

2016 SUSTAINABILITY REPORT



TRANSFORMING THE FUTURE



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INTRODUCTION

ABOUT THIS REPORT

KMG International is committed to reporting on the progress we make each year toward a sustainable future, and this is the third addition of the sustainable development report.

As we look back on 2016, it's a time to share the achievements we've made, while also honestly reflecting on the gaps and what can be done to improve going forward.

As we continue toward our sustainability goals in the coming years, we remain committed to and excited about making positive and lasting impacts on our employees, communities, and the environment.

A MESSAGE FROM OUR CEO

Dear friends,

On behalf of everyone at KMG International, thank you for your interest in our sustainability report. As a major player in the global oil and gas industry and a worldwide system that includes operations in 16 different countries, we are committed to positively contributing to our local communities, keeping our employees safe and protecting the planet we all share.

Sustainability is at the core of everything we do. Whether it's employee safety, ethical business practices, or social progress, we will continue to push forward and establish KMG International as a leader in weaving sustainability standards into the fabric of daily operations.

Despite our diligent efforts to improve overall safety management, we regret to report that on August 22, 2016, two Rominserv contractors lost their lives due to a vacuum gas oil (VGO) leak. Our hearts go out to their families, and along with that comes a promise that we will work our hardest to ensure something like this never happens again at KMG. To prevent this from happening in the future, we spent months analyzing the situation and have since implemented multiple new policies and procedures to better protect our employees and contractors.

In addition to the actions taken to address this specific incident, we continue to focus on contractor safety, vehicle and machinery safety and fall prevention and protection with a newly improved and much more comprehensive safety training system.

Even though this was a terrible tragedy and no success can compensate for loss of life, we are fortunate that aside from this incident, the remainder of the highlights are mostly positive in nature.

We are proud to report some significant steps forward in how KMG treats our greatest asset: our people. 2016 was the third straight year where no suppliers were identified as having a potential negative impact for labor practices and there were no grievances or complaints filed against KMG International concerning human rights. Additionally, KMG established a personal development and well-being platform to provide additional benefits for each of our employees.

In regard to caring for the environment and doing our part to reduce our carbon footprint we have made great strides as well. In 2016, there were not environmental grievances filed against KMG or any of our subsidiaries, and the Petromidia



Refinery achieved an Energy Intensity Index score of 97.9 points, down from 98.7 in 2015, and our best score to date.

We continue to take an active part in our communities as well. 2016 marked our seventh year as a sponsor for the prestigious George Enescu International Competition, KMGI sponsored the second annual Kazakh Film Festival, a cultural event for cinema enthusiasts and one of the largest events of its kind in all of Europe, and last but not least, over 150 KMGI employees volunteered to plant 2,200 trees in our local communities.

From a financial perspective, 2016 was a remarkable year as well. Even with a harsh pricing environment in the oil and gas industry, KMGI ended the year with an operating income of \$239 Million USD, the highest ever recorded in company history.

Overall, I believe we are making progress in most areas of sustainability. However, we still have a long way to go and plenty of work ahead to be done. As we move into 2017 and beyond we plan to double down on safety and sustainability. These are the two pillars that will guide everything we do.

Thank you again for your interest in our sustainability report and we invite all stakeholders to continue working with us in the goal of sustainability and corporate responsibility. Whether employee, governments, communities, or investors, please join with us in building a better future.

Very best wishes,

Zhanat Tussupbekov

Chief Executive Officer, KMG International

INTERVIEW WITH ALEXEY GOLOVIN, VP CORPORATE DEVELOPMENT & STRATEGY

Part of corporate sustainability involves social progress. What is KMG International doing on this front?

That is exactly right. Social progress and even human rights is quickly moving to the forefront of topics to be addressed by our industry, and at KMG I we are not only confronting this issue head on, we are taking social progress and human rights down to a personal level. At the end of the day, social justice and human rights essentially means treat other people the way you would like to be treated, and think about the impact your actions have on others. Right now, we operate in 16 countries, and each has its standards on what human rights and social justice is. This means we need to be diligent about taking a stand and saying, "this is what we believe in, and this is how we will operate no matter where we are in the world."

Examples of that are our focus on creating an equal opportunity for all people no matter their background, ethnicity, or personal preferences. We focus on creating an environment where all are accepted for who they are and judged on their abilities instead of unrelated biases. Although we are far from perfect in this area, our efforts are paying off, because no discrimination cases were reported in 2016. This is a statistic we are just as proud of, if not more so, than our financial successes.

Another example is our desire to help women to succeed and receive an equal opportunity in our industry. We are doing this by making every effort to attract qualified female employees across all areas and functions of our business, and the numbers are starting to show this. 29% of the employees hired in 2016 were female, a much higher percentage compared to our industry counterparts and even from our previous years.

How do you gain buy-in from employees and stakeholders regarding your sustainability actions and goals?

Honestly, getting buy-in from employees and stakeholders hasn't been very difficult because at the end of the day, sustainability is in everyone's best interest. We are working to improve safety of employees, take better care of our environment, support our community, and much more. These are goals that most people are generally in favor of. Knowing this, the question then becomes, "how do we show our progress and help stakeholders and employees know that progress is a step-by-step process and doesn't necessarily happen overnight?"

To help them see this we are incorporating short-term goals as well as longer term goals to help keep everyone focused, motivated, and proud of the small achievements along the way. We try to focus on the fact that sustainability is about incremental positive change and will be accomplished in small manageable chunks.

How is KMG I giving back to the community and improving the communities they operate in?

Let me begin my answer by first saying, we are very thankful to the communities that support our operations across the globe. We have been able to run a successful business



largely in part to the local talent that feeds our factories and business operations, and for that we are grateful.

We understand that just like any other resident of a town or city, we get back what we put in, and that is exactly why we try to contribute as much as possible to the local communities where we do business. For us at KMG I, community involvement isn't just a formality we're required to do. We are truly committed to giving back in a way that makes our communities a better place. To do

this we support and sponsor employee-driven initiatives and fund annual cultural events such as the George Enescu International Competition, a world-renown music competition for young pianists that takes place in Bucharest, and the Kazakh Film Festival, a cultural event for cinema enthusiasts that draws audiences from across Europe. We also partner with SMURD and local hospitals to improve healthcare, provide internship opportunities for local students, and much more.

How are you creating a safe work environment for your employees?

This topic has really hit close to home because of the unfortunate event that occurred this last here where a contractor lost his life. We have vowed to never let an incident like this happen again and learn from the mistakes that led to this tragedy. We believe that safety is a culture, not just an action, and we're doing everything we can to create a culture of safety first. We have implemented and continue to reinforce safety behaviors that align with our core value of safety first and hold all employees responsible for ensuring we operate safely and reliably. We want everyone to go home safe, happy, and healthy each night. Companywide we've recorded nearly 40,000 hours of safety and health training in 2016, and will continue to emphasize this important issue to employees, contractors, site visitors, and even the community as a whole.

How are you involving and engaging the community in your sustainability efforts?

I think it all comes down to communication, education and responsiveness. Wherever we can, we proactively engage the public in our sustainability goals. It may be elected officials, landowners or other important

community members, but the key is that we reach out early, address concerns promptly, and communicate our desired path forward. Often, we have public meetings where stakeholders and community members can speak directly to our engineers, scientists, environmentalists, safety experts and regulatory representatives. This give members of the community a chance to receive immediate answers and provides an avenue for us to have open dialogue and gain their trust and confidence. We are transparent with all our actions and results whether good or bad, and this goes a long way in building trust and credibility with stakeholders.

In your opinion, what is the current state of corporate social responsibility?

Corporate sustainability is definitely a dynamic and changing concept that is gaining more and more momentum in recent years, and we are happy to be at the forefront of this movement. I think companies are realizing sustainability doesn't just mean giving money to charities and calling it good, but it's a completely new way of doing business – one that is becoming more and more critical for the survival of companies.

The days are gone where a business could not care about their employees, the environment, and the social impact they have. However, if a company operates like that now... it's only a matter of time before they will be irrelevant.

On top of that, regulation is getting tighter in many countries and carbon emissions, energy, water and other natural resources are becoming more and more expensive each day. It's a smart social and financial decision to embrace sustainability and we're seeing that reality as more and more companies are starting to embrace the idea.

How important is for KMGI to be transparent about its CSR activities?

We view transparency as a good thing, not a bad thing. It's a motivator and a way to keep us accountable to our stakeholders on results and progress toward a more sustainable future. We decided to make a commitment to transparency with our sustainability goals a few years ago and are extremely pleased with the results so far. This will be our third annual sustainability report, and we appreciate the fact that such helps us make commitments to the public, and then bear the pressure to deliver on those commitments.

Additionally, transparent and regular sustainability reporting is a great source of pride for employees and gives them an opportunity to see the progress their company is making toward a brighter and sustainable future.

What is KMGI doing to reduce its impact on the environment?

In an industry not typically known for being environmentally friendly, we are making big strides to lead the way toward reducing our figurative footprint. Every year we've been improving, and last year was no different. A specific example I can think of is the Energy Intensity Index. In 2016, the Petromidia Refinery achieved an EII score of 97.9 points; our best results ever. This is down almost a point from last year, and just as a reference, in 2010 our EII score was 119.5 points. This is nearly a 20-point improvement in just seven years – something we're very proud of.

WHO WE ARE

INTERNATIONAL REACH, LOCAL VALUES

KMG International N.V. is a major player in the global oil and gas industry, with operations in 15 countries.

The KMG International Group's activities are primarily concentrated in the refining, retail, marketing and trading areas; however, the Group conducts additional operations in the exploration and production segments, as well as other oil industry services (such as upstream services, industrial services, drilling etc.).

The KMG International Group also performs business and management consulting services.

You will find that both our workforce and our supply chain span the globe, and being a global business means we have a diverse community of employees that contribute to our success, each bringing their unique perspective and solutions to the table. Yet, even though our locations are spread abroad and our people come from different backgrounds, at KMG we all hold true to our corporate values and principles. Safety, preservation of our environment and delivering the highest quality products are always our focus.

HIGHLIGHTS

KMG ended 2016 with an operating profit of USD 239 million, the highest ever recorded by the company.

As a result of the complex modernization program of the Petromidia refinery and the increase of the processing capacity to 5 million tons/year, the Group registered a series of operational records.

DIVISIONS & MAIN ENTITIES



Corporate Entities & Parent Company

KMG International (Netherlands)
KMG Rompetrol (Romania)

KazMunayGas JSC (Kazakhstan)



Upstream

Oilfield Exploration Business Solutions
Rompetrol Well Services



Trading & Supply Chain Management

KMG Trading
Midia Marine Terminal
Rompetrol Turkey

COUNTRIES OF MAIN OPERATIONS

- Romania
- The Netherlands
- Republic of Kazakhstan
- Switzerland
- Bulgaria
- Republic of Moldova
- Georgia
- Turkey
- France
- Spain
- Singapore



BRANDS

- Rompetrol
- Dyneff
- Efix
- Fill&Go
- Hei
- Rominserv

						
Full REACH	Full RAR	Full regulatory compliance	Full health & safety compliance	100% customer satisfaction	67 pts. rating	63/100 of drivers
regulatory compliance	certification for fuels & additives	for marketing and communication	for products and services	for Vega and Petrochemicals	for staff promptness & courtesy	satisfied with our fuels (market leader)



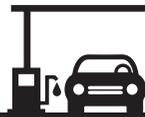
Refining and Petrochemical

- Rompetrol Rafinare (Petromidia, Rompetrol Vega)
- Petrochemicals Division



Industrial Services

- Rominserv
- Palplast
- Rominserv Valves IAIFO
- Rompetrol Quality Control



Retail & Marketing

- Rompetrol Downstream (Romania)
- Rompetrol Gas (Romania)
- Rompetrol Moldova
- Rompetrol Bulgaria
- Rompetrol Georgia
- Dyneff France & Spain

As a competitive player in the global oil and gas business, KMG International is a vertically integrated company with main activities concentrated in the refining, retail, marketing and trading areas, but we also conduct operations for third-parties in the exploration and production segments, as well as upstream services, industrial services and drilling.

The bulk of our operations is located in Romania, where KMG International owns and operates its largest and most modern refinery, Petromidia Năvodari. This refinery is considered the most modern refinery in Romania, with a Nelson Index of 10.5, and exclusively produces Euro 5 fuels. When combined with our Vega refinery in Ploiești, these two locations cover 40% of Romania's processing capacity.

2016 LEGAL ENTITY NAMES FOR ALL KMG INTERNATIONAL SUBSIDIARIES

KMG International N.V. operates under Dutch laws, having its headquarters located in Amsterdam and together with its subsidiaries is referred to as the KMG International Group. In total, we are comprised of 58 entities, six of which were in the process of being liquidated throughout 2016.

Significant changes during 2016 regarding the organization size, structure, ownership of the Group:

Divestment of 51% share in KMG International N.V. and its subsidiaries to CEFC

On 15th December 2016, the National Company 'KazMunayGas' JSC ('KMG'), headquartered in Kazakhstan, and China Energy Company Limited ('CEFC') signed a set of transaction documents whereby CEFC acquires 51% of the shares in KMG International and the two parties agreed on their framework of cooperation in relation with this transfer. The completion of the transaction is subject to certain regulatory and competition approvals, which the parties are in process of obtaining. The estimated completion date is 31 May 2017. In the event conditions are not satisfied by 31 May 2017, but completion is expected to occur within a reasonable period after 31 May 2017, the parties should agree upon the extension of completion date.

Acquisition by National Company 'KazMunayGas' JSC of 100% interest in KMG International N.V. from Coöperatieve KazMunaiGaz U.A.

On May 9th, 2016, National Company 'KazMunayGas' JSC became sole shareholder of KMG International N.V.

Incorporation of KazMunayGas Trading A.G. Branch in Singapore

On January 26th, 2016, KazMunayGas Trading A.G. established a branch in Singapore. The limited liability company entirely held by KazMunayGas Trading A.G. in Singapore, i.e. KazMunayGas Trading Singapore Pte. Ltd., is in course of liquidation.

Change of name of Rompetrol Exploration and Production S.R.L. into KMG Rompetrol Services Center S.R.L.

The shareholders of Rompetrol Exploration and Production S.R.L. approved on May 11th, 2016 the change of the name of the company into KMG Rompetrol Services Center S.R.L.

Incorporation of two new companies where Dyneff holds 50% interest:

- Bio Advanced Energy PROD SAS; and
- Bio Advanced Energy SAS

Acquisition by Dyneff Espagne SL of 100% of the shares of BIONEFF

On 30th April 2016, Dyneff Espagne SL acquired 100% of the share capital of Bioneff SL.

Change of name of Bioneff SL into Dyneff Trading SL

On October 7th, 2016, BIONEFF SL changed its name into Dyneff Trading SL.

Change of participation in Rompetrol Energy S.A.

Starting with June 2016, KMG International N.V. has become holder of 98% of the share capital of Rompetrol Energy S.A. and Rominserv S.R.L. has become holder of 1% of the share capital thereof. Uzina Termoeletrica Midia S.A. holds the remaining 1% of the share capital of Rompetrol Energy S.A.



OWNERSHIP WITHIN KMG INTERNATIONAL GROUP SUBSIDIARIES

AS OF DECEMBER 2016, FROM CORPORATE PERSPECTIVE

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company entirely held by KazMunayGas Trading A.G. in Singapore, i.e. KazMunayGas Trading Singapore Pte. Ltd., is in course of liquidation.

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OPERATIONAL PROFILE

KMG International N.V. (formerly named The Rompetrol Group N.V.) was incorporated in November 1999, its entire issued capital being 100% held by National Company 'KazMunayGas' JSC since May 9, 2016.

