

2024

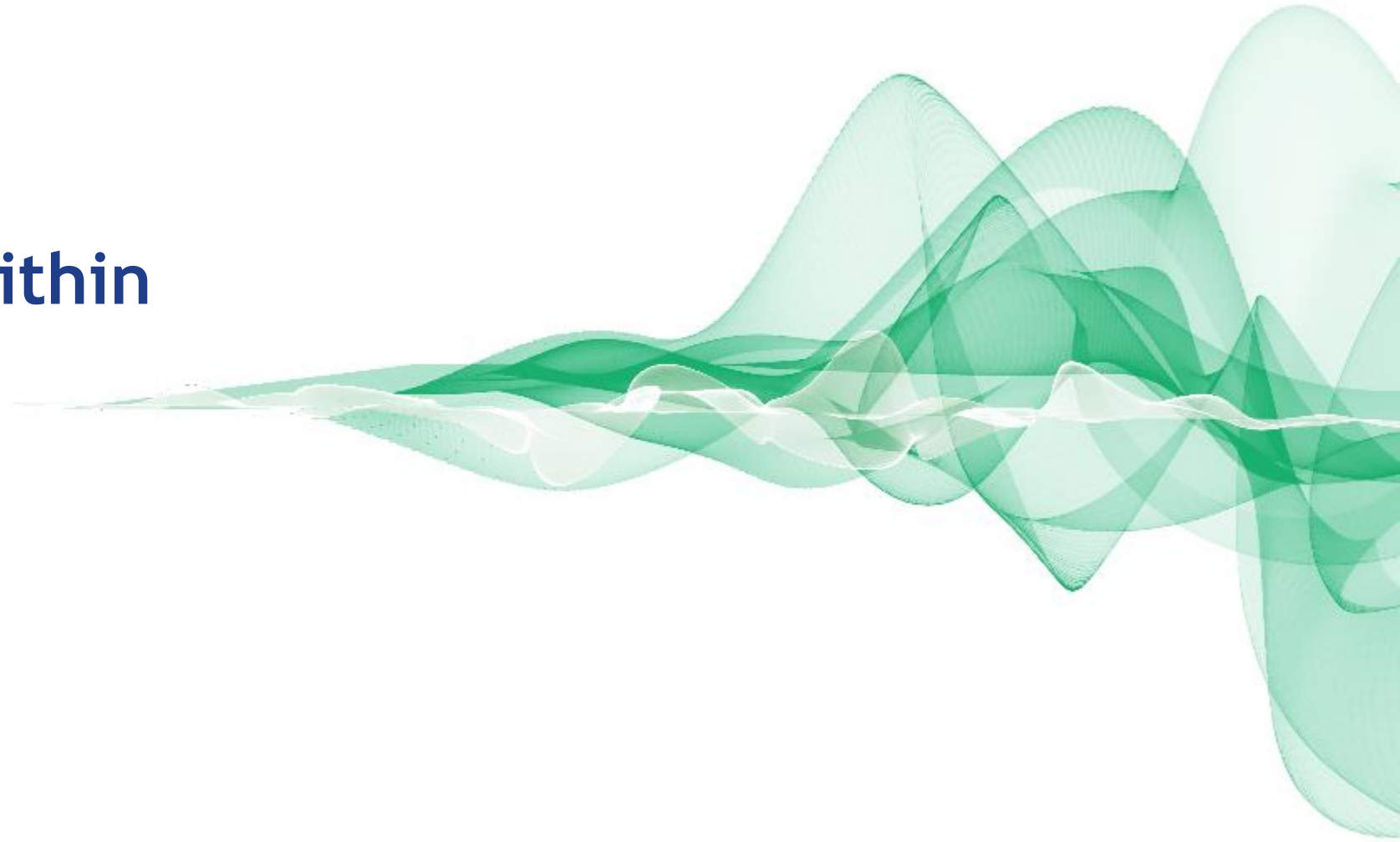
S.N.G.N. ROMGAZ S.A.
RISK PROFILE



ROMGAZ

October 2024

Risk Management within ROMGAZ



2024 ROMGAZ RISK PROFILE

Risk management within ROMGAZ

LEGAL FRAMEWORK:

- ❖ Government Emergency Ordinance No.109/2011 on corporate governance of public companies, approved by Law No.111/2016;
- ❖ Government Ordinance No. 119/1999 on the internal/management control and preventive financial control, republished, as subsequently amended and supplemented;
- ❖ Order of the General Secretariat of the Government (GSG) No. 600/2018 on the approval of the Management Internal Control Code of public enterprises;
- ❖ Risk management methodology, prepared by GSG;
- ❖ Implementation Manual of the Managerial Internal Control System, prepared by GSG.

