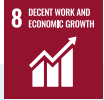




*Responsible
leadership –
in balance with
the society*

GOVERNANCE

- 32** Governance structure and management approach
- 40** Business Conduct
- 42** Compliance
- 47** Digitalization and continuous improvement



/ GRI 2-23 /

BUSINESS PRINCIPLE:
Business integrity

We insist on honesty, integrity and fairness in all aspects of our business and expect the same in our relationships with all those with whom we do business.

The direct or indirect offer, payment, soliciting or acceptance of bribes in any form is unacceptable and we strongly reject any kind of associated behaviour.

KPO staff must avoid conflicts of interest between their private activities and their part in the conduct of KPO's business, and any actual or potential conflict of interest must be declared to KPO.

BUSINESS PRINCIPLE:
Compliance

We comply with all applicable laws and regulations of the countries in which we operate.

2024

BUSINESS CONDUCT:

113
reports to Hotline

91%
of employees signed the Annual Ethics and Compliance Declaration

332
employees who work at high risk of committing compliance violations attended the Anti-Corruption and Bribery course

CERTIFIED IN ACCORDANCE WITH:

ISO 14001:2015
Environmental Management System

ISO 45001:2018
Occupational Health and Industrial Safety

ISO 50001:2018
Energy Management

ISO 39001:2012
Road Safety Management System

Why is it important to us? / GRI 3-3 /

A well-built management system is the key to the sustained organizational success. KPO has established a well-balanced and integrated system of governance, risk management, business planning, internal control and compliance. The integrated management system approach enables appropriate decision-making and provides adequate control mechanisms to ensure strategies, directions and guidance from senior management are carried out systematically and effectively.



Drew Weaver
Corporate Governance Director

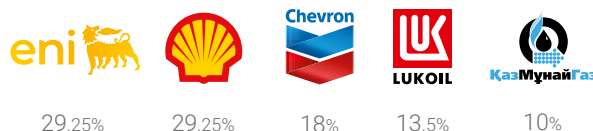
GOVERNANCE STRUCTURE AND MANAGEMENT APPROACH / GRI 3-3, SDG 16.16 /

Karachaganak Petroleum Operating B.V. Kazakhstan Branch was established in 1997 as a Joint Venture to operate the Karachaganak Oil and Gas Condensate Field (further as Karachaganak Field or the KOGCF) in accordance with the Final Production Sharing Agreement (FPSA) / GRI 2-1 /

KPO brings expertise from its five Contracting Companies, represented by their respective affiliates, named herein:

Agip Karachaganak B.V., Shell Kazakhstan, Chevron International Petroleum Company, Lukoil Overseas Karachaganak B.V. and KMG Karachaganak LLP.

/ GRI 2-6 c /



ORGANISATIONAL STRUCTURE / GRI 2-9, 2-10 /

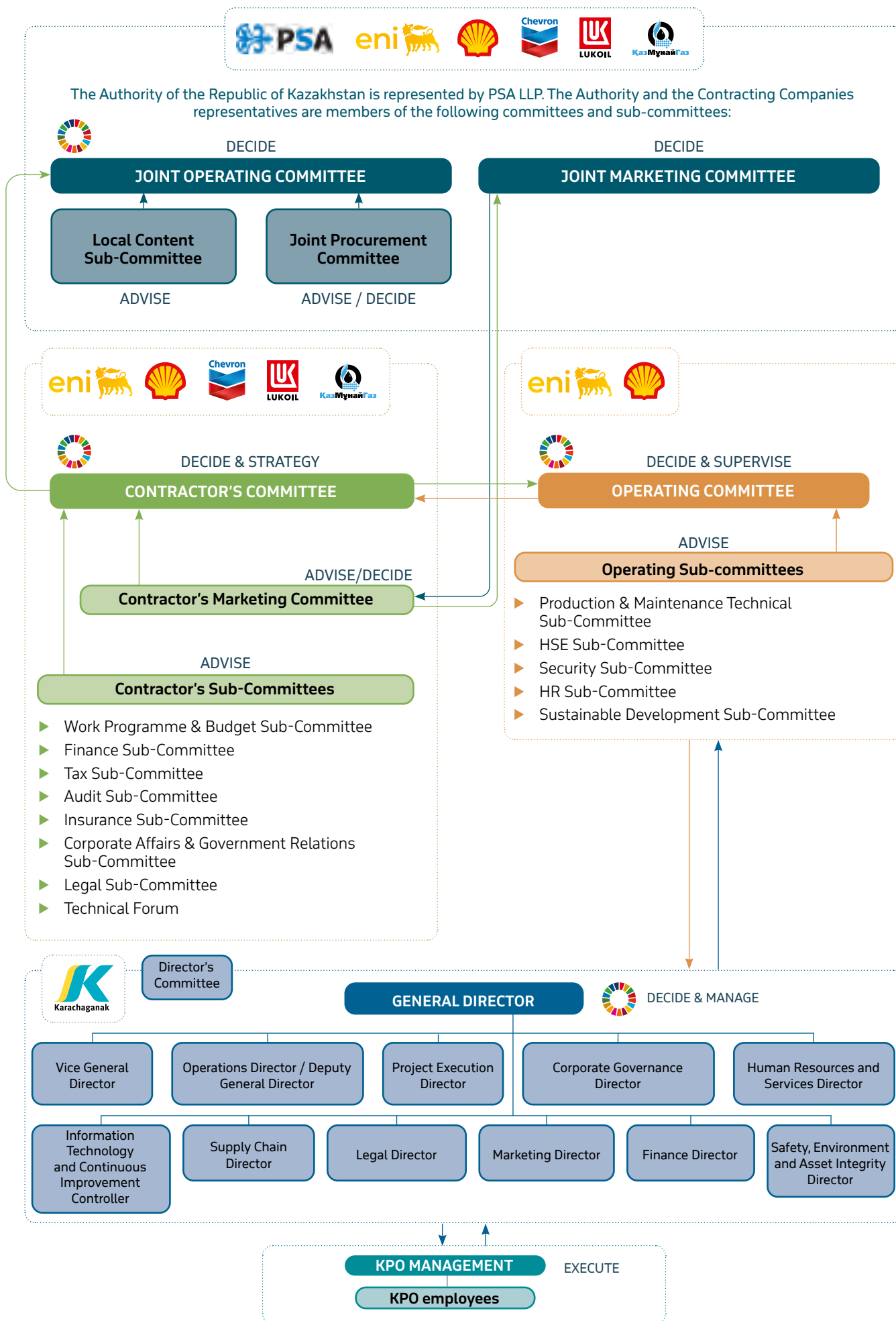
KPO organisational structure was designed to enable KPO to meet its business objectives and to satisfy the requirements from the Republic of Kazakhstan (the Authority represented by the PSA LLP) and the Contracting Companies by continuously assessing its external environment. In order to carry out the petroleum operations stipulated in the FPSA, there is a Co-operatorship model of Karachaganak field represented by Agip Karachaganak B.V. and BG Karachaganak Limited (respective affiliates of Eni Spa and Shell; Shell has officially acquired 100% of BG Group).

