM)	
<b>3 employees representing the workers on safety and health matters</b>	
<b>3 employees with specific responsibilities in the field of security and health</b>	
<b>Doctor of Medicine</b>	
ROMPETROL GAS	
<b>Safety Committee and CSSM</b>	

Starting 2020, LTIR – Lost Time Injury Rate replaces the HSE Index as reference KPI in evaluating the HSE performance across the KMG International Group. This KPI reflects the coefficient of work-related accidents resulting in loss of working days. It also includes fatalities and victims following catastrophic and major vehicle crashes. More precisely, it is calculated as the total number of victims following work related accidents multiplied by 1,000,000 and divided by the total number of worked hours. The Group’s LTIR in 2020 was 0.25.

As a result of the implementation of constantly updated and high-standard safe systems of work and safety programs, no fatal incidents occurred in 2020. Of a total of 53 HSE incidents occurred in 2020 across Group operations, there were only 3 incidents classified as major incidents, as a result of their impact, of which 2 DAFWC and 1 combined MCV Major & DAWFC.

Also, there were 8,060 nonconformities issued of which 7,563 were closed (93% closing percentage), 5 near misses, 6 property damages and 3 first aid cases.

Furthermore, defensive driving training continued to be provided to KMG International employees in order to reduce the number of motor vehicle crashes. This could be observed in the stable trend of the Group’s MVCR rate, which was 0.07 in 2020, compared to 0.06 in 2019.

Employee absenteeism rate in 2020 saw a slight increase compared to the previous year, with higher rates being observed in women compared to men, unlike the previous year. While most cases can be attributed to employee medical leave, which recorded slightly higher rates in women compared to men, the indicator is also reflective of workforce ageing and the factors associated with the process.

QHSE KPI		2020
FTL	cases	0
FIR	%	0.00
LTI	cases	3
LTIF	%	0.25
TRI	cases	3
TRIR	%	0.25
DAFWC	cases	3
RWDC	cases	0
MTC	cases	0
FAC	cases	3
NM	cases	5
PD	cases	6
NC	%	93*
MVC-L	cases	14
MVC-S	cases	0
MVC-M	cases	1
MVC-C	cases	0
MVC-T	cases	15
MVCR	%	0.07
DT	km	13,359,620
WH	hours	11,877,026
* 8,060 issued / 7,563 closed		

Absenteeism	W	M	Total
Romania	3.40%	2.46%	2.76%
Near-abroad	3.28%	2.57%	2.72%
Group	3.38%	2.50%	2.75%

To make sure all QHSE standards in place guarantee the health and safety of KMG International employees, suppliers and all other stakeholders involved in its operations, the Group constantly performs internal and external safety audits and inspections, both planned and impromptu, in order to identify both weak points and improvement opportunities. Subsequently, specific statistics and reports are drawn with various frequencies (weekly/monthly/quarterly/half-yearly/annual/upon request), in order to meet internal requirements and compliance obligations. In 2020, more than 7,700 QHSE audits and inspections were performed across the Group.

Aside for the safety procedures and processes carried out by KMG International at all Group levels and in all its Business Units, the Group places high focus on health and safety training, with more than 1,900 fire drills and nearly 28,000 hours of QHSE training in 2020 alone.

Entity	HOC issued	HOC closed	QHSE training	Fire/emerg. drills	QHSE audits/inspect.
KMG Trading	0	0	0	0	0
Romp petrol Turkey	0	0	0	0	0
Midia Marine Terminal	114	111	2,665	41	128
Byron Shipping	0	0	47	0	0
Romp petrol Downstream (Romania)	187	114	8,602	685	1,795
Romp petrol Gas (Romania)	0	0	218	20	0
Romp petrol Bulgaria	3	3	4	33	1,108
Romp petrol Georgia	104	80	566	5	40
Romp petrol Moldova	301	306	5,127	851	181
Petromidia Refinery	1,746	1,428	991	68	2,084
Vega Refinery	428	425	332	27	325
Romp petrol Well Services	2,874	2,874	672	0	0
Oilfield Exploration Business Solutions	0	0	48	0	0
Rominserv	2,143	2,073	1,294	3	1,777
Rominserv Valves IAIFO	45	45	282	0	0
Palplast	26	25	398	11	74
KMG Romp petrol	0	0	1,030	0	0
Global Security Systems	0	0	4,621	140	11
Romp petrol Quality Control	89	89	1,001	32	237
Total year to date	8,060	7,573	27,898	1,916	7,760
Total till end of previous month	7,574	6,982	25,102	1,812	7,207

## Trainings and Assessments

In 2020, KMG International continued to support the human capital development and expanding it by training employees to provide skills and business competences necessary to achieve the objectives. Various training programs for employees covered topics like functional skills; general knowledge; communication; QHSE certifications; safety; professional knowledge - support functions, etc. Also all Group employees had the opportunity to register on an online platform with 100 courses for the development of soft skills (management skills, problem-solving skills, written and spoken communication skills, etc.)

Each of our employees participate in an annual performance review. This is their opportunity to share their goals and desires with their leaders, but also hear constructive feedback on how they can improve and reach their goals.

All locations, all genders and all levels of management have this opportunity and we look forward to continuing this in the future. Following performance assessment, based on employees' development needs, customized development programs are designed and implemented. During 2020, our development programs covered both professional and personal development, such as leadership, communication, personal branding etc.

In 2020, due to the pandemic context, the in-class trainings were replaced with online trainings. Complementary, we implemented 2 digital learning platforms to address additional training needs.

E-learning platforms	LinkedIn	SillSoft	Total
Employees	163	319	482
E-learning hours	1,717	3,053	4,770
Average hours	10.53	9.57	9.90

In terms of trainings, the average hours of training that the organization's employees have undertaken during the reporting period have seen a significant increase over the years, from an average of 6.84 hours per employee in 2018, up to more than 23.83 hours in 2019. The average in 2020 was 14.88 given the restrictions and limitations imposed by the pandemic, to which 10.53 average e-learning hours were added.

**Performance appraisal process is approached differently depending on employee category as follows: top management (1.7%), middle management (10.1%) and non-management (87.5%).**

Average number of training hours	Group	Romania	Bulgaria	Group Excl. Romania
Average number of training hours per employee	14.88	25.84	8.00	1.38
Female employees benefited, on average	26.46	28.17	6.40	7.00
Male employees benefited, on average	12.64	24.97	8.20	1.21
Managers benefited, on average	31.21	32.55	10.00	14.20
Execution level employees benefited, on average	12.60	24.09	7.51	1.12



## Development Programs

### "Knowledge Builder" Program in the Retail Business Unit

The "Knowledge Builder" program was developed as a learning platform (Business Academy) where employees can gain cross-functional business knowledge and understanding. The project's goal is to equip KMG employees with all the skills and knowledge required to help them make informed decisions, based on KMG International business specificities.

The program is driven by a cross-functional team willing to share their vision, experience and expertise and provide a package of practical functional workshops related to managing the business within competitive markets. The first business areas in scope were: Commercial, Retail Finance, Shop, Retail Operations and Marketing.

The program started in 2019, when more than 80 colleagues from various departments participated to the sessions organized at the Group's offices in Bucharest. In 2020, the program was extended to the near-abroad entities: Rompetrol Moldova, Rompetrol Georgia and Rompetrol Bulgaria, and more than 150 colleagues participated in the online sessions.

### Cross-Training in the Refining Business Unit

- Knowledge sharing through job shadowing
- Increase employees' flexibility and readiness to switch to a new role
- Develop the technical skills of employees with operational roles and improve their operating efficiency.

In 2020, 50 employees participated in this program.

### Change of working model – across all Business Units

The COVID-19 pandemic triggered a fundamental working model transformation across the entire Group. During 2020, KMG International adapted its way of working and demonstrated a high level of flexibility by implementing, at a very fast pace, a new remote working model, quickly adopting digital instruments for ensuring the online framework for the employees working from home.

All KMG employees that could perform their job remotely, did so from their remote locations, with no impact whatsoever in their demonstrated performance levels (mostly Headquarter personnel). The Human Resources department kept very close contact with employees through various channels and constant communication to the organization, addressing the most important topics during the pandemic; the HR department organized workshops that facilitated the understanding and adoption of the ways-of-working change, from on-site to the work from home model.

Throughout 2020, the Group conducted various projects & initiatives to increase the level of engagement & security.

Being in close contact with our employees was of paramount importance for us in 2020. The current context brought an overwhelming mass of information that brought confusion and more uncertainty. Thus, we developed and added a new communication channel for our employees, an HR Chatbot with centralized relevant information about the COVID-19, to keep our colleagues correctly informed and updated during the current context. Available 24/7, at a click of a button, the chatbot offered quick access to useful information and answers to questions about the current situation, on topics such as work, HR processes and legislative changes issued by the authorities.

We also addressed the challenges of Rompetrol people working from home through online workshops with expert guidance.

### Refinery Fundamentals

The "Refinery Fundamentals" program continued in 2020 and consisted in learning sessions facilitated by one of our senior experts in the field. It is designed to provide a better understanding of the processes through which KMG International is producing its high-quality fuel under the Rompetrol brand as well as the economics and operational aspects that make Petromidia one of the most profitable refineries in the region.

Through this program, over 200 employees had the opportunity to better understand the oil and gas industry, the Group's challenges throughout its history and the factors that are bringing added value to our products and business results.

### Digital Workplace Workshops

The new pandemic context had a drastic impact on the way we need to work, communicate, and collaborate, therefore having this in mind, we conducted several workshops and interactive sessions in which our employees learned how to work in the new conditions and how to cope with mental/psychological wellbeing challenges: Tips & Tricks for WFH, Leading Virtual Teams, Dealing with Anxiety, Managing Workplace stress, free open discussions with psychologists.

Our employees learned to connect and exchange information with their team members through an online global program that can be accessed from different locations. To turn scattered data into actionable reports and use data analytics in their work, our employees were trained to use a top-rated program to store and share files easily or fully use the functionalities provided by Microsoft Teams.

## Management Development Program

In 2020, the Management Development Program continued mainly with online training courses and activities, maintaining the focus on development of management competencies.

- 2020 was the second year for our 2 year-cycle Management Development Program, in which all the Group's managers developed their management skills and leadership competencies, through programs like: Influence and negotiation in projects, Practical Leadership, Impactful data presentation, Process Improvement, Productivity at work.
- 133 persons completed the program.
- The main objective of this program was to develop a strong leadership benchmark fed by a focus on high potential people that is surely an essential priority for business growth and success.
- There is a strong commitment of senior management to continue this program in the future, so our company will continue to invest in developing its future leaders, recognizing and retaining talents.

## Encourage Innovation

Another essential growth factor that we focused on was to create an organizational culture based on Innovation. Thus, we developed and implemented projects such as Innovation Workshops and Innovative Ideas Contest aimed at cultivating innovative thinking and encouraging a generation of new ideas that could be viable solutions to current business challenges. The innovative projects which were presented in the contest in 2020 tackled different challenges in business areas such as new business ideas, social responsibility, digitalization.

## Top E-learning Platform

During 2020, employees had the opportunity to access 2 digital learning platforms with unlimited access to more than 5.000 video courses covering business, creative and technology topics. The platform provides 240 curated learning paths and access to more than 800 industry experts chosen from around the world. Also, we used the platform as support for the Management Development Program to consolidate the knowledge acquired in workshops and coaching sessions. 482 employees used the platforms, accessing more than 1800 course modules.

## Reinforcement of feedback importance in employee development

During 2020, our HR department continued to deliver workshops reinforcing to managers the importance of feedback. This initiative started in 2019 in the Corporate BU and was extended in 2020 to all BUs. The workshops' purpose was to remind managers why feedback is important: to recognize and reinforce STRENGTHS, to orient professional DEVELOPMENT, to realign BEHAVIOR when needed, to create TRUST between the manager and the employee, to ENCOURAGE employees to continue, to strengthen the manager's LEADERSHIP towards results. During the sessions, each team participated to a group exercise, that facilitated a better personal knowledge and understanding of each team member (hobbies, childhood nicknames, favorite sports etc.). Recurrent online team meetings were highly recommended and encouraged.

## "Thank You" project across all Group business units

The project was built to create a culture of recognition inside our organization. To support/ further our mission, goals, values, and the initiatives of our community, we understood the power and science behind the positive emotions from both giving and receiving thoughtful recognition. Our "Thank You" program rewards behaviors that we want to see continued and perfected and acknowledges efforts, hard work, dedication, good performance and accomplishments.

## Knowledge Transfer inside Refining Business Unit

- Extend knowledge and expertise area of employees and prepare them for taking on new roles
- Facilitate knowledge and technical skills transfer

In 2020, 74 pairs of employees graduated the Knowledge Transfer program, and 41 successors were promoted as a result of the program.



Employee Well-being and Engagement

## Rompetrol Well Station

In addition to our existing pay and benefits system, we have also developed the Well Station global platform, designed to integrate all our initiatives on the well-being area. Inspired by the company's profile, the gas stations being one of the best-known symbols, Well Station is a program to inspire energy, a pit stop for all employees to refill with well-being, mindfulness & good information about health, a source of fuel for a better life.

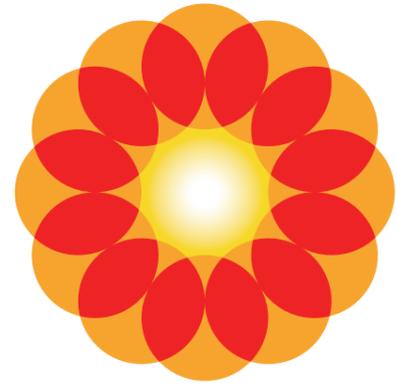
Well Station consists of three pillars: 1) Emotional and social well-being, 2) Physical well-being and 3) Financial well-being. Under the three pillars, we mapped and implemented throughout 2019 programs such as: family and care events, stress management and mindfulness, hobbies and cultures, themed workshops, health education and prevention, nutrition and hydration, financial coaching and education, financial contribution for extraordinary life circumstances.

In 2020, we continued and even diversified all the initiatives in this respect, adapted to the pandemic context. An important role in this context was played by the constant internal communication and the programs developed for KMG employees, through which they could feel close to each other, which would help them to go through this experience more easily or to better understand certain situations. One such initiative, developed under the umbrella of the Rompetrol Well Station was Rompetrol Podcast Station. Resilience, hybrid work model, work from home, increased adaptability, how we manage certain emotions, deal with sensitive situations or how we handle depression are just some of the topics addressed in the Podcast episodes developed in collaboration with healthcare professionals and wellbeing experts.

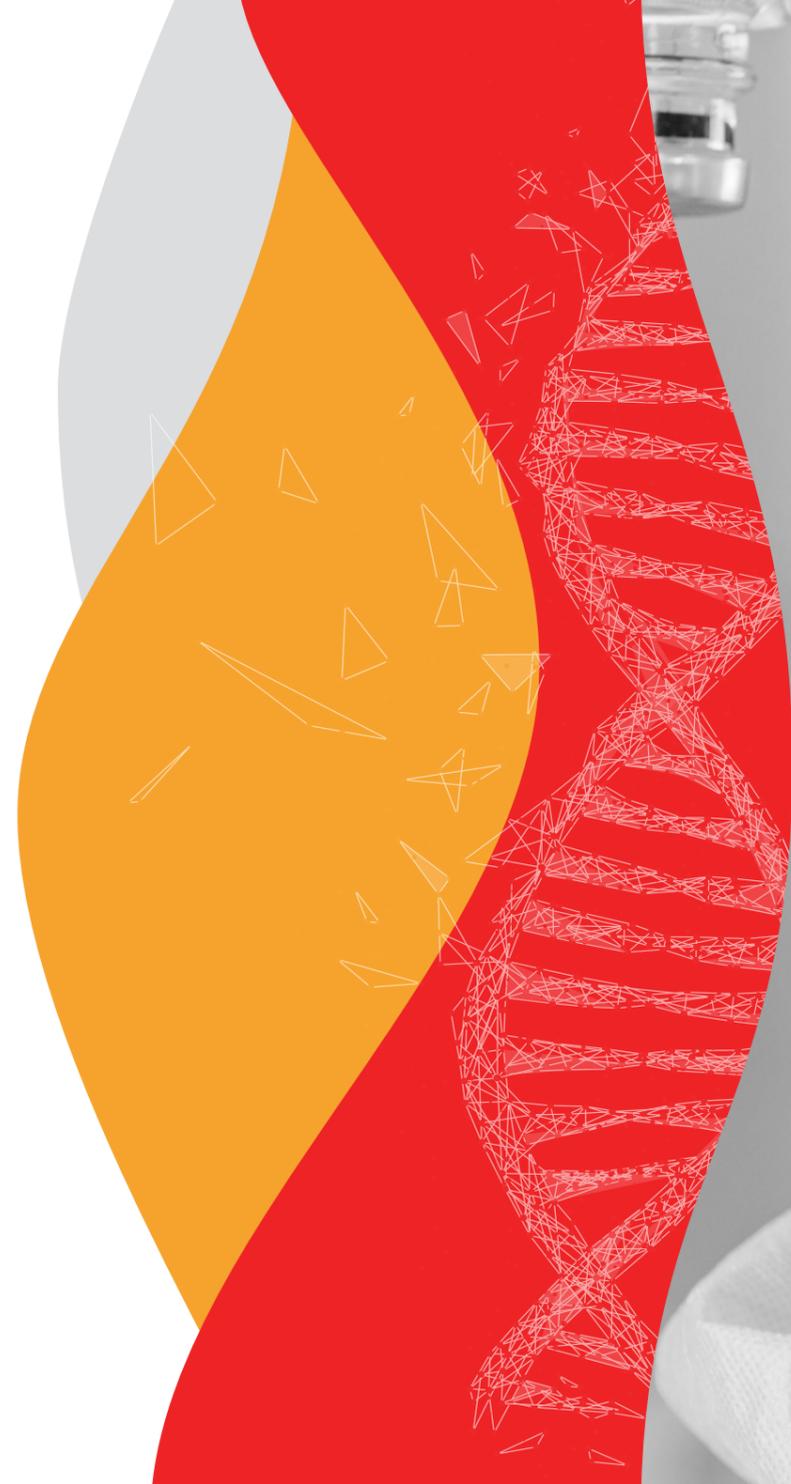
*The responsible approach to the 2020 context meant for us to analyze all the needs that our employees had during this period, and they were very different from the previous year - back to basics, physical and mental health, family protection, job security, children's online school.*

**We adjusted our activity accordingly to address all these needs.**

**GINA CRUCERU**  
Group HR Director



**Environment**



The energy boost  
when you're under  
**the weather**

2020 was one of the most difficult years in recent history, deeply affecting the oil and gas industry, from crude extraction to the distribution of oil products. It was also one of the most difficult years in the history of Rompetrol. The sudden decrease in fuel sales due to the restrictions imposed by the pandemic, the lack of fuel deliveries for aviation, the obligation to make environmental investments and to comply with the general revisions of production units, all these put pressure throughout the Group to maintain a financial balance.

However, despite the hostile environment, which generated negative refining margins for months, the company continued its activity, managing to carry out according to schedule its investment projects started both in Romania and in the Black Sea area, its strategic market. Even though the Group has to perform its regular operations in a crisis scenario triggered by the COVID-19 pandemic, its environmental commitments were not compromised in any way, KMG International fully achieving its targets and objectives for the year.