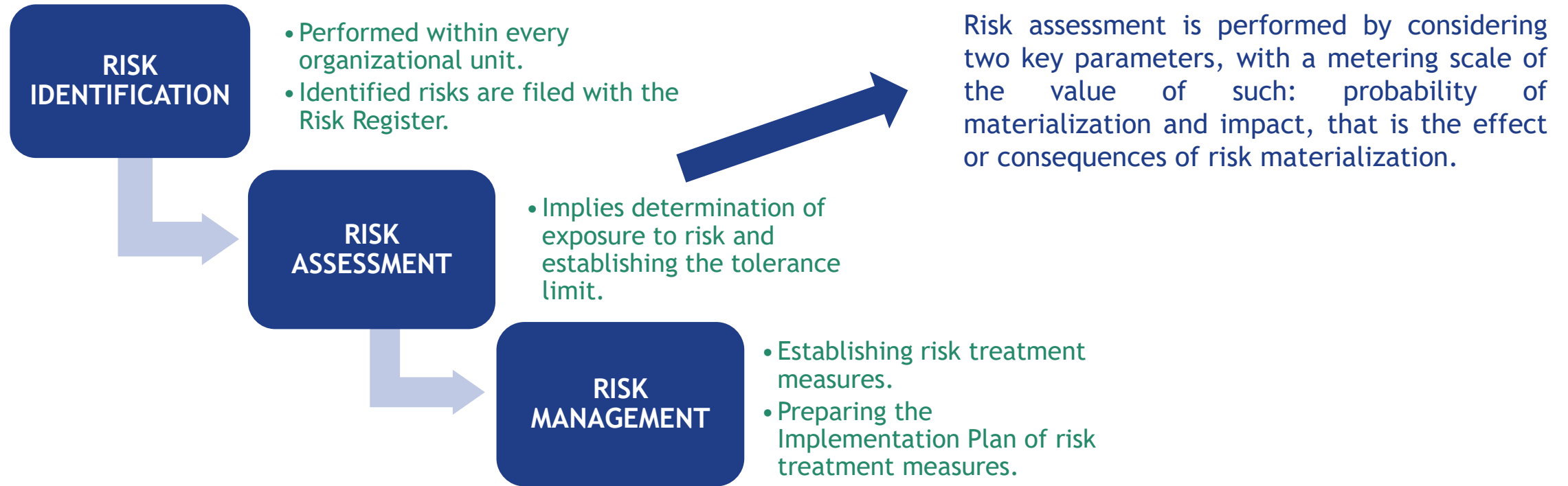
- ✓ The risk management activity is performed in close correlation with the implementation process of the company objectives, where achievement of such objectives could be affected by the materialization of risks.
- ✓ Risk management covers all ROMGAZ activity areas, and all employees are required to participate in identification of risks within their scope of activity that may adversely affect the achievement of objectives and timely implementation of necessary measures to prevent such.



ROMGAZ HAS TO IMPLEMENT AND DEVELOP THE MANAGERIAL INTERNAL CONTROL SYSTEM, INCLUDING AN EFFICIENT RISK MANAGEMENT SYSTEM.

