



*Responsibility for
climate change starts
with you!*

INTRODUCTION

- 3** Letter from General Director
- 4** About this Report
- 6** Mission and Business Strategy
- 9** Material topics and stakeholder engagement

LETTER FROM GENERAL DIRECTOR / GRI 2-22 /



Dear Readers,

I am pleased to present to you the ESG-Report of Karachaganak Petroleum Operating B.V. Kazakhstan Branch for the year 2024. This will be the seventeenth report since the Company began publishing its non-financial reports. Not only does this document provide a report on our activities for the past year, but it also describes our values and commitment to the principles of sustainable development.

In a world of rapid change, we understand that our responsibility to society and nature is becoming increasingly pertinent. We strive to innovate, improve processes, and invest in a future that is beneficial for all. Our goals of reducing our carbon footprint, enhancing working conditions, and maintaining social justice remain at the forefront of our efforts.

Currently KPO pursues a wide range of initiatives focused on decarbonisation such as energy efficiency, methane emissions reduction and assessing lower and zero carbon opportunities. In November 2024, KPO showcased its achievements at the 29th UNFCCC COP 29 conference and confirmed its compliance with the OGMP 2.0 Gold Reporting Pathway. This brings KPO closer to achieving the key 2025 goal of becoming an OGMP 2.0 Gold reporting standard.

The natural disaster that swept across a number of regions of the country in early 2024 left no-one indifferent. I am extremely proud to share about the role of KPO and its shareholders in supporting WKO communities by donating funds to support the affected families. Thanks to this funding, more than 1,100 families have moved into their new homes. KPO has always felt its responsibility to West Kazakhstan oblast, our host region, and in such a difficult period we could not remain on the side-line.

In 2024 we proudly celebrated the 125th Anniversary of Kazakhstan's First Oil and the 45th Anniversary of Karachaganak's discovery. These milestones are not just a celebration of the past but a reminder of an incredible legacy that we feel to be a part of.

In this report, you will find the highlights of KPO's operation and learn about the key initiatives that we implemented last year. We take pride in our accomplishments but also recognize that there is much work ahead of us. We believe that sustainable development is our shared path, and we are ready to walk it together with you. I hope that this report will expand your understanding of how KPO has fared in the field of sustainable development. Your comments and suggestions regarding both the format and details of disclosure will be most appreciated and used to make our future reports better.

Yours sincerely,
Marco Marsili
KPO General Director

ABOUT THIS REPORT / SDG 12.8, 16.10 /

Karachaganak Petroleum Operating B.V. Kazakhstan branch (KPO) is an international oil and gas company, incorporated in the Netherlands in 1998, engaged in oil and gas exploration and production in the West Kazakhstan region of the Republic of Kazakhstan. On behalf of its Parent Companies Shell, Eni, Chevron, Lukoil and KazMunayGas, KPO is the Operator of the Karachaganak Field, one of the world's largest oil and gas condensate fields, under the Final Production Sharing Agreement ("FPSA") signed between them and the Government of Kazakhstan. / GRI 2-1, 3-3 /

KPO has been reporting on its efforts and achievements in sustainable development since 2008, for the past 16 years. In 2009, the Company adopted a [Sustainability Development Charter](#), under which it commits to "report to our external stakeholders a full and honest review of performance" in the area of sustainability. The provisions of KPO Sustainability Development Charter meet the widely acknowledged definition of Sustainable Development as **"development that meets the needs of the present without compromising the ability of future generations to meet their needs"**.

This Report is our seventeenth in a row. The Report is a tool of transparency and communication with all stakeholders about the impact of KPO activities on the region of its presence as part of the presented material topics. In this document, we disclose our performance over the reporting period through the prism of three pillars of sustainable development: social (S), environmental and economic (E), and also management approach (G) in conducting business.

The report also presents production indicators and development plans, our energy transition approaches, as well as social and environmental projects, economic

partnerships, implemented through engagement with stakeholder groups.

It is today when we feel the results of what we laid down over 25 years ago. Compliance with the principles of sustainable development has been and remains our "license" for the further development of Karachaganak, because we acknowledge the scale of our impact in terms of the region, the country and the world.

