



- - 125 years of experience -

Administration PLAN OF OIL TERMINAL SA

Executive summary

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1. General presentation

1.1 Introduction

This document is a summary of the 2023 - 2027 Administrative Plan of OIL TERMINAL SA.

The Administrative Plan for the period 2023 - 2027, elaborated in accordance with the provisions of art. 30 para. (1,2) and art. 36 par. (1,3) of GEO no. 109/2011 on corporate governance of public enterprises, as subsequently amended and supplemented, by the members of the Board of Directors and Directors of OIL TERMINAL SA (hereinafter referred to as "OIL", "the Company" or "the Company") appointed after going through the selection procedures provided for in the aforementioned regulatory act, by Decision no. 12/27.04.2023 of the Ordinary General Meeting of Shareholders of OIL TERMINAL.

The purpose of the Administrative Plan is to describe the management strategy of the Company during the term of office of the Board of Directors and the Directors, in order to achieve the objectives and performance indicators set out in the mandate agreement, based on the Letter of Expectations communicated on 03.03.2023.

The Administrative Plan is the working tool of the Non-Executive Directors and Directors, which is a document drawn up to determine the Company's course of action during their term of office, structured into two components: 1) the management component, drawn up by the Board of Directors and 2) the management component, drawn up by the Directors. The Management Plan is linked to the Letter of Expectations and sets out the mission, objectives, actions, resources and financial and non-financial performance indicators for the conduct of a specific activity over a future period not exceeding 4 years.

The administrative plan includes the following:

- Administration component - approved by the decision of the Board of Directors no. 64/17.03.2023;
- Management Component and Administrative Plan in full, approved by BoD Decision No 85/05.07.2023 and BoD Decision No 86/05.07.2023 respectively

In elaborating the administration plan, the specificity and uniqueness of the company's main activity within the national economic framework was considered. At the same time, the geopolitical and economic realities in which the Company operates were taken into account. The objectives proposed in this administration plan and the measures to achieve them are based on the main lines of action included in the company's development strategies:

- *Realization of investment and maintenance plans by falling within the execution term and the contracted value.*
- *Maximizing the company's income by promoting the image of Oil Terminal as a reliable partner.*
- *Proper management of the customer's product.*
- *Ensuring a modern management by implementing and maintaining the processes of risk management, control and corporate governance within the company.*
- *Dimensioning and optimal use of own financial resource to ensure the company's development strategy.*
- *Continuous insurance of the company with trained and motivated staff able to carry out the object of activity.*

- *Prevention and limitation of negative effects on the environment.*
- *Approaching Integrated Management Systems as the organization's strategic decision to improve its overall performance and provide initiatives for sustainable development.*

The Administration Plan respects the principles of corporate governance that establish a responsible attitude, professional and ethical of the Company in relation to the main stakeholders and are adapted to the main purpose for which they were proposed - that of achieving the assumed objectives.

The structure of the administration plan is based on the provisions of the Letter of Expectations, the legislation in force, the Bucharest Stock Exchange Code and the good practices analyzed.

1.2 Presentation of the company

1.2.1 General presentation

The company OIL TERMINAL SA, hereinafter referred to as "OIL TERMINAL" or "the Company":

- is a joint-stock company established in accordance with the provisions of Law no. 15/1990 on the reorganisation of state economic units as autonomous regencies and commercial companies and Government Decision no. 1200/1990 on the establishment of joint-stock companies in industry, managed in a unitary system, having the legal form of a joint-stock company, being a publicly held company, according to the terminology set out in Law no. 24/2017 on issuers of financial instruments and market operations, republished, registered with the National Securities Commission (now the Financial Supervisory Authority) - Office for Securities Registration.
- is a company listed on the Bucharest Stock Exchange since 30.01.1998, OIL TERMINAL SA shares are traded on the regulated spot market administered by the Bucharest Stock Exchange, Main Segment, Standard Category, under the symbol "OIL" . OIL TERMINAL SA is included in the Bucharest Stock Exchange indices: BET-NG and BETPlus.
- OIL TERMINAL has, as of 04.04.2023, a subscribed and paid-up share capital of 299,717,713.20 lei, divided into 2,997,177,132 shares with a nominal value of 0.10 lei/share, registered, indivisible, with equal voting rights, freely tradable on the Bucharest Stock Exchange.
- is a company subject to the provisions of Law no. 31/1990 on companies, republished, and the provisions of Government Emergency Ordinance no. 109/2011 on corporate governance of public companies, as amended and supplemented by Law no.111/2016 and the Implementing Rules approved by Government Decision no.722/2016.
- is a company holding an Oil Agreement approved by Government Decision no. 886/2002, concluded with the National Agency for Mineral Resources Bucharest, hereinafter referred to as ANRM, on the concession of the operation of tanks, oil and petroleum products, pumping plants and other installations and related equipment
- The company has a 45% market share in the import of crude oil via sea, over 60% in the export of petroleum products and 90% in the import of fuel oil.
- is the oil terminal located at the intersection of the shipping lanes between Asia, Central and Western Europe and the Near East.
- The object of activity of the Company comprises the provision of services relating to receiving, loading, unloading, storing and packaging of crude oil, products petroleum, petrochemical and liquid chemical products for import, export and transit.

The main services performed by the company are :

