

UPDATED 2024 S.N.G.N. ROMGAZ S.A. RISK PROFILE

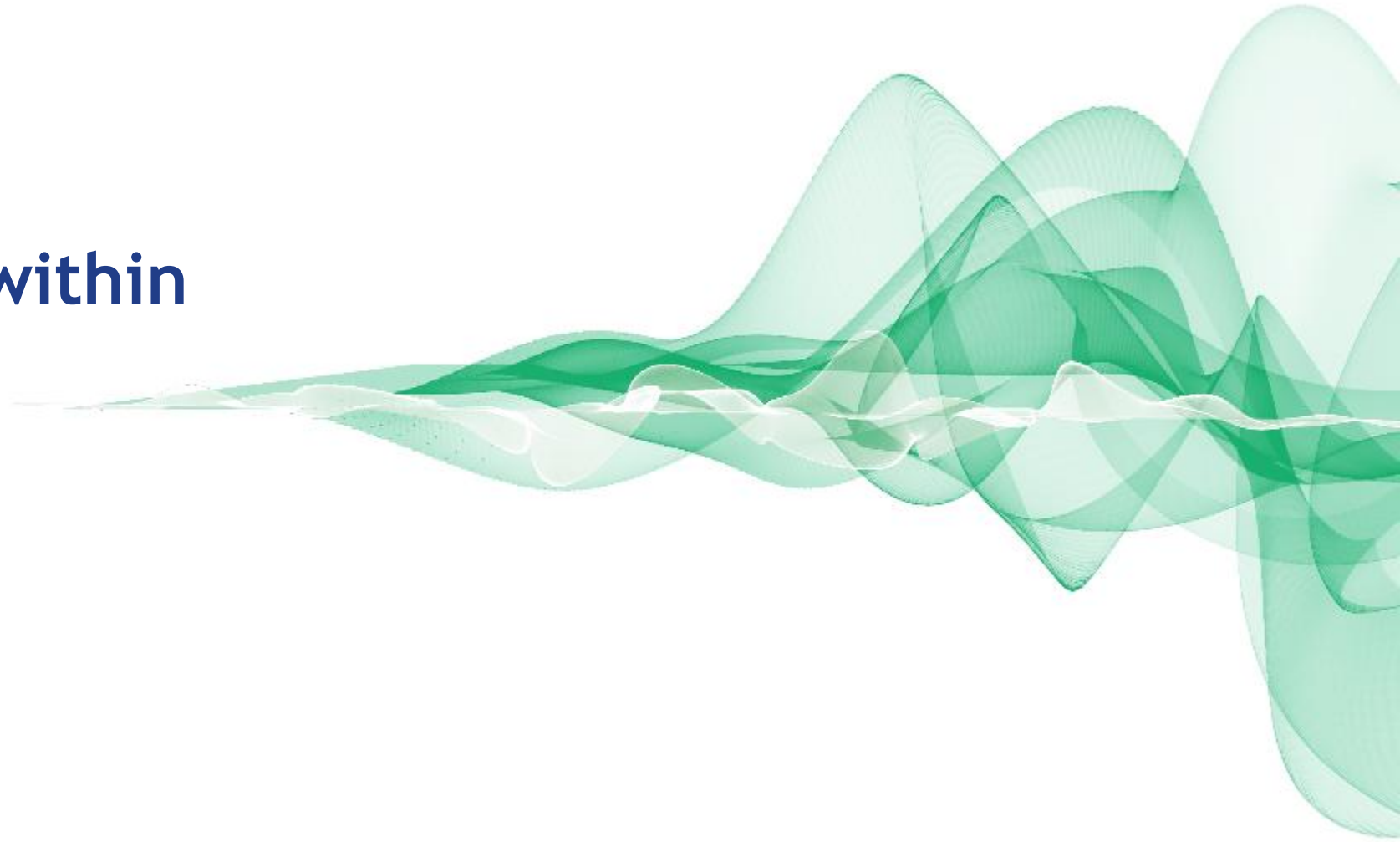


Updated risk profile following the Monitoring Commission meeting on December 23, 2024 regarding completion and endorsement of the Implementation Plan for Significant Risk Control Measures and updating the Significant Risk Register for 2024.