As of December 2016, the KMG International Group was comprised of 58 entities (sub-divided into 47 legal entities – joint stock or limited liability companies/partnerships and 11 branches, representative's offices and joint ventures), headquartered in 16 countries (i.e. Romania, The Netherlands, Republic of Kazakhstan, Switzerland, Bulgaria, Republic of Moldova, Georgia, Turkey, Ukraine, France, Spain, Singapore, Libya, Iraq, Oman, Gibraltar). The four Albanian companies, KazMunayGas Trading Singapore Pte. Ltd. and Rompetrol Well Services S.A. Kazakhstan Branch are in course of liquidation.

The Articles of Association and the regulations applicable to each entity comply with local legislation and provide the rules underlying the conduct of business, as well as the proper administration and management of each entity. In Romania, the main applicable corporate regulations are comprised by Company Law no. 31/1990, as further amended and supplemented and by Law no. 297/2004 on the capital market (the latter being applicable to stock exchange listed companies).

Management

The management system of KMG International N.V. includes three levels of approval, in accordance with its statutory documents and applicable Dutch law:

- Sole Shareholder
- Board of Managing Directors
- Chief Executive Officer (CEO).

As of December 2016, the Sole Shareholder of KMG International N.V. is National Company 'KazMunayGas' JSC of Kazakhstan



The Board of Managing Directors is composed of six managing directors, of which one is the executive managing director (CEO) and five are non-executive managing directors.

The non-executive managing directors include three independent directors. Independent members are of paramount importance from a Corporate Governance perspective, as they provide well-grounded opinions in their area of expertise in support of management decisions, offering as well an increased protection of the interests of shareholders and other stakeholders, and an adequate guarantee for third parties.

In accordance with KMG International N.V. Articles of Association and Board Regulations, the CEO, being the sole executive member of the Board, is responsible for the day-to-day management of the company. He is responsible for reviewing, defining and submitting strategic options that may contribute to the development of the company and its subsidiaries. The CEO is authorized to independently represent KMG International N.V., which includes the ability to delegate his managing function for certain operations/categories of operations to third parties if needed.

The non-executive members of KMG International N.V. Board mainly have the following duties:

1. to participate in determining the strategy and general policies of the company;
2. to supervise the management position and the general affairs of the company and its subsidiaries.

In support of its activity, the Board of Managing Directors has established specialized committees, such as the Audit Committee, the Appointment and Remuneration Committee, and the Strategy and Innovation Committee.

The unified management system existing at the level of

KMG International N.V. is mirrored at the subsidiary level as well. As a result, the decision-making powers within most subsidiaries are divided into multiple layers:

In accordance with KMG International N.V. Board Regulations, the company's Board approves the appointment of general managers (CEO) for KMG International N.V.'s affiliates, as well as the organizational structure of Rompetrol and the appointment of Chief Officers by business units. Therefore, the nomination process of key people within the Group is approached, discussed and approved by the highest governance body, based on criteria such as expertise, knowledge, skills, needs that fall in line with the Group's current business needs.

As per the above-mentioned Board Regulations, all transactions in which there is a conflict of interest among KMG International N.V. and a Board Member, this will be resolved with previously agreed upon terms that are customary for arm's-length transactions in the branch of business in which the company and its subsidiaries are active. Such Regulations also lay down rules and requirements concerning a conflict of interest.

The Appointment and Remuneration Committee established by the Board of Managing Directors at the level of KMG International N.V. is responsible for advising the Board and the General Meeting (i.e. Sole Shareholders) in matters related to remuneration policy, terms of employment, total compensation, and performance criteria for top management. They are also responsible for the creation and implementation of any compensation plans, and the monitoring and assistance in the implementation of remuneration policies and plans at the Group level. The decision-making powers of any remuneration policies and plans applicable at Group level would rest upon the KMG International N.V. Board of Managing Directors.

Audit Committee

Composition as of December 2016:

Ramon Diego Mendes de Leon - Chairman
Johan Frederik Lodewijk Frowein
Anargul Kairulla

Appointment and Remuneration Committee

Composition as of December 2016:

Johan Frederik Lodewijk Frowein - Chairman
Ramon Diego Mendes de Leon
Mihaela Ungar

Strategy and Innovation Committee

Composition as of December 2016:

Azamat Zhangulov Chairman
Johan Frederik Lodewijk Frowein
Emile Eduard Wolff
Alexey Golovin

Board of Directors

Composition as of December 2016:

Daniyar Berlibayev
 Chairman

Zhanat Tussupbekov
 CEO

Azamat Zhangulov
 non-executive managing director

Johan Frederik Lodewijk Frowein
 independent non-executive managing director

Emile Eduard Wolff
 independent non-executive managing director

Ramon Diego Mendes de Leon
 independent non-executive managing director

RECORD RESULTS IN 2016

SETTING THE SCENE

In terms of financial results, technological performance and production quantities, we hit record levels and further established ourselves as an important and growing player in the regional and global oil and gas markets.

We attribute our results to the performance of two refineries operated by KMGI, Petromidia Năvodari and Vega Ploiești. Beyond those facilities, our entire workforce contributed to this year's success by further implementing our "Change for Good" program that was launched in 2014. This program put specific targets and measures in place to increase the efficiency and improve the entire flow of operations at our refining facilities by 2018, and we are well on track.

While in 2016 we reached our financial and production goals, we also acknowledge that our growing regional and international status in the oil and gas industry brings along with it a responsibility to manage our impact on the economy, environment and society. With this in mind, we have also taken steps to further define and improve policies that promote a culture of safety and responsibility in everything we do.

EXCEPTIONAL RESULTS

When speaking of financial performance, the difference from 2015 to 2016 is significant. We increased our Management Accounting EBITDA to USD 239 million, an increase of 50% year over year. Additionally, our net profit computed in accordance with management accounting increased to USD 88 million from only USD 4.6 million in 2015.

From a production and retail standpoint, we reached the following operational performances:

- raw materials processed increased 9% over 2015;
- products sold in Romania increased 13% over 2015.

KMGI's record results can largely be attributed to:

- Implementation of operational improvements: we were able to cut processing costs to the lowest level in the last 10 years, of USD 16.7/ton;
- Reduction of operating costs: we were able to reduce our electricity consumption from 2015, by 0.016%, from 0.61 to 0.60;
- The continuation of our "Change for Good" program launched in 2014.

We also shattered records with our production of automobile gasoline. In 2016, our production increased to 1.25 million tons, and our diesel gas production reached 2.52 million tons.

- Technological losses were reduced to 0.91% wt
- The Energy Intensity Index reached 97.9% (the best yearly level obtained by the refinery so far)
- Mechanic availability increased to 96.9%

Reaching these milestones shows that while we continue to make improvements and refine our process to improve financial results, we also improve our efficiency in a way that reduces our impact on the environment.

IMPROVEMENTS IN REFINING AND PETROCHEMICALS

Last year KMGI made significant steps to improve processes and increase capacity. The success of these projects was seen through the results of our total processed quantities of feedstock which increased from 5.45 million in 2015 to 5.95 million in 2016; a 9% increase.

Petromidia Navodari Refinery processed a record amount, 15,750 tons per day, summing up a total of 5.4 million tons of feedstock last year, and our Vega Ploiești Refinery processed 354,000 tons, an 8% increase from 2015. Vega Ploiești Refinery also scored historic levels for bitumen production with 91,000 tons produced in 2016.

The petrochemical division performed at record levels as well, by processing 189,000 tons of feedstock in 2016 (propylene, ethylene). This is an 8% increase from 2015 and the highest level recorded in the previous 5 years.

IMPROVEMENTS IN RETAIL

KMGI's retail activity registered record sales in 2016. Sales of petrol, diesel and liquefied petroleum gas were up to 2.9 million tons, 14% higher compared to 2015.

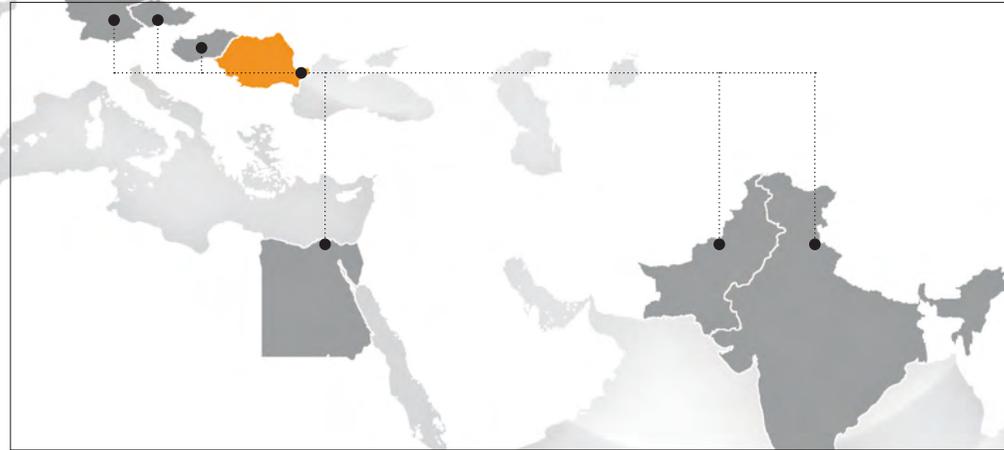
We attribute this increase to the implementation of our new commercial policy, the continuation of our extension programs for distribution networks and the remodeling and rebranding of our Rompetrol stations.

CONTINUING OUR FINANCIAL SUCCESS INTO THE FUTURE

2016 was a year where we saw historical production and experienced record growth. We plan to build on the accomplishments of 2016 and make the years ahead even better than the last. By increasing the volume of processed crude oil, lowering our energy use in the process and improving the quality of our petroleum products, we will achieve even greater financial profits in the future and still maintain our minimal impact on the environment, extensive support of local communities and safety of our workforce.

Within this framework and with these goals in mind, we will continue implementing the ambitious "Change for Good" Transformation Program to further improve our refineries' efficiency and increase sales and margins within controlled channels.

Third consecutive year of record operational results



Major player locally and worldwide

Romp petrol Rafinare is the third largest exporter in Romania and country's leading exporter of oil products.

Together, Petromidia and Vega account for 40% of Romania's refining capacity.

Niche products made by Vega refinery reach Germany, Czech Republic, Hungary, Egypt, Pakistan and India.

Synergy of operations

Petromidia and Vega refineries operate as excellence centers, together with the Petrochemical division, the sole producer of polymers in Romania.

Their activities are intertwined with those of the Trading and Supply Chain division, creating an operational synergy which highly contributes to increasing efficiency and reducing operating costs.

PETROMIDIA REFINERY



1.25 million tons of gasoline (new record)



2.52 million tons of diesel (new record)

5.4 million tons of feedstock



85.1% white products yield

47% diesel yield

4.4% jet fuel yield



15.75 Kt/day processed capacity



96.9% mechanical availability



USD 16.7 per ton refining cost

PETROCHEMICALS DIVISION



150,000 tons of polymers produced

125,000 tons of propylene produced



USD 39.7 per ton processing cost

VEGA REFINERY



91,000 tons of bitumen produced



83,000 tons of n-hexane produced

354,000 tons of feedstock



40,000 tons of solvents produced



55% hexane yield



1.1% weight lost in processing

Unique advantage

Vega is the sole producer of n-hexane and bitumen in Romania and a major supplier in the CEE region.



2.9 million tons of gasoline, diesel and LPG sold in Romania, Bulgaria and Georgia



rompetrol

Rebranding



1.76 million tons of fuel delivered to filling stations in Romania

A new visual brand identity was developed in 2013, in order to reinforce one single and fresh image of Rompetrol in Romania and in the Black Sea region.



1.12 million tons of fuel delivered to wholesalers in Romania

The network was continuously expanded based on the new concept.



Romp petrol. Getting Further

This is the main marketing initiative that follows the extensive station rebranding process. This focused on Efix as the leader in the fuel market and Fill&Go as a unique pay-at-the-pump service in Romania.

ENVIRONMENTAL STANDARDS



Romp petrol Rafinare produces only Euro 5 fuels



8% lower CO2 emissions at Petromidia refinery

18% lower CO2 emissions at Petrochemical Division



23% less water used at Petromidia + Petrochemical

7% less water used at Vega refinery



4% lower energy consumption at Vega refinery

0.62% higher energy consumption at Petromidia refinery



100% emptied and co-incinerated

the waste in the historic sludge lagoon no.3 of Petromidia refinery



97.94 pts.

Energy Intensity Index (Solomon methodology) of Petromidia refinery



17 pts.

decrease in the Energy Intensity Index since 2012

COMMUNITY INVOLVEMENT



2,200 trees planted

160 KMGI employees volunteered



7 years of SMURD partnership

>10,300 flight hours and >5,800 lives saved



Romp petrol Run & Care

4 editions
7 social causes supported
>1,000 participants



Civil Society Gala

Main partner for the last 14 years



George Enescu Festival and Competition

Main partner for the last 7 years



Kazakh Film Festival

Sponsored the second edition

PEOPLE & SAFETY



100% employees included in performance and career programs



15 years of internships
>1,000 participants



38,112 hours of health and safety training



>500 recruited from among the participants



11.7 hours of training per employee, up from 8.2 in 2015



>50 managers currently working in the company were once interns

OUR SUSTAINABLE DEVELOPMENT



USD >13 billion contribution to the state budget of Romania between 2007 and 2018

USD >2 billion investments in Romania since 2007



#1 exporter of petroleum products in Romania



6,000 business partners (3,500 in Romania)



6,000 employees (>5,000 in Romania)

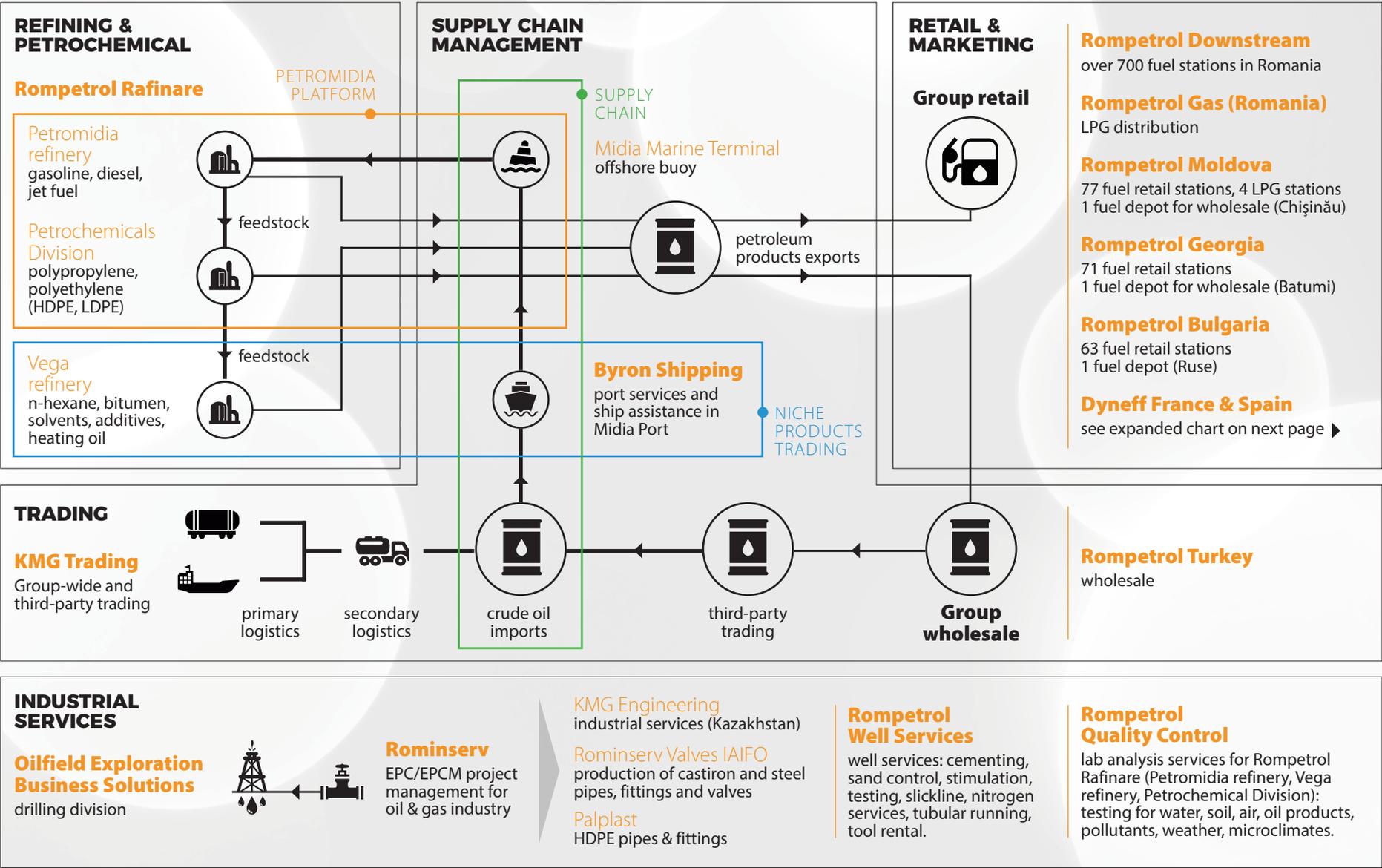
30,000 persons indirectly impacted in Romania



USD >8 billion invested in CSR

>200 projects
>300,000 beneficiaries

Model of our vertically integrated operations



Overview of Dyneff France & Spain

In 2015, KMG International N.V. and CEFC China Energy Company Limited have finalized the takeover of 51% shares in Dyneff group of companies. KMG International continues to hold a 49% participation share in Dyneff.