- receipt, storage, conditioning and dispatch of crude oil, fuel oil, products
- petroleum, petrochemical and liquid chemical products for import, export and transit
- carrying out technical tests and analyses in its own laboratories for the products handled
- carrying out technical tests and analyses in own laboratories for third parties
- carrying out repairs and maintenance on the installations and machinery in their possession
- renting own property
- wholesale of waste and scrap
- OIL TERMINAL SA Constanta has a storage capacity of approximately 1.5 million cubic meters and is the largest seaway operator in the port of Constanta.
- OIL TERMINAL SA CONSTANTA has three platform sections (North, South, Port). Each platform section, depending on its specificity, is equipped with :
 - tanks with capacities ranging from 1,000 m3 to 50,000 m3, equipped with protection belts, fixed or floating covers, automatic metering and fire-fighting installations
 - loading and unloading installations for petroleum, petrochemical and liquid chemical products, consisting of railway ramps, with a total length of approximately 30 km and a cumulative capacity of approximately 20 000 tonnes/24 hours
 - diesel fuel loading facilities in tankers equipped with volumetric metering equipment
 - transport pipelines with diameters between 100 mm and 1000 mm for transfers within depot sections, linking depots and connecting depots with sea berths where oil tankers operate
 - pump houses capable of delivering between 100 and 2 500 m3/h
 - fire-fighting installations consisting of pipelines to each tank, pump houses, product-specific fire-fighting equipment, fire brigade equipped with fire-fighting appliances
 - central heating plant for supplying technological steam
 - RENAR-accredited laboratories, equipped with equipment for carrying out specific physico-chemical tests
 - waste water collection and treatment facilities
 - facilities for handling CF tanks at unloading ramps, an operation carried out with its own locomotives and personnel, accredited and authorised by the Romanian Railway Authority.
- The oil terminal is located in Pier 4 of the Port of Constanta, berths 69-79. It has 7 operational berths, 6 of which are 12.80 m deep and 325 m long (berths 69-76), and berth 79 is 17.50 m deep and 393 m long, allowing the operation of vessels with a capacity of up to 150,000 tdw.
- The main competitors on the internal market are :
 - Midia Port Terminal, operated by Rompetrol Rafinare SA Constanta
 - Unicom-Oil Terminal in Galati
 - Frial SA Constanta and Minmetal SA Constanta
- The main competitors on the foreign market are :
 - Omisalje port terminal in Croatia, which has taken over the entire transit of crude oil to Serbia
 - Reni terminal in Ukraine
- As of April 4, 2023, the summary shareholding structure is as follows:

Shareholders	Number of shares/holdings	Percentage of share capital (%)
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The Romanian State through the Ministry of Energy	2,630,258,255	87,76
Physical persons	272,533,136	9,09
Legal persons	94,385,741	3,15
TOTAL	2,997,177,132	100,00

Source: Central Depository

1.2.2 Administration structure

At Company level, the decision-making structure is represented by:

- ▶ The General Meeting of Shareholders (hereinafter referred to as the GSM) - is the supreme deliberative body through which the legal will is formed and expressed through resolutions necessary for the existence and functioning of the company;
- ▶ Board of Directors (hereinafter referred to as BoD) - responsible for carrying out all acts necessary and useful for the realisation of the company's object of activity, with the exception of those reserved by law for the general meeting of shareholders;
- ▶ Executive Management - responsible for taking all actions related to the management of the Company, within the limits of the Company's object of activity and in compliance with the exclusive powers reserved by law or by the Articles of Association to the Board of Directors and the General Meeting of Shareholders.

The Board of Directors of OIL TERMINAL SA is composed of seven non-executive directors.

The Board of Directors has delegated the management of the Company to a team of two directors with a mandate contract (General Director and Financial Director).

1.2.3 Operational and financial performance

The financial objective targeted by the Board of Directors through the Administration Plan is to improve the profitability of the Company by achieving a continuously increasing income, which will ensure a satisfactory level of operating expenses to be incurred in order to operate safely and efficiently.

Thus, the operating profit before depreciation is expected to increase from 17.1 million lei, as it was in 2018, to 40.4 million lei at the end of 2026. Gross profit before tax (EBT) is also expected to reach RON 10.2 million at the end of 2026.

Financial projection for the period 2023-2026 compared to the achievements for the period 2018-2022

Mil RON	2018r	2019r	2020r	2021r	2022r	2023			
						Revenue and Expense Budget	2024e	2025e	2026e
Operating income	146,4	168,7	193,5	213,0	304,8	286,3	292,7	297,9	297,9
Operating costs	143,0	162,1	184,7	203,5	288,4	267,3	270,5	277,8	277,8
Operating profit before amortisation	17,1	22,4	26,6	27,8	36,8	39,3	40,9	40,4	40,4
Amortisation	13,7	15,8	17,8	18,3	20,4	20,3	18,7	20,3	20,3
EBIT (profit operating profit after amortisation)	3,4	6,6	8,8	9,5	16,4	19,0	22,2	20,1	20,1

Financial result	- 1,5	-2,3	-3,5	-1,7	-3,0		-9,1	-12,2	-9,9	-9,9
EBT (profit before tax)	1,9	4,3	5,3	7,8	13,4		9,9	10,0	10,2	10,2
Income tax	1,6	1,9	1,6	2,1	1,8		1,7	1,7	1,7	1,7
Net profit	0,3	2,4	3,7	5,7	11,6		8,2	8,3	8,5	8,5

Chart 1 Financial results (historical and forecast)

Source: Company

The financial projections were based on the income and expenditure budget approved by OGSM Decision no.4/16.02.2023 for the year 2023 and the following 2 years, as well as the financial results presented in the audited annual financial statements for the period 2018-2022, prepared in accordance with International Financial Reporting Standards (IFRS).

The management strategy included in the Management Plan is also a guideline for the work of the Directors with a mandate contract.

In summary, the administration strategy aims to:

Running a sustained capital and operational expenditure programme :

Mil RON	2018r	2019r	2020r	2021r	2022r	2023	2024e	2025e	2026e
						BVC			
CAPEX+OPEX	148,4	169,5	182,1	200,6	319,9	317,2	274,5	262,8	262,8
CAPEX	23,2	28,8	21,7	24,9	54,5	77,3	26,8	9,2	9,2
OPEX	125,2	140,7	160,4	175,7	265,4	239,9	247,7	253,6	253,6

Chart 2 Evolution CAPEX, OPEX (historical and forecast)

Source: Company

In the period 2023-2026, the operational expenses necessary for the specific activity in safe conditions will be increased by 14.7% compared to the period 2018-2022, from 867.4 million lei to 994.8 million lei.

In the period 2023-2024, investment expenditures, after deducting expenses with repayment rates related to investment loans contracted in the previous period, increase by 91% compared to 2022, from 54.5 million lei to 104.1 million lei (bank financing for the period 2023-2024), due to the need to complete the works at a major investment objective – construction of a tank of 55,000 mc.

The source of investment financing for the period 2025-2026 is estimated only at the level of the annual amortization, following the completion of the use of the investment loan contracted in 2022. Because the Company aims to efficiently capitalize on business opportunities by identifying partnerships with private public entities in the country or in the international business environment, it is estimated that the source of investment financing for the period 2025-2026 will be significantly supplemented due to these partnership opportunities.

