

No. 32/17.03.2022

OIL TERMINAL SA Constanța

**EVALUATION
OF NON EXECUTIVE MANAGERS' ACTIVITY**

for 2021

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1. Applicable legislative framework

- ✓ Policy to evaluate non executive managers and directors within OIL TERMINAL
- ✓ Policy of remuneration within 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 functioning
- ✓ 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 functioning

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 2021

Current situation presentation

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.

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
4.	CONONOV PAUL	Engineer	Manager 04.04.2018 - present
5.	UNGUR RAMONA	Economist	Manager 04.04.2018 - present
6.	LAZARIU DRAGOS CIPRIAN	Economist	Manager 04.04.2018 - present
7.	POP RADU CRISTIAN	Economist	Manager 04.04.2018 – 30.07.2021

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.

The variable remuneration of non executive managers was established by OGSM Decision 32/10.12.2018 and maintained by OGSM Decision 14/05.08.2019, OGSM 9/23.04.2020 and OGSM 3/26.04.2021 and restated within OGSM of 27(28).04.2022 according to art. 37 para. (2) of GEO 109/2011 (gross amount of 12 monthly gross fixed indemnities)

During 2021, there were some changes within the Board of Directors:

- Mr. Radu Cristian POP, non executive manager, resigned starting with 30.07.2021.
- According to the provisions of art. 641 of GEO no. 109/2011, by OGSM 12/30.08.2021, shareholders appointed Mr. MICU Ionut Stelian as interim manager for a 4-month period, namely, 30.08.2021-30.12.2021, by mandate contract no. 9616/30.08.2021.

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

Among the obligations related to 2021 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 2021, managers took note of the General Director' activity reports issued according to provisions of art. 54 of GEO 109/2011, as follows:

-trimester I 2021 report – managers took note of the report within the meeting of 17.05.2021

-trimester II 2021 report – managers took note of the report within the BoD meeting of 10.08.2021

-trimester III 2021 report – managers took note of the report within the BoD meeting of 10.11.2021

-trimester IV 2020 – managers took note of the report within the BoD meeting of 21.03.2021

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 31.05.2022 to be posted on its own website according to provisions of art. 36 par. 5 of EGO 109/2011.

- Code of ethics update.

During 2021, 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 2021, 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. By OGSM no.4/26.04.2021, the remuneration policy was approved and supplemented by the provisions of art. 107(ex. art. 92, index 1) of Law no. 24/2017 regarding financial instruments issuers and market operations, republished, updating the Remuneration policy presented within BoD of 03.05.2019.

- It convenes Shareholders General Assembly under the terms of law and Constitutive Act.

In 2021, 4 OGSM took place (16 decisions were adopted) according to <http://relatia.oil-terminal.com/aga-2021/>

- 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 21.03.2022, the BoD convenes for 27(28).04.2022 the EGSM for approval of audited annual financial situations related to 2021 issued according to IFRS provisions, for approval of annual financial Report for 2021 financial year including: managers Report for the financial year ended on 31.12.2021, financial auditor' Report, Report on managerial internal control system, 2021 audited annual financial situations (including: situation of financial position, situation of overall result, situations of cash flows, situation of change in equity, 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.

Nomination and Remuneration Committee

Assistance to Board of Directors for responsibilities fulfilment and surpervision 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.

During 2021, members of the committee were:

- *Membership established by BoD' Decision no. 44/13.04.2018 for 01.01.2021-30.07.2021:*

1. COSTREIE Toma-Bogdan - Chairman
2. ANDREI Ovidiu Aurelian– Member
3. UNGUR Ramona– Member
4. CONONOV Paul – Member
5. POP Radu Cristian– Member

- *Membership established by BoD' Decision no. 78/22.09.2021 for 22.09.2021-30.12.2021:*

1. COSTREIE Toma-Bogdan - Chairman
2. ANDREI Ovidiu Aurelian– Member
3. UNGUR Ramona– Member
4. CONONOV Paul – Member
5. MICU Ionuț Stelian– 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 2021, 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 2020 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 16 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.