Dyneff is a major trader in the French and Spanish markets, operating significant capacities of import, storage and distribution in ports such as Port-La-Nouvelle, Barcelona, Valencia, Bilbao, Bordeaux and Le Havre.

Dyneff sells more than 2.5 million m³ of petroleum products every year, through three distribution channels: filling stations, a network of commercial agencies, and two wholesale agencies (Dyneff covers three quarters of France, as well as Northern and Eastern Spain).

Dyneff offers a full choice of motor fuels, biofuels, heating fuels, supplementary products and services that fulfill all the market requirements.

The company has evolved from an oil products distributor to an energy supplier in a number of fields. In July 2015, Dyneff obtained the license of a natural gas supplier for individuals and companies in France.

The objective of KMG and CEFC is for Dyneff to become a development platform in Western Europe, benefiting from extended access towards sources of supply and from shareholders' strategic support necessary for continuing and expanding its operations in the energy sector.

2,450 tanks

in storage at business clients' sites

100 fuel stations

under Dyneff and Rompetrol brands

13 retail agencies

11 in France, 2 in Spain

2 wholesale agencies

in France (Montpellier) and Spain (Girona)

35 loading sites

supplied by sea, rail and oil pipeline

2.5 million m³

of petroleum products brought to the market every year

75 tank trucks

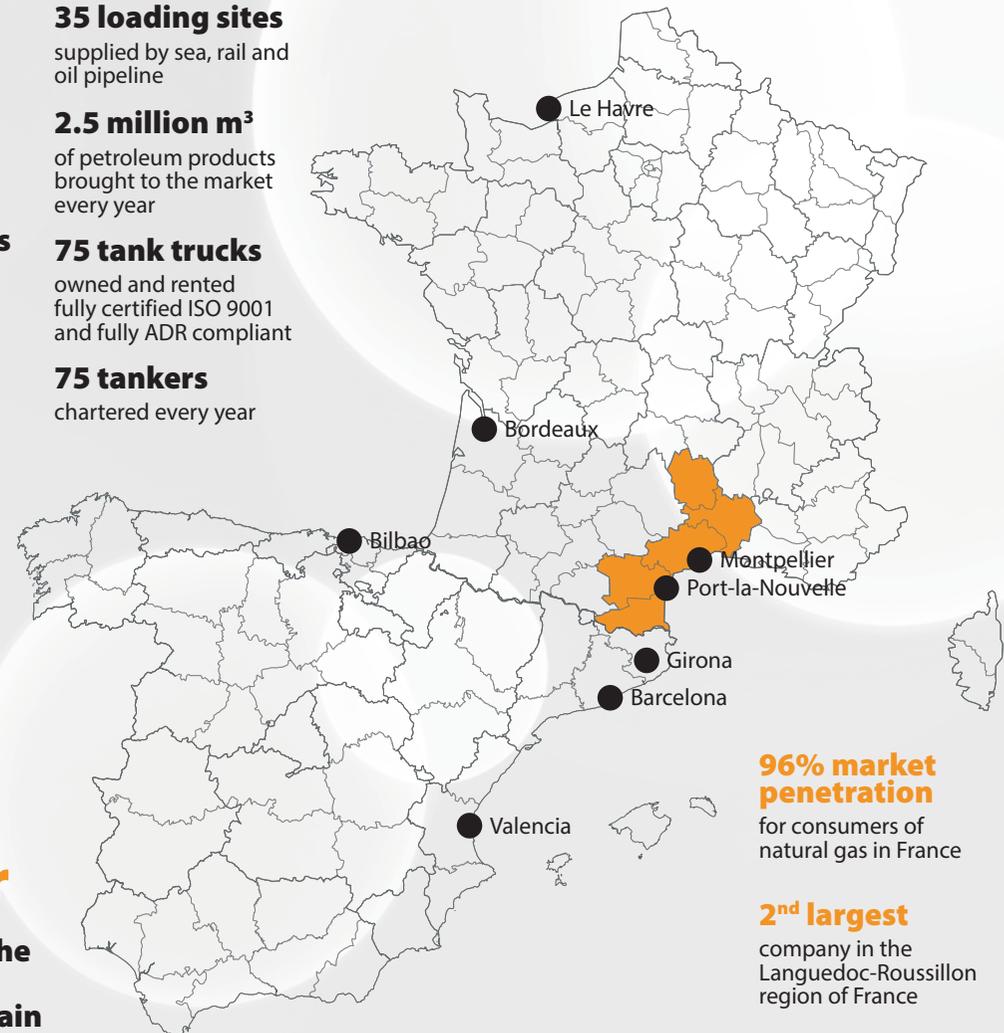
owned and rented fully certified ISO 9001 and fully ADR compliant

75 tankers

chartered every year

EUR 2.3 billion turnover

Major player in the Southern France and Northern Spain



RISK MANAGEMENT

Although we posted record numbers in 2016, it's important to always be cognizant of the risks we face – even when times are good. By the nature of its activities, KMG International is exposed to multiple risks:

- Volatility of crude oil and petroleum products pricing
- Commodity price risk
- Liquidity risk
- Credit risk
- Operational risk

In order to reduce price volatility risk for crude oil, petroleum and commodities, KMG International has put safety measures in place that such as financial hedging. Our teams closely monitor the pricing of all commodities and ensure each contract is negotiated with favorable terms that allow us to be flexible if significant price changes occur.

To minimize liquidity risk, our management teams constantly check daily liquidity levels and ensure the fulfillment of obligations to suppliers, the state budget and any other local tax authorities.

Credit risk is monitored at regular intervals, through creditworthiness/solvency assessments of customers and by requiring guarantees on delivery.

Operational risk is the possibility of accidents, errors, malfunctions or any other environmental factors that would impact financial results. To protect our company from this risk, KMG International has implemented several policies and strategies.

Whilst we continue to improve and upgrade technology, that translates into increases of production abilities, also reducing accidental and costly shut-downs in the manufacturing process, we have also implemented and continuously trained our employees on a strict and comprehensive safety policy.

MEETING OUR GOALS AND PLANNING FOR THE FUTURE

KMG International's development and evolution over the past years show our commitment to becoming one of the sustainable companies in the global and regional oil and gas industry. An outside evaluation of our investments, strategies and operating models will show our ability to adapt and take advantage of every opportunity placed before us. With the growth and positive trends of nearly all our metrics over the last decade, we are confident and optimistic about our future. We will continue to expand and remain sustainable for years to come.

SAFETY FIRST

Despite two fatalities in 2016, following the incident on August 22 at Petromidia Năvodari, when two Rominserv contractor employees (foreman) lost their lives and 2 other were injured, safety and worker health are our top priority and we are determined to zero injuries, incidents and spills at our operational sites. The incident occurred after a pipeline that suffered a vacuum gas oil (VGO) leak ruptured, igniting the VGO, also damaging equipment and causing the system to shut down. The thin pipe (88.9 mm diameter) ruptured due to internal corrosion, jeopardizing the pipe wall's integrity.

100% safety is our goal. To do this we are striving to a culture of safety where all employees understand the risks they face every day, and are fully trained to mitigate these risks for their safety and the safety of their colleagues and community.

MODERNIZING OUR STATIONS

KMG International will continue to expand and modernize its gas stations and retail business in Romania and other markets in the Black Sea region, such as Moldova, Georgia and Bulgaria. Since 2014, we have invested over USD 7

million in modernizing our gas stations and transitioning them to a newer and more contemporary retail concept.

EMBRACING ELECTRIC CARS

The electric car market in Romania is still at an early stage, but the growth is coming and KMG International plans to be ahead of this trend. In 2015, only 496 electric cars were sold. In 2016, that number doubled to nearly 1,200 electric cars sold. To take advantage of this trend and also reaffirm our commitment to preserving our environment, Rompetrol Downstream, the retail company of KMG International, intends to open its first gas station with electric vehicle charging point in early 2017.

STRATEGIC PARTNERSHIP

After the initial partnership, we made with CEFC China Energy Company Limited, which began with our Western European division Rompetrol France/Dyneff Group, we will subsequently extend this partnership to the entire Group by having signed a set of transaction documents on December 15, 2016, in which CEFC China Energy Company Limited acquired 51% of the shares in KMG International. CEFC China Energy Company Limited is one of the top ten private companies in China and ranked no. 229 in the Fortune Global 500; a strategic alliance with them will give us the resources needed to continue our European expansion.

OBJECTIVES AND FUTURE PLANS

KMG International's development and evolution over the past years is testimony for our efforts to become one of the most sustainable players in the oil and gas industry on the national and regional market.

The investments conducted and implemented so far, our business model that proved adaptable to every impediment and opportunity that has been offered, together with our

business partnerships constitute the main factors that give us confidence and make us optimistic about continuing to sustainably grow our activities.

Reaching new achievements in the years to come, that will confirm once again the sustainability of our business and relevance of our business model, is what we strive for.

In order to achieve this, we, at KMG International are determined to have zero injuries, incidents and spills at our operational sites and to improve safety performance we work to create a positive safety culture based on an improved understanding of the risks at all levels of the Group.

As a result of the outstanding performance achieved in 2016, this year being the most successful year in the history of the company according to official results, we will continue to focus on improving our operational performance and financial results. We will do that by increasing the volume of processed crude coupled with the lowering of the energy used in this process, and by selling more quality petroleum products.

Within this framework and with these goals in mind, we will continue implementing the ambitious "Change for Good" Transformation Program to further improve the refinery's efficiency and increase sales and margins within controlled channels, thus reaching full scale transformation, that will be confirmed by results.

KMG International will also continue to expand and modernize its gas stations and retail business in Romania and other markets in the Black Sea region, such as Moldova, Georgia and Bulgaria, thus extending the enterprise it has assumed in 2014 and confirmed by investments in 2015, when the Group started to implement the program of modernization of its gas stations and, implicitly, the transition to the new retail concept. The KMG International Group, through Rompetrol Downstream, will continue to modernize the

existing stations, the investments until now amounting to over USD 7 million.

Also, even if the market of electric cars in Romania is at an early stage, important transformations are taking place (1183 electric and hybrid cars were sold in Romania at the end of December 2016, compared to 496 units in 2015). To take notice of these changes and show our care for the environment, Rompetrol Downstream, the retail company of KMG International intends to open its first gas station with electric vehicle charging point in the first part of 2017.

Based on the initial partnership we made with CEFC China Energy Company Limited, which began with our Western European division Dyneff, we managed to extend it to the entire Group by signing a set of transaction documents on December 15, 2016, whereby CEFC acquired 51% of the shares in KMG International, thus bringing the resources needed to continue our European expansion.

CEFC China Energy Company Limited is one of the top ten private companies in China and ranked no. 229 in the Fortune Global 500.

BEYOND THE NUMBERS. WHAT MAKES US GREAT.

OUR CODE OF ETHICS

Regarding ethics, human rights, advice-seeking and grievance mechanisms, anti-corruption / anti-bribery policy, and risk management, KMG International has put policies in place that apply to all subsidiaries within our organization, and all organizations we do business with, both domestic and international. These policies are applicable to all employees, contractors and stakeholders with direct or indirect relation to KMG International.

The Code of Ethics establishes norms of behavior in interaction with colleagues, government bodies, our shareholders, affiliates, business partners, communities and the media.

A TOOL FOR EMPLOYEES TO REPORT GRIEVANCES AND SEEK ADVICE

We employ various advice seeking and grievance mechanisms so that every employee, business partner and stakeholder can feel confident in sharing any non-compliance incident, environmental concerns or social injustices with our corporate ethics and human resources departments. Concerns about unethical or unlawful behavior and matters related to integrity can also be reported directly to our Compliance Department.

Our procedure for reporting grievances or seeking advice begins with the employee seeking guidance from their immediate supervisor. If he or she can not address the issue, they then go to their next level manager. If they are not able to handle the problem, then functional teams such as HR and compliance departments will step in. However, if any persons in this chain of command are part of the problem, there are dedicated email addresses (and also external emails) made available to each employee for them to report concerns about unethical or unlawful behavior. All reports are treated in a strictly confidential manner, without fear of retaliation. We provide regular training on this process so that employees know how to access the reporting mechanisms.

PREVENTING CORRUPTION AND BRIBERY

We are pleased to report that in 2016, no criminal cases of corruption or bribery were registered and reported against KMG. We hope to preserve this trend, and are working toward this by training our workforce on our Anti-Bribery and Anti-Corruption Policy. With these policies in place and with regular employee training, we look to prevent bribery and corruption through the increase of employee awareness and understanding on these topics.

Our anti-bribery and anti-corruption policies promote integrity, accountability and proper management of the business in an ethical and transparent manner. It is the only way to do business and going forward our employment agreements and internal documents now have informative amendments on anti-corruption topics.

OUR CODE OF CONDUCT

What sets KMG apart is the values that guide our daily actions. Working at KMG is not simply a job; it's a privilege that we hold dear. We have a set of principles and values that we commonly share as employees of this great company. We uphold them every day and when others work with us, they see our values in the way we act.

Health, safety and security The health, safety and security of our employees, suppliers and communities are priorities over everything else we do.

Risk management We strive to identify, evaluate and manage the risks that may impact our host communities, our employees, our contractors, our business and the environment.

Respect for our employees We respect our employees and provide support for their constant improvement.

Continuous involvement We believe that the one true

way to grow as a company is to have our employees grow with us. For this reason, we constantly provide continuous improvement opportunities for all employees.

