

OIL TERMINAL SA Constanța

**EVALUATION
OF THE NON EXECUTIVE MANAGERS' ACTIVITY**

for 2020

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1. Applicable legislative framework

- ✓ Policy to evaluate non executive managers and directors in OIL TERMINAL
- ✓ Policy of remuneration in OIL TERMINAL
- ✓ Company' Constitutive Act
- ✓ Companies' Law no.31/1990, republished with further alterations and additions
- ✓ Law no.287/2009 regarding Civil Code
- ✓ Law no.111/2016 regarding the approval of EGO no.51/2013 to alter and add EGO no.109/2011
- ✓ Law no.13/2017 regarding the approval of EGO no.51/2013 to alter EGO no.109/2011
- ✓ EGO no.109/2011 regarding the corporate governance of public companies, approved by Law no.111/2016, with further alterations and additions
- ✓ OIL TERMINAL SA' Regulation of organization and running
- ✓ Non executive managers' mandate contracts, additional acts annexes to contracts included

Abbreviations used in the present report :

- AGA – shareholders general assembly
- BVC – budget of revenues and expenses
- CA - board of directors
- ICP – financial and non financial performance key indicators
- OUG – emergency ordinance
- ROF – regulation of organization and running

The present evaluation of the managers' activity is based on provisions of art.30 paragraph (7) of EGO no.109/2011 and refers both to mandate contract performance and the Management Plan.

2. Management general framework in the unitary system in 2020

By OGSM' decision no.24/08.11.2017, it approved to start the selection of the company' managers procedure and the authorization of the Board of Directors to start and run the managers' selection procedure to put in application the provisions of EGO no.109/2011 with further alterations and additions.

On 04.04.2018, by OGSM' Decision no. 5, it appointed 7 members of the Board of Directors by the cumulative voting method. The board of directors' members are non executive managers and the company' management system is the unitary system provided in art. 28 paragraph (1) from the above-mentioned legal stipulation.

By Board of Directors' decision no. 43/13.04.2018 and according to art.18 paragraph (5) of the company' Constitutive Act, it appoints the Board of Directors' chairman. The mandate period is of 4 years, since the manager appointment date, namely until 03.04.2022.

By BoD decision no.44/13.04.2018, it settles the advisory committees (the committee members and chairman included) to run in BoD, namely Audit Committee, Nomination and remuneration committee and Development and strategies committee.

The appointed advisory committees run their activity according to provisions of art.34 of EGO no.109/2011 and own organization and running regulations.

In 2020 the management general framework provided by art. 28 par. (1) of EGO no. 109/2011, according to unitary system, namely, a board of directors of 7 non executive managers members appointed by OGSM' Decision no. 5/04.04.2018, by cumulative voting method was maintained.

3. Board of Directors' structure

By OGSM' decision no.5/04.04.2018 for a 4-year period, the following managers were appointed :

No.	Name and first name	Profession	Position/Period
1.	CRISTIAN-FLORIN GHEORGHE	Engineer	Manager 04.04.2018 - present BoD Chairman 13.04.2018 - present
2.	COSTREIE TOMA -BOGDAN	Jurist	Manager 04.04.2018 - present
3.	OVIDIU AURELIAN ANDREI	Engineer/Jurist	Manager 04.04.2018 - present
5.	CONONOV PAUL	Engineer	Manager 04.04.2018 - present
7.	UNGUR RAMONA	Economist	Manager 04.04.2018 - present
8.	LAZARIU DRAGOS CIPRIAN	Economist	Manager 04.04.2018 - present
9.	POP RADU CRISTIAN	Economist	Manager 04.04.2018 - present

By Decision no. 24/01.03.2018, it advised the mandate contracts content, by OGSM' decision no.5/04.04.2018 it approved the mandate contracts' form and content to be concluded with non executive managers appointed by cumulative method, with further alterations and additions sent by the Ministry of Energy' address no. 101046/AA/15.03.2018.

By OGSM' decision no. 33/10.12.2018 it approved the additional acts' form and content, annexes of mandate contracts concluded with non executive managers.

By art. 1 og OGSM' Decision no. 9/23.04.2020, as a result of managers activity annual evaluation according to provisions of art. 30, par. (7) of EGO 109/2011 it was approved to maintain the non executive managers variable component in the amount approved by OGSM' decision no. 32/10.12.2018 and maintained by OGSM' Decision no. 14/05.08.2019, namely, 12 monthly gross fixed indemnities.

4. Performance of obligations provided in mandate contracts concluded with the company

By OGMS' decision no.5/04.04.2018 it approved the mandate contracts form and content between the company and the company' non executive managers.

By art. 7 of OGSM' Decision no. 9/23.04.2020 it approved the management discharge for managers' activity of 2019 financial year.

Among the obligations related to 2020 provided in the approved mandate contracts and the considerations regarding the way they are complied with, the followings are to be mentioned:

- It exercises control on how the General Director run the MANDATE activity, evaluating General Director/managers' activity regarding both mandate contract execution and management component of management plan;
For 2020, managers took note of the General Director' activity reports issued according to provisions of art. 54 of EGO 109/2011, as follows:
-trimester I 2020 report – managers took note of the report within the meeting of 08.05.2020
-trimester II 2020 report – managers took note of the report within the BoD meeting of 11.08.2020
-trimester III 2020 report – managers took note of the report within the BoD meeting of 09.11.2020
-trimester IV 2020 – managers took note of the report within the BoD meeting of 22.03.2021
The report regarding managers activity evaluation shall be issued by the Nomination and Remuneration Committee, shall be approved within the BoD meeting and it is going to be sent to the Ministry of Energy until 31.05.2021 to be posted on its own website according to provisions of art. 36 par. 5 of EGO 109/2011.