KPO has two high governing bodies: the Joint Operating Committee (JOC) and the Joint Marketing Committee (JMC), which are formed by representatives

of each of the five Contracting Companies and representation of the Authority under the FPSA. As per the FPSA requirements, the Chair of the JOC is always a representative from the Authority, and the JOC Secretary is a senior executive from the Operating Contracting Companies. / GRI 2-11 /

In addition, in order to satisfy the requirements of the Joint Operating Agreement (between the Parent Companies) and the Operator Participants Agreement (between the Operators Eni and Shell). There has been established certain sub-committees, at Contractor and Operator level, dealing with specific matters. Graphical view of the full governance structure is given on figure 7.

Fig. 7. Karachaganak venture senior management structure (as of 31.12.2024) / GRI 2-9, 2-12, 2-13 /



Nomination, selection, and performance evaluation of Parent Company representatives as members of any part of governance structure are carried out in accordance with the internal regulations of the Parent companies themselves and the authorized body on the part of the RoK. KPO, as a reporting entity, does not have access to this information. Parent companies report on these matters individually in their sustainability reports. / GRI 2-10, 2-18 /

KPO submits various types of reports to committees, sub-committees, and to representatives of Operator, Parent Companies, the Authority of the Republic of Kazakhstan, the PSA LLP Authority, and other authorized bodies of the Republic of Kazakhstan. The highest governing body for addressing sustainable development issues is the Joint Operating Committee. In order to support KPO sustainable development, the JOC members control and manage engagements with stakeholders based on the exchange from the above listed formal committees. / GRI 2-13 b /

Joint Operating Committee

The JOC is responsible for the overall supervision of petroleum operations and of social and infrastructure projects to ensure that activities are carried out in accordance with the FPSA and Settlement Agreement. Matters pertaining to the JOC include: review and approval of the annual Work Programme and Budget, social and infrastructure projects, and any changes to the Field Development Plan. JOC meetings take place normally no less than two times per year. In 2024, the JOC meetings were held in June and November.

The JOC is chaired by a representative from the Authority. The Authority and the Contractor (Parent companies) each appoint five representatives to attend the JOC. The JOC representatives shall have deputies, who shall also be appointed by the Authority and the Parent Companies respectively. The Akim of the West Kazakhstan Oblast attends the JOC meetings as the community representative, but without voting rights. KPO is invited as a guest, and is not a member of this committee.

JOC members are remunerated by their respective companies and selected by the senior management of each participating entity, based on each candidate's individual experience and respective companies' policies. / GRI 2-10, 2-19 /

The highest governing body for addressing sustainable development issues is the Joint Operating Committee.

JOC Sub-Committees

The JOC has established several sub-committees, such as the Joint Procurement Committee (JPC) and the Local Content Sub-committee (LCS).

The JPC is responsible for the approval or endorsement of the main contracts to be awarded by KPO, and acts in accordance with the JOC Tender Procedures as approved by the JOC. Membership and voting rights for the JPC are similar as for the JOC, and its decisions also need to be unanimous.

The Local Content Sub-committee consists of KPO representatives and the PSA Authority. The LCS is responsible for the provision of assistance to the JOC on issues related to local commodities, works and services, increase of local staff employment, training and development of Kazakhstani employees. The LCS is also involved in discussions and reviews of plans and programmes related to local content as proposed by the Republic, the Authority, or Parent Companies.

Joint Marketing Committee

The JMC is responsible for all activities relating to the marketing of hydrocarbon and non-hydrocarbon products under the FPSA. This Committee approves proposals concerning transport, processing, swaps and the sale of petroleum products. Decisions are taken with the objective of maximising net revenues. The JMC is chaired by a representative from one of the Parent Companies. The KPO Marketing Director has the right to participate in JMC meetings without voting rights.

Contractor's Committee (ConCom) and Operating Committee (OpCom)

As defined by the Joint Operating Agreement (JOA), the Karachaganak Joint Venture operates utilising two bodies for management and decision-making. One body is the Contractor's Committee (ConCom), which is responsible for determining all the Parent (Contracting) Companies' position on matters

subject to the decisions of the JOC. The other body is the Operating Committee (OpCom), which oversees the management of the Venture and ensures compliance with the FPSA requirements.

The highest governing body for developing sustainable development strategies is the Contractor's Committee.

The highest governing body for developing sustainable development strategies is the Contractor's Committee. These activities to deliver the strategic objectives are initiated and submitted for discussion at the meetings of the Operating Committee by KPO representatives, discussed at the level of the Operating Committee. Contractor's Committee monitors the design and implementation effectiveness of the organization's processes as part of the annual internal audit by all Parent companies. / GRI 2-12 /

ConCom and OpCom Sub-Committees

The different subcommittees, at Contractor and Operator level, provide professional advice and assurance in specific areas of expertise at operational and corporate levels. Each Sub-Committee has its own purpose and objectives stipulated in the respective 'Terms of Reference'.

The topics on sustainable development, such as social, economic, environmental topics are captured in Sustainability Sub-committee at Operator level – represented by both Operators and KPO. Its main purpose is to advise on identified issues, concerns and impacts of KPO business on the communities living in KPO's direct impact area. / GRI 2-12 /

The topics on sustainable development, such as social, economic, environmental topics are captured in Sustainability Sub-committee at Operator level – represented by both Operators and KPO.

