



KPO ESG REPORT 2023

COMMUNICATION AND PARTNERSHIP – THE KEYS TO SUSTAINABILITY

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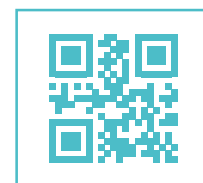
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IDEA: COMMUNICATIONS

Today communication is one of the most important skills. We interact every minute with ourselves, with family, with friends, with colleagues, with partners. Effective communications bring enormous benefits both to individuals and to organizations. Developed communication skills may lead to personal growth and improvement, which in turn would have a positive impact on the business as a whole.

For our readers, at the beginning of each chapter of the Report, we have prepared communication "tips", the use of which will help building correct communications and have success in any activity.



KPO ESG-REPORT is available in e-format on the KPO website in the state language, as well as in Russian and English.



INTRODUCTION

- 3 Letter from General Director
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**ENGAGING COMMUNICATION
LEADS PEOPLE TO ACTION**



LETTER FROM GENERAL DIRECTOR GRI 2-22

I AM PLEASANTLY IMPRESSED WITH THE SCOPE AND MAGNITUDE OF KPO'S OPERATION AND THE LEVEL OF ITS SOPHISTICATION AS AN ORGANIZATION THAT IS CONSTANTLY DEVELOPING AND ADAPTING TO CHANGES.

Marco Marsili
KPO General Director

Dear Readers,

As a new General Director, I am pleased to present to you the ESG-Report or Sustainability Report of Karachaganak Petroleum Operating B.V. Kazakhstan Branch for the year 2023. This will be the sixteenth report since the Company began publishing its non-financial reports.

I am pleasantly impressed with the scope and magnitude of KPO's operation and the level of its sophistication as an organization that is constantly developing and adapting to changes. Today, in the face of rapid technological development and innovations, sustainable future depends on our ability to cooperate and to share experience. Perhaps that was one of the reasons why Communication was chosen as the key topic of this Report, for the way we communicate affects the performance efficiency and the end results of any team's effort.

When asked about the highlights of 2023, the first thing that comes to my mind is generation and implementation of the KPO-365 Business-Strategy which is aimed at transforming the Company's operational ethos and organization model. This multi-level strategy is intended for KPO long-term development and evolution, based on the values and the principles of sustainable development. In 2023, six focus areas of KPO-365 have been further progressed, including the maturation of Gas, Power and Water Management Strategies.

The Lost Time Injury (LTI) rate in KPO and its contractor companies was only 0.05 in 2023 compared to 0.22 in 2022; there was a reduction in the number of LTI from seven in 2022 down to two in 2023. The Total Recordable Injury Frequency was 0.37 in 2023. The Road Traffic Incident Frequency of KPO and its contractor companies was 0.02 in 2023. There was only one major Road Traffic accident that resulted in an injury of a contractor's driver.

We continue to work restlessly to improve the safety culture at production units, offices and infrastructure facilities. Throughout the past year we have been actively working to implement The Safety Leadership and Culture Programme, which is a key tool for safety enhancement at the workplace. Furthermore, 125 near misses have been identified through the implementation of the HSE cards, which is indicative that the system effectively helps preventing incidents at production facilities.

Over the reported period, KPO has produced more than 143 mln barrels of oil equivalent of stable and unstable liquid hydrocarbons, export raw gas and sweet fuel gas for own consumption. Four production wells and three injection wells were drilled in 2023. Well Operations Department performs both wells repair and production optimization, providing production of 2.5 mln barrels annually without incidents. We have also made significant improvements in safe drilling operations through a number of programmes, including the Coaching Programme for Drilling Supervisors.

In 2023, the Company exported 10.8 mln tonnes or 85.3 bln barrels of crude oil via various routes. New records in gas reinjection were achieved owing to the start-up of the 4th Gas Reinjection Compressor. A new export route via the Druzhba pipeline was explored with a final destination in Germany (p.Adamova Zastava), through which about 1 mln tons of oil was delivered.

In the past year, we have made a significant progress in the implementation of Karachaganak Expansion Project Phase 1 (KEP-1), including the construction of the 5th Gas Reinjection Compressor and the auxiliary facilities. In parallel, other opportunities have been progressed, including the Karachaganak Gas Plant.

The 2023 turnaround and shutdown were carried out without incidents which has allowed enhancing the integrity and operational efficiency of the main production facilities, as well as safety of process equipment.

Information technology plays a primary role in the way we do business today. Significant changes in KPO production philosophy took place owing to the active work of newly created Digitalization Department. Comprehensive Digitalization strategy and Road map have been developed that will bring the Venture's digital capability to a new level. The new projects portfolio includes Wells Telemetry Project, Timesheets and Transport Request Digitalization Project and Cyber Security Maturity Program, including training of employees and creation of Security Management Centre.