#### Major activities carried out in 2020 to achieve the Group's environmental objectives included:

- Integrated Management System documents were maintained /developed /revised / reviewed (policies/objectives/plans/programs/procedures/work instructions/regulations, etc.) in compliance with the requirements of the KMG International Group Policy and ISO 9001/2018, ISO 14001/2018, ISO 45001/2018 and ISO 50001 standards;
- Internal audits, safety audits, inspections were performed, both planned and impromptu, in order to identify both weak points and improvement opportunities;
- Certifications on vehicle fuels and bitumen were kept in compliance with the legal requirements / regulations of the European Union;
- ISCC Certification was maintained for Rompetrol Rafinare and Rompetrol Downstream;
- Environmental Integrated Authorization is being revised as per legislation in force, for both refining units (Petromidia and Vega);
- Maintaining / updating REACH registration dossiers of chemical substances and disseminating information provided by CONCAWE in line with ECHA requirements;
- Elaboration of the support documentation in order to request the allocation of CO<sub>2</sub> certificates free of charge for phase IV (2021-2025);
- The activity at the Group's refining units was monitored for environmental compliance, pursuant to the Integrated Environment and Water Management Authorizations, as well as the Greenhouse Gas Authorization.

Restrictive measures taken domestically and regionally/internationally to protect and limit the spread of COVID-19 were also reflected in the sharp decline in demand for petroleum products (automotive fuels, aviation fuel), high volatility in international fuel quotations, but also in negative refining margins. For example, the net refining margin recorded by Petromidia Năvodari refinery dropped last year to a negative value of -11.2 USD/ton, from a positive value of 13.7 USD/ton in 2019.

The impact of the measures adopted at European level was reflected in the evolution of refining capacity in 2020, which recorded a decrease of about 50 million tons of crude oil/year (closed, preserved, or converted units) compared to 2019. At this level, there were added another 100 million tons temporarily affected, to align with market conditions (turnarounds, reduction of processing - from an average of 80-85% in 2019 to about 70% in 2020).

**While the previous years saw an incredible increase in performance with a long-term upward trend in the Group's operational and financial results, the 2020 pandemic brought increased volatility, a lack of predictability and multiple shifts in internal and external processes that made the Group hit the "pause" button on its record-breaking streak.**

## Refining and Petrochemicals

The Group's main objectives throughout 2020 were aimed at minimizing the risks of interruption of fuel production and distribution flows, but also the continuation of development programs and digitization of processes and operational flows. Through great efforts, KMG International maintained both its refineries operational - Petromidia Năvodari and Vega Ploiești, which have a vital role in supporting the national and regional economy, both through ensuring fuels and through special products such as bitumen, polymers, hexane.

Through programs of modernization and increasing the efficiency of units and production flows within Petromidia refinery, KMG International has undertaken a constant reduction of electricity consumption.

In this regard, the most important projects finalized during 2020 meant to optimize performance in Group operations while generating significant energy savings and contributing to the improvement in environmental parameters are presented next.

### Delayed Coking unit efficiency project

With a value of over 1.4 million dollars, the project was implemented during the general turnaround of the Petromidia Refinery with the objective to optimize the thermal profile of the fractionation column within the Delayed Coking plant. This would lead to an additional recovery of light gas oil at the same quality, by reducing the amount of heavy gas oil. In addition, the reduction of the yield of heavy gas oil would lead to the increase of raw materials processed in the Petromidia refinery. More specifically, from a technological perspective, the additional removal of heat from the 180-C2 fractionation column generates a production of approximately 7 tons/hour of steam and, implicitly, contributes to the reduction of the pressure on the system and improves the energy intensity index.

The modernization of one of the most important units in Petromidia's portfolio came in the context of the 35th anniversary of the Delayed Coking plant.

### General Turnaround of Petromidia Refinery

The works were coordinated by Rominserv, the provider of technological solutions for the KMG International Group, and were carried out on a large area, of over 200 hectares, with considerable distances between work points, mainly in the open air and in compliance with the rules of social distancing. With the general turnaround in 2020, the Petromidia refinery and the Petrochemical Division aligned with the new operating strategy, with a general turnaround scheduled for 4 years and technological shutdowns scheduled for 2 years.

During the general turnaround, Rominserv and Rompetrol Rafinare specialists focused on maintenance and compliance operations, but also on new projects to support the refinery's evolution on the upward operating trend of the recent years. In total, almost 1,500 works were executed. In the 45 days of the turnaround, the teams intervened on a number of 1,000 static machines, 150 rotative machines, over 2,600 pipes and tubes and approximately 560 electrical machines. The re-commissioning of the Petromidia facilities was carried out simultaneously with the resumption of production processes at the Vega refinery, the only national producer of bitumen and hexane. The unit in Ploiești was also under a general turnaround, for the maintenance and compliance of the existing installations on the platform.

### State-of-the-art LPG recovery system

Petromidia refinery has a new modern liquefied petroleum gas recovery unit, a system that ensures a substantial reduction of sulphur dioxide emissions from the gases discharged to the refinery chimneys - significantly below the limit imposed by the European Environment regulations. The liquefied petroleum gas (LPG) recovery facility is designed to remove organic sulfur compounds and hydrocarbons from coking gases before they are sent to desulfurization plants and then into the refinery's fuel gas system.

With an investment effort of 4.6 million dollars, this is a unique project in Romania, and it is part of the Group's strategy of continuous modernization of the operational processes at the level of the two production units - the Petromidia Năvodari and Vega Ploiești refineries. The installation and integration in the parameters were implemented by Rominserv specialists, the technological solutions provider of the group.

**The general turnaround is an absolutely necessary and mandatory measure to carry out our activity in complete safety, but also to protect employees, communities in the area and the environment.**

*Through the preventive measures adopted at the level of the Petromidia platform, we managed, together with all those involved, to carry out these works safely and without incidents during the 45 days of turnaround.*

#### FELIX CRUDU TEȘLOVEANU

General Manager  
Rompetrol Rafinare

## PETROMIDIA REFINERY

In 2020 Petromidia Refinery operation was strongly influenced by COVID-19 and by the General Turnaround from March-April, a mandatory and necessary measure to ensure the operation of the production units in conditions of maximum safety and efficiency. During this period, preventive and corrective maintenance works, technological inspections and verifications, catalyst replacement and other works related to refining and petrochemical installations were performed.

In these market conditions, the refinery operation was adapted to optimize valuable products considering refining flexibility by optimizing the Downstream Unit's operation:

- High flexibility of the refinery allowed us to minimize the Jet production based on current economics and low market demand and increase Diesel production and month by month to switch from one product to the other (Gasoline to LPG, LPG to Gasoline, Jet to Diesel)
- Optimized operation of the LPG recovery unit based on fuel gas balance and economics
- Operated Crude Unit & downstream units with Advanced Process Control and optimized crude diet: as part of crude diet optimization process, 161 ktons SRFO was processed in crude unit beside other types of crudes
- Minimize the import of high-octane gasoline components starting May 2020 and reduced consumption of imported of MTBE, expensive gasoline component to optimize gasoline blends; start to sell internal MTBE production
- Working capital optimization; renegotiation of current contracts; update of internal procedures, human resources responsibilities and involvement, adapting working hours to compensate lack of specialized support.

At the level of production units operated by Rompetrol Rafinare, the degree of utilization of refining capacities registered last year was about 72% for Petromidia Năvodari, decreasing by 25%. The decrease was generated by the general context, but also by the turnaround works from March to April (1,500 works, over 100 contractors from Romania, over 4,000 people involved).

In 2020, the Petromidia Năvodari refinery processed over 4.8 million tons of raw materials, obtaining 1.16 million tons of gasoline and over 2.6 million tons of diesel and special aviation fuel.

In fact, the Petromidia refinery managed to obtain remarkable operational performances, in an unfavorable market context: the highest diesel fuel efficiency in history - 51.8%wt and a yield of white products close to the reference level in 2019 - 85.9%wt. Also, the technological loss was only 0.89%wt, and the energy intensity index increased to 99.17%.

Petromidia Refinery, the largest profile unit in Romania and one of the most modern in the Black Sea region, has continued production process optimization programs (increasing processing capacity along with increasing productivity of valuable products, reducing technological losses, optimizing recipes of raw materials, etc.) and efficiency of operating costs (energy efficiency and reduction of processing costs), programs started in 2014 and continued until now.

**A total processed feedstock of 4.8 million tons of raw materials**

**Diesel yield of 51.81% wt by maximizing diesel production, supply of diesel component during TAR, import of SRGO**

**White finished products yield of 85.93%wt**

**Technological Loss of 0.89%wt, higher than previous year influenced by TA activity and also lower throughput.**

**Energy consumption reached the level of 3.06 GJ/mt, influenced by lower throughput.**

## VEGA REFINERY

On the other hand, the degree of utilization of the Vega Ploiești refinery was 110%, a capacity explained by the remarkable results achieved in obtaining products with high added value, such as bitumen, a product necessary for infrastructure works in Romania.

Vega Refinery, the oldest and most robust oil processing facility in Romania, with more than 115 years of tradition, reached major operational records in 2020. The only domestic bitumen and hexane producer reported a total feedstock of 364 kt, lower vs. last year by 16.6% driven by pandemic conditions. Also, the unit registered in 2020 a record production of bitumen, namely 120kt.

**A total feedstock processed of 364 kt**

**A hexane production of 69 kt**

**A new record for Bitumen production of 123 kt, above previous year record by 3 kt**

**The lowest technological loss of 0.75%, better than previous year record by 0.08%**

**Energy consumption of 2.57 GJ/t, higher than last year due to lower throughput.**

## PETROCHEMICALS DIVISION

The total production of polymers of the Petrochemical Division was 143 kt in 2020, increasing by 13% compared to 2019, when the total production of polymers was 127 kt. The increase in polymer production was mainly determined by the operating schedule of the LDPE (low density polyethylene) plant in 2020.

The petrochemical division managed, in 2020, to successfully develop a new product (RMB30H), a special

sort of polypropylene dedicated to protective medical mask production. It provides the middle layer of the mask, the most important for filtering and protecting against pathogens. RMB30H is intended, in particular, for obtaining filter material, but also for other applications in the area of medical products (protective masks, disposable equipment) or the industrial area (professional filters with high absorption rate).

The Low-Density Polyethylene (LDPE) plant of the petrochemical segment works with 100% imported ethylene, and the Polypropylene (PP) plant works with raw materials produced and delivered internally by the Petromidia refinery.

The petrochemical segment is the only producer of polypropylene and polyethylene in Romania, constantly managing to increase its market share by secondary product categories.

**The production achieved in 2020: 143 kt Polymers and 11 kt Propylene polymer grade**

**Full Year Feedstock processed of 183 kt**

**Conversion cost of 302 \$/mt products.**

Op. Results - Refining (kt)	2020	2019
Feedstock processed - Petromidia	4,864	6,331
Feedstock processed - Vega	364	436
Fuel sales (internal)	2,380	2,557
Fuel sales (external)	1,248	2,169



Op. Results - Petrochem. (kt)	2020	2019
Processed polypropylene	117	153
Processed ethylene	66	38
Polymer production	143	127
Total sales	160	162



Op. Results - Distribution* (kt)	2020	2019
Fuel sales (retail)	799	789
Fuel sales (wholesale)	1,190	1,296
LPG sales	351	417



\* Rompetrol Downstream Rompetrol Quality Control Rompetrol Logistics Rompetrol Gas Rom Oil

## Retail and Wholesale

Through the measures adopted to prevent and reduce the spread of COVID-19, all Rompetrol stations were operational in 2020, respecting the recommendations and decisions adopted by local and central authorities.

Moreover, by developing new services, expanding the gas station network, but also maintaining a high level of fuel distribution activities, sales through Rompetrol retail stations last year increased by 1%, to a level of approximately 800,000 tons.

In Romania, the fuel distribution network expanded last year with 27 new stations, of which 17 units were Rompetrol Partner and Rompetrol Express stations, and 10 new units were opened by the Kazakh-Romanian Energy Investment Fund.

At the end of December 2020, Rompetrol Downstream's distribution segment comprised 1,061 points of sale, including its own network of stations, partner stations and mobile stations (express, internal bases of 9 m<sup>3</sup> and 20 m<sup>3</sup>).

## ROMPETROL GAS

In 2020 Rompetrol placed on the market a wide range of products for customers. The total LPG produced and placed on the national market in 2020 was 72,482 tons.

Sales (t)	2020
auto LPG	54,984
LPG internal	17,135
Propane fuel	363

## Trading and Supply Chain

The total value of exports made in 2020 by Petromidia Năvodari, Vega Ploiești and the Petrochemical Division of Rompetrol Rafinare amounted to approximately 646 million dollars, maintaining a constant presence in the regional markets, despite the harsh conditions caused by low fuel demand.

Financial results (USD)	Refining		Petrochemicals		Distribution	
	2020	2019	2020	2019	2020	2019
Gross turnover	2,732,749,319	4,417,308,906	149,171,871	173,446,415	2,455,679,338	3,078,017,249
EBITDA	(33,378,262)	108,211,674	(26,274,984)	(29,149,694)	60,565,576	51,571,501
Net result	(186,634,742)	(16,882,860)	(32,758,531)	(48,355,331)	19,592,252	18,662,421

## Energy and Water Management

All Group entities monitor power and water consumption and constantly revise and propose improvements to the Group's strategy, in line with legal requirements and operational evolutions, in order to ensure energy efficiency considering the specific consumption activities of each unit.

In 2020, KMG International provided the following services:

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

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

- Services provided to third parties: wastewater treatment in the Wastewater Treatment Plant.

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

- **electric energy** – electric energy distribution tariffs on the two voltage levels of low voltage and high voltage are regulated by the National Energy Regulatory Agency
- **drinkable water** – the tariff for the distribution of drinkable water is regulated by the National Regulatory Authority for Community Services of Public Utilities

### ENERGY INPUT AND CONSUMPTION

The implementation of several measures aimed at generating higher throughput, lower costs and increased mechanical and operational availability drove an overall positive evolution of energy indicators throughout the Group in 2020, despite the extremely difficult context.

The reduction of the operation costs in parallel with the increase in the mechanical and operational availability allowed an improvement of Petromidia Refinery's Energy Intensity Index, which reached 99.2 points (In 2012 the EII was located at 115 points). A constant improvement in energy indicators can be observed starting 2012, due to various factors, such as the increase in the refinery's complexity following the implementation of the "Package 2010" project implementation, the higher throughput (year by year increase) and energy efficiency measures (low cost/no cost) & projects.

In 2020, Petromidia Refinery recorded a consumption of energy of 3.06 GJ/ton related to the ton of throughput, similar to the results of

previous years. Total energy input for Petromidia Refinery in 2020 reached 444,643 MWh, a continued decrease compared to previous years.

In 2020, the energy consumption reported by the ton by Vega Refinery registered an increase by 6.8% as compared to 2019, while fuel gas consumption reported by the ton (GJ/to) showed an increase by 6.9%. The power and steam consumption reported by the ton (GJ/to) also increased by 5.5%.

Total energy input for Vega Refinery in 2020 reached 9,826.176 MW. The energy consumption reported by the ton has registered a decrease by 11% as compared to 2019. Vega's Energy Indicator went from 2.39 to 2.57 in 2020, due to a throughput lower by 20% compared to the previous year.

Since utilities consumed during non-operation increase the EIP, the Petrochemical Division reached an energy index of 18.86 in 2020, slightly higher than the 18.7 in 2019 and 18.18 in 2018.



By environmental policy, we undertake reducing consumption of resources by using them in an effective way and by changing old, high energy consumption equipment with modern low-power equipment, as well as by implementing new technologies regarding green energy (electrical points for cars charging in gas stations; photovoltaic panels).

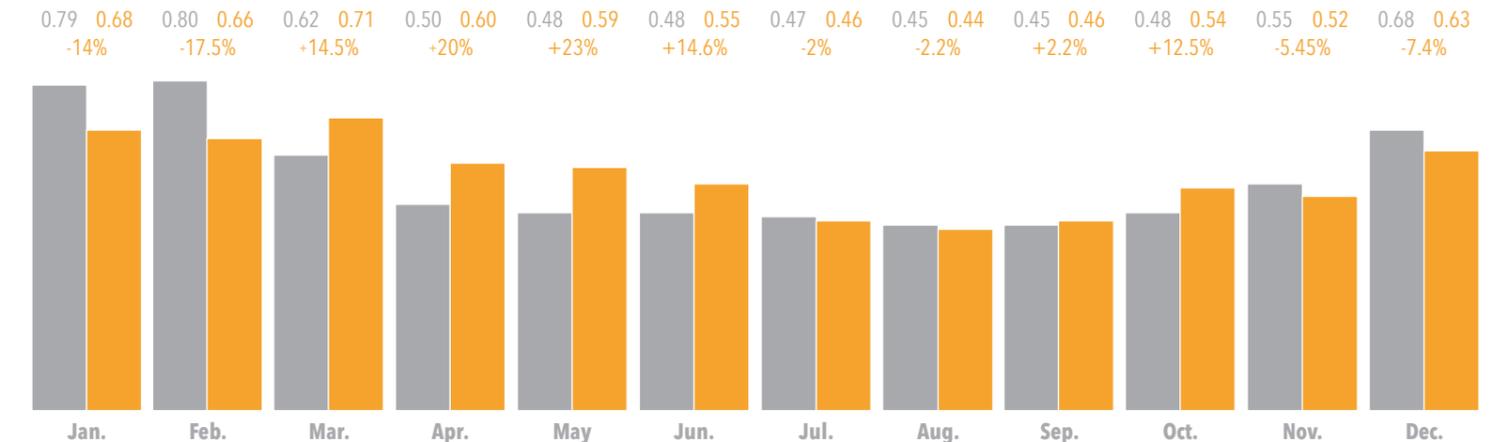
Following the implementation of the Energy Management System (EnMS) within Rompetrol Downstream (DWS), increases in energy consumption were observed. Among the static factors and investments necessary for the business that led to the increase of electricity consumption the following were identified:

- Reconstruction of non-HEI stations, with an increase in the installed power and implicitly in the electricity consumption
- Purchase of additional freezers with diversification of the gastro menu
- Installation of cold room in 39 stations
- Purchase of professional ovens (in addition to the existing ones)
- Commissioning of the gondola end coolers
- Installation of storage containers provided with air conditioning
- Commissioning of charging points for electric cars
- Launch of filling station car washes

The Group included several solutions in its environmental strategy to reduce electricity consumption, such as:

- Changing the exterior lighting of the stations from halogen bulbs to LEDs
- Changing the lighting system of the neon signs on the LED with the external rebranding
- Changing obsolete air conditioning systems (with air conditioning with high energy performance)
- Replacing air curtains in some stations with modern ones with high energy performance
- Installation of an automatic system for turning on / off the external lighting at 16 stations
- Implementation of a procedure for turning on / off the outdoor lighting depending on the time of year, the geographical location of the stations and the sunset / sunrise,
- Issuing a verification procedure based on a checklist of compliance with the time interval in which the outdoor lighting remains on (daily)
- Issuing a verification procedure based on a checklist of the operating temperatures of the air conditioning system, of the refrigerators, freezers, and cold rooms in the stations, not to exceed the optimal temperatures.
- Awareness of all employees in stations related to the importance of reducing electricity consumption through biannual training
- Permanent energy consumption monitoring programs.

