

## Note 5 EGMS

### Approval of the policy of distribution of the company's profit and dividend in accordance with the proposals of the company's shareholders.

The decision of the Board of Directors to convene the EGMS with this item on the agenda was taken following the reception on 02.12.2020 from the minority shareholder, KJK BALKAN HOLDING S.a.r.l, by the address registered under no. RWS 2624/02.12.2020 of a request regarding the summoning of an ordinary general meeting of shareholders.

The shareholder of KJK Balkan Holding S.a.r.l showed that “ *The proposed item on the agenda regarding the approval of the dividend distribution*

*policy by the company is necessary, as the company does not have an adequate policy regarding the distribution of the net profit and of the dividends and no such policy has been adopted by the company's shareholders. Currently, the company has a dividend distribution policy approved by Decision no. 2 of 25.02.2019 of the board of directors.*

*This decision does not provide for the "annual distribution of dividends", as recommended in the Corporate Governance Code of the Bucharest Stock Exchange, and does not include a clear set of guidelines that the company intends to follow regarding the "distribution of the net profit". On the other hand, in recent years the company's decision not to distribute the entire net profit as dividends has been obvious, even though the company had no need for such funds and no economic reason existed for such a resolution.*

*Therefore, a clear set of guidelines is needed regarding the distribution of the company's net profit and dividends.*

*KJK Balkan Holding S.a.r.l. proposes, therefore, that the company's net profit be distributed as dividends, with the exception of amounts for:*

- (a) specific objectives requiring working capital;*
- (b) acquisitions or investments approved in accordance with the strategy approved by the general meeting of the company's shareholders;*
- (c) the coverage of amounts for newly enforced taxes or duties or for legal requirements;*
- (d) coverage for unforeseen needs up to 2,500,000 lei;*

*And*

- (e) the buy-back of the company's shares within the limits provided by the law.*

*The withholding of the amounts provided for in points (a) - (e) may be made only if the amounts for such purposes are not already available and only if it is approved by the general meeting of shareholders based on a detailed report of the board of directors. The report of the board of directors must be approved by the shareholders' meeting and will indicate in actual terms the needs of the company, their economic substantiation and the exact or the reasonably estimated amounts for each purpose.”*

*KJK Balkan Holding S.a.r.l. reserves the right to supplement or amend the proposal made regarding the company's profit and dividend distribution policy in relation to the proposals made by other shareholders of the company.”*

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#### S.C. Rompetrol Well Services S.A.

# 2 bis Clopotei Street, 100189, Ploiesti, Prahova County, ROMANIA

phone: + (40) 244 544321; fax.: + (40) 244 522913; email: [office.rws@rompetrol.com](mailto:office.rws@rompetrol.com); [www.rompetrol.com](http://www.rompetrol.com)

*Therefore, it is hereby proposed the approval for the EGMS of RWS of January 28, 2021:  
- the policy of distribution of the company's profit and dividend in accordance with the proposals  
of the company's shareholders. The policy as proposed by the KJK is attached hereto.*

**Chairman of the Board of Directors**  
**Yedil Utekov**

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**DIVIDEND POLICY**  
**ROMPETROL WELL SERVICES**  
**PROPOSED BY KJK BALKAN HOLDING S.a.r.l.**

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## Chapter 1. Preamble

- 1.1 In order to comply with the requirements of BSE Code of Corporate Governance, Rompetrol Well Services S.A. decided to adopt a Dividend Policy.
- 1.2 This policy sets guidelines for calculation, declaration and payment of cash dividends for the Company (herein referred as *dividend*).
- 1.3 Dividend per share is the portion of net profit of the Company which is calculated and disbursed to shareholders for each share, depending on the income of the Company.
- 1.4 The dividend policy represents the intention of the Board of Directors upon its approval and may be reviewed in the future.
- 1.5 A company's policy on the net profit distribution refers to its options to distribute the net profit to shareholders, to reinvest it for supporting own projects or to split it on both purposes.
- 1.6 Consequently, each year there may be deviations from this Policy, depending on the current situation as regards, for example, the capital necessary for investments, other specific legal requirements, etc.
- 1.7 This Policy is supplemented by the provisions of the Articles of Incorporation and by: (i) Law 31/1990, (ii) Law 24/2017, (iii) FSA Regulation 5/2018, (iv) Order of the Public Finance Ministry 881/2012, (v) Order of the Public Finance Ministry 2844/2016.