Increasing operational financial performance :

Mil RON	2018r	2019r	2020r	2021r	2022r	2023	2024e	2025e	2026e
						BVC			
Operating income (V Op)	146,6	168,7	193,5	213,0	304,8	286,3	292,7	297,9	297,9
Operating profit before amortisation (Result Op)	17,1	22,4	26,6	27,8	36,8	39,3	40,9	40,4	40,4
% (Result Op/V Op)	11,7%	13,3%	13,7%	13,0%	12,1%	13,7%	14,0%	13,6%	

										13,6%
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Chart 3 Increase in operational financial performance (historical and forecast)

Sursa : Societatea

Regarding the financial performance forecasted for 31.12.2023, according to the budget projection, the operating revenues decrease by 6% compared to the level recorded on 31.12.2022 because for the financial year 2023 no conjuncture revenues are estimated, and during the term of office an average increase in revenue from service provision is estimated at least 1.6% for each forecast year.

1.2.4 Dividend policy

Oil Terminal, as a company with majority state capital, distributes the profit according to the provisions (i) Government Ordinance no. 64/2001 on the distribution of profits to national companies, national companies and commercial companies with full or majority state capital, as well as in the autonomous utilities, with subsequent amendments and completions, (iii) Law no. 31/1990 of companies, (iii) Law no. no. 24/2017 on issuers of financial instruments and market operations, republished, (iv) ASF Regulation no. 5/2018. Thus, the minimum distribution share of dividends is 50% of the net profit remaining after the distributions provided in art. 1 para (1) letter a) -e) from O.G. no. 64/2001. In well-justified situations, the company may propose to the shareholders a dividend distribution share of 90% of the distributable profit. The profit share that will be distributed annually by the Company in the form of dividends is subject to approval within the General Shareholders Meeting.

In formulating proposals to the GSM on the dividend distribution rate, the Board of Directors considered the following :

- ▶ dividends are distributed to shareholders in proportion to their share in the company's share capital
- ▶ in accordance with the legislation in force, a withholding tax is levied on dividend payments. Non-resident shareholders who wish to apply the double taxation avoidance convention concluded between Romania and their country of residence must present, by the date of payment, the tax residence certificate valid for the year in which the dividend is paid.

In addition to the destination of the undistributed profits and the gross amount of the dividends to be paid, the GSM shall also approve the following: 1) the record date and the corresponding ex-date, identifying the shareholders entitled to dividends 2) the payment date/date on which the net dividend payment starts 3) the mandate of the board of directors regarding the appointment of the dividend paying agent

- ▶ the Company publishes information on the payment of dividends to shareholders on the Company's website

The dividend policy may be revised and/or updated whenever necessary, in compliance with applicable legal regulations or in the event of the emergence of binding regulations or legal provisions concerning the dividend policy of companies.

1.2.5 Remuneration policy

- ✓ Within the company, the general principles for determining the remuneration policy of administrators and directors with mandate contracts include the followings:
- ✓ Attracting, retaining and motivating the best administrators and directors
- ✓ Ensuring the long-term sustainability of the company's profits and activity and generating a long-term value

- ✓ Development of the company's business strategy
- ✓ Rewarding the fulfillment of performance indicators
- ✓ Maintaining competitiveness in the remuneration market
- ✓ Promoting transparency on remuneration and its criteria for establishing it
- ✓ Maintaining a fair balance between the fixed allowance and the variable component of remuneration

Non-executive administrators and directors with a mandate contract receive a remuneration for the activity carried out consisting of a fixed gross monthly compensation and a variable component in the structure and limits provided for by GEO no.109/2011 on corporate governance, with subsequent amendments and additions.

The amount of the fixed compensation and the variable component for directors is approved by the General Shareholders' Meeting.

The amount of the fixed compensation and the variable component for directors with a mandate contract is set by the Board of Directors within the limits approved by the General Shareholders' Meeting.

The fixed compensation of non-executive directors and directors with mandate contract is granted on a monthly basis without a correlation with the results achieved for the key performance indicators stipulated in the mandate contract.

The variable component for non-executive administrators and directors with a mandate contract is granted annually for each financial year of the mandate period, depending on the achievement of the performance indicators and criteria set out in the administration/ mandate contracts. The variable component is paid in the following year after approval by the GSM of the audited annual financial statements for the previous year.

The remuneration and benefits of the non-executive administrators provided under the mandate agreement will be disclosed in : (i) the audited annual financial statements (ii) the annual report of the Nomination and Remuneration Committee (iii) the report of the Board of Directors (iv) the annual remuneration report prepared by the company.

In accordance with the provisions of the approved mandate contracts, the non-executive administrators and directors with mandate contracts benefit from the settlement of expenses related to the execution of the mandate concerning representation in the interests of the company, being also holders of a Directors&Officers Liability insurance policy with the sole beneficiary of the insurance indemnities being OIL TERMINAL.

The indemnity limit of the liability insurance policy for each year of the mandate period shall be approved by the OGSM Decision. According to the provisions of the mandate contracts, the insurance bonus is paid by the company.

The term of office of non-executive administrators and directors with a mandate contract shall be determined in accordance with the applicable legal provisions.

In the event of untimely or unjustified revocation of a administrator, he shall be entitled to receive compensation from the Company for the unfulfilled period of the mandate contract, irrespective of the date on which the revocation occurs, but not more than 12 fixed monthly allowances so determined:

- in case the revocation occurs at any time before the beginning of the last year of term of office, the administrator will receive compensation representing 12 fixed monthly allowances;

-in case the revocation occurs in the last year of the contract, compensation corresponding to the number of months remaining until the end of the term of office will be paid, but which will not exceed 6 fixed monthly allowances.

This compensation shall be paid within 30 working days of the date of termination of the mandate contract.

This form of compensation is the only way of indemnifying the administrator in the event of the unjustified dismissal of the administrators.

In the event of the removal of the administrator for reasonable/justified reasons, the company does not owe the administrator any compensation for the unfulfilled period of the mandate.

If situations arise that may significantly change the results and sustainability in the medium or long term or if the payment of the variable component of the remuneration jeopardises the capitalisation of the public company, the company is entitled not to pay the part calculated for previous years.

If the whole or part of the variable component is granted on the basis of data which is subsequently found to be incorrect, the company is obliged to request that part of the variable component be returned.