ROMGAZ

January 2025

Risk Management within ROMGAZ



UPDATED 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 Code of Internal Management Control of public entities;
- ❖ Risk management methodology, prepared by GSG;
- ❖ Implementation Manual of the Internal Management Control System, prepared by GSG.

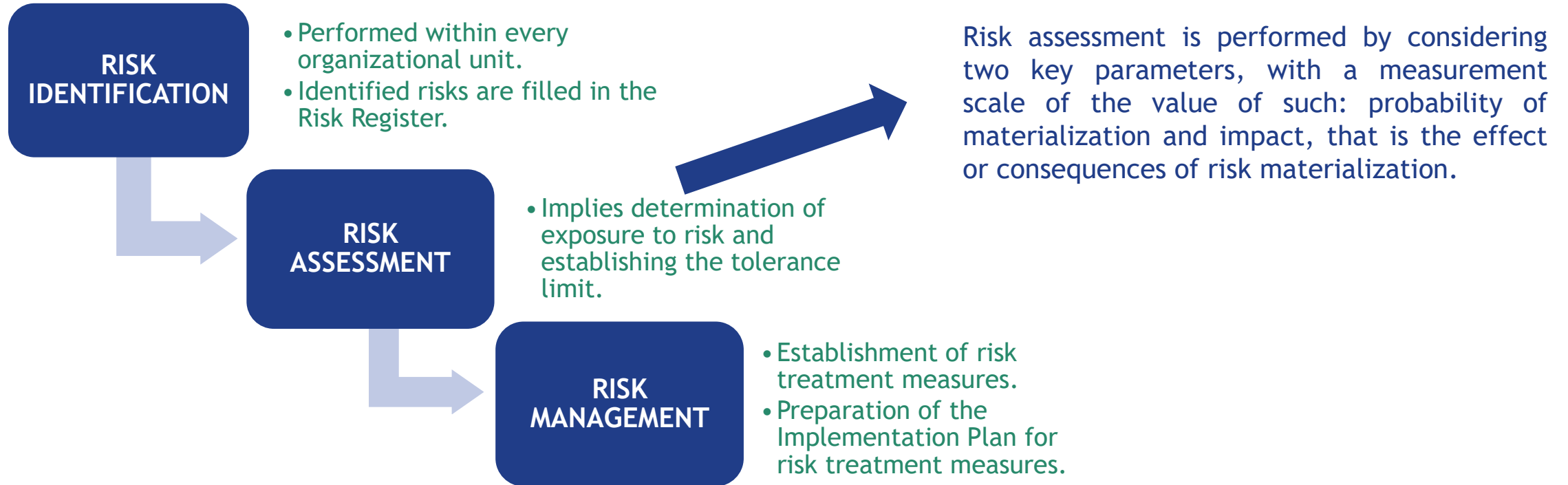
- ✓ The risk management activity is performed in close correlation with the implementation process of company objectives, where achievement of such objectives could be affected by the materialization of risks.
- ✓ Risk management covers all ROMGAZ activity areas, and all employees are required to participate 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 INTERNAL MANAGEMENT CONTROL SYSTEM, INCLUDING AN EFFICIENT RISK MANAGEMENT SYSTEM.