### Rompetrol Downstream Energy Consumption (GW)

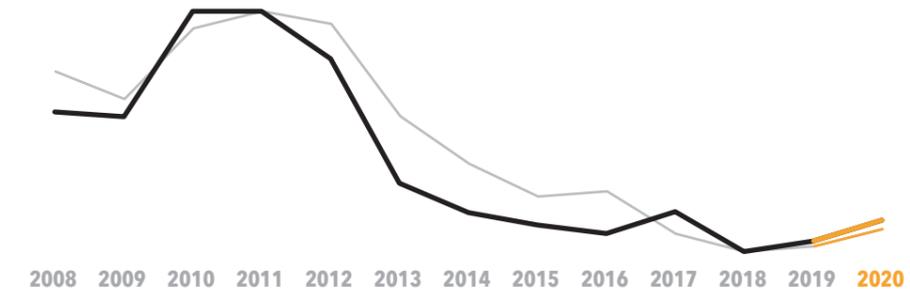


For both Rompetrol Gas and the Midia Marine Terminal, the Group has monitoring systems in place to keep the consumption of energy and natural resources under control, no significant variations being observed compared to previous years.

**Petromidia Energy Intensity Index (GJ/GDP)**

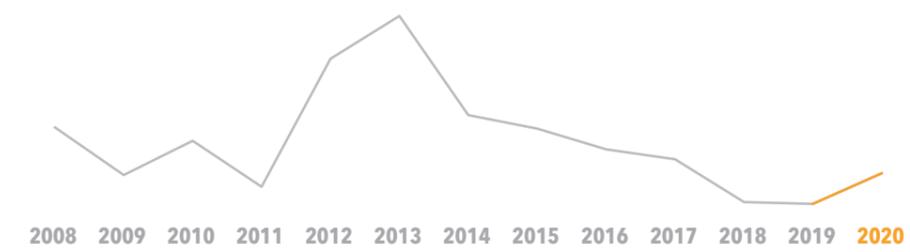
Petromidia Total Energy Consumption (GJ/t)

109.7	109.2	119.5	119.5	114.9	102.8	99.9	98.7	97.9	100	96.1	97.1	99.2
3.69	3.58	3.86	3.93	3.88	3.51	3.32	3.19	3.21	3.04	2.97	2.99	3.06



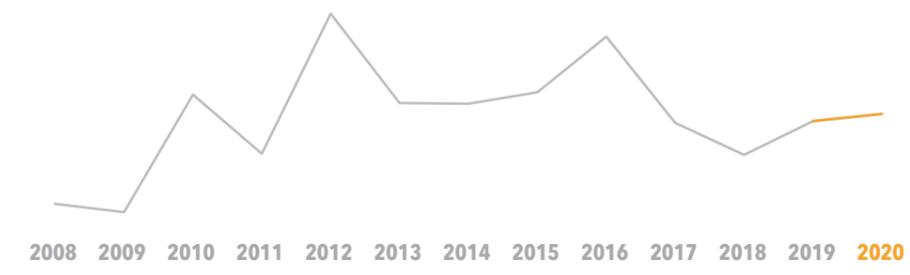
**Vega Total Energy Consumption (GJ/t)**

2.84	2.56	2.76	2.49	3.24	3.49	2.91	2.83	2.71	2.65	2.40	2.39	2.57
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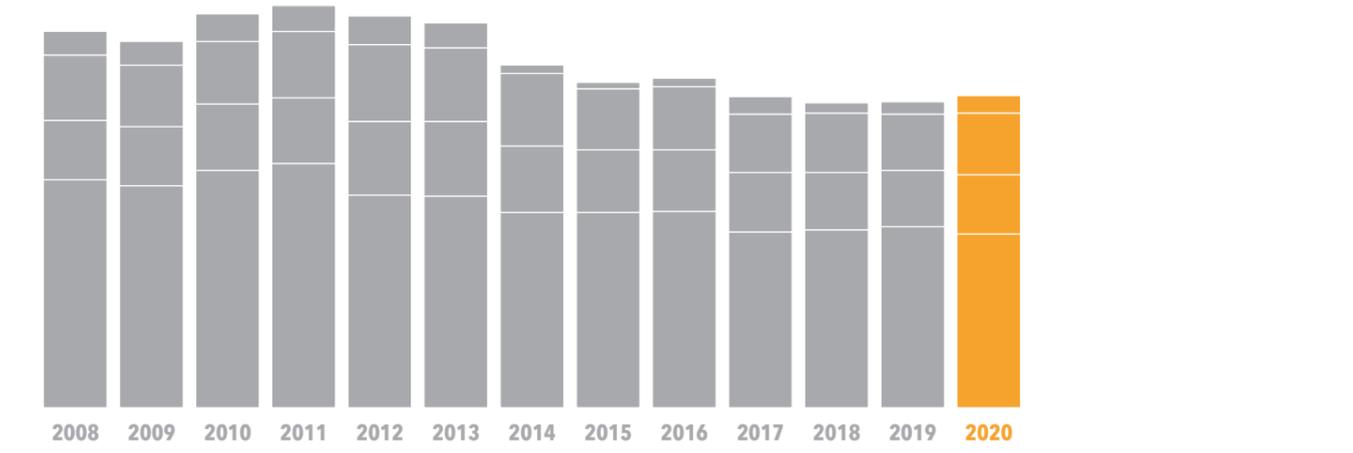
**Petrochemicals Total Energy Consumption (GJ/t)**

17.37	17.23	19.18	18.20	20.52	19.04	19.03	19.22	20.14	18.71	18.18	18.74	18.86
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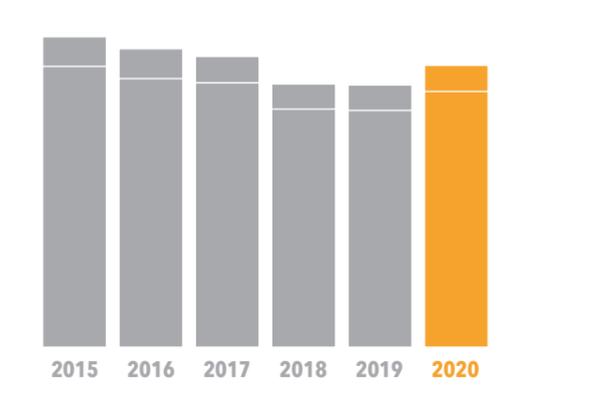
**Petromidia Energy Basket (GJ/t)**

0.23	0.23	0.27	0.25	0.28	0.24	0.08	0.06	0.08	0.17	0.10	0.12	0.17	coke on catalyst & PSA off-gasses steam power fuel gas
0.64	0.60	0.61	0.65	0.75	0.72	0.71	0.60	0.62	0.57	0.58	0.55	0.60	
0.58	0.58	0.65	0.64	0.72	0.73	0.65	0.61	0.60	0.58	0.56	0.55	0.58	
2.23	2.17	2.32	2.39	2.08	2.07	1.91	1.91	1.92	1.72	1.74	1.77	1.70	



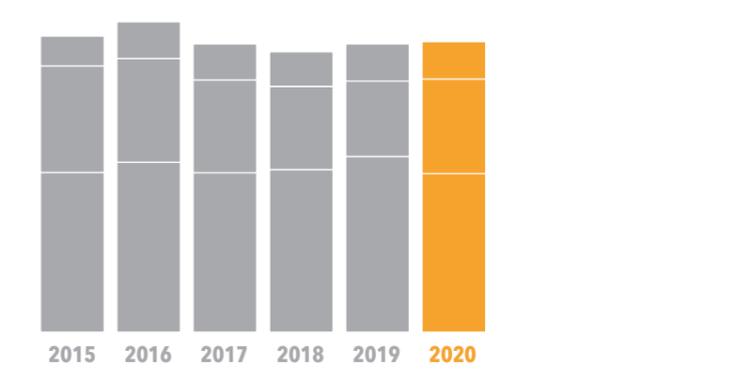
**Vega Energy Basket (GJ/t)**

0.27	0.27	0.24	0.23	0.23	0.24	power fuel gas
2.56	2.45	2.41	2.41	2.16	2.33	



**Petrochemicals Energy Basket (GJ/t)**

1.95	2.37	2.35	2.23	2.40	2.43	power generated off-site power generated on-site fuel gas
6.91	6.75	6.02	5.40	4.90	6.14	
10.36	11.02	10.34	10.56	11.4	10.29	



WATER INPUT AND CONSUMPTION

As part of our commitment to achieving the 2030 Agenda for sustainable development, we strive to preserve water across our operations and ensure that wastewater is properly treated prior to discharge to avoid degradation to the surrounding environment.

All Group operations closely follow the requirements of water and environmental permits and have groundwater monitoring systems in place to monitor water quality in upstream, inside, and downstream refining facilities.

In 2020, values set forth in the integrated environmental authorization regarding groundwater quality were not exceeded at Petromidia or Vega refineries, just as the LEVs for land industrial use (7 monitoring points inside Petromidia refinery and 2 proof sample points at Vadu and Năvodari) recorded no exceeding values. Moreover, for both the Retail and Trading Business Units of the Group monitoring systems are in place, in conformity with water and environmental regulations requirements.

For the contaminated site, owned by Rompetrol Rafinare SA in Vadu, located on the Administration of the Danube Delta Biosphere Reservation territory, the regulatory procedure was continued throughout 2020, in accordance with Law no. 74/2019, respectively with the requests from the regulatory authorities.

In the reporting period, Petromidia refinery along with the Petrochemical Plant's total water input was 6,143,587 m<sup>3</sup> of which 5,902,389 m<sup>3</sup> industrial fresh water and 241,198 m<sup>3</sup> municipal water. As for Vega, the unit's total water input in 2020 was 1,286,369 m<sup>3</sup>, with the industrial water supply being provided by water extracted from its own wells, P1, P2 and P6.

In 2020, Vega Refinery's recycled water consumption was 2,611,070 m<sup>3</sup>, down 21% compared to the previous year, while its treated wastewater discharge was 1,465,013 m<sup>3</sup>.

Petromidia managed to slightly reduce its water consumption, generating 8,203,258 m<sup>3</sup> of treated wastewater in 2020, compared to 8,410,087 m<sup>3</sup> in 2019, and 9,443,704 m<sup>3</sup> in 2018. Of this, 6,863,440 m<sup>3</sup> of treated water were discharged at VADU, while 1,331,818 m<sup>3</sup> were reused.

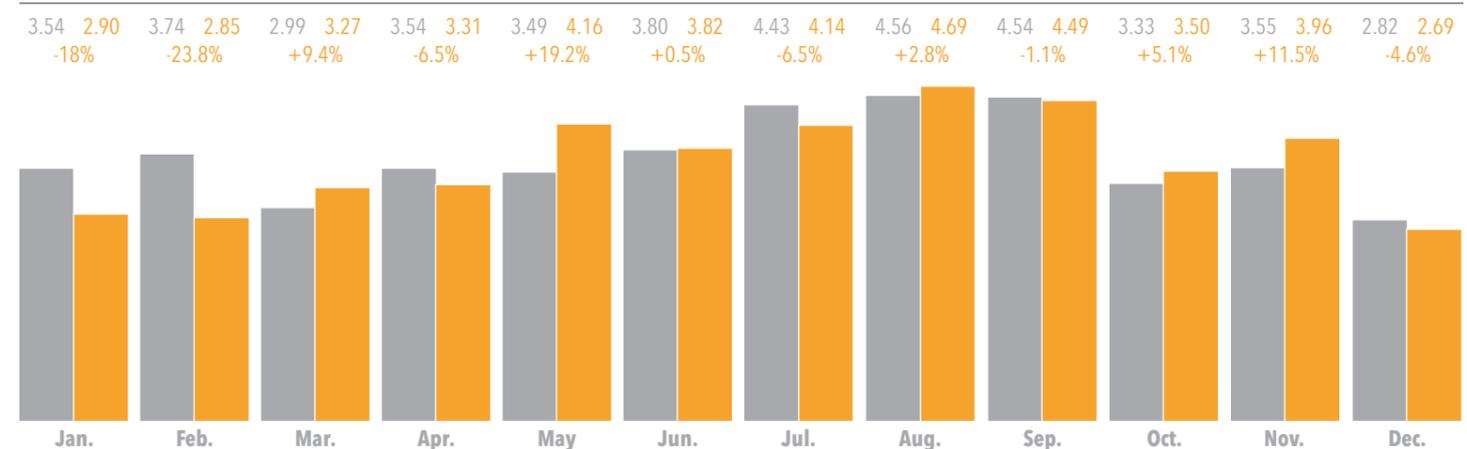
Midia Marine Terminal's discharge of sewage water in 2020 was 1,327 m<sup>3</sup>.

Regarding the Group's Retail Business Unit, an increase in water input was recorded in 2020 by Rompetrol Downstream, up to 186,085 m<sup>3</sup>. The increase in water consumption throughout the entire gas station network was clocked at 24,000 m<sup>3</sup>, 15% over 2019, which was generated by a number of factors:

- The increase (or a large part of the increase) was due to car washes being launched in 14 filling stations, respectively to the increase of the number of washed cars.
- The increase in water consumption is also due to the fact that 2020 was a drier year than 2019, so a larger amount of water was needed to maintain the green spaces.
- In 2020, due to the legal regulations related to COVID, a larger amount of water was required for the sanitation of the stations.

Of the total fuel distribution stations, 150 have a contract for drinking water, while 14 stations have their own drill water supply. Also, the 6 depots which are part of Rompetrol Downstream have their own drill water supply. As for Rompetrol Gas, the entity owns 3 depots with their own drill water sources.

Rompetrol Downstream Water Consumption (million m<sup>3</sup>)



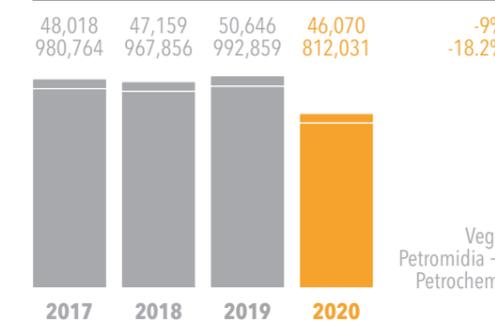
Emissions and waste

GHG Permits were issued in 2013 and revised in 2019, valid until the end of 2020 (Phase III - 2013 - 2020), both for Rompetrol Rafinare - Petromidia, as well as for Rompetrol Rafinare - Vega, with annual external audits being conducted in order to verify CO<sub>2</sub> calculations for the previous year.

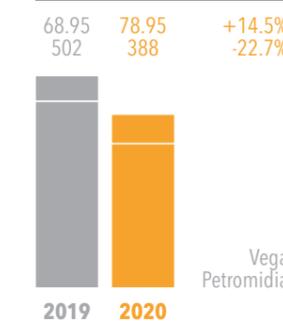
All compliance obligations were fulfilled in 2020. Moreover, all the necessary documentation for Phase IV allocation (2021 - 2030) stage 1 (2021 - 2025) authorization was prepared and submitted to the National Environmental Authority. Furthermore, a questionnaire was prepared, verified by the auditor, and submitted to NEPA as request to access the New Entry Reserve for Petromidia (in respect with upgraded production capacities) and 188090 additional certificates were obtained.

The annual CO<sub>2</sub> audit for 2020 emissions took place in December 2019, with no non-conformities being identified. The 2020 CO<sub>2</sub> emissions for the Refining Business Unit showed a significant double-digit decrease, by 18.8% compared to 2019, due to the general turnaround shutdown (March - May) and decreased throughput processed at the company level due to pandemic context (indirect GHG emissions are not included in calculated GHG direct emission, only Scope 1).

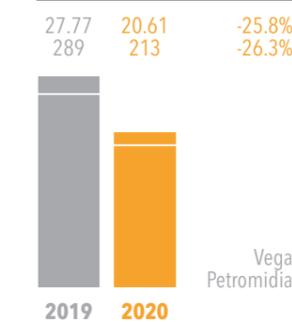
CO<sub>2</sub> emissions (t)



NO<sub>x</sub> emissions (t)



SO<sub>2</sub> emissions (t)



As for sulfur dioxide and nitrogen oxide emissions, there were slight fluctuations registered by the Group's refining units compared to the previous year, mainly on a downward trend. NO<sub>x</sub> emissions generated by the Petromidia Refinery decreased compared to the previous year, as a direct result of the lower throughput processed by the unit against the pandemic backdrop. For example, from 502 t of NO<sub>x</sub> in 2019, Petromidia registered 388 tons in 2020. Sulfur dioxide emissions continued to decrease, from 291 tons in 2018, to 289 t in 2019, to 213 t in 2020.

Vega Refinery also recorded a drop in SO<sub>2</sub> levels, unlike the previous year, related to the high quality and composition of raw materials processed. As such, SO<sub>2</sub> emissions dropped from 27.77 tons in 2019, to 20.61 tons. But in terms of NO<sub>x</sub> registered an increasing variation, from 68.95 tons in 2019, to 78.95 tons in 2020. The unit also recorded 0.88 tons of particulate matter in 2020.

As for the Group's distribution network, there were 0 tons of SO<sub>2</sub>, NO<sub>x</sub>, and CO<sub>2</sub> emissions (pollutant emissions into the atmosphere) recorded in 2020.

In terms of waste, in 2020 Petromidia Refinery had a waste generation rate of 1.89 kg of waste/ton of raw material processed, compared to 1.26 in 2019. Its waste recovery rate was 69.55%, with 11.5% eliminated waste rate and 19% temporary storage rate. In 2020, Petromidia Refinery continued the activity of emptying the historical sludge from lagoon no. 1 (approx. 7,470 tons / 12,800 tons in 2019). The sludge was co-incinerated at CRH through Ecomaster, the Group's entity specialized in integrated ecological services for industrial waste management.

The Vega Refinery in Ploiești continued treating (stabilizing and solidification of the acid tars) in the historical lagoons of the refinery, with 46,304.12 tons treated in 2020. Vega's waste generation rate was 1.16 kg waste per ton of raw material processed.

Within the Group's Retail Business Unit, Rompetrol Downstream registered an increase in waste from the previous year as a direct result of the Group's retail network expansion, from 7,388 tons in 2019, to 7,548 tons in 2020. As for Rompetrol Gas, the company had the last import of gas cylinders in 2015. Since then, the organization did not acquire any other gas cylinders (lifetime of a gas cylinder according to technical specifications is 30 years).

No accidental spills were recorded in 2020 on the Petromidia Platform. However, when it comes to the Vega Refinery, there was 1 accidental spill were recorded in 2020. During the operation of replacing the gasket from a 4-inch valve situated on the lowest pipeline of the tank A34, when the slops on the bottom of the tank spilled over the green area near the tank. In order to stop the pollution, the personnel in charge proceeded to close the valve immediately.

Furthermore, no hazardous waste was transported in, imported, or treated in the Refining Business Unit. Besides, there was no exceeding of CMA for the treated wastewater discharged from pond 2 and the Black Sea. There were 3 indicators with CMA for wastewater build up within DWS (8 gas stations & 2 depots), but with no risks for the species with habitats in the areas of operations.

