

Supervisory Board Report on Consolidated Financial Statements of Petrom Group prepared in accordance with International Financial Reporting Standards ("IFRS")

In 2012, the Supervisory Board thoroughly reviewed the position and prospects of Petrom Group ("the Group"), and performed its functions according to the relevant laws, the Articles of Association, the applicable Corporate Governance Code and the relevant internal regulations. We supervised the Executive Board on the management of OMV Petrom S.A. and its subsidiaries, monitored its work and we were involved in the Group's key decisions. Where required by law, the Articles of Association, or internal regulations, the Supervisory Board adopted resolutions following a comprehensive analysis.

The Supervisory Board received detailed information, both verbally and in writing, on issues of fundamental importance for the Group, including its financial position, business strategy, planned investments and risk management. We discussed all transactions significant for OMV Petrom S.A. and its subsidiaries in the plenary meetings, based on the reports of the Executive Board.

The consolidated financial statements and audit report were presented for Supervisory Board examination in a timely manner. Ernst & Young audited the 2012 consolidated financial statements, reviewed the conformity of the Directors' Report with the consolidated financial statements and issued unqualified audit opinions. The auditors attended the relevant meeting of the Audit Committee convened to adopt the accounts. The Audit Committee discussed the consolidated financial statements with the auditors and examined them carefully. The Audit Committee reported to the Supervisory Board on its examination and recommended the approval of the annual consolidated financial statements, including the management report.

Based on our own examination of the consolidated financial statements and the management report, we concurred with the results of the audit. The final results of our examination did not lead to any objections.

We have also reviewed and analyzed attached report of the Executive Board ("Directors' Report") presented as Appendix 1 which gives a true and fair view of the development and performance of the business and the financial position of the Group, together with a description of the principal risks and associated uncertainties as of December 31, 2012.

Hence, the consolidated financial statements of Petrom Group prepared in accordance with IFRS were approved in today's Supervisory Board meeting in line with the Audit Committee's recommendation and will further be submitted for approval in the General Meeting of Shareholders to be held on April 22, 2013.

Bucharest, March 21, 2013



Gerhard Roiss

President of the Supervisory Board

Appendix 1

Directors' Report on Consolidated Financial Statements of Petrom Group prepared in accordance with International Financial Reporting Standards ("IFRS")

Directors' report

Petrom Group financials ¹ (RON mn)	2011	2012	Δ(%)
Sales revenues	22,614	26,258	16
Earnings before interest and taxes (EBIT)	4,936	5,662	15
Net income	3,759	3,946	5
Net income attributable to stockholders	3,757	3,953	5
Cash flow from operations	6,442	7,185	12
Capital expenditures	4,803	4,930	3
Employees at the end of period	22,912	21,650	(6)

Capitalizing on previous years' large investments in our core business and helped by relative stability at macroeconomic level in Romania, 2012 was another year of strong financial results and outstanding operational performance for our company. This was also the result of effective cost and operational management and supportive crude price environment. Moreover, throughout the year, we achieved several important milestones and had very successful results.

The operating result (EBIT) increased by 15% to RON 5,662 mn compared to the 2011 level, with positive contribution across all business segments. Net special charges totaled RON (362) mn mainly related to a legal case in Kazakhstan for uncollected receivables, personnel restructuring and impairment of marketing assets in the Republic of Moldova.

The net financial result of RON (836) mn, which was significantly lower than the RON (327) mn registered in 2011, reflected the special charges of RON (209) mn for alleged late payment interest following the receipt of the preliminary result of the fiscal review for the years 2009 and 2010. The negative effects of receivables discounting as well as FX exposure related to the EUR bank loans also burdened on the financial result.

The Group effective corporate tax rate was 18%, in line with 2011, while net income attributable to stockholders was 5% higher versus 2011. The return on average capital employed (ROACE)² slightly decreased to 16.5%, from 17.3% in 2011, due to the large, long-term investment program. Positively, the gearing ratio improved to 7.3% from 9.3% in 2011, influenced by lower interest-bearing debt.

In 2012, we remained the largest investor in the energy sector in Romania with capital expenditures of RON 4,930 mn, slightly higher than in 2011, mostly dedicated to our E&P projects.

Going forward, in order to ensure production stability, in Romania we will progress several field redevelopment projects, focusing on drilling, workovers and advanced technologies aimed at increasing hydrocarbon recovery. Following data interpretation from the 3D seismic studies initiated in December 2012 on the deepwater sector of the Neptun block, further exploration is anticipated for end-2013. As regards Skifska (Ukraine) and Midia (Romania) blocks, we plan to progress with our discussions with the local authorities.

In G&P, we aim to maintain our leading position in the free gas market and enhance the value of equity gas by further optimizing the Brazi power plant operations. In R&M, the modernization program of Petrobrazi refinery progress is planned to further progress in 2013, with the commissioning of the Coker unit upgrade and the new Gas Desulfurization unit. Stringent cost management and business optimization are envisaged for all business segments.

¹ **Note:** In this report, "the Company", "Petrom", "Petrom Group" and "the Group" are sometimes used for convenience where references are made to OMV Petrom S.A. and its subsidiaries in general. The financials presented in the report are audited and represent Petrom Group's consolidated results prepared according to IFRS; all the figures refer to Petrom Group unless otherwise stated. Market share in Marketing includes retail and commercial sales and excludes sales to oil companies

² Return On Average Capital Employed = NOPAT / Average Capital Employed; NOPAT = Net Operating Profit After Taxes = Net income + (Interest Expense – Interest income)*(1-tax rate)

Dividend

The strong 2012 results and healthy financial position enable us to invest in the Company's future sustainable growth and also to propose to the forthcoming General Meeting of Shareholders of April 22, 2013, the payment of a dividend of RON 0.028 per share, corresponding to a payout ratio of 40% of the net profit.

In **E&P**, for the second year since privatization, we broadly stabilized our hydrocarbon production volumes. In Romania we successfully minimized the natural decline of our mature hydrocarbon fields at only 1.6% through several production optimization initiatives including workover activities and drilling of new wells and higher production from the Totea deep gas field. Production in Kazakhstan increased by 2.8% thanks to increased volumes from the Komsomolskoe field.

2012 is the first year with successful exploration results in deepwater offshore. In February, we confirmed the first gas discovery in the deepwater sector of Neptun block, explored in joint venture with ExxonMobil Exploration and Production Romania Limited, who acts as operator. Our focus on exploring the potential of the Neptun block and its neighbouring areas in Romania reflected into record high exploration expenditures of RON 530 mn, 21% higher than in 2011. Following the discovery, a 3D seismic program of 6,000 km² started at the end of the year. Further evaluation and additional appraisal work are required to indicate if the deep offshore gas discovery Domino-1 is commercially recoverable. An additional 3D seismic study of 1,600 km² has been finalized in the shallow water sector of Neptun block in the last part of 2012.

Onshore, we pursued the appraisal drilling of the Totea Deep development, to confirm the most important onshore gas discovery in Romania in the past six years. An appraisal well started experimental production in the second half of 2012 while a second Early Production Facility (EPF2) installation was finalized by the end of November 2012, which allows the operator to start production while still working on the field development plan and permanent facilities construction. The production of Totea Deep averaged 5 kboe/d in 2012.

In **G&P**, we maintained a strong position in the Romanian gas market, covering all gas market segments, and accounting for 28% of the free gas market in 2012. In the power sector, we delivered a total net electrical output of 1.68 TWh, mostly from the Brazi combined-cycle gas-fired power plant contribution, which was brought on stream in August. With the commissioning of the Brazi power plant, Petrom expanded the equity gas value chain by converting gas into electricity and thus contributing to the security of the Romanian energy system.

In **R&M**, 2012 was the second year after privatization with positive Clean CCS EBIT result, nevertheless lower than the 2011 level, reflecting the poor marketing result. The indicator refining margin improved as higher gasoline and middle distillates cracks were only partially offset by the higher own consumption costs due to slightly higher crude prices. We continued the modernization program of the Petrobrazi refinery, and commissioned the modernization of the crude vacuum distillation unit in June, after a six-week shutdown, which led to incremental improvements of our refinery yield structure and lower refinery energy consumption. The utilization rate stood at 73%, reflecting the planned shutdown, slightly lower than the 79% in 2011. Last year, we also finalized the construction of a new state-of-the-art terminal at Isalnita.

In Marketing, total sales volumes decreased by 6% compared with 2011, broadly in line with the market demand in our operating region which experienced a weak economic environment. The previous years' rebranding of PetromV filling stations in Romania into OMV or Petrom also contributed to network optimization.

Corporate Governance

In order to consolidate market and stakeholder confidence, we pursue transparency in our management and internal control structures. To meet the expectations placed in Petrom in terms of good corporate governance, we strive to comply with the principles set out in the Code of Corporate Governance (hereinafter referred to as "the CGC" or "the code") issued by the Bucharest Stock Exchange. The code applies to the issuers listed on the Bucharest Stock Exchange and the enclosure of the "Comply or Explain" Statement to the provisions set forth by the CGC became effective starting in 2010. The Corporate Governance Code's requirements are broader than the legal requirements for listed companies. A detailed report on Corporate Governance together with the "Comply or Explain" Statement is enclosed in our report.

The current version of the CGC is available on the website of the Bucharest Stock Exchange www.bvb.ro, under the item Companies/ Corporate Governance. The website also includes an English translation of the Code of Corporate Governance and the Corporate Governance Code Guidelines.