With respect to environmental protection, in 2023 KPO has achieved a world-class gas utilization rate of 99.95%. 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. Furthermore, at the beginning of 2024 KPO joined the UN Environment Program on Oil and Gas Methane Partnership (OGMP 2.0) – by doing so we emphasise our commitment to methane emissions reduction.

KPO has also made significant progress in developing a new water management strategy aimed at reducing technical water consumption and looking for opportunities to utilize available volumes of treated wastewater from municipal facilities.

The Company actively works on projects that promote the introduction of "green" technologies, GHG emissions reduction and introduction of efficient waste management techniques. In 2023, as part of the Green Office project we gave up using disposable plasticware in all KPO offices outside the Field and did several other initiatives dealing with waste segregation, environmental awareness raising and promotion of "green" thinking formation. To this end, the Uralsk Green Forum has again proved to be an effective communication tool and platform for discussing the most urgent environmental issues.

Our environmental and energy management systems are regularly audited and confirmed as effective and compliant with the international standards ISO 14001:2015, ISO 50001:2018, and ISO 14001:2015.

During the past year, we have successfully implemented the annual personnel training and professional development programs. In 2023, local content reached 98% in professional and technical and 86% in managerial positions. At the same time, KPO local content in procurement, goods, works and



services has reached 63.24% or US\$ 756.1 mln in monetary terms. As part of the long-term initiatives, KPO proactively interacts with International Oil & Gas Machine Building Centre (IMBC). Owing to a team work accomplished with IMBC during 2022–2023, we have concluded a number of contracts with local producers for a total amount over US\$ 94 mln. Moreover, 30 contracts worth US\$107 mln were awarded to Kazakhstani companies for the supply of locally produced goods in the period of 2022-2023.

Engagements with contractors or business-partners are also on the rise, which is very reassuring. Each business partner (contractor) organization contributes to ensuring stable production activities at Karachaganak field. To maintain a positive social atmosphere, it is crucial to have a regular constructive dialogue between KPO and business partners on all pressing issues, including HSE, creation of favourable working conditions, protection of employees' labour rights, requirements of the RoK Environmental Code, etc.

In terms of social performance KPO has been pursuing a large-scale program of social infrastructure development. Last year, work continued on 24 social projects, 18 of which were commissioned. This included 13 new schools, two sports and health centres, a visitor centre and road repairs in the West Kazakhstan region. Also, the Central District Hospital in Aksai received new medical equipment. Since 1998, construction of more than 250 social and infrastructure facilities were funded by the Company.

By the end of 2023, the Karachaganak Partners have invested US\$ 31.3 bln into the development of the Karachaganak oil and gas condensate field.

All these achievements testify to the diligence, coordinated work and commitment by the entire KPO team highs. We strongly encourage other companies to join us on a journey to innovations and sustainability.

Only through concerted efforts we will be able to create an innovative, effective and environmentally sustainable energy future. By sharing thoughts and building a constructive dialogue with all stakeholders we will improve the business environment and create new opportunities.

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 15 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 sixteenth 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 projects, environmental initiatives and economic partnerships, implemented through engagement with stakeholder groups.

It is today when we feel the results of what we laid down over 20 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, 2-6, 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 2023. This document presents both our performance for 2023 and our plans for 2024. 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 outlines the most material topics from our point of view, which are then disclosed in detail in the chapters of the same name.

The 2022 Sustainability report was issued at the end of June 2023. 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 the first company in Kazakhstan to have applied the requirements of the GRI G4.
- **From 2017 to 2022**, KPO sustainability reports were issued in accordance with the requirements of the GRI Standards and UN SDGs.

Applicable global reporting initiative standards

This Report and 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 CSRD, SASB 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 GRI 2-5

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

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 161-164 of this Report.

In terms of internal content concurrence, 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.



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



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



In December 2023, KPO has been named among the leaders of 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.



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



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".

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

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](#)