2024 ROMGAZ RISK PROFILE

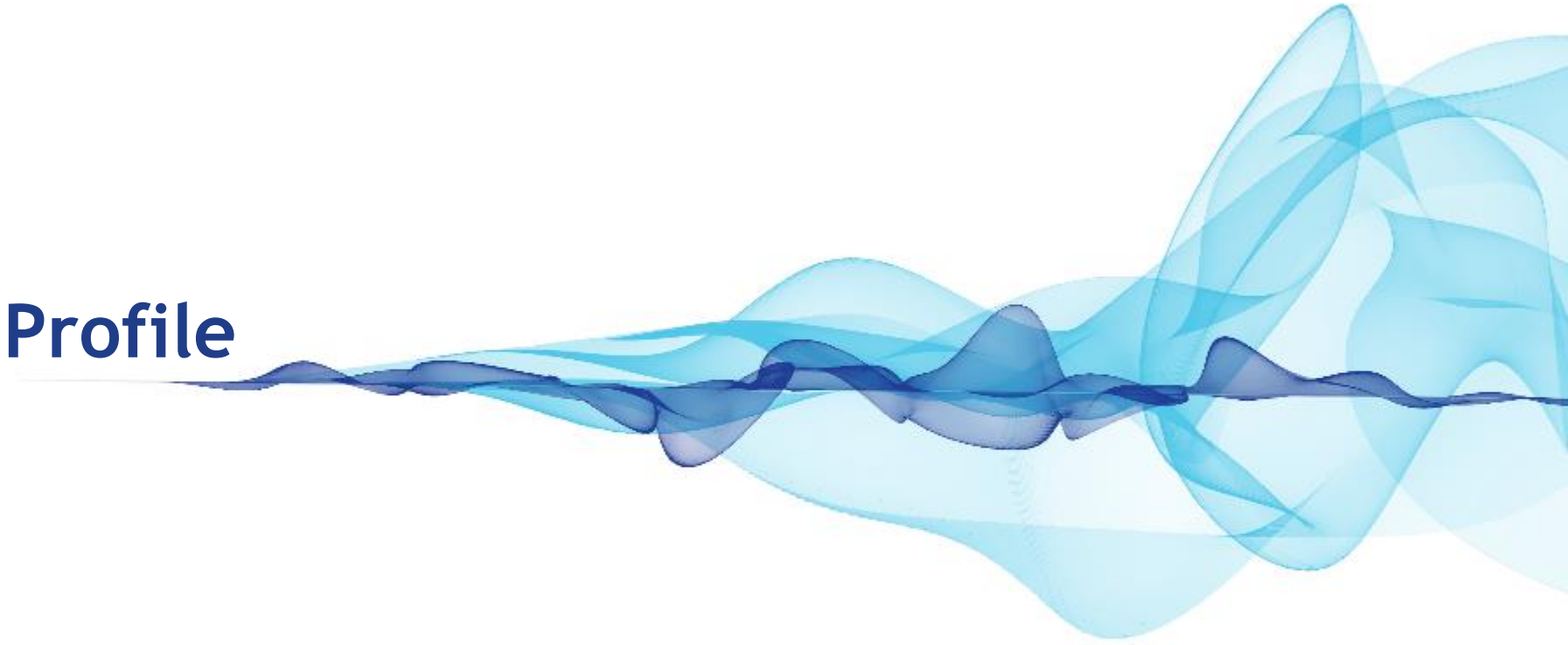
Risk management within ROMGAZ



Risks exceeding the tolerance limit approved by the MICS Monitoring Commission are escalated and recorded in the Significant Risk Register.

Such significant risks are analyzed by the Monitoring Commission which proposes a response strategy within the Implementation Plan of Control Measures of Significant Risks.

Risk Profile



2024 ROMGAZ RISK PROFILE

PROBABILITY - IMPACT MATRIX

The risk profile, graphically represented below through the probability-impact matrix, results from grouping the identified and assessed risks that have been ranked compared against the approved risk tolerance limit.

Probability - Impact Matrix			Number of RISKS			
<i>Very high (5)</i>	IMPACT	31	3	4	2	1
<i>High (4)</i>		47	61	36	32	-
<i>Medium (3)</i>		131	203	211	18	2
<i>Low (2)</i>		110	674	117	47	-
<i>Very low (1)</i>		243	48	15	8	-
		PROBABILITY				
		<i>Very low(1)</i>	<i>Low (2)</i>	<i>Medium (3)</i>	<i>High (4)</i>	<i>Very high (5)</i>

2024 ROMGAZ RISK PROFILE

RISK PROFILE ANALYSIS

Following conclusions may be drawn from the probability - impact matrix analysis:

1. SIGNIFICANT RISKS:

- ✓ There are 41 significant risks (marked red in the matrix), above the approved tolerance limit (bold black line in the matrix);
- ✓ Represent 2.01% of the total of 2044 identified risks. The relatively low weight of such risk type represents a positive aspect for the company and shows the company's prudent and rigorous manner in performing its activities;
- ✓ Urgent treatment measures are required to be taken for significant risks.

2. RISKS TOLERATED TO A LOW DEGREE:

- ✓ There are 268 risks tolerated to a low degree (marked yellow in the matrix), below the approved tolerance limit;
- ✓ Represents 13.11% of the total identified risks and show an increasing trend compared to the previous year;
- ✓ Such risks require control measures to be taken in the short-term to prevent migration of such to significant risks.