- Code of ethics update. During 2020, the review of ethical code approved by Decision no. 51/02.05.2018 was not necessary.
- It verifies executive managers reports approved by the General Director and any other aspects regarding MANDATE' activity.
Within BoD meetings of 2020, the executive leadership presented monthly activity reports, as well as any other aspects regarding madate' activity. Also, the executive leadership informed company' managers regarding the stage of implementing BoD decisions made during all year.
- It provides the publishing on company' website of remuneration policy and criteria for BoD members and directors; Remuneration policy for managers and mandate directors is posted on company' website. *Within BoD meeting of 03.05.2019, the remuneration policy was updated. Within the BoD meeting of 22.03.2021, it shall be presented for approval the company' remuneration policy updated by provisions of art. 92, index 1 of Law 24/2017 regarding financial instruments issuers and market operations.*
- It convenes Shareholders General Assembly under the terms of law and Constitutive Act. *In 2020, 4 OGSM took place (21 decisions were adopted) and 3 EGSM (8 decisions were adopted), according to <http://relatia.oil-terminal.com/aga-2020/> - a total of 30 decisions.*
- It presents to Shareholders General Assembly a report regarding management activity including information on directors mandate contracts execution, details about operational activities, financial performances and MANDATE' semestrial accounting reports; *Within the meeting of 22.03.2021, the BoD will convene for 26(27).04.2021 the EGSM for approval of audited annual financial situations related to 2020 issued according to IFRS provisions, for approval of annual financial Report for 2020 financial year including: managers Report for the financial year ended on 31.12.2020, financial auditor' Report, Report on managerial internal control system, 2020 audited annual financial situations (including: situation of financial position, situation of overall result, situations of cash flows, situation of own capitals alterations, notes to financial situations), statement of responsible persons according to art. 63 of Law no. 24/2017 and art. 223 of FSA Regulation 5/2018, BoD' statement according to art. 30 of Law no. 82/1991, non financial statement.*
- Committees activity. *In 2020, advisory committees component running within the board of directors, established by BoD Decision no. 44/13.04.2018 was maintained.*

Nomination and Remuneration Committee

Assistance to Board of Directors for responsibilities fulfilment and supervision for the nominalization process (recruitment and selection) of company' executive leadership (mandate directors).

The Nomination and Remuneration Committee is made of 5 BoD members, non executive managers. Current members of the committee are:

1. Toma Bogdan Costreie - Chairman
2. Radu Pop - member
3. Ovidiu Aurelian Andrei - member
4. Ramona Ungur – member
5. Paul Cononov – member

The Nomination and Remuneration Committee formulates recommendations for Oil Terminal' Board of Directors for responsibilities fulfillment of non executive managers or mandate directors remuneration or nominations of candidates for the positions of mandate contract directors. The Committee sends periodical reports on its activity to the BoD.

In 2020, the main recommendations of the Committee to the Board of Directors aimed: the establishment of Oil Terminal SA Board of Directors Report' form and content for 2019 financial year, according to FSA Regulation no. 5/2018 and art. 56 of EGO 109/2011, review of non executive managers variable component, establishment of variable component' general limits for mandate directors remuneration, establishment of compensation limit

related to insurance policy for company' managers civil liability, Oil Terminal SA' internal Regulation and Policy regarding work harassment and anti-harassment measures within Oil Terminal SA, a number of 14 decisions of the nomination and remuneration committee are going to be adopted during next year.

Audit Committee

It offers assistance to company' Board of Directors for responsibilities fulfillment regarding financial reporting process, management reporting, internal control system, audit process and monitoring process for law compliance, regulations and code of conduct. Also, the audit committee, without overlapping company' auditors activity, is the audit advisory Committee fulfilling attributions provided by art. 10 of EGO 109/2011.

The Audit Committee is made of at least 3 BoD members, non executive managers. At least one of the audit advisory committee must have experience regarding the application of accounting principles or regarding financial audit. Current members of the committee are:

1. Ramona Ungur - Chairman
2. Ciprian Dragoş Lazariu - member
3. Radu Pop - member

The audit Committee formulates recommendations to Oil Terminal' Board of Directors for responsibilities fulfillment of financial reporting monitoring process, internal control system effectiveness, internal audit, as the case may be, and of company' risk management.

In 2020, the main recommendations of the committee to the BoD aimed financial situations, acquisition plan, audit activity, Oil Terminal internal Regulation and Policy regarding work harassment and anti-harassment measures within Oil Terminal SA, a number of 23 decisions of the committee are going to be adopted during next year.

Development and Strategy Committee

It carries out a promoting activity for company' projects aiming to increase and develop its performance. This committee' program is related to the strategy and objectives settled in company' development strategy. The Committee sends periodically recommendations and reports on its activity to the BoD.