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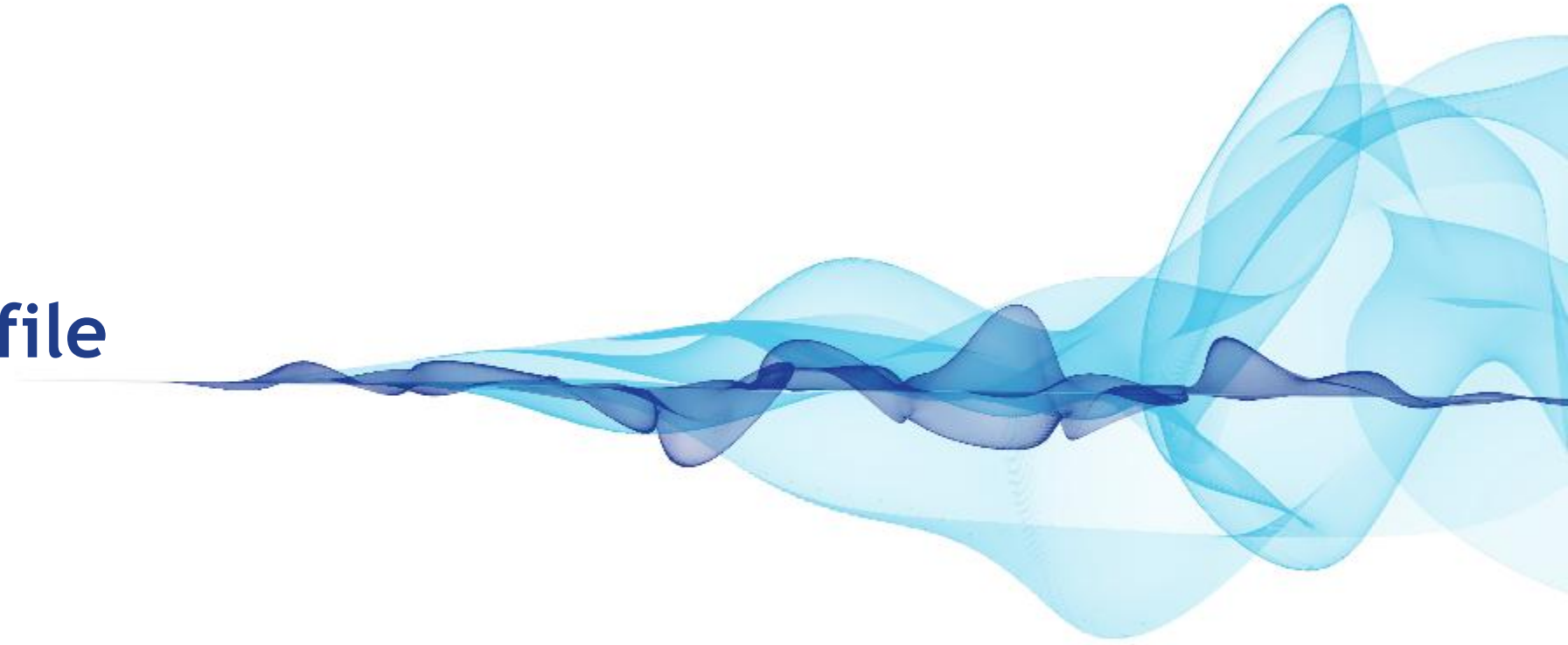
Risk management within ROMGAZ



Risks exceeding the tolerance limit approved by the Monitoring and Coordination Commission for the Implementation and Development of the Internal Management Control System (MC) are escalated and recorded in the Significant Risk Register.

Such significant risks are analyzed by the MC which proposes a response strategy within the Implementation Plan for Significant Risk Control Measures.

Risk Profile



UPDATED 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 were ranked compared against the approved risk tolerance limit.

Probability - Impact Matrix				Number of RISKS		
<i>Very high (5)</i>	IMPACT	31	3	-	1	-
<i>High (4)</i>		48	69	35	3	-
<i>Medium (3)</i>		174	203	236	17	-
<i>Low (2)</i>		110	651	119	47	-
<i>Very low (1)</i>		239	46	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>

UPDATED 2024 ROMGAZ RISK PROFILE

RISK PROFILE ANALYSIS

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

1. SIGNIFICANT RISKS:

- ✓ There are 4 significant risks (marked in red in the matrix), above the approved tolerance limit (the bold black line in the matrix);
- ✓ Represent 0.2% of the total of 2055 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 of performing its activities;
- ✓ Urgent treatment measures are required to be taken for significant risks.

2. RISKS TOLERATED TO A LOW DEGREE:

- ✓ There are 291 risks tolerated to a low degree (marked in yellow in the matrix), below the approved tolerance limit;
- ✓ Represent 14.16% of the total identified risks and show an increasing trend compared to 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 469 risks tolerated to a higher degree, representing 22.82% of the total of 2055 risks;
- ✓ Such risks require control measures to be taken in the medium/long-term.