○ *Membership established by BoD' Decision no. 44/13.04.2018 for 01.01.2021-30.07.2021:*

1. UNGUR Ramona - Chairman
2. LAZARIU Dragoş Ciprian - member
3. POP Radu Cristian– member

○ *Membership established by BoD' Decision no. 78/22.09.2021 for 22.09.2021-30.12.2021:*

4. UNGUR Ramona - Chairman
5. LAZARIU Dragoş Ciprian - member
6. MICU Ionuţ Stelian – 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 2021, 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 25 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 2021, 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, Oil Terminal SA' global development Strategy (2016-2025) – Development stage – 2021, Evaluation of stage implementation for project "Increase of storage capacity in South Storage Farm – Oil Terminal Constanta", evaluation of negotiation stage for a possible partnership with Societatea de Administrare a Participațiilor Statului în Energie (SAPE) in order to implement project "Increase of storage capacity in South Storage Farm – Oil Terminal Constanta", evaluation of implementation method for 2020-2025 Investment Strategy, regarding "Increase of storage capacity in South Storage Farm – Oil Terminal Constanta", adopting a number of 18 decisions during next year.

5. Management plan performance – Management component

Within 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.

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 2021 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 31.12.2021 : 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 of EGSM' Decision no. 4/12.06.2020, adopted on 12.06.2020, currently in trial and object to file no. 3330/118/2020.

On trial term of 23.03.2021 Constanta Court suspended the case according to art. 412 para. 1 point 1 having in view the complainant' death.

The file was reinstated and then suspended from 23.11.2021 according to art. 412 para. 1 point 1 CCP having in view the complainant's death, until successor is brought to the proceedings.

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, compainant Dumitrecu 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.

File in suspended from 16.06.2021 according to art. 412 para. 1 point 1 having in view the complainant' death until successor is brought to the proceedings.

Regarding action for cancellation of 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.

File is suspended from 16.06.2021, according to art. 412 para. 1 point 1 having in view the complainant' death until successor is brought to the proceedings.

Regarding presidential Ordinance requesting registration suspension for EGSM Decision no. 4/12.06.2020 until settlement of file no. 3656/118/2020.

File is suspended from 16.06.2021, according to art. 412 para. 1 point 1 having in view the complainant' death until successor is brought to the proceedings.

MAAPS MASTER APPRAISAL SRL issued expert Report no. 155/2021 regarding Oil Terminal S.A.' share capital increase.

Reporting method: In OGSM of 21(22).03.2022, the approval to carry on share capital increase is requested. 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 2021

Distribution of net profit achieved on 31.12.2021

Dividends policy approved regarding profit reinvested from own financing source

Investments financing source on 31.12.2021

During 2021, 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, 1,112 thousand lei, represents reinvested profit and it is used as own additional investment source during the year recorded, namely, during 2021.

Also, on 31.12.2020 the company proposes the distribution of net profit related to 2021 financial year in amount of 6,222,314 lei (completed with the value of the provision constituted for the fund of employees participation in profit, on 31 December 2021) 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, aompleted with the provisions of GEO no. 3/2022, art. IV, para. (1), as follows:

Legal reserve 5% of gross profit	414,239 lei
Other reserves representing fiscal facilities	1,111,902 lei
Employees participation in profit 10%	469,618 lei
Dividends due to shareholders 90%	4,226,555 lei
Own financing source	0 lei

Reporting method: Managers' report for financial year ended on 31.12.2021, component of Financial report for 2021 sent for approval to OGSM of 27(28).04.2022. 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 31.12.2021 : Based on own development strategy, a feasibility study was conducted to extend the storage capacity in South Storage Farm (located outside Constanta city) by building two shoretanks of 50,000 cbm aiming to transfer current existing capacities into North Storage Farm (located inside Constanta). These two shoretanks shall be used by Oil Terminal for crude oil and petroleum products operations and shall be connected to national transport system and to Oil Terminal S.A.' jetties located within Constanta Port area.