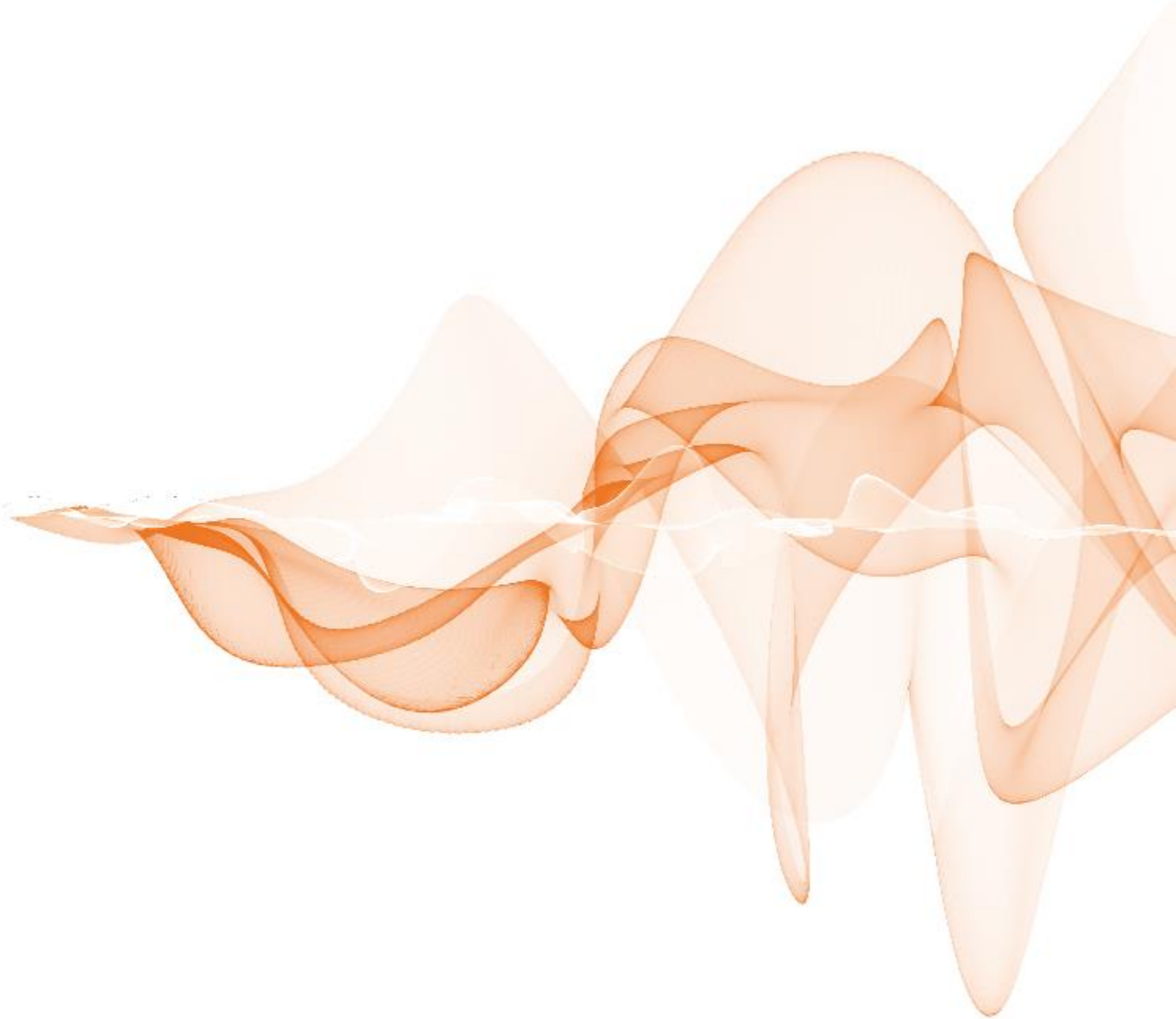
3. RISKS TOLERATED TO A HIGHER DEGREE :

- ✓ There are 459 risks tolerated to a higher degree, representing 22.45% of the total of 2044 risks;
- ✓ Such risks require control measures to be taken in the medium/long-term.

4. TOLERABLE RISKS:

- ✓ There are 1276 tolerable risks, representing 62.43% of the total of 2044 risks;
- ✓ Such risks do not require control measures.