The Sustainable Development Sub-Committee reviews issues such as the post-resettlement monitoring of the former Berezovka and Bestau villages, engagement with Burlin District and Karachaganak field adjacent communities, NGOs, and also the sustainability reporting. / GRI 2-12 /



Director's Committee / GRI 2-9 /

The KPO Directors Committee is the executive body. This is an advisory body for making operational decisions for managing the Company, including collective decisions.

The Directors Committee includes heads of all key divisions in the Company. The directors are represented both by secondees from the Operating companies and KPO employees from among the citizens of the Republic of Kazakhstan. All Director's Committee members are nominated by the OpCom. The appointment of directors is subject to the terms of the Joint Operating Agreement. The term of appointment of directors is three years. Each nominee for a relevant director position undergoes strong selection by the Operators based on his/her professional qualification and background.

Representatives of the Operator companies – Shell and Eni – are alternately appointed to the positions of General Director and Operations Director, Deputy General Director. The KPO organisational structure does not provide for a position of an independent director.

The gender ratio at the time of issue of the Report made up 82% for men and 18% for women. KPO Directors do not include representatives of underrepresented social groups. The latest information about the KPO Directors Committee is provided on our website in section "[KPO Management](#)".

General Director is the most senior manager of KPO reporting directly to the Contractor's Committee. A number of Directors and Controllers are directly reporting to him. General Director is accountable for achieving the overall performance targets set for KPO by the Contracting Companies and as defined in the approved plans and budgets. Directors Committee chaired by General Director monitors progress of key issues identified by reporting Committees and proactively identifies and tracks "hot issues" and agrees solutions and allocation of resources with the relevant business leaders.

The members of the Directors Committee participate in all major forums related to sustainability topics, thereby increasing their awareness of ESG issues. In 2024, KPO Directors and Controllers participated in the following forums: Safety Leadership & Culture Commitment Workshop, conference on "KPO local content development and procurement process", KPO Roundtable: Top 50 Companies Delve into Integrated Environmental Permitting in Kazakhstan's Oil and Gas Sector, KPO Local Content Workshop, Workshop on "Local Content in Goods: Strategic Development of the Country and Industry", HSE Leadership and Culture Programme Meeting with Contractors, Annual IR Forum, IMB Center Annual Forum, KPO, TCO, NCOC and CPC-K HSE Forum, Safety Summit (Safety Leadership & Culture Commitment Workshop) with contracting organizations, The VII International Environmental Forum "Uralsk Green Forum", IMB Center's Localization of Goods in the Oil and Gas Sector workshop-exhibition, KASE Award Ceremony for the 2023 Annual Report Competition. / GRI 2-17 /



MANAGING RISKS / GRI 2-12, 2-13 /

Petroleum operations must be carefully managed with respect to people, the environment, and assets. As a responsible oil and gas Operator, KPO makes particular emphasis on managing business risks encompassing all dimensions.

The risk management process includes activities required to identify, assess, monitor, manage, and report risks that may impact the achievement of objectives. This is a dynamic and continuous process.

In 2024, the Risk Committee discussed and reviewed various business risks, including but not limited to:

1. Severe road traffic incidents with involvement of primary and/or secondary logistics
2. Major Asset Integrity and Process Safety accident
3. Technical water supply challenges
4. Power Generation capacity constraints
5. Increase in occupational safety injuries
6. Exposure to major cybersecurity incidents
7. Decrease in gas supply to Orenburg
8. KGP fails to take Final Investment Decision (FID)
9. Social tension
10. Bribery/ Corruption

KPO works on mitigating these risks through its management systems and continuous assessment in order to positively shape business strategy and change management.

To ensure the effectiveness of the risk management process, KPO implements the following reporting steps:

- **Twice per year:** by conducting Risk Committee meetings;
- **Continuously:** regular assessment and update on risks evolution at Risk Owner level to ensure well-timed and effective implementation of preventive actions to mitigate identified risks, and timely informing the Integrated Risk Management focal point.

Detailed disclosure on measures to reduce key specific risks related to social, environmental and economic material topics is provided in the relevant chapters of this Report.

Business and safety risks: The Integrated Risk Management Procedure and HSE Integrated Management System Framework define and describe this process, as well as roles and responsibilities across the Company. It also aimed at synchronizing business goals and targets with business risks on each level of the organization. Corporate Governance Controllershship is responsible for adoption, maintenance, monitoring and continuous improvement of the integrated risk management system, covering both business and safety risks.

For business risks, this process is regulated by the Integrated Risk Management Procedure, and risks are reported through Corporate Risks Register, which is a risk model listing main business risks as well as relevant preventive and remedial actions.

For safety risks, this process is regulated by the HSE Risk Management Framework. Risks are reported through Corporate HSE Risks Register, which is a risk model listing main safety risks as well as relevant preventive and remedial actions. The HSE risk model outcomes feature into the business risk model.

The final risk model is reviewed and summarized in the preparation for the KPO Risk Committee meetings, which is participated by KPO senior management.

/ GRI 2-12, 2-13 /

Process Safety risks: Key Process Safety risks are recorded in the Barrier Model containing all detailed process safety risks, which are under management of Safety & Asset Integrity Controllershship and regulated with the HSE Risk Management Framework. More details are provided in the Asset Integrity chapter.

ASSURANCE / GRI 2-12, 3-3 /

At KPO, the commitment to fostering a culture of internal assurance is paramount for promoting the sustainability and responsible growth of the Company. KPO demonstrates its commitment by delivering two key processes to support its business objectives:

- a value assurance process for capital expenditure projects,
- an audit process for internal, external and contractor audits.

In 2024, KPO has continued prioritizing value assurance, rigorously evaluating all development projects to ensure sound decision-making. This comprehensive process, from opportunity identification through the operational phase, is meticulously detailed in our updated documents: the Projects Value Assurance Policies and Management System, and the Projects Value Assurance Events Guideline. Our objective remains steadfast: to maximize investment value, while placing a heightened focus on sustainability and environmental stewardship.