The Development and Strategy Committee is made of 5 BoD members, non executive managers. Current member of the committee are:

1. Ovidiu Aurelian Andrei – Chairman
2. Dragoş Ciprian Lazariu – member
3. Ramona Ungur – member
4. Toma Bogdan Costreie – member
5. Paul Cononov - member

Advisory Committee of Development and Strategy establishes and monitors company' development strategies, periodically evaluates the state of implementing these development strategies and the measures required for objectives fulfillment, monitors/ updates company' development strategies and formulates recommendations in this regard to the BoD and to directors and persons in leading positions involved in these development strategies development, monitors company activity diversity projects by achieving some investment objectives.

In 2020, the main recommendations of the committee to the BoD aimed: acquisition plan, establishment of value for compensation limit related to insurance policy of company' manager civil liability, Oil Terminal internal Regulation and Policy regarding work harassment and anti-harassment measures within Oil Terminal SA, submitting to EGSM evaluation of proposals regarding "Increase of storage capacity in Oil Terminal South Storage Farm", Oil Terminal SA' global development Strategy (2016-2025), updated, as a result of the approval of company' investment strategy for the period (01.07.2020-01.07.2025), 3 project financing proposals of modernization Fund according to provisions of Directive (EU) 2018/410 for inclusion within project list and sending them to the Ministry of Economy, Energy and Business Environment, to the attention of European Commission, adopting a number of 20 decisions during next year.

5. Management plan performance – Management component

In maximum 30 days, since appointment (namely, 13.04.2018) BoD issued a proposal for the Management plan' management component, approved by Decision no.46/25.04.2018.

Management component was added with the Management component issued according to provisions of art.36 paragraph.(1) and presented by the appointed directors in 60 days since their appointment.

Management plan management component was approved by BoD by Decision no.89/31.08.2018 :

- it contains the measures to lead to the achievement of objectives contained in the Expectations letter communicated by the company' shareholders
- is on the base of proposal for performance key indicators targets for each mandate year for the appointed directors. Indicators and percentages of these for the directors appointed were approved by BoD decision no.115/29.10.2018 and presented in a number of 14 performance key indicators that were annexed in mandate contracts.

Performance key indicators are structured in 2 categories: financial indicators (5) and non financial indicators (9), from which: 4 ICP operational non financial and 5 non financial ICP corporate governance.

Financial indicators are expressed as a report between two measures, the non financial indicators can be grouped in:

- Project indicators meaning some activities achievement and/or a calendar fulfillment
- Result indicators

The evaluation principles of performance key indicators, as these were approved by BoD, had in view the following principles, namely evaluation regulations:

a. Indicators settled as report between two measures are calculated as:

- report between the achieved value and the target value multiplied by 100 expressed in percentages
- in evaluation of their achievement degree, indicators are considered achieved if the report is more than or equal to 100. Any exceeding over 100% will be limited to 100, so that, a higher degree of achievement than 100% can't be recorded as the exceedings recorded for indicators having minimum targets are limited at a fulfillment degree of 100%, while the unfulfillments are penalized accordingly.

b. if the indicators supposing some activities fulfillment and/or an implementation of a calendar fulfillment, the evaluation of their fulfillment degree is made according to the following principles:

- indicator is considered to be fulfilled (100%) if the supply of all deliveries, which limit term are extended by 30 days;
- unfulfillment of an indicator is penalized accordingly

Each indicator contributes in a certain percentage to the total indicator calculation.

For 2020 performance key indicators were not the object of any review request, so that, their level is that one initially settled.

The measures plan for 2020 regarding the objectives achievement contained in shareholders Expectations letter

Measure : Continuity of steps already initiated in 2016, together with the start of some court actions, by initiating some actions to ascertain social capital legal increase and the completion of the whole increase process

Responsible persons : Board of Directors, Executive management

Actions: Appointment of an intermediary, ASF authorized to issue the offer prospect and to achieve any and all the recording legal formalities.

Prospect' advice, approval, run.

Approval of Offer proportionated prospect, the coordination of actions to approve the Offer proportionated prospect by ASF and its publication..

Offer running (settling and approval of subscription procedure, the payment place and methods, the way the subscriptions are analyzed and validated, measures adoption regarding the unsubscribed actions and of any other necessary measures).

Approval of final results after the subscriptions conclusion

Determination of exact value the social capital is increased by, from which contribution in kind and how much it is contribution in cash, with detailing the shares numer issued for the contribution in kind and the total number of shares issued for the contribution in cash.

Settling of social capital value after increase and social capital distribution per shareholders

Alteration of constitutive act complying with the increase.

Adoption of auxiliary decisions to notify ASF on the subscriptions completion and recording in ORC and in the Registrar company.

Cancelation of unsubscribed shares at the subscription period completion.

Major shareholder request to start an action in court by which it asks for the social capital increase by the contribution in kind of the two fields is ascertained.