Earnings before interest and taxes (EBIT)

EBIT (RON mn)	2011	2012	Δ %
Exploration and Production ¹	5,236	5,467	4
Gas and Power	149	360	142
Refining and Marketing	(187)	138	n.m.
Corporate and Other	(79)	(117)	48
Consolidation: elimination of intercompany profits	(183)	(185)	1
Petrom Group reported EBIT	4,936	5,662	15

¹ Excluding intersegmental profit elimination shown in the line "Consolidation"

In **E&P**, **EBIT** increased by 4% compared to 2011, to RON 5,467 mn, on the back of favorable FX effects (stronger USD against RON) and higher oil prices, which more than offset the increased operating and exploration expenses. The impact of hedging on the EBIT amounted to RON (394) mn, broadly flat compared to 2011. EBIT included special items totaling RON (287) mn, mainly related to a legal case in Kazakhstan for uncollected receivables, restructuring charges and also in relation to a community project.

Total Group hydrocarbon production decreased by 1.3% compared to 2011 to 183 kboe/day or 66.9 mn boe.

Total oil, gas and NGL production in Romania totaled 62.4 mn boe, 1.6% lower compared to the previous year. Crude oil production was 28.7 mn bbl, 2.2% lower than in 2011, as the new wells drilled and the workover programs could not fully offset the effects of harsh winter conditions at the beginning of the year and also natural decline.

Gas production reached 33.7 mn boe, 1.1% lower compared to 2011. **Oil and gas production in Kazakhstan** increased by 2.8% to 4.5 mn boe, mainly due to increased production at the Komsomolskoe fields. In 2012, **Group sales volumes** decreased by 1.3% compared to 2011.

In **G&P**, **EBIT** more than doubled to RON 360 mn, compared to 2011, driven by the better terms for domestic gas sales, positive contribution from the power segment as well as cost optimization. In **the gas business**, sales volumes decreased by 4% compared to 2011, still in line with the overall market trend. Since its start of commercial operations in August 2012, Brazi covered approximately 6% of Romania's electricity production over the same period and, together with the Dorobantu wind park had a marginal positive contribution to EBIT. Since September 2012, Brazi power plant has been supplied only with equity gas.

In **R&M**, **EBIT** considerably improved to RON 138 mn against RON (187) mn in 2011, as the latter was strongly affected by net special charges of RON (651) mn, mainly in relation with the provision set up for the fine received from the Competition Council. The **indicator refining margin** improved to USD (1.39)/bbl, from USD (2.40)/bbl in 2011, supported by the higher gasoline and middle distillates cracks, which were only partially offset by the slightly higher costs of crude. During 2012, the **utilization rate** of Petrobrazi refinery stood at 73%, down from 79% in 2011, due to a six weeks shutdown needed to commission the modernized crude vacuum distillation unit.

EBIT in the **Corporate and Other** (Co&O) segment amounted to RON (117) mn, 48% lower than in 2011, when it stood at RON (79) mn.

Financial highlights

Notes to the income statement

Summarized income statement (RON mn)	2011	2012	Δ %
Sales revenues	22,614	26,258	16
Direct selling expenses	(564)	(696)	23
Production costs of sales	(14,321)	(17,306)	21
Other operating income	433	187	(57)
Selling and administrative expenses	(1,398)	(1,415)	1
Exploration expenses	(420)	(328)	(22)
Other operating expenses	(1,407)	(1,038)	(26)
Earnings before interest and taxes (EBIT)	4,936	5,662	15
Net financial result	(327)	(836)	155
Taxes on income	(850)	(880)	4
Net income	3,759	3,946	5
Less net income / (loss) attributable to non-controlling interests	2	(7)	n.m.
Net income attributable to stockholders of the parent	3,757	3,953	5

Petrom is an integrated oil and gas company. As oil produced by the E&P segment is mainly processed at the Petrobrazi refinery, the R&M business segment represents the largest share of the Group's consolidated sales.

Compared to 2011, **consolidated sales revenues** increased by 16% to RON 26,258 mn, mainly driven by increased oil and product prices together with higher crude sales and higher electricity sales in 2012. After the elimination of intra-group transactions of RON 12,072 mn, the contribution of the **E&P** segment to consolidated sales revenues was RON 920 mn or about 3% of the Group's total sales revenues (2011: RON 571 mn). After elimination of intra-group sales, the **G&P** segment's contribution was RON 3,696 mn or approximately 15% of total sales (2011: RON 3,191 mn). Sales to external customers in the **R&M** segment amounted to RON 21,587 mn or 82% of total consolidated sales (2011: RON 18,795 mn).

In line with IFRS 8 "Operating segments", sales to external customers are split by geographical areas on the basis of where the risks and benefits are transferred to the customer. Romania represents the Group's most important **geographical market** with sales of RON 20,534 mn or 78% of the Group's total sales (2011: RON 17,411 mn). Sales in the rest of Central and Eastern Europe were RON 4,485 mn or 17% of Group sales revenues (2011: RON 4,291 mn) and sales revenues in the rest of the world (Kazakhstan) increased to RON 1,239 mn, representing 5% of total sales revenues (2011: RON 911 mn).

Direct selling expenses, mainly consisting of third-party freight-out expenses, increased by 23% to RON 696 mn mostly related to activities in Kazakhstan. **Cost of sales**, which include variable and fixed production costs, as well as costs of goods and materials employed, increased by 21% to RON 17,306 mn, mainly due to higher expenses for the acquisition of products from third parties in relation to the scheduled Petrobrazi refinery shut-down in 2012. **Other operating income** went down by 57%, and the result in 2011 included the reassessment of retirement provision following the change in parameters (in 2012 the reassessment of retirement provision resulted in an operating expense) and significantly higher incomes from carbon certificates. **Selling expenses** of RON 1,173 mn slightly increased by 1% compared to last year, while **administrative expenses** increased by 2% to RON 242 mn.

Exploration costs decreased by 22% to RON 328 mn, mainly due to lower provisions for unsuccessful wells in Romania in 2012; in addition, 2011 also included impairments of exploration assets in Kazakhstan.

Other operating expenses decreased 26% to a value of RON 1,038 mn in 2012 resulting from the fact that significant provisions in relation with Competition Council antitrust investigation and the Arpechim refinery closure were booked in 2011.

The net financial result shows a loss of RON 836 mn and decreased significantly in comparison with the previous year (2011: loss of RON 327 mn) influenced by the special charges for alleged late payment interest following the receipt of the preliminary results of the fiscal review of the years 2009 and 2010 for Petrom,

higher discount of receivables and lower FX gains related to USD loans given by Petrom to its Kazakh subsidiaries as well as negative FX effect related to the EUR bank loans.

Taxes on income amounting to RON 880 mn in 2012 slightly increased compared to 2011. **Current expenses with taxes on income** went up by RON 54 mn to RON 964 mn, mainly driven by higher profits. In 2012, **deferred tax income** of RON 84 mn (2011: RON 60 mn) was recognized. The Group's effective tax rate remained stable at 18% (2011: 18%) as 2012 was burdened by the expense for the fiscal review, while 2011 included the non tax-deductible fine imposed by the Romanian Competition Council.

Capital expenditure

Capital expenditure ¹ (RON mn)	2011	2012	Δ (%)
Exploration and Production	3,254	3,753	15
Gas and Power	515	221	(57)
Refining and Marketing	980	899	(8)
Corporate and Others	54	57	6
Total capital expenditure	4,803	4,930	3
+/- Other adjustments	438	145	(67)
Additions according to statement of non-current assets (intangible and tangible assets)	5,241	5,075	(3)
+/- Non-cash changes	24	55	129
Cash outflow due to investments in intangible and tangible assets	5,265	5,130	(3)
+ Cash outflow due to investments in securities, loans and other financial assets	-	-	-
Investments as shown in the cash flow statement	5,265	5,130	(3)

¹ Adjusted for capitalized decommissioning costs, exploration wells that have not found proved reserves, borrowing costs and other additions which by definition are not considered as capital expenditures

Capital expenditure increased to RON 4,930 mn (2011: RON 4,803 mn), due to higher investments in E&P, partly offset by lower CAPEX in G&P and R&M.

Investments in **E&P**, at RON 3,753 mn (2011: RON 3,254 mn), represented 76% of the total figure for 2012 and were predominantly spent on drilling development wells, workover activities and sub-surface operations, field redevelopment projects, as well as investments related to Neptun Deep Water and Totea Deep projects. Approximately 4% of investments were realized in **G&P** at the amount of RON 221 mn (2011: RON 515 mn), the majority of this amount related to the Brazi power plant, which started commercial operations in August 2012. Capital expenditure in the **R&M** segment of RON 899 mn (2011: RON 980 mn) accounted for 18% of 2012 Group total investments. In Refining, investments were mainly related to the Petrobrazi modernization program (especially for the modernization of the crude vacuum distillation unit and of the Coker installation). Additional funds were directed to legal and environmental compliance. Corporate & Other (**Co&O**) segment investments amounted to RON 57 mn (2011: RON 54 mn), mainly referring to investments related to IT projects.

The reconciliation of total capital expenditure to additions according to the statement of non-current assets (intangible and tangible) mainly relates to additions which by definition are not considered capital expenditure, such as capitalizations resulting from the reassessment of decommissioning and loans associated interest, fees and forex capitalized. The difference between the additions shown in the statement of non-current assets and the investments reported in the cash flow statement partly arise from investments that did not affect cash flows during the period (including financial leasing and reassessment of decommissioning provisions) and from change of liabilities arising from investments.