With the substantial nature of our investments, KPO engages in a mix of both internal and external value assurance events, including participation from Parent Companies, to guarantee the optimal performance of our project maturation processes. Such thorough assurance procedures serve a dual purpose: they enhance transparency and accountability, and they are pivotal in driving sustainable, long-term growth for KPO.

Such thorough assurance procedures serve a dual purpose: they enhance transparency and accountability, and they are pivotal in driving sustainable, long-term growth for KPO.

A key highlight for 2024 was the integration of our KPO Green Strategy. This forward-thinking initiative has led us to develop innovative conceptual proposals aimed at minimizing environmental impact in our new capital projects. This strategic move underscores our commitment to not only maintaining but elevating the sustainability of our operations, aligning with our vision for a greener future.

Regarding audit assurance, which is captured in the Internal Corporate Audit Procedure, the internal audit function provides risk based independent assurance on the design and operating effectiveness of governance, internal controls and processes as set out in KPO Control Framework, and systems. The internal audit function identifies any gaps which may impact the capability of KPO to deliver its business objectives.

KPO implements its annual audit plan covering risk areas across the business activities such as: governance, contracting & procurement, internal and contractor HSE management, financial, accounting, production operations, logistic processes and many others. Besides of that, the internal audit function follows-up of identified audit actions. The results of these audits are reported to KPO management and Parent Companies at the Audit Sub-Committee.

Further, KPO Parent Companies conduct audit on annual basis based on their own internal risks assessments. This provides an additional independent assurance level on the design and operating effectiveness of the KPO Control Framework. The results of these audits are reported to KPO management and Parent Companies at the Audit Sub-Committee. / GRI 2-12 /





The results of these audits are reported to KPO management and Parent Companies at the Audit Sub-Committee.

Finally, external certified auditors provide assurance on effectiveness of the KPO Control Framework and compliance with the international standards and RoK laws is provided through ISO certification including surveillance audits.

Moreover, KPO through internal corporate audit department carries out its own HSE internal audit plan on annually basis. For example, in 2024 KPO conducted 14 HSE audits.

Integrated HSE Management System

/ GRI 3-3, 403-1, 403-7, 403-8 /

Continuous improvement and commitment are KPO's priority in ensuring the health and safety of the workforce with minimum impact to the environment.

KPO manages HSE issues through its Integrated HSE Management System, which is certified in accordance with ISO 14001:2015 (Environmental Management System), ISO 45001:2018 (Occupational Health and Safety), and ISO 50001:2018 (Energy Management). Additionally, from 2022, KPO has obtained the ISO 39001:2012 (Road Traffic Safety Management System) certificate.

In order to maintain its credentials in relation to the ISO requirements, in 2023, KPO had passed through the re-certification process of ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018 and surveillance auditing process of ISO 39001:2012. Both KPO employees and contractor staff work intensively towards maintaining these processes.

The KPO HSE requirements are extensively communicated at internal and external levels, such as to all KPO staff but also with all contractors and subcontractors (i.e. inclusion of HSE requirements in each awarded contract).

Each year KPO undertakes a range of HSE programmes, trainings, initiatives and campaigns. These include but are not limited to HSE inductions, job specific HSE training, and various other HSE programmes, such as Safety Leadership and Culture Programme, HSE Card Programme, HSE Award Incentive Scheme, Health Risk Assessments, Resilience Programme, Environmental Culture and Awareness Enhancement Programme, and other.

Why is it important to us? / GRI 3-3 /

At KPO, we share a set of core values – honesty, integrity and fairness as foundation for our respect for people. By making a commitment to these in our working lives, each of us plays our part in protecting and enhancing KPO’s reputation. Our shared core values underpin all the work we do and are the foundation of our Code of Conduct and the KPO Business Principles.

The **KPO Business Principles** govern how KPO conducts its affairs and outline our responsibilities to shareholders, customers, employees, business partners and society. The Code of Conduct describes the behaviour KPO expects of employees and what employees can expect of KPO.

We are judged by how we act. Our reputation will be upheld if we act in accordance with the law, the KPO Business Principles and our Code. We encourage our business partners to live by the KPO Business Principles or by equivalent principles.



Nataliia Golovina
Legal Compliance Counsel

BUSINESS CONDUCT

/ GRI 2-23, 2-24, 3-3, SDG 10.3, 16.5, 16.8 /

KPO BUSINESS PRINCIPLES / GRI 2-23 /

KPO conducts its business based on KPO Business Principles, which were introduced in 2019 and signed by all members of the KPO Board of Directors. Prior to that, Business Principles were the part of the Code of Conduct.

Our Business Principles govern how we conduct our business and set high standards of performance and ethical behaviour. We also expect all of our stakeholders, including contractors and suppliers, to respect and adhere to these Business Principles.

Fig. 8. KPO Business Principles cover seven main categories:



The full text of the KPO Business Principles and a short video are available on our [website in Business Ethics section](#).

CODE OF CONDUCT

The KPO Code of Conduct is a fundamental compliance document aimed to protect the activities and reputation of the Company and its employees. The Code of Conduct is a system of business ethics and corporate culture general rules at KPO, required of all KPO employees, contractors' employees and other persons working on behalf of KPO, without distinction or exception. / GRI 2-23 /

The Code of Conduct includes provisions on respecting the principles of free enterprise and fair competition,

protecting human rights and the Company assets, providing equal opportunities, zero-tolerance for corruption and legitimization of proceeds of crime (money laundering), any harassment at work, and also regulates some aspects of national and international trade, labour protection, safety and environmental protection, protection and exchange of information, including personal data. / GRI 2-24 /

The full text of the KPO Code of Conduct is available on our [website in Business Ethics section](#). / GRI 2-23 (c) /

HUMAN RIGHTS / GRI 2-23, 2-24, 408-1, 409-1, SDG 8.7 /

Grounded in the principles proclaimed in the United Nations Universal Declaration of Human Rights and the core conventions of the International Labor Organization, KPO is committed to respecting human rights and complying with applicable laws and regulations in the line of its duty. Moreover, these norms are spelled out in the Constitution of the Republic of Kazakhstan (RoK), in the Labor Code of the RoK, in the Code of the RoK "On the health of the people and the healthcare system", the Law of the RoK "On civil protection", in the Environmental Code of the RoK and in relevant regulations.