Education and leadership We promote leadership among all employees, especially through activities that encourage social responsibility and entrepreneurship.

Respect for the local community We respect, protect and promote the human rights, the culture, the traditions and the values of the local communities where we undertake our activities, and we also give back to our communities through social involvement.

Best practices We adhere to the best global practices. The principles of the United Nations Global Compact and the OECD guidelines for multinational enterprises guide all our activities.

In addition to our Code of Conduct, we have a well-defined set of values that guides our actions.

Our people We place the highest priority on the needs of our employees. Our actions are always determined with their safety and well-being in mind.

Care, integrity and responsibility We are a trusted global partner and a valued corporate citizen. We are honest with all stakeholders and take responsibility for all our actions.

Determination The strength of our business stems from our strong will and determination to succeed and deliver excellence in everything we do.

Environmental protection As a company and throughout our entire supply chain we adhere to all the national and European laws and regulations governing the environment and proper management of resources.

Sustainability We support the principles set forth in the Universal Declaration of Human Rights and maintain those high standards of integrity. Through the development of profitable business operations and also active engagement

with the local communities, we aim to ensure that our business practices contribute to long-term economic and social development.

High quality We are committed to quality in everything we do and we strive to continuously improve. We are passionate about achieving results that not only satisfy, but exceed expectations.

Commitment to leadership We use our experience, our technology and our perseverance to be an example for all others in our industry. We are committed to leadership in all our actions.

KMG International has also created a Supplier Code of Conduct that details the company's values and approach with regard to integrity, human rights, labor standards and environmental responsibility. All suppliers and partners that wish to do business with us must comply with this code.



MEMBERSHIPS AND AFFILIATIONS

KMGI is an active member of multiple organizations. In a spirit of collaboration and unification, we regularly meet with other companies, government organizations, and local entities to improve our industry and stay integrated into our communities.

American Chamber of Commerce (AmCham Romania)

Operating different working committees and task forces on environment, energy, corporate governance, taxations, competition, labor market etc.

Conservation of Clean Air and Water in Europe (CONCAWE)

Managing all petroleum products, based on REACH regulations (the European Community Regulation on chemicals and their safe use), within ECHA – European Chemicals Agency. Rompetrol Rafinare has been a member since 2008.

Foreign Investors Council (FIC)

Committed to facilitating the dialogue between policy makers and the foreign investment community.

International Advertising Association (IAA)

A unique strategic partnership, which defends the common interests of all subjects in the entire spectrum of marketing communications - from advertisers to media companies, agencies and direct marketing firms and individual practitioners.

KazEnergy

Promoting the creation of favorable conditions for the dynamic and sustainable development of the fuel and energy sector in the Republic of Kazakhstan.

National Agency of Exporters and Importers (ANEIR)

Acting to create a legislative economic, financial and banking framework, likely to expand the export-import volume of Romania.

Romanian Advertising Council (RAC)

A professional, non-governmental, nonprofit and independent organization. The main activity of the Council is represented by self-regulation in advertising.

Romanian Association of Drilling Contractors (ACFR)

Member of the International Association of Drilling Contractors – IADC, the International Society of Oil Engineers – SPE, both of them with headquarters in Houston-USA, as well as a member of the Association of Oil and Gas Engineers.

Romanian Petroleum Association (ARP)

Aiming to provide the framework required to facilitate cooperation between oil companies in Romania.

Romanian Petroleum Exploration and Production Companies Association (ROPEPCA)

Aimed at achieving a transparent working environment in the upstream oil and gas sector in Romania, and maintaining the highest standards and latest technology.

The Petroleum Club of Romania

Romania's most exclusive gathering of energy professionals, allowing industry players to explore new opportunities as well as to provide a conduit for dialogue with authorized Romanian and international entities.

Kazakhstan Chamber Of International Commerce (KAZCIC)

A branch of the Kazakhstan National Chamber of Entrepreneurs, its mission is to contribute to the development of Kazakhstan through the support of domestic companies in foreign trade.



OUR PEOPLE

HIGHLIGHTS

This year KMG International established a personal development and well-being platform to provide additional benefits for each employee.

Also in 2016, there were no grievances or complaints filed against KMG International concerning human rights.

GROUP QHSE KPI

	2015	2016
FTL - Fatalities	0	1
FTR - Fatality Incident Rate	0%	8.16%
LTI - Loss Time Incident	4	12
LTIF - Loss Time Injury Frequency	1.61%	0.98%
TRI - Total Recordable Injuries	4	12
TRIR - Total Recordable Injuries Rate	1.61%	0.98%
DAWC - Days Away from Work Case	-	11
FR - Frequency Rate (DAFWCR)	1.61%	0.90%
RWDC - Restricted Work Days Case	-	0
MTC - Medical Treatment Case	-	0
FA - First Aid Cases	0	5

MOTOR VEHICLE CRASH RATE 2010-2016

2010-2015
rollover 1.27%

2016
target 1.25%

2016
results 0.64%



EVERYTHING BEGINS WITH THE SAFETY AND WELL-BEING OF OUR EMPLOYEES

At KMG International, each member of our team is a talented and unique individual, and nothing surpasses our desire to see them healthy, safe and proud of the work they do each day. 100% safety is our goal, and nothing less will ever be the standard. We know each employee is more than a number.

To ensure the safety and well-being of each employee we have not only implemented safety standards and procedures across all areas, but more importantly, we continue to build a culture of safety first. We believe each of our team members have a fundamental right to safety in the workplace, and it's our duty to preserve and protect that right.

SAFETY ABOVE ALL ELSE

As the message of safety first continues to flow down from KMG leadership, and we aim at implementing industry's best safety programs, increasing leadership engagement, always advising workers to stop unsafe behaviors and meticulously analyzing the causes of the incidents in an effort to stop them from ever occurring again in the future.

Despite our diligent efforts to improve overall safety management, we regret to report that on August 22, 2016, two of our colleagues lost their lives, and two other contractors were injured. The incident occurred when a pipeline suffered a vacuum gas oil (VGO) leak and ruptured, igniting the VGO. A follow-up investigation revealed that the thin pipe (88,9 mm diameter) ruptured due to internal corrosion, jeopardizing the pipe's wall integrity.

To prevent this from happening in the future, the following actions have been taken:

1. Rompetrol and Rominserv work instructions to be modified to reflect risk assessments that must be conducted for all Safety Critical Operations (SCO).
2. A policy has been implemented regarding piping system comprehension. If an employee or contractor does not fully understand the piping system, a temporary option is no longer acceptable. The immediate area and operation are shut down until a viable replacement is selected.
3. When working in potential fire and scalding risk environments, all employees and contractors are now required to wear fire retardant PPE at all times.
4. Before a work permit (WP) is issued, all risks are assessed from a beneficiary and contractor's perspective.
5. Rominserv has agreed to check that all sub-contractors have well-documented risk assessments in their HAZID procedures.
6. Rompetrol will be piloting and testing an e-PTW system that will allow operational personnel to spend more time checking risks are mitigated rather than filling out excessive paperwork.
7. Moving forward, HSE personnel are now invited to and will be present at daily operation meetings.

These seven safety measures were developed and implemented as part of a thorough incident evaluation, and to this point, all but one of the final recommendations have been implemented. Only



the Electronic Permit to Work on the Petromidia platform remains open as an action item to be implemented. We anticipate this will be completed within 90 days, resulting in 100% implementation of all recommended safety precautions.

SAFETY TRAINING WILL ALWAYS BE PART OF OUR CULTURE

In addition to the actions taken to address each of these specific incidents, we continue to focus on contractor safety, vehicle and machinery safety and fall prevention and protection. Our safety training system is robust, ongoing and consistent. Here are some of the safety training achievements of 2016:

- 38,112 training hours of health and safety training;
- 2 training sessions were provided for employees working at height;
- More than 800 contractors have been trained on Petromidia and Vega's most important procedures;
- Safety project 1.Life/1.Viață continues to be woven into day-to-day business activities in an effort to build a culture of safety for all employees and subcontractors.

Additionally, functioning and active health and safety committees continue to meet on a regular basis.

In accordance with law no. 319/2006, the committee is comprised of representatives from leadership, labor administration and employees, and looks to incorporate everyone's opinions on how KMG can continually improve health and safety topics. They also work to ensure KMG transforms Quality, Health, Safety and Environment (QHSE) legislation into day-to-day practice. The minutes from each meeting are recorded and kept for future reference. Since our business is multifaceted, we have two major committees; Refining and Trading.

Refining

- General Director (President of CSSM)
- HS Coordinator (Secretary of CSSM)
- Employee management representatives with responsibilities for safety and health at work (Refinery Plant Director, Petrochemical Plant Director, Utilities Plant Director, Plant Inspection Director; QHSE Manager, HR Manager)
- Employees with specific responsibilities in the field of security and health
- Doctor of Medicine
- The degree of unionized employees was 95.74% (944 employees are members of the Trade Union).

Trading

- General Director (President of CSSM)
- QHSE Coordinator (Secretary of CSSM)
- Employee management representatives with responsibilities for safety and health at work (Logistics Manager, Offshore Manager, HR Manager)
- Employees with specific responsibilities in the field of security and health
- Doctor of Medicine
- The degree of unionized employees was 82% (Union of Free Petrochemists - 25%, Union Free Vega -10%, SLPIMN-46%.)

Also, both Retail and Upstream sectors have health and safety committees composed of representatives from labor administration and employee unions.

OUR FOCUS ON SAFETY AND EMPLOYEE WELL-BEING EXTENDS TO EVERYONE WE WORK WITH

Since 2014, KMG has required each supplier to operate in accordance with our code of conduct. Each supplier reviews and commits to respect the ethical principles stated in the Code of Conduct.

TAKING CARE OF OUR GREATEST ASSET

At KMG we know that nothing is possible without the hardworking individuals that come to work each and every day. We aim to develop the talents of our employees, offer them the best opportunities and help them reach new levels of success in both their career and personal lives.

Working to provide the best compensation and benefits

Across all locations within our company, our goal is to provide our team with the most competitive compensation and benefits packages in the market. We do not discriminate by gender, age, nationality or any other factor that has no bearing on how an employee can perform their job. Our pay packages are generally composed of base salary and variable pay bonuses. Employee bonuses are structured in a variety of ways and may take the form of performance bonuses, bonus schemes for production, operational, sales and projects jobs, and also bonuses stipulated in the Collective Labor Agreements (profit sharing, overtime allowance and/or night shift allowance).

In addition to compensation, we believe a highly competitive benefits package is just as valuable for our employees. Providing a comprehensive benefits package is another way to thank our employees for all of their hard work and contributions. As part of their benefits package, and depending on their individual situation, each employee may have access to:

- Paid time off
- Significant life events allowances (marriage, child birth, death)
- Relocation assistance
- Kindergarten allowances
- Pregnancy and postpartum support
- Medical care
- Retirement planning and management services
- Life, illness and disability insurance
- Transportation and commuting reimbursement
- Discounts for company products or other third-party suppliers.

Beyond traditional compensation and benefits

As a means to help our employees further, in 2016 we established a personal development and well-being platform for each employee to use as they wish. This will be a tool to support each individual as they work to balance corporate and personal goals. Among the initiatives included into this platform, some of the more popular services are:

- Family and work balance coaching
- Stress management consulting
- Health-themed workshops

Providing a clear path for career development and progression

We believe it is our corporate responsibility to ensure each of our employees have a clear vision of where they want their career to go and how they can get there. To facilitate this objective, each of our employees participate in an annual performance and career development review. This is their opportunity to share their goals and desires with their leaders, but

also hear constructive feedback on how they can improve and reach their goals. In 2016, nearly 100% of our employees participated in this annual review. All locations, all genders and all levels of management get this opportunity and we look forward to continuing this in the future.

OUR EMPLOYEES HAVE A VOICE

Grievance Reporting

In 2016 there were no grievances concerning human rights filed through our formal grievance mechanisms. We attribute this to proper training and the high caliber of our workforce. We focus on the importance of respect, courtesy and proper behavior in all we do. We have put several mechanisms in place to allow our workers to report any human rights offense or complaints. We have trained our workforce on how to report offenses and encourage them to report any complaints without fear of repercussion. Below are just a few of the major tools we have made available to our employees:

- Whistle Blower Hotline/Portal – When an employee notices anything unethical or any misbehavior of any kind, we have provided an avenue for them to make a formal complaint and escalate the matter to management's attention. The reporter can stay anonymous if he or she wishes and a designated management group will investigate and address the problem as needed.
- Compliance Hotline/Portal – This reporting mechanism is specifically designed to report non-compliance to both company and government rules and regulations. As with our other reporting mechanisms, this hotline allows the reporter to remain anonymous if they wish and will kick-off an investigation from management.
- My Voice Hotline – This hotline is for personal and specific complaints to be addressed by the Human Resources Department.

Non-Discrimination

We are pleased to report that during 2016, no discrimination cases were reported. If such cases were to be reported, a designated management group will act immediately, get involved and offer solutions according to the laws applicable and KMG's own Code of Conduct.

Freedom of Association and Collective Bargaining

At KMG International we fully acknowledge our employees' legal right to form trade unions and join other third-party organizations without fear of coercion, and during our 2016 operations, we did not identify any operations and suppliers in which the right to exercise freedom of association and collective bargaining was violated or at significant risk.

Child Labor

KMG International respects all minimum age laws in countries where it operates. In 2016, KMG did not resort to, and will never resort in any way to hiring children or putting them in working relations with KMG International.

Forced or Compulsory Labor

KMG International did not resort to and does not condone the use of forced or compulsory labor within our company. We also enforce this standard on all of our prequalified suppliers.

OUR WORKFORCE IS WHAT MAKES US GREAT

Doing More With Less

As KMG International continues to grow, the need for a talented workforce grows with us. We are always looking for the best talent, but more importantly, we are looking to develop and deploy our own internal talent in a way that allows us to be agile, lean and successful.

As of December 2016, our total headcount was 6,128. This is a 9% decrease from our December 2015 headcount number. This decrease is attributed to the fact that our gas stations have been transferred to dealers along with employees.

We Value Diversity

As a truly international company, we understand the value of diversity within our workforce. Different ideas and perspectives help us think outside the box and develop real solutions in the oil and gas industry. As we embrace diversity of thought, background and culture, our business grows stronger and our ability to deliver superior products and service increases.

As a Romanian based company, the majority of our workforce is Romanian. However, as of December 2016, we had employees from eight other countries represented in our workforce (Georgia, Moldova, Bulgaria, Kazakhstan, Hungary, Russia, Austria and Germany). Citizens from these eight countries represent 30% of our employees.

In a typically male dominated industry, we are also focused on bridging the gender gap and providing opportunities for female employees to succeed and build a career with KMG International.

At the end of 2016, our workforce was comprised of 35% female employees, up from 34% in 2014 and 33% in 2015. We look forward to increasing that percentage and improving gender diversity within our operations. We are making every effort to attract qualified female employees across all areas and functions of our business. This effort can be seen in our new hiring practices with 29% of the employees hired in 2016 being female.

Also, in terms of age diversity, nearly 12% of our new hires in 2016 were over the age of 46 (14 of them over the age of 60), and almost 40% of our new hires were under the age of 25.