Report scope and boundaries

/ GRI 2-3, 3-3 /

The boundaries of the KPO Sustainability Report relate to all Company operations in the allotment area of the Karachaganak Oil & Gas Condensate Field and export pipeline systems: Karachaganak-Orenburg Transportation System (KOTS) and Karachaganak-Atyrau Transportation System (KATS).

This publication is for the KPO performance in 2024. This document presents both our performance for 2024 and our plans for 2025. In order to demonstrate our sustainability commitments, our performance on material topics is presented in comparison with previous years.

Following the established practice and as per the GRI Standards principles, we try to tell both our achievements and issues. In the Contents we have outlined the most material topics from our point of view, which are then disclosed in detail in the chapters of the same name.

The 2023 ESG-Report was issued at the end of July 2024. The archive of all our issued sustainability reports is available on our website at www.kpo.kz/en/sustainability.

KPO non-financial reporting history

KPO has been reporting on its sustainable development since 2008.

- **From 2008 through 2012**, our early publications were prepared in accordance with the GRI Guidelines 3.
- **From 2013 through 2016**, KPO reports were issued in accordance with the Fourth Guideline of the Global Reporting Initiative (GRI G4). In 2014, KPO was one of the first companies in Kazakhstan to have applied the requirements of the GRI G4.
- **From 2017 to 2024**, KPO sustainability reports were issued in accordance with the requirements of the GRI Standards and UN SDGs.

Applicable global reporting initiative standards

This Report has been prepared in accordance with the requirements of the GRI Standards 2021 and applying the requirements of GRI standards Oil and Gas Sector 2021. In addition, we studied the ESG agenda, which is largely consistent with the requirements of GRI standards. We conduct a regular comparative analysis of our contribution to the United Nations' SGD implementation in Kazakhstan. Also, we look at the new standards and guidelines, such as ESRS, IFRS and their applicability to our Company.

Our goal is to ensure the appropriate level of transparency and reliability in our sustainability report, as required by the GRI Standards, which we consider as most applicable for us in sustainability reporting.

Independent assurance

We believe that the practice of independent assurance enables us maintaining a good level of transparency and truthfulness in our non-financial reports. KPO started assuring its Sustainability Report in 2009. Since then, fourteen KPO reports have been assured by auditing companies to verify the reliability of the information disclosed.

In order to externally verify the data disclosed in this Report, KPO has applied to the experts of PwC Kazakhstan. Report of Independent Limited Assurance by PwC Kazakhstan is presented on pages 163-165 of this Report. / GRI 2-5, 2-17 /

In terms of internal content concurrence and definition of material topics, Sustainability Report is approved by the Company's Directors Committee and at the preparation stage, coordinated with the members of the Sub-committee on Sustainable Development on the part of the operating companies. / GRI 2-5, 2-14 /



The soundness and high quality of KPO's sustainability reporting has been repeatedly acknowledged in annual competitions and national ratings by «Expert RA Kazakhstan».

In 2018, KPO made it to the finals of the Asia Sustainability Reporting Awards 2018 in the categories "Best Environmental Reporting" and "Best Workplace Reporting".



Starting from 2019, KPO is among the top ten non-financial companies in terms of ESG information disclosure in the PwC Kazakhstan rating.

Owing to the environmental disclosure in the report, KPO remains in the top three in the World Wildlife Fund (WWF) Environmental Information Transparency Rating for Oil and Gas Companies in Kazakhstan since 2017.



In December 2023, KPO has been named among the leaders the latest "Top-50 Companies in Kazakhstan" for disclosure of ESG information by PwC Kazakhstan as part of their annual rating based on 2022 performance reports.

As part of the PwC Kazakhstan contest for best 2022 annual reports, KPO has become a winner in the nominations "Best Practice in ESG disclosures" and "Best Practice in Environmental disclosures".



In December 2024, KPO was awarded a diploma as a winner in the nomination «Best Practice in ESG disclosures» and was included in the top ten leaders in the 5th edition of the Rating of the 50 Best Companies in terms of ESG information disclosure, conducted by PwC Kazakhstan based on the results of annual reports 2023.