The observance of human rights is a prerequisite of our "license to operate". Our activities are based on respect for human rights of our stakeholders starting from our employees, contractors, local communities and local authorities. Following these goals, at KPO we regularly engage with our external stakeholders and always strive to contribute, both directly and indirectly, to the general wellbeing of the communities in which we operate.

Human rights issues are an integral part of the Company's internal regulations describing compliance with requirements in terms of social contribution, safety, human resources. For this reason, human rights requirements are embedded in the Code of Conduct and in KPO existing framework, manuals and policies. These include:

- **Social performance** – we have social performance plans and address the social impacts of our operations on local communities.

- **Security** – company-wide security requirements help keep staff, contractors and facilities safe in a way that respects human rights and the security of local communities.
- **Human resources** – our policies and standards help us establish fair labour practices, ethical labour relations, a positive work environment and conditions.
- **Contracting and procurement** – we seek to work with contractors and suppliers, who contribute to sustainable development and are economically, environmentally and socially responsible.

As part of the overall KPO Compliance Framework, KPO has adopted and successfully implemented the new Ethics and Compliance Training Programme, which addresses major points of the principles and commitments listed above.

KPO has a zero-tolerance approach to modern slavery and child labour is committed to identifying and minimizing so far as possible the risk of child labour, slavery and human trafficking occurring in its supply chains and in all areas of its business.

In 2024, there were no cases of child labor and human trafficking in KPO and its contractors. / GRI 408-1, 409-1 /

COMPLIANCE / GRI 2-24 /

ANTI-CORRUPTION / GRI 205-1, 205-3 /

KPO pays special attention to the issue of anti-corruption. The KPO Anti-Bribery and Corruption and Anti-Money Laundering Manual (hereinafter referred to as the Manual) is based on the Code of Conduct and Business Principles and define KPO requirements for compliance with national and international laws prohibiting bribery and corruption. The manual is mandatory for all KPO Staff, including seconded employees of Parent Companies, full-time employees and employees of sending parties (recruitment agencies). / 2-24 (a-ii, a-iii) / Management defines work processes related to gifts and hospitality and helps staff assess potential corruption risks. Particular attention is paid to:

- Contracting,
- Gifts and hospitality,
- Funding social investment,
- Interaction with government agencies,
- Conflict of interest.

The KPO General Director, directors or managers identify key legal and ethical compliance risks in the relevant directorates/departments, as well as assess and monitor risks. / 2-24 (a-i) /

The Risk Assessment "Exposure to major breach of the Code of Conduct and of the Ethics and Compliance policies and procedures" includes an assessment of all KPO activities for risks related to corruption.

To mitigate the corruption risks, the following rules and processes have been established:

- Due Diligence is applied before entering into a contract or any binding agreement with a counterparty (*please, read more in Suppliers' ethical due-diligence*).
- Bribery and any facilitation payments (including accepting a bribe, giving a bribe, commercial bribery,

mediation in bribery and commercial bribery) are prohibited.

- Strict rules and restrictions have been established for such business processes as charity and sponsorship, with mandatory recording of expenses and preliminary review of all participants in the process.
- Any payments (direct or indirect) at the expense of the Company's funds to political parties, political organisations or their representatives are prohibited. / GRI 415-1 /
- The basic principles for giving and receiving gifts and hospitality, thresholds, levels of agreement and approval have been established, and an appropriate register is maintained.
- Principles and rules have been established for reporting a conflict of interest (actual, potential and perceived). All cases of a conflict of interest are recorded in the respective register, and measures are taken to resolve it by the responsible business unit (*Please, read more in Conflict of Interest*).
- Trainings are held on a regular basis and employees' awareness of anti-corruption and other ethical requirements are checked (*please, read more in Compliance awareness training*). / 2-24 (a-iv) /
- Processes for reporting violations of the Company's internal documents and applicable laws have been regulated, procedures have been established for investigating and liability for violations of the Company's internal rules.

Conflict of interest / GRI 2-15 /

Conflicts of Interest in KPO are regulated by the Code of Conduct, the Anti-Bribery and Corruption and Anti-Money Laundering Manual. The latter Manual is designed to provide guidance to KPO's various hiring managers and the Legal Directorate to assist them in managing apparent, potential or actual conflicts of interest. The Committee of Operators oversees the management of such conflicts by conducting compliance audits. Conflicts of interest may arise if KPO employees have Immediate Family Members who are KPO employees, government officials, contractors, suppliers, competitors and KPO business partners. Such cases are handled and managed within the Company.

Legal Compliance Department reminds all employees of the need to declare a conflict of interest on a regular basis. Every eligible candidate shall sign Conflict of Interest Declaration prior to employment.

General Director and Legal Compliance Department ensure overall employee awareness on significance of conflicts of interest and about the need to follow all compliance standards and requirements via corporate mail.

Compliance awareness training

/ GRI 205-2 /

All KPO employees receive regular trainings on various compliance topics.

In 2024, the Compliance Department conducted 24 in-person sessions on the Anti-Corruption and Bribery course for employees who work at high risk of committing compliance violations. 332 employees attended this course, including the KPO Directors Committee.

In addition, Compliance Department conducted face-to-face training on Trade Compliance for the relevant personnel. A total of 16 sessions were held, attended by 274 employees.

Besides, each KPO employee is required to certify on an annual basis that he or she has read and understood the Business Principles, the Code of Conduct, the Anti-Bribery and Corruption and Anti-Money Laundering Manual and sign the Annual Ethics and Compliance Declaration. As per the 2024 year-end results, 91% of employees, including seconded employees of Parent Companies, full-time employees signed the Annual Ethics and Compliance Declaration.

All compliance policies and procedures are available to each employee on the KPO Intranet. The KPO Business Principles and the Code of Conduct are available to all stakeholders on the KPO intranet.