Balance sheet

Summarized balance sheet (RON mn)	2011	%	2012	%
Assets				
Non-current assets	31,022	85	32,777	86
Intangible assets and property, plant and equipment	27,455	75	29,479	77
Investments in associated companies	41	0	39	0
Other non-current assets	2,718	7	2,393	6
Deferred tax assets	807	2	866	2
Current assets	5,467	15	5,368	14
Inventories	2,349	6	2,251	6
Trade receivables	1,826	5	1,968	5
Other current assets	1,292	4	1,149	3
Equity and liabilities				
Equity	21,077	58	23,405	61
Non-current liabilities	9,287	25	8,646	23
Pensions and similar obligations	195	1	241	1
Interest-bearing debts	2,173	6	1,717	5
Decommissioning and restoration obligations	5,898	16	5,866	15
Provisions and other liabilities	1,009	3	813	2
Deferred tax liabilities	12	0	8	0
Current liabilities	6,125	17	6,094	16
Trade payables	2,983	8	2,880	8
Interest-bearing debts	464	1	525	1
Provisions and other liabilities	2,678	7	2,689	7
Total assets/ equity and liabilities	36,488	100	38,145	100

Total assets increased slightly by RON 1,657 mn to RON 38,145 mn. The increase in **intangible assets and property, plant and equipment** by RON 2,024 mn is the main driver of the net increase of non-current assets by RON 1,755 mn up to RON 32,777 mn. Additions to intangible assets and property, plant and equipment (RON 5,075 mn) exceeded the total of depreciation, amortization and impairments, as well as disposals by RON 2,085 mn. The ratio of intangible assets and property, plant and equipment to total assets amounted to 77% (2011: 75%).

The decrease of **other non-current assets** was driven mainly by the reassessment of the receivable from the Romanian State following updates of cost and timing assumptions, which was only partly offset by the increase effect from the unwinding of the related provisions.

The slight decrease in **current assets** of RON 99 mn is related to the decrease in inventories by RON 98 mn and to the decrease in other assets by RON 143 mn, partially compensated by an increase in **trade receivables** by RON 142 mn. The decrease in **other current assets** was mainly due to decrease of cash and cash equivalents following dividend payments and bank loan reimbursements, while the increase in **trade receivables** was influenced by higher sales in R&M and higher receivables from Kazakhstan crude exports at the end of December 2012 compared to 2011.

The increase in **equity** by RON 2,328 mn resulting from higher net income generated during the year, partially offset by the higher distribution of dividends for the financial year 2011 improved the equity ratio to 61% (2011: 58%).

The decrease in **long-term borrowings** by RON 456 mn is mainly related to reimbursements of loans from the EBRD (European Bank for Reconstruction and Development) of RON 416 mn and from the EIB (European Investment Bank) of RON 28 mn. The increase due to FX rates was almost offset by the reclassification of the short-term parts to current interest-bearing debts. This reclassification led also to the net increase of short-term **interest-bearing debts** by RON 61 mn.

Trade payables are lower mainly due to the finalization of investments projects in 2012, while **provisions and other liabilities** show a slight increase of RON 11 mn in 2012.

Gearing ratio

Reimbursements of long-term borrowings – partly compensated by a decrease in cash and cash equivalents – led to a decrease of Petrom Group's **net debt**³ to RON 1,711 mn, compared to RON 1,955 mn at the end of 2011. Consequently, as of December 31, 2012, the **gearing ratio**⁴ further decreased to 7.3%, from 9.3% in December 2011.

Cash flow

The Group's cash flow statement is prepared using the indirect method.

Cash flow from operating activities increased by RON 744 mn or 12% compared to 2011, reaching RON 7,185 mn. The reconciliation of profit before taxation for the year to the cash flow from operating activities (before changes in working capital) resulted in a net upward adjustment of RON 3,406 mn for 2012 (2011: RON 3,229 mn). While depreciation, amortization and write-ups added RON 2,852 mn (2011: RON 2,830 mn), net movement in provisions (including decommissioning and restoration obligations and other provisions for risks and charges) contributed a decrease of RON 227 mn (2011: increase by RON 200 mn) to the cash flow. The disposal of non-current assets and other non-cash adjustments led to an increase of RON 781 mn (2011: increase of RON 199 mn).

In 2012, net working capital, interest and taxes generated a cash outflow of RON 1,046 mn (2011: cash outflow of RON 1,396 mn). Receivables increased by RON 162 mn (2011: increase by RON 432 mn) and liabilities increased by RON 194 mn (2011: decrease by RON 53 mn). Net interest and tax on profit paid generated a cash outflow of RON 1,053 mn (2011: cash outflow of RON 944 mn).

Cash outflows for investments in non-current assets of RON 5,130 mn (2011: RON 5,265 mn) were slightly offset by proceeds from the sale of non-current assets of RON 64 mn (2011: RON 113 mn) and cash inflows related to the sale of subsidiaries of RON 10 mn (2011: RON 59 mn). **Net cash outflow from investment activities** totaled RON 5,055 mn (2011: RON 5,092 mn).

Cash outflows for the net decrease of short-term and long-term borrowings amounted to RON 478 mn (2011: outflow RON 1,199 mn). Cash outflows for dividend payments amounted to RON 1,741 mn in 2012 (2011: RON 993 mn). **Net cash outflow from financing activities** amounted to RON 2,220 mn (2011: outflow RON 2,193 mn).

³ Net debt is calculated as interest bearing debts including financial lease liability less cash and cash equivalents

⁴ Gearing ratio is calculated as $\text{net debt} / (\text{equity}) \times 100$

Risk management

As per the Code of Corporate Governance, Petrom's Supervisory Board's role is to adopt strict rules and obtain assurance via its specialized Audit Committee that the Company has an effective risk management system in force. Furthermore, Petrom's Executive Board is continuously supporting, steers and enhances our company's risk management system by close involvement and monitoring.

For assessing the risks associated with Petrom's entire portfolio of operations, the Executive Board has empowered a dedicated Risk & Insurance Management Department with the objective to lead and coordinate the Company's risk management.

Furthermore, Petrom's risk management system is part of the corporate decision-making process. For any new major projects, new strategies or market directions, workshops are organized for assessing the risks associated with the benefits of the respective opportunity, while the risk information collected in the workshops as well as any relevant third party opinions are used for taking informed decisions.

Integrated risk management system

Petrom's Enterprise Wide Risk Management (EWRM) system is recognized via various benchmarks of external consultants as part of best practice at international level. The EWRM system actively and formally pursues the identification, analysis, evaluation and treatment of all risks (market and financial, operational and strategic) in order to manage their effects on the Company's cash flow up to an acceptable level agreed as per the risk appetite.

The EWRM system follows ISO31000 and comprises a dedicated risk organization working under a robust internal regulation framework with quantitative information technology infrastructure as well as assuring that the process is embedded into the day-to-day operational business and delivers against its intended purpose.

Petrom has four levels of risk management roles in a pyramid-type risk organization. The first bottom layer comprises the risk owners represented in all areas of activity by managers of various areas, the second level are the business units and divisional risk coordinators who facilitate and coordinate the risk management process in their division, the third layer is the risk manager function represented by the Risk Management department who coordinates the entire risk management process assisted by the specialized corporate functions (HSSE, Compliance, Legal, Finance, Controlling). The top level role is represented by Petrom's Executive Board which steers and approves Petrom's consolidated risk profile in accordance with the Company's objectives and risk appetite. The risk management system and its effectiveness are monitored by the Audit Committee of the Supervisory Board via regular reports.

Risk Management Objectives

The objective of Petrom's Risk Management System is to secure its capacity to deliver positive economic value added for a medium-term time horizon by managing the Company's risks and their potential cash flow impact within the limits of the risk appetite. High potential single event risks as well as Long Term Strategic risks are also identified and managed consistently.

The risk categories currently used within Petrom's EWRM system are organized within the market and financial, operational and strategic categories, containing among others also market risks, financial risks, project risks, process risks, health, safety and security risks, tax risks, compliance risks, personnel risks, legal risks, regulatory and reputational risks.

In terms of tools and techniques, Petrom follows the best international practices in risk management and uses stochastic quantitative models to measure the potential loss associated with the company's risk portfolio under a 95% confidence level and a three-year horizon. All risks are analyzed based on their causes, consequences, historical trends, volatilities and cash flow potential impact.

Petrom's key financial and non-financial exposures are commodity market price risk, foreign exchange risk and single event hazard operational risks.

As regards **market price risk**, Petrom is naturally exposed to the price driven volatility of cash flows generated by production, refining and marketing activities associated with crude oil, oil products, gas and electricity. Market risk has core strategic importance within Petrom's risk profile and liquidity. The market price risks of Petrom commodities are closely analyzed, quantified and evaluated. Petrom may use hedging instruments to mitigate its exposure to commodity market price risks in order to secure minimum expected cash needs.

Petrom does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes. Derivative financial instruments are used solely for the purposes of managing exposure to commodity price and currency, which are being evaluated, considering Petrom's needs and being approved by Petrom's Executive Board in consistency with the company's risk appetite.

In 2012, in order to protect the Group's cash flow, Petrom entered into oil price swaps, locking in a Brent price of USD 101/bbl for a volume of 30,000 bbl/d, accounting for approximately one-third of its crude oil production. The hedge operation was efficient in securing a floor price of 101 USD/bbl for 30% of Petrom's crude oil production resulting from a negative cash flow on the derivative instrument offset by a corresponding positive cash flow on the sales side.

In terms of **foreign exchange risk management**, Petrom cash is essentially exposed to the volatility of RON against USD and also to EUR. The effect of the foreign exchange risk on cash flows as well as the correlation with the oil price are regularly monitored.