In February 2025, KPO received an award at the KASE annual report competition in the category "Best Sustainability Report for 2023". The annual reports were assessed by KASE employees, as well as Kazakhstani experts in the field of annual report assessment and preparation.



KPO 365



There are **"3" objectives** in KPO 365. They are intended to remain stable year on year. These are the core foundations that set up the rest of the 365 strategy and they are the driving force behind making KPO a world-class producer, that is resilient and sustainable.

There are the **"6" focus areas** in KPO 365 which are intended to remain stable with updates on a 3-yearly cycle if required.

There will be **"5" roads** for each focus area in KPO 365, which will be the annual short-term strategies developed to progress KPO's long-term vision. They are planned to be reviewed and confirmed/updated annually, and then to be linked to the annual KPI's and become the input to the business planning updates that follow.

OUR MISSION / GRI 2-22 /

Mission of the Karachaganak Petroleum Operating B.V. is to develop the Karachaganak Field in an environmentally and economically sound manner while simultaneously creating the socio-economic development opportunities for local communities.

To support the achievement of our mission, we continue embedding sustainable development thinking into the way we do business. This means that in all our activities we shall:

- look to minimise impacts and maximise opportunities linked with its presence;

- consider the consequences of our decisions in the long-term;
- engage our stakeholders in a constructive dialogue;
- incorporate strong governance and transparency.

Guided by the principles of sustainable development established in the KPO Sustainable Development Charter, as well as the KPO Business Principles, the Company conducts its activities by contributing to the achievement of the UN sustainable development goals and objectives. / [SDG 16.b](#) /

KPO BUSINESS STRATEGY / GRI 201-2, SDG 7, 8.4, 12, 13, 16.b, 17.14 /

The KPO mission reflects our commitment to ensuring long term social, environmental and economical sustainability, which we plan to achieve through executing our "KPO 365 Strategy", consisting of – 3 objectives, 6 focus areas and 5 roads (see fig. 1).

/ [GRI 2-22](#) /

The objective of the KPO Business Strategy is to ensure there is alignment across the organisation on the Mission and an understanding of the framework designed to keep KPO on track to deliver on our promises.

Translating the Vision and Mission into tactical, tangible activities is critical in helping the organisation deliver on the strategic objectives. This is achieved through the embedding of the KPO Corporate Strategy 'KPO 365'. This strategy sets out the 'Building Blocks' that will position KPO for success in the future and is shown on fig. 1.

Fig. 1. KPO 365 Strategy

OUR VALUES

CARE FOR PEOPLE

Motivated and capable people drive the company



- Nationalization
- Development & Performance
- Engagement
- Diversity & Inclusion
- Ethics & Compliance

GOAL ZERO

No harm to people and the environment



- Safety Culture
- Business Partners
- Assets Protection
- Environmental Excellence
- Health

ENSURE STABILITY

STAKEHOLDERS

Social responsibility and engaged shareholders



- RoK
- PSA
- Shareholders
- WKO & Community
- Internal

MANAGE OUR COST

Spend wisely and help build local capability



- Contracts
- Digitalize & Simplify
- Cost Optimization
- Local Content
- Inventory

BUILD THE FUTURE

DELIVER VALUE

Maximize production and deliver growth projects



- Operating Efficiency
- Facilities Optimisation
- Project Delivery
- Gas Project
- Export Routes

ENERGY TRANSITION

Reduce our carbon footprint



- Net Zero Ambition
- Power Strategy
- Offsetting Strategy
- Water Strategy
- Waste Strategy

Ensuring KPO's long term social, environment & economic sustainability

CLIMATE-RELATED RISKS AND OPPORTUNITIES / GRI 201-2 /

We are consistently improving our approach to assessing and managing the risks and opportunities arising from climate change. This involves considering various time horizons and their relevance to risk identification and business planning. We actively monitor regulatory changes related to emissions trading systems, carbon pricing, renewable energy, and offsetting. These factors are incorporated into our potential scenarios that offer insights into how the energy transition might evolve in the medium and long terms. These insights guide our strategic vision, funds allocation, and GHG reduction targets.

