

Reporting period

The information presented in this Report refers to the calendar year 1st of January to 31st of December 2018.

Reporting cycle

Yearly.

Content of the report

The issues dealt with in this Report refer to the impact of the company's activities on the environment, employees, respect for human rights and the fight against corruption and bribery, in accordance with the provisions of MFP Order no. 2844/2016 which transpose to the national level the requirements of European Directive 95/2014 on the presentation of non-financial and diversity information by certain entities and large groups of enterprises.

The company's profile

We are one of the largest chemical companies in Romania, being a reference name on the country's economic map. Our business activity includes mainly: the design and production of chlorosodium products, oxo-alcohols, petrochemicals, other chemical products, including services and technical assistance and their domestic and export trade.

OLTCHIM S.A. Râmnicu Vâlcea is in the stage of judicial reorganization according to Sentence no. 892/22.04.2015 in the insolvency file no. 887/90/2013, which confirmed the reorganization plan of OLTCHIM S.A. proposed by the consortium of judicial administrators composed of RomInsolv SPRL and BDO Business Restructuring SPRL. Thus, starting with the date of the insolvency proceedings (30.01.2013) the activity of our company is carried out according to the procedures regulated by the provisions of Law no. 85/2006 on the insolvency proceedings.

In 2018 the activity of Oltchim S.A. was affected by the sale of assets on the Rm.Valcea industrial platform, respectively the functional assets, to Dynamic Selling Group SRL (in June) and Chimcomplex SA Borzești (in December).

Following these transactions, Oltchim S.A. remained with dormant assets, for which the procedures set out in the Reorganization Plan shall continue.

In 2018, the company capitalized 76% of its export turnover and on the intra-Community market as well.

1. Environmental policy and strategy

A robust environmental management system is implemented within our company, our main objective being to comply with the legislation in force and to streamline all production processes in terms of environmental performance. In this respect, we have set up a monitoring system for environmental factors (water, air, soil, waste) that allows us to identify the most appropriate measures to reduce the negative impact but also to maximize the positive one.

1.1. Environmental policy

Our environmental policy is closely related to the economic policy and focuses on the superior capitalization of primary raw materials and energy resources that minimize waste, waste water, water, air pollutants, and reduce unit costs per ton of product. At the same time, we are concerned with the continuous improvement of the environmental aspects,

especially of the significant ones, through the implementation of environmental management programs that aim to observe all our environmental obligations, setting concrete targets and pursuing realistic targets, all based on the compliance with the Romanian environmental legislation and the alignment with the European one.

1.2. Environmental permits

We operate in two different locations, namely Râmnicu Vâlcea Chemical Platform and Bradu Petrochemical Division, where no activity took place in 2018. The regulatory acts held by the company in this area are presented under "**1.1.6. Assessment of the impact of basic activity on the environment**" of the special Administrator's report.

Our policy and our environmental management system has allowed our company, in 2018, not to file disputes about breaches of the environmental law.

The expenditures for environmental protection in 2018 are lei 36,464 thousand.

1.3. Management of hazardous substances

Taking into consideration the type of activity that we carry out, we are subject to the provisions of Law no. 59/2016 on the control of major-accident hazards involving dangerous substances. Dangerous substances within our perimeter are either received from outside and used as raw materials or produced by us as a result of the production process. These products are circulated or stored on the company's territory.

A rigorous policy is in place in our company, which effectively prevents major accidents involving hazardous substances in our perimeter of activity. The objectives of our major accident prevention policy are to take care of people and the environment, the refurbishment of the manufacturing processes, adopting new technologies, verifying and controlling the processes, the equipment, and to continuously improve the business.

1.4. Water management

In the chemical industry water is a resource of crucial importance because it is used throughout the productive process. In this sense, we have implemented a very strict policy and procedures that regulate the water consumption in our company and the way to streamline the consumption.

In the technological installations we use several types of water:

- demineralized water made from drinking water supplied from the local supplier's network
- recirculated water having its own water management unit with cooling towers
- decanted water made from the Olt River water

In situations where the water is not used directly in the process or is not contaminated, it is recovered and reused in the plants.