Suppliers' ethical due-diligence

/ GRI 2-23, 205-1, 205-2, 414-1 /

KPO is committed to achieving and maintaining the highest standards of corporate governance, particularly in respect of compliance with ethical and legal requirements. KPO's success is based on all its business partners, who play an important and valued role in our continuing business success, sharing that commitment.



KPO conducts an Ethical Due Diligence assessment of business partners to determine the risks associated with each potential business partner and to identify appropriate mitigation measures for those aspects that may pose a risk. / GRI 2-24 /

Each potential business partner receives a questionnaire asking information about its ownership, management and conduct of business including its ethical business practices. As part of its due diligence, KPO also uses open-source information to corroborate information received from partners and to verify feedback on business practices and reputation in the marketplace. KPO uses an international compliance database, the Kazakhstani database of legal entities, and open national databases, including tax and court databases, as well as independent international experts. Then, a risk assessment is performed to determine the acceptability of the business partner and, if relevant, mitigation measures to be applied to any residual risks. / GRI 2-24, 2-25 /

Moreover, KPO requires its business partners to comply with applicable Kazakh and international laws combatting corruption and bribery through obligations incorporated in KPO's standard contracts.

All business partners are required to complete an Annual Compliance Certificate certifying their compliance during the preceding calendar year with the representations, warranties and commitments set forth in each KPO contract in Article, Ethics and Business Practices. / GRI 2-24 /

KPO is confident that the above activities have alerted its business partners to KPO's high standards of ethical business. KPO cooperates with its business partners and along with business partners are obliged to comply with all applicable laws to prevent corruption and bribery.

Hotline and other compliance measures

/ GRI 2-25, 2-26, 3-3, SDG 16.10 /

To support the Company's Ethics and Compliance Programme, KPO has a toll-free, anonymous and confidential [Hotline](#).

The Hotline is an important tool for KPO's employees, contractors and stakeholders to promote a fair and safe working environment. Hotline provides an avenue for employees and third parties (contractors, suppliers and any other interested parties) to report possible illegal, unethical or improper conduct, such as discrimination, sexual harassment, conflicts of interest, improper financial practices or bribery. The caller may report on the alleged misconduct either by telephone or by completing an online report form. Incoming reports are handled by an independent, third-party provider, which guarantees their confidentiality and anonymity. Further, reports are forwarded to certain KPO responsible persons, who ensure that they are professionally handled. KPO employees can also report concerns directly to the Legal Compliance Department, HR or their respective line managers.

In 2024, Legal Compliance Department received 113 new reports through the Hotline and directly. / GRI 2-16 / Most of the complaints were related to the workplace relationship matters, conflicts of interests and contractual matters. In 2024, 123 investigations were completed, including investigations on reports received in 2023. 41% of the investigated reports were proved as partially or fully substantiated. All investigations were conducted in accordance with the KPO's Compliance Investigation Procedure and/or Discipline Handling Procedure, depending on the nature of report.

The compliance investigation team duly investigates the received reports and, in case the allegations are substantiated, consequence management actions are identified and carried out. In 2024, 70 consequence management actions were recommended, of which 81 were completed and closed (this also includes actions recorded in 2023). The quality of investigations is ensured by the continuous maintenance and updating of the "Logbook of Complaints", which helps to measure

the performance of investigations and conduct trend and root cause analysis in case of unsatisfactory performance.

All consequence management activities are monitored and controlled in accordance with applicable KPO policies. KPO Ethics Advisory Board monitors and decides on the most significant investigations and consequence management processes. Once discussed, agreed upon and approved by the Ethics Advisory Board, consequence management activities become mandatory in the respective Directorates/departments. All these activities are recorded, tracked and monitored using a dedicated logbook ("Register of Activities").

In October 2024, the Company held its 'KPO Ethics Day' dedicated to corporate ethical values and raising the level of ethical leadership. This event was launched in 2023 with the purpose to create a communication platform for discussing latest issues related to ethics and compliance. The event was attended by KPO management of the first and second levels, as well as representatives of the Operator – Shell and ENI and external stakeholders.

In 2024 the Company launched a new project – the Ethical Leadership Program aimed at driving awareness and engagement on corporate ethics and compliance principles across KPO.

ANTITRUST / GRI 206-1, 3-3 /

Antitrust laws protect free enterprise and fair competition. Supporting these principles is important to us, not only because it is the law, but because it is what we believe in.

The KPO Code of Conduct regulates the rules for all employees to combat illegal practices, including price fixing, market sharing, output limitation or bid-rigging, as well as anticompetitive or monopoly practices.

KPO employees are prohibited from discussing with competitors, even in private, issues that may be perceived as a violation of antitrust laws, and even more so from entering into agreements with them on such issues.

In 2024, KPO has no any pending or completed legal actions related to unfair competitive behaviour and violation of antitrust laws.

COMPLIANCE WITH LAWS AND REGULATIONS / GRI 2-27 /

KPO complies with all applicable laws and regulations of the countries in which it operates.

All members of the KPO Board of Directors and the Legal Directorate ensure that all compliance matters are resolved in accordance with the FPSA and the Joint Operating Agreement, all applicable RoK and international laws governing oil and gas companies, and KPO policies and procedures governing compliance processes.

In 2024, a total of eleven cases of administrative offences were in process, of which 4 (four) cases with State Institution "WKO Ecology Department" and State Institution "Atyrau Region Ecology Department",

5 (five) cases by the order of Burlin District Police Department, 1 (one) case with State Institution "WKO Emergency Situation Department of RoK Ministry of Internal Affairs", and 1 (one) case with SI "WKO State Architectural and Construction Supervision Authority".

10 out of 11 administrative offence cases mentioned relate to the period of 2024 (one case from 2023). During the reporting period, KPO was subjected to administrative fines in total amount 970,019,394 KZT: KPO has paid administrative fines related to one administrative offence cases for a total amount of 1,846,000 KZT, administrative fines 9,405,370 KZT have been cancelled based on KPO's petitions and fines in total 958,768,024 KZT are currently under appeal.