At Group level, there were 8,740 tons of recycled material (slop) used in 2020, compared to 7,141.5 tons in 2019.

## Compliance and Investments

Through the nature of the activities carried out (processing of the crude oil), the Group is continuously preoccupied about the prevention and control of the impact of the activities carried out. Considerable financial resources are being allocated to investments in this respect.

The environment strategy of the Group is based on the compliance with the legislation in force through permanent monitoring and regular reporting of the compliance degree, along with the development and continuation of investment programs, for the alignment with the best techniques available in the industry (BAT BREF).



### Integrated Environmental Permit

Throughout 2020 Rompetrol Rafinare SA – Năvodari Unit operated based on the Integrated Environmental Permit no 1/10.05.2013 updated on 18.02.2019, update through which the activities of the refinery, petrochemical and liquefied petroleum gas bottling plants were integrated. Also, the permit entered a review procedure in 2020 to include new projects and investments.

Vega Refinery functioned based on the Environment Integrated Permit no 9/08.07.2015 issued by APM Prahova, valid until 08.07.2025.

### Water Permit

Petromidia's Water Management Permit was renewed in 2020. As such, Petromidia Refinery operated based on Water Management License no. 135 / 19.10.2020, issued by ANAR, valid for 3 years. Vega Refinery operating in accordance with the provisions of the Water Management Permit no. 1 / 03.01.2018 issued by SGA Prahova with a validity of 3 years, reviewed in 28.02.2020.

### The Greenhouse Gas (CO2) Permit

In 2019, Rompetrol Rafinare SA carried out the procedure for revising the Greenhouse Gas Authorization no. 135 / 12.03.2013, for the period 2013 - 2020, as a result of the fusion of the activities of the refining plant with the petrochemical plant; the revised authorization dated 05.06.2019 is valid until the end of 2020 (phase III 2013 - 2020) for both Rompetrol Rafinare - Petromidia working point and for Rompetrol Rafinare - Vega working point. In 2020, the Greenhouse Gas Permit entered the renewal procedure for phase IV (2021 - 2030).

In order to meet the Renewable Energy Directive (RED) provisions and to demonstrate compliance with sustainability

criteria, KMG International's Refining and Petrochemicals Business Unit renewed its ISCC Management System certification in 2020. The Group also verified and renewed the certification of its Quality, Environment, Occupational Health and Safety Management systems, along with that of its Energy Management System, aimed at improving energy efficiency across Group operations.

The Retail Business Unit entities Rompetrol Gas and Rompetrol Downstream operated according to their Integrated Management Systems whose certification was renewed in 2019 with a validity until 2021 for Rompetrol Gas's ISO 9001, 14001, 18001, respectively ISO 22000 and 50001 standards for Downstream.

At the same time, Midia Marine Terminal maintained the certification of its Quality, Environment, Occupational Health and Safety Management systems, renewed in 2019 and valid until 2021 for ISO 9001, 14001 and 18001. Every year, MMT also recertifies its Marine Water Operation license with the Romanian Naval Authorities and Lloyds Register.

All RRC fuels and VEGA additives are certified by the Romanian Automotive Registry according to GD no 928/2012 – minimum requirements for market introduction of fuel. Furthermore, all biofuel volumes purchased by KMG International comply with sustainability criteria set out in the EU Legislation, being sourced from EU producers using mainly European feedstock.

Due to the strict requirements and high standards implemented by the Group in its trading and retail operations, no significant environmental impact of transporting products and other goods and materials were registered.

In terms of environmental compliance, Petromidia Refinery faced a 7,000 USD fine, applied by environmental authorities in October 2020, due to GC1 FCC compressor

accidental shutdown (there have been complaints with local environmental authorities regarding visual impact- black smoke and olfactory discomfort).

Also, a 7,025 USD environmental penalty was applied by the Environmental State Authorities to Vega Refinery during 2020. The penalties increased due to the previous penalties applied for non-compliance with EIP - Use of tanks that do not meet the conditions BAT 49 - tanks - A118, T3, T4, T5; exceeding the value of H2S and dust emissions.

As for the Retail Business Unit, a penalty of 13,955 USD was applied by the Environmental Guard and National Water Administration ("Apele Române") to Rompetrol Downstream for its Mogoșoaia depots in relation to the exceeding of wastewater parameters and the parking area – external land in front of depot.

In 2020, environment compliance and activities targeting environmental footprint reduction addressed issues like waste disposal, packaging, VOC checks, environmental analysis, sludge collection from lagoons, cleaning works on refining platforms, etc.

No grievances about environmental impacts were filed, addressed, or resolved through formal grievance mechanisms in 2020 pertaining to Vega Refinery's activity or that of the entities in the Group's Retail and Trading BUs.

However, in relation to Petromidia Refinery's activity, two cassettes (approx. 7 ha) were identified in March 2019, filled with mixtures of soil, sand, and oil residues. The cassettes (owned by Rompetrol Rafinare, KMG International Refining BU) are located on the territory of the Danube Delta Biosphere Reserve - a UNESCO World Heritage Site. EPA Constanța was designated as the regulatory authority in order to carry out the decontamination procedure, the two cassettes being classified according to Law 74/2019 as contaminated site.

Documents were prepared and submitted to the local authority according with the contaminated sites procedure. Moreover, in 2020, detailed investigative studies were developed in compliance to Law 74/2019 and submitted to the local authority, according to the contaminated sites' procedure. The remediation procedure is in progress, with the next steps being carried out according to the feedback of the regulatory authorities.

	2019	2020
<b>Petromidia Refinery</b>		
Environmental compliance	USD 0	USD 0
Environmental charges (waste disposal, packaging, VOC checks, environmental analysis, collecting sludge from the lagoons, cleaning works on platform, Vadu cassettes studies etc.)	USD 1,030,000	USD 1,840,000
<b>Vega Refinery</b>		
Environmental compliance	USD 4,956,814	USD 32,610
Historical lagoons closing project	USD 3,690,221	USD 6,333,565
Environmental charges	USD 1,502,281	USD 1,667,888
<b>Rompetrol Downstream</b>		
Environmental expenditure (OPEX and CAPEX projects)	USD 123,162.95	USD 2,815,620

**Major investments with high impact on the Group's environmental performance were initiated in 2020:**

### Cogeneration plant on the Petromidia Platform

The total investment in this project amounts to about 148 million USD, the estimated term for the commissioning of the new plant being the first half of 2023. The investment is undertaken through the Kazakh-Romanian Energy Investment Fund (FIEKR) and is set to generate about 11 million USD in taxes paid to the state budget each year. FIEKR is owned by KMG International and the Romanian State through Societatea de Administrare a Participațiilor în Energie – SAPE. 2020 saw the general contractor extensive evaluation and selection process, the EPC (Engineering, Procurement and Construction) contract for the turnkey construction of the cogeneration plant being attributed to Calik Enerji (Turkey) out of a total of 9 candidates.

The new combined electricity and heat production plant will use natural gas as the main fuel and will have two high-efficiency, high-performance Siemens turbines and two heat recovery boilers in the technical configuration. They will generate about 80 MW of electricity, of which about 60-70 MW to fully cover the Petromidia platform's electricity needs, up to 180 tons/hour of technological steam, and up to 20 MW of hot water for heating system of Năvodari.

*The new plant will have a major role in stabilizing the production and distribution of electricity in the Dobrogea region, by ensuring the energy needs of the platform, but also by injecting the surplus electricity into the national system.*

**VIRGIL POPESCU**  
Romania Minister of Energy

**Statement provided on the occasion of the contract signing for the turnkey construction of the cogeneration plant on the Petromidia platform and included in the press release issued by KMG International on August 19, 2020.**

## Construction of a dewaxing plant on Petromidia platform

This will allow the refinery to significantly improve the process of obtaining diesel fuels in the wintertime. At the same time, the integration of the new dewaxing plant into the technological flow of the refinery will also allow an increase in the production of aviation jet fuel. With an estimated completion time in September 2022, the investment value of this project amounts to about USD 35 million, which will be supported through both the Kazakh-Romanian Energy Investment Fund and local and / or international financial sources.

## Consolidation and increase of polymer production

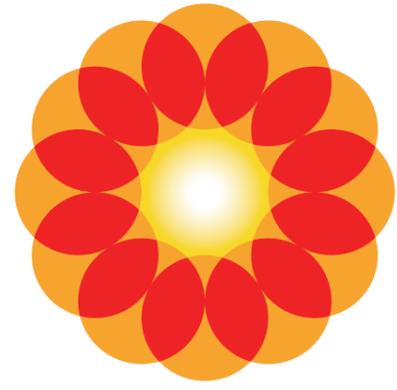
The project aims to convert the high-density polyethylene (HDPE) plant into a Polypropylene plant (PP), with the annual polypropylene production capacity following to increase from 90,000 tons presently to 120,000 tons by 2022. The conversion will enable the consolidation of the jobs for 75 employees and increase by about USD 0.5 million the annual contribution of Rompetrol Refining to the state budget. The investment amounts to about USD 8 million and will ensure production alignment with the demand for petrochemicals on the regional market. With the completion date of June 2021, the project will be fully financed from the Fund's own resources.

## Biodiversity

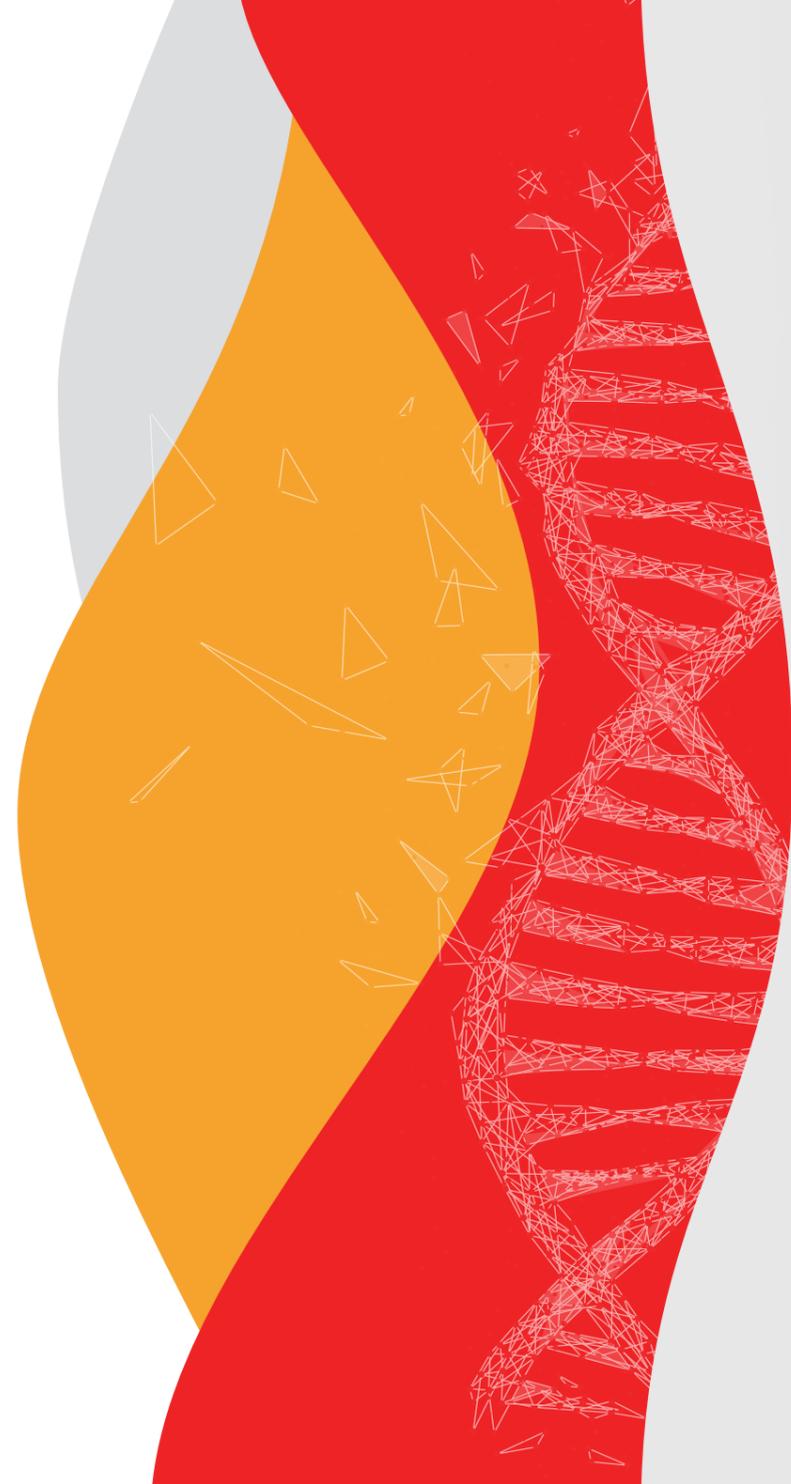
We recognize the potential impacts oil and gas development can have on habitats and biodiversity and, in our commitment to preserve the Black Sea Biosphere, located in close proximity to Petromidia refinery, our environmental strategy provides specific actions and measures to prevent ground and underground pollution. Additionally, aside from the permits issued by the competent authorities and the annual certifications issued by Lloyds Register, KMG International analyzes and assesses the impact of the refining activity on biodiversity for each new project across its business units and operations. For example, both Group refineries comply with the same rules and regulations even though Vega refinery is situated in an urban area and the distance to the closest designated protected area is ~11.5 km.

In 2020, no risks were imposed to species with habitats in our areas of operations, thus maintaining the stable trend of the previous years. Furthermore, through our wastewater treatment operations carried out by the Rompetrol Rafinare Wastewater Treatment Plant (treating both the wastewater from the Petromidia platform and the domestic waters of the city of Năvodari) we have contributed to the improvement of habitat development in the plant's two ponds covering an area of approximately 50 hectares (natural purification of wastewater before being discharged in the Black Sea), which host an increasing number of animal species, becoming a real refuge for birds, especially in winter time.





**Community**



The energy  
to get fit as  
**a fiddle**

2020 was an extremely challenging year. The COVID-19 pandemic took the world by storm and entire communities were caught in the crossfire of the battle with an invisible but deadly enemy. This was a real turning point in the history of humankind and a decisive steppingstone for sustainability and the future of our communities.

Crises are a test of solidarity and social responsibility, both for the civil society and for companies and this pandemic is a major crisis that changed our way of living, working, being. Despite the required social distancing, it was a time when we came closer together faster and stronger than ever before.

This pandemic changed the plans that we had set out at the beginning of the year, part of the funds being directed to the current, urgent needs of the medical system and its staff. However, we swiftly adapted and we either continued or redesigned most of our deep-rooted projects to fit the current reality.

The pandemic forced us to redesign our plans and even shift our focus to more pressing matters or develop new projects. Nevertheless, we did not waiver our dedication to our communities and we made everything in our power to reduce the impact of the pandemic on all aspects of life.

*The health crisis generated by this pandemic affects us all, the pressure on the medical staff is increasing, as well as the needs of patients in intensive care units in the country. We continued to show solidarity and tried to respond to as many needs of the civil sector in this period as possible, whether we are talking about health, education, or social issues.*

**Together, we can face the challenges easier and we can help build and rebuild our society.**

#### ISKANDER ABDIBAITOV

Chief Officer Corporate Development,  
KMG International

**We thank Rompetrol for supporting this initiative to buy a mobile ICU, which will bring hope to people affected by COVID-19.**

*We are grateful to all donors, individuals and companies who proved their responsibility and solidarity during this crisis period. Goodwill and solidarity make us stronger.*

#### ION SILVIU LEFTER

General Director, Red Cross Romania



## Health & Medical Relief

### Medical Relief

The KMG International Group actively supported the authorities and medical staff with funds and fuel worth over 450,000 USD, for the purchase of protective equipment and medical equipment for hospitals in Constanța, Prahova, Bucharest. Moreover, the Group also allocated resources that would contribute to the pandemic management efforts of local authorities in other countries of operations, through its subsidiaries in the Republic of Moldova, Bulgaria, and Georgia.

- **6,500 liters of fuel**, produced at the Petromidia refinery in Constanța, were delivered to the public administration of Chisinau and other cities directly responsible for disinfecting public places, delivering and providing medical products and equipment, but also with the transfer of medical staff to and from the hospital.
- Rompetrol Bulgaria donated **10,000 liters of fuel** to help local authorities and healthcare professionals in their battle against the spread of the novel coronavirus.
- **60,000 liters of fuel** were donated by Rompetrol Georgia to the Emergency Situations Coordination and Urgent Assistance Center of Georgia to limit the COVID-19 pandemic.

We also supported the national healthcare system either directly or through our partners, the Foundation for SMURD, the Romanian Red Cross, "Dăruiește Aripă" Association, while the fuel produced at the Petromidia refinery contributed to a better management of the situations generated by the pandemic, fueling the ambulances of the hospitals from Bucharest, Prahova and Constanța, as well as the cars of the authorities directly involved in limiting the spread of COVID-19 or various NGOs in their missions.

We have been supporting the Romanian emergency medical system for over 10 years, through various projects carried out by the Foundation for SMURD and we appreciate the efforts of all those in the private sector and civil society who understood that this is the first line facing reaction in case of serious cases that need rapid intervention.

- **Four intensive care beds were donated** by Rompetrol through the Foundation for SMURD to the intensive care units of Constanța County Hospital and the Matei Balș Infectious Diseases Hospital in Bucharest. We are going through a period in which, more than ever, each intensive care bed means a chance at life offered to patients who reach a critical condition as a result of infection with the new coronavirus.

KMG International, under the umbrella of the Rompetrol brand, concluded a partnership with the National Society for Red Cross Romania to buy a mobile intensive care unit with 12 beds, which was donated to the Department for Emergency Situations (IGSU), as part of the national strategic reserve for civil protection, being used during the pandemic to offer rapid support where mostly needed.

This 12-bed mobile unit is equipped with all the necessary equipment for an ATI section, respectively ventilators, monitors and automatic IV pumps. It can be used anywhere in the country during the pandemic, but also in disaster situations, acting as a valuable resource aimed at increasing the capacity of hospitals to offer high-standard care to patients.

Furthermore, the Group supported the logistical costs for the transport and reception missions for a total of

5 mobile intensive care units acquired by the Romanian authorities (directly or through donations from corporate & civil society entities) throughout 2020 through Rompetrol fuel donations.

In Constanța country, we supported the Red Cross by donating fuel so that volunteers could continue to distribute food or to provide social and medical services to families in high-risk category, low-income single parent households, persons with disabilities, elders and families living in remote areas.

Our communities from Constanța and Prahova, where we operate our two refineries, represent a priority for us and we wanted to offer them our support the best we could during this difficult situation.

Thus, through our partnership with the "Dăruiește Aripă" Association:

- We donated 37,000 liters of fuel to the **Constanța Ambulance Service**, to be used for emergency assistance, medical transport, and emergency consultations across Constanța county.
- Through the donation of Rominserv, the industrial services company of the Group, urgent needs of the doctors from the **Clinical Hospital for Infectious Diseases in Constanța** could be covered. In addition to the rental and installation of 4 medical isolation containers, located in the hospital yard, the staff received much-needed materials to perform their job safely: gloves, disinfectants for hands and surfaces, face masks, digital thermometers, monitors for blood pressure and oxygen levels.
- We have equipped the two sections of the **Ploiești Hospital for Infectious Diseases** with equipment and supplies to help the healthcare personnel in their fight with the pandemic, including 2 electrocardiographs, a defibrillator, an UV vein detector, the only one in the hospital, an aerosol nebulizer for the administration of treatment to patients aged 8 months to 8 years. We also acquired protective equipment for the medical staff - protective suits, surgical masks, gloves, disinfectants etc.