The company informs and provides assurances that it processes the personal data of the company's managers pursuant to Art. 92², para. (4), (5) and (7) of Law no.24/2017, as amended by Law no.158 /2020, for the purpose of increasing transparency regarding the remuneration and increasing the accountability of the managers, as well as for the purpose of shareholder supervision of their remuneration, and for other purposes according to the legal regulations in force, in accordance with the provisions of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC (General Data Protection Regulation).

The remuneration policy may be reviewed and / or updated whenever necessary, in compliance with the applicable legal regulations or in case of the appearance of some regulations or mandatory legal provisions regarding the remuneration policy to the public enterprises and, in any case, once every 4 years.

1.2.6 Evaluation policy for administrators and directors with mandate contracts

Within the company, the effectiveness of the non-executive administrators' work is assessed on the basis of the achievement of the objectives contained in the administration plan and the financial and non-financial performance indicators contained in the mandate contract.

The result of the assessment of the effectiveness of the directors' work forms the basis for the award of the variable component of the remuneration of the non-executive administrators of the company.

The Board of Directors may also call upon an external and independent specialist expert to carry out an evaluation of the directors.

The evaluation may also be carried out by self-assessment of the directors who will complete a questionnaire.

The evaluation of the work of the directors is carried out annually by the GSM, if necessary with the assistance of experts, and covers both the execution of the mandate contract and the administration plan.

If the shareholders vote to discharge the directors at the annual meeting to approve the financial statements, in conjunction with the achievement of the approved performance indicators, the outcome of the evaluation is deemed to be positive and the directors may continue their mandate.

The evaluation of the activity of the directors with a mandate contract for the activity carried out during the year is carried out by the Nomination and Remuneration Committee on the basis of Article 36 paragraph (5) of GEO no. 109/2011, as amended, and covers both the execution of the mandate contract and the management component of the administration plan.

Annual reporting of valuation information is done through the annual Directors' Report, which also includes the Corporate Governance Statement. The report may also set out the main measures that can be included in the action plan to improve performance and efficiency.

The Directors' Performance Evaluation Report is submitted for publication on the Ministry of Energy's website annually by 31 May for the previous year's activity.

The evaluation policy may be revised and/or updated whenever necessary, in compliance with legal regulations. In case of conflict between the approved Policy and any national laws or regulations, the latter shall prevail.

1.2.7 Anti-harassment policy at company level

Workplace harassment policy and anti-harassment measures within the company apply:

- all management and executive staff of Oil Terminal S.A., regardless of the form of employment or collaboration: members of the Board of Directors, authorised directors, management and execution employees, regardless of the form of employment, other categories of staff (interns, trainees, volunteers, temporary employees, etc.);
- at all stages and in all aspects of the employment relationship: recruitment and selection, hiring, pay and access to other material and non-material benefits, modification/termination of employment relationships, promotion to managerial positions of any kind, allocation of work tasks, working hours, evaluation of job performance, promotion, participation in continuing education and training;
- in relations with colleagues, superiors, third parties, collaborators of any kind, representatives of public authorities, etc.;
- inside and outside the headquarters, including in the online environment, during and outside working hours, including at social events, trips/delegations, training sessions, wherever Oil Terminal S.A. staff represent the company's interests.

The policy also includes the following guiding principles:

- The principle of legality, according to which the provisions of the Constitution, national and European legislation, other agreements and other international legal documents to which Romania is a party are respected when initiating, carrying out, modifying and/or terminating employment relationships within Oil Terminal S.A..

- The principle of respect for human dignity, according to which each person involved in employment or collaboration with the company is guaranteed the free and full development of their personality.

- The principle of equal treatment and zero tolerance of 1) direct or indirect discrimination based on sex, sexual orientation, family or marital status, gender stereotyping, as well as 2) harassment of any kind: sexual, psychological, moral, etc. at all stages and in all aspects of employment relationships.
- The principle of protecting the family and promoting work-life balance for company staff
- Principle of mutual respect and good cooperation
- Principle of prohibition of victimisation
- Principle of transparency
- Principle of confidentiality and protection of personal data
- Principle of cooperation with the competent public authorities in various fields

Also, the anti-harassment policy applicable in the company has provisions on the definition of terms, concepts and examples of prohibited inappropriate behaviour, such as: direct, indirect, multiple discrimination, psychological harassment such as mobbing and bullying, sexual harassment or moral harassment.

The policy also regulates the complaints procedure and the arrangements for dealing with complaints: a) preliminary measures for dealing with complaints at employer level b) informal complaint c) formal complaint d) external complaints process e) consequences of harassment and discrimination; sanctions and disciplinary measures.

1.2.8 Sponsorship, donation and patronage policy

The company's strategy is to support through sponsorship/donations/sponsorship only those non-profit organizations that can demonstrate effectiveness in achieving planned objectives, are well managed and have a stable financial situation. The Society may make donations to worthy organisations that are making efforts to support non-profit organisations or people in need provided that integrity and transparency are ensured, and events that can bring lasting or long-term benefits to society and/or the local community and/or citizens are targeted. Areas of sponsorship/donation/sponsorship : Disaster relief; Children and people in need; Health; Education and sport; Music and culture; Environment; Local communities and academic/research communities.

The sponsorship criteria considered are as follows :

- *Transparency*: the sponsorship must be transparent, the beneficiary of the sponsorship must be known, and the purpose for which it will be used must be disclosed and verifiable
- *Purpose*: the amount sponsored must contribute to a purpose relevant to the field described above
- *Cost*: the cost of implementing the sponsorship must be well defined and justified
- *Reputation* : the beneficiary of the sponsorship must be trustworthy
- *Benefits offered to OIL TERMINAL SA*: the beneficiary must offer the company visibility opportunities with financial and/or image impact.
- *Previous relations with OIL TERMINAL SA*: previous positive experience with the beneficiary of the sponsorship contributes favourably to the assessment of a new application.

Each sponsorship complies with the applicable national legislation as well as the company's internal operating procedures developed for this area. After completion of the sponsorship/donation/matronage process, the beneficiary of the sponsorship action must provide the company with a concise report, mentioning all the results of the sponsorship action.

2. General objectives

The letter of expectations presents the wishes of the public supervisory authority and the shareholders of OIL TERMINAL SA for the development of the Company over the next 4 years. The strategic objectives and the expectations of the shareholders, taken up in the Management Component, will be carried out on the basis of a Plan of Measures, transforming the vision and expectations of the shareholders into efficient and profitable operational processes.