Why is it important to us? / GRI 3-3 /

The whole world is going digital and KPO cannot stay apart, if we wish to upkeep the attractiveness of the oil and gas business for the country and for investors. KPO is actively pursuing digital initiatives, raising efficiency, and reducing routine operations. Projects implemented in 2024 brought about measurable results, improving quality of the business processes, reducing routine operations, introducing the Electronic Digital Signature extensively throughout all of the systems.

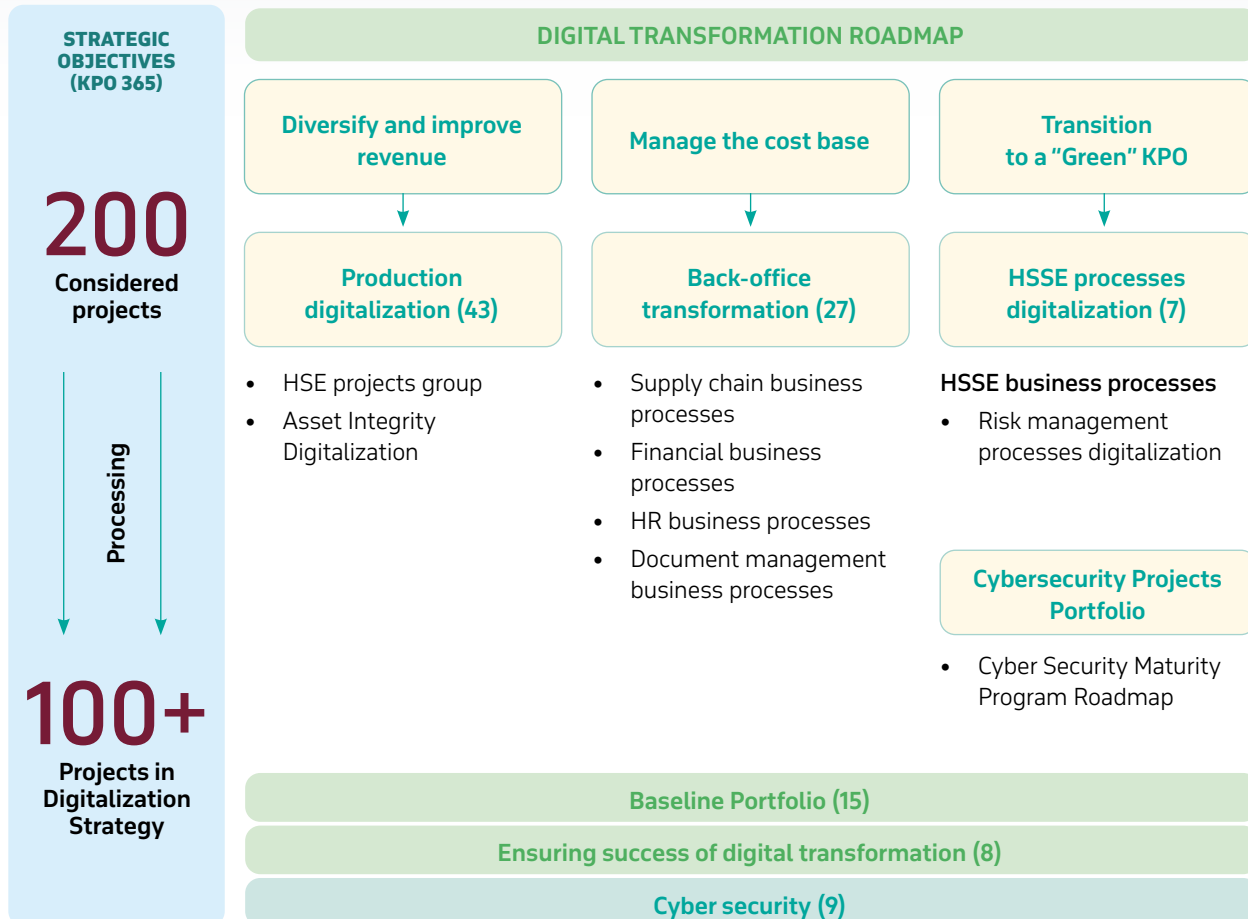
Nowadays IT / digital resources are all around us in business and private lives, so it is becoming vital to know how to use them safely. Besides, Cyber Security is one of enablers of the KPO Strategic Priorities to safeguard our Crown Jewels – people, data and applications, from cyber threats like phishing, ransomware or targeted attacks.



Serikov Bakhtiyar
Enterprise Architecture
Manager



DIGITAL TRANSFORMATION ROADMAP 2024-2028



DIGITALIZATION AND CONTINUOUS IMPROVEMENT / SDG 9.4 /

KPO implements its digital transformation in conformity to the Digitalization Strategy and Roadmap approved in 2023. The Program encompasses over 100 projects in 6 key portfolios: Baseline, Production, Automation of HSSE Processes, Back-office Processes Digitalization, Ensuring Success of Digital Transformation, and Cyber Security Maturity Program. Our key digitalization achievements in 2024:

- Telemetry Phase II Completion:** 17 wells have been connected to the telemetry system in 2024 (2021 – 9 wells, 2023 – 15 wells), which improves production forecasting, enhances prompt response capabilities, optimizes maintenance, and reduces the risks of standstills. The data have been integrated with the analytical and production systems, streamlining controls and operational efficiency. Cyber security has been ensured, while the data transfer to the forecast models expedites the digital transformation and boosts production safety.
- Smart search:** An AI search platform was created for the unstructured data, reducing the search time by 90% – the engineers are finding data in 10 minutes instead of an hour. This tool enhances productivity, automates routine tasks, improves access to information and the interfaces between units, while ensuring accurate analyses and accelerating the decision-making.
- Simplified modelling for production forecasts:** A rapid AI production forecasting system has been rolled out, speeding up the calculation at a 20-fold rate – development of scenarios takes minutes instead of hours. It improves the accuracy of forecasts, simplifies the data access, optimizes planning and decision-making, reduces risks of deviations from the planned performance indicators, and streamlines the production management efficiency.
- Production forecasting:** The “Production Forecasting Tool” has been implemented to automate the production forecasting, that integrates all work stages in one platform. The forecasting time has been reduced from 26 to less than 14 days, which renders the data more up-to-date and improves the accuracy of calculations. Besides, there is less dependence on Excel reports and correspondence, which improves the process by 70%.
- Maintenance and engineering based on smart systems:** Work on creation of a Master Catalogue and on a design of a system for the Unit-3 process flow diagrams development has been completed aiming to improve the way the industrial workflows are managed and documented. The outcome is a precise and coherent representation of the equipment, pipelines, and instruments, streamlining the decision-making and preparedness for operations. Introduction of smart process flow diagrams improves the quality of documentation and management, enhances co-operation, lowers risks, and facilitates transition from design to operations and maintenance.
- Transport request services (phase 2):** The transport request service has been automated through a mobile App and a digital control room. Now employees can book the nearest available vehicle without participation of any control room operators, their expectation time was reduced from one hour to 20 minutes and the number of steps is twice less. The system already covers 20% of the car fleet and is planned to be fully rolled out by the end of 2025, increasing availability of transport and ensuring its better use.
- Project management methodology roll-out:** Project management workflows have been formalised and standardised in KPO. The standard and the procedure have been updated, ensuring a unified approach towards planning, execution, and monitoring of the digitalization projects. It made the workflows more transparent and allocation of resources more efficient, reducing risks and enabling timely achievement of targets.
- Digital venture workflow management system upgrade:** A unified corporate platform has been created with workspaces for each business unit, high level workflow cards, and regulatory documentation. The previous corporate portal with over 6,000 documents complicated the navigation and the information update. The project resulted in a normalised and automatic business process management system, streamlining the data access and bringing them increasingly up-to-date.
- Risk management:** The risk management system has been streamlined in SAP GRC, allowing to introduce new functions, close gaps, and improve the automated reporting and monitoring. Approval of risk mitigation actions is now automatic, and the system has been updated in compliance with the current requirements from 2018.

- **Implementation of the electronic document management system:** the pilot phase was implemented in 2024, the configuration and testing of the correspondence module was completed. The system is being integrated with SAP to optimize document management processes.

The projects implemented in KPO confirmed efficiency of the digital transformation, demonstrating substantial improvement of operational processes, data management, and automation of essential functions. For further development we need to continue

CONTINUOUS IMPROVEMENT

The Continuous Improvement (CI) participates in the improvement of business processes, which includes training of employees in Lean Six Sigma (LSS) supported by ENI. 90+ employees have received the certificates by 2024, including 7 certified with the "Six Sigma Yellow Belt". This training includes implementation of projects on improvement of the business processes helping to streamline them. The processes have been mapped for KPO key functional areas:

- **Contracts and Procurement Enhancements**
CI team reviewed over 60 business processes in KPO procurement, including all regulatory documents, as part of the e-Procurement program roll-out. A targeted process has been developed (TO-BE), reflecting suggestions from all key stakeholders jointly with the subject-matter specialists and a business partner. The purpose of this project is to introduce a unified procurement system, encompassing the entire C&P process (end-to-end), allowing us to streamline, speed up, increase transparency, and improve interaction with suppliers. The expected outcome of the system roll-out includes efficiency increased by 46%, reduction of phases by 56%, removal of paperwork turnaround by 80%, and the duration of operations decreased by 54%.
- **Advancements in Production & Maintenance (P&M)**
Production Forecasting process was identified as one of the priorities for continuous improvement. CI team in collaboration with RPE experts, P&M

scaling the successful decisions, integrating the best technologies, and enhancing the analytical tools. Special attention should be paid to extending the AI usage, strengthening cyber security, and improving digital platforms for the support of strategic decisions. A coherent development of digital initiatives will ensure a further growth in effectiveness, reduce operational risks, and boost the competitive positions of KPO. KPO continuously revises and updates its strategic documents.

Production Optimization group, and Marketing specialists have been working on Digital Oil Field project that aims to cover end-to-end Production forecasting process with use of advanced analytics tools (ML technologies) and provide significant process optimization. As a result, the process duration has been reduced from 26 to 14 days, improving the overall process by 70%. The project is at the completion stage and when the system is stable the Company will perceive the achieved advantages.

- **HR Recruitment Process Overhaul**
CI team has held a large-scale analysis of all 44 HR business processes, by interviewing the HR team, drawing diagrams of the current business processes, identifying painful issues and possibilities for their mitigation. Process optimization and automation opportunities have been identified for 29 business processes. One proposal has already been implemented, other 9 have been accepted by a User Department and passed to IT&T for implementing. Work on endorsement of the remaining proposals is ongoing.

These initiatives make part of a broader strategy to enhance operational efficiency, cut costs, and improve service delivery across the board. Additional mechanisms were identified for 2025 to enhance the CI maturity. DCI team provides support for the KPO Business Units in order to line up digitalization process across the entire company through an integrated approach to analysis and optimization.



CYBER SECURITY MATURITY PROGRAM

Cyber Security Department was established at the end of the 2022 year and the Cyber Security Maturity Program was launched in 2023 in order to reach out level of Oil & Gas supermajors average. The main results of Cyber Security Maturity Program in 2024:

- In 2024 the **Cyber Security Awareness and Training Campaign (CS A&T)** was implemented and made operational. This campaign is an annual strategic initiative, its purpose is to train and motivate our employees to follow best practices and avoid sprawling threats, such as, phishing, spear phishing, ransomware, malware, social engineering schemes, and much more. It consisted of cyber security lessons, learning videos, phishing imitations, posters, TV presentations, pop-up messages, monthly informational bulletins and the awarding part.
- Cyber threat identification and monitoring tools have been introduced for the Information Security Coordination Centre as part of the CS A&T

Campaign, works on improvement and integration with the existing system are currently ongoing. The value of this Centre establishment includes the following:

- ▶ *Online monitoring*: covers 100% of the IT infrastructure.
- ▶ *Automatic discovery and response*: processing 70-100 notification in the online mode, significantly reducing the need for manual intervention.
- ▶ *Better risk management*: a more efficient identification and removal of vulnerabilities; tasks that previously required up to three weeks, do not take more than one day anymore.

Cyber-attacks are becoming ever more sophisticated, and our goal is to keep improving our security system continuously.