The company published at Bucharest Stock Exchange and Financial Supervisory Authority a report calling on intending investors interested in this project to address the company. The consortium composed of GPS Group, Blue Water Energy, White Deer Energy and Amerocap LLC and Societatea de Administrare a Participatiilor Statului in Energie hereinafter referred to as SAPE was interested. Technical documents were sent to these 2 to formulate proposals.

GPS Group, Blue Water Energy, White Deer Energy and Amerocap LLC Consortium communicated on 07.05.2020 that it is not interested in financing this project.

SAPE submitted on 07.05.2020 a partnership proposal.

Several meetings took place at Oil Terminal and SAPE' headquarters or by electronic means.

Main aspects:

1. Oil Terminal took the initiative to constitute a partnership with the purpose of building two shoretanks and it is making all efforts necessary to achieve it. The company hired external experts (legal & financial – corporate finance) for assistance during debates, proving that it took negotiations seriously and professionally.
2. This project does not represent an increase of OIL' turnover, but only an improvement of profitability related to new storage capacities use, profitability resulted from the decrease of maintenance and major repairs costs and the possibility to improve operations regarding facilities and residence time of vessels in jetties.
3. The project's efficiency, calculated individually and presented within the feasibility study is approximately 5.6%.
4. The option regarding bank loan is a second option for OIL considering the indebtedness degree and the necessity to constitute some guarantees, but partnership' financial conditions can not be lower than those of a loan.

Starting from these prerequisites and based on the discussions held at OIL Terminal and SAPE headquarters, on 14.10.2020, Oil Terminal submitted to SAPE the following collaboration offer, considering SAPE' condition to point a guaranteed minimum income and the tariff update achieved on 08.10.2020, namely:

- Option 1 : 18% project income participation at a minimum guaranteed operation volume of 50%, which implies an estimated income for SAPE in amount of 4,087,097 lei/year, with a guaranteed minimum income of 2,039,049 lei.
- Option 2: 24% project income participation at a minimum guaranteed operation volume of 25%, which implies an estimated income for SAPE in amount of 5,437,463 lei/year, with a guaranteed minimum income of 1,359,366 lei.

On 16.10.2020, SAPE SA refused Oil Terminal' financial offer, proposing the following financial structure:

- 35% of investment's turnover, namely the income achieved from storage capacity operation, according to you estimates, but no less than 9,000,000 lei/year (in reality 9,000,000 lei represent 39.7% of maximum income value to be achieved from storage capacities operation according to tariffs updated by ANRM Order 283/2020)

On 21 October, Oil Terminal sent an address to SAPE, specifying reasons why an offer review is requested, namely:

- When calculating efficiency for this low risk investment (considering including a guaranteed minimum income and the long term of use), the basis of comparison within bilateral discussions held was represented by 10-year Romanian bond yields (3.30-3.40%) and not by investment options as terms of comparison in determining yield requested by SAPE (wind energy, photovoltaic energy), option with risk degree higher than Oil Terminal's option.
- When starting this partnership, SAPE' investment policy was not discussed, namely 30% own sources and 70% bank debt, therefore including financing costs in the yield requested for the project can not be based on the decision of approval for the partnership at Oil Terminal' level. The service life of the two tanks is of 30 years, therefore a 10-year financing, in terms communicated by SAPE, can not be sustained only from income achieved from this project.

Within the partnership proposal, SAPE shall be the owner of the Project and depreciation expenses.

Oil Terminal shall spend 39.7% of the income resulted from the Project, (minimum 9 mil lei/year). This may imply for Oil Terminal:

- An increase of operating expenses by minimum 15%, without the certainty that they will be transferred into tariffs, since these must be approved by ANRM. Even if ANRM approval is obtained, tariff increase does not necessarily mean accept from clients, whereas Oil Terminal does not represent a monopole (international traders may redirect their activity to other terminals). In addition, ANRM tariffs are regulated tariffs applied to all operations regardless of the operating shoretanks, therefore we can not apply service tariffs for old shoretanks and tariffs for newly build shoretanks.
- The project will not necessarily create new volumes of goods operated for Oil Terminal, but operational improvements and faster services supply.
- In addition, at the end of the Project, Oil Terminal shall have an additional expense related to the purchasement of these 2 shoretanks, at a price to be settled.

SAPE' request for guaranteed minimum yield of 9 mil. lei/year (at an investment of 100 mil. lei) implies a 9% fixed interest financing. According to this, cash outflows on 15 years are of 145 mil. lei, and at the end of the period, Oil Terminal should pay to SAPE approximately 50 mil. lei (50% of the initial value – considering transfer price = value to be depreciated). The total cost for this project = 195 mil. lei.

In case Oil Terminal contracts a bank credit on 15 years for financing at a credit cost ROBOR 3M + 1.40% (BCR offer), then the total to be paid by Oil Terminal would be 100 mil. lei (credit capital) + 26.9 mil. lei (credit' interest rate) = total cost 126.9 mil. lei. The only matter of this situation is represented by OIL' current indebtedness degree leading to the limitation of amount to be loaned, namely the possibility to build one shoretank and after paying current credits, building the second one.

Taking into consideration a period of 30 years, the difference would increase, therefore OIL can not commit to a project resulting operational losses and can not a financing option more expensive than the bank credits to be accessed.

Therefore, the discussion between Oil Terminal and SAPE regarding partnership for this project ended due to the following reasons:

- Unrealistic expectations on investment yield from SAPE, due to lack of experience regarding investments management (it requests a yield which is specific for junk/subprime investments for an investment of very low risk)
- Tremendous difference in costs for Oil Terminal regarding SAPE partnership versus bank credit, not justified in term of benefits. In addition, SAPE' investment terms would cause operational losses for Oil Terminal, which is an economic nonsense.

On 18.02.2021, SAPE sent to Oil Terminal extract from GSM Decision no. 7/19.10.2021 requesting Oil Terminal to communicate necessary actions to promptly release the project. Oil Terminal requested material subject to EGM debates in order to formulate a point of view. SAPE' response was: "the document is intended only for company's shareholders and can not be put at third parties' disposal". Having in view that SAPE considers Oil Terminal to be a third party and not a partner and considering the delay of negotiations, the Board of Directors decided to request shareholders to cease negotiations with SAPE and to approve contracting a bank credit for the implementation of storage capacity increase project.

Reporting method: Within EGSM of 20.01.2022, by Decision no. 1, shareholders approved the end of the validity for EGSM Decision no. 5/12.06.2020 regarding the partnership constitution with Societatea de Administrare a Participatiilor in Energie (SAPE) in order to implement the project "Increase of storage capacity in South Storage Farm – Oil Terminal Constanta" and approved contracting a long term investment credit, in amount of 98,429,274.37 lei (from which 15,715,598.43 lei VAT) in order to build a 55,000 cbm shoretank in South Storage Farm.

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 31.12.2021 : Process to be run permanently by evaluation the practice documents, the regulatios and the legislation in force

Reporting method: Managers report for financial year ended on 31.12.2021, component of Financial report for 2021 will be sent to approval within EGSM of 27(28).04.2022. 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 31.12.2021 : 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, maintainance, repairs and modernization of terminal' technological consumptions according to maintainance 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 strategical 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 : Within OGSM of 27(28).04.2022, CNR Report will be presented, and chapter 7 includes 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 31.12.2021 : Until now, only bank credit as investments financing source was identified. We analyse the possibility to finance some investments by companies with such objectives. Negotiations with SAPE were carried

put to implement a project regarding the increase of storage capacity, but they ended since conditions were below a bank credit.

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 31.12.2021 : 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 31.12.2021 : 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 31.12.2021 : 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 31.12.2021 : 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.

Regarding 2021 dividends, Emergency Ordinance no. 3/2022 to amend and supplement Government Emergency Ordinance no. 11/2021 regarding a compensation scheme for electricity and natural gas consumption during cold season 2021-2022, as well as to supplement Government Ordinance no. 27/1996 regarding granting facilities to persons residing or working in some localities near Apuseni Mountains and Danube Delta Biosphere Reserve providing distribution of minimum 90% dividends due to shareholders from the net profit recorded. The company submitted to the Ministry of Energy an exception request to return to 50%.

Reporting method : Managers report for financial year ended on 31.12.2021, component of Financial report for 2021 sent for approval in OGSM of 27(28).04.2022.

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 31.12.2021 : 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 31.12.2021 : 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 31.12.2021 : 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. Starting with financial situation of 2021, it is presented in a single electronic reporting format (extendable Hypertext Markup Language – XHTML) provided in art. 1 of Financial Supervisory Authority Regulation no. 7/2021 and in art. 3 of delegated Regulation (EU) 2018/815 of 17 December 2018 to supplement Directive 2004/109/CE of European Parliament and Council.

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 31.12.2021 : 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 31.12.2021, component of Financial report for 2021 sent to approval in OGSM of 27(28).04.2022, 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 2021

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

Financial and non financial ICP achievement degree for 2021 related to non executive managers, according to information of audited annual financial reports on 31.12.2021, issued according to IFRS :

No.	Key performance indicators related to nonexecutive managers	2021		Achievement degree % (GI _{ICP})	ICP percent age for determination of variable component (W _{ICP})	Observations
		Approved	Achieved			
A. FINANCIAL ICP					25%	

1.	Overdue payments	0	0	100%	2%	- Budget of revenues and expenses achieved on 31.12.2021 - The half-yearly report of the Board of Directors for sem. II of 2021 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	174,772	180,204	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 31.12.2021 is in amount of 5,753 thousand lei.
3.	Current liquidity	≥ 0.85	1.50	100%	8%	NRC Report sem.II 2021 issued according to art. 55 paragraph (1) of GEO no. 109/2011
4.	Patrimonial solvency (%)	≥ 30%	76.2%	100%	3%	NRC Report sem.II 2021 issued according to art. 55 paragraph (1) of GEO no. 109/2011
5.	EBITDA- thousand lei	≥ 95% 19,193	32,827	100%	8%	The achieved value is in the amount of 32.827 thousand lei, higher than the corresponding value for the condition ≥ 95%, respectively, 19,193 thousand lei.
Achievement degree (GI_{ICP}) Financial				100%		
Total percentage (WT_{ICP}) achieved related to Financial ICP					50%	
B. NON FINANCIAL ICP					75%	
B1. OPERATIONAL					25%	
6.	The share of critical technical accidents - number of cases	1	0	100%	5%	CI-PM Report regarding risk management process at the level of the Facilities Control and Environmental Protection Service for 2021 (no.151/25.01.2022).
7.	Achievement index of measures ordered by external controls	Minimum 80%	87.5%	100%	5%	- Development Strategy Office' Address no. 346 of 15.03.2022 - Table.3 "Achievement index of measures ordered by external controls on 31.12.2021", registered under no.345/15.03.2022

8.	Achievement of annual value plan of investments – thousand lei	24,861	24,868	100%	15%	The achieved value is in the amount of 24,868 thousand lei, being higher than the corresponding value for the condition $\geq 100\%$, respectively, 24,861 thousand lei
Achievement degree (GI_{ICP}) Operational				100%		
Total percentage (WT_{ICP}) achieved related to Non financial – Operational ICP					25%	
B2. CORPORATE GOVERNANCE					50%	
9.	Implementation and development of the internal managerial control system	80%	99.15%	100%	15%	Development program of Oil Terminal' managerial internal control system for 2021, registered under no. 22/09.02.2021; - Stage of achievement for the internal managerial control system development program of Oil Terminal, for 2021, no.269 of 25.01.2022. -Report on the internal managerial control system on 31 December 2021, no. 14 / 19.01.2022; -Report on the risk management process at the level of Strategic Development Office no. 268/25.01.2022.
10.	Establishment of risk management policies and risk monitoring	80%	91.15%	100%	10%	- The centralized situation regarding the stage of implementation and development of the internal managerial control system on 31 December 2021; - The register of risks at company level, revised on 31.12.2021, registered under no. 03/17.01.2022; -Raport regarding risk management process at the level of Strategic Development Office no. 268/25.01.2022.
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 2022 on 27(28).04.2022 the Report for 2021 issued according to the audited annual financial statements is presented.
12.	Increasing institutional integrity by including measures to prevent corruption as an element of management plans	80%	100%	100%	15%	<p>- According to the "Report on the state of measures implementation in the Integrity Plan for the implementation of the National Anticorruption Strategy at the level of Oil Terminal SA for 2021", registered under no. 298/14.02.2022", no incident of integrity was identified or registered during (01.01.2021 – 31.12.2021), so the measures undertaken by the Plan were met.</p> <p>- Integrity Plan for the implementation of the National Anticorruption Strategy at the level of Oil Terminal SA for 2021 no. 25/10.02.2021.</p> <p>- Self-assessment of the Integrity Plan for the implementation of the National Anticorruption Strategy at the level of Oil Terminal SA for 2021 registered under no. 293/14.02.2022.</p> <p>- Annual report for the evaluation of integrity incidents, 2021 (Annex no.6 to GD no.599/2018), registered under no. 1/03.01.2022</p>
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 (WT_{ICP}) related to each ICP.

Calculation formula :

n

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

where :

- GT_{ICP} - ICP annual total achievement degree
- W_{ICP} – Multiplication coefficient (percentage) for each ICP
- GI_{ICP} – Achievement degree of individual ICP
- i – 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_{iICP}) 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} ≥ 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 2021 is 100% complying with the term of item a), namely, GT_{ICP} ≥ 80%, therefore, directors' remuneration variable component is paid according to the calculation method presented also in the quantum approved for 2021.

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 27(28).04.2022 according to the Financial Communication Calendar for 2022.

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 ≥ 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 31.12.2021 :

Performance key indicators (ICP)	Target 2021	Achieved on 31.12.2021	ICP achievement degree	Multiplication coefficient	Total achievement degree
ICP 3 Immediate liquidity (acid test)	≥ 0,8	1.44	100%	6%	6%
ICP 7 Specific technological consumption for crude oil	Maximum 95%	92.86%	100%	5%	5%
ICP 11 Clients satisfaction	≥60%	96.33%	100%	5%	5%
Achievement degree	-	-	100%	100%	100%

7. Conclusions of non executive managers evaluation process in 2021

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 31.12.2021, Financial report component for 2021, 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 2021 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 2021 were filled in according to the approved Evaluation policy.*
- Evaluation of managers activity is made annualy 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 31.12.2021 to be presented in EGSM of 27(28).04.2022, 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 coucil 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 2021 financial year presenting achievement degree of financial and non financial ICP for 2021 as 100%.
- Remuneration policy and criteria for managers and mandate directors approved by BoD' decision no. 4/26.04.2021 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, no. 9/23.04.2020 and no. 3/26.04.2021 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. Also, we propose that Mr. Radu Pop, who resigned starting with 30.07.2021, is granted variable component proportionate to 2021 months of mandate, namely 7 months.

Committee of Nomination and Remuneration,

Toma Bogdan COSTREIE – Chairman

Ovidiu Aurelian ANDREI – member

Ramona UNGUR - member

Paul CONONOV - member