The most relevant strategic objectives and related key performance indicators will be proposed for approval by the Board of Directors.

Once approved, the set of objectives and financial and non-financial performance indicators will be annexed to the mandate contracts.

The strategic objectives are transformed into action directions and translated into a Plan of Measures so that the vision and strategy of the Company are translated into efficient and profitable operational processes.

The Administration Component aims to define the strategic directions and objectives to be achieved taking into account the SWOT analysis, so that a administration strategy can be developed on the basis of a development plan that takes into account the strengths of the Company, eliminates weaknesses, exploits opportunities effectively and counteracts possible threats.

Strategic objectives are transformed into action directions that have been taken over by the *Management Component*, transforming the vision and strategy of the Company into efficient and profitable operational processes.

The most relevant strategic objectives and related performance indicators will be proposed to constitute the set of objectives and performance criteria in the mandate contracts.

2.1 Strategic objectives and related directions of action

Strategic objectives targeted by shareholders

1. Maximizing the company's income

Directions of action

- attracting new relevant customers
- to include the company in an international circuit
- developing storage capacity by identifying free space to build tanks of over 50,000 cubic metres
- improving the performance of the decision-making process according to business needs

2. Proper management of the customer's product

Directions of action

- the acquisition through the investment programme of equipment and technology to ensure efficient monitoring of the physico-chemical characteristics of petroleum products
- management and monitoring of operational risks, in particular technological risk, which is an important factor in ensuring the smooth continuation of operations
- drawing up a step-by-step plan for upgrading and automation taking into account technological processes

3. Ensuring a modern management by implementing and maintaining the processes of risk management, control and corporate governance

Directions of action

- further implementation, maintenance and development of the system of managerial internal control through the action lines of the Programme for the Development of the System of Managerial Internal Control for the next period
- reducing risks as far as possible without unduly affecting the competitiveness and flexibility of the Company's activities.
- creating a formal framework for awareness and ownership of a positive approach to the development of managerial internal control in the Company
- oversight of risk management activity should become an important component in the Audit Committee's scope of work. Consideration will be given to strengthening the position of the Risk Officer at the organisational level - a person who collects risk information from the company's departments, develops and updates the risk register at the company level, informs and reports annually on the status of risk management at the company level to the Monitoring Committee and the company's Management, as well as to other stakeholders, etc.

4. Further achievement of the general and specific objectives set by OIL Terminal SA in the Investment Strategy for 2020-2025

Directions of action

- reviewing the general and specific objectives in order to adapt them to the requirements of the time and of the national energy sector, in line with the government's energy strategy
- implementation of the investment and maintenance plans within the timeframe and contracted value.
- obtaining and maintaining a favourable status for Oil Terminal S.A. from a fiscal and customs point of view

5. Preventing and limiting negative environmental impacts

Directions of action

- relocation of the North Platform Section, a historic oil depot located within the city, by identifying suitable economic activities in this area in accordance with applicable legislation and the needs of the local business community
- to make representations to state institutions to amend or supplement restrictive legislation so that the status of a company with majority state capital allows flexibility in public-private partnerships for access to European funds

6. Quality Management Systems approach to performance improvement and providing initiatives for sustainable development

The Quality Management System is a general approach to the development of each organisation's business as accurately as possible. According to the basic cycle of Management Systems, the main elements are: Plan - Do - Check - Improve.

Any of the processes carried out within the organisation, at its end, must meet the requirement to improve.

Directions of action

- analysis of the context of the organisation, internally, politically-economically, market and external study of the geopolitical context and analysis of stakeholder requirements in the internal and external context.

- Continuous provision of objective evidence, from records and system assessments, carried out through audits, to guide management in making decisions, appropriate to any process, for objective Planning;
- minimising the quantities of waste resulting from processes within the organisation, adopting elements of recovery of certain categories of waste to minimise their management costs;
- analysis of legal requirements and permanent implementation of compliance elements;
- continuous analysis of the working environment and improvement of the working environment conditions;
- workers and motivation for the involvement of the whole team in the specific processes in their areas of activity.

7. Ensuring a balance between the dividend policy and that of providing the necessary funds for the investment programmes undertaken by the company for development and modernisation

Directions of action

- annual review of the approved dividend policy taking into account specific legal requirements
- updating the dividend policy in line with investment capital requirements

3. Financial and non-financial performance indicators

3.1 Institutional framework

The most relevant strategic objectives and the related action lines form a set, which will form the basis for the construction of the set of financial and non-financial objectives and key performance indicators (hereinafter referred to as ICP), annexed to the mandate contracts.

The selected performance indicators shall comply with the following criteria:

- they are in line with the legislation in force
- they are relevant to the achievement of the policy objectives of the Government and the Authority Public Body
- they relate to favourable results in the energy sector
- they are related to the achievement of appropriate favourable outcomes for society the energy/oil sector

The selection of ICP categories took into account their relevance to the management of the Company and the extent to which they are applicable to the core business.

In determining the name, number and importance of ICP, the related performance targets were taken into account.

The use of ICP categories took into account the category in which the Company falls, as set out in Annex no.2b of GD no.722/2016 for the approval of the Methodological Rules for the application of GEO no.109/2011, i.e., OIL TERMINAL is a public enterprise that creates economic value and acts as a company with commercial sop.

It should be noted that the Company has a particular character, being a national oil terminal, which ensures the transfer of oil from/to the limit of the main pipelines to/from port facilities for import and export, respectively, as defined in the Oil Law no.238/2004, as amended.

Taking into account the particular nature of the Company, it follows that, from a financial perspective, the Company's performance is strongly dependent on the combination of PESTL

factors (external political, economic, social, technical and legislative factors), the fundamental priority being to ensure the safe operation of the OIL TERMINAL and, therefore, the provision of services in accordance with the applicable standards.

3.2 Key performance indicators (ICP) for the calculation of the annual variable remuneration component

Key Performance Indicators (ICP) are financial and non-financial.

Non-financial ICP are operational and corporate governance in nature.

OIL TERMINAL does not have any public service oriented activities and therefore no public service oriented ICP are selected.

ICP are assessed annually on the basis of audited annual financial statements and other verification tools.

The target values of the company's key performance indicators as well as those for the calculation of the annual variable component of the remuneration of non-executive directors and directors with a mandate for the financial years 2023, 2024, 2025 and 2026 are based on the financial indicators in the Income and Expenditure Budget for each financial year both the initially approved and the amended , as appropriate.