4. TOLERABLE RISKS:

- ✓ There are 1291 tolerable risks, representing 62.82% of the total of 2055 risks;
- ✓ Such risks do not require control measures.

Global Risk



UPDATED 2024 ROMGAZ RISK PROFILE

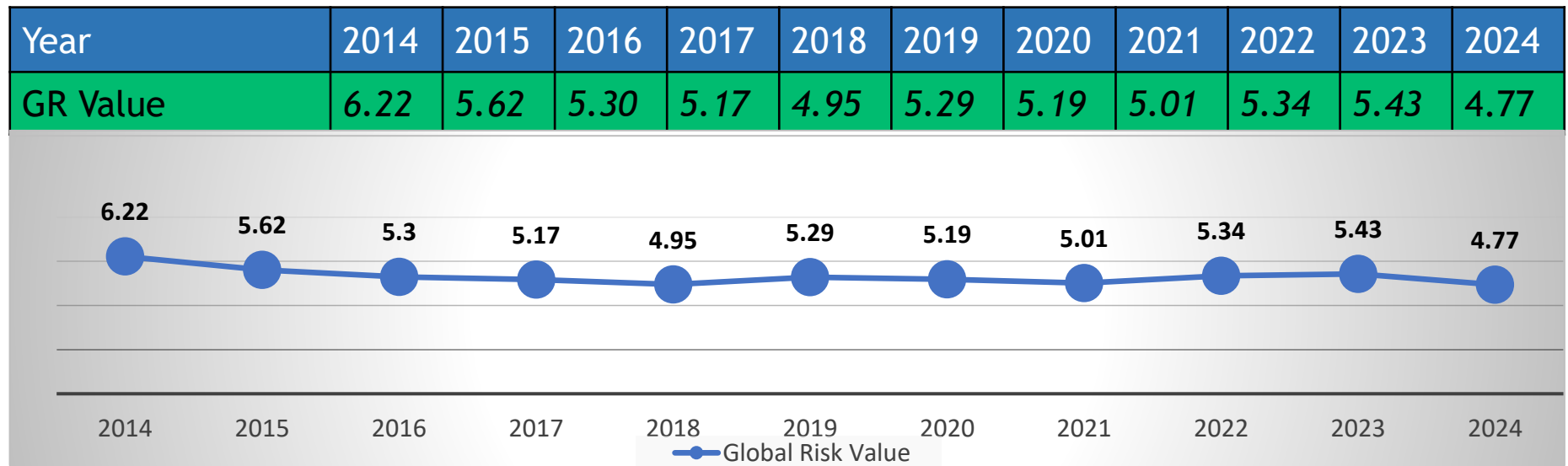
Global Risk

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).

$$GR_{2024} = \frac{239 \times 1 + 156 \times 2 + 189 \times 3 + 707 \times 4 + 31 \times 5 + 322 \times 6 + 116 \times 8 + 236 \times 9 + 3 \times 10 + 52 \times 12 + 0 \times 15 + 3 \times 16 + 1 \times 20 + 0 \times 25}{2055}$$

2014 - 2024 Company Global Risk Development



$GR_{2024} = 4.77$

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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 ($GR_{2024}=4.77$) are the following:

- ❖ Decrease in weight of 2024 significant risks compared to the previous year (0.2% compared to 2.11%);
- ❖ Decrease in weight of 2024 risks tolerated to a low degree compared to the previous year (14.16% compared to 15.47%);
- ❖ Increase in weight of 2024 tolerable risks and risks tolerated to a higher degree compared to the previous year (85.64% compared to 82.42%).

CONCLUSIONS:

- ❖ For 2024, objective setting and associated risk identification and assessment were performed in compliance with the revised System Procedures PS-08 and PS-07.
- ❖ The new procedures provide clear rules on setting SMART objectives by cascading, starting from the strategic objectives.
- ❖ Implementation of the two procedures led to an increased number of organizational units where SMART objectives were set, and potential risks in objective achievement were 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