We are working to effectively adapt our assets and operations to enhance our resilience to the physical risks related to climate change where needed. Activities are underway to protect assets and personnel from the physical impact of climate risks. In March-April 2024, KPO supported local authorities of the Burlin district of the West Kazakhstan Oblast on the construction of flood barriers and helped citizens who had suffered from flooding. KPO provided free financial aid worth KZT 2 bln for people, who lost housing in floods.

In 2024, within the framework of KPO's Green Strategy, key activities were successfully implemented across all five strategic areas. Techno-economic studies aimed at reducing greenhouse gas emissions were conducted. The wind measurement campaign was completed, and the selection and development of a heat recovery concept for gas turbine generators was initiated.

Opportunities for implementing offset projects in the West Kazakhstan region in the field of sustainable agriculture were assessed. Measures to improve water use efficiency were taken, including the expanded use of recycled water and the integration of digital technologies to optimize processes.

Comprehensive studies on upgrading waste management facilities were carried out to enhance the levels of waste recycling and reuse, including drilling waste. KPO continues to actively integrate sustainable solutions as part of a broader initiative to minimize environmental impact and achieve decarbonization goals.

We are also collaborating with RoK Government by participating in various working groups to contribute in establishing regulatory frameworks that will enable us to achieve the Paris Agreement's goals.

In 2024, KPO joined the UNEP international program under the OGMP 2.0 initiative and submitted a long-term monitoring plan, in which it set targets to reduce specific methane emissions for the period 2025–2029.

Based on the results of the published IMEO (International Methane Emissions Observatory) report and efforts presented at the 29th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29) in Baku, KPO was recognized by OGMP in the form of Gold Pathway status. In the second half of 2024, the Company successfully conducted full-scale instrumental monitoring covering all sources of methane emissions in the Karachaganak oil and gas condensate field, using state-of-the-art equipment to detect and record methane emissions.

Despite the successes achieved, KPO recognizes the importance of continuous improvement. As one of Kazakhstan's leading oil and gas companies, KPO is committed to identifying the risks and opportunities of the energy transition in advance.

Commercial risk (medium and long term)

The shift to a low-carbon economy and the possible extension of the EU cross-border carbon regulation (Carbon Border Adjustment Mechanism) to oil and gas might result in decreased sales volumes and/or profit margins due to the high energy-intensity of oil and gas products. Additionally, evolving preferences among investors and financial institutions could limit access to capital and raise its cost.

Regulatory risk (short, medium and long)

Kazakhstan's carbon market, as well as other markets, aims at a systematic transition of businesses to low-carbon technologies, by reducing the free quota on GHG emissions and developing of emissions trading system. Compliance costs are expected to increase due to the enhancement in carbon regulation. However, currently there a big uncertainty around carbon quota reduction rate, carbon pricing and other regulatory mechanisms. This makes it harder to determine the appropriate assumptions to be taken into account in projects planning and investment decision processes.

Physical risks (short, medium and long)

The potential impact of climate changes comes from risks, such as flooding and droughts, and high temperatures during the summer which could potentially impact KPO's facilities, operations and supply chain. The frequency of these hazards and impacts is expected to increase. Extreme weather events, whether or not related to climate change, could have a negative impact on KPO's financial condition.

Reputational risks (long-term)

In terms of reputational risks, KPO, if not recognised as one of the Climate Change champions, may potentially suffer from however intangible reputational risks. This highlights the need for each business to join and share the common responsibility across the O&G industry. Therefore, KPO's contribution to the all-out industry-wide effort should be visible and recognisable. This implies the pursuit of the best available technologies, practices and initiatives both in-house and borrowed from KPO Parent Companies, most of whom have already made a tremendous leap in their operational ethos in terms of energy transition.