OIL TERMINAL SA

PROPOSAL
on
Key Performance Indicators for the mandate period 2023-2027

#	Performance indicators				Target values for performance indicators			
	Indicator name	Legal basis / Category	Proposal allocation of indicators	Verification tool	2023	2024	2025	2026
FINANCIAL PERFORMANCE INDICATORS								
1	Annual investment plan value realisation rate <u>Measures</u> : the value achievement of the investment plan compared to the approved value level <u>Formula</u> : (Value of investments made/Value of investments approved) * 100	G.D. 722/2016 Category : Investments	A + D (D)	Annual investment programme, endowments and sources of financing, Annex no.4 to the BVC approved by the GSM, as per OMFP no.3818/2019	100%	100%	100%	100%
2	Capital expenditure rate	GEO 109/2011 Art.4 ⁷ (2) letter a)	A	Annual investment programme, endowments and sources of	≥2%	≥2%	≥2%	≥2%

Annex 4.1

	<p><u>Measures:</u> how much the company invests in fixed assets to sustain or grow its business</p> <p><u>Formula :</u> (Capital expenditure/Total assets)*100</p>	Category:Investment policy		financing, Annex no.4 to the BVC approved by the GSM, as per OMFP no.3818/2019				
3	<p>Current liquidity ratio</p> <p><u>Measures:</u> ability of the company to pay short-term debts of up to 1 year</p> <p><u>Formula :</u> (Current assets/Current liabilities)*100</p>	GEO 109/2011 Art.4 ⁷ (2) lit.b) Category : Funding	A +D (A)	Audited annual financial statements Statement of financial position	≥85%	≥85%	≥85%	≥85%
4	<p>Immediate liquidity ratio (Acid Test)</p> <p><u>Measures:</u> the company's ability to pay short-term debts of up to 1 year after deducting the value of inventories from current assets. Shows that there is sufficient cash flow to pay debts.</p> <p><u>Formula :</u> [(Current assets-Stocks)/ Current liabilities]*100</p>	GEO 109/2011 Art.4 ⁷ (2) lit.b) Category : Funding	D	Audited annual financial statements Statement of financial position	≥75%	≥75%	≥75%	≥75%
5	<p>Patrimonial solvency rate</p> <p><u>Measures:</u> the company's ability to carry out its operations and to pay its medium and long-term</p>	GD 722/2016 Category : Debt	A + D (D)	Audited annual financial statements				

Annex 4.1

	debts arising from past contracts, the conduct of its business or taxes, duties and fiscal contributions. <u>Formula</u> : (Equity/Total liabilities)*100			Statement of financial position	≥65%	≥65%	≥65%	≥65%
6	Asset turnover rate (days) <u>Measures</u> : the volume of assets required to generate income and how efficient a company is in using its assets to generate income <u>Formula</u> : (Total assets/Net turnover)*365	GEO 109/2011 Art.4 ⁷ (2) lit.c) Category : Operations	A	Audited annual financial statements Statement of financial position Annual Budgetary Execution-Annex 1	≤ 1.350 days	≤ 1.350 days	≤ 1.350 days	≤ 1.350 days
7	EBITDA <u>Measures</u> : profit before deducting depreciation, interest and income tax expense , acting as a financial management indicator. Formula : (Realised EBITDA / Planned EBITDA) x 100, <u>Where EBITDA</u> = (Operating profit + Depreciation of fixed assets + Provision adjustments)	GD 722/2016 Category : Income	A + D (D)	Annual budget execution - Annex 2	≥95%	≥95%	≥95%	≥95%

Annex 4.1

8	Return on equity (ROE) <u>Measures:</u> the amount of net profit a company generates in relation to the value of equity <u>Formula :</u> (Net profit / Value of equity)	GEO 109/2011 Art.4 ⁷ (2) lit.d) Category : Profitability	A	Audited annual financial statements-Statement of financial position Annual Budgetary Execution-Annex 1	≥1,2	≥1,2	≥1,2	≥1,2
9	Outstanding payments <u>Measures:</u> amounts due and not paid by the company that have exceeded the payment deadline as provided for by the regulations, contract/invoice or other grounds. <u>Formula :</u> Overdue payments approved/Overdue payments made	GD 722/2016 Category: Cash flow	A + D (D)	Annual budget execution, Annex no.1; S1001 reporting required by OMFP no.2873/2016	Zero lei	Zero lei	Zero lei	Zero lei
10	Dividend payment rate <u>Measures :</u> dividends paid to shareholders in relation to the company's net profit <u>Formula :</u> (Dividends paid/Net profit)*100	GEO 109/2011 Art.4 ⁷ alin. (2) lit.e) Category : Distribution rate of profit in the form of dividends	A	Audited annual financial statements - Notes to the financial statements Annual budget implementation - Annex 1	≥40%	≥40%	≥40%	≥40%
NON-FINANCIAL and NON-TRADE PERFORMANCE INDICATORS								
Operational indicators								

Annex 4.1

11	<p>Specific technological consumption of diesel <u>Measures</u> : the quantity of diesel oil related to the technological losses caused by handling, storage and conditioning operations in/from the oil terminal facilities, losses justified by specific calculation formulas regulated by law, taking into account the physico-chemical characteristics of diesel oil.</p> <p><u>Formula</u> : (consumption achieved/quantity of diesel delivered)*100</p>		A	Annual Activity Report of the Technical Director	≤0,36%	≤0,36%	≤0,36%	≤0,36%
12	<p>Customer satisfaction score <u>Measures</u>: how customers perceive the quality of service provided by the company <u>Formula</u> : (sum of customer satisfaction ratings/no. of customers)*100</p>		D	Annual customer satisfaction evaluation report	≥80%	≥80%	≥85%	≥85%
13	<p>Benefit Claims Analysis Index <u>Measures</u>: the way the company analyses claims received from potential clients <u>Formula</u> : (Number of client claims analysed/ Total number of claims received monthly) * 100 Where <u>Total no. of claims</u> = new client claims + client claims with contract but with additional claims (claims for which (Additional Acts) will be drawn up)</p>		D	Monthly analysis report drawn up by the Marketing-Commercial Service/Customer Application Register/Specific Customer Application Analysis Form	≥95%	≥95%	≥95%	≥95%