From an **operational risk** perspective, Petrom is an integrated company with a wide asset base, most of these assets being hydrocarbon production and processing plants. A special focus is awarded to process safety risks where Petrom's policy is "prevent incidents, ensure safe operations". The high potential single event risks associated with the operational activity (e.g. blow outs, explosions, earthquakes etc.) are consistently identified and for each of them incident scenarios are developed and assessed. Where required, treatment plans are developed for each specific location. Besides emergency, crisis and disaster recovery plans, Petrom's policy with regard to insurable risks is to cover them via insurance instruments. These risks are closely analyzed, quantified, monitored by the risk organization and are managed via detailed internal procedures.

Counterparty credit risk management refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Petrom. Group's counterparty credit risks are assessed, monitored and managed at Company level using predetermined limits for specific countries, banks, business partners and suppliers. On the basis of creditworthiness and available rating information, all counterparties are assigned maximum permitted exposures in terms of credit limits (amounts and maturities), and the creditworthiness assessments and granted limits are reviewed on a regular basis.

For the purpose of assessing **liquidity risk**, in the short term, the budgeted operating and financial cash inflows and outflows throughout Petrom are monitored and analyzed on a monthly basis in order to establish the expected net change in liquidity. This analysis provides the basis for financing decisions and capital commitments. For mid-term risks, to ensure that Petrom remains solvent at all times and retains the necessary financial flexibility, liquidity reserves in form of committed credit lines are maintained.

Petrom is inherently exposed to **interest rate risk** due to its financing activities. The volatility of EURIBOR may trigger less or additional cash flow resources necessary to finance the interest payments associated with Petrom's debt. The interest rate risks are closely analyzed, quantified and monitored.

Results

Petrom's consolidated risk profile is regularly reported in comparison with the Company's risk appetite for the Executive Board's approval and for the Audit Committee's information. The awareness and understanding of the company's risk profile as well as risk management skills in the company have improved substantially along the years. In 2012, in March and October, the consolidated risk profile was reported and approved by Petrom's Executive Board in accordance with the Company's risk appetite. The Audit Committee was presented with the company's risk report in March and October 2012 and took notice of the information.

Through its risk management process, Petrom secures its liquidity and long-term sustainability, and decreases the uncertainty over its strategic objectives and financial targets.

Description of internal control main characteristics

The Group has implemented an internal control system, which includes activities implemented in order to prevent or detect undesirable events and risks such as fraud, errors, damages, non-compliance, unauthorized transactions and misstatements in financial reporting.

Petrom's internal control system covers all areas of group operations with the following goals:

- Compliance with laws and internal regulations
- Reliability of financial reporting (accuracy, completeness and correct disclosure)
- Prevention and detection of fraud and error
- Effective and efficient business operations

OMV Petrom's internal control system framework consists of the following elements:

Element	Description
Internal control environment	The existence of a control environment forms the basis for an effective internal control system. It consists of the definition and adherence to group-wide values and principles (e.g. business ethics) and of organizational measures (e.g. clear assignment of responsibility and authority, commitment to competence, signature rules and segregation of duties).
Assessment of process and compliance risks	Generally all business, management and support processes are within the scope of the internal control system. They are assessed to identify risky and critical activities.
Risk mitigation via control activities	Control activities and measures (such as segregation of duties, checks, approvals, IT access rights) are defined, implemented and performed to mitigate significant process and compliance risks.
Documentation and information	Related duties include the documentation of main processes and procedures containing a description of key control activities performed.
Monitoring and audit	Management and Internal Audit evaluate the effective implementation of the internal control system.

Comprehensive set of standards, prerequisite for a proper internal control

For Petrom an important prerequisite to form a comprehensive set of standards is to establish and maintain a rigorous Business Management System (BMS) designed to match the integrated set of processes and tools used by the Company in developing its strategy, and translated into proper actions and in monitoring and improving effectiveness of both.

The Corporate Affairs and Compliance Department is responsible for BMS coordination. This department provides support to the various Petrom entities in view of achieving regulatory requirements, coordinates the elaboration of corporate regulations and provides a quality check. The Directive "Regulation Management" sets out the classification, definition and standardized structure of corporate regulations (directives, standards, procedures, instructions, recommendations etc.) as well as their elaboration, approval, communication, monitoring and reporting process.

Internal Audit assesses the effectiveness and efficiency of the organization's policies, procedures and systems which are in place to ensure: proper identification and management of risks, reliability and integrity of information, compliance with laws and regulations, safeguarding of assets, economical and efficient use of resources and accomplishment of established objectives and goals.

Internal Audit carries out regular audits of individual group companies and informs the Audit Committee about the results of the audits performed.

Established group-wide standards for the preparation of annual and interim financial statements

The Group has an Accounting Manual that is applied consistently in all group companies in order to ensure uniform accounting treatment is applied for the same business cases. The Group Accounting Manual is updated regularly with changes in International Financial Reporting Standards. Furthermore, the organization of the accounting and financial reporting departments is set up in order to achieve a high quality financial reporting process. Roles and responsibilities are specifically defined and a revision process – the "four-eye principle" – is applied in order to ensure correctness and accuracy of the financial reporting process. The establishment of group-wide standards for the preparation of annual and interim financial statements by means of the Group Accounting Manual is also regulated by an internal Corporate Guideline.

Information required as per Regulation no. 1/2006 issued by the National Securities Commission

1. The relationship between management and employees as well as any conflict elements which characterize this relationship

The dialog between unions and management continues on a regular basis. The key elements of the framework outlining the relationship between management and employees are the Collective Labor Agreement, Internal Rules and Parity Commissions. All the steps of any reorganization process that the Company has entered were discussed and agreed by both parties.

The wording of some stipulations in the Collective Labor Agreement of Petrom resulted in a chain of labor litigations through which employees requested the payment of bonuses allegedly unpaid to them. Most of the claims reach back to issues prior to the privatization of Petrom. These litigations are still in progress at various stages, in Bucharest and across the country. Petrom's defense is based on the fact that the respective bonuses were included and maintained in the base salary of the employees, therefore the claims are unjustified. This fact is considered by the courts in the vast majority of the cases which have been won irrevocably by Petrom in final appeal.

During 2012, Petrom continued to receive some claims relating to these matters. Following the assessment of the potential liabilities with respect to ongoing cases, the provision booked to cover the risk in line with prudence principles did not require any increase until the date of this report. Petrom has taken all possible actions and committed all necessary resources to defend itself against these lawsuits, and also to prevent a further increase in litigation. Furthermore, employee information was substantially increased in order to raise awareness of the topic. These clarifying discussions with claimants resulted in withdrawals of pending lawsuits as well as many intentions to pay back amounts.

2. Potential issues related to ownership rights over the company's tangible assets

The Company received notifications regarding the restitution of the assets confiscated by the Romanian State between March 6, 1945 and December 22, 1989, which falls under the incidence of Law no. 10/2001; this law provides the modalities, the terms and the legal framework for the restitution of these assets. The summarized status and the resolutions to these notifications as of December 31, 2012 are the following – 1,126 notifications were transmitted to Petrom, out of which:

- ▶ 16 buildings were restored;
- ▶ 1,082 notifications were rejected due to the failure to comply with the requirement of Law no.10/2001;
- ▶ 27 notifications were redirected towards other entities;
- ▶ 1 notification (file) is currently under analysis.

As per Article 7.2, in conjunction with the provisions of Article 26 of the Methodological Norms for the application of Law no. 10/2001, approved through Government Decision no. 498/2002, the City Halls or the notified Prefectures are under the obligation to identify the owning entity and to direct the notifications to these entities for resolution. At the same time, those who submitted the notifications are informed that the requested asset is not under administration of these entities and also the name of the entity in charge to solve the notification. Due to the fact that up to this date the activity of solving notifications within the City Halls' and Prefectures' Commissions is still in progress, part of the notifications received may be further directed to Petrom.

3. Any agreements, understanding or family connection between the Company's administrators and another person who is responsible for appointing the respective person in the position of administrator

Petrom's governance follows a two-tier system, with the Executive Board ensuring the management of the Company under the control and supervision of the Supervisory Board.

The members of the Supervisory Board are not appointed by certain persons or certain shareholders. They are appointed by the Ordinary General Meeting of Shareholders based on shareholders' votes and in compliance with the statutory requirements relating to quorum and majority. Therefore, there are no such agreements and understandings to be disclosed herein.

4. The participation of the Supervisory Board members in the share capital of the Company

Petrom does not have knowledge of any member of the Supervisory Board holding shares issued by the Company during the year under review.

5. Any agreement, understanding or family connection between the members of the executive management and another person who is responsible for appointing him/her member of the executive management

Petrom does not have knowledge of any such agreement or understanding.

6. The participation of the executive management members in the share capital of the Company

Following the share buy-back program, 100 shares were assigned to Mariana Gheorghe, President of the Executive Board. Likewise, as a matter of good corporate governance, we outline that Mariana Gheorghe's husband holds 60,000 shares issued by Petrom.

7. Potential litigations and administrative procedures in which the Company's administrators and the members of the Executive Board were involved over the last five years

To the best of our knowledge, at the time of drafting this report, in 2012 there were no litigations or administrative procedures against any members of the Executive or Supervisory Board of the Company directly linked with their activity in the Company having a significant impact upon the price of the Company shares or the capacity to hold the position of members of such corporate bodies. However, members of the Executive Board are involved in some court cases or preliminary procedures which do not fall under the aforementioned categories.