Our company has systems for measuring the quantities of water consumed by each production or auxiliary plant and third-party companies connected to the OLTCHIM S.A. These systems are integrated into SCADA type of real-time monitoring system of the consumption. At the same time, daily and monthly reports are produced with the specific water consumption per unit of product, aiming at including them into the program specific consumption.

1.5. Monitoring of water quality

Inside the company, the flows taken and discharged are monitored on a continuous basis as well as the evacuation indicators on instantaneous and daily average samples. The

groundwater quality monitoring is done through a network of observation drills (19 drillings).

During the year, analyzes were carried out according to the surveillance plans approved by the management of the company and APM Vâlcea - both on the domestic wastewater streams and on the two final discharges. The analyzes were carried out by the Eco-Toxicology Laboratory from the Laboratory Quality Control Service, the Biological Wastewater Treatment Plant Laboratory, the Oltchim Research Center Laboratory and by INCD ECOIND Bucharest - Râmnicu Vâlcea Branch.

In conducting the productive activities, we pay great attention to how we influence the Olt River. In this respect, we continuously monitor the volumes of the waste water discharged into the Olt River, as well as the quality of the discharge through instantaneous and daily average samples.

The total volume of water discharged in 2018 is 21,219,012 m³.

Before the waters are discharged into the sewage and successively discharged into the Olt River, they are treated as follows:

- organic biodegradable chemical waters are pumped to the Biological Wastewater Treatment Plant;
- non-biodegradable inorganic chemical waters are pre-purified at the local neutralization and purification plants and then discharged into the Final Control Plant for the final pH correction

In order to determine the influence of the waste water on the quality of the emissary, the monitoring of the Olt river waters upstream and downstream of the industrial waste water discharges is carried out by INCD - ECOIND Bucharest, Râmnicu Vâlcea branch. The quality of the Olt River water upstream and downstream of the wastewater discharges from the industrial platform is monitored in three distinct sections (of which two are downstream).

The quality of the Olt river waters downstream of the chemical platform is influenced by the quality of the effluent discharged from the chemical platform, by the hydro-power plant production regime and the amount of precipitation. From the analyzes carried out in 2018 by ECOIND Bucharest, for the drillings placed in the premises and in the area of the organic wastewater, it has been shown that groundwater is organically and inorganically contaminated.

1.6. Waste management

Within our company, the waste is managed through a specific procedure governing how to identify, manage and dispose/recover the waste. This procedure applies to all waste-generating departments and services within the company.

Waste management is done within each egeneration section/service based on waste management record sheets. The waste management process involves identifying, collecting, sorting, capitalizing and discharge of such waste

Waste identification at OLTCHIM S.A. level is performed by each section/service, taking into account its own operating rules, specific activity and waste classification according to H.G. 856/2002. The classification in a particular category is based on the physico-chemical characteristics of each type of waste. The waste identified at our company level is: hazardous waste and non-hazardous waste. Within our company, we specifically treat each type of waste, both hazardous and non-hazardous, in accordance with the waste management procedure.

Waste by type and disposal method (t)			
	2016	2017	2018
Total quantity of waste discharged	55.349,90	65.957,16	67.514,92
Of which hazardous waste incinerated	3.263,81	11.104,92	10.685,42
Of which non-hazardous waste deposited	52.131,09	54.852,24	56.829,5

We identify and record waste in waste management record sheets through the SICM (Environment Integrated Quality System) responsible person who is required to monthly report the types and quantities of waste for the previous month, both by telephone and by e-mail, to the Environmental Protection Service. The Environmental Protection Service keeps track of the waste generated in each section/service, according to the legislation in force.

Each hazardous waste generation section collects them selectively, including packaging waste, and it detoxifies them (total drainage, washing up to the complete disposal of the hazardous substances, etc.) and stores them in specially designed places (only on concrete platforms), bearing the name of the waste collected for recovery or disposal.

Transport of hazardous waste (t)			
	2016	2017	2018
Total amount of hazardous waste shipped	870,293	824,424	1.584,23
Total amount of hazardous waste treated	3,755	0	0

In each department/service we have implemented specific procedures that allow separate collection in colored and engraved containers, according to the legal provisions in force, depending on the type of waste of all cardboard, plastic, metal and glass waste. The containers are located at each administrative pavilion in an easily accessible place, marked and duly indicated in accordance with the Action Plan on Selective Collection.