- We have equipped the two sections of the **Ploiești Infectious Diseases Hospital** with equipment and supplies to help the medical personnel in their fight with the pandemic, including two EKG machines, one defibrillator, an UV vein detector, the only one in the hospital, an aerosol nebulizer for the administration of treatment to patients aged 8 months to 8 years. We also acquired protective equipment for the medical staff - e.g. protective suits, surgical masks, gloves, disinfectants.
- Câmpina Municipal Hospital**, designated COVID-19 medical unit in Prahova county, also received support from Rompetrol Well Services, in the form of a COVID-19 testing, a biosafety cabinet (a ventilated laboratory workspace for safely working with materials contaminated with pathogens requiring a defined biosafety level) and protective equipment for the staff - face masks, gloves, jumpsuits, disinfectants.
- In appreciation of the people in the first line, we also aided **ISU Dobrogea** with protective equipment - gloves, surgical and FFP2 face masks, disinfectants, thermometers, jumpsuits so the work of our heroes is safe both for them and those who need them. ISU Dobrogea employs 1000 firefighters, SMURD medical personnel, divers, mountaineers who take care of the Constanța community.
- Family doctors** are sometimes the first to interact with patients with coronavirus. They also need to take care of their health. That is why we offered protection kits to family doctors from Năvodari and Constanța - gloves, visors, disinfectants, facial masks.
- Rompertrol provided fuel for one year to the **"Dăruiește Aripă" Association** to support the development of the home care service for children with oncological diseases in Dobrogea region. Children can thus benefit from specialized treatment at home, according to the schemes established by their doctors: administration of treatment, collection and processing of medical tests, monitoring of clinical parameters, or, when appropriate - palliative care and family training for specific maneuvers to care for the patient with severe or terminal chronic diseases. Over the first 6 months of 2020, the 2 medical teams of the Association covered over 7,000 km and provided 209 home care visits.

- In December 2020, Rompetrol and "Dăruiește Aripă" Association completed the construction works and equipment of the MRI anesthesia room within the **Bucharest Oncological Institute**, with an investment of 30,000 euros. The beneficiaries are hundreds of children from all over the country, hospitalized annually with oncological diseases, who thus avoid traveling to other hospitals and can complete the entire program of medical tests and specialized treatment in one place. MRI examination in young children was not possible before in the absence of an adequate space. The pediatric oncology department of this hospital is the largest in the country, MRI examination being essential in the decision on chemotherapy protocols, as well as in the disease monitoring process.

*When we learned of the lack of a structure to serve the administration of general anesthesia for MRI examination of children at the hospital, we decided to start the project, and now the procedure is completely free and safe, and the children are being treated in one place.*

**We thank Rompetrol for their support in delivering this successful project.**

**ALINA PĂTRĂHĂU**  
Founder, Dăruiește Aripă Association

## Health & Well-Being

### BLOOD DONATION CAMPAIGN

We have been supporting the activity of transfusion centers for several years through various projects aimed at helping this medical sector which depends so much on our empathy and involvement. If throughout the previous year our aid consisted mainly in donations of equipment meant to increase the technical capacity of medical institutions in Bucharest and Constanța, in 2020, we realized the need transcended that. Hence, we organized the "Donate blood, save a life and Rompetrol rewards you!" campaign between August 10 and October 10, in all 41 transfusion centers across the country.

Our retail company Rompetrol Downstream provided donors, free of charge, with their products from its Rompetrol fuel distribution network. Over 44,000 donors and 20,000 liters of blood were collected during the campaign, which was carried out in partnership with the National Institute of Transfusion Hematology and the SMURD Foundation.

### PROMOTING CHILDREN'S DENTAL HEALTH & HYGIENE

682 oral health prophylaxis packages were distributed to children studying in kindergartens and schools in 6 villages in Constanța county, to prevent dental problems.

The health project was started in 2019 by the Merci Charity Association with the support of Rompetrol and included 40 rural communities in the Dobrogea area and Prahova County. In the first year, the team of doctors and volunteer nurses carried out two pilot actions in Constanța and Prahova counties, where 104 children received free prophylaxis and free dental treatment in the association's mobile dental office and 222 children received oral prophylaxis packages.

**In 2020, in the context of the pandemic, the approach was limited to information campaigns and the provision of educational materials, toothpaste and toothbrushes.**

## Social Support

### SOUL DRIVER

Medical problems bring many challenges in terms of money, logistics, time. When the hospital does not have an available ambulance for the patient's transportation, travelling safely during a pandemic is a true effort for any family. There are severely ill children who abandon treatment or do not get regular check-ups because their family has no money for transportation. There are parents who do not want to expose their children with a low immunity to collective transportation by bus or train.

That is where Soul Driver comes into the picture, a MagiCamp project initiated in the middle of a pandemic with 12 volunteers and Rompetrol as a road and soul partner from the very first kilometer. The project aims at supporting low-income families having a child patient who needs safe transportation (a real challenge especially during the pandemic), when the hospital does not have an available ambulance.

Fast forward 141 days later and the program counted 163 soul drivers who dedicated their time and cars, over 150,000 kilometers traveled throughout the country, 850 children and parents taken safely to the hospital and/or their home.

### CIVIL SOCIETY GALA

For 17 years, we have been the main supporter of the Civil Society Gala that awards people & projects who actively contribute to change. A pandemic was not going to stop us in our 18th year. In a change of tone rather than pace, the 2020 Gala hit the radio waves, winners being announced in a dedicated one-time talkshow hosted by Rock FM's Razvan Exarhu.

In 2020, 199 initiatives entered the competition, including 160 projects, 20 programs and 19 communication campaigns. The grand prize of the 18th edition went to Save the Children Romania, for the "Every Child Counts" program aimed at reducing infant mortality by equipping maternity hospitals with medical equipment and developing support networks for mothers and children in rural communities.

### ROMPETROL RUN & CARE

More than 600 people, including KMG International employees and their families, participated in the seventh edition of the Rompetrol Run and Care event that took place on Saturday, June 20, across the country. The running was individual, respecting the conditions of social distancing in force and the participants ran distances between 2 and 42 kilometers, monitored with any sports application and subsequently posted on Facebook using #rompetrolhospice.

The event was 17-hour long, taking place between 5 am to 10 pm. Participants were able to run whenever they wanted, and the company offered 6600 liters of fuel for their 6600 km effort, to be used in support of people in need of palliation.

Rompertrol Run & Care had its first edition in 2013, being designed as a running and corporate volunteering project, managing to raise over 60,000 euros by involving employees, their families and business partners alike. The funds raised were directed towards the missions of associations and foundations such as MAME, Edulier, MagiCamp, Hope and Homes for Children, Agent Green, "Association for Dravet and other rare epilepsies".

### ACCESS TO ONLINE EDUCATION IN MOVILIȚA

Many funds have been allocated to support the healthcare system in 2020 and many other areas were deprived of resources, although their importance is strategic for development. But we could not neglect that. The school in Movilița, Constanța county, was connected to the internet and equipped with laptops and overhead projectors to facilitate online courses for 150 children enrolled in secondary education. The project is carried out with the support of the Dăruiește Aripă Association and the dealers of the Rompetrol distribution network, who contributed through donations to cover the costs of technical solutions, so that students did not miss any classes.

*We are grateful to our partners from Rompetrol who supported us, once again, and helped us reach our patients more easily. The Run and Care event is about solidarity and involvement.*

**It is another proof that good has many forms and that we are all HOSPICE!**

**MIHAELA NEMȚANU**  
Executive Director,  
HOSPICE Casa Speranței

*The pandemic brought to light not only the systemic problems in health, but also those in education, which are affecting the future of all our children in the long run. It matters a lot to us that we managed to help 150 children in the rural area to better adapt to new realities and to have access to safe education.*

**ALINA PĂTRĂHĂU**  
Founder, Dăruiește Aripă Association

## Education and Skill Development

### INTERNSHIP PROGRAM

The 20th edition of the Rompetrol Internship Program, "Ready for a Career" included 55 students and over 35 mentors. As a novelty, in the pandemic context, the program combined online activities with practical experience within Petromidia and Vega refineries and Rompetrol Well Services.

However, the story of our Internship program is not only about the professional development of future professionals, but also about their personal development. Energy, curiosity, and enthusiasm are important characteristics that define a professional at the beginning of their career. As such, for two months, the future specialists included in the program had the opportunity to consolidate their technical knowledge, and through numerous online interactive workshops, to develop a series of specific soft skills such as communication, empathy, adaptability, and active listening, so necessary in a constantly changing environment.

For the practical side, interns had a chance to take the pulse of a dynamic and complex refinery environment, participating in various actions on Vega and Petromidia platforms alongside their mentors, validating their knowledge acquired in the online sessions.

### "SPEAKINGS" STUDENTS COMMUNITY

We continue our mission to support the education of future professionals. With the help of our colleagues, experts in various business areas, we sustain the development of soft and technical skills in high school and university students, to empower them when taking the first step in their career. In this respect, we have joined SPEAKINGS Students Community, the first national public speaking program for students in Romania. The goal of the program is to develop their communication skills, the capability to structure information, and to prepare them for a future career.

The program is powered by the Ministry of Education and Research and the aim is to create an unconventional online learning platform, dedicated exclusively to young people, who are at the beginning of their career. Preparing a CV, preparing for a job interview, time management, strengthening the skills which make one unique, are just some of the topics covered.

### GUIDANCE FOR HIGH SCHOOL STUDENTS TOWARDS A FUTURE CAREER

We have always been happy to offer guidance to high school students specialized in the technological field who want to pursue a career in the oil and gas industry.

The difference with 2020 was that we had to adapt the way we interacted and how we met the digital communication needs of our audience. Through the online course "The first step towards a job in a refinery," offered to 12th grade students at the "Lazăr Edeleanu" Technological High School in Năvodari, we managed to show our support towards the development of skills specific to future professionals.

During the three-day online course, students had the opportunity to enrich their knowledge of the technical characteristics and technological flows of refining, as well as their efficient and safe operation.

Also, through interactive exercises and an open-ended question session, they learned the importance of presenting their own ideas.

*More than 1,500 people have gone through our internship program over the years. 2020 was a special edition: not only we celebrated the 20th edition of the program, but we had to adapt to the conditions imposed by the COVID-19 pandemic.*

**Fortunately, we had the online leverage, which helped enormously in the theoretical segments.**

*Furthermore, the dedication of our mentors and the proactive attitude of the students compensated for any physical distancing required, which had no impact on their pursuit to consolidate their knowledge and to absorb new information.*

#### NICOLETA MIHĂIȚĂ

Talent Acquisition & Employer Branding Mngr.  
KMG International

## Arts and Culture

### EXHIBIT ON THE EVOLUTION OF VEGA REFINERY

An exhibition presenting the evolution of the Vega refinery, an integral part of the history of Ploiești as a city of "black gold" took place in Spring 2020, in the County Museum of Natural Sciences Prahova, the only cultural institution in Romania dedicated to oil.

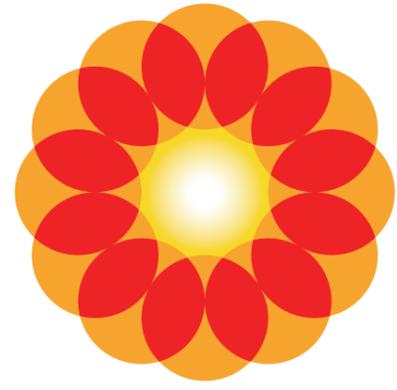
Through the information presented, through documents and three-dimensional objects from the museum's patrimony, as well as through objects belonging to the Vega refinery, the exhibition presents important moments from the historical evolution of one of the oldest Romanian refineries.

### "GEORGE ENESCU" INTERNATIONAL FESTIVAL

KMG International, through its Rompetrol brand, continued to be an official partner of the prestigious George Enescu International Competition, carrying on a more than 10-year tradition. The 2020 edition saw 292 musicians from 41 countries joining the competition.

In the context of the COVID-19 pandemic the event had to be redesigned, however, to protect the health of young musicians, artists involved in the judging process, the public and the organizing team. Thus, the 2020 edition was reorganized into two distinct phases - the first two stages of the competition were exclusively online in September, according to the initial calendar, while the Semifinals and Finals of each section - piano, cello, violin, composition, were rescheduled in May 2021, to take place at the Romanian Athenaeum in Bucharest.





**Marketplace**



The energy to get  
back in **shape**

2020 was a year like no other, bringing unimaginable difficulties and challenges to economies and to the lives and wellbeing of people all over the world. The oil& gas industry was deeply affected by the COVID-19 pandemic, with the gross refining margin - a key indicator for the refining sector, recording a negative level for more than four months in a row for the first time. Between May and August, the refining margin was negative, at about -14 USD /ton.

The negative refining margin was determined by the fact that the value of a ton of oil product was lower than the value of the raw materials necessary to obtain it, to which the processing costs were added, in the context of the sharp drop in demand for oil products as a result of lockdowns and other anti-COVID measures in the region and at a global scale.

The Group maintained both its refineries operational - Petromidia Năvodari and Vega Ploiești, which have a vital role in supporting the national and regional economy, both through ensuring fuels and through special products such as bitumen, polymers, hexane, etc. The role and impact of the Group on the local and regional economy was a major one in 2020, both by maintaining the refineries and gas stations fully operational without throughout the year and continuing the modernization and development projects planned or already initiated (revisions, expansion of the fuel distribution network), but also by the level of contributions to local and central budgets (about USD 1.28 billion).

At the same time, the Group joined the efforts of the authorities in Romania, Bulgaria, Moldova, and Georgia in limiting and preventing the spread of the new virus, by donating fuel for emergency medical transport, funding research, and purchasing equipment, test kits and materials needed for medical units.

In addition, we continued the development of our presence in the retail sector both in Romania and in the region (Bulgaria, the Republic of Moldova, Georgia), and also the observance of the commitments undertaken within the Kazakh-Romanian Energy

Investment Fund. In 2020, the Group managed to expand its regional fuel distribution network with 46 new stations, of which 19 in Bulgaria, Georgia, and the Republic of Moldova. In Romania, in addition to the 17 stations added to the Rompetrol network (Rompetrol Partner and Rompetrol Express stations), we added another 10 new stations, opened through the Investment Fund.

**Over 59.2 million tons of crude oil from the Republic of Kazakhstan and 20 million tons of KMG International volumes were exported in 2020 through the Black Sea corridor.**

As the only domestic polymer manufacturer, Rompetrol Rafinare S.A. managed to develop a new range, vital in the production of medical protective equipment. It is used for the middle layer of protective masks, the most important layer for filtration and protection. Currently, Rompetrol Rafinare S.A. is the only manufacturer in the region that can provide the raw materials needed to manufacture medical equipment (masks, caps, coveralls), necessary to reduce the spread of SARS-CoV-2.

However, 2020 was also the year that the Group celebrated Vega Refinery's 115-year anniversary, a new fuel distribution concept advancing on the local market, with 10 new stations competed and an overall of 30 units integrated under the Rompetrol brand.

Furthermore, despite all the additional pressure brought forward by the pandemic, Rompetrol managed to once again win the Superbrand title, a recognition that honors us and which we owe to customers, employees and to all those who have contributed to the company's development. Moreover, the Group's refining and retail divisions developed and launched in Romania the premium winter fuel - Xtreme Winter Efix Diesel. This improved fuel formula is the result of the sustained investments made by KMG International in the Petromidia refinery, which today has the most advanced technological solutions in Romania and in the region.



## Operating Principles

Sustainability is constantly observed throughout the Group's entire supply chain, as a sure way to use our resources in a conscientious manner while, at the same time, improving operations, saving costs, and increasing our productivity.

Our supply chain operational activities are conducted in accordance with our corporate policies and guidelines, in a professional, transparent, and ethical environment. This also applies to our network of suppliers, contractors, and subcontractors, as we only work with third parties that constantly operate in line with our company values and in compliance with national and international legislation in the fields of environmental protection, work health & safety, quality management, ethics and anti-corruption, corporate social responsibility, including human rights and labor standards.

As such, the KMG Supplier Code of Conduct is constantly updated and improved, and we also conduct extensive screening when selecting suppliers and subcontractors. We routinely monitor our business relationships and address any red flag that may arise. We continually review and measure our performance and that of our suppliers, so that we can improve the quality, efficiency, and effectiveness of our services. As part of our selection process, 100% of the prequalified suppliers are screened using strict environmental and labor practices criteria, which are assessed and improved each year to comprise extended relevant data, in line with international regulations and best practices.

The prequalification is an internal two-step process aimed at obtaining accurate, complete, and updated information of potential suppliers as well as identifying the ones that are financially, reputationally and technically capable of undertaking our projects. This is the reason why, they have to fill in a comprehensive questionnaire and undergo our assessment prior to receiving, reviewing and signing that they respect the ethical principles stated in the KMG International Supplier Code of Conduct and take responsibility for the provided services and products and all data communicated to KMG International, including their commitment to meeting the Group's environmental, labor, social and human rights standards.

Moreover, suppliers are subjected to follow-up, assessment, and monitoring activities on a regular basis as part of the company's risk mitigation efforts, while potential suppliers and contractors go through a complex screening and selection process before any dealing is signed with the company. Any failed attempt to meet KMG International requirements may ultimately result in contract termination.

**KMG International is the first company in Eastern Europe to obtain Advanced Silver Certification under the Excellence in Procurement Program from the Chartered Institute of Procurement & Supply (CIPS).**

## Procurement and Supply Chain Operations

The Group's procurement and supply chain operations are responsible for contract and material management, commercial strategies, procurement systems, logistics and indirect procurement. Supply chain operational activities, which generate short and mid-term plans are based on production scenarios, forecasts, annual delivery plans and daily schedules, covering 3 major business areas: feedstock purchasing, planning & production optimization and volumes allocations & overall logistics for all the Group subsidiaries.

The technical-material supply regarding materials and products necessary to develop the activities is achieved by both internal and import sources. The Group's Refining Business Unit, which includes the two refineries, Petromidia and Vega, along with the Petrochemical plant, 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 all three entities.

Petromidia Refinery relies on raw materials purchased under important contracts concluded both on the import and on the domestic market. The main raw material used by Rompetrol Rafinare, crude oil, comes exclusively from import, based on firm contracts signed on an annual basis. This ensures the stability and safety that the refinery needs to operate at maximum capacity. The main source of crude oil is Kazakhstan, reaching Romania through Midia Marine Terminal. Other raw materials come from both external and internal sources.