Subsequent events

Changes in the Executive Board

Starting January 1, 2013, Andreas Peter Matje was appointed as member of the Executive Board and Chief Financial Officer of Petrom, following Daniel Turnheim's waiver of his mandate.

On March 21, Petrom announced the appointment of Gabriel Selischi as member of the Executive Board of Petrom, in charge with Exploration and Production activity starting with September 1, 2013. This follows Johann Pleininger's waiver of mandate as member of the Executive Board as he will assume the new position of Senior Vice President for the Central Eastern Europe Region (CEE) in OMV's E&P division. Gabriel Selischi joined Petrom E&P team in 2006, serving as Head of Strategy, Project & Engineering and more recently as Director of Domestic Asset Business Unit. Prior to joining Petrom, Selischi served as Senior Manager at Schlumberger Paris and as Principal at Bossard Gemini Consulting company in Paris and Johannesburg.

Exit from the gas cylinders bottling and distribution business

On January 7, 2013 OMV Petrom finalized the sale of the interest percentage of its 99.99% interest in Petrom LPG subsidiary to Crimbo Gas International. The sale of this participation is in line with Petrom Group's strategy to focus on the core activities of the Group.

Option agreement for Romgaz to participate in operations in the offshore Midia Block

On February 13, 2013, ExxonMobil Exploration and Production Romania Limited ("EMEPRL") and OMV Petrom S.A. announced the signing of an agreement with Romgaz S.A. ("Romgaz") to grant Romgaz the option to participate in petroleum operations in the deeper water portion of the Midia Block in the Black Sea offshore Romania. EMEPRL and OMV Petrom S.A. signed in October 2012 a Transfer Agreement with Sterling Resources Ltd. and Petro Ventures Europe B.V. for the purchase of an 85% interest in the hydrocarbon exploration and production rights to a portion of the XV Midia Block. Romgaz's option to enter is triggered by the Transfer Agreement becoming effective and an announcement of a commercial discovery. EMEPRL will be the operator of the petroleum operations in the deeper water portion of the Midia Block.

Petrom and Repsol will jointly explore deep onshore in Romania

On February 22, 2013, Petrom signed a farm-out agreement with Repsol by which the latter acquires a 49% working interest for the area deeper than 2,500 – 3,000 m of the onshore exploration blocks Băicoi V, Târgoviște VI, Pitești XII and Târgu Jiu XIII, located south of the Southern and Eastern Carpathians. This partnership is in line with our strategy to unlock the deep onshore exploration potential in Romania and targets investments estimated at approximately EUR 50 mn in the next two years.

Outlook for 2013

Crude price to remain above USD 100/bbl

We expect the average Brent oil price for 2013 to be above USD 100/bbl and the Brent-Urals spread to stay relatively tight.

Domestic economic policies need to focus on stimulating growth

According to the European Commission, Romania's economy is forecast to grow by 1.5% in 2013 on the back of stronger private consumption and increased EU funds absorption. External demand will continue to play an important role in the revival of the economy. However, domestic economic policies will play a pivotal role kick-starting the economy.

New fiscal and regulatory measures

In the local gas market, we anticipate a stable demand, albeit not without challenges. The effects of weak economic growth are expected to be counterbalanced by industry's efficiency improvement measures, in the context of gas price liberalization. In terms of gas prices, the Government enforced a roadmap for the gradual increase of regulated domestic gas prices during 2013-2014, in line with the provisions of the new electricity and gas law and the seventh review by the IMF and the European Commission of Romania's economic program. The first increase applies to the non-household sector starting in February 2013. According to law, the deadline for full gas market liberalization envisaged for the non-household sector is end of 2014, with the possibility of extension until 2015, while a deadline of end-2018 is anticipated for the household sector. Starting February 2013, the Government also introduced a package of fiscal measures that impacts oil and gas producers, imposing a 60% tax on additional revenues resulting from domestic gas price liberalization net of corresponding royalties and upstream investments (the latter capped at 30% of the additional revenues) and a 0.5% tax on extraction of crude.

While the package of fiscal measures is pending approval in Parliament and secondary legislation for its implementation still needs to be adopted, **we do not expect a substantial impact on 2013 financials** from gas price liberalization and the implementation of the new fiscal and regulatory measures. This is mainly due to the fact that the Petrom 2012 results already reflected better commercial terms for domestic gas sales, above the officially introduced baseline of RON 495/1,000 cbm for the regulated domestic gas price. The two measures are enforced until the end of 2014, which coincides with the expiry of the current oil and gas taxation regime. In 2013, we will engage in discussions with the Romanian authorities to define a long term, stable and investment-friendly taxation and regulatory framework.

In the power market, prices are expected to be under pressure due to supply dynamics, with additional capacity coming on stream from renewables, as well as lingering demand, which reflects weak economic growth and prospective energy efficiency measures.

Sizeable investments

In order to support the company's sustainable development and growth potential, we continue our significant investment efforts while maintaining a sound financial position, with CAPEX plans for 2013 being over EUR 1 bn.

E&P to further stabilize production volumes and unlock potential

In 2013, we will focus on growth opportunities in E&P and implementing performance improvement initiatives throughout the organization. We will continue to sustain our investment efforts to stabilize production through field redevelopment, drilling and workovers, operational excellence initiatives and portfolio optimization through partnerships. We plan to drill more than 110 wells, out of which two will be appraisal wells in the Totea field. We also aim to bring five field re-development projects to the implementation phase in order to sustain our efforts of increasing ultimate oil and gas recovery.

The workover activities in Petrom will be maintained at a high level of around 1,600 jobs with an important contribution in 2013.

Both offshore exploration – deep or shallow water – as well as onshore exploration, account for an important share in our business.

After the success recorded with the first deep water well drilled in Romanian waters in the first quarter last year, in 2013 we will focus on additional seismic surveys and data interpretation, while further exploration is anticipated to start at the end of the year. Together with ExxonMobil Exploration and Production Romania Limited, we will pursue the biggest 3D seismic acquisition program ever performed in the Black Sea which started at the end of 2012.

Additional seismic interpretation works will focus on the shallow water area of Neptun and Istria blocks in order to generate candidates for the next offshore exploration drilling activity.

In the Ukraine, the Production Sharing Agreement is currently under negotiations.

In Kazakhstan, we will continue to implement the water injection scheme in field Komsomolskoe in order to secure reservoir pressure support for the long-term production. A TOC field re-development plan was approved in September 2012 and will be carried out during 2013 in order to sustain production levels.

G&P to capture synergies from the sale of natural gas and electricity to enhance value of equity gas

In the gas business, our priorities for 2013 will be to maintain the leading position in the free gas market whilst adapting our sales strategy to the expected liberalization under the new energy law. A first increase of the domestic gas price for non-households was enforced starting February 1, 2013 (from RON 45.71/MWh to RON 49.00/MWh). The prices for non-households are set to gradually increase to RON 68.30/MWh during 2013, while the prices for households are set to reach RON 49.80/MWh, with a first increase scheduled for July 1, 2013 (RON 48.50/MWh).

In the power business, we aim to enhance the value of equity gas by further optimizing the operations of the Brazi power plant and consolidating our position in the power market, as well as maximizing the operational performance of the Dorobantu wind park.

An important focus will be on capturing the synergies from bundling electricity sales with natural gas sales to existing customer base.

R&M to pursue operational optimization and the Petrobrazî modernization

In **R&M**, margins and volumes are expected to be further challenged by high price levels for international crude and oil products and the marginal economic recovery in our operating region. We will continue the optimization and strict cost management of our business segment, expecting another year under a challenging market environment. In the Petrobrazî modernization further milestones were passed, with the commissioning of the Coker unit upgrade performed in January 2013 while next steps envisage the new Gas Desulfurization unit, scheduled for 2013, the Vacuum Gas Oil conversion project in 2014 and other environment and energy efficiency projects. We intend to run Petrobrazî at an optimized utilization rate in order to cope with the market demand and crude supply, maintaining a good energy efficiency and tight cost management. No major shutdowns are expected during the year.

The modernization program of revamping and optimizing the fuel terminal network will continue, and we target to finalize and commence operations at Bacau terminal by year-end.

Corporate Governance Report

To remain competitive in a changing world, Petrom develops and updates its corporate governance practices, so that it can meet new demands and opportunities.

A transparent decision-making process, relying on clear and objective rules, enhances shareholders' confidence in the Company. It also contributes to the protection of shareholders' rights, improving the overall performance of the Company, offering better access to capital and risk mitigation.

The Company has therefore always placed great importance on good corporate governance and adheres to the principles laid down in the Corporate Governance Code issued by the Bucharest Stock Exchange.

In April 2007, a two-tier system of governance was implemented in the Company. Since then, Petrom's governance is run by an Executive Board, which manages the daily operations of the Company, and a Supervisory Board elected by the shareholders to act as a monitoring body, supervising and controlling the Executive Board. The powers and duties of the above-mentioned bodies are described in the Company's Articles of Association, available on our website (within the Corporate Governance section) and in the relevant internal regulations.

Commitment to good corporate governance

In accordance with best corporate governance practice, the Company is managed in a climate of openness, based on honest discussions between the Executive Board and the Supervisory Board, as well as within each of these corporate bodies. Members of the aforementioned corporate bodies have a duty of care and loyalty towards the Company. Hence, the Executive Board and the Supervisory Board pass their resolutions as required for the welfare of the Company, primarily in consideration of the interests of shareholders and employees.