Annex 4.1

14	<p>Quality of Service Index <u>Measures:</u> the quality of the service provided in relation to the operation plans drawn up on the basis of customer orders <u>Formula :</u> (no. of operations executed/no. of operations planned)*100</p>		D	Quality Management Service Analysis Report	≥98%	≥98%	≥98%	≥98%
15	<p>Degree of annual training of operational staff <u>Measures:</u> the annual training level of operational staff. <u>Formula :</u> (Number of operational staff trained / Number of operational staff)*100</p>		D	Half-yearly activity report of the Human Resources Service	> 90%	> 90%	> 90%	> 90%
16	<p>Rate of female senior managers <u>Measures :</u> no. of women in senior management positions <u>Formula :</u> (No. of female senior managers/No. of female senior managers)*100</p>		A	Quarterly Activity Report of the Human Resources Service	≥30%	≥30%	≥30%	≥30%
Governance indicators								
17	<p>Implementation and development of the internal management control system (SCIM) <u>Measures :</u> the degree of implementation of the provisions of OSSG no.600/2018 on the approval of the company's internal management control code <u>Formula :</u> (Measures completed within the deadline / Measures proposed) * 100</p>		A	SCIM Development Programme; Annual SCIM self-assessment report prepared in accordance with the OSSG	≥80%	≥80%	≥80%	≥80%
18	<p>Risk management <u>Measures:</u> identification and management of the company's risk profile</p>		D	Annual risk management report prepared in accordance with the OSSG	≥80%	≥80%	≥80%	≥80%

Annex 4.1

	<p>Formula : (No. risks of tolerable level / No. risks identified according to the Risk Register at the level of company) *100</p>							
19	<p>Degree of transparency in financial reporting and corporate governance <u>Measures:</u> level of institutional transparency <u>Formula :</u> (no. reported requirements /(no. reporting requirements under financial calendar + no. reporting requirements under art.51 GEO 109/2011)*100</p>		A +D	Current Reports and Communications to Bucharest Stock Exchange and FSA and company website	100%	100%	100%	100%
20	<p>Attendance rate at board meetings <u>Measures:</u> attendance of non-executive directors at all Board meetings for the proper functioning of the Board. <u>Formula :</u> ($\sum NtNr$ of attendees at Board meetings)/ Total number of Board members*Nt Where Nt = No. of Board meetings</p>		A	Minutes of the meetings of the Administrative Board	≥ 90%	≥ 90%	≥ 90%	≥ 90%
21	<p>Monitoring executive management performance <u>Measures:</u> how well the obligations in the mandate contracts and the Administration Plan are met <u>Formula :</u> (Reports produced / reports to be produced)*100</p>		A	Quarterly Activity Report of the General Director and the Financial Director	100%	100%	100%	100%

PROPOSAL
on
Key Performance Indicators for the mandate period 2023-2027
NON-EXECUTIVE ADMINISTRATORS

#	Performance indicators				Target values for performance indicators			
	Indicator name	Legal basis / Category	Weight %	Verification tool	2023	2024	2025	2026
INDICATORI FINANCIARI DE PERFORMANȚĂ					20			
1	Capital expenditure rate <u>Measures:</u> how much the company invests in fixed assets to sustain or grow its business <u>Formula :</u> (Capital expenditure/Total assets)*100	GEO 109/2011 Art.4 ⁷ (2) lit.a) Category : Investment policy	4	Annual investment programme, endowments and sources of financing, Annex no.4 to the BVC approved by the GSM, as per OMFP no.3818/2019	≥2%	≥2%	≥2%	≥2%
2	Current liquidity rate <u>Measures :</u> the company's ability to pay short-term debts of up to 1 year <u>Formula :</u> (Current assets/Current liabilities)*100	GEO 109/2011 Art.4 ⁷ (2) lit.b) Category : Funding	4	Audited annual financial statements Statement of financial position	≥85%	≥85%	≥85%	≥85%
3	Asset turnover rate (days) <u>Measures:</u> the volume of assets required to generate income and how efficient a company is in using its assets to generate income	GEO 109/2011 Art.4 ⁷ (2) lit.c) Category : Operations	4	Audited annual financial statements Statement of financial position Annual Budgetary Execution-Annex 1	≤ 1.350 days	≤ 1.350 days	≤ 1.350 days	≤ 1.350 days

Annex 4.2

	<u>Formula</u> : (Total assets/Net turnover)*365							
4	Return on equity (ROE) <u>Measures</u> : the amount of net profit a company generates in relation to the value of equity <u>Formula</u> : (Net profit/Value of equity)	GEO 109/2011 Art.4 ⁷ (2) lit.d) Category : Profitability	4	Audited annual financial statements-Statement of financial position Annual Budgetary Execution-Annex 1	≥1,2	≥1,2	≥1,2	≥1,2
5	Dividend payment rate <u>Measures</u> : dividends paid to shareholders in relation to the company's net profit <u>Formula</u> : (Dividends paid/Net profit)*100	GEO 109/2011 Art.4 ⁷ (2) lit.e) Category : Distribution rate of profit in the form of dividends	4	Audited annual financial statements - Notes to the financial statements Annual budget implementation - Annex 1	≥40%	≥40%	≥40%	≥40%
NON-FINANCIAL and NON-TRADE PERFORMANCE INDICATORS			20					
Operational indicators								
6	Specific technological consumption of diesel <u>Measures</u> : the quantity of diesel oil related to technological losses caused by handling, storage and conditioning operations in/out of the oil terminal facilities, justified by specific calculation formulas regulated by law, taking into account the physico-chemical characteristics of diesel oil. <u>Formula</u> : (consumption achieved/quantity of diesel delivered)*100		10	Annual Activity Report of the Technical Director	≤0,36%	≤0,36%	≤0,36%	≤0,36%
7	Rate of female senior managers <u>Measures</u> : no. of women in senior management positions <u>Formula</u> : (No. of female senior managers/No. of female senior managers)*100		10	Quarterly Activity Report of the Human Resources Service	≥30%	≥30%	≥30%	≥30%
Governance indicators 60								
8	Implementation and development of the internal management control system (SCIM)		15	SCIM Development Programme; Annual SCIM self-assessment				