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

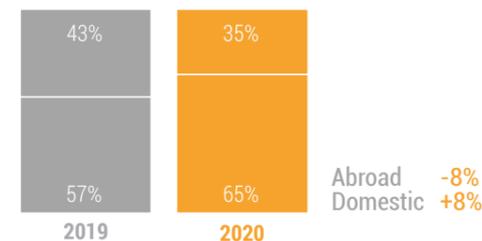
KazMunayGas Trading A.G. company, the trader of the KMG International Group, was the one that contracted the amount of crude oil required for the year 2020. KazMunayGas Trading A.G. is based in Switzerland and is a company specialized in commercial operations with crude oil and petroleum products: it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

For discharging crude oil from Kazakhstan, The Group uses the modern Midia Marine Terminal, located near Petromidia Refinery. For raw materials and petroleum products loading and unloading in the ports of Constanța and Midia, contracts were signed with service providers such as Conpet S.A., Oil Terminal S.A. and Midia Marine Terminal S.R.L., respectively Deciom S.A. (for solid products).

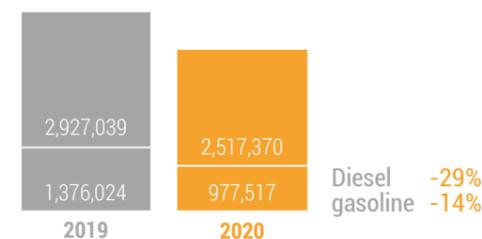
The oil crisis in 2020 had a significant impact on the Group's refining activities and results. The refinery market margin (component of the gross margin in the profit and loss account as the difference between weighted market quotations on the raw materials consumed and market quotations on volumes sold) was negative at -13 USD/t compared to last year, when this indicator reached 25.4 USD/t. The main discrepancy comes from Jet A1 with a negative difference in the market margin of -83.3 USD/t, also the diesel margin decreased by 57 USD/t and the petrol margin decreased by 28.2 USD/t. These differences in market margin generated a significant negative effect on refinery results of approximately - USD 143.3 million in 2020 compared to last year.

Total sales decreased compared to 2019 due to the technical overhaul carried out during March - May and considering the pandemic crisis that affected the oil industry worldwide. The Group's sales decreased by 1.35 million tons compared to the previous year, reaching 4.6 million tons in 2020.

### Total product sales by distribution channel



### Fuel sales (t)



The Group focused more on maximizing sales on the domestic market, generating higher profit margins than those obtained from export sales, in the context of lower quotations on international markets of reference. As such, sales on domestic market accounted for 68% of total sales, slightly higher than in 2019.

The share of motor fuels (gasoline and diesel) reached 84% of total finished products sales. The domestic market absorbed about 65% of total quantity of auto gasoline and diesel marketed in 2020. Sales of gasoline and diesel for domestic market intended for national consumption through the gas stations network covered all Romanian areas.

The highest share (approximately 86%) of total motor fuels sold nationwide was represented by diesel sales.

External sales addressed both the European Community and Non-European Community areas. Intra-Community deliveries accounted for about 29% of the total finished products sold on the external market, slightly higher than in 2019 (33%). International sales had the following main destinations:

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

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

Polymers sales on the international market had as destinations both the European Community and the non-European Community areas. The deliveries within the community represented approximately 79% of the total finished goods sold on the international market, the difference representing sales on the non-EU markets. The most important markets for polymers (PP, LDPE, HDPE, PET and PVC) are represented by Romania, Bulgaria, the Republic of Serbia, and Italy.

The distribution of petrochemical products sold by KMG International was performed by road and railway on the domestic market, and by road as well as by sea, via Agigea and Constanța ports, for the external market.

The average price of crude oil purchased in 2020 was lower (335 USD/t) than in 2019 (474 USD/t) against the backdrop of a significant drop in international quotations due to the pandemic crisis that seriously affected the overall oil & gas market. In 2020, the average price for Brent crude oil was 42 USD/bbl (315 USD/mt), compared to 64 USD/bbl (484 USD/t) in 2019.

For 2021, the Group aims to consolidate its current markets and penetrate others. For the domestic market, marketing strategies continue focus on market share increase through an extended network of gas stations at national level.



PETROMIDIA REFINERY

Petromidia Refinery produces exclusively high quality Euro5 fuels (10 parts of sulfur per million), from the Efix and EfixS ranges, which can be found on the domestic market, but also in the Rompetrol fuel stations in the Republic of Moldova, Georgia, and Bulgaria.

Total feedstock processed in 2020 was 4,864,005 tons, being influenced by the general overhaul in March – May 2020 and the COVID-19 pandemic. Of this, 3,818,714 tons were crude oil and 1,045,291 tons other raw materials. This processing represents 88.53 % compared to the schedule set up for the 2020 budget.

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

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

In 2020, crude oil purchase price of USD 440.95 /ton was budgeted, with an average final price of USD 341.64 /ton. The average value of the finished products was budgeted for 2020 at USD 536.92 /ton and an average price of USD 393.30 /ton. The evolution of the crude oil market compared to the budget forecast registered an annual decrease of 22.52%, and the price of oil products followed the same trend, with a decrease of 26.75%.

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

Crude oil acquisitions in 2020 were lower (3,825,505) than in 2019 (5,324,175 tons) following the general overhaul and due to the unforeseen pandemic crisis, that affected the oil industry worldwide. All feedstock volumes purchased from external sources (4,730,249 tons) were lower than those of the previous year (6,074,447 tons).

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

Throughput (t)	Budget	Actual
Crude oil	4,849,465	3,818,714
Other	644,637	1,045,291
<b>Total</b>	<b>5,494,102</b>	<b>4,864,005</b>

Crude feedstock	t/day	%
Rebco	6,830	53.61%
Siberian	2,650	20.78%
Kirkuk	1,620	12.69%
CPC	590	4.63%
SRFO	510	3.96%
Azeri	290	2.26%
SRGO	260	2.04%
Benzina CX	4	0.03%
<b>Total</b>	<b>12,754</b>	<b>100%</b>

Deliveries (t)	Domestic	Export	Transfer	Total
Gasoline	325,597	651,920	-	977,517
Gasoline for chemical use	-	3,755	148,121	151,875
Petroleum	111,279	18,471	12,367	142,117
Auto Diesel fuel	1,949,877	567,509	-	2,517,386
Fuel oil	4,995	16,462	150,706	172,163
Propylene propane	-	-	117,477	117,477
LPG	223,323	-	-	223,323
Petroleum coke	161,190	37,752	-	198,942
Petroleum sulphur	63	49,771	-	49,835
Other	43,208	-	52,764	95,971
<b>Total</b>	<b>2,819,532</b>	<b>1,345,640</b>	<b>481,435</b>	<b>4,646,606</b>

\* The quantities delivered for domestic consumption include the petroleum products marketed on the domestic market. The deliveries to Vega and Petrochemical are included under the heading "Transfer".

-  **Naphtha**
-  **n-Hexane**
-  **Eco solvents**
-  **White spirit**
-  **Bitumen**



VEGA REFINERY

Vega Refinery is the longest-running unit in Romania and the only domestic producer of bitumen and hexane had a total processing output of 363,803 tons in 2020, of which 363,791 tons from the Group and 12 tons non-Group.

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

Vega works in perfect synergy with the Petromidia Refinery, the largest in Romania and one of the most modern in the Black Sea region. Thus, Petromidia supplies the full quantity of raw materials / semi-finished products to Vega Refinery, needed to obtain special products with high added value.

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

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

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

The main markets for export were:

- Naphtha - Hungary, Slovakia, Czechia, Poland, Spain
- Hexane - India, Turkey, Ukraine, Bulgaria, Russia
- Eco solvents - Germany, Hungary, Ukraine, Spain, Moldova
- White spirit - Bulgaria, Moldova
- Bitumen - Bulgaria

Throughput (t)	Budget	Actual
Group	399,944	363,791
Non-Group	69	12
<b>Total</b>	<b>400,013</b>	<b>363,803</b>

Finished Products (t)	Budget	Actual
Gasoline + Solvents	163,861	128,129
Bitumen	116,938	122,629
n-Hexane	78,282	68,636
White spirit and Comb P	4,655	6,531
Calor Extra I	3,245	4,258
Light oil fuel type III	5,125	9,624
Heavy fuel oil	24,305	21,300
<b>Total</b>	<b>396,411</b>	<b>361,107</b>

White Products	Budget	Actual
Related to throughput	61.7%	55.9%
Related to products	62.3%	56.3%

Deliveries (t)	Domestic	Export	Total
Bitumen	122,420	246	122,666
Naphtha gasoline	19,160	75,049	94,209
Hexane	3,744	68,561	72,305
Ecological solvents	635	35,688	36,323
Fuel oil	21,175	-	21,175
Heating oils	14,025	-	14,025
Petrol & white spirit	3,358	3,429	6,786
<b>Total</b>	<b>184,517</b>	<b>182,972</b>	<b>367,490</b>

## PETROCHEMICALS DIVISION

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

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

**Average value of the cost for processed raw materials:**

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

**Average sale price for finished products:**

- PP - budgeted at USD 1,090/ton and achieved USD 941/ton;
- LDPE - budgeted at USD 970/ton and achieved USD 942/ton.

The Petrochemical Plant is the sole polypropylene (PP) and polyethylene (LDPE, HDPE) producer of Romania. Aside from its own products, the Group is now actively selling a wide range of petrochemical products which are not currently produced by the Rompetrol Rafinare – the Petrochemical Plant, but which are in demand on the Romanian market, namely: high-density polyethylene variants (HDPE pipe variants), linear low-density polyethylene (LLDPE), PVC, PET and PP.

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

In 2020, 48.8% of total sales stand for polypropylene (PP), 42.4% stand for polyethylene and the remaining of 8.8% represents sales of propylene and trading activity. The polyethylene (PE) (+66%) and the trading activity (+ 273%) registered significant increases of sales compared to year 2019.

Of total sales, 54% is the domestic market and the rest of 46% represents exports. The most important distribution channels for polymers (PP, LDPE, HDPE, PET and PVC) are represented by Romania, Bulgaria, Turkey, and Republic of Serbia.

The year 2020 marks a new historical record as regards the sales of polymers on the domestic market: 75,751.75 tons.

Raw materials (t)	Budget	Actual
Propane propylene mix	127,298	117,172
Ethylene	70,434	66,326
<b>Total</b>	<b>197,731</b>	<b>183,498</b>

Finished Products (t)	Budget	Actual
Polymers	151,113	143,327
Polymerizable propylene	17,197	11,469
<b>Total</b>	<b>168,330</b>	<b>154,796</b>

Polymer Production (t)	Budget	Actual
Polypropylene	82,283	78,758
Low-density polyethylene	68,850	64,569
<b>Total</b>	<b>151,133</b>	<b>143,327</b>

Petrochemicals Deliveries (t)	Domestic	Export	Total
Polypropylene	38,555	40,517	79,071
Low-density polyethylene	34,601	34,104	68,705
<b>Total</b>	<b>73,156</b>	<b>74,621</b>	<b>147,776</b>

**Share of polymer sales by country**

	%
Romania	50%
Bulgaria	15%
Turkey	12%
Russia	5%
Italy	4%
Poland	2%
Other	12%

**Share of polymer sales by product**

	%
Polypropylene (PP)	48.8%
Polyethylene (PE)	42.4%
Propylene	7.3%
Trading	1.5%

**75,751.75 tons domestic polymer sales (new record)**

## Biofuels

In accordance with the applicable legislation regarding the use of biofuels and bio liquids, during 2020 Petromidia Refinery produced diesel with a biofuel content of not less than 6.5% by volume and gasoline with max. 8%.

The Group continued to follow a positive trend in reducing its impact on the environment by increasing the quantity of biofuels used in processing. As such, in 2020, KMG International purchased 123,795.905 tons of biodiesel, up by approximately 10% compared to the previous year and 36,342.149 of bioethanol.

All biofuel volumes purchased by KMG International comply with sustainability criteria set out in the EU Legislation, being sourced from EU producers using mainly European feedstock.

All biofuel volumes purchased by KMG International comply with sustainability criteria set out in the EU Legislation, being sourced from EU producers using mainly European feedstock.

Furthermore, in compliance with national and European rules and regulations, traceability bulletins, entitled Proof of Sustainability (Pos) were issued for bioproducts delivered to clients, through the ISCC-EU application.

## Market Research & Product Responsibility

## Quality Management

All companies in the Group comply with the best practice code whereby operators are required to provide details of marketed products in conformity with the NP 004/2003 technical standard (normative) on fueling station design and operation, Law no - 307/2006 on firefighting, Law no 319/2006 on occupational health & safety and GD no 928/2012, which sets the minimum requirements for fuel market introduction.

For all our products, we are diligent in conducting thorough hazard and regulatory assessments and developing comprehensive and publicly displayed Material Safety Data Sheets (MSDS), each containing 16 sections according to Regulation (EC) no. 1907/2006 (REACH), amended and supplemented by Regulation No. 453/2010 (EU) and Regulation (EC) no. 1272/2008 regarding classification, substances and mixtures amending and supplementing Directive 67/548/EC. Starting with June 1, 2021, Safety Data Sheets will have to be prepared or updated according to Regulation (EU) 2020/878 amending and supplementing Regulation (EC) no. 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals and Regulation (EC) no. 1272/2008 regarding classification, substances, and mixtures.

Furthermore, Standard Specifications (SS) are provided for all products of the Group companies, which are also documented and publicly displayed. Each SS contains information on product description, properties, limits, test method, quality control, sampling, handling, storage, transport, while the Material Safety Data Sheet of each product contains safety, fire hazard, recycling, and disposal information.

All products are developed in compliance with the REACH regulation, being registered in accordance with the requirements of the European Chemicals Agency (ECHA) and all work points apply the required signaling, in line with CLP requirements.

Rompetrol Rafinare (RRC), KMG International's refining division, only produces Euro 5 fuels and only processes sulfurous oil. All RRC fuels and VEGA additives, along with the LPG distributed by Rompetrol Gas and fuels delivered by Rompetrol Downstream are certified by the Romanian Automotive Registry. In 2020, Rompetrol Rafinare continued the production of the fuel production "Diesel 55" and "Efix S Diesel 55 with improved winter properties. The product is marketed in the fuel stations as "Xtreme Winter Efix S", as it is designed to be resistant to temperatures of up to -35 C degrees. The sort is already sold in 195 Rompetrol stations in Romania, and in the following period, it will be available in the 87 Rompetrol fuel stations in the Republic of Moldova.

In 2021, Rompetrol Rafinare will continue to deliver only Euro 5 fuels (max. Sulphur content 10 mg/kg) on the domestic market and a content of biofuel of minimum 8 % in volume for gasoline and minimum 6,5% in volume for Diesel fuel (in compliance with Law No. 311/2018; the Group does not consider the increase of the vehicle fuels portfolio.

During medical PPE shortage determined by the COVID-19 pandemic, the Petrochemical Plant focused on the development of a new sort of polypropylene, used as a filtering layer of protection masks. The new variant, RMB30H produces a melt blown material with excellent filtering and organoleptic properties, Rompetrol Rafinare being one of the few manufacturers in Europe of a sort

for this application. In parallel, the spunbonded sort was improved and the sorts RSB35H and RSB40H were put into production, for the manufacturing of the interior layer of masks. At present, Rompetrol Rafinare has the capacity to produce assortments to integrally cover the domestic consumption for the manufacture of masks and protection suits.

In 2020, Vega Refinery continued to focus on the solvents' production (SE 30/60, n-Hexane, White spirit), naphtha gas, liquid, and heavy fuels, for heating, normal road bitumen and bitumen modified with polymers. Following the very low request on the market and the high costs corresponding to REACH records, the Group removed the "Non-industrial fuel type P" from its portfolio. No new products are planned for development in 2021.

KMG International fuels are designed and labeled according to EN 590:2017 (diesel), EN 228:2017 (gasoline), EN 589:2008 (LPG), as well as certified by the Romanian Automobile Registry according to GD no. 928/2012 - minimum requirements for market introduction of fuel amended by GD no. 80/2018.

Bitumen is designed according to SR EN 1259:2009 (paving grade bitumen); SR EN 14023:2010 (polymer modified bitumen) and certified by Romanian Auto Registry.

**All companies part of KMG follow our MSDS and safety labeling regulations.**

## Customer Satisfaction

Since the opinion of our customers is of utmost importance to us at KMG International, we have procedures in place to rate customer satisfaction and claims across our business units, in accordance with international standards ISO 9001:2008 and ISO 14001:2004 for the refining segment, and ISO 9001:2008 and ISO 14001:2004 on OHSAS 18001:2008 for the retail segment.

Each year, KMG International conducts extensive consumer surveys across its operations, to identify its best assets, as well as all segments that might require improvement in terms of customer satisfaction.

Monitoring customer perception and loyalty included customer data on delivered product quality, and quality claims. In 2020, while there were no claims for refinery products, 0.14% of the polymers sold were claimed. While claims for petrochemical products had a lower percentage, due to increasing number of LDPE clients and of LDPE sales, a slight increase in the number of LDPE polymer claims could be observed compared to 2019.

The Group's strategy includes objectives like increasing loyalty and strengthening customer confidence, gaining new customers, and building stronger business relations. Thus, surveys and studies carried out throughout its retail network are aimed at monitoring customer perception, loyalty, customer satisfaction and claims related to the range of products commercialized by the Group. Based on such surveys, The Group constantly implements projects and actions to improve delivery logistics and seeks to improve and expand its product portfolio.

In 2020, the Group, through Rompetrol Downstream, its retail division in Romania, launched a new service dedicated to customers, which allows them to withdraw cash with 0% commission from any Rompetrol own station. The "Cashback" service (cash withdrawal from merchant) is available at any time.

In March, the company initiated a pilot project in its own stations in Bucharest, Ilfov and Giurgiu. Based on the number of transactions and the feedback received from customers, it decided to rapidly expand the service to its entire network of gas stations. Whether customers are refueling or buying products from the store, the new service allows them to save time and fuel otherwise wasted searching for an ATM.

Customers can currently use this service in all 156 Rompetrol own gas stations in Romania, the company being the first player in the oil & gas field and one of the first non-banking companies in Romania to launch the cash withdrawal service nationwide. The service is not available at Rompetrol Partner or Rompetrol Express filling stations.



## Compliance

Our operations include various projects to oversee compliance across all Group business units and departments, such as the CAPEX program, for example, regarding HSE compliance in Rompetrol Rafinare (RRC), Rompetrol Downstream (RPD) and Rompetrol Gas (RPG) depots and gas stations.

Throughout 2020, there has been no identified non-compliance to regulations and voluntary codes concerning health and safety impacts of products or product and service information and labeling in line with the trend established in the previous years. Moreover, no significant impacts of transporting products and other goods were reported in 2020.

***In terms of legal matters, KMG International was identified as party in several legal proceedings, most of which represented long-standing cases or appeals from previous years.***

### **Legal proceedings involving Rompetrol Rafinare SA, Rominserv SRL and employees of the two companies, following a technical incident took place at Petromidia refinery on August 22, 2016**

On August 22, 2016, a technical incident occurred within the DAV plant. Following the event, two employees of a Group' subsidiary, Rominserv SRL, suffered burns and two persons were deceased. Following the completion of the criminal prosecution, Rompetrol Rafinare S.A., Rominserv SRL and three employees of these companies were put on trial for the non-observance of labor, health and safety measures, bodily harm by negligence, manslaughter, and accidental pollution. Rompetrol Rafinare S.A. and Rominserv was also involved as civilly liable parties in the case.