General Meeting of Shareholders

The General Meeting of Shareholders (GMS) shall be convened by the Executive Board whenever this is necessary, in accordance with the provisions of law. The date of the GMS may not be within less than 30 (thirty) days after publishing the convening notice in the Official Gazette of Romania, part IV. The convening notice shall be published in the Official Gazette of Romania, part IV and in one of the widely-distributed newspapers in Romania. In exceptional cases, when the Company's interest requires it, the Supervisory Board may convene the GMS. The convening notice will be disseminated to the Bucharest Stock Exchange and the National Securities Commission in accordance with capital markets regulations. The convening notice will also be made available on the Company's website, within the General Meeting of the Shareholders section, together with any explanatory document related to items included on the GMS agenda. The annual financial statements are made available starting with the date of the convening notice of the Ordinary GMS convened to resolve upon them.

General Meeting of the Shareholders organization

The GMS is usually chaired by the President of the Supervisory Board, who may designate another person to chair the assembly. The chairman of the GMS designates two or more technical secretaries to verify the fulfillment of the formalities required by law for carrying out the GMS and for drafting the minutes thereof.

The minutes, signed by the President and by the secretaries, shall ascertain the fulfilment of the formalities relating to the convening notice, the date and place of the GMS, the agenda, the shareholders present, the number of shares, a summary of the issues discussed, the resolutions passed and, upon the request of the shareholders, the statements made by such shareholders during the GMS.

The resolutions of the GMS shall be drafted pursuant to the minutes and shall be signed by the President of the Supervisory Board or by another person appointed by the President. In observance of capital market regulations, the resolutions of the GMS will be disseminated to the Bucharest Stock Exchange and the National Securities Commission within 24 hours after the event. The resolutions will also be made available on the Company's website, within the General Meeting of the Shareholders section.

General Meeting of the Shareholders main duties

The main duties of the Ordinary GMS are the following:

- (a) to discuss, approve or modify the annual financial statements after having reviewed the reports of the Executive Board, of the Supervisory Board, of the financial auditor and of the internal auditors;
- (b) to distribute the profit and to establish the dividends;
- (c) to elect the members of the Supervisory Board and the financial auditor and to revoke the appointment of each of the foregoing; to approve the minimum term of the audit contract.
- (d) to establish the remuneration of the members of the Supervisory Board and of the financial auditor for the current fiscal year;

- (e) to assess the activity of the Executive Board members and of the Supervisory Board members, to evaluate their performance and to discharge them of their duties in accordance with the provisions of law;
- (f) to approve the income and expenditure budget, as well as the business program for the next fiscal year;
- (g) to approve the reports of the Supervisory Board with respect to the supervision activity performed by it;

The Extraordinary GMS is entitled to decide mainly upon:

- (a) changing the corporate form of the Company;
- (b) altering the scope of business of the Company;
- (c) increasing the share capital of the Company;
- (d) reducing the share capital of the Company;
- (e) merging with other companies;
- (f) spin-offs from the Company;
- (g) an early dissolution of the Company;
- (h) converting shares from one class into another;
- (i) any changes to the Articles of Association.

Supervisory Board (SB)

The Supervisory Board consists of nine members elected by the Ordinary GMS, in accordance with the provisions of Company Law. The Supervisory Board's current mandate started in 2009 and runs until 2013. The members of the Supervisory Board may be shareholders of the Company, but they cannot be members of the Executive Board.

Supervisory Board members

At the end of 2012, the membership of the Supervisory Board comprised the following individuals: Gerhard Roiss, David Davies, Jacobus Gerardus Huijskes, Manfred Leitner, Hans Peter Floren, Riccardo Puliti, Constantin Dascalu, Gheorghe Ionescu and Joseph Bernard Mark Mobius.

Until March 23, 2012, Gerald Kappes was interim member of the Petrom Supervisory Board starting January 1, 2012, when he replaced Werner Auli (former member of the Petrom Supervisory Board between 2006 and 2011).

Supervisory Board main powers

The Supervisory Board has the following main powers:

- (a) to exercise control over the management of the Company by the Executive Board;
- (b) to determine the structure and the number of positions in the Executive Board; to appoint and revoke the members of the Executive Board;
- (c) to create an audit committee and other specialized committees, if appropriate;
- (d) to check that the acts undertaken in the course of the management of the Company are compatible with law, the Articles of Association and any relevant resolutions of the General Meeting of Shareholders;
- (e) to submit to the General Meeting of Shareholders a report concerning the supervision activity undertaken;
- (f) to represent the Company in relation to the Executive Board;
- (g) to verify the Company's financial statements;
- (h) to verify the report of the members of the Executive Board;
- (i) to propose to the General Meeting of Shareholders the appointment and the revocation of the financial auditor, as well as the minimum term of the audit contract.

The responsibilities of the members of the Supervisory Board, as well as the working procedures and the approach to conflicts of interest and own account dealings are governed by relevant internal regulations. As required by Company Law, none of the Supervisory Board members holds an executive position in the Company. During the 2012 financial year, the Supervisory Board met six times in person and submitted its approval in writing on four occasions (more details are presented within the report of the Supervisory Board).

Special Committees

The Supervisory Board may assign particular issues to certain of its members, acting individually or as part of special committees, and may also refer to experts to analyse certain issues. The task of the committees is to issue recommendations for the purpose of preparing resolutions to be passed by the Supervisory Board itself, without thereby preventing the entire Supervisory Board from dealing with matters assigned to the committees.

The Supervisory Board members are appointed by the Ordinary GMS, based on a transparent procedure of appointment and with the majority of votes of the shareholders. Likewise, the remuneration of the Supervisory Board members is established by the Ordinary GMS.

An **Audit Committee** composed of four Supervisory Board members was established to provide assistance to the governing bodies of the Company in the area of internal control and financial reporting. This committee reviews the annual accounts and the proposal for profit distribution.

In addition, the Audit Committee prepares the proposal of the independent financial auditor to the Supervisory Board, which is to be elected by the Ordinary GMS.

Moreover, this committee supervises the Company's risk management strategy and its financial performance and assesses the issues subject to the reports of the internal auditors.

The Executive Board reports to the Audit Committee at least once a year on the audit plan and any material findings.

In accordance with Company Law, the Audit Committee includes members that have the necessary expertise in the area of financial audit and accounting.

During the 2012 financial year, the Audit Committee members were: David C. Davies, Manfred Leitner, Gheorghe Ionescu and Riccardo Puliti.

During the 2012 financial year, the Audit Committee met three times (more details presented under the corresponding section within the report of the Supervisory Board).

Executive Board (EB)

The Executive Board is appointed and/or revoked by the Supervisory Board. The number of members shall be determined by the Supervisory Board, provided that such number is not lower than three and not higher than seven. One Executive Board member is appointed as the President of the Executive Board (also named Chief Executive Officer of the Company). The Executive Board's current mandate started in 2011 and runs until 2015.

The meetings of the Executive Board are held regularly (usually every week) and whenever necessary for the operative management of the Company's daily business.

Executive Board members

At December 31, 2012 the Executive Board had five members. Until September 1, 2012, the Executive Board of the Company consisted of the following members: Mariana Gheorghe (President of the Executive Board and Chief Executive Officer), Daniel Turnheim (Executive Board member and Chief Financial Officer), Johann Pleininger (Executive Board member in charge of Exploration & Production), Neil Anthony Morgan (Executive Board member in charge of Refining & Marketing), Hilmar Kroat-Reder (Executive Board member in charge of Gas, Power and Chemicals).

Following Hilmar Kroat-Reder's waiver of his mandate, Cristian Nicolae Secoşan was appointed as Executive Board member in charge of Gas, Power and Chemicals as of September 1, 2012.

Likewise, following Daniel Turnheim's waiver of his mandate, Andreas Matje was appointed as Executive Board member and Chief Financial Officer as of January 1, 2013.

Starting January 1, 2013, the Executive Board of the Company consists of the following members: Mariana Gheorghe (President of the Executive Board and Chief Executive Officer), Andreas Matje (Executive Board member and Chief Financial Officer), Johann Pleininger (Executive Board member in charge of Exploration & Production), Neil Anthony Morgan (Executive Board member in charge of Refining & Marketing), Cristian Nicolae Secoşan (Executive Board member in charge of Gas, Power and Chemicals). During 2012, the members of the Executive Board of the Company did not hold other positions as members of the corporate bodies of companies outside Petrom Group.

EB main duties

As provided by the Articles of Association, the main duties of the Executive Board, performed under the supervision and control of the Supervisory Board, are:

- (a) to establish the strategy and the policies regarding the development of the Company, including the organizational structure of the Company and the operational divisions;
- (b) to annually submit for the approval of the General Meeting of Shareholders, within four months since the end of the fiscal year, the report regarding the business activity of the Company, the financial statements for the previous year, as well as the business activity and budget projects of the Company for the current year;
- (c) to conclude legal acts on behalf of and for the account of the Company, with observance of matters reserved to the General Meeting of Shareholders or to the Supervisory Board;
- (d) to hire and to dismiss, and to establish the duties and responsibilities of the Company's personnel, in line with the Company's overall personnel policy;
- (e) to undertake all the measures necessary and useful for the management of the Company, implied by the daily management of each division or delegated by the General Meeting of Shareholders or by the Supervisory Board, with the exception of those reserved to the General Meeting of Shareholders or to the Supervisory Board through operation of law or of the Articles of Association.
- (f) to exercise any competence delegated by the Extraordinary General Meeting of Shareholders.

The Executive Board coordinates the strategic orientation of the Company and reports to the Supervisory Board on a regular basis on all relevant issues concerning the course of business, strategy implementation, the risk situation and risk management of the Company.