NEW HIRES BY GENDER

			
ROMANIA	179	221	400
GEORGIA	404	7	411
MOLDOVA	274	116	390
BULGARIA	6	2	8

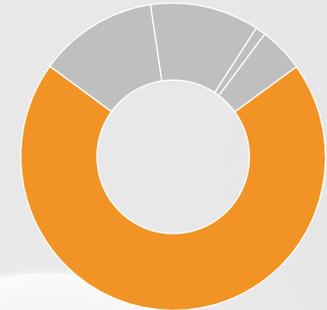
NEW HIRES BY AGE

	<18	18-25	26-35	36-45	46-60	>60
ROMANIA	0	123	183	65	29	0
GEORGIA	0	190	97	55	58	11
MOLDOVA	1	168	111	67	40	3
BULGARIA	0	0	3	2	3	0

GROUP HEADCOUNT BY COUNTRY

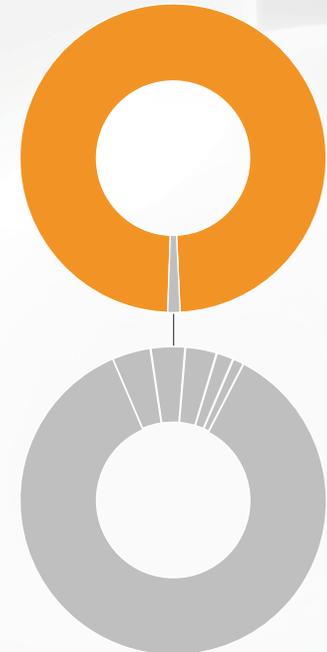
ROMANIA: 4,291
 GEORGIA: 775
 MOLDOVA: 708
 BULGARIA: 66
 OTHER: 289

TOTAL: 6,128



ROMANIA HEADCOUNT BY NATIONALITY

ROMANIAN: 4,291
 OTHER: 775



KAZAKH: 47
 MOLDOVAN: 2
 UKRAINIAN: 2
 RUSSIAN: 2
 AUSTRIAN: 2
 GEORGIAN: 2

Building Our Internal Talent and Supporting Our Communities

As a company, we are promoting employees from all backgrounds and countries to leadership and management roles. This benefits our business in two significant ways. First, we are able to tap into the experience and expertise that the local workforce possesses. And second, by hiring locally, and promoting local talent, we demonstrate our commitment to sustaining the growth of our host communities.

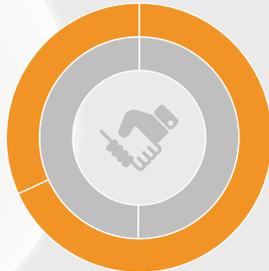
Bringing In New Talent

Since 2002, we've had more than 6,000 undergraduates and graduate students take part in the KMG International Internship program. This program is a great opportunity for them to put what they learn in the classroom to work and get "real life" experience in the field of their choice. It's also a great investment for KMGI, as it allows us to fill key positions with the very best candidates.

INTERNSHIP PROGRAM

2016
REGISTERED: 128
RECRUITED: 21

2015
REGISTERED: 129
RECRUITED: 45



Many of our interns are still with us today, and have gone on to build very successful careers with KMGI.

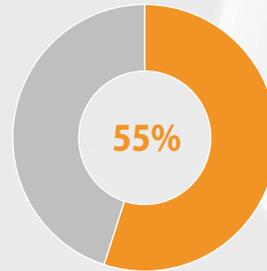
In 2016, we welcomed 128 interns into our program and ultimately hired 21 to continue full-time upon the completion of their internship. The variance of interns hired year over year depends on our company's specific workforce needs at the time, the level of talent within the intern class and finding the proper fit for specific skillsets.

We consider the 2016 internship program a success once again, and look forward to welcoming a new group of interns next year.

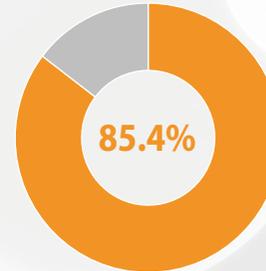
Employee Turnover and Leave

In 2016 KMGI experienced a voluntary employee turnover of 828. As a company, we have worked to use these vacancies as opportunities to improve our workforce by adding even higher caliber team members. Our Human Resources personnel have worked diligently and filled these positions in a timely manner and in many cases we have used the natural attrition to redistribute workload and become more efficient with

RETURN TO WORK RATE



RETENTION RATE



our workforce. By country, the voluntary employee turnover in 2016 was Romania 316, Georgia 259, Moldova 247 and Bulgaria 6.

In 2016, KMGI had 141 employees that were entitled to parental leave (73 women and 68 men), 75 of which took the leave. This was down from 93 employees that took parental leave in 2015. Of the 75 that took parental leave, 41 returned to work after parental leave ended, 35 being still employed 12 months after their return to work. These numbers are quite similar with those from 2015, when 39 staff returned to work after parental leave ended and 36 were still employed 12 months after their return to work.

TURNOVER ALL REASONS BY GENDER



ROMANIA	681	562	1,243
GEORGIA	331	8	339
MOLDOVA	209	56	265
BULGARIA	7	0	7

VOLUNTARY DEPARTURES BY GENDER



ROMANIA	161	155	316
GEORGIA	251	8	259
MOLDOVA	194	53	247
BULGARIA	6	0	6

PARENTAL LEAVE



ASKED FOR PARENTAL LEAVE	68	73	141
TOOK PARENTAL LEAVE	6	69	75
RETURNED AFTER LEAVE	4	37	41
STILL EMPLOYED AFTER 12 MO.	4	31	35

*Retention rates following parental leave include only numbers connected to the Romanian operations.

ENVIRONMENT

ENVIRONMENTAL PROTECTION AND SAFETY IS OUR PRIORITY

KMGI fully embraces its role as a leader, both internationally and within the Romanian market when it comes to environmental protection and safety. In 2016, we continued to lead the way in reducing the environmental impact and any negative aspects of our operations. As we review the progress we've made toward reducing our waste and complying with all environmental regulations, it will be apparent that KMGI is committed to protecting Earth for the next generation.

A PROMISE TO FUTURE GENERATIONS

We've made a promise to ourselves, our stakeholders, employees and customers to run our operations and develop our products in complete conformity with the environmental legislation applicable for each country where the KMGI operates.

To accomplish this promise, we have developed internal environmental strategies that we follow and update regularly. By following these internal guidelines, we are better able to address our operational and business objectives while still being fully compliant to the strictest environmental rules and regulations.

Below are the strategies we've developed to keep our promise of minimal environmental impact:

- Align activities and facilities with national and international environmental regulations and requirements.
- Minimize environmental incidents and consumption of natural resources through proper training, improved processes and advancements in technology.
- Improve the certified environmental management system (ISO 14001) implemented in all of our facilities.
- Reduce various pollutant emissions and greenhouse gases by optimizing our operations and technologies for greater energy efficiency.
- Provide regular training for our employees on ways to reduce our environmental impacts.
- Reduce the amount of waste we produce from operations, especially hazardous waste.

HIGHLIGHTS

No environmental grievances were filed against KMG International or any of our subsidiaries.

Our petrochemical division at the Petromidia Refinery in Năvodari produced the highest quantity of polymers of the last 5 years and also developed three new grades of polymers.

Petromidia Refinery achieved an Energy Intensity Index score of 97.9 points. This is down from 98.7 in 2015, and our best score to date.



MEETING OUR ENVIRONMENT PROTECTION OBJECTIVES

As in years past, 2016 was once again a year where KMGI demonstrated respect and responsibility for our environment by continuing to reduce our impact and assuring our products always meet the highest desired quality.

All automotive fuels produced in 2016 by Rompetrol Rafinare were certified by RAR (Romanian Automotive Register) and even though we exceeded our initial annual production plan and Maximum Flow Rate for Crude Unit per day, we remained below our impact limits by improving operational performance parameters.

2016 WAS A BANNER YEAR FOR IMPROVEMENT

As we focused on improving all aspects of our operations in a way that protects the environment and upholds our goal of safety first, we were able to make incredible achievements and advance toward a better future for KMGI and the environment. Below are just a few of the major accomplishments we achieved in 2016:

- We obtained the lowest Energetic Intensity Index in the history of Petromidia, which measures the energy efficiency at 97.94%;
- We experienced the lowest processing cost in the last 10 years, at 16.7 USD/t;
- At Vega, we had the lowest technological loss ever obtained – 1.1% wt, coupled with lowest processing cost ever attained by the refinery, of 39.7 USD/mt;
- Also at the Vega Refinery, we obtained 968 tons throughput/day with a total energy input of 10,057.3 MW. This was an energy consumption decrease of 4% (to 2.71 GJ/t), compared to 2015;
- The fuel gas consumption and the power and steam consumption reported by the ton (GJ/t) also decreased 4%. From 2015 to 2016;
- The Petrochemical Plant consumed 2.5% less energy compared to just one year ago, producing 149,030 tons/year, while consuming 20.14 GJ/t;
- Petromidia Refinery, including the Petrochemical Plant, consumed 23% less water compared to 2015, while Vega's water consumption decreased by 7% compared to 2015;
- The CO₂ emissions from the Petromidia Refinery decreased by 8%, while those coming from the Petrochemical Plant decreased by 18%;

- And last, the wastewater outputs at Vadu decreased significantly and now we have less wastewater discharge at that location. In fact, companywide we have also kept the quantity of water used in the process of obtaining fuel at nearly the same level as in 2015. This continues our trend of staying on course, using approximately 0.21 m³ of water for one metric cube of fuel, an increase of 0.01%, with respect to 2015 (0.2 m³).

Each of these accomplishments are significant improvements from 2015 and stand as a testament that KMG is committed to minimizing our impact on the environment and looking forward to a future of environmentally friendly production, manufacturing and refinery processes.

PROJECT-BASED IMPROVEMENTS

In 2016, we also continue multiple projects that are centered around environmental clean-up and protections. One such project is cleaning the historical sludge from lagoon no.2 (belonging to Petromidia Refinery) which was co-incinerated at CRH through Ecomaster. The completion of this project has greatly improved the natural habitat of the area, and we look forward to keeping it clean as long as our operations remain at the location.

Additionally, as part of our efforts for reducing greenhouse gas emissions and caring about the environment, we continued our annual employee service project of planting trees. In 2016, we planted willows and oleaster trees in Corbu village, Constanța County.

PROTECTING OUR ENVIRONMENT WHILE STILL PRODUCING AT RECORD LEVELS

The fact that we care about the environment doesn't mean that our production quality and quantity have to take a back seat. The throughput for Rompetrol Rafinare reached 5,407,928 tons in 2016, an amount that exceeds our initial production plan by 58,648 tons.

Out of 5,407,928 tons processed, 4,707,837 tons was crude oil and 700,090 tons other raw materials.

This throughput not only exceeded our goals for 2016, but is also an improvement from 2015 by 458,275 tons.

In both April and June of 2016 we reached a Crude Unit capacity of 15,150 thousand tons/day, beating 2015's top month last year, of 14,550 tons/day in June 2015.

PETROMIDIA REFINERY

In 2016, the Petromidia refinery, which exclusively produces Euro 5 fuels, and is the most modern refinery in Romania, with a Nelson Index of 10.5 (a reference term used to assign values to oil refineries based on their complexity level), achieved exceptional operational performance:

- Nearly 5.41 million tons, an equivalent of 15.700 thousand tons per day of processed raw material.
- Produced 1.25 million tons of auto gasoline.
- Produced 2.52 million tons of diesel fuel, continuing our upward trend year over year. (2.43 million tons in 2014, 1.91 million tons in 2013 and 1.6 million tons in 2012).
- 2016 was our highest year for production of propylene at 125,000 tons.

REFINING THROUGHPUT THOUS. TONS

2016
CRUDE OIL: 4,702
OTHER: 647
TOTAL: 5,349

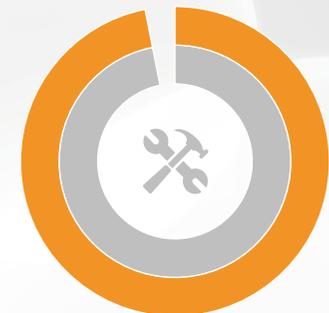
2015
CRUDE OIL: 4,426
OTHER: 627
TOTAL: 5,053



PETROMIDIA MECHANICAL AVAILABILITY

2016
96.9%

2015
96.9%



15,700 t/d
average processing
capacity in 2016

- We also saw our highest production of MTBE (Methyl tert-butyl ether) ever at the Petromidia Refinery with 41,000 tons in 2016.
- Scored a 97.94 Energetic Intensity Index, as opposed to 98.6 in 2015.
- Recorded the lowest processing cost in the last 10 years - USD 16.7/t.
- In 2016, our mechanical availability remained flat at 96.9% vs. 96.9% in 2015.

VEGA REFINERY

2016 was also a great year for our Vega Refinery. At this facility, we continued to improve throughput and processes. The total throughput for 2016 was 354,306 tons, a 13.7% increase from 2015. Seen from a monthly perspective, the results were also impressive and showed positive improvement. The monthly value of 29,525 tons was over 2,000 tons per month greater than the 2015 number of 27,395 tons.

In 2016, the Vega Refinery in Ploiești also registered very good operational performances:

- Historic levels for our bitumen production – 91,000 tons per year vs. 80,000 tons in 2015.
- Record levels for hexane production – 83,000 per year vs. 71,000 tons in 2015.
- Highest production of ecological solvents ever at 40,000 per year in 2016.
- Lowest ever processing cost of 39.7 USD/mt.

PETROCHEMICAL DIVISION

Rompetrol Rafinare also includes a petrochemical division at the Vega Refinery in Ploiești, which is the only Romanian producer of polymers. It also surpassed 2015 production levels by producing 149,030 polymers vs. the 142,000 polymers in 2015. This year's polymers production was the highest in the last 5 years.

The petrochemical plant at Vega also created three new grades of polymers in 2016, and registered a record for Conversion cost of 269 \$/mt.

REDUCING OUR ENERGY CONSUMPTION MEANS REDUCING OUR IMPACT

At KMGI, we know that continuous improvement in our efficiency will help us reduce our impact on the environment. With this in mind, we focus on using our resources in the most effective way, and measure that use on a regular basis to ensure we are improving each year.

Our main point of reference in this effort is the Energy Intensity Index (EII), and we are pleased to announce that in 2016, the Petromidia Refinery achieved an EII score of 97.9 points; our best results ever. This is down from 98.7 in 2015, and we attribute the reduction to the reduction of the operating costs, in parallel with the increase of the mechanical and operational availability.

To give even more perspective to the significance of this achievement, in 2010 our EII score was 119.5 points. This is nearly a 20-point improvement in just seven years.

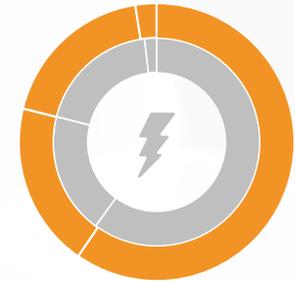
It is important to note, even though our energy consumption went down, we were still able to maintain approximately the same level of output from our operations.

The Petromidia Refinery was able to achieve 15,760 tons of throughput/day with a total energy consumption of 3.20GJ/t, bringing the energy consumption reported by the ton (GJ/t) almost in line with the previous year. And the Vega Refinery recorded 968 tons of throughput/day with a total energy input of 10057.3 MW, a decrease of 4% from the previous year. Our Petrochemical Plant recorded 149,030 tons/year, while consuming 20.14GJ/t, which translates into a decrease of 2.5% vs. 2015.

PETROMIDIA ENERGY BASKET GJ/TN OF THROUGHPUT

2016
FUEL GAS: 1.92
COKE ON CATALYST: 0.62
STEAM: 0.08
POWER: 0.60

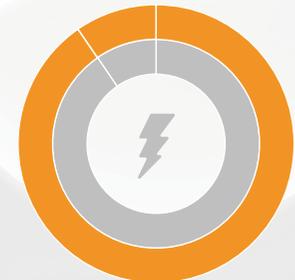
2015
FUEL GAS: 1.91
COKE ON CATALYST: 0.60
STEAM: 0.06
POWER: 0.61



VEGA ENERGY BASKET GJ/TN OF THROUGHPUT

2016
FUEL GAS: 2.45
POWER: 0.26

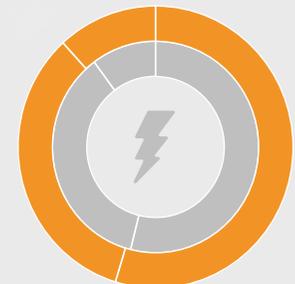
2015
FUEL GAS: 2.56
POWER: 0.27



PETROCHEMICAL ENERGY BASKET GJ/TN OF PELLETS

2016
STEAM: 11.02
POWER: 6.75
OFFSITE POWER: 2.37

2015
STEAM: 10.36
POWER: 6.91
OFFSITE POWER: 1.95



PROTECTING OUR WATER

Water is life, and at KMG I understand our duty to protect and preserve this precious resource as part of our environmental commitment to our shareholders, employees and the communities we operate in. We are determined to reduce our impact on freshwater use and recycle our water consumption in compliance with water and environmental permit requirements. Our goal to use less water is rooted in the reduction of our consumption. In 2016, the Petromidia Refinery and the Petrochemical Plant consumed 23% less water compared to the year before, and the Vega Refinery consumed 7% less water compared to 2015.

GROUP WATER USAGE THOUS. CUBIC METERS

2016
REFINING: 6,979
RETAIL: 160
NON-CORE: 55
TRADING: 1.8



By reducing the amount of water used in our refining processes we are reducing the risk of contamination and conserving more. In regard to the treatment, discharge and reuse of waste water, we are making progress as well.

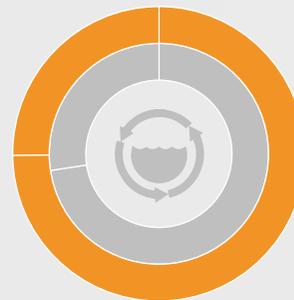
At our Petromidia Refinery, 8,795,755 m³ of treated waste water was used, of which 6,581,703 m³ of treated water was discharged at VADU and 2,214,052 m³, or 25.17% of treated waste water was reused. Compared to 2015 numbers, this shows that we are treating more wastewater, discharging less, and recycling more. All positive steps in the right direction.

At our Vega Refinery, we held steady at 914,900 m³ of treated waste water discharged, the same as the previous year.

PETROMIDIA WASTEWATER MM CUBIC METERS

2016
TREATED & DISCHARGED: 6.58
TREATED & REUSED: 2.21

2015
TREATED & DISCHARGED: 6.07
TREATED & REUSED: 2.29



DECREASING OUR EMISSIONS AND WASTE

In an effort to combat global warming and reduce the release of Greenhouse Gases into our atmosphere, KMG I is taking all precautions necessary to comply with EU, international and Romanian legislation. We have permits for Greenhouse Gas emissions until 2020. Our GHG emissions are being tracked and reported by a competent outside source, and below are the actions we've taken this year to show we have met all of our obligations in regard to reducing our emissions.

- In January, KMG I fully supported and participated in our annual CO₂ audit for 2015 emissions.
- In February, the Ministry of Environment downloaded the CO₂ certificates for 2016 into Rompetrol EU-ETS accounts.
- In April, the CO₂ certificates for 2015 emissions were returned to the European Register of Greenhouse Gas emissions (EUTL - European Union Transaction Log).

Above just conforming to minimal regulations, we are also pleased to announce the following improvements from 2015 to 2016:

- Our Petromidia Refinery recorded an 8% reduction of CO₂ emissions in 2016 compared to 2015.
- Our Petrochemical Plant recorded an 18% reduction of CO₂ emissions in 2016 compared to 2015.
- Regarding other waste generation, at our Petromidia Refinery our waste recovery rate for 2016 was 96%, an improvement from 67% in 2015.
- Unfortunately, our Vega Refinery location registered one pollution spill each, but measures have been put in place to ensure these incidents never reoccur in the future.

PETROMIDIA EMISSIONS

THOUS. TONS

2016

CO₂: 6,979
NO_x: 160
SO₂: 55
PM: 1.8

2015

CO₂: 6,979
NO_x: 160
SO₂: 55
PM: 1.8



96%

PETROMIDIA WASTE RECOVERY RATE



TREATING OUR LOCAL RESOURCES WITH RESPECT

We are lucky at KMG I to have operations within a close distance to the Black Sea. This beautiful sea is a regional and national treasure. With its abundance of wildlife and picturesque scenery, it comes as no surprise that it is our top priority to preserve this incredible habitat and resource. It is home to over 4,000 species, and it can easily be said that the Black Sea is a true biodiversity museum, and a historical part of our natural heritage that must be preserved.

We are doing everything we can to preserve the beauty and health of the Black Sea, and constantly monitor the groundwater surrounding our plants to ensure its safety. In 2016, we are happy to announce that monitoring revealed no toxins or contaminations at levels that exceeded limit values imposed by environmental regulations.

ENSURING OUR TREATMENT PROCESS IS SAFE

We are protecting the Black Sea and its diverse marine life with a two-step treatment process. The Rompetrol Rafinare Waste Water Treatment Plant takes both the wastewater from our Petromidia Platform and the domestic waters from the city of Năvodari, and treats it in three stages (mechanical, chemical, biological). The process filters the water through two ponds situated in the National Reservation of Danube Delta before the treated water is discharged into the Black Sea.

PRODUCTS, SERVICES, TRANSPORTATION

Below are the results from 2016 in regard to the products reclaimed during the year:

- Our Petromidia Refinery recorded 0.088% of total reclaimed auto gasoline production.
- Our Petrochemical Plant recorded 0.4% of its PP material (Polypropylene) reclaimed, and 0.11% of its LDPE material (Low-density polyethylene) reclaimed.

No significant environmental impacts due to transporting products and other goods and materials were registered in 2016.

SAFETY POLICY, OF UTMOST IMPORTANCE

While our upstream activities at KMG International did not register any incidents, or receive any penalties in 2016, we report that following the incident in our DAV plant on August 22, our Petromidia Refinery received one environmental penalty (USD 3,846.2) applied by the environmental authorities. This incident was a terrible event, and made us improve our policies for the safety of our employees and contractors going forward.

Also, State Environmental Authorities fined Vega Refinery with USD 6,000 in environmental penalties. In the Retail activities, Romanian Water charged KMG I with environmental penalties worth 4,580 USD for the Mogoșoaia and Craiova depots.

COMMUNITY

HIGHLIGHTS

2016 marked our seventh year as a sponsor for the prestigious George Enescu International Competition, a world-renown music competition for young pianists that takes place in Bucharest, Romania.

KMGI sponsored the second annual Kazakh Film Festival, a cultural event for cinema enthusiasts and one of the largest events of its kind in all of Europe.

In 2016, over 150 KMGI employees, alongside community members, local authorities and journalists, volunteered to plant 2,200 trees in our local communities.

WE BELIEVE IN OUR PEOPLE AND COMMUNITIES

Corporate responsibility goes far beyond providing positive returns to shareholders. As a major oil and gas company in the Romanian and global marketplace, we understand that where much is given, much is expected. We have responsibilities and commitments to employees, families, habitats, communities and much more. It's through this additional community outreach and sponsorship that we truly remain a sustainable company that will not only be profitable, but maintain a positive brand perception in the minds of our employees, customers and communities where we do business.

For us, community involvement is not a box to check. For us, it's a way to give back in a manner that improves the communities where our employees live, giving them a higher quality of life and the ability to follow their passions outside of work. That is why each year, we spend millions of dollars to support and sponsor employee-driven initiatives, in the areas of healthcare, environmental protection, culture, education and leadership.

As we review each of our major initiatives, it's exciting to see the difference they are making in our communities and the lives of our employees. This is truly what responsible corporate citizenship looks like, and we're thrilled to share the progress we've made in this area.





GEORGE ENESCU INTERNATIONAL COMPETITION

2016 marked our seventh year as a sponsor for the prestigious George Enescu International Competition, a world-renown music competition for young musicians that takes place in Bucharest, Romania in September of every other year. It has helped launch the careers of many young talents, and among its list of first-prize winners are some of today's greatest musicians.

Some of the activities supported by KMGI in this year's competition included the competition's inaugural Gala, on September 3, and the event-concerts held at the Romanian Athenaeum. We are proud to say that with our support of this wide-scale cultural project, KMG International has succeeded in bringing together and promoting talented young pianists, helped them as they look to establish their musical career, and helped transform the George Enescu International Festival and Competition into a national and internationally known event.

THE KAZAKH FILM FESTIVAL

After the successful debut of the Kazakh Film Festival in 2015, KMG International once again sponsored this great event in 2016. The second annual Kazakh Film Festival is a cultural event for cinema enthusiasts and movie lovers alike, and one of the largest events of its kind in all of Europe. It was also particularly special because it fell on the commemoration of the 25th anniversary of Kazakhstan's independence. The festival was co-sponsored by the Embassy of the Republic of Kazakhstan in Romania and KMGI, and was held from September 29th through October 1st, at Cinema Elvire Popesco (The French Institute in Bucharest).

Some of the most popular films from the festival were *The Voice of the Steppe* (with Gerard Depardieu and Natalie Dessay), *So the Stars Aligned*, *The Gift to Stalin*, *The Old Man*, and *Kunanbai*, a film that showcased the history and evolution of the Kazakh society and state.

PARTNERSHIP WITH SMURD AND LOCAL HOSPITALS

In line with our commitment to safety and community betterment, we have once again invested in improving our local healthcare infrastructure in Romania and other locations where we operate. This investment is achieved by continuing our close partnership with SMURD, Romania's emergency rescue service.

Through our partnership with the SMURD Foundation, KMGI was able to donate an extracorporeal membrane oxygenation device (ECMO), worth EUR 55,000, to the Emergency and ICU unit of the Floreasca Emergency Hospital in 2016.

Over the past few years, we've observed that there are few ECMO devices in the Romanian healthcare system, and have since taken the initiative to buy and donate ECMO equipment for multiple hospitals in the area. This began back in 2013 when KMGI donated funds for the Marie Curie Hospital to implement – for the first time in Romania – the ECMO technique for the neonatal patients who suffered severe respiratory and cardiac disease and were not responding to standard reanimation methods. We continue to donate similar equipment today, and this equipment helps provide cardiac and respiratory support to patients hospitalized in the intensive care unit, as well as during their transportation by SMURD teams.

Additionally, we donated over 750 uniforms for SMURD medical volunteers in 2016.

“ROMPETROL RUN AND CARE”

This year we once again sponsored our third annual Rompetrol Run and Care event, a charity race that gives our employees, their families and our business partners a chance to run in support of M.A.M.E Association. M.A.M.E (Maternity, Advocacy, Medicine, Education) is a non-profit organization with a goal to benefit children diagnosed with cancer and other severe illnesses.

This year, over 300 employees from various companies within KMGI ran alongside family members and business partners for distances of 5, 10 and 15 km, and each kilometer they ran was matched with a \$3 donation to support the M.A.M.E. Association, and more specifically the “Center for Little Stars project” (M.A.M.E Association's most premier project dedicated to provide social and medical aid to chronically ill and socially disadvantaged children from Bucharest and surrounding areas.)

In addition to providing the necessary funding to the M.A.M.E. Association for all of their needs, this event also addressed the need and well-being of employees, by promoting health and well-being through regular exercise and a healthy diet.

EMPLOYEE BLOOD DRIVE

According to a report by the Regional Development Center for Blood Safety, Romania has the second lowest number of blood donors in Europe (1.7% donors in the country). When KMGI was made aware of this, we have been working diligently ever since to remedy this problem. Starting in 2014, we have sponsored a yearly blood drive at our headquarters in Bucharest, and we did this once again in 2016. We were able to donate around 50 liters of blood to be used in hospitals across the country. These donations save patients undergoing surgery, receive oncological treatments or who require other similar treatments where donated blood is required.

Additionally, in 2016 KMG International acquired and donated two plasma freezers to the National Institute for Blood Transfusions.

PLANTING TREES

As part of our efforts to reduce Greenhouse Gas emissions, we continued our tradition of planting trees both at our facilities and in the neighboring communities where our operations reside. This year's event surpassed previous years, and was a great opportunity for KMG International to show its commitment to the environment and our planet. Over 150 of our employees from KMG headquarters in Bucharest and the Petromidia platform, alongside community members, local authorities and journalists, volunteered to plant willows and oleaster trees in Corbu village, Constanța County.

BUILDING LOCAL PARTNERSHIPS

Over the past few years, we have also worked to build long-term partnerships with our local communities and businesses to help support their specific needs. This year KMG International provided monetary and manpower support to complete many local projects:

- First respiratory rehabilitation center established with the Constanța Pneumophtisiology Hospital.
- Donation of funds for equipment needed at the dental office that serves the local schools in Năvodari, Romania.
- The implementation of a photovoltaic-powered lighting system at the Grigore Moisil School in Năvodari, Romania.
- Sponsorship of multiple clean-up activities in the degraded areas of our local communities.

KMGI INTERNSHIP PROGRAM

In the last 15 years, KMG International has had over 6,000 students participate in our internship program, and we look forward to continuing this program long into the future. Each year we look forward to bringing young talent into our refineries and business operations. It's a chance for them to learn and grow, and it's a chance for us to develop and discover new talent that can contribute to our success and become the future leaders of KMG International.

We welcomed 128 interns in 2016, over 15% were hired upon completion of the internship. We have plans to bring in a similar number in 2017 and foresee the KMGI internship program continuing to be a valuable tool to connect with the local community and bring fresh talent into our company.



MARKETPLACE

SETTING THE STANDARD WHILE IDENTIFYING AREAS TO IMPROVE

The marketplace in which KMG operates is complex and multifaceted. In many areas, we excel and lead the way, in others, we recognize the need for improvement. Assessing our place in the market means evaluating our responsibility to multiple parties and asking real questions that when answered lead to action and improvement.

- Are we a responsible steward of our resources and providing maximum value to our shareholders?
- Are we a responsible member of our supply chain and do we procure, manufacture and sell our products in a manner that holds true to our values of environmental protection, fair labor practices and honesty?
- Are we listening to what our customers are telling us and making improvements based on their feedback and desires?
- Are we showing leadership in the marketplace by establishing a safe workplace for our employees and taking steps to influence other companies to do the same?

These are just a few questions that must be answered to truly define our place in the marketplace. In 2016, we asked ourselves these questions and can honestly report that in some areas we are exceeding expectation, while in others we have need for improvement. Regardless of where we stand, our goal is to improve each year going forward, and with a solid self-evaluation, we can not only see how far we've come, but also clearly identify the path forward.

HIGHLIGHTS

All KMG organizations are following our MSDS and safety labeling regulations. There has been no identified non-compliance to regulations and voluntary codes concerning health and safety impacts of products in 2016. This continues our trend of no identified concerns in 2015, 2014 and 2013.

In 2016, there were no complaints of breaches in customer privacy or loss of customer data.





A RESPONSIBLE STEWARD OF OUR RESOURCES

The key to providing shareholder wealth is doing more with less. Whether the market is good or bad, if we take responsibility to improve our own area of expertise, success and profitability is bound to follow. As we closed 2016, and looked back at how we upheld our responsibility to shareholders and key financial stakeholders, we can see that we were able to make improvements and improve our efficiency in multiple areas.

Here are a few examples:

- According to 2016 numbers from KazMunayGas Trading (KMGT), the trading arm of KMG International, although the amount of crude purchased increased by 4.759 million tons (13%) from 2015, KMG's U.S. dollar investment for these purchases decreased by 6%.
- Similarly, alternative feedstock (gasoil, fuel oil) purchased in 2016, was down by 18%, but KMG's U.S. dollar investment for these purchases decreased by 34%. These figures are a testament to the hard work our procurement department is doing on a daily basis to negotiate better pricing and secure more favorable contracts for KMG International.

FEEDSTOCK ACQUIRED THOUS. TONS

2016
CRUDE OIL: 4,759
GASOIL & FUEL OIL: 440
TOTAL: 5,199

2015
CRUDE OIL: 4,200
GASOIL & FUEL OIL: 538
TOTAL: 4,738



BUILDING A RESPONSIBLE SUPPLY CHAIN

As with all other aspects of our business, we uphold the highest degree of corporate responsibility when it comes to our supply chain. From the raw materials we source, all the way through final delivery to our customer, we want to be an example within the marketplace. We do so by demanding the following from ourselves, our suppliers and our customers:

- Compliance with our corporate guidelines and policies
- Greater safety for our employees and contractors
- Continuous improvement in both processes and quality of products
- Environmental protection
- 100% On-time delivery
- Fair labor practices
- Social justice

BIOFUEL BLENDED THOUS. TONS

2016
 BIOETHANOL: 52.79
 BIODIESEL: 18.39
 BIO-ETBE: 1.16

2015
 BIOETHANOL: 52.79
 BIODIESEL: 18.39
 BIO-ETBE: 1.16



As a major player in the International and regional oil and gas industry, we acknowledge that managing and monitoring compliance to a such a high standard is challenging and complex; however, as we stay true to our values, we are able to improve ourselves and our suppliers.

SUPPLY CHAIN

This year, we made significant strides forward in regard to reducing the impact our total supply chain has on the environment by increasing the amount of bio fuels used in our processing.

In 2016, KMG purchased 66,890 tons of bio diesel, up from 53,310 tons purchased in 2015. In regard to bioethanol purchases, 18,439 tons were purchased this year, compared to 17,664 in 2015, and 2,686 tons of Bio-ETBE, compared to 1,854 tons in 2015. Also, as of January 1, 2016, our Petromidia Refinery produces diesel with a biofuel content of no less than 6.5% by volume, per the European Directive and Romanian

BIOFUEL SUPPLY SOURCES THOUS. TONS

KMG TRADING
 RO: 32.14
 EU: 2.68

NON-GROUP
 RO: 35.26
 EU: 17.91



legislation (GD no. 1121/2013 regarding the use of biofuels and bio liquids).

These are just a few examples of the steps KMG is taking to reduce our impact on the environment through our procurement decisions and actions.

IMPROVING OUR QUALITY BY REDUCING OUR STANDARD DEVIATIONS

Another aspect of successful supply chain management is continuous improvement and the consistent delivery of high-quality products. KMG stands as an example in this area by complying with and maintaining ISO 9001:2008 and ISO 14001:2004 certifications. Not only do we meet the national and local standards in terms of fuel quality, we go one step further and work to eliminate all deviations outside of our tolerance limits by following ISO standards. For us, ISO standards are not simply regulations we are required to follow, they are standards that have been fully imbedded within our manufacturing process.

LEADING THE WAY IN WORKFORCE SAFETY

Part of being a responsible member of our marketplace is keeping our workers safe and healthy, and this is a responsibility we take very seriously. Every year we work to improve our processes and procedures so that every employee can return to their family each evening safe, healthy and happy.

USING MATERIAL DATA SAFETY SHEETS AND PROPER LABELING TO REDUCE INJURIES, ACCIDENTS AND MISTAKES

When looking back at 2016, one area of improvement that helped reduce the risk of accidents was our continued use of Material Safety Data Sheets (MSDS). These documents are used to label and publicly display critical data for all of our manufacturing materials and chemicals. All subsidiaries of KMG, service companies, refining and petrochemicals and industrial services are complying with this regulation and all employees are receiving annual training on how to properly understand Material Safety Data Sheets.

The MSDS of each product contain safety, fire hazard, recycling and disposal information, and these sheets are being prepared and updated according to government and industry regulations. Also, all chemicals used in our production process are registered, labeled and documented according to European Chemicals Agency (ECHA) standards.

Each label is documented and has publicly displayed Standard Specifications (SS). Each SS contains information about the product, a brief description, properties, limits, test method, quality control, sampling, handling, storage and transport information.

In KMG's retail and services divisions we have created a set for minimum Health, Safety and Environment (HSE) rules which are visibly displayed to warn our customer of any potentially hazardous materials. We also follow a code of good practice whereby operators are required to provide details of marketed products in conformity with:

- NP 004/2003 - a technical standard for design and operating the gas station
- Law no. 307/2006 - for firefighting
- Law no. 319/2006 - occupational health and safety
- GD no. 928/2012 - minimum requirements for market introduction of fuel

After a rigorous audit and compliance check, all KMG organizations are following our MSDS and chemical labeling regulations. There has been no identified non-compliance to regulations and voluntary codes concerning health and safety impacts of products in 2016. This continues our trend of no identified concerns in 2015, 2014 and 2013.

PRODUCT RESPONSIBILITY

In 2016, there were no complaints of breaches in customer privacy or loss of customer data. Also, there are no significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

SATISFACTION WITH OUR REFINERIES

Our standard of our measurement is four-fold: Quality, Health, Safety and Environment (QHSE). We measure satisfaction according to these criteria, which also falls in accordance with ISO 9001:2008 and ISO 14001:2004. The calculation of customer perception is achieved by comparing the number of valid claims to the number of total claims. For 2016, those calculations provide the following results:

Petromidia Customer Claim Indicator: 0.46 Vega Customer Claim Indicator: 0.00

While the Vega Refinery kept its customer claim indicator at zero year over year, Petromidia Refinery experienced a slight increase going from 0.28 in 2015 to 0.46 in 2016. We have assigned additional resources to look into the increase and anticipate the indicator to decline in the coming years.

In the retail sector, we had 477 claims regarding fuel quality and documents error, and all were resolved in conformity with internal procedures.

NUMBER ONE IN CUSTOMER SATISFACTION

One of the major tools we use at KMG to ensure customer and employee satisfaction is market research and surveys. We use these to better understand our market and then deliver services, benefits and products that increase customer, stakeholder and employee loyalty. Studies show that by conducting this research and then acting upon the findings we are better able to serve our customer's needs, improve the benefits and safety our employees receive and increase our profits for shareholders.

In 2016, we performed an extensive customer survey that provided valuable information that pinpointed where we stand in comparison to our competitors and gave us areas of improvement that need to be addressed.

Romp petrol fuels ranked first with an overall customer satisfaction parameter of 63 out of 100. In the same study, Romp petrol station's rating on staff's promptness and courtesy topped all other competitors at 67 points. Romp petrol stations also received ratings in line with other competitors when it comes to the aggregate score given by customers to product variety, product quality, product prices and visual store appearance. Despite these scores compared to other market competitors, our goal is to get as close to 100 as possible and we are dedicated to improvement in the coming years.

Our solution to this is a commitment to differentiation. And we plan to improve in these ways:

- Our staff must perform better, faster and with increased courtesy.
- We must focus on emphasizing what makes us better and different. For example, we will capitalize on the variety of fuels we offer in comparison to our competitors. We can promote seasonal variants of diesel full and strongly promote Efix, a high-end fuel that improves engine performance.
- We must improve the "atmosphere" of our stations and provide a better user and customer experience.
- We must improve the variety and quality of the products and food within our shops.

As we work to make these improvements, we are confident our future customer surveys will show improvement in customer perception and also separation from the competition.

NETWORK UPGRADES

ROMANIA

NEW STATIONS BUILT: 3
KNOCKDOWN REBUILD: 3
INTERIOR REBRANDING: 9

BULGARIA

EXTERIOR REBRANDING: 10

MOLDOVA

NEW DOCO STATIONS: 12
INTERIOR REBRANDING: 15
EXTERIOR REBRANDING: 7

GEORGIA

NEW DOCO STATIONS: 13
EXTERIOR REBRANDING: 32



2016 LEGAL ACTIONS

In terms of significant legal actions for 2016, KMG International or its entities were identified in the following cases:

Criminal case concerning Rominserv SRL, Rompetrol Rafinare SA and their employees involved in the Petromidia Refinery incident on August 22, 2016

On August 22, 2016, a technical incident occurred when a fire broke out within the DAV plant. The fire was promptly extinguished by the refinery staff and firemen from private and public services. Unfortunately, due to this incident, two Rominserv SRL (a KMG subsidiary) employees passed away and two others suffered burns.

Following the incident, a comprehensive investigation was launched to establish the circumstances and the causes that generated the technical incident. Following the completion of the criminal prosecution, Rompetrol Rafinare S.A., Rominserv SRL and four employees of these companies were put on trial for the non-observance of labor, health and safety measures, bodily harm by negligence, manslaughter and accidental pollution. Simultaneously, Rompetrol Rafinare S.A. is involved as party in the file. The outcome of this legal case cannot be estimated at the present time.

Rompetrol Georgia LLC - Competition

An investigation by the Competition Agency revealed that between 2008 and 2014, a series of oil companies sold fuel in their branches at a fixed price based on

mutual agreement. The result of this investigation led to monetary fines for the eight accused organizations – one of which being Rompetrol Georgia, a KMG subsidiary. The fine for Rompetrol Georgia was settled for USD 4.9 million. In late 2015 Rompetrol Georgia appealed the report before the Administrative Court, and a suspension of the fine was obtained and the case was elevated to the Georgia Court of Appeals. On November 26, 2015, the Court of Appeal of Georgia rejected the Competition Agency's complaint and the law suit returned to the first instance court.

Hearings are pending, and resolution is anticipated in 2017 if the court finds no additional research and information are needed to settle the dispute.

On August 14, 2017, the Court sent back the file to the Competition agency for additional investigation and research.

Rompetrol Bulgaria LLC

The Bulgarian Competition Authority canceled the investigating proceedings against Rompetrol Bulgaria A.D. in October 2016.

In terms of proceedings related to significant fines, KMG International or its entities were identified as participants in the following cases in 2016:

Oilfield Exploration Business Solutions S.A. (formerly Rompetrol S.A.)

Following a Court of Appeal decision issued on October 7, 2014, the Romanian Ministry of Finance submitted a computation of interest accrued from January 5, 2001 till March 2015 to the KMG subsidiary in the amount of USD 186 million. The amount was challenged in Court and an amended settlement was issued on October 20th, 2016, reducing the amount of interest to only USD 72 million.

Litigation between Rompetrol Rafinare and Navodari City Hall

In November of 2015, Năvodari City Hall finalized their local tax audit of Rompetrol Rafinare for the period of 2012 - 2014 and assessed a non-compliant finding of roughly USD 5 million, out of which the principal is approximately USD 3 million and the penalties and accessories are approximately USD 2 million.

Upon receipt of this fine, KMG subsidiary, Rompetrol Rafinare, filed an administrative complaint with the fiscal authorities. The administrative complaint was dismissed; however, Rompetrol Rafinare continued to challenge the decision by submitting to a claim with the local court and another request for partial annulment of Năvodari Local Decision no. 435/2015. The first challenge is currently pending court investigation proceedings from the Constanța Court of Appeals. A verdict is expected in 2017.

The second challenge for partial annulment of Năvodari Local Council Decision no. 435/December 21, 2015 was admitted by the Constanța Tribunal. This solution has been appealed by the Năvodari Local Council in the Constanța Court of Appeals. A decision on this is also expected in 2017.

Rompetrol Rafinare also filed a request to suspend the enforceable effects of the imposing decision. The case is currently pending court investigation proceedings with the Supreme Court of Justice. The first hearing term before the Supreme Court has not yet been scheduled.

APPENDIX

FINANCIAL BRIEF

CONSOLIDATED FINANCIAL POSITION	2016 (USD)	2015 (USD)
Total assets	2,471,747,440	2,302,226,246
Total non-current assets	1,382,466,820	1,405,886,549
Total current assets	1,089,280,620	896,339,697
Total liabilities	1,710,325,399	1,525,901,553
Equity attributable to equity holders of the parent	1,040,272,815	1,078,877,718
Non-controlling interest	(278,850,774)	(302,553,025)
Total equity	761,422,041	776,324,693
Total non-current liabilities	422,035,603	511,250,118
Total current liabilities	1,288,289,796	1,014,651,435
CONSOLIDATED INCOME STATEMENT	2016 (USD)	2015 (USD)
Revenue	5,706,141,433	6,359,848,215
Cost of sales	(5,339,380,432)	(6,025,356,249)
Gross profit	366,761,001	334,491,966
Operating profit	46,314,949	(46,647,357)
Income tax	216,508	58,134,327
Profit (loss) for the year	14,020,538	(45,072,282)
Profit (Loss) before income tax	13,804,030	(105,411,704)
Loss from continuing operations	14,020,538	(47,277,377)
Loss from discontinued operations	-	(2,205,095)

The abbreviated financial information is derived from the Consolidated Financial Statements as of and for the year ended 31 December 2015 and should be read in conjunction with these audited Consolidated Financial Statements.

On the full consolidated financial statements an unqualified audit opinion was issued. Check our Group's Annual Report for the full financial disclosure.

STAKEHOLDER FEEDBACK FORM

Please take a few minutes to fill out this questionnaire on the 2016 Sustainability Report.

We value your opinion as it helps us better manage our efforts and improve our results.

WHICH OF THE FOLLOWING INTERESTS YOU THE MOST?

(multiple choice)

- Corporate Governance & Transparency
- Corporate Responsibility Actions
- Environment
- Health & Safety
- Human Resources
- Stakeholders' information (shareholders, employees, neighboring municipalities, customers, suppliers, NGOs, etc)

MARK THE STATEMENTS AS TO HOW MUCH YOU AGREE WITH THE FOLLOWING

- (1) strongly disagree
- (2) disagree
- (3) neither agree nor disagree
- (4) agree
- (5) highly agree

- The principles and issues are sufficiently covered in accordance with the company's sustainable development strategy.
 - The content is complete and clear.
 - The report's structure is functional and sufficient.
 - The information presented is reliable and accurate.
 - The tables and charts are easily understood and depicted in a satisfactory manner.
 - The photographs and images positively enhance the report making it easier to read and more attractive.
 - The printed version conforms to a Sustainable Development publication.
 - I prefer the electronic version of the report.
 - I will recommend the report to others.
-

ASSESS IN THE ORDER OF PRIORITY FROM 1 TO 5 THE FOLLOWING AREAS IN WHICH THE COMPANY HAS DEVELOPED SIGNIFICANT INITIATIVES AND ACTIVITIES, IN YOUR OPINION

(choose five)

- Safety
- Workplace
- Protecting the environment
- Caring for society and the environment
- Programs to support the local communities
- Transparency
- Human rights

TO WHICH OF THESE GROUPS OF STAKEHOLDERS DO YOU BELONG?

(single choice)

- Employee
- Local community member
- NGO
- Media
- Supplier
- Customer
- Business partner
- Authority representative
- Other

AFTER READING THE 2016 SUSTAINABILITY REPORT, HAS YOUR OPINION OF KMG INTERNATIONAL BEEN INFLUENCED AT ALL?

(single choice)

- Positively influenced
- Not influenced
- Negatively influenced

THANK YOU FOR YOUR FEEDBACK!

The data we collect will help us improve our Sustainability Report and our Group's Corporate Responsibility actions.

csr@rompetrol.com

FIRST NAME

LAST NAME

OCCUPATION

COMPANY

POSITION

PHONE

E-MAIL

WEBSITE

ADDRESS

Please specify any issues not included in the 2016 Sustainability Report and which you want featured in the next report:

GRI ANNEX

CODE	DESCRIPTION	REPORT	STATUS
STRATEGY AND ANALYSIS			
G4-1	A statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	-	not reported
G4-2	Description of key impacts, risks and opportunities	Who We Are The Environment Our People Marketplace	fully reported
ORGANIZATIONAL PROFILE			
G4-3	Name of the organization	Introduction Who We Are	fully reported
G4-4	Primary brands, products, and/or services	Introduction Who We Are Environment	fully reported
G4-5	Report the location of the organization's headquarters	Who We Are	fully reported
G4-6	Report number of countries where the organization operates and names of countries where either the organization has operations or that are specifically relevant to the sustainability topics covered in the report	Who We Are	fully reported
G4-7	Report the nature of ownership and legal form	Introduction Who We Are	fully reported
G4-8	Report the markets served (geographic breakdown, sectors served and types of customers and beneficiaries)	Who We Are	fully reported
G4-9	Report the scale of the organization	Introduction Who We Are	fully reported
G4-10	<ol style="list-style-type: none"> 1. Report the total number of employees by employment contract and gender; 2. Report the total number of permanent employees by employment type and gender; 3. Report the total workforce by employees and supervised workers and by gender; 4. Report the total workforce by region and by gender; 5. Report if a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed or by individuals other than employees or supervised workers, including employees and supervised employees of contractors; 6. Report any variations in employment numbers. 	Our People	fully reported

CODE	DESCRIPTION	REPORT	STATUS
G4-11	Report the percentage of total employees covered by collective bargaining agreements	-	not reported
G4-12	Describe the organization's supply chain		partially reported
G4-13	Report any changes during the reporting period regarding the organization's size, structure, ownership or its supply chain, including: <ul style="list-style-type: none"> • changes in the location of, or changes in operations, including facility openings, closings and expansions; • changes in the share capital structure and other capital formation, maintenance and alteration operations; • changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination. 		partially reported
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	-	not reported
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses		fully reported
G4-16	List memberships of associations and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> • holds a position on the governance body; • participates in projects or committees; • provides substantive funding beyond routine membership dues; • views membership as strategic. 		fully reported
STAKEHOLDER ENGAGEMENT			
G4-24	Provide a list of stakeholder groups engaged by the organization Examples of stakeholder groups are: <ul style="list-style-type: none"> • civil society; • customers; • employees, • other workers and their trade unions; • local communities; • shareholders and providers of capital; • suppliers. 	Who We Are Our Committee Our People	fully reported
G4-25	Report the basis for identification and selection of stakeholders with whom to engage (Describe the organization's process for defining its stakeholder groups and for determining the groups with which to engage and not to engage)	-	not reported
G4-26	Report the organization's approach to stakeholder engagement (Include frequency of engagement by type and by stakeholder group and an indication of whether any of the engagement was undertaken as part of the report preparation process)	Who We Are	partially reported

CODE	DESCRIPTION	REPORT	STATUS
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	Who We Are	partially reported
G4-28	Reporting period for information provided	Introduction Who We Are	fully reported
G4-29	Date of most recent previous report (if any)	Who We Are	fully reported
G4-30	Reporting cycle	Who We Are	partially reported
G4-31	Provide the contact point for questions regarding the report or its contents	Appendices - Stakeholder Feedback Form Appendix - Reporting Team and Contacts	fully reported
G4-32	GRI Content Index: <ul style="list-style-type: none"> report the 'in accordance' option the organization has chosen; report the GRI Content Index for the chosen option; report the reference to the External Assurance Report, if the report has been externally assured 	Appendix - GRI Annex	fully reported
G4-33	Assurance: <ul style="list-style-type: none"> report the organization's policy and current practice with regard to seeking external assurance for the report if not report the scope and basis of any external assurance provided, report the relationship between the organization and the assurance providers, report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report. 	Appendix - Independent Opinion	partially reported
GOVERNANCE			
G4-34	Report the governance structure of the organization, including committees of the highest governance body	Introduction Our People	fully reported
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Our People	fully reported
G4-36	Report whether the organization has appointed an executive level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	-	not reported
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	-	not reported

CODE	DESCRIPTION	REPORT	STATUS
G4-38	Report the composition of the highest governance body and its committees	Who We Are	fully reported
G4-39	Report whether the Chair of the highest governance body is also an executive officer	Who We Are	fully reported
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	Who We Are	partially reported
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed, whether conflicts of interest are disclosed to stakeholders	Who We Are	fully reported
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Our People	partially reported
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	-	not reported
G4-44	Report the process for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics; report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	-	not reported
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	Our People	partially reported
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	-	not reported
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Our People Environment	partially reported
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	-	not reported
G4-49	Report the process for communicating critical concerns to the highest governance body	Who We Are Our People	fully reported
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism used to address and resolve them	Our People	fully reported
G4-51	Report the remuneration policies for the highest governance body and senior executives; report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	Our People	partially reported

CODE	DESCRIPTION	REPORT	STATUS
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management.	Our People	partially reported
G4-53	Report how stakeholders' view are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	Who We Are	partially reported
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees in the same country.	-	not reported
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees in the same country.	-	not reported
ETHICS AND INTEGRITY			
G4-56	Describe the organization's values, principles, standards and norm of behavior such as codes of conduct and codes of ethics.	Who We Are	fully reported
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	Who We Are	partially reported
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Our People	fully reported
ECONOMIC PERFORMANCE			
G4-EC1	Report the direct economic value generated and distributed on an accurate basis including the basic components for the organization's global operations as listed below	Who We Are Appendix - Financial Brief	fully reported
G4-EC2	Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure	Environment	partially reported
G4-EC3	Coverage of the organization's defined benefit plan obligations	Our People	fully reported
G4-EC4	Financial assistance received from government	-	not applicable
MARKET PRESENCE			
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Our People	fully reported
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	Our People	fully reported

CODE	DESCRIPTION	REPORT	STATUS
INDIRECT ECONOMIC IMPACTS			
G4-EC7	Development and impact of infrastructure investments and services supported	Who We Are Environment Marketplace	fully reported
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Who We Are	fully reported
PROCUREMENT PRACTICES			
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	-	not reported
SECTOR SPECIFIC			
G4-OG1	Volume and type of estimated proved reserves and production	Environment	partially reported
ENVIRONMENTAL PERFORMANCE			
MATERIALS			
G4-EN1	Materials used by weight or volume	Environment	fully reported
G4-EN2	Percentage of materials used that are recycled input materials	Environment	fully reported
ENERGY			
G4-EN3	Energy consumption within the organization	Environment	fully reported
G4-EN4	Energy consumption outside the organization	Environment	fully reported
G4-EN5	Energy intensity	Who We Are Environment	fully reported
G4-EN6	Reduction of energy consumption	Environment	fully reported
G4-EN7	Reductions in energy requirements of products and services	Environment	fully reported
WATER			
G4-EN8	Total water withdrawal by source	Environment	fully reported
G4-EN9	Water sources significantly affected by withdrawal of water	Environment	fully reported

CODE	DESCRIPTION	REPORT	STATUS
G4-EN10	Percentage and total volume of water recycled and reused	Environment	fully reported
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environment	fully reported
G4-EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Environment	fully reported
G4-EN13	Habitats protected or restored	Environment	fully reported
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	-	not reported
EMISSIONS			
G4-EN15	Direct and indirect greenhouse gas emissions (scope 1,2&3)	Environment	fully reported
G4-EN16			
G4-EN17			
G4-EN18	Greenhouse gas emissions intensity	-	not reported
G4-EN19	Reduction of greenhouse gas emissions	Environment	fully reported
G4-EN20	Emissions of ozone-depleting substances	-	not reported
G4-EN21	NO x, SO x, and other significant air emissions	Environment	fully reported
EFFLUENTS AND WASTE			
G4-EN22	Total water discharge by quality and destination	Environment	fully reported
G4-EN23	Total weight of waste by type and disposal method	Environment	fully reported
G4-EN24	Total number and volume of significant spills	Environment	fully reported
G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention 2 Annex I, II, III, and VIII and percentage of transported waste shipped internationally	Environment	fully reported
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habits significantly affected by the organization's discharges of water and runoff	Environment	fully reported

CODE	DESCRIPTION	REPORT	STATUS
PRODUCTS AND SERVICES			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	-	not applicable
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	-	not applicable
COMPLIANCE			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Marketplace	fully reported
TRANSPORT			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operation's, and transporting members of the workforce	Environment	partially reported
G4-EN31	Total environmental protection expenditures and investments by type	Environment	fully reported
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	-	not reported
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	-	not reported
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	-	not reported
SECTOR SPECIFIC			
G4-OG2 G4-OG3	Total amount invested in renewable energy and total amount of renewable energy generated by source	-	not reported
G4-OG4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored	Environment	partially reported
G4-OG5	Volume and disposal of formation or produced water	Environment	fully reported
G4-OG6	Volume of flared and vented hydrocarbon	-	not applicable
G4-OG7	Amount of drilling waste and strategies for treatment and disposal	-	not reported
G4-OG8	Benzene, lead and sulfur content in fuels	-	not reported

CODE	DESCRIPTION	REPORT	STATUS
SOCIAL PERFORMANCE: LABOUR PRACTICES AND DECENT WORK			
EMPLOYMENT			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Our People	fully reported
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	-	not reported
G4-LA3	Return to work and retention rates after parental leave, by gender	Our People	fully reported
LABOUR/MANAGEMENT RELATIONS			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	-	not reported
OCCUPATIONAL HEALTH AND SAFETY			
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Our People	partially reported
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	-	not reported
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	-	not reported
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Our People	partially reported
TRAINING AND EDUCATION			
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Our People	fully reported
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Our People	fully reported
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Our People	fully reported
DIVERSITY AND EQUAL OPPORTUNITY			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Our People	fully reported

CODE	DESCRIPTION	REPORT	STATUS
EQUAL REMUNERATION FOR MEN AND WOMEN			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Our People	fully reported
SUPPLIER ASSESSMENT FOR LABOUR PRACTICES			
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	-	not reported
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	-	not reported
LABOUR PRACTICES GRIEVANCE MECHANISMS			
G4-LA16	Number of grievances about labor practices field, addressed, and resolved through formal grievance mechanisms	Our People	fully reported
SOCIAL PERFORMANCE: HUMAN RIGHTS			
INVESTMENT			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	not reported
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	-	not reported
NON-DISCRIMINATION			
G4-HR3	Total number of incidents of discrimination and corrective actions taken	-	not applicable
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Our People	fully reported
CHILD LABOUR			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Our People	partially reported
FORCED OR COMPULSORY LABOUR			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Our People	partially reported

CODE	DESCRIPTION	REPORT	STATUS
SECURITY PRACTICES			
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	-	not applicable
INDIGENOUS RIGHTS			
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	-	not applicable
ASSESSMENT			
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	-	not reported
SUPPLIER HUMAN RIGHTS ASSESSMENT			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	-	not reported
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	-	not applicable
G4-HR12	Number of grievances about human rights filed, addressed, and resolved through formal grievance mechanisms	Our People	fully reported
SECTOR SPECIFIC			
G4-OG9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place	-	not applicable
SOCIAL PERFORMANCE: SOCIETY			
LOCAL COMMUNITIES			
G4-S01	Percentage of operations with implemented local community engagement, impact assessments and development programs	Community	fully reported
G4-S02	Operations with significant actual or potential negative impacts on local communities	Community	partially reported
ANTI-CORRUPTION			
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	-	not reported
G4-S04	Communication and training on anti-corruption policies and procedures	Who We Are	partially reported
G4-S05	Confirmed incidents of corruption and actions taken	Who We Are	partially reported

CODE	DESCRIPTION	REPORT	STATUS
PUBLIC POLICY			
G4-S06	Total value of political contributions by country and recipient/beneficiary	-	not applicable
ANTI-COMPETITIVE BEHAVIOUR			
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Marketplace	fully reported
COMPLIANCE			
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Marketplace	fully reported
SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY			
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	-	not reported
G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken	Marketplace	partially reported
GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY			
G4-S011	Number of grievances about impacts on society filed, addressed, and through formal grievance mechanisms	-	not applicable
SECTOR SPECIFIC			
G4-OG10	Number and description of significant disputes with local communities and indigenous peoples	-	not applicable
G4-OG11	Number of sites that have been decommissioned and sites that are in the process of being decommissioned	-	not applicable
G4-OG12	Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process	-	not applicable
G4-OG13	Number of process safety events, by business activity	-	not applicable
SOCIAL PERFORMANCE: PRODUCT RESPONSIBILITY			
CUSTOMER HEALTH AND SAFETY			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Marketplace	fully reported
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	-	not applicable

CODE	DESCRIPTION	REPORT	STATUS
PRODUCT AND SERVICE LABELING			
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Marketplace	partially reported
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling by type of outcomes	Marketplace	fully reported
G4-PR5	Results of surveys measuring customers' satisfaction	Marketplace	fully reported
MARKETING COMMUNICATIONS			
G4-PR6	Sale of banned or disputed products	-	not applicable
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Marketplace	partially reported
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Marketplace	fully reported
COMPLIANCE			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Marketplace	fully reported
SECTOR SPECIFIC			
G4-OG14	Volume of biofuels produced and purchased meeting sustainability criteria	Marketplace	fully reported

GLOSSARY

ACCA - Association of Chartered Certified Accountants

bn - billion

BU - Business unit

CFA - Chartered Financial Analyst

CLA - Collective Labor Agreement

CONCAWE - Conservation of clean air and water in Europe

COR - Classification of occupations in Romania

CSSM - Workplace health and safety committee

DAFWC - Days away from work cases

DMT - Dimethyl terephthalate

E&P - Exploration & Production

ECHA - European Chemicals Agency

EPA - Environmental Protection Agency

EU-ETS - European Union-Emissions Trade Scheme

EUTL - European Union Transaction Log

FAC - First Aid Case

FIR - Fatal Incident Rate

FR - Injury Frequency Rate

FTL - Fatalities

GHG - Greenhouse Gas

GRI - Global Reporting Initiative

HCl - Hydrochloric Acid

HR - Human Resources

HS - Health & Safety

HSE - Health, safety, environment

KMG - KazMunayGas

KMGT - KMG Trading

LPG - Liquefied Petroleum Gas

LTI - Lost Time Injury

LTIF - Lost Time Injury Frequency

mn - million

MMSC - Ministry of Environment and Climate Change

MSDS - Material Safety Data Sheets

MTC - Medical Treatment Cases

NGO - Non Governmental Organization

NO_x - Nitrogen Oxides

OECD - Organisation for Economic
Cooperation and Development

OEG - Ethylene oxide glycols

OHS - Occupational Health & Safety

PEM - Petrochemicals

PET - Polyethylene Terephthalate

PMP - Project Management Professional

PSA of gases - Pressure swing absorption of gases

QHSE - Quality, Health, Safety, Environment

RAJA - Autonomous County Water Authority

REACH - Registration, Evaluation, Authorisation and
Restriction of Chemicals

RPP - Rompetrol Petrochemicals

RPSA-Libyan Branch - Rompetrol S.A. Libyan Branch

RRC - Rompetrol Rafinare

RWS - Rompetrol Well Services

SO₂ - Sulfur Dioxide

SR - Injury Saverity Rate

SS - Standard Specifications

TRI - Total Recordable Incidents

TRIR - Total Recordable Injury Rate

WWTP - Waste Water Treatment Plant



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