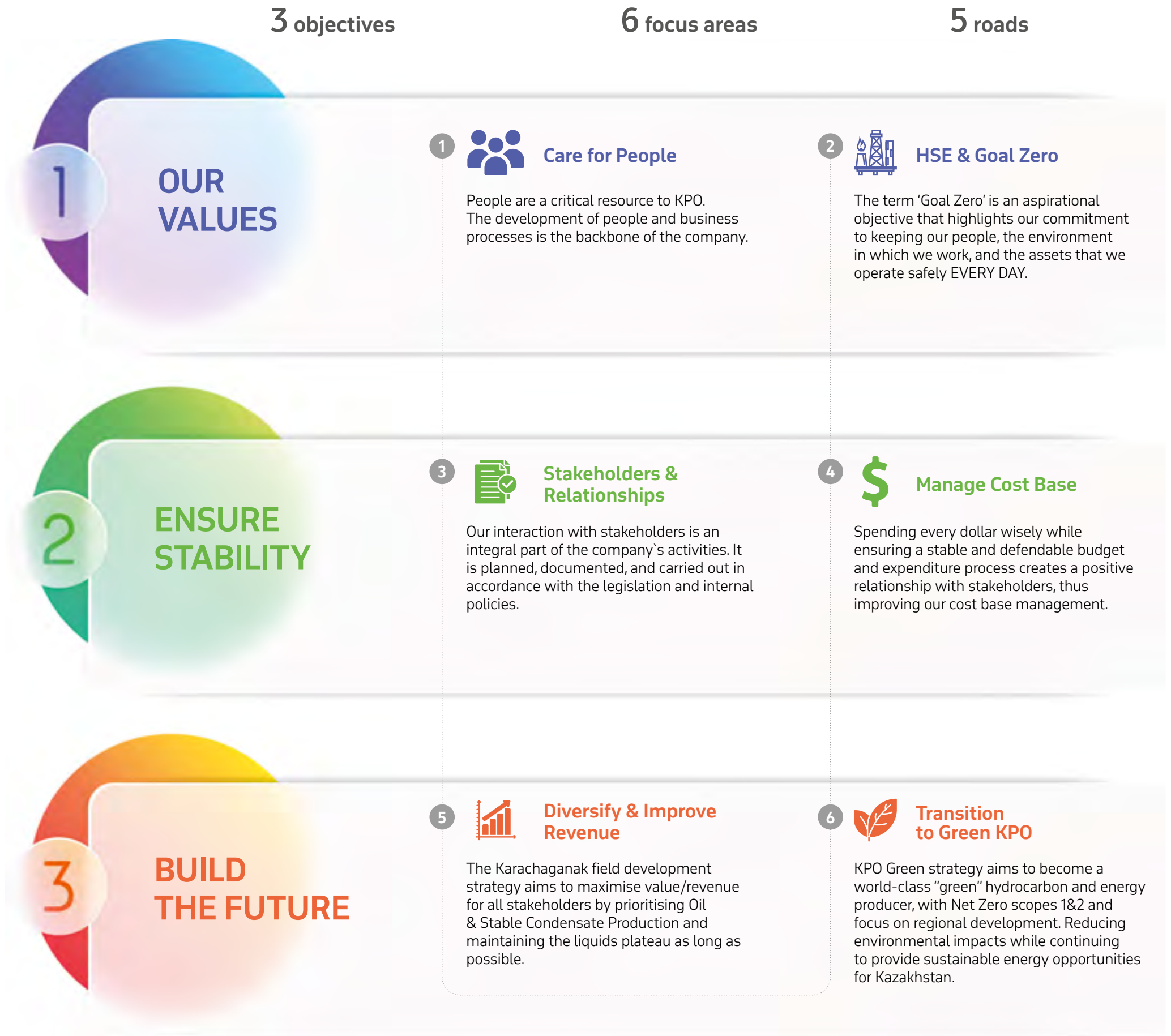
KPO BUSINESS STRATEGY [GRI 2-22, 201-2, SDG 7, 8.4, 12, 13, 16.b, 17.14](#)

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).

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



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.

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 March 2024, KPO has joined the international Oil & Gas Methane Partnership (OGMP) 2.0 initiative, a comprehensive reporting system based on accurate emissions measurements. OGMP 2.0 is the UNO Environment Programme's flagship initiative aimed at improving reporting and reducing methane emissions in the O&G industry.

As a leading oil and gas company in RoK, KPO seeks to identify risks and opportunities in the energy transition beforehand.

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.

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

Success of sustainable development 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 Sustainability 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 most significant groups of stakeholders and ways of interaction in 2023 are presented on the figure 3.

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 a number of topics 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.

To define boundaries of our material topics, we are guided by the Standards of the Global Reporting Initiative (GRI) and their Standards for 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.

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 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**

At the end of 2023, in order to identify the most material topics for disclosing in this issue, we have conducted a survey amongst the key stakeholders. From the chosen external respondents the survey was answered by representatives of government bodies, parent companies and contractor organizations), as well as company`s employees. This survey has helped us to analyze our reporting process and to prioritize our list of material topics. Nevertheless, in 2023, all of the topics listed in Figure 2 remained material to KPO and its stakeholders. In 2024, we added new material topic – Climate change, as it is one of the most material topics in world and Kazakhstani agendas. **GRI 3-1, 3-2**

The survey results also showed the high importance of topics such as technologies and innovations, environmental compliance and occupational safety and health. This is followed by topics of personnel development and training, energy efficiency, and process safety. The topics of reduction of GHG and pollutants` emissions and water conservation were also highlighted as significant. The top 8 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 2021–2023