The Executive Board ensures that the provisions of the relevant Romanian capital markets legislation are complied with and implemented by the Company, as earlier presented within this chapter. Likewise, the Executive Board ensures the implementation and operation of an accounting, risk management and internal controlling system which meets the requirements of the Company.

The members of the Executive Board and persons closely related to them (the latter term as defined in the applicable capital markets regulations under the Romanian phrase of "*persoană aflată în relații apropiate cu persoane exercitând funcții de conducere*") have the duty to report to the Executive Board, to the Supervisory Board and to the National Securities Commission (Romanian: Comisia Națională a Valorilor Mobiliare) any and all trading/business performed for their own account involving (i) shares or other securities issued by the Company and admitted for trading on regulated markets; and/or (ii) derivative financial instruments using securities issued by the Company and/or (iii) any other instruments relating thereto.

The members of the Executive Board have the duty to disclose immediately to the Supervisory Board any material personal interests they may have in transactions of the Company as well as all other conflicts of interest. Furthermore, they have the duty to notify other Executive Board colleagues of such interests forthwith.

All business transactions between the Company and the members of the Executive Board as well as persons or companies closely related to them must be in accordance with normal industry standards and applicable corporate regulation. Such business transactions as well as their terms and conditions require the prior approval of the Supervisory Board.

In 2012, 62 meetings of the Executive Board were held in order to pass resolutions on all matters requiring its approval in accordance with the Articles of Association and the Company's internal regulations, as well as to allow the members of the Executive Board to be aware of all significant matters concerning the Company and to inform each other about all relevant issues of their activity.

Shareholders' rights

Rights of the Company's minority shareholders are adequately protected according to relevant domestic legislation.

The shareholders have the right to obtain relevant information on the Company on a timely and regular basis. They have the right to be informed about the decisions concerning fundamental corporate changes with the view to understand their rights.

Several key decisions are assigned to shareholders via the General Meeting of Shareholders. Among these decisions are included:

- appointment and revocation of the members of the Supervisory Board and auditors;
- approval of the remuneration for the members of the Supervisory Board and auditors;
- approval of the annual financial statements;
- approval of any amendments to the Articles of Association;
- resolving on share capital increase, decrease, mergers and/or spin-offs.

Moreover, the shareholders have the right to participate effectively and vote in the GMS and to be informed of the rules, including voting procedures that govern the General Meetings of the Shareholders.

One share, one vote, one dividend

Petrom observes the one share, one vote, one dividend principle. There are no preference shares without voting rights or shares conferring the right to more than one vote.

GMS calling

Shareholders holding at least 5% of the share capital may request that a GMS be called. Such shareholders have also the right to add new items to the agenda of a GMS, provided such proposals are accompanied by a justification or a draft resolution proposed for approval and copies of the identification documents of the shareholders who make the proposals. Proposals with respect to adding new items on the agenda of such GMS can be submitted at the headquarters of the Company, or by e-mail having attached an extended electronic signature, in compliance with Law no. 455/2001 using a digital signature.

Likewise, shareholders holding at least 5% of the share capital are entitled to submit draft resolutions for the items listed on the agenda or proposed by other shareholders to be added on the agenda of such GMS.

GMS attendance

The Company actively promotes the participation of its shareholders in the GMS, as they are invited to raise questions concerning items to be debated during such meetings. The shareholders may attend in person or may be represented in the GMS either by their legal representatives or by representatives having a special proxy, based on the special proxy template made available by the Company. Such proxy template may be obtained from the Company headquarters and/ or can be found on the Company's website, within the General Meeting of Shareholders section.

The shareholders duly registered in the shareholders' register may vote by correspondence, prior to the GMS, by using the voting bulletin for the votes by correspondence made available by the Company at the headquarters and/ or on the Company's website.

Taking shareholders' questions

The shareholders of the Company, regardless of the stake of the share capital held, may submit written questions with respect to the items on the agenda of the GMS, provided that such questions are accompanied by copies of their valid identification at the headquarters of the Company. The shareholders may also send such questions by e-mail having attached an extended electronic signature. The disclosure of commercially sensitive information that could result in a loss or competitive disadvantage for the Company will be avoided when providing the answers, in order to protect the interests of our shareholders.

Women's advancement

The Company supports gender diversity and promotion of women in management positions. While there are no female members of the Supervisory Board of the Company, the President of the Executive Board is Mariana Gheorghe.

By the end of 2012, around 30% of the first line directors Executive Board were women whilst the percentage of women in middle management was around 35%. Given the strong technical bias of our operations, the proportion of women in the Group as a whole by year end was 23%, in line with that of the OMV Group, which Petrom is part of.

Bucharest Stock Exchange Corporate Governance Code

The Company adheres to the Corporate Governance Code issued by the Bucharest Stock Exchange starting from the 2010 financial year. The details about the compliance with the principles and recommendations stipulated under the Corporate Governance Code issued by the Bucharest Stock Exchange are presented in the "Comply or Explain" Statement, which is a part of this Annual Report.