The strengthening of national legislation in the areas of greenhouse gases, energy conservation, and energy efficiency requires us to respond promptly and adapt our production processes accordingly. Energy transition also brings opportunities for KPO to benefit from changing regulations and customer demand. As we strive to deliver greater value with fewer emissions, currently we are focusing on energy efficiency, renewable energy, nature-based offsetting opportunities and methane emissions control. Enhancing energy efficiency and incorporating renewable energy sources will help us reducing greenhouse gas emissions and the carbon footprint of our products. This will ensure compliance with legislation, prevent potential overage charges, and maintain our competitiveness. Carbon offsets play an immediate and valuable role as a bridge to the future of decarbonization in the short to mid-term as other solutions ramp up. More details are provided in the Climate Change and Energy Transition section of this Report.

Beyond that, controlling methane emissions is essential for several reasons, mainly because of methane's significant impact on climate change and air quality. Implementing effective monitoring systems can further enhance the reporting process and prevent the release of methane into the environment. Enhanced monitoring of methane emissions and transparent reporting are our top priorities for the next five years, from 2024 to 2029.



/ GRI 2-23 /

BUSINESS PRINCIPLE:
Communication and engagement

We recognize that regular dialogue and engagement with our stakeholders is essential.

We are committed to reporting of our performance by providing full relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality.

In our interactions with employees, business partners and local communities, we seek to listen and respond to them honestly and responsibly.

MATERIAL TOPICS AND STAKEHOLDERS ENGAGEMENT

/ GRI 2-29, 3-1, 3-2, SDG 17.16, 17.17 /

The success of sustainable development and the ESG agenda depends on effective dialogue between business and its stakeholders. We are bound with our stakeholders by multiple ties and are interested to hear their opinions. The ESG – report is the main tool for regularly informing stakeholders about our activities in sustainable development, including addressing key issues and related changes that impact one way or another the Company and its stakeholders during the reporting period. In addition, the report presents the large number of indicators that allow us to analyze KPO’s impact on the development of the region as a whole.

In working on this Report, we draw on the extensive experience of our Parent Companies and follow the requirements of internationally recognized non-financial reporting practices.

It is important for us to maintain a constructive dialogue with our stakeholders and implement mutually beneficial solutions. Decisions are usually made through the engagement process of the two. Our interaction with stakeholders is an integral part of the Company’s activities. It is planned, documented and carried out in accordance with the legislation and internal policies.

KPO departments determine their stakeholders based on the analysis of risks and material topics, and share their experience of engagement in this Report. Given the scale of the KPO’s activities, our stakeholders are a large number of diverse groups and organizations.

The process of compiling our Sustainability report involves exchanging information and collecting data through interaction between various departments within the Company, as well as with stakeholders outside the Company. Over the years of reporting, we have identified several topics that are material for us, which are reviewed annually to highlight those that are most relevant and critical to our operations. In this issue, we continue to highlight their dynamics.

Considered in the Report material topics tend to address issues related to the economic, environmental and social impacts of the KPO’s activities in general, as well as separately in the process of implementation of particular production operations.

The most significant groups of stakeholders and ways of interaction in 2024 are presented on the figure 3.

To define the boundaries of our material topics, we are guided by the Standards of the Global Reporting Initiative (GRI) and their Standards for the Oil and Gas sector. The most critical Key Performance Indicators are disclosed compared to those of the International Association of Oil and Gas Producers (IOGP). We report on the applicable GRI standards taking into account management approaches and Key Performance Indicators of the Company. At the same time, risks and opportunities are assessed, as well as set goals are quantified in comparison with achievements of previous periods.

Regardless of various standards` requirements, we do our best to provide more detailed information about the Company`s activities and material topics in sustainable development. Therefore, the information presented in the Report goes far beyond the GRI indicators.

The topics disclosed for the reporting period are tracked regularly in the process of multilateral interaction with our Parent Companies, the PSA LLP Authority, various regulatory bodies, contractors, industry partners, employees, trade unions, local communities and the media. The stakeholders raise their issues

at various sessions, from meetings of the Village Councils to forums, conferences, public hearings, social surveys, audits, and by addressing them directly to the Company. (See Fig. 3) / **GRI 2-29** /

Among the topics identified as a result of interaction between key departments and their main stakeholders during 2025, the most significant topics for 2024 were highlighted. We also conducted a survey among the Company`s employees, who are one of the priority stakeholders` group. The top eight topics selected over the past three years are presented in Table 1.