All waste may be recycled/disposed of only by authorized economic operators on a contractual basis. The generating sections/services hand over the reusable waste to the recyclable materials Warehouse of the EAA Service, based on the weigh Slip and the hand over/transfer/delivery Slip specifying the origin of the waste.

The disposal of recyclable waste (household, paper, cardboard, plastic, metal, glass packaging) and selectively pre-selected is done in appropriate containers collected from specially designed places within the company and established by the Administrative Service, together with heads of departments/services, by the economic operator with whom we have signed a collection, transport and storage agreement.

As for the chlorinated organic residues, they are incinerated in the two gaseous and liquid organochlorine residues plants, using a state-of-the-art technology.

1.7. Greenhouse gas emission management

The activities we are currently engaged in do not generate a large amount of greenhouse emissions, thus including us into the annual planning. The generation of greenhouse gas emissions comes mainly from the combustion of fuels in installations with a total thermal input exceeding 20 MW, those for the production of lime or the calcination of dolomite or magnesite in rotary kilns or in other kilns with a production capacity of over 50 tons per day. Also, the production of bulk organic matter by cracking, reforming, complete or partial oxidation or similar processes with a production capacity exceeding 100 tonnes per day and those on the production of hydrogen (H₂) and synthesis gas by partial reforming or oxidation, with a production capacity exceeding 25 tonnes per day, contributes to the amount of greenhouse gases we generate.

The process of collecting data on greenhouse gas emissions is continuous and the departments and services involved maintain a strict record of the data obtained and reported together with the necessary explanations. All collected data on greenhouse gas emissions are reported to the Environmental Protection Service. The heads of departments permanently verify the monthly recording and reporting of the fuel consumption (natural gas) of the steam in the sector they coordinate and they are concerned with the legal metrological and timely verification of the measuring equipment (counters, scales, transducers) in view of a correct determination of the fuel and steam amounts, of the raw material and finished products consumption.

The monitoring and calculation of greenhouse gas emissions is based on the Greenhouse Gas Monitoring and Reporting Plan.

The Environmental Protection Service monthly calculates the greenhouse gas emissions taking into account the data previously collected. In the first quarter of each consecutive year when the greenhouse gas emission monitoring was carried out, OLTCHIM S.A. performs and submits for validation the monitoring report on greenhouse gas emissions generated in the previous year, verified by an independent and accredited verifier.

In accordance with the National Greenhouse Gas Emissions Allocation Plan, in 2018 the company received free of charge 254,366 greenhouse gas emission certificates for the Râmnicu Vâlcea platform and a number of 0 certificates for the Bradu Petrochemical Division. In 2018 on the Râmnicu Vâlcea platform 94.007 tons of CO₂ were produced and the Bradu Petrochemical Division obtained 0 tons of CO₂.

Atmospheric pollutants (t)			
	2016	2017	2018
SO ₂ (sulfur dioxide)	0,044	0,050	0,052
NO _x (nitrogen oxides)	134,6711	158,8598	165,302
NM-VOC (non-methane volatile organic compounds)	312	0	0
Emissions of particles	0,03772	0,10724	0,122

Internal audits are carried out annually, in accordance with the Internal Audit Program, in order to verify the information from Greenhouse Gas Emissions Monitoring and Reporting Plan and the Greenhouse Gas Emissions Monitoring Report. Also, every two years, the improvement report on emission monitoring methodology is drawn.

1.8. Energy management

Since we are one of the country's largest energy consumers, we have focused our efforts over the years to implement specific energy efficiency improvement measures. These measures have been aimed at both reducing the negative impact on the environment and improving our competitiveness and efficiency in the production process. Every year, we draw up the Energy Efficiency Improvement Program, which sets specific targets for reducing the energy consumption and planning all the measures to be implemented during the year.

At the same time, we conducted an energy audit on the whole outline of the chemical platform with a company certified by the National Regulatory Authority for Energy, an audit that identified additional energy efficiency measures.

Energy consumption within the organization			
	2016	2017	2018
Total amount of electricity in MWh	454.240	457.599	435.071
Total amount of thermal energy in MWh	507.392	559.209	555.237
Total amount of natural gas in MWh	281.149	345.085	366.278
The amount of sold electricity in MWh	66.726	64.778	71.598
The amount of sold thermal energy in MWh	23.334	21.333	21.784
Total energy consumption in MWh	1.152.721	1.275.782	1.263.204

We constantly measure the energy consumption through electricity, heat and gas metering systems across all consumer sectors, as well as across all customers connected to power distribution networks. These measurement systems are integrated into a SCADA type of real-time monitoring system. The electricity consumption is monitored to optimize the load curve and purchase price, taking into account the operating rules of the electricity market. At the same time, reports are made daily and monthly on the specific consumption of electricity, thermal energy and natural gas per unit of product, aiming at including them into the program specific consumption.

2. Social performance

2.1. Health and Safety at Work

The main objective of this theme is to protect the life, integrity and health of the employees, to improve the working conditions through "equality" in terms of importance between the PRODUCTION AND SECURITY AND HEALTH at Work, avoiding the risks of injury and occupational disease existing at the workplace, reducing the number of events by ensuring safe and healthy working conditions for all employees, contractors and visitors.

2.1.1. The Committee for Safety and Health at Work

According to the legislation in force, there are two Committees for Health and Safety at Work (CSSM) in our company: one for Râmnicu Vâlcea and the other one for the Bradu Petrochemical Division. The SSH Committee operates in accordance with the approved organization and operation regulations, its main attributions being the following:

- analyzes and makes proposals on the prevention and protection plan;
- aims at implementing the measures included in the Prevention and Protection Plan, including their effectiveness in terms of improving the working conditions;

- analyzes the choice of individual protective equipment, taking into account the consequences for the safety and health of the employees and makes proposals in the event of finding certain deficiencies;
- analyzes the choice, purchase, maintenance and use of collective and individual protection equipment;
- proposes measures for designing jobs, taking into account the presence of specific risk groups;
- analyzes the employee's demands regarding the working conditions and the way in which the responsible persons perform their duties in this regard;
- monitors the way in which the legal regulations on safety and health at work are implemented and complied with, the measures taken by the labour inspector and the health inspectors;
- analyzes the employee's proposals for the prevention of work accidents and occupational illnesses and also for the improvement of the working conditions and proposes their inclusion in the prevention and protection plan;
- analyzes, as appropriate, the causes of the occurrence of events that have led to injuries or have created serious hazards of injury and may propose technical measures to complement the research measures;
- discusses the annual report on the health and safety at work situation, the actions that have been taken and their effectiveness in the concluded year, as well as the proposals for the upcoming preventive and protection re-updated plan for the following year.

In order to ensure a safer work environment for our employees, we are constantly conducting monitoring and health promotion activities at work. Through their implementation we aim at reducing the number of work accidents as well as decreasing the number of occupational illnesses and the number of days of sick leave.

In this regard, we are concerned with the health of our employees by conducting several types of medical exams at different times (such as: upon hiring, adaptation and periodic exams, resuming work after a break, special surveillance, current, urgent and control exams). Employees benefit from laboratory medical tests, blood tests and urine tests, electrocardiogram, audiogram, spirometry and X-ray exams.

At the same time, the CSSM assemblies analyze the state of health in order to change the job according to the employees' illnesses and the granting of treatment tickets paid for occupational illnesses, accidents at work, serious illness. The Social Commission provides financial aid for health recovery for different illnesses.

2.1.2. OSH Training

Another activity in which we maintain good performance in the field of safety and health at work is the training of our employees on all aspects of safety and health at work.

For this purpose, a new introductory training is planned for the new employees of the company. In 2018, 175 OSH trainings were held. The 8-hour workplace training is carried out for all new employees and also for those employees who change their workplace within the company.

At the same time, we also provide regular training for all employees, with a duration of 2 hours. The frequency of this training is determined by the category of staff. The production and maintenance personnel are trained on a monthly basis and the TESA staff, other than the production one, is trained quarterly. For certain categories of personnel, specific training sessions are held for internal authorization (the ELECTRO-AMA Exploitation Department personnel and the intervention and rescue teams set up at unit level for intervention in internal emergency situations). In addition, each section/sector of activity

organizes training programs regarding work procedures and instructions, occupational safety and health rules and measures for carrying out the work in safe and healthy conditions, the provisions and the means of action in emergency situations. On a quarterly cadence, in order to engage as many employees as possible, we are conducting awareness campaigns on: chemical hazards, fire and explosion hazards, on the use, handling, storage of hazardous chemicals and other campaign themes communicated by the Labour Inspectorate.

2.1.3. Accidents at work

Safety performance at work	2016	2017	2018
The number of fatal accidents resulting from an accident at work	0	1	0
The number of work-related accidents with lost working days	0	1	6
The total number of days of temporary work incapacity	0	0	707
Frequency coefficient Total number of injuries in the reporting period x 1000 / Average number of employees	0	0,5115	4,36
Frequency Coefficient Total number of calendar days of temporary work incapacity (ITM) x1000/Average number of employees	0	deces	386,12
Average Duration Total number of calendar days of temporary work incapacity (ITM) / Total number of injuries during the reporting period	0	0	(707 zile / 8 injured) 88,375
Contractors			
Number of fatal accidents resulting from an accident at work	0	0	0
Number of work-related accidents with lost days	1	0	0
Number of lost business days	3	0	0

The declaration, investigation and registration of accidents at work is done in accordance with the national legal provisions in force - Law on Safety and Health at Work no. 319/2006 and the Methodological Norms for the application of the provisions of the Law on safety and health at work no. 319/2006 approved by G.D. no. 1425/2006, as subsequently amended and supplemented, legislation transposing the provisions of the Directive of the Council of the European Community no. 89/391/EEC on the introduction of measures to promote, improve the safety and health of the employees at work.

The statistical reporting is done to the Territorial Labor and Insurance Inspectorate through F.I.A.M. - Registration form for accidents at work approved by Order no. 3/2007 of the Ministry of Labour.

We are constantly concerned with the safety and security of our employees by implementing rigorous preventive and protective measures. However, at the end of 2018 at Oltchim S.A. we recorded 7 events, namely:

- 4 accidents at work with temporary incapacity for work

- 1 accident at work with temporary work incapacity, which was registered by Dynamic Selling Group SRL Galați (Ramplast Oltchim Section) with the working point at Rm.Vâlcea, Str. Uzinei nr.1
- 1 collective accident with 3 victims, under investigation
- 1 small accident involving two workers

In order to prevent similar situations, all employees of the company have been retrained with regards to the obligation to use all types of personal protective equipment in use as intended for protection against the risk factors of injury and the correct use of such equipment.

Also, all employees have been retrained with regards to the compliance with the current legislation, work procedures, job descriptions, and signalling the workplaces with safety boards on the risks at work.

A working procedure has been established on the way of moving and standing of the employees within the Building Materials Department- the Operations Office in the premises of finished products warehouses. The Work and Safety and Health at Work guidelines have also been revised for the work carried out within this department.

In addition, we have purchased and distributed eye washing stations, work and rescue equipment to protect the health of the employees for the entry into enclosed spaces (enclosed spaces entry kits and portable gas detectors), we have instructed the job managers on their usage and we have ensured that all our employees are constantly complying with and applying the procedures and work instructions as well as the instructions for health and safety at work.

2.2. Human resources management

The human resources policy in 2018 was linked to the organization's objectives. As a result of the completion of the active sales transactions with Chimcomplex Borzești and Dynamic Selling Group, the organizational structure has been redesigned and the staff need at the end of 2018 has been estimated at 177 employees.

The reduction of personnel was achieved by the termination of the individual employment agreements with the buyers by a number of 1356 employees and through collective redundancy, by granting compensatory salaries according to the provisions of the Collective Employment Agreement in force, of a number of 436 employees.

The current human resources policy has attracted people which who will contribute to the proper capitalization of the remaining assets.

In 2018, OLTCHIM S.A. had a total of 1,814 employees, out of which over 96% were employed under permanent contracts and 69% of employees were in the 30-50 age bracket. The management positions are provided by 128 people, of which 45 are women.

2.2.1. Compensation of employees

Our employees benefit from a differentiated wage package (namely, jobs/positions and hierarchical levels) according to the Wage Regulation - annex to the Collective Employment Agreement (CCM), and includes a fixed part to which are bonuses get added depending on the job type and the experience gained. Our employees can enjoy a number of benefits such as: meal vouchers, Oltchim Day tickets, holiday and bonuses, bonuses for children,

bonuses for March 8th (for women), bonuses for special occasions (the birth of a child), additional holiday (for certain jobs), food for the protection of the body (under certain conditions), bonus- fixed amount (hot meal) (for certain jobs), support for special events (death of parents, death of a retired person on medical grounds, age limit – subject to certain conditions), social benefits, transport costs, retirement benefits, employee insurance in the event of accidents, change of residence (in another locality) along with the workplace, regular medical check-up, professional training.

2.2.2. Training programs

In 2018, 128 new people were hired by contest, of which over 50% belonged to the age 30-50 years old age bracket.

The training and authorization, made through authorized external programs, were closely related to the organization's objectives. Thus, 92% of this program was addressed to executives and the remaining of 8% to the support staff.

The program was addressed to full-time employees. Of these, 41% were women, and 13% were persons over 50 years old.

2.2.3. Assessment of professional skills

In order to ensure the objectives of the organization set for 2018 (sale of assets), all staff have undergone a process of assessment and self-evaluation of the skills, so that the employees could be oriented to three categories: proposed for hiring to the buyers of the company's assets, termination of the employment agreement with Oltchim (namely collective redundancy), continuing the activity within Oltchim.

2.2.4. Employee information

According to the legal provisions, all our employees are covered by the CCM. This, together with individual employment agreement, set the working conditions, wages and other rights and obligations arising from employment relationships for all our employees. Taking into account the difficult period which our company was faced with in recent years, employee protection is among the priorities of OLTCHIM S.A. For this reason, the CCM provisions ensure that employees' rights are complied with and also provides communication measures in order to notify them and their representatives at least four weeks prior to the implementation of significant operational changes that could substantially affect them. We believe that our employees have a legitimate interest in knowing the economic and financial situation of the unit, thus knowingly being able to appreciate the stability of the working relationships, the prospects of achieving their rights, and how they should act to protect their interests along with those of OLTCHIM S.A.

At the same time, we encourage and respect the social dialogue, so that we can discuss with our employees on various topics and create effective communication platforms with them. This is possible thanks to the four trade unions operating in our company and who, together with the management of the company, try to harmonize as much as possible the needs of the employees with the actual possibilities of OLTCHIM S.A.

Thus, both before the sale of the assets and also before the initiation of the collective redundancy proceedings, Oltchim employees were informed of the measures to be taken, their rights and obligations. At the same time, steps were taken in accordance with the legislation in force and the CCM (consultations with trade unions, notifications to state authorities, pre-dismissal services, etc.).

2.2.5. Non-discrimination

Another aspect dealt with, including the provisions of the CCM, deals with discrimination. All employment relationships within OLTCHIM S.A. operate according to the principle of equal treatment for all employees. OLTCHIM S.A. is aligned with the national legal framework by issuing internal documents (CCMs, regulations, procedures) that provide for the professional relations framework without restrictions on sex, sexual orientation, genetic characteristics, age, nationality, race, color, ethnicity, religion, political option, social origin, dissability, family situation or responsibility, membership to or trade union activity.

The ratio of the basic salary of women and men based on the employment category and age groups:

Basic salary of employees with CIM, for an indefinite period, full-time program	1,02
Basic salary of employees with CIM, for a limited period, full-time program	1,13
Base salary of employees under the age of 30 years old	1,00
The basic salary of employees aged 30-50 years old	1,00
Basic salary of employees over 50 years old	1,05

We are constantly pursuing to implement policies that guarantee the gender equality and the non-discrimination of our employees, and we appreciate that there is no risk of gender equality violations. However, given the specific nature of certain jobs that require high physical effort, we manage the risk of the violation of this right by applying non-discriminatory procedures in the recruitment and selection phases, in the work results assessment/appraisal phases and in the dismissal phases.

In this respect, we have also set and monitored a number of relevant performance indicators for 2018, such as Women's Selection Rates (RSF), Men's Selection Rates (RSB), Women's -Men's Selection Report (RSF/B) and women's dismissal rate (RCF).

At the same time, we strictly monitor the Gender Discrimination Complaints Rates (RRDG), which represents the proportion of complaints and notifications regarding abuses and gender discrimination. Of the total written complaints filed and registered in the company's or court's records, supported by the decision of the disciplinary commissions or of the courts in 2018, RRDG was 0%.

3. Ethics in business, fighting corruption and bribery

OLTCHIM S.A. wants to build trust among clients, shareholders, business partners and the entire community through responsible and legal behaviour in accordance with its values and principles. We believe that meeting and implementing measures to combat corruption and bribery among employees, as well as business ethics, contribute significantly to building a long-term success of the company.

The values and principles that guide the way we carry out all our activities and those that contribute to our success are the following:

Responsibility - in the performance of their service duties, the employees of OLTCHIM S.A. comply with their obligations and assumes responsibility for their actions, commitments and results.

Objectivity, integrity and loyalty - we are characterized by impartiality and we do not allow the professional reasoning to be influenced by prejudices, conflicts of interest or other unwanted influence factors that can intervene in the course of the professional activity.

Non-discrimination - We do not tolerate discriminatory attitudes towards anyone regardless of race, ethnic or national origin, sex, religion, sexual orientation, political affiliation, age, invalidity or other criteria that may be the basis of discrimination.

Fair competition - we require the commercial activities to be done through the use of legal economic means and compliance with the rules in force, thus ensuring fair and equitable competition in our field of activity.

Social Responsibility - We develop a culture of social responsibility based on transparent and ethical business behaviour, respect for consumer rights, social and economic equity, environmental protection, fairness in working relationships, transparency towards public authorities, integrity and investments in community.

For these reasons, we have defined in our Code of Ethics and Professional Conduct, one of the basic documents of OLTCHIM, the term "corruption" as being the abuse of power in the performance of the duties of an employee of the company, regardless of status, structure or hierarchical position, for the purpose of obtaining a personal profit, directly or indirectly, for himself or for another, a natural or legal person".

At the same time, the Code of Ethics and Professional Conduct establishes the principles and norms of professional ethics to which all our employees adhere and which role is to direct their moral and professional behaviour both during and outside the professional activity, in order to avoid situations which can affect the image of the company. It also applies to staff seconded or delegated to the company. All these people must acknowledge, acquire and act in accordance with the provisions of the Code of Ethics and Professional Conduct, irrespective of the duration of the employment agreement, position, hierarchical level or job.

Our organizational culture is based on the commitment of all our employees to the issues of anti-corruption and business ethics through deep knowledge and full compliance with the provisions of the Code of Ethics and Professional Conduct. In this regard, we have implemented an efficient system of specific business ethics and anti-corruption procedures that allows:

- sharing information so that all people are informed about their rights and duties, as well as about the consequences of their actions, the impact they have on others or on the company;
- promoting and encouraging a good behavior by all employees;
- the communication of the OLTCHIM S.A. management's commitment to have zero tolerance against corruption and fraud;
- the use of the employee's job duties only for the purposes of performing their duties.

The Code also provides information on combating corruption, intolerance to money laundering, abuse, threats, intimidation or harassment, the commitment of the company not to support or fund candidates, parties or political parties as well as information about our commitment to observe the rules of loyal competition.

According to the implemented system, each employee has the possibility and responsibility to report in writing the deviations from or violations of ethics and professional ethics rules to the ethics adviser. This adviser monitors the application and observance of the code's rules and it records all violations of its rules, it contributes to the amicable resolution of violations of professional ethics through managerial measures, it prepares and submits

reports on the compliance by the company's employees with the rules of conduct and also the implementation of disciplinary procedures.

Within OLTCHIM S.A. the non-observance of the Code of Ethics and Professional Conduct is considered a disciplinary offense and is sanctioned according to the legal provisions and internal regulations in force.

The efficiency and effectiveness of the system implemented at OLTCHIM S.A. was proven given that in 2018 there were no confirmed cases of corruption or confirmed incidents for which employees were dismissed or sanctioned for corruption offenses and neither court actions on corruption offenses against the organization or its employees.

The Code of Ethics and Professional Conduct is available on the OLTCHIM S.A. website on the following link:

<http://www.oltchim.ro/uploaded/2017/Cod%20de%20etica%20si%20conduita%20profesionala%20Oltchim.pdf>.

Bogdan Stanescu

Special Administrator

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Chief accountant