Comply or Explain Statement

Statement “Comply or Explain” BSE Corporate Governance Code

The below “Comply or Explain” Statement was prepared taking into account the particularities of the two-tier system applicable to OMV Petrom S.A. (“Petrom” or “the Issuer”), whereas the statement template is structured according to the one-tier management system.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
P19	Is the issuer managed in a two tier system?	*		As of April 2007, Petrom is managed in a two-tier system by an Executive Board, which manages the daily operations under the supervision and control of the Supervisory Board, appointed by the shareholders.
P1	R1 Has the Issuer drawn up a Statute/Corporate Governance Regulation which describes the main aspects of the corporate governance principles?	*		The corporate governance principles are described in the Issuer’s Articles of Association, the Corporate Governance Statute, the internal rules of the Supervisory Board and the Executive Board, as well as in other internal regulations.
	R1 Is the Statute/Corporate Governance Regulation (mentioning the date of its last update) posted on the website of the Issuer?	*		The Corporate Governance Statute is posted on the website of the Issuer bearing the date of its last update. Likewise the Articles of Association are posted on the website of the Issuer, mentioning the date when last updated.
	R2 In the Statute/Corporate Governance Regulation, are there defined corporate governance structures, positions, competences and responsibilities of the Supervisory Board and of the Executive Board?	*		The corporate governance structures, positions, competences and responsibilities of the Supervisory Board and of the Executive Board are defined in the Articles of Association of the Issuer. They are also laid out in the Corporate Governance Statute.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
R 3	Has the Annual Report of the Issuer a chapter referring to corporate governance, which describes all the relevant events related to corporate governance registered in the previous financial year?	*		Petrom's 2012 Annual Report has a chapter describing all the relevant events related to the corporate governance issues in the 2012 financial year.
	Does the Issuer disclose on its website the information related to the following aspects of its corporate governance: a) a description of Issuer's corporate governance structures?	*		Petrom's website has a special section where details about corporate governance bodies along with the short version of the CV of the members of these bodies are posted.
	b) the updated Articles of Association?	*		The last version of Petrom's Articles of Association is posted on its website, under the Corporate Governance section.
	c) the internal regulation governing the functioning /its essential aspects for each special commission/ specialized committee?	*		The rules governing the functioning of each special commission/committee are bundled in the Corporate Governance Statute which is posted on the website of the Issuer.
	d) the "Comply or Explain" Statement?	*		"Comply or Explain" Statements are posted on Petrom's website.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
	e) the list of the Supervisory Board members specifying which members are independent, of the Executive Board and of the special commissions/committees?	*		The members of the Supervisory Board, the Executive Board and the Audit Committee are listed on the Issuer's website.
	f) a brief version of the CV of each Supervisory Board and Executive Board member?	*		Petrom has a special section on its website where short versions of the CVs of the members of the corporate bodies are posted.
P2	Does the Issuer respect the rights of the holders of the financial instruments issued by the Issuer, ensuring equal treatment for them while also submitting any change of the granted rights for approval by the special meetings of such holders?	*		The Issuer complies with the regulations setting forth the rights of the shareholders. In 2012, the Issuer has not issued any financial instruments.
P3	R4 Does the Issuer publish in a special section of its website the details of the holding of the General Meetings of Shareholders ("GMS"); a) the GMS convening notice?	*		Petrom's website has a special section where the GMS convening notices are posted.
	R4 b) the materials/documents relating to the items on the agenda, as well as any other information about the items on the agenda?	*		Petrom's website has a special section where materials/documents/ any other information relating to the items on the agenda of the GMS are posted.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
R 4	c) the templates of the special power of attorney?	*		Petrom's website has a special section where the templates of the special power of attorney can be found.
	R 6 Has the Issuer drawn up and submitted for the GMS approval procedures for an efficient and methodical holding of the GMS according to procedure, however without prejudice to the right of any shareholder to freely express their opinion on the topics subject to the debates?	*		The procedure is mentioned in the Issuer's Articles of Association and Statute of Corporate Governance. Likewise, Petrom publishes at every GMS extensive convening notices describing the procedure to be followed for the respective meeting in detail. In this manner, the Issuer ensures that the General Meetings of Shareholders are adequately conducted and well organized while the shareholders' rights are duly observed.
	R 8 Does the Issuer disclose in a special section of its website the shareholders' rights as well as the rules and procedures for the attendance at GMS?	*		The rights of the shareholders are outlined on the Issuer's website. Likewise, the rules and procedure for the attendance at the GMS as well as the rights of the shareholders are always described in the convening notice which is always posted on Issuer's website.
	Does the Issuer provide the information in due time (immediately after the GMS) to all shareholders through the special section on the Issuer's website: a) the resolutions passed by GMS?	*		Petrom's website has a special section where the resolutions passed by the GMS are posted in due time.
	b) the detailed results of voting?	*		Petrom's website has a special section where detailed results of voting are posted in due time.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
	Does the Issuer disseminate through the special section of the Issuer's website, which is easily identifiable and accessible: a) ad-hoc reports/official statements?	*		Petrom's website has an easily accessible and identifiable special section where ad-hoc reports and official statements are posted in due time.
	b) the financial calendar, the annual, quarterly and half-yearly reports?	*		Petrom's website has an easily accessible and identifiable special section where the financial calendar and periodical reports are posted in due time.
	R 9 Has the Issuer set-up a special department or has appointed a person dedicated to the relation with investors?	*		Petrom has set up a special department dedicated to investor relations that can be contacted at phone number +40 (0) 214022206 or via e-mail: investor.relations.petrom@petrom.com . Likewise, a special section of the Company's website is dedicated to investors.
P4, P5	R 10 Does the Supervisory Board meet at least once a quarter for supervising the activity of the Issuer?	*		The Supervisory Board meets whenever necessary, but at least once every three months. In 2012, the SB met six times in person and passed resolutions by circulation on four additional occasions.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
	R 1 2 Has the Issuer a set of rules referring to the conduct and the reporting obligations relating to the trading of the shares or of other financial instruments issued by the Issuer (“ issuer securities ”) made on their account by the members of the Executive Board and other related natural persons?	*		Such rules are laid down in the internal regulations of the Issuer.
	Are the trades with the issuer’s securities made by the members of Supervisory Board, Executive Board or any other insiders on their own account disclosed via the Issuer’s website, according to applicable rules?	*		All these transactions are posted on the Bucharest Stock Exchange website, in the section dedicated to the market news related to Petrom. Petrom’s website also contains a link to the Bucharest Stock Exchange website, in the section Petrom>Investor Relations>Corporate Governance>Insider Trading.
P6	Does the structure of the corporate bodies of the Issuer ensure a balance between the executive and non-executive members (and especially independent non-executive members) so that the decision-making is not to be dominated by a single person or a group of persons?	*		The Supervisory Board comprises nine members who are non-executives and who supervise the activity of the five members of the Executive Board. Therefore, the balance between executives and non-executives is ensured.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
P7	Does the structure of the Supervisory Board provide a sufficient number of independent members?	*		The Supervisory Board structure complies with the provisions of Company Law no. 31/1990 on the number of independent members of the Supervisory Board.
P8	R15 In the course of its activity, is the Supervisory Board supported by any consultative commissions/committees nominated by the Supervisory Board, which deal with the analysis of some specific subjects in order to counsel the Supervisory Board on such topics?	*		The Audit Committee supports the Supervisory Board by performing the following main activities: <ul style="list-style-type: none"> • reviews and prepares the adoption of the annual accounts, • prepares the proposal for the distribution of profits • prepares a proposal of an independent financial auditor • supervises Petrom's risk management arrangements and its financial performance • monitors the reports delivered by the internal auditors.
	Do the consultative commissions/committees submit activity reports to the Supervisory Board on the specific subjects assigned to them?	*		The Audit Committee submits activity reports to the Supervisory Board on the specific subjects assigned to it.
	R16 For the assessment of the independence of their members, does the Supervisory Board use the assessment criteria listed in Recommendation 16?	*		The criteria used for the assessment of Supervisory Board independence are those mentioned in Company Law no. 31/1990, which are substantially similar to those provided by Corporate Governance Code.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
	R 1 7 Do Executive Board members permanently improve their knowledge through training/information in the corporate governance field?	*		The Executive Board members permanently improve their corporate governance knowledge via training/ roundtable discussion meant to enhance the corporate governance practice in the Company. The CEO is also President of the Corporate Governance Institute at the Bucharest Stock Exchange.
P9	Is the appointment of the Supervisory Board members based on a transparent procedure (objective criteria regarding personal/ professional qualifications etc.)?	*		The Supervisory Board members are appointed by the GSM, based on a transparent procedure of appointment and with the majority of votes of the shareholders, as provided for in the Issuer's Articles of Association and applicable law. Prior to the GSM, their CV is available for the shareholders for consultation.
P10	Is there a Nomination Committee within the Issuer set-up?		*	Petrom is assessing the possibility of establishing a Nomination Committee.
P11	R 2 1 Does the Supervisory Board assess the necessity to have a Remuneration Committee/remuneration policy for the Supervisory Board and Executive Board members at least once a year?		*	The remuneration of the Supervisory Board members is resolved upon by the GMS every year. The setup of a Remuneration Committee is under assessment.
	Has the remuneration policy been approved by the GMS?		*	The remuneration of the Supervisory Board members is resolved upon by the GMS and it is made public.
	R 2 2 Is there a Remuneration Committee made exclusively of non-executive members of the Supervisory Board?		*	The setup of a Remuneration Committee is under assessment.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
	R 24 Is the remuneration policy of the Issuer mentioned in the Statute/Corporate Governance Regulation?		*	Please see above.
P12 , P13	R 25 Does the Issuer disclose the information subject of the reporting requirements in English: a) periodical information (regular providing information)?	*		Petrom discloses periodical information in English.
	b) permanent information (continuous providing information)?	*		Petrom discloses permanent information in English.
	Does the Issuer prepare and make public the financial report according to the IFRS standards?	*		Petrom prepared and disclosed consolidated financial statements in accordance with IFRS for the year ended December 31, 2006 for the first time. Starting 2010, Petrom also reports on a quarterly basis the consolidated financial statements in accordance to the IFRS standards. Furthermore, in line with Romanian legal requirements applicable for listed companies, starting 2012 Petrom also prepares separate individual financial statements in accordance with IFRS.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
	R 2 6 Does the Issuer organize, at least once a year, meetings with the financial analysts, brokers, rating agencies and other market specialists with the view to presenting the financial elements relevant for the investment decision?	*		Petrom organizes one-to-one meetings and conference calls with financial analysts, investors, brokers and other market specialists with a view to presenting the financial elements relevant for investment decision. A total of more than 60 one-to-one or group meetings and presentations were held throughout 2012, including more than 100 investors and analysts. The company also attended analyst and investor conferences, organized in Romania (2) and abroad (3).
	R 2 7 Is there an Audit Committee within the Issuer?	*		Petrom's Supervisory Board has set up an Audit Committee.
	R 2 8 Does the Supervisory Board or the Audit Committee, as the case may be, assess on a regular basis the efficiency of financial reporting, internal control and the risk management system implemented by the Issuer?	*		The Audit Committee assesses on a regular basis the efficiency of financial reporting, internal control and the risk management system implemented by Petrom.
	R 2 9 Is the Audit Committee comprised exclusively of non-executive members of the Supervisory Board and is it comprised of a sufficient number of independent members of the Supervisory Board?	*		The Audit Committee comprises exclusively non-executive members of the corporate bodies and a sufficient number of independent members of the Supervisory Board, as provided for in Company Law no. 31/1990.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
	R 3 0 Does the Audit Committee meet at least twice a year, with the view to draw up and disclose to the shareholders half-yearly and annual financial statements?	*		Petrom's Audit Committee meets at least quarterly in order to deal with significant accounting and reporting issues and review on the financial statements.
	R 3 2 Does the Audit Committee make proposals to the Supervisory Board regarding the selection, the appointment, the re-appointment and the replacement of the financial auditor, as well as the terms and conditions of its remuneration?	*		Petrom's Audit Committee makes proposals to the Supervisory Board regarding the selection, the appointment, the re-appointment and the replacement of the financial auditor, as well as the terms and conditions of its remuneration.
P14	Has the Issuer approved a procedure with a view to identifying and to settling any conflicts of interest?	*		The Issuer has established internal rules on how to deal with conflicts of interest.
P15	R 3 3 Do the members of the Supervisory Board inform the Supervisory Board on the conflicts of interests as they occur and do they refrain from debates and the vote on such matters, according to relevant legal provisions?	*		Petrom Supervisory Board has laid down rules relating to conflicts of interest and the approach in this respect.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
P16	R 34 / R 35 Has the Issuer approved the specific procedures in order to provide the procedural compliance (criteria to identify the significant impact of transactions, transparency, impartiality, non-competition etc.) with the view to identify the transactions between related parties?	*		Petrom has internal regulations in place and submits reports on transactions with related parties to the National Securities Commission and to the Bucharest Stock Exchange. The specific procedure is also covered in the Corporate Governance Statute.
P17	R 36 Has the Issuer approved a procedure regarding the internal flow and disclosure to third parties of the documents and information referring to the Issuer, considering especially inside information?	*		Petrom has internal regulations in place for such matters.
P18	R 37 / R 38 Does the Issuer carry on activities regarding the Issuer's social and environmental responsibility?	*		Petrom conducts various activities regarding social and environmental responsibility. Please see the Annual Report's section relating to community involvement.

Declaration of the management

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2012, its financial performance and cash flows for the year then ended, in accordance with applicable accounting standards, and that the Directors' report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties associated with the expected development of the Group.

Bucharest, March 21, 2013

The Executive Board

Mariana Gheorghe
Chief Executive Officer
President of the Executive Board



Andreas Matje
Chief Financial Officer
Member of the Executive Board



Johann Pleininger
Member of the Executive Board
Exploration & Production



Cristian Secoșan
Member of the Executive Board
Gas & Power (including Chemicals)



Neil Anthony Morgan
Member of the Executive Board
Refining & Marketing