Table 1. Comparison of the most material topics according to the Key stakeholders` opinion surveys for 2021–2024

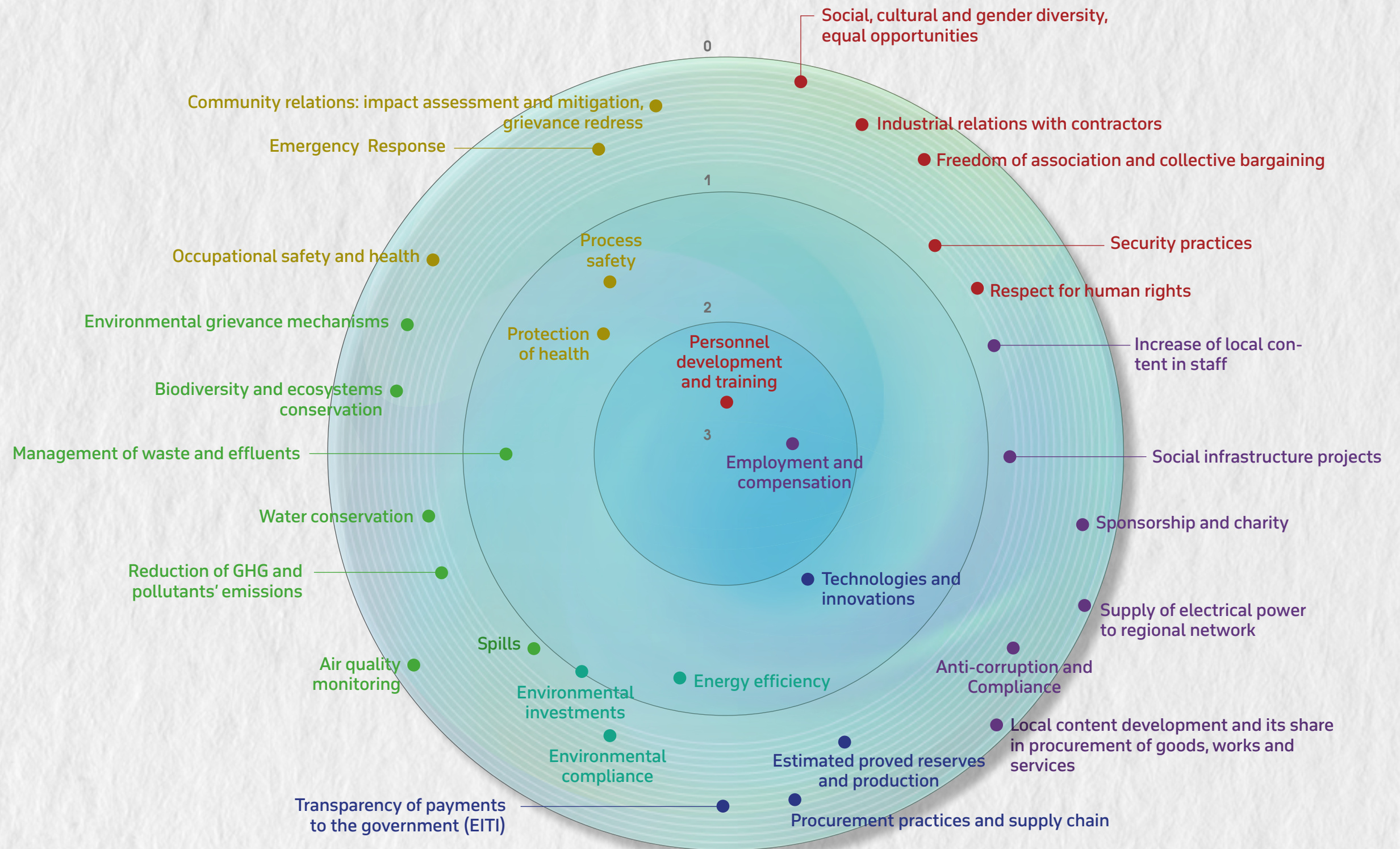
2024	2023	2022	2021
1. Personnel development and training	1. Technologies and innovations	1. Security practices	1. Security practices
2. Employment and compensations	2. Environmental compliance	2. Occupational Health and Safety	2. Occupational Health and Safety
3. Technologies and innovations	3. Occupational health and safety	3. Protection of employees` health	3. Protection of employees` health
4. Protection of employees` health	4. Personnel development and training	4. Asset Integrity	4. Asset Integrity
5. Asset Integrity	5. Energy efficiency	5. Emergency response	5. Emergency response
6. Management of waste and effluents	6. Process safety	6. Industrial relations with contractors	6. Air quality monitoring
7. Energy efficiency	7. Reduction of GHG and pollutants` emissions	7. Employment and compensations	7. Reducing of GHG and pollutants` emissions
8. Environmental investments	8. Water conservation	8. Increase of local content in staff	8. Water conservation

