

Reports requested within proposed Agenda for EGMS item 2

Item 2 Presentation by the company's board of directors of a report on the procedures and measures adopted to ensure that the transactions between Rompetrol Well Services SA and the related parties are concluded at market price and on reasonable terms.

In order to ensure that the Company's transactions with related parties are concluded at market price and on reasonable terms, in December 2019 the Board of Directors of the Company adopted the group Transfer Pricing Policy and the Operational Procedure for Transfer Pricing Policy.

The specific goals of Transfer Price Policy implemented by the Company are to:


- (i) give a framework for intercompany transactions and set standards by internal/external rules/regulations;
- (ii) support cross entity agreements and contracts;
- (iii) describe the methodology of setting the transfer prices used in transactions, being supported by benchmarks/ comparability studies.

The role of the Operational Procedure is to ensure the correct implementation of the transfer pricing policy from an operational point of view, mainly in terms of:

- (i) setting the transfer price,
- (ii) testing the transfer price if compliant with the arm's length prices, and
- (iii) documenting compliance with the arm's length prices for the transaction.

In order to ensure that the transfer price in transactions with related parties meet the transfer pricing requirements, yearly testing and, if needed, adjustments are made based on the consultant's transfer pricing reports for the relevant year. Consequently, the Company considers that there are observed the transfer pricing requirements for intercompany transactions and comply with fiscal provisions in force.

Chairman of the Board of Directors,
Yedil Utekov

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