On August 16, 2017 both Rompetrol Rafinare and Rominserv received fines set by the Constanța Territorial Labor Inspectorate (in cumulated amount of RON 31,000), which were appealed by both entities. However, given the ongoing criminal case, the court suspended the subsequent proceedings pending resolution of the former.

As a result of the completion of the prosecutor activities, the file was sent into the court twice, the court finding each time the relative nullity of the indictment of the Prosecutor's Office attached to the Constanța Court of Appeal, as well as the irregularity which leads to the impossibility of establishing the object and limits of the indictment judgement. In May 2020, the prosecutor started to perform, for the third time, activities in the criminal case.

On the other hand, the request filed by Rominserv for the plea of unconstitutionality of certain provisions to be settled further by the Constitutional Court was admitted. The respective provisions concern the possibility to rectify the document instituting court proceedings during the preliminary chamber procedure. Considering the allegations, each company is facing a maximum exposure of approximately RON 3.6 million.

On June 24, 2020, the company received the prosecutor indictment from the Constanța Court. Taking in consideration that the court has been notified with a new indictment, for the third time the preliminary chamber procedure is to be carried out.

### **Litigation on Tax Assessments received by Rompetrol Rafinare S.A. in 2012**

In March 2012, the National Agency for Tax Administration issued a General Tax Audit Report for Rompetrol Rafinare, covering the period 2007 – 2010, along with a Decision to not modify the tax base for certain taxes, including the profit tax and also an Assessment Decision for Payment of RON 48 million (equivalent of USD 15 million at historical rate), of which half represents additional principal tax liabilities and the other half represents late payment interest and penalties. Following several subsequent analyses and decisions, a re-audit for approximately RON 4.6 million (equivalent of USD 2.8 million) initiated in February 2018 was completed on March 22, 2018 by another tax inspection team maintaining the initial decision of National Agency for Tax Administration for the main VAT amount of RON 4.48 million, assessing a total of RON 8.6 million as related interest and penalties up to April 2018. The Company challenged tax decision for the amount of RON 13.1 million on May 18, 2018. The challenge submitted by the Company was admitted and the amount paid was reimbursed to the Company.

After the analysis of the Fiscal Inspection Report issued in July 2020, Rompetrol Rafinare requested the fiscal inspection team to correct a material error identified in it, which, according to the Company's expectations, following the correction would lead to a considerably improved fiscal inspection result for the Company. By the correction made by ANAF, as a result of the approval of the Error Correction Request, on August 24, 2020, ANAF – DGAMC settled the final amount of RON 568,238,707.

Given the lack of financial impact of the additional tax base assessment made by ANAF on RRC, the company decided to discontinue the tax disputes with ANAF on these transfer pricing matters occurred between 2007-2010. There was NO impact on RRC tax position since the additional tax base assessed for 2007-2010 period (0.568 bill. RON):

- Is less than half of the fiscal losses reported by RRC for 2007-2010 (1.266 bill. RON), therefore NO additional income tax could be assessed.

As of January 1st, 2020, RRC carries forward a fiscal loss (of 1.756 bill. RON) that does not include any fiscal losses from 2007- 2010 (it comprises only 2013-2016 losses and those from 2018-2019).

## Litigation on Tax Assessments received by Rompetrol Rafinare S.A. in 2017

The action refers to a Decision by the National Agency for Tax Administration issued in 2017 and covering the 2011-2015 period, for the payment of RON 26.1 million representing VAT (of which RON 13.1 million related to VAT of Rompetrol Rafinare SA the rest belonging to the VAT group companies), RON 6.5 million representing Rompetrol Rafinare SA withholding tax and decrease of Rompetrol Rafinare's fiscal loss with RON 144.4 million. The related penalties assessed were in amount of RON 16.3 million for all VAT group companies. The principal additional taxes and related penalties were partially paid and partially compensated with receivable taxes and the remaining paid in cash.

The tax assessment was challenged on February 26, 2018, but the taxation authorities rejected parts of the amounts included in the challenge. As a result, the Company submitted a claim to challenge the amounts rejected by ANAF - DGSC in the Decision regarding the Company's administrative appeal.

The claim submitted by Rompetrol Rafinare S.A. was registered on July 25, 2019, at the Constanța Court of Appeal. On December 11, 2019, the Court approved RRC's request to carry out a financial – accounting expertise in the Case file and set the next term for January 15, 2020 when the Court would nominate three experts to perform the expertise and would set the term for the Expertise Report to be filled. The file was suspended, based on art. 42 point 6 of the Decree of the President of Romania no. 195 /16.03.2020 regarding the establishment of the state of emergency on the territory of Romania and of the Decision of the Board of Management no. 4/18.03.2020 of the Court of Appeal Constanța, without performing any procedural act. The Court of Appeal set the last hearing on April 21, 2021 and intends to issue a resolution on April 28, 2021.

## Litigation regarding CO<sub>2</sub> emission allowances

On 28 February 2011 Rompetrol Rafinare S.A. won the court case against The Romanian Government and The Ministry of Environment which required the Romanian authorities to allocate to Rompetrol Rafinare an additional number of 2,577,938 CO<sub>2</sub> emission certificates for the entire period 2008 – 2012 (Decision 69/CA/2011). This first decision issued by the Constanța Court of Appeal was challenged by the Ministry of Environment and The Romanian Government, but the appeals were rejected by the High Court of Cassation and Justice and the first court decision became final.

According to the current Romanian and European legislation, the certificates obtained for the 2008 – 2012

period may be owned and used also for the next period, 2013 – 2020. Considering that the Ministry of Environment and the Romanian Government did not fulfil the Court decision according to the deadline, Rompetrol Rafinare SA started a court claim against them, having as object damages in amount of EUR 36 million.

The court admitted the claim and found liable both the Romanian Government and Ministry of Environmental for damages in amount of EUR 31,806,598.74 in RON at the payment date for failure to observe the final Supreme Court decision issued in October 2012.

The Supreme Court set the first hearing for November 11, 2021, but the Company applied for an earlier hearing considering that 7 years had already passed since the Supreme Court decision was issued in favor of the company. The Supreme Court admitted the Company's request for an earlier hearing and set the next term on June 4, 2020. On June 17, 2020, the Supreme Court issued the final decision according to which the appeals declared by Rompetrol Rafinare S.A. and the Ministry of Environment, Waters and Forests and the Government of Romania - General Secretariat of the Government against the decision issued by the Court of Appeal Constanța in 2019 were rejected. The favorable decision of the first court was enforced to obtain the amount granted. On December 17, 2020, RRC received the amount of RON 30,000,000 from the Ministry of the Environment as a partial payment.

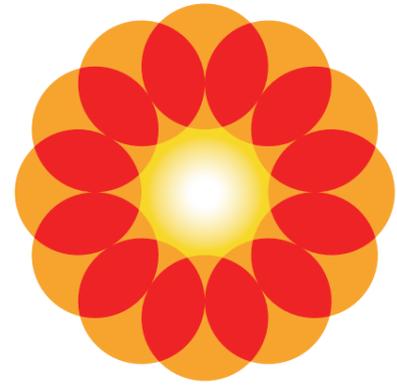
## Litigation between Rompetrol Downstream S.R.L. and RATB (Bucharest public transport company)

In 2011, following a public tender organized by RATB, the biggest public transport company in Romania serving the Bucharest metropolitan area, Rompetrol Downstream was awarded with a 4-year framework Agreement (divided into 4 yearly contracts) for delivery of fuel for RATB fleet through an integrated system.

Even if Rompetrol Downstream had complied in full and on time with the obligations to supply RATB with the requested quantities of fuel for the 4 years, the related IT system was gradually implemented until September 16, 2015. This led to 4 legal court cases (one per each agreement) initiated by RATB.

All four cases were won by the Company, the Courts having finally and irrevocably dismissed all RATB allegations.





**Finance**



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## CONSOLIDATED FINANCIAL POSITION

Indicator	2020 (USD)	2019 (USD)
Total non-current assets	1,375,131,743	1,389,144,645
Total current assets	971,328,986	1,088,301,424
Total assets	2,346,460,729	2,477,446,069
Equity attributable to equity holders of the parent	952,106,544	1,115,445,287
Non-controlling interest	(362,768,299)	(260,908,156)
Total equity	589,338,245	854,537,131
Total non-current liabilities	471,662,990	425,712,794
Total current liabilities	1,285,459,494	1,197,196,144
Total Liabilities	1,757,122,484	1,622,908,938

The abbreviated financial information is derived from the Consolidated Financial Statements as of and for the year ended 31 December 2020 and should be read in conjunction with these audited Consolidated Financial Statements.

On the full consolidated financial statements an unqualified audit opinion was issued. Check our Group's Annual Report for the full financial disclosure.

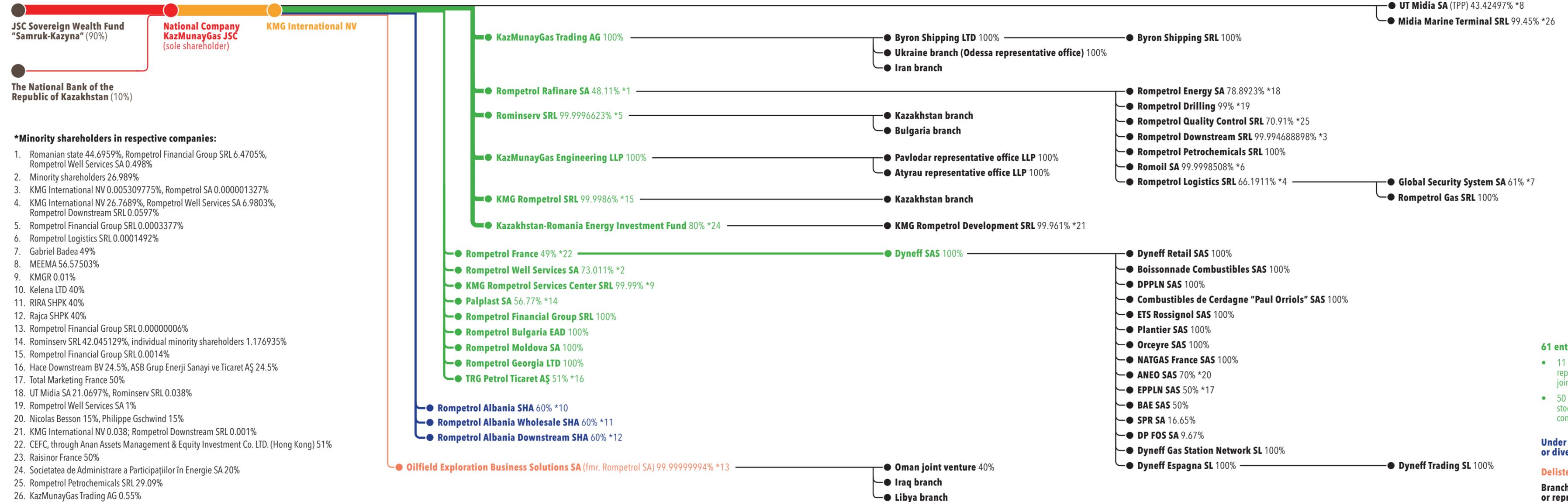
## CONSOLIDATED INCOME STATEMENT

Indicator	2020 (USD)	2019 (USD)
Revenue	4,895,047,811	9,289,739,299
Cost of sales	(4,695,317,950)	(8,927,808,493)
Gross profit	199,729,861	361,930,806
Operating profit	(121,327,832)	65,811,392
Profit (Loss) before income tax	(163,061,227)	20,555,080
Income tax	(48,286,794)	(17,416,874)
Profit (loss) for the year	(211,348,021)	3,138,206

## FINANCIAL RESULTS

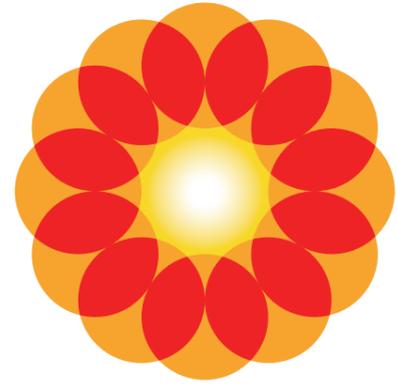
Indicator (USD)	REFINING		PETROCHEMICALS		DISTRIBUTION	
	2020	2019	2020	2019	2020	2019
Gross turnover	2,732,749,319	(4,417,308,906)	149,171,871	173,446,415	2,455,679,338	3,078,017,249
EBITDA	(33,378,262)	108,211,674	(26,274,984)	(29,149,694)	60,565,576	51,571,501
Net result	(186,634,742)	(16,882,860)	(32,758,531)	(48,355,331)	19,592,252	18,662,421



**61 entities:**

- 11 branches, subsidiaries, representative offices and joint-ventures, as the case
- 50 legal entities (Joint stock and limited liability companies)

**Under liquidation or divestment****Delisted****Branch, joint venture or representative office**



# Appendices



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**over** any problem

## Executive Summary

The KMG sustainability report presents itself in the professional, clean and visually appealing manner as we have grown accustomed to from the company during the past seven years, making it a pleasure to browse through for those interested.

**The report boasts a thorough account, that is clearly organized and easy to read. Peppared with well-structured and expressive visual representations that underline key aspects presented the report achieves the goals of a professionally executed non-financial report.**

As with every report, there are some aspects that could be improved upon, with few sections where additional information could be useful for some stakeholders to facilitate a more thorough understanding (mainly for those outside the industry). For example, on occasion, there seems to be a disconnect between the narrative and the figures presented, in the sense that may seem not adequately explicated, leaving some readers guessing when faced with lack of details. Similarly, at times, the industry specific jargon may require stakeholders uneducated in the particulars of the industry to perform further documentation on highly specific issues. While a less jargon-laden narrative would be more palatable for a wider audience, we do understand however that a balance between the amount of information and the usefulness of the document must be achieved and appreciate KMG's efforts in this respect.

As a general overview of the 2020 report, we can assert that:

- The report shows significant and steady progress in addressing and presenting the non-financial aspects of KMG's activity.
- It covers the vast majority of material aspects and indicators required by the standard in a clearly structured fashion, the chapters providing valuable information regarding the company's approach to each relevant aspect and the progress made on relevant material aspects.
- Follows the Global Reporting Initiative (GRI) Standard Sustainability Reporting Guidelines and the associated Oil and Gas Sector Supplement, adequately covering both General and Specific Disclosures.
- Reporting principles of content and quality are well reflected in the report.

In our professional opinion the 2020 KMG Sustainability Report shows the unswerving progress that KMG has made over the years in the process of reporting, generating a balanced, clearly constructed document that details relevant material aspects. Although some aspects could be improved, the advancements made in the quality of the report attest KMG's commitment to sustainability reporting as an honest and rigorous process.

Therefore, we recommend KMG to take into consideration the suggested improvements, as these would increase – the already high – level of clarity, readability and comprehension, thus expanding the range of stakeholders that can meaningfully engage with the report.

Third party opinion prepared  
by ARC Romania (Asociația  
pentru Relații Comunitare)

Bd. 1 Decembrie 1918, nr. 4, ap. 7  
Cluj Napoca 400699, Romania  
Tel: + (40) 264 406388  
Fax: + (40) 264 406389  
**arcromania.ro**

**arc**

Hope for everyone, strength from all



GRI STANDARD NO. & TITLE	DESCRIPTION	CHAPTER	PAGES	REPORTED
<b>STRATEGY</b>				
<b>102-14</b> General Disclosures (Core)	Statement from senior decision-maker. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	<b>CEO Message</b>	3	FULLY
<b>102-15</b> General Disclosures	Description of key impacts, risks, and opportunities	<b>CEO Message</b>	3	PARTIALLY
<b>ORGANIZATIONAL PROFILE</b>				
<b>102-1</b> General Disclosures (Core)	Name of the organization	<b>Intro</b>	16	FULLY
<b>102-2</b> General Disclosures (Core)	Activities, brands, products, and services	<b>Intro</b>	14-15	FULLY
<b>102-3</b> General Disclosures (Core)	Location of the organization's headquarters	<b>Intro</b>	16	FULLY
<b>102-4</b> General Disclosures (Core)	Location of operations	<b>Intro</b>	12-13	FULLY
<b>102-5</b> General Disclosures (Core)	Ownership and legal form	<b>Intro</b>	16-17	FULLY
<b>102-6</b> General Disclosures (Core)	Markets served	<b>Intro</b>	12, 13, 16, 17	FULLY
<b>102-7</b> General Disclosures (Core)	Scale of the organization	<b>Intro Marketplace</b>	16-17 69-69	FULLY
<b>102-8</b>	Information on employees and other workers	<b>People</b>	27-31	FULLY
<b>102-9</b> General Disclosures (Core)	Supply chain. Description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	<b>Intro Marketplace</b>	12-13 67-72	FULLY
<b>102-10</b> General Disclosures (Core)	Changes during the reporting period regarding the organization's size, structure, ownership or its supply chain	<b>Intro</b>	16	FULLY
<b>102-11</b> General Disclosures (Core)	Whether and how the precautionary approach or principle is addressed by the organization.	-	-	NO
<b>102-12</b> General Disclosures (Core)	External initiatives. A list of externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	<b>Approach</b>	5, 7-9	FULLY
<b>102-13</b> General Disclosures (Core)	Membership of associations. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	<b>Intro</b>	22-23	FULLY
<b>REPORTING PRACTICE</b>				
<b>102-45</b> General Disclosures (Core)	Entities included in the consolidated financial statements	<b>Intro</b>	16	PARTIALLY
<b>102-46</b> General Disclosures (Core)	Defining report content and topic Boundaries	<b>Approach</b>	4-7	FULLY
<b>102-47</b> General Disclosures (Core)	List of material topics	<b>Approach</b>	5-6	FULLY

GRI STANDARD NO. & TITLE	DESCRIPTION	CHAPTER	PAGES	REPORTED
<b>103-1</b> Management Approach	Explanation of the material topic and its Boundary	<b>Approach</b>	5, 7	PARTIALLY
<b>102-48</b> General Disclosures (Core)	Restatements of information. The effect of any restatements of information given in previous reports, and the reasons for such restatements.	-	-	NO
<b>102-49</b> General Disclosures (Core)	Changes in reporting	<b>Approach</b>	4	FULLY
<b>102-50</b> General Disclosures (Core)	Reporting period	<b>Approach</b>	4	FULLY
<b>102-51</b> General Disclosures (Core)	Date of most recent previous report (if any)	<b>Approach</b>	4	FULLY
<b>102-52</b> General Disclosures (Core)	Reporting cycle	<b>Approach</b>	4	FULLY
<b>102-53</b> General Disclosures (Core)	Contact point for questions regarding the report or its contents	<b>Appendices</b>	96	FULLY
<b>102-54</b> General Disclosures (Core)	Claims of reporting in accordance with the GRI Standards	<b>Approach</b>	4-5	FULLY
<b>102-55</b> General Disclosures (Core)	GRI Content Index	<b>Appendices</b>	88-95	FULLY
<b>102-56</b> General Disclosures (Core)	External assurance	<b>Appendices</b>	86, 87	PARTIALLY
<b>STAKEHOLDER ENGAGEMENT</b>				
<b>102-40</b> General Disclosures (Core)	List of stakeholder groups	<b>Approach</b>	7	FULLY
<b>102-41</b> General Disclosures (Core)	Percentage of total employees covered by collective bargaining agreements	<b>People</b>	33	FULLY
<b>102-42</b> General Disclosures (Core)	Identifying and selecting stakeholders	<b>Approach</b>	7	PARTIALLY
<b>102-43</b> General Disclosures (Core)	Approach to stakeholder engagement	<b>Approach</b>	7	PARTIALLY
<b>102-44</b> General Disclosures (Core)	Key topics and concerns that have been raised through stakeholder engagement	<b>Approach</b>	7	PARTIALLY
<b>GOVERNANCE</b>				
<b>102-18</b> General Disclosures (Core)	Governance structure. Governance structure of the organization, including committees of the highest governance body. Committees responsible for decision-making on economic, environmental, and social topics.	<b>Intro</b>	16-18	FULLY
<b>102-19</b> General Disclosures	Delegating authority. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	<b>Intro</b>	16-18	FULLY
<b>102-20</b> General Disclosures	Executive-level responsibility for economic, environmental, and social topics	<b>Intro</b>	16-18	PARTIALLY
<b>102-21</b> General Disclosures	Consulting stakeholders on economic, environmental, and social topics	-	-	NO
<b>102-22</b> General Disclosures	Composition of the highest governance body and its committees	<b>Intro People</b>	17 30	FULLY
<b>102-23</b> General Disclosures	Chair of the highest governance body	<b>Intro</b>	17	FULLY
<b>102-24</b> General Disclosures	Nominating and selecting the highest governance body	<b>Intro</b>	17	PARTIALLY