The degree of relevance of certain issues disclosed in this Report can be traced in figure 2. The importance of topics is shown through ranking from 0 to 3, from the outer edge to the centre of the chart, with the most significant topics with a threshold value above one found in the inner layers of the chart.

The result of this survey also confirms the importance of HSE, asset integrity and personnel development topics. At the same time, environmental protection topics continue to be important for KPO staff, unlike the results of the external stakeholder`s survey.As part of the Report`s preparation, we aim to continuously

raise public awareness of the material topics disclosed in the Report, both internal and external. Inside the printed copies of our ESG Report there are loose-leaf feedback forms for readers to fill in. We have also placed an online feedback form on our [website](#) and we are always open for the feedback on the Report in any form via Sustainability@kpo.kz. The comments and suggestions received are considered in the preparation of the next Report.

Fig. 2. Material topics of KPO Sustainable development based on survey results in 2024 / GRI 3-1, 3-2 /

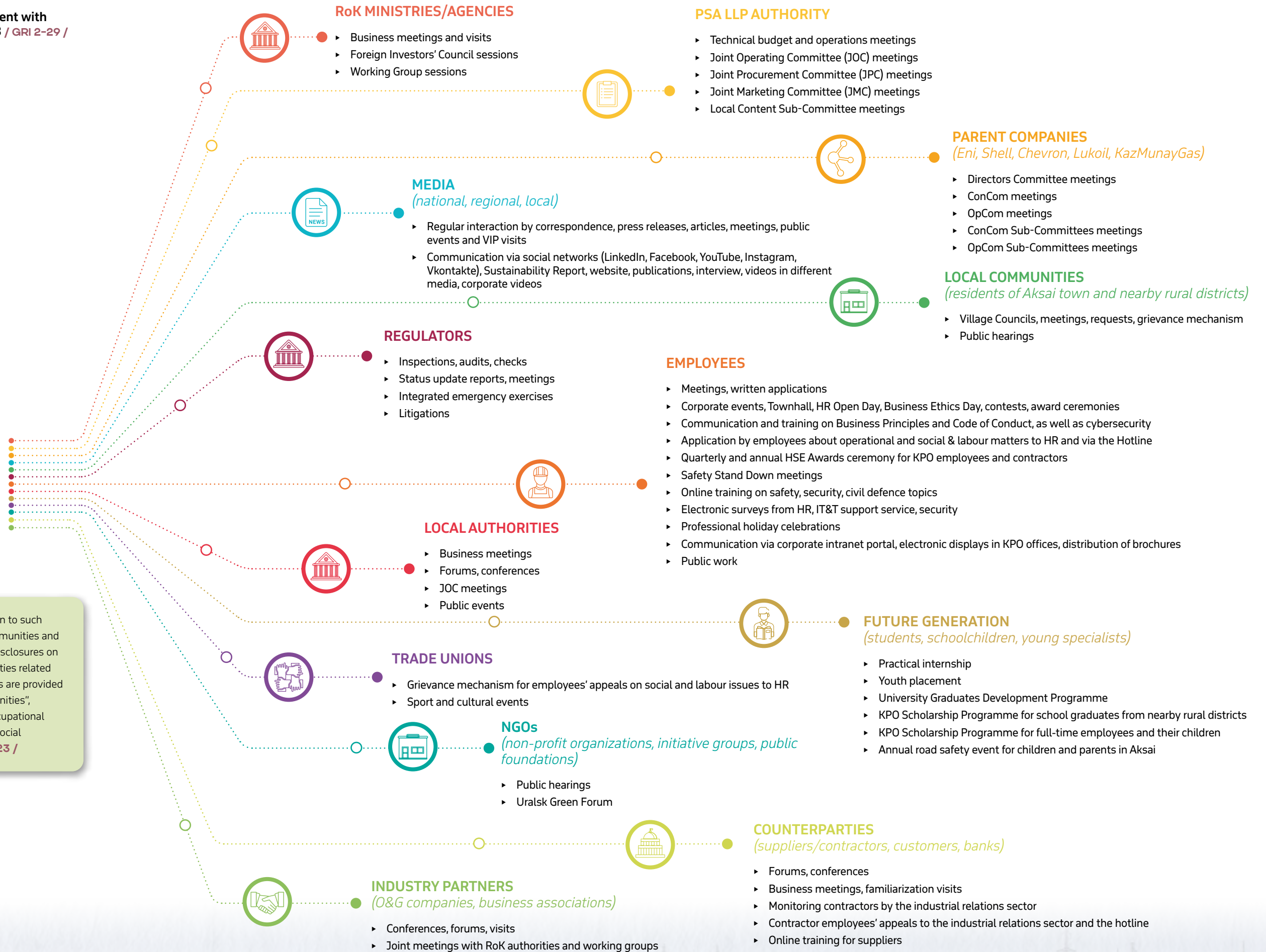


*Note: The importance of topics is shown in a ranking from 0 to 3, from the outer edge to the centre of the chart. The most significant topics are located within the inner circles of the chart.

Fig. 3. KPO engagement with stakeholders in 2023 / GRI 2-29 /



KPO gives special attention to such stakeholders as local communities and contractors' employees. Disclosures on social initiatives and activities related to these vulnerable groups are provided in chapters "Local Communities", "Industrial Relations", "Occupational Health" and "Supporting Social Infrastructure". / GRI 2-23 /



BUSINESS PARTNERSHIPS AND ASSOCIATIONS / GRI 2-17, 2-28, SDG 17.16, 17.17 /