## Chapter 2. Definitions

For the purposes of this Dividend Policy, the terms and expressions below shall have the following meaning:

- a) “**Articles of Incorporation**” – Rompetrol Well Services Articles of Incorporation
- b) “**GMS**” – General Meeting of Shareholders
- c) “**BSE**” – Bucharest Stock Exchange
- d) “**Law 24/2017**” – Law on issuers of financial instruments and market operations;
- e) “**Law 31/1990**” – Law on trade companies, as subsequently amended and supplemented;
- f) “**Order of the Public Finance Ministry 2844/2016**” – Order no. 2844/2016 on approving Accounting regulations according to the International Financial Reporting Standards;
- g) “**Order of the Public Finance Ministry 881/2012**” – Order 881/2012 regarding the implementation of the International Financial reporting Standards by trading companies whose securities are traded on a regulated market, as subsequently amended and supplemented;
- h) “**the Company's website**” – [www.petros.ro](http://www.petros.ro);
- i) “**legal provision/regulation**” – any field related legal rules provided in a law published in the Official Gazette of Romania – Part I;
- j) “**FSA Regulation 5/2018**” – Regulation on issuers of financial instruments and market operations;
- k) “**Rompetrol Well Services**” or “**the Company**” - Rompetrol Well Services SA.

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### **Chapter 3. Decision on disbursement of dividend**

3.1 Decision on declaration and disbursement of dividends shall be made by Annual Ordinary General Meeting of Shareholders upon recommendation of the Board of Directors.

3.2 *The company's net profit be distributed as dividends, with the exception of amounts for:*

*(a) specific objectives requiring working capital;*

*(b) acquisitions or investments approved in accordance with the strategy approved by the general meeting of the company's shareholders;*

*(c) the coverage of amounts for newly enforced taxes or duties or for legal requirements;*

*(d) coverage for unforeseen needs up to 2,500,000 lei;*

*And*

*(e) the buy-back of the company's shares within the limits provided by the law.*

*The withholding of the amounts provided for in points (a) - (e) may be made only if the amounts for such purposes are not already available and only if it is approved by the general meeting of shareholders based on a detailed report of the board of directors. The report of the board of directors must be approved by the shareholders' meeting and will indicate in actual terms the needs of the company, their economic substantiation and the exact or the reasonably estimated amounts for each purpose.*

3.3 Amount of dividends shall be identified when decision is made to declare and disburse dividends.

3.4 Decision of the GMS on declaration and disbursement of dividends shall reflect the following:

3.4.1 Amount of dividend per share;

3.4.2 The registration date and corresponding ex-date, which identifies the shareholders entitled to dividends ;

3.4.3 The disbursement date for dividend;

3.4.4 Any other legal requirements as mentioned by the applicable legal provisions;

### **Chapter 4. Dividend calculation**

4.1 Dividends are distributed and disbursed from Company's net profit, in proportion to amount of shares owned by shareholders.

4.2 Amount of dividends shall not exceed the amount recommended by the Board of Directors.

4.3 Amount of dividend payable per one share is identified by dividing total amount of dividends to the total number of shares issued by the Company.

4.4 Applicable tax regulations will be respected.

### **Chapter 5. List of persons with the right to receive dividends**

5.1 List of persons possessing the right to receive dividends is developed based on Company's shareholders register issued by the Central Depository as at the registration date according to the decision taken by the GMS.

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## Chapter 6. Disbursement of dividend

6.1 Declared dividends shall be disbursed within 15 working days from the registration date, no later than 6 month from the date of the GMS in which the disbursement of cash dividends was approved.

6.2 The Board of Directors shall ensure disbursement of declared dividends to shareholders. Starting with 2017, the disbursement of dividends has been centralized and is coordinated by the Central Depository. The Company may also change the present policy should there be any changes in the way the Central Depository coordinates this procedure.

6.3 Rompetrol Well Services complies with the Romanian laws and applies a withholding tax on dividends. Non-resident shareholders who would like to benefit from the Double Taxation Convention between Romania and their country of residence have to submit Rompetrol Well Services until the payment date, the fiscal residence certificate valid for the year the dividend is paid.

6.4 The Company publishes information on the payment of dividends and on other distributions made to shareholders (gross dividend, payment date, registration date, ex date, dividend payment methods) on the Company's website, in compliance with the effective laws.

## Chapter 7. Final Provisions

7.1 This Policy has been approved by Rompetrol Well Services Extraordinary General Meeting of Shareholders by Resolution no. \_\_\_\_\_ as of January 28, 2021.

7.2 The Dividend Policy may be reviewed and/or updated whenever necessary, by complying with the applicable laws or in case of binding laws or regulations on the dividend policy of trading companies.

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