Annex 4.2

	<p><u>Measures</u> : the degree of implementation of the provisions of OSSG no.600/2018 on the approval of the company's internal management control code</p> <p><u>Formula</u> : (Measures completed within the deadline / Measures proposed) * 100</p>			report prepared in accordance with the OSSG	≥80%	≥80%	≥80%	≥80%
9	<p>Degree of transparency in financial reporting and corporate governance</p> <p><u>Measures</u>: level of institutional transparency</p> <p><u>Formula</u> : (no. reported requirements /(no. reporting requirements under financial calendar + no. reporting requirements under art.51 GEO 109/2011)*100</p>		20	Current Reports and Communications to Bucharest Stock Exchange and FSA and company website	100%	100%	100%	100%
10	<p>Attendance rate at board meetings</p> <p><u>Measures</u>: attendance of non-executive directors at all Board meetings for the proper functioning of the Board.</p> <p><u>Formula</u> : (\sum NtNr of attendees at Board meetings)/ Total number of Board members*Nt Where Nt = No. of Board meetings</p>		15	Minutes of the meetings of the Administrative Board	≥90%	≥ 90%	≥ 90%	≥ 90%
11	<p>Monitoring executive management performance</p> <p><u>Measures</u>: how well the obligations in the mandate contracts and the Administration Plan are met</p> <p><u>Formula</u> : (Reports produced / reports to be produced)*100</p>		10	Quarterly Activity Report of the General Director and the Financial Director	100%	100%	100%	100%

OIL TERMINAL SA

PROPOSAL
on
Key Performance Indicators for the mandate period 2023-2027
EXECUTIVE DIRECTORS/DIRECTORS WITH A MANDATE

#	Indicatori de performanță				Valorile țintă pentru indicatorii de performanță			
	Denumire indicator	Temei legal / Categoria	Weight %	Verification tool	2023	2024	2025	2026
INDICATORI FINANCIARI DE PERFORMANȚĂ					50			
1	Annual investment plan value realisation rate <u>Measures</u> : the value achievement of the investment plan compared to the approved value level <u>Formula</u> : (Value of investments made/Value of investments approved) * 100	G.D. 722/2016 Category : Investments	10	Annual investment programme, endowments and sources of financing, Annex no.4 to the BVC approved by the GSM, as per OMFP no.3818/2019	100%	100%	100%	≥95%
2	Immediate liquidity ratio (Acid Test) <u>Measures</u> : the company's ability to pay short-term debts of up to 1 year after deducting the value of inventories from current assets. Shows that there is sufficient cash flow to pay debts.	GEO 109/2011 Art.4 ⁷ (2) lit.b) Category : Funding	10	Audited annual financial statements Statement of financial position	≥75%	≥75%	≥75%	≥75%

Anexa 4.3

	<u>Formula</u> : [(Current assets-Stocks)/ Current liabilities]*100							
3	<p>Patrimonial solvency rate</p> <p><u>Measures</u>: the company's ability to carry out its operations and to pay its medium and long-term debts arising from past contracts, the conduct of its business or taxes, duties and fiscal contributions.</p> <p><u>Formula</u> : (Equity/Total liabilities)*100</p>	GD 722/2016 Category : Debt	10	Audited annual financial statements Statement of financial position	≥65%	≥65%	≥65%	≥65%
4	<p>EBITDA</p> <p><u>Measures</u>: profit before deducting depreciation, interest and income tax expense , acting as a financial management indicator.</p> <p>Formula : (Realised EBITDA / Planned EBITDA) x 100,</p> <p><u>Where EBITDA</u> = (Operating profit + Depreciation of fixed assets + Provision adjustments)</p>	GD 722/2016 Category : Income	10	Annual budget execution - Annex 2	≥95%	≥95%	≥95%	≥95%
5	<p>Outstanding payments</p> <p><u>Measures</u>: amounts due and not paid by the company that have exceeded the payment</p>	GD 722/2016 Category: Cash flow	10		Zero lei	Zero lei	Zero lei	Zero lei

Anexa 4.3

	deadline as provided for by the regulations, contract/invoice or other grounds. <u>Formula</u> : Overdue payments approved/Overdue payments made			Annual budget execution, Annex no.1; S1001 reporting required by OMFP no.2873/2016				
NON-FINANCIAL and NON-TRADE PERFORMANCE INDICATORS								
Operational indicators				25				
6	Customer satisfaction score <u>Measures</u> : how customers perceive the quality of service provided by the company <u>Formula</u> : (sum of customer satisfaction ratings/no. of customers)*100		10	Annual customer satisfaction evaluation report	≥80%	≥80%	≥85%	≥85%
7	Benefit Claims Analysis Index <u>Measures</u> : the way the company analyses claims received from potential clients <u>Formula</u> : (Number of client claims analysed/ Total number of claims received monthly) * 100 Where <u>Total no. of claims</u> = new client claims + client claims with contract but with additional claims (claims for which (Additional Acts) will be drawn up)		5	Monthly analysis report drawn up by the Marketing-Commercial Service/Customer Application Register/Specific Customer Application Analysis Form	≥95%	≥95%	≥95%	≥95%
8	Quality of Service Index		5	Quality Management Service Report	≥98%	≥98%	≥98%	≥98%

Anexa 4.3

	<p><u>Measures:</u> the quality of the service provided in relation to the operation plans drawn up on the basis of customer orders</p> <p><u>Formula :</u> (no. of operations executed/no. of operations planned)*100</p>							
9	<p>Degree of annual training of operational staff</p> <p><u>Measures:</u> the annual training level of operational staff.</p> <p><u>Formula :</u> (Number of operational staff trained / Number of operational staff)*100</p>		5	Quarterly Activity Report of the Human Resources Service	> 90%	> 90%	> 90%	> 90%
Governance indicators			25					
11	<p>Risk management</p> <p><u>Measures:</u> identification and management of the company's risk profile</p> <p><u>Formula :</u> (No. risks of tolerable level / No. risks identified according to the Risk Register at the level of company) *100</p>		5	Annual risk management report prepared in accordance with the OSSG	≥80%	≥80%	≥80%	≥80%
12	<p>Degree of transparency in financial reporting and corporate governance</p> <p><u>Measures:</u> level of institutional transparency</p> <p><u>Formula :</u> (no. reported requirements /(no. reporting requirements under financial calendar + no. reporting requirements under art.51 GEO 109/2011)*100</p>		20	Current Reports and Communications to Bucharest Stock Exchange and FSA and company website	100%	100%	100%	100%