We consider our partnership in Kazakhstani associations, such as Kazakhstan Association of Oil Gas and Energy Section 'KAZENERGY', International Centre for Development of Oil and Gas Machine Building (IMBC), the Kazakhstan Business Council for Sustainable Development 'KAPUR', as strategically important. This gives us an opportunity to network with the industry peers and provides access to the collective lobbying tools such as working groups and committees.

In cooperation with the KAZENERGY Association we manage resolve many issues raised as by KPO, so from the side of RoK state stakeholders. Engagement is conducted in several aspects in the format of Coordination Councils, committees and working groups.

The issues discussed as part of the KAZENERGY framework include: labor relations, social welfare services at the Projects, development of an Industry Agreement as a basic document for draft collective agreements, the development of professional standards designed to replace the unified Wage Rate Book of works and professions, and other.

Topics related to the environmental protection are implemented through the development and application of Best Available Technologies in the oil and gas industry, improvement of environmental legislation including the draft of the new RoK Water Code, timely participation of subsoil users in comments to regulations, amendments on regulation of GHG emissions and decarbonization, establishing environmental quality standards for the environmental components, working on the draft Tax Code of the Republic of Kazakhstan and others.

Active engagement in the project and initiatives of the International Centre for Development of Oil and Gas Machine Building (IMBC) that implements activities as part of the Action Plan for the Republican Oil and Gas Machine Building development, contribute to the increase of Local Content share in the procurement of goods, works and services of the Karachaganak Project.

For more details on KPO's interaction with IMBC, see the Local Content Development chapter.



Honoring KOGF veterans at the celebratory event dedicated to the 45th anniversary of the Karachaganak field discovery