Global Risk



2024 ROMGAZ RISK PROFILE

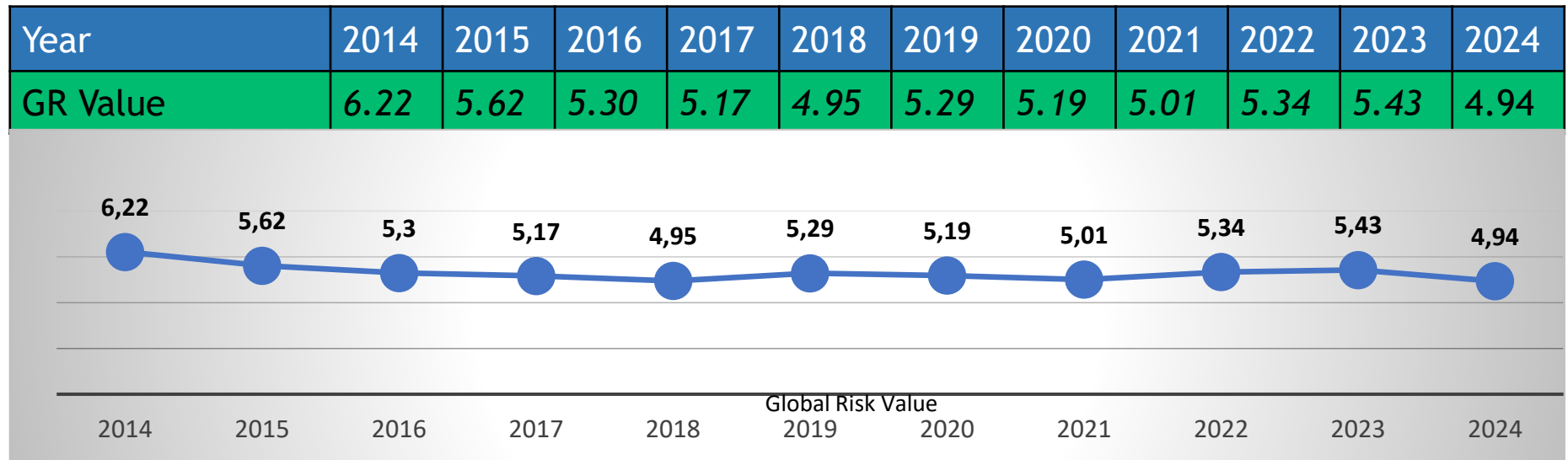
Global Risk

GLOBAL RISK VALUE

- is determined as weighted average of risk exposure values.
- lies between 1, representing the minimum exposure value calculated as product between probability and impact (1x1), and 25, representing the maximum exposure value calculated as product between probability and impact (5x5).

$$GR_{2024} = \frac{243 \times 1 + 158 \times 2 + 146 \times 3 + 729 \times 4 + 31 \times 5 + 320 \times 6 + 108 \times 8 + 211 \times 9 + 3 \times 10 + 54 \times 12 + 6 \times 15 + 32 \times 16 + 2 \times 20 + 1 \times 25}{2044}$$

2014 - 2024 Company Global Risk Development



$GR_{2024} = 4.94$

2024 ROMGAZ RISK PROFILE

Global Risk

GLOBAL RISK ANALYSIS

The Company's Global Risk value decreased as compared to the previous year. The main reasons leading to a reduced value of the 2024 Global Risk ($GR_{2024}=4.94$) are the following:

- ❖ Decrease in weight of 2024 significant risks compared to the previous year (2.01% compared to 2.11%);
- ❖ Decrease in weight of 2024 risks tolerated to a low degree compared to the previous year (13.11% compared to 15.47%);
- ❖ Increase in weight of 2024 tolerable risks and risks tolerated to a higher degree compared to the previous year (84.88% compared to 82.42%).

CONCLUSIONS:

- ❖ For 2024, objective setting and associated risk identification and assessment have been performed in compliance with the revised System Procedures PS-08 and PS-07.
- ❖ The new procedures provide clear rules on setting SMART objectives, by strategic objectives cascading.
- ❖ Implementation of the two procedures has led to an increased number of organizational units where SMART objectives have been set, and potential risks in objective achievement have been identified and assessed.
- ❖ Ongoing information and awareness actions, as part of the continuous improvement process, together with SMART objectives setting and allocation of appropriate resources to implement the risk control measures may lead to an efficient management of risks at ROMGAZ level, and the increase of the usefulness of information on risk management in decision making, with the aim of achieving the objectives/activities in terms of economy, efficiency and effectiveness.

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ROMGAZ

Objectives and Risks Management Office