GRI STANDARD NO. & TITLE	DESCRIPTION	CHAPTER	PAGES	REPORTED
<b>102-25</b> General Disclosures	Conflicts of interest	<b>Intro</b>	17, 20-23	PARTIALLY
<b>102-26</b> General Disclosures	Role of highest governance body in setting purpose, values, and strategy.	<b>Intro</b>	16-18	PARTIALLY
<b>102-27</b> General Disclosures	Collective knowledge of highest governance body. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	-	-	NO
<b>102-28</b> General Disclosures	Evaluating the highest governance body's performance	-	-	NO
<b>102-29</b> General Disclosures	Identifying and managing economic, environmental, and social impacts	<b>Approach</b>	4-7	PARTIALLY
<b>102-30</b> General Disclosures	Effectiveness of risk management processes	-	-	NO
<b>102-31</b> General Disclosures	Review of economic, environmental, and social topics	<b>Approach</b>	4-7	PARTIALLY
<b>102-32</b> General Disclosures	Highest governance body's role in sustainability reporting	-	-	NO
<b>102-33</b> General Disclosures	Process for communicating critical concerns to the highest governance body.	-	-	NO
<b>102-34</b> General Disclosures	Nature and total number of critical concerns	<b>Intro</b>	18, 21, 52	PARTIALLY
<b>102-35</b> General Disclosures	Remuneration policies	<b>People</b>	32	PARTIALLY
<b>102-36</b> General Disclosures	Process for determining remuneration	<b>Intro</b> <b>People</b>	24, 25 66	FULLY
<b>102-37</b> General Disclosures	Stakeholders' involvement in remuneration	-	-	NO
<b>102-38</b> General Disclosures	Annual total compensation ratio	-	-	NO
<b>102-39</b> General Disclosures	Percentage increase in annual total compensation ratio	-	-	NO

## ETHICS AND INTEGRITY

<b>102-16</b> General Disclosures (Core)	Description of the organization's values, principles, standards, and norms of behavior.	<b>Intro</b>	18-20	FULLY
<b>102-17</b> General Disclosures	Mechanisms for advice and concerns about ethics	<b>Intro</b>	21	FULLY

## ECONOMIC

<b>201-1</b> Topic-Specific Disclosures - Economic Performance	Direct economic value generated and distributed.	<b>Finance</b> <b>People</b>	80 33	PARTIALLY
<b>201-2</b> Topic-Specific Disclosures - Economic Performance	Financial implications and other risks and opportunities due to climate change.	<b>Environment</b>	52-54	PARTIALLY
<b>201-3</b> Topic-Specific Disclosures - Economic Performance	Defined benefit plan obligations and other retirement plans.	<b>People</b>	32	PARTIALLY
<b>201-4</b> Topic-Specific Disclosures - Economic Performance	Financial assistance received from government.	-	-	NO NEED

GRI STANDARD NO. & TITLE	DESCRIPTION	CHAPTER	PAGES	REPORTED
<b>202-1</b> Topic-Specific Disclosures - Market Presence	Ratios of standard entry level wage by gender compared to local minimum wage.	<b>People</b>	28, 29	PARTIALLY
<b>202-2</b> Topic-Specific Disclosures - Market Presence	Proportion of senior management hired from the local community.	<b>People</b>	28, 30	FULLY
<b>203-1</b> Topic-Specific Disclosures - Indirect Economic Impacts	Infrastructure investments and services supported	<b>CEO Message</b> <b>Environment</b> <b>Community</b>	3 42, 43, 52-54 58-61	FULLY
<b>203-2</b> Topic-Specific Disclosures - Indirect Economic Impacts	Significant indirect economic impacts	<b>People</b> <b>Environment</b> <b>Community</b>	33 42, 54 68	FULLY
<b>204-1</b> Topic-Specific Disclosures - Procurement Practices	Proportion of spending on local suppliers	-	-	NO

## ENVIRONMENTAL

<b>301-1</b> Topic-Specific Disclosures - Materials	Materials used by weight or volume	<b>Environment</b> <b>Marketplace</b>	44, 45 66, 68-72	FULLY
<b>301-2</b> Topic-Specific Disclosures - Materials	Percentage of materials used that are recycled input materials	<b>Environment</b>	51	PARTIALLY
<b>302-1</b> Topic-Specific Disclosures - Energy	Energy consumption within the organization	<b>Environment</b>	46-59	FULLY
<b>302-2</b> Topic-Specific Disclosures - Energy	Energy consumption outside the organization	<b>Environment</b>	46-59	FULLY
<b>302-3</b> Topic-Specific Disclosures - Energy	Energy intensity	<b>Environment</b>	46-59	FULLY
<b>302-4</b> Topic-Specific Disclosures - Energy	Reduction of energy consumption	<b>Environment</b>	46-59	FULLY
<b>302-5</b> Topic-Specific Disclosures - Energy	Reductions in energy requirements of products and services	<b>Environment</b>	46-59	FULLY
<b>303-1</b> Topic-Specific Disclosures - Water and Effluents	Interactions with water as a shared resource	<b>Environment</b>	50	PARTIALLY
<b>303-2</b> Topic-Specific Disclosures - Water and Effluents	Management of water discharge-related impacts	<b>Environment</b>	50	PARTIALLY
<b>303-3</b> Topic-Specific Disclosures - Water and Effluents	Water withdrawal	<b>Environment</b>	50	PARTIALLY
<b>303-4</b> Topic-Specific Disclosures - Water and Effluents	Water discharge	<b>Environment</b>	50	FULLY

GRI STANDARD NO. & TITLE	DESCRIPTION	CHAPTER	PAGES	REPORTED
<b>303-5</b> Topic-Specific Disclosures - Water and Effluents	Water consumption	<b>Environment</b>	50	FULLY
<b>304-1</b> Topic-Specific Disclosures - Biodiversity	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	<b>Environment</b>	54	PARTIALLY
<b>304-2</b> Topic-Specific Disclosures - Biodiversity	Significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	<b>Environment</b>	54	FULLY
<b>304-3</b> Topic-Specific Disclosures - Biodiversity	Habitats protected or restored	<b>Environment</b>	54	PARTIALLY
<b>304-4</b> Topic-Specific Disclosures - Biodiversity	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	-	-	NO
<b>305-1</b> Topic-Specific Disclosures - Emissions	Direct (Scope 1) GHG emissions	<b>Environment</b>	51	PARTIALLY
<b>305-2</b> Topic-Specific Disclosures - Emissions	Energy indirect (Scope 2) GHG emissions	-	-	NO
<b>305-3</b> Topic-Specific Disclosures - Emissions	Other indirect (Scope 3) GHG emissions	-	-	NO
<b>305-4</b> Topic-Specific Disclosures - Emissions	Greenhouse gas emissions intensity	-	-	NO
<b>305-5</b> Topic-Specific Disclosures - Emissions	Reduction of greenhouse gas emissions	<b>Environment</b>	51	FULLY
<b>305-6</b> Topic-Specific Disclosures - Emissions	Emissions of ozone-depleting substances (ODS)	-	-	NO
<b>305-7</b> Topic-Specific Disclosures - Emissions	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<b>Environment</b>	51	FULLY
<b>306-2</b> Topic-Specific Disclosures - Waste and Effluents	Total weight of waste by type and disposal method	<b>Environment</b>	51	FULLY
<b>306-3</b> Topic-Specific Disclosures - Waste and Effluents	Total number and volume of significant spills	<b>Environment</b>	51	FULLY
<b>306-4</b> Topic-Specific Disclosures - Waste and Effluents	Transport of hazardous waste	<b>Environment</b>	51	FULLY
<b>301-3</b> Topic-Specific Disclosures - Materials	Percentage of products sold and their packaging materials that are reclaimed by category	-	-	NO NEED
<b>307-1</b> Topic-Specific Disclosures - Materials	Non-compliance with environmental laws and regulations	<b>Environment Marketplace</b>	52, 53 77, 78	FULLY

GRI STANDARD NO. & TITLE	DESCRIPTION	CHAPTER	PAGES	REPORTED
<b>308-1</b> Topic-Specific Disclosures - Supplier Environmental Assessment	New suppliers screened using environmental criteria	-	-	NO
<b>308-2</b> Topic-Specific Disclosures - Supplier Environmental Assessment	Negative environmental impacts in the supply chain and actions taken	-	-	NO
<b>103-2</b> Management Approach	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	<b>Intro Environment</b>	21 52	FULLY

## SOCIAL

<b>401-1</b> Topic-Specific Disclosures - Employment	Total number and rates of new employee hires and employee turnover by age group, gender, and region	<b>People</b>	29	FULLY
<b>401-2</b> Topic-Specific Disclosures - Employment	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	<b>People</b>	27	FULLY
<b>401-3</b> Topic-Specific Disclosures - Employment	Return to work and retention rates after parental leave, by gender	<b>People</b>	30-31	FULLY
<b>402-1</b> Topic-Specific Disclosures - Labor/Management Relations	Minimum notice periods regarding operational changes	<b>People</b>	33	FULLY
<b>403-1</b> Topic-Specific Disclosures - Occupational Health and Safety	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	<b>People</b>	34	FULLY
<b>403-2</b> Topic-Specific Disclosures - Occupational Health and Safety	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	<b>People</b>	35	PARTIALLY
<b>403-3</b> Topic-Specific Disclosures - Occupational Health and Safety	Workers with high incidence or high risk of diseases related to their occupation	-	-	NO
<b>403-4</b> Topic-Specific Disclosures - Occupational Health and Safety	Health and safety topics covered in formal agreements with trade unions	<b>People</b>	34, 35	PARTIALLY
<b>404-1</b> Topic-Specific Disclosures - Training and Education	Average hours of training per year per employee	<b>People</b>	36	FULLY
<b>404-2</b> Topic-Specific Disclosures - Training and Education	Programs for upgrading employee skills and transition assistance programs	<b>People</b>	37, 38	FULLY
<b>404-3</b> Topic-Specific Disclosures - Training and Education	Percentage of employees receiving regular performance and career development reviews	<b>People</b>	36	FULLY
<b>405-1</b> Topic-Specific Disclosures - Diversity and Equal Opportunity	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	<b>People</b>	27-30	FULLY
<b>405-2</b> Topic-Specific Disclosures - Diversity and Equal Opportunity	Ratio of basic salary and remuneration of women to men by employee category	<b>People</b>	29	FULLY

GRI STANDARD NO. & TITLE	DESCRIPTION	CHAPTER	PAGES	REPORTED
414-1	Topic-Specific Disclosures - Supplier Social Assessment Percentage of new suppliers that were screened using labor practices criteria	-	-	NO
414-2	Topic-Specific Disclosures - Supplier Social Assessment Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Intro	21	FULLY
103-2	Management Approach Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Intro	21	FULLY
412-3	Topic-Specific Disclosures - Human Rights Assessment Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Intro Marketplace	21 67	FULLY
412-2	Topic-Specific Disclosures - Human Rights Assessment Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	-	-	NO
406-1	Topic-Specific Disclosures - Non-Discrimination Total number of incidents of discrimination and corrective actions taken	-	-	NO NEED
407-1	Topic-Specific Disclosures - Freedom of Association and Collective Bargaining Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	Intro Marketplace	18-21 67	FULLY
408-1	Topic-Specific Disclosures - Child Labor Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Intro Marketplace	18-21 67	FULLY
409-1	Topic-Specific Disclosures - Forced and Compulsory Labor Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Intro Marketplace	18-21 67	FULLY
410-1	Topic-Specific Disclosures - Security Practices Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	-	-	NO NEED
411-1	Topic-Specific Disclosures - Rights of Indigenous People Total number of incidents of violations involving rights of indigenous peoples and actions taken	-	-	NO NEED
412-1	Topic-Specific Disclosures - Human Rights Assessment Total number and percentage of operations that have been subject to human rights reviews or impact assessments	-	-	NO
414-1	Topic-Specific Disclosures - Supplier Social Assessment Percentage of new suppliers that were screened using human rights criteria	Intro Marketplace	18-21 67	FULLY
414-2	Topic-Specific Disclosures - Supplier Social Assessment Negative human rights impact in the supply chain and actions taken	-	-	NO NEED
103-2	Management Approach Number of grievances about human rights filed, addressed, and resolved through formal grievance mechanisms	Intro	18-21	FULLY
413-1	Topic-Specific Disclosures - Local Communities Percentage of operations with implemented local community engagement, impact assessments and development programs	Community	59-63	FULLY
413-2	Topic-Specific Disclosures - Local Communities Operations with significant actual or potential negative impacts on local communities	Environment Community	42, 54 58	PARTIALLY

GRI STANDARD NO. & TITLE	DESCRIPTION	CHAPTER	PAGES	REPORTED
205-1	Topic-Specific Disclosures - Anti-Corruption Operations assessed for risks related to corruption	-	-	NO
205-2	Topic-Specific Disclosures - Anti-Corruption Communication and training about anti-corruption policies and procedures	Intro	18-21	FULLY
205-3	Topic-Specific Disclosures - Anti-Corruption Confirmed incidents of corruption and actions taken	Intro	21	PARTIALLY
415-1	Topic-Specific Disclosures - Public Policy Political contributions	-	-	NO NEED
206-1	Topic-Specific Disclosures - Anti-Competitive Behavior Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	-	NO
419-1	Topic-Specific Disclosures - Socioeconomic Compliance Non-compliance with laws and regulations in the social and economic area	Intro People Marketplace	21 34, 35 73, 75, 76	FULLY
414-1	Topic-Specific Disclosures - Supplier Social Assessment Percentage of new suppliers that were screened using criteria for impacts on society	-	-	NO
414-2	Topic-Specific Disclosures - Supplier Social Assessment Negative impacts on society in the supply chain and actions taken	-	-	NO
103-2	Management Approach Number of grievances about impacts on society filed, addressed, and through formal grievance mechanisms	-	-	NO NEED
416-1	Topic-Specific Disclosures - Customer Health and Safety Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Marketplace	73, 74	FULLY
416-2	Topic-Specific Disclosures - Customer Health and Safety Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Marketplace	73, 74	FULLY
417-1	Topic-Specific Disclosures - Marketing and Labeling Requirements for product and service information and labeling	Marketplace	73, 74	FULLY
417-2	Topic-Specific Disclosures - Marketing and Labeling Incidents of non-compliance concerning product and service information and labeling	Marketplace	73, 74	FULLY
417-3	Topic-Specific Disclosures - Marketing and Labeling Incidents of non-compliance concerning marketing communications	Marketplace	73, 74	FULLY
418-1	Topic-Specific Disclosures - Customer Privacy Substantiated complaints concerning breaches of customer privacy and losses of customer data	Marketplace	73, 74	FULLY
419-1	Topic-Specific Disclosures - Socioeconomic Compliance Non-compliance with laws and regulations in the social and economic area	Marketplace	73, 74	FULLY

## Reporting Team

### SUSTAINABILITY

Costinela Drăgan  
costinela.dragan@rompetrol.com  
+40 21 307 74 17

### LEGAL

Aretina Rachieru

### HUMAN RESOURCES

Nicoleta Mihăiță

### SUPPLY CHAIN

Sorin Cioca

### COMPLIANCE

Cătălin Beres

### QHSE

Camelia Vera Mitrofan  
Corina Rugină  
Felicia Andrei  
Sorin Zidaru

### FINANCE

Ioana Mihalache

### PROCUREMENT

Sanda Taina

## Contacts

### KMG INTERNATIONAL

World Trade Center  
Strawinskylaan 807, Tower A, 8th floor  
1077XX Amsterdam, The Netherlands  
Tel.: +31 205 75 23 90  
Fax: +31 205 75 23 99  
office@rompetrol.com  
www.kmginternational.com

### ROMPETROL RAFINARE

Bd. Năvodari nr. 215  
Clădirea Administrativă  
905700 Năvodari, România  
Tel: +40 241 50 60 00  
Fax: +40 241 50 69 30  
office.rafinare@rompetrol.com  
www.rompetrol-rafinare.ro

### KMG ROMPETROL

Piața Presei Libere nr. 3-5  
City Gate - Turnul de Nord, etajul 6  
013702 București, România  
Tel: +40 21 30 30 800  
Fax: +40 21 31 22 490  
office@rompetrol.com

### ROMPETROL DOWNSTREAM

Piața Presei Libere nr. 3-5  
City Gate - Turnul de Nord, etajul 2  
013702 București, România  
Tel: +40 21 206 75 00  
Fax: +40 21 206 75 80  
office.downstream@rompetrol.com  
www.downstream.ro



## KMG INTERNATIONAL 2020 SUSTAINABILITY REPORT

Please take a few minutes to fill out this questionnaire on the 2020 Sustainability Report.

We value your opinion as it helps us better manage our efforts and improve our results.

### Which of the following interests you the most?

(multiple choice)

- Corporate Governance & Transparency
- Corporate Responsibility Actions
- Environment
- Health & Safety
- Human Resources
- Stakeholders' information (shareholders, employees, neighboring municipalities, customers, suppliers, NGOs, etc)

### Mark the statements as to how much you agree with the following

- (1) strongly disagree
- (2) disagree
- (3) neither agree nor disagree
- (4) agree
- (5) highly agree

- The principles and issues are sufficiently covered in accordance with the company's sustainable development strategy.
- The content is complete and clear.
- The report's structure is functional and sufficient.
- The information presented is reliable and accurate.
- The tables and charts are easily understood and depicted in a satisfactory manner.
- The photographs and images positively enhance the report making it easier to read and more attractive.
- The printed version conforms to a Sustainable Development publication.
- I prefer the electronic version of the report.
- I will recommend the report to others.

### Assess in the order of priority from 1 to 5 the following areas in which the company has developed significant initiatives and activities, in your opinion:

(choose five)

- Safety
- Workplace
- Protecting the environment
- Caring for society and the environment
- Programs to support the local communities
- Transparency
- Human rights