Financing source : annual BVC

Implementation term : 2019-2022

Stage on 31.12.2020 : it ran the acquisitions procedure. By BoD decision no. 117/29.10.2018 BRM was appointed as FSA authorized intermediate. The procedure was suspended according to civil sentence no. 1744/12.12.2018 pronounced by Constanta Court in file no. 6977/118/2018 by which application of BoD Decision no. 95/05.09.2018 was suspended. The procedure is suspended until termination of court actions regarding the cancellation of EGSM Decision no. 6/10.10.2016 object to files no. 7882/118/2017*, 7883/118/2017* and 7884/118/2017*, pending in Constanta Court. BoD was informed regarding the stage of legal procedure for increasing Oil Terminal SA share capital and decides, within the meeting of 08.05.2020, in order to continue share capital increase, the convocation of an EGSM with the following agenda:

- Termination of EGSM Decision no. 6/10.10.2016 application;
- Ascertaining of Oil Terminal SA share capital legal increase by the value of the two fields object of attestation certificates of property right series MO3 no.11703/02.02.2011 and series MO3 no.11704/02.02.2011;
- Approval for an application formulation to the delegated judge near ONRC to appoint one or more experts to evaluate the two fields to be included in the process of company share capital increase.

Oil Terminal SA' EGSM of 12.06.2020, by Decision no. 4/12.06.2020, approved:

- Termination of EGSM Decision no. 6/10.10.2016 application;
- Ascertaining of Oil Terminal SA share capital legal increase by the value of the two fields object of attestation certificates of property right series MO3 no.11703/02.02.2011 and series MO3 no.11704/02.02.2011;
- Formulation of an application to the delegated judge near ONRC to appoint one or more experts to evaluate the two fields to be included in the process of company share capital increase.

An application was formulated by the minority shareholder to ORC near Constanta Court against the registration in ONRC of EGSM' Decision no. 4/12.06.2020, adopted on 12.06.2020, currently in trial and object to file no. 3330/118/2020. Next trial term is set on 23.03.2021.

Also, on 21.07.2020, the application for recusal of the evaluator expert appointed by ORC near Constanta Court was received at company' deahquarter, formulated by the company' minority shareholder. The application is pending in Constanta Court. It is object to file no. 4049/118/2020, pending in Constanta Court, complainant Dumitrescu Sebastian Valentin, defendant Oil Terminal SA, Mapps Master Appraisal SRL. Application for recusal of evaluator expert Mapps Master Appraisal SRL, appointed by ORC by resolution no. 16280/07.07.2020, pronounced in file no. 60751/06.07.2020. Next trial term is set on 24.03.2021.

Regarding action for cancellation EGSM Decision no. 4/12.06.2020, object of file no. 3656/118/2020, pending in Constanta Court, complainant Dumitrescu Sebastian Valentin, defendant Oil Terminal SA, next trial term is settled on 24.03.2021.

Regarding presidential Ordinance requesting registration suspension for EGSM Decision no. 4/12.06.2020 until settlement of file no. 3656/118/2020, next trial term is settled on 24.03.2021.

Reporting method: In OGSM of 23(24).04.2020, a Report was presented regarding the social capital increase stage and the acquisition of some legal services was approved. The measure is going to be implemented in term provided in the management plan (2019-2022).

Measure : *Reinvestment of profit*

Responsible persons : Board of Directors, Executive management

Actions: Investment plan, endowments and investment sources for 2020

Distribution of net profit achieved on 31.12.2020

Dividends policy approved regarding profit reinvested from own financing source

Investments financing source on 31.12.2020

During 2020, the company ran tangible assets provided in subgroup 2.1, namely, in class 2.2.9 of the catalog regarding classification and normal operating period of fixed assets, approved by GD no. 2139/2004 for which the tax exemption is applied according to art. 22 par. 1 of Law no. 227/2015 regarding Fiscal code.

The amount resulted from the application of art. 22 par. 1 of Law no. 227/2015 regarding Fiscal code, namely, 554 thousand lei, represents reinvested profit and it is used as own additional investment source during the year recorded, namely, during 2020.

Also, on 31.12.2020 the company proposes the distribution of net profit related to 2020 financial year in amount of 4,027,237 lei (completed with the value of the provision constituted for the fund of employees participation in profit, on 31 December 2020) to destinations provided by art. 1 par. (1) of GEO no. 64/2001 regarding profit distribution to national companies and commercial companies with full or majority state capital, as well as to autonomous companies, with further alterations and additions, approved with alterations by Law no. 769/2001, from which "Other reserves providing own financing source" in amount of 1,287 thousand lei.

Reporting method: Managers' report for financial year ended on 31.12.2020, component of Financial report' component for 2020 approved by EGSM decision of 26(27).04.2021. The measure is in the implementation term provided in the management plan (2018-2022).

Measure : *Identification of some partnerships with public private entities in the country or from the business environment*

Responsible persons : Executive management

Actions: Meetings with investors, market prospection, offer requests

Financing sources : attracted sources

Implementation term : Anual/2018-2022

Stage on 31.12.2020 : The company' BoD, gathered within the meeting of 28.06.2019 approved informing shareholders regarding AMEROCAP investment offer. Within the EGSM of 05.08.2019, according to decision no. 16/05.08.2019, company' shareholders took note of AMEROCAP proposal to invest in Oil Terminal. The company contracted the development of a feasibility study to extend the storage capacity in South Storage Farm. It showed interest in a partnership aiming to develop SAPE and AMEROCAP project. After the study completion, meetings shall take place to identify best offers.

Oil Terminal SA ESGM, on 12.06.2020, by Decision no. 5/12.06.2020 approved:

- Entering a partnership with SAPE in order to implement the project "Increase of storage capacity in South Storage Farm" – Oil Terminal SA Constanta;
- Entrustment of company' BoD to negotiate legal terms and to formulate the final proposal regarding partnership achievement method and submitting to approval to a further EGSM.

Oil Terminal SA OGSM, on 12.06.2020, by decision no. 15/12.06.2020, approved:

- Acquisition of consulting/ assistance and/or representation legal services partnership achievement method in order to implement the project "Increase of storage capacity in South Storage Farm" – Oil Terminal SA Constanta;

The due diligence process is initiated in order to negotiate legal terms and and to formulate the final proposal regarding partnership achievement method in order to implement the project "Increase of storage capacity in South Storage Farm" – Oil Terminal SA Constanta. The negotiation process is ongoing,

Reporting method : It is going to be submitted for AGA' approval. The measure is in the implementation term provided in the management plan (2018-2022).

Measure : *Improvement of decisions process in the business development interest*

Responsible persons : Board of Directors, Executive management

Actions : ROF issue/updating, ethic code, AQ and CIM procedures

Financing sources: annual BVC

Implementation term : Annual/2018-2022

Stage on 31.12.2020 : Process to be run permanently by evaluation the practice documents, the regulations and the legislation in force

Reporting method: Managers report for financial year ended on 31.12.2020, component of Financial report for 2020 will be sent to approval within EGSM of 26(27).04.2021. The measure is in the implementation term provided in the management plan (2018-2022).

Measure : *Diminishing of technological consumptions*

Responsible persons : Executive management

Actions : Permanent monitoring of technological process

Financing sources : annual BVC

Implementation term : annual 2018-2022

Stage on 31.12.2020 : By the investments and maintenance plan, it maintains the infrastructure upgrading too so that the technological consumptions are low. Operations of storage and running of products through terminal' technological facilities are constantly planned and monitored by staff and specific records, in order to reduce and maintain technological consumptions in approved limits.

The diminishing of technological consumptions is provided by permanent monitoring of operations, maintenance, repairs and modernization of terminal' technological consumptions according to maintenance plans and investments approved by the Budget of revenues and expenses and company' strategic development objectives.

By implementing and monitoring the technological strategy, component of global strategy of company development on long term, it is constantly provided by qualified staff within operational structures, established to achieve strategic objective aiming to provide the proper management of client' product by quality services supply, fully secured, as well as to reduce technological consumptions.

Reporting method : In OGSM of 26(27).04.2021, CNR Report will be presented, whose chapter 7 presents the Degree of performance key indicators achievement, namely, ICP "Specific technological consumption for crude oil". The measure is in the implementation term provided in the management plan (2018-2022).

Measure : *Possibility to finance investments objectives to issue the corporate obligations and investors' attraction*

Responsible persons : Board of Directors, Executive management

Actions : meetings with investors, market prospection, offer requests

Financing sources : annual BVC

Implementation term : 2019-2022

Stage 31.12.2020 : Until now, only bank credit as investments financing source was identified. We analyse the possibility to finance some investments by companies with such objectives. The company contracted the development of a feasibility study to extend the storage capacity in South Storage Farm. It showed interest in a partnership aiming to develop SAPE and AMEROCAP project. After the study completion, meetings shall take place to identify best offers.

Oil Terminal SA ESGM, on 12.06.2020, by Decision no. 5/12.06.2020 approved:

- Entering a partnership with SAPE in order to implement the project "Increase of storage capacity in South Storage Farm" – Oil Terminal SA Constanta;
- Entrustment of company' BoD to negotiate legal terms and to formulate the final proposal regarding partnership achievement method and submitting to approval to a further EGSM.

The due diligence process is initiated in order to negotiate legal terms and to formulate the final proposal regarding partnership achievement method in order to implement the project "Increase of storage capacity in South Storage Farm" – Oil Terminal SA Constanta. The negotiation process is ongoing,

At the request of the Ministry of Economy, Energy and Business Environment proposal projects were developed, aiming the inclusion in project list for financing by modernization fund, according to provisions of Directive (EU) 2018/410 of European Parliament and Council of 14 March 2018 to amend Directive 2003/87/CE aiming the profitability of reducing carbon dioxide emissions and the increase investments and of Decision (EU) 2015/1814, namely:

1. Project sheet "Increase of storage capacity in Oil Terminal' South Storage Farm, by building two shoretanks with capacity of abt. 50000 cm";
2. Project sheet "Development of photovoltaic system in Oil Terminal' North Storage Farm";
3. Project sheet "Pipelines aboveground location in Oil Terminal Port Storage Farm- MIM bridge".

The measure is in the implementation term provided in the management plan (2018-2022).

Measure : Implementation in the Repairs and maintenance annual plan for the works related to fixed assets (shoretanks, pipelines, other facilities) with a major impact on the environment

Responsible persons : Executive management

Actions : Permanent updating of actions plan for the strategy implementation up to the facilities' technical state

Financing sources : annual BVC

Implementation term : 2018-2022

Stage on 31.12.2020 : The plan is being monitored, evaluated and updated permanently, depending on the necessities and priorities settled in the maintenance plan, strategic development objectives, company' compliance with legal framework in force regarding environmental protection. The stage of the plan is permanently reported to BoD each semester. The measure is in the implementation term provided in the management plan (2018-2022).

Measure : Prioritization of repairs works up to the identified technological risk

Responsible persons : executive management

Actions: permanent updating of actions plan for the strategy implementation up to the facilities technical state

Financing source : annual BVC

Implementation term : 2018-2022

Stage on 31.12.2020 : The plan is permanently updated up to necessities and is reported its implementation stage by BoD each semester.

The measure is in the implementation term provided in the management plan (2018-2022).

Measure : Pipelines' aboveground location, where it is possible, in order to diminish the effects on environment further underground pollution

Responsible persons : executive management

Actions : permanent updating of actions plan for the strategy implementation up to the facilities technical state

Financing sources : annual BVC

Implementation term : 2018-2022

Stage on 31.12.2020 : The plan is being monitored, evaluated and updated permanently, depending on the necessities and priorities settled in the maintenance plan, strategic development objectives, company' compliance with legal framework in force regarding environmental protection. The stage of the plan is

permanently reported to BoD each semester. At the request of the Ministry of Economy, Energy and Business Environment proposal projects were developed, aiming the inclusion in project list for financing by modernization fund, according to provisions of Directive (EU) 2018/410 of European Parliament and Council of 14 March 2018 to amend Directive 2003/87/CE aiming the profitability of reducing carbon dioxide emissions and the increase investments and of Decision (EU) 2015/1814, namely, project sheet "Pipelines aboveground location in Oil Terminal Port Storage Farm- MIM bridge".

The measure is in the implementation term provided in the management plan (2018-2022).

Measure : Settling of optimum proportions between the dividends share paid to shareholders and the part destined for the profit re investment as a fair proportion is taken up to the consequences on the company' market value

Responsible persons : Board of Directors, Executive management

Actions : Issue and submission of a dividends policy to AGA

Financing sources : annual BVC

Implementation term : 2019

Stage on 31.12.2020 : There is a dividends policy posted on site. Within the BoD meeting of 03.05.2019 the new company' dividends policy was approved. In order to be updated, it was sent to GSM of 23(24).04.2020 to approve Oil Terminal dividends Policy. By OGSM Decision no. 6/23.04.2020, Oil Terminal SA' dividends Policy, updated, is approved. There are constraints in the applicable legislation regarding dividends distribution method. According to the current applicable legislation, from the net profit recorded at the end of the financial year, the company distributes minimum 50% of dividends due to shareholders.

Reporting method : Managers report for financial year ended on 31.12.2019, component of Financial report for 2019 sent for approval in OGSM of 23(24).04.2020.

Measure : Regulation of the company' Corporate Governance Code *existent in BVB Corporate Governance Code provisions to undertake the best practices identified in the companies listed at an international level*

Responsible persons : executive management

Actions: Permanent updating of legal requirements procedure

Financing sources : -

Implementation term : 2018-2022

Stage on 31.12.2020 : The company' Corporate Governance Code was updated by BoD decision no. 12/06/03/2019. Corporate Governance Code is posted on the company' website. The application and compliance with its provisions is monitored permanently. The measure is in the implementation term provided in the management plan (2018-2022).

Measure : Regulation of the company' Ethics code *to achieve fully the integrity target and zero tolerance comparing to the practices contrary to the loyalty principle versus law and society*

Responsible persons : executive management

Actions : permanent updating of legal requirements procedure

Financing sources : -

Implementation sources : 2018-2022

Stage on 31.12.2020 : Ethics code was updated on 02.05.2018 according to provisions of EGO 109/2011 (maximum 90 days since the managers' appointment). Ethics code was distributed to all interested parties in order to implement and monitor continuously. Ethics code was published on the company' website. The

application and compliance with its provisions is monitored permanently. The measure is in the implementation term provided in the management plan (2018-2022).

Measure : Implementation of additional mechanisms of minor shareholders' rights protection

Responsible : Board of Directors, Executive management

Actions : Permanent issue/updating of legal requirements procedures , participation to training programs organized by the authorized institutions (BVB)

Financing source : -

Implementation term : 2019

Stage on 31.12.2020 : The company takes part to training programs organized by BVB. Since October 2017, the reports submission system was replaced by IRIS platform. The application and compliance with legal applicable framework is monitored permanently. In June 2018, ASF Regulation 5/2018 was approved, applied by the company. The measure is in the implementation term provided in the management plan (2019).

Measure : *Continuous development of the risk management activity in the company*

Responsible persons : Board of Directors, Executive management

Actions : issue/updating of CIM procedures according to legislative alterations

Financing sources : -

Implementation term : 2018-2022

Stage on 31.12.2020 : Internal procedures are issued and updated according to legislative, organizational alterations, as well as to requirements of standards approved by public entities' managerial internal control Code. SCIM internal procedures are implemented and monitored by company' functional structures leaders, under the methodological coordination and guidance of monitoring Commission. Risk management system (corruption risks included) is implemented and documented systematically and consequently, according to risk management Policy, system Procedure for risk management, namely of provisions of Order no. 600/2018 regarding the approval of managerial internal control Code of public entities, and of provisions of GD no. 599/2018 for the approval of standard evaluation methodology of corruption risks within authorities and central public institutions, along with estimation indicators for possible corruption risks, indicators on the impact of corruption risks and corruption risk register form. Risk evaluation and risk management stage is done each semester by risk documentation and Note of conclusions regarding risk management process at SCIM level.

Reporting method : Managers report for financial year ended on 31.12.2020, component of Financial report for 2020 sent to approval in OGSM of 26(27).04.2021, presents risk Management in chapter OIL TERMINAL SA ACTIVITY ASSESSMENT. The measure is in the implementation term provided in the management plan (2018-2022).

6. Performance key indicators achievement degree for 2020

Performance indicators are performance evaluation instruments showing the achievement degree of a settled objective

Financial and non financial ICP achievement degree for 2020 related to non executive managers, according to information of audited annual financial reports on 31.12.2020, issued according to IFRS :

No.	Key performance indicators related to nonexecutive managers	2020		Achievement degree % (GI _{ICP})	ICP percentage for determination of variable component (W _{ICP})	Observations
		Approved	Achieved			
A.	FINANCIAL ICP – 25%					

1.	Outstanding payments - lei	0	0	100%	2%	- Budget of revenues and expenses achieved on 31.12.2020 - The half-yearly report of the Board of Directors for sem. II of 2020 issued according to art. 55 paragraph (1) of GEO no. 109/2011
2.	Operating expenses (less depreciation and adjustments and impairments for loss of value and provisions) - thousand lei	153,921	164,079	100%	4%	If the value of the indicator is higher than the value approved by the Budget of revenues and expenses, the indicator is considered to be 100% fulfilled provided that at the end of the current financial year the company records a net profit. The net profit registered on 31.12.2020 is in the amount of 3,705 thousand lei.
3.	Current liquidity	≥ 0.85	1.26	100%	8%	NRC Report sem.II 2020 issued according to art. 55 paragraph (1) of GEO no. 109/2011
4.	Patrimonial solvency (%)	≥ 30%	78.3%	100%	3%	NRC Report sem.II 2020 issued according to art. 55 paragraph (1) of GEO no. 109/2011
5.	EBITDA- thousand lei lei	20,469	29,457	100%	8%	The achieved value is in the amount of 29,457 thousand lei, being higher than the corresponding value for the condition ≥ 95%, respectively, 19,446 thousand lei.
B. NON FINANCIAL ICP – 75%						
B1. OPERATIONAL ICP – 25%						
6.	The share of critical technical accidents - number of cases	1	0	100%	5%	Report no. 12/05.01.2021 regarding risk management process at the level of the Facilities Control and Environmental Protection Service for 2020 (CI-PM).
7.	Achievement index of measures ordered by external controls (%)	Minimum 80%	87.01%	100%	5%	- Development Strategy Office' Address no. 316 of 03.03.2021 - Table.3 "Achievement index of measures ordered by external controls on 31.12.2020", registered under no. 315/03.03.2021

8.	Achievement of annual value plan of investments—thousand lei	20,887	21,697	100%	15%	The achieved value is in the amount of 21,697 thousand lei, being higher than the corresponding value for the condition $\geq 100\%$, respectively, 20,887 thousand lei.
B2.	CORPORATE GOVERNANCE ICP – 50%					
9.	Implementation and development of the internal managerial control system	80%	97.47%	100%	15%	- Stage of achievement for the internal managerial control system development program of Oil Terminal, for 2020 (no. 17/25.01.2021). - Report no. 11/25.01.2021 on the internal managerial control system on 31.12.2020. - Report no. 254/29.01.2021 on the risk management process at the level of Strategic Development Office
10.	Establishment of risk management policies and risk monitoring	80%	91.07%	100%	10%	- Report no. 254/29.01.2021 of the Strategic Development Office for 2020. - The register of risks at company level, revised on 31.12.2020 registered under no.01/20.01.2021. - The centralized situation regarding the stage of implementation and development of the internal managerial control system on 31.12.2020 (no.8/25.01.2021).
11.	Reporting of key performance indicators to term	100%	100%	100%	10%	The reporting is considered achieved by corroborating the provisions of art. 57 paragraph (4) of GEO no. 109/2011 with the provisions of the legislation regarding capital market. Thereby, according to the Financial Calendar approved for the year 2021 on the 26(27).04.2021, the Report for 2020 issued according to the audited annual financial statements is presented.
						- According to the "Report on the state of measures

12.	Increasing institutional integrity by including measures to prevent corruption as an element of management plans	80%	100%	100%	15%	<p>implementation in the Integrity Plan for the implementation of the National Anticorruption Strategy (2016–2020) at the level of Oil Terminal SA for 2020” (no. 247/25.01.2021), no incident of integrity was identified or registered during (01.01.2020–31.12.2020), so the measures undertaken by the Plan were met.</p> <p>- Integrity Plan (no. 22/29.01.2020) for the implementation of the National Anticorruption Strategy (2016 - 2020) at the level of Oil Terminal SA for 2020.</p> <p>- Self-assessment (no. 244/25.01.2021) of the Integrity Plan for the implementation of the National Anticorruption Strategy (2016 - 2020) at the level of Oil Terminal SA for 2020.</p> <p>- Annual report (no. 190/07.01.2021) for the evaluation of integrity incidents, year 2020 (Annex no. 6 to GD no. 599/2018).</p> <p>- Address no.275/1548/08.02.2021 to MEEMA.</p>
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Achievement degree (GI_{ICP}) Corporate Governnace	100%		
Total percentage achieved (WT_{ICP}) related to non financial ICP –Corporate Governnace		25%	
Achievement total degree (GT_{ICP}) of ICP	100%		

The performance key indicators achievement total degree (GT_{ICP}) is the amount of each ICP achievement degree amount multiplied with the percentage coefficient (W_{ICP}) related to each ICP.

Calculation formula :

$$GT_{ICP} = \sum_{i=1}^n GI_{iICP} \times W_{iICP}$$

where :

- GT_{ICP} - ICP annual total achievement degree
- W_{ICP} – Multiplication coefficient (percentage) for each ICP
- GI_{ICP} – Achievement degree of individual ICP

I_i – Individual indicator (Achievement degree %)

Achievement degree of each ICP (GI ICP) is the achievement degree of each ICP, having in view the calculation method provided for each ICP, further multiplied with the percentage coefficient (W_i ICP) related to each ICP. Variable component of remuneration due to non executive managers and directors will be directly proportioned with GT_{ICP} for that financial year.

Also, if :

- a) $GT_{ICP} \geq 80\%$, variable component of remuneration is paid according to the presented calculation method
- b) $GT_{ICP} < 80\%$, variable component of remuneration is not paid

From the analysis made and effected in the above-mentioned table, it arises that, the annual total achievement degree of financial and non financial ICP for 2020 is 100% complying with the term of item a), namely, $GT_{ICP} \geq 80\%$, therefore, directors' remuneration variable component is paid according to the calculation method presented also in the quantum approved for 2020.

Managers remuneration variable component will be given after the Audited annual financial reports issued according to IFRS' approval by OGSM, which will take place on 26(27).04.2021 according to the Financial Communication Calendar for 2021.

6.1 Monitoring of ICP mentioned in Negotiation report no.111862/08.10.2018

By the Negotiation report no.111862/08.10.2019 for performance indicators, "Immediate liquidity (acid test)", "Technological consumption specific for crude oil" and "Clients' satisfaction" provides BoD' obligation to monitor those indicators until the limits provided in the Management Plan, namely: annual values for 2020 ≥ 0.8 , complying with the maximum level of 95%, a percentage of $\geq 60\%$ achievement.

This obligation is provided in item 1.6 of additional acts related to mandate contracts approved for non executive managers together with item 1.7 of the same additional acts.

Above-mentioned ICP achievement degree on 31.12.2020 :

Performance key indicators (ICP)	Target 2020	Achieved on 31.12.2020	ICP achievement degree	Multiplication coefficient	Total achievement degree
ICP 3 Immediate liquidity (acid test)	$\geq 0,8$	1.23	100%	6%	6%
ICP 7 Specific technological consumption for crude oil	Maximum 95%	88,39%	100%	5%	5%
ICP 11 Clients satisfaction	$\geq 60\%$	90.81%	100%	5%	5%
Achievement degree	-	-	100%	100%	100%

7. Conclusions of non executive managers evaluation process in 2020

According to managers and mandate contract directors evaluation policy :

- Evaluation of public companies' managers activity is made according to objectives contained in the management plan and of financial and non financial performance indicators contained in the mandate contract.

The result of managers activity efficiency evaluation is on the base of the public compies managers remuneration' variable component.

In the Managers report for the financial year ended on 31.12.2020, Financial report component for 2020, the performance indicators, namely **achievement degree, 100%** was presented.

- Board of Directors can use a specialized, extern and independent expert to achieve managers evaluation.

For 2020 BoD took no consideration to use another expert. It took into consideration the evaluation of independent expert assisted CNR for managers' selection according to provisions of EGO no. 109/2011.

- Evaluation can be achieved also by selfevaluation of managers, filling a form. *The self evaluation forms for 2020 were filled in according to the approved Evaluation policy.*
- Evaluation of managers activity is made annually by AGA, with the support of some experts and targets the mandate contract and the management plan. If the shareholders vote for the managers administration discharging in the annual meeting of financial reports approval, together with the approved performance indicators, it is considered that the evaluation result is a positive one and managers can go on their mandate.

In the Managers Report for the financial year ended on 31.12.2020 to be presented in EGSM of 26(27).04.2021, aspects of activity resulting obligations fulfillment regarding mandate contract and management plan execution were presented.

Thereby, according to:

- Provisions of GEO no. 109/2011 regarding corporate governance of public companies, with further alterations and additions, art. 37, par. (4): Remuneration variable component of board of directors members or of supervision council is revised annually, depending on the level of achievement of objectives included in the management plan and on the achievement degree of financial and non financial performance key indicators approved by shareholders general assembly, annex to mandate contract.
- Annual financial report of 2020 financial year presenting achievement degree of financial and non financial ICP for 2020 as 100%.
- Remuneration policy and criteria for managers and mandate directors approved by BoD' decision no. 69/03.05.2019 and published on company' website at <http://actionariat.oil-terminal.com/cache/7580-politica-remunerare.pdf>,

We estimate that there are no elements leading to the alteration of variable component amount approved by OGSM decision no. 32/10.12.2019 and maintained by OGSM decision no. 14/05.08.2019 and no. 9/23.04.2020 and we propose to maintain at same level the variable component amount of non executive managers as approved by OGSM Decision no. 32/10.12.2018.

Committee of Nomination and Remuneration,

Toma Bogdan COSTREIE – Chairman

Radu Cristian POP - member

Ovidiu Aurelian ANDREI – member

Ramona UNGUR - member

Paul CONONOV - member