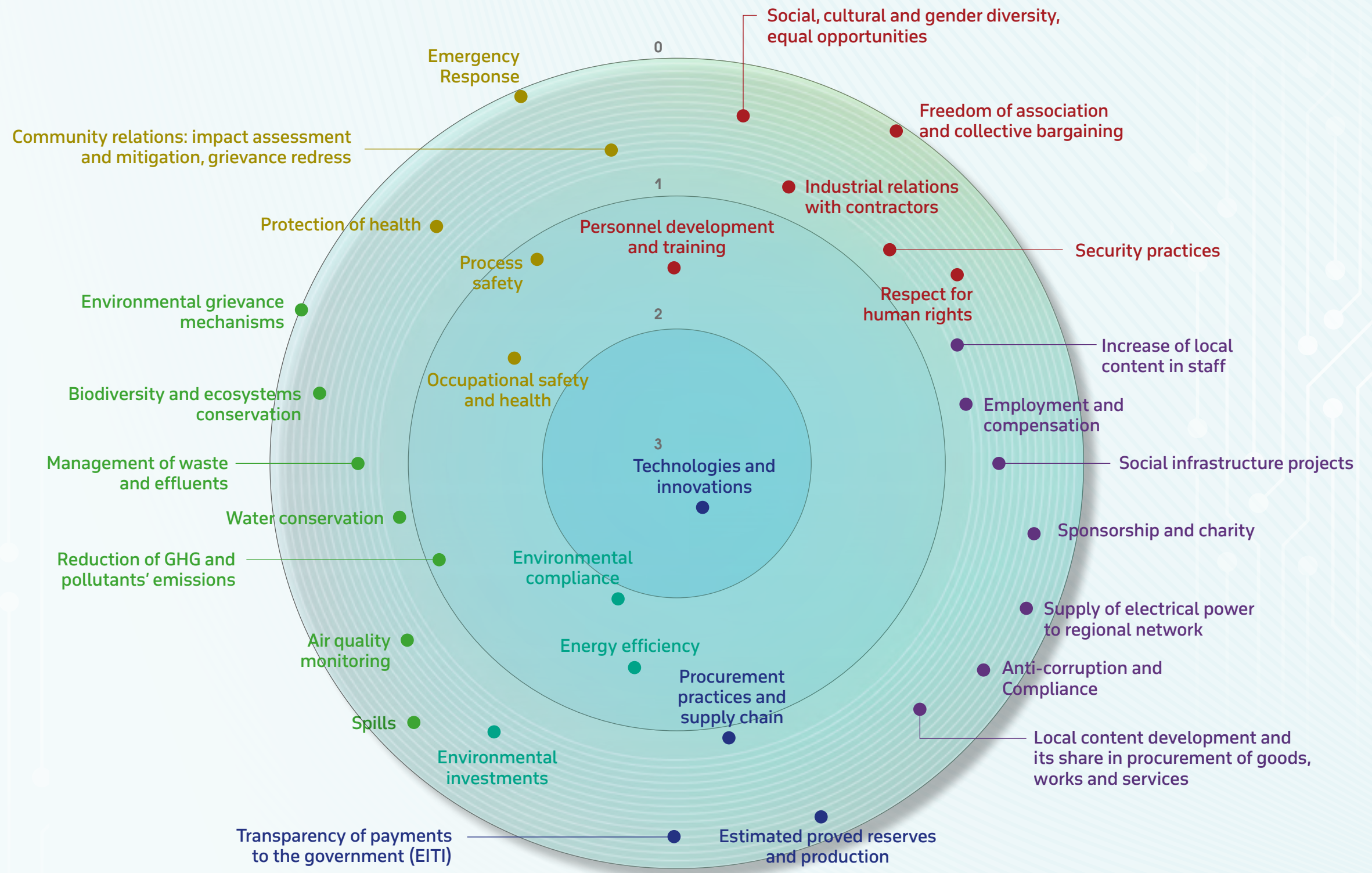
2023	2022	2021
1. Technologies and innovations	1. Security practices	1. Security practices
2. Environmental compliance	2. Occupational Health and Safety	2. Occupational Health and Safety
3. Occupational health and safety	3. Protection of employees` health	3. Protection of employees` health
4. Personnel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

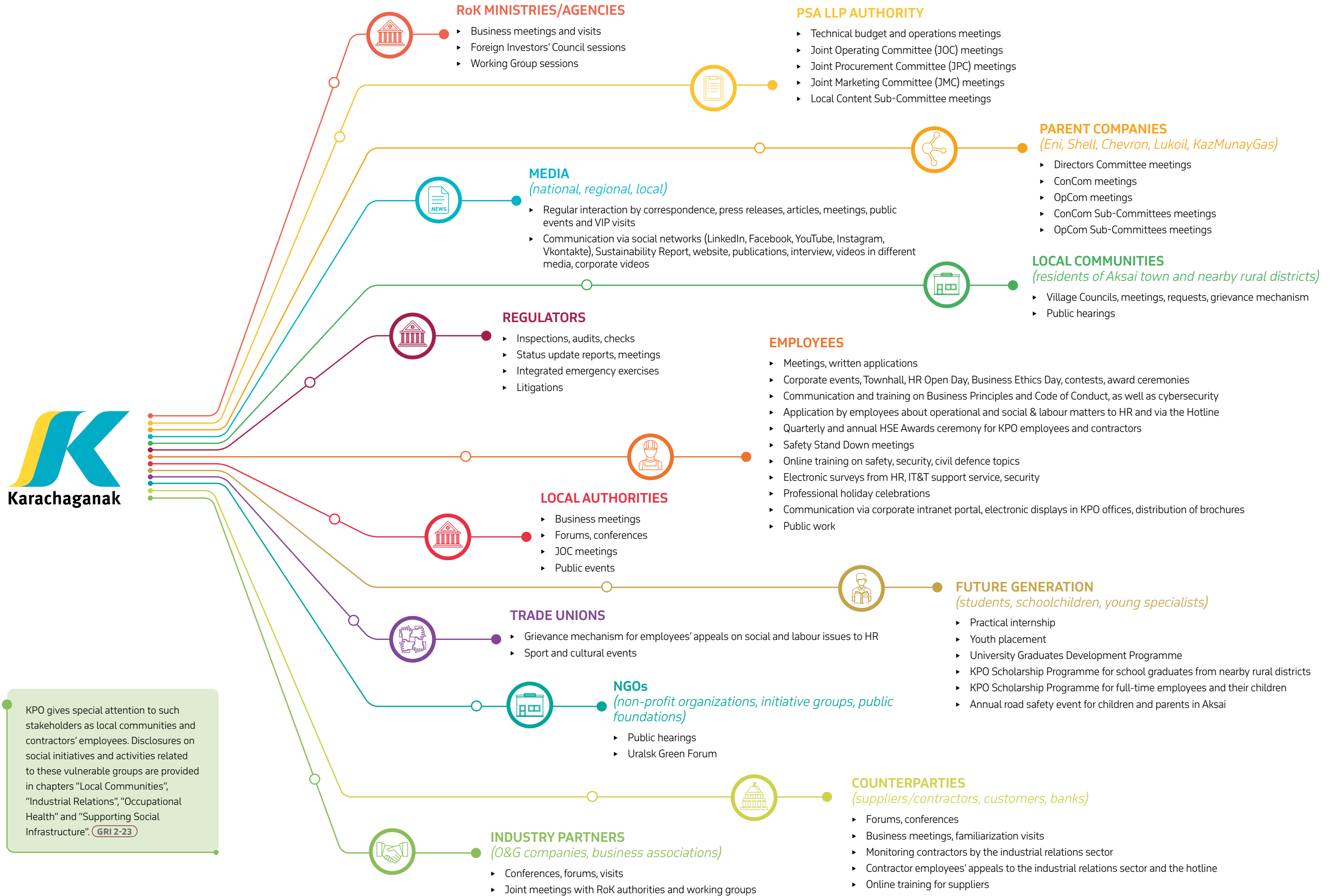
As part of the Report`s preparation, we aim to continuously raise public awareness of the material topics disclosed in the Report, both internal and external. Inside the printed copies of our ESG Report there are loose-leaf feedback forms for readers to fill in. We have also placed an online feedback 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 taken into account in the preparation of the next Report.

Fig. 2. Material topics of KPO Sustainable development based on survey results in 2023 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



BUSINESS PARTNERSHIPS AND ASSOCIATIONS GRI 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', the Kazakhstan Union of Oilfield Service Companies, 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 to regulations 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.

In early October 2023, KPO was vigorously involved in the KAZENERGY Eurasian Forum/Kazakhstan Energy Week, the key international event in the Caspian region. KPO team attended a number of technical sessions, round table meetings and panel discussions. As a panellist, KPO ex-General Director Giancarlo Ruiu spoke about cooperation between the Government and the foreign investors in achieving carbon neutrality by 2060. As part of the event, the VI Forum of the KAZENERGY Women's Energy Club

"EmpowerHer energy forum" discussed the role women play in promoting and achieving various social and environmental initiatives, effective strategies to reduce inequality. The details are provided in the chapter "KPO Female Club".

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.

In April 2023 r. KPO took part in the annual Oil and Gas Machine Building Forum initiated by the IMBC supported by the RoK Ministry of Industry and Infrastructure Development, RoK Ministry of Energy, large O&G operators NCOC and TCO. In his speech KPO ex-General Director Giancarlo Ruiu noted the signing of new contracts with none local manufacturers allowing to create over 150 workplaces with commitment to reach 75% local content share.

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

On 17 November 2023, KPO participated in the XI annual oilfield service conference "Kazneftegazservice-2023" organised by the Kazakhstan Union of Oilfield Service Companies in Atyrau. The conference was attended by the RoK Ministry of Energy, local authorities, National Chamber of Entrepreneurs, domestic oilfield service companies as well as large Kazakhstan operators.

The "Kazneftegazservice" conference is an effective platform for a dialogue and feedback between Kazakh oilfield service industry and experienced foreign contractors thereby promoting contacts and exchange of experience. The event was dedicated to participation of Kazakh engineering and construction companies in the petroleum industry. It is worth noting that since 2018 to date 277 domestic oilfield service companies were involved in the Karachaganak field operations with 600 contracts awarded for the total of USD 6 billion, of which more than USD 3 billion was spent with the local content share totalling 72%.



OPERATIONS

- 18 KPO facilities
- 20 Products and export routes
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- 23 Turnaround
- 24 Development projects
- 26 Asset Integrity and critical incident management
- 32 Digitalization and continuous improvement



OFTEN, WE LISTEN ONLY TO RESPOND, NOT TO HEAR. IT IS IMPORTANT TO MAKE SURE THAT THE PERSON IS READY TO LISTEN TO YOU AND IS PREPARED TO RECEIVE INFORMATION.



GRI 2-23

BUSINESS PRINCIPLE:

Economic

Long term profitability is essential to achieving our business goals and creating value for our shareholders and the Republic of Kazakhstan.

BUSINESS PRINCIPLE:

Environment

We continually look for ways to reduce the environmental impact of our operations.

2023

PRODUCTION

Total Production

142.7
Mboe

Total equivalent stable oil

10,858
kT

Total gas production

22,385
Mscm

WELL STOCK

Total well stock

572

Production wells in operation

126

Injection wells

21

0 Tier-1 and Tier-2 LOPC events

0 significant spills

OVERVIEW GRI 2-1, 3-3, OG1

KPO is the Operator of the Karachaganak oil and gas condensate field (KOGCF) which is located in North-West Kazakhstan and covers an area of over 280 km². Karachaganak is a unique field with complex operating conditions, not in the least due to extreme continental climate. The field is some 1,600 m thick and very complex and unique with its top at a depth of around 3,500 m. The extracted hydrocarbons contain up to 4.5% of highly toxic and corrosive hydrogen sulphide (H₂S), as well as carbon dioxide (CO₂) which can be highly corrosive in certain conditions. GRI 413-2

According to the latest Reserves Re-Determination Report for the Karachaganak field (accepted by the RoK

State Reserves Committee (GKZ) on 17.11.2017), it is estimated that the Karachaganak Field contains some 13.6 billion barrels of liquids and 59.4 trillion cubic feet of gas, of which approximately 15.5% of liquids and 14,5% of gas have been recovered as of 2023. OG-1

The Company invests heavily into the application of leading-edge technologies to maximize sustainable economic value and minimise environmental impact. The total investment in the development of the Karachaganak oil & gas condensate field since the signing of the FPSA in 1997 to 31.12.2023 has totalled over USD 31.3 bln. As of end 2023, 4,080 people worked in the KPO organisation. GRI 2-6

KPO FACILITIES GRI 2-1, 2-6

Hydrocarbon production and processing at KPO involve three major interconnected units: Karachaganak Processing Complex (KPC), Unit 2 and Unit 3. The infield system, comprising approximately 2,000 kilometres of pipelines, efficiently links the major facilities and facilitates production flows from the wells and among the units. Additionally, the system includes an Early Oil Production Satellite (EOPS) and Eco Centre, as illustrated in the Figure 4.

The transportation system, operated by KPO is covering two directions:

1. Karachaganak – Atyrau Transportation System (KATS):
 - Equipped with pumping stations at KPC and Bolshoi Chagan.
 - Features a receiving and storage facility at the KPO Terminal in Atyrau.
2. Karachaganak – Orenburg Transportation System (KOTS):
 - Used for transporting gas to Orenburg Gas Plant in the Russian Federation.

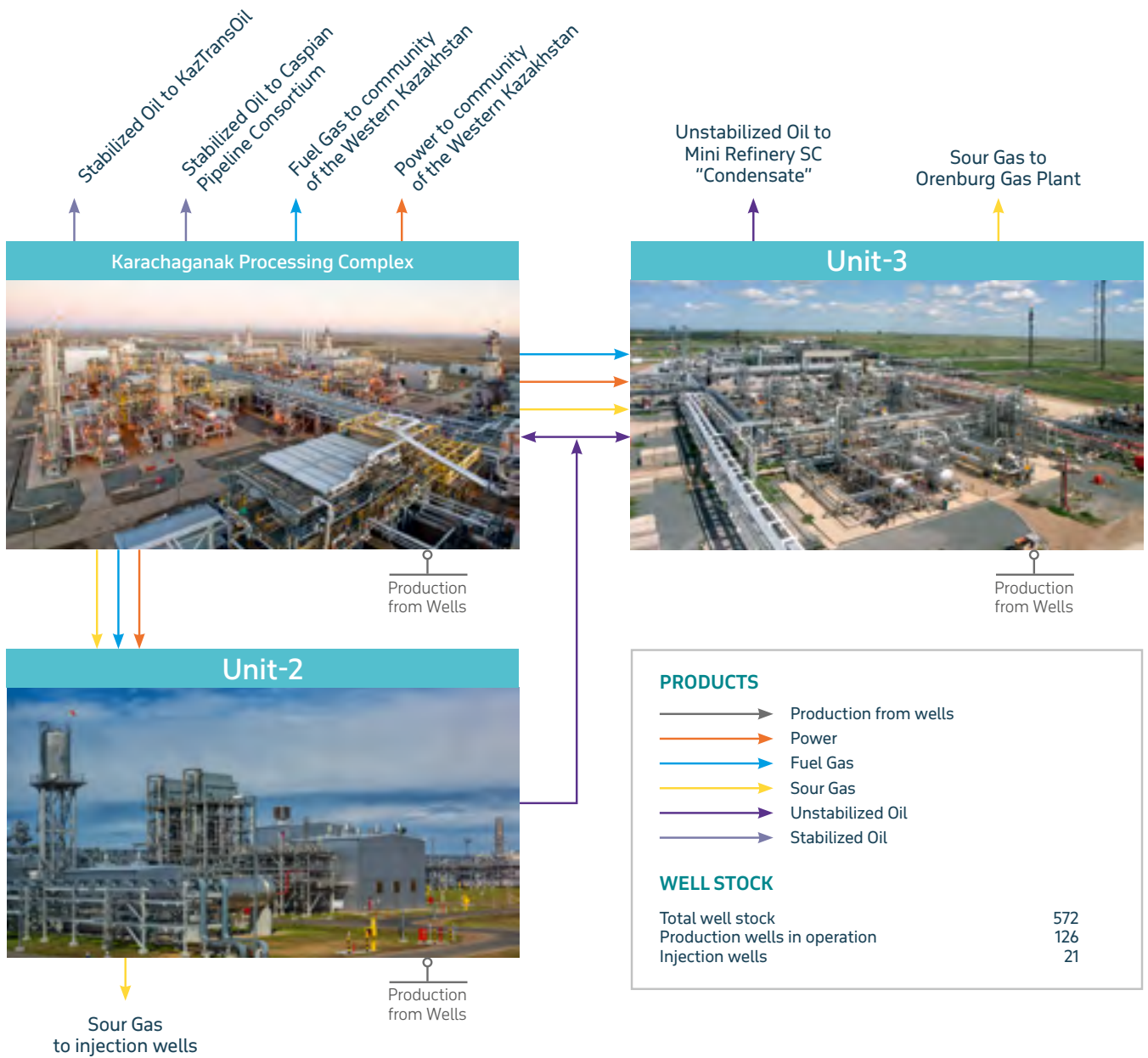
As of end 2023, 126 producing and 21 re-injection wells were online at Karachaganak, from a total well stock of 572 wells. In 2023, a new category “Surface waste

AS OF END 2023, 126 PRODUCING AND 21 RE-INJECTION WELLS WERE ONLINE AT KARACHAGANAK, FROM A TOTAL WELL STOCK OF 572 WELLS.

and wastewater accumulation areas observation wells” consisting of 94 wells was added to the special well stock as well as one abandoned well of this category. Therefore, number of special wells was increased by 95 wells and consists of 279 wells as of 01.01.2024.

In the reporting period, 4 production wells and 3 gas injection wells were drilled. The drilling of two production wells was started in Q4 2023 and completed in Q1 2024. Workover activities were carried out in three wells.

Fig. 4. Karachaganak facilities and products (as of end 2023) GRI 2-6



PRODUCTS AND EXPORT ROUTES GRI 2-6

KPO produces liquid hydrocarbons, raw gas and fuel gas.

To maximize net revenue, in 2023, around 99.13% of liquid production was exported as stabilised oil to the Western markets via the following routes:

- the Caspian Pipeline Consortium (CPC) pipeline,
- the Atyrau – Samara pipeline and further through the Transneft system.

The CPC pipeline delivers KPO oil to CPC Marine Terminal in the Black Sea (Yuzhnaya Ozereyevka), whereas Atyrau-Samara pipeline was used in 2023 to deliver oil to Adamova Zastava with final Buyer's destination to Germany (Schwedt Refinery) and to Ust-Luga port in the Baltic Sea (refer to Fig. 5).

CPC pipeline is the main KPO export route; the Atyrau-Samara route to Adamova Zastava was activated and maximized in 2023 under prevailing political and economic situation since its netback appeared to be higher than CPC. The Atyrau-Samara route is normally used as a backup in case of planned or unplanned CPC disruptions.

In 2023, KPO took all possible actions to comply with international sanctions caused by geopolitical conditions.

In 2023, KPO successfully transported 0.14 mln tonnes of oil through KTO T.Kassymov Oil Pumping Station with further transshipment to the CPC pipeline.

Fig. 5. KPO export routes in 2023 GRI 3-3



Export activities in 2023

In 2023, KPO exported total of 10.6 mln tonnes of oil, of which:

- 9.62 mln tonnes were delivered through CPC including PS Kassymov volumes.
- Nearly 0.99 mln tonnes of oil were exported via Druzhba pipeline to Adamova Zastava.
- 0,04 mln tonnes of oil were lifted at the port of Ust-Luga in the Baltic Sea.

Unstabilized condensate deliveries

As part of maintenance at the KPC, during activities such as boilers washing, etc, and when performing work related to the start-up of new wells, deliveries of unstabilized condensate were made to the Refinery of Condensate JSC.

Gas production and utilization

Gas produced from the Karachaganak Field serves multiple purposes:

- Re-injection into the reservoir to maintain reservoir pressure.
- Sales as raw gas to KazRosGas LLP (KRG) under the long-term Gas Sales and Purchase Contract. In 2023, KPO exceeded initial projections by selling 8.8 billion m³ of raw gas to KRG for the buyer's

processing at the Orenburg Gas Plant. This achievement underscores positive outcomes despite challenges arising from extended or unplanned maintenance at the OGP during certain months of 2023.

- Sweetening (clearing from H₂S) to use for various field units' processes, electricity generation at the Gas Turbine Power Plant for KPO facilities, and to fulfill obligations under the FPSA by supplying fuel gas to local power distribution companies.

OPERATIONS AND SALES IN 2023 GRI 2-6

In 2023, KPO produced 142.7 mln barrels of oil equivalent (BOE) in the form of stable and unstable liquids and gas. Gas production in 2023 reached 22 bln m³. In 2023, to maintain reservoir pressure, KPO

re-injected ~ 12.6 bln m³ of gas into the reservoir, a volume equivalent to about 56.5% of the total gas extracted.

Tab. 2. Production in 2023

		2023	2022*	2021
Total Production <i>(gas injection exclusive)</i>	Mboe	142.7	128.5	134.1
Total equivalent stable oil	Kt	10,858	10,134	10,338
Total gas production	Mscm	22,385	19,442	18,980
Gas Injection into a reservoir	Mscm	12,650	11,131	9,998
Sweet Gas for internal needs	Mscm	919	843	789

* Full turnaround year

Tab. 3. Sales in 2023

		2023	2022	2021
Total Sales	Mboe	136.7	124.9	130.7
Stable Liquids <i>Oil and stabilised condensate to CPC and Atyrau-Samara</i>	kt	10,648	10,171	10,366
Unstable Liquids <i>Unstabilised condensate to Condensate SC's refinery</i>	kt	104	30	1.5
Raw Gas <i>to Orenburg Gas Plant</i>	Mscm	8,805	7,455	8,182
Sweet Gas <i>to the West Kazakhstan Oblast to generate electricity for community</i>	Mscm	65	70	70

With regards to customer health and safety, we have had no significant incidents of non-compliance with regulations resulting in a fine, penalty or a warning in 2023. GRI 416-1



DRILLING TECHNOLOGIES SDG 12.6

In 2023, KPO continued building on the strong foundation laid in the past years, working on minimising the impact of drilling and well services operations on the environment. As previously, we continued our journey towards zero emission and applied measures listed below to reduce greenhouse gas (GHG) emissions, and consumption of water and resources:

- High-efficient environmentally friendly burners to eliminate where possible / reduce the need for flaring and the need for disposal of contaminated fluids.
- Continued drilling campaign, delivering wells that will allow increased oil production offsetting existing high gas producing (GOR) wells.
- High Rate Well Test setup with High Pressure Separators combined with multiphase high-rate flow pumps (High Gas Volume Fraction Pumps – HGVF) to enable 'zero' flaring well test / clean-up activity on new wells.
- Use of the light workover rigs instead of the 3000HP heavy rigs to complete intervention and workovers on two wells. This ensured lower emissions and lower environmental footprint to achieve our objectives.
- Our in-field Eco Centre or waste management centre enables recovery of base oil from

contaminated drilling fluids and drilled cuttings for re-use in well intervention activities.

- Initiated GHG emissions reduction plan and piloted other improvement initiatives. Implemented use of solar powered mobile offices used for H₂S monitoring on some of our rigless sites (replacing the traditional diesel generator sets for these units). Implemented a number of initiatives too on our rig sites, including installation of Halo LED lights in the derrick of our rigs that contribute to improving energy efficiency.

The KPO Well Operations team continuously works on developing internal procedures, workflows, technology improvements and innovations aimed at improving efficiency and well operations' performance. The following was achieved throughout 2023:

- Development and implementation of a "Business Improvement Plan" to drive efficiency of well delivery with strong focus on digitalisation and performance improvement.
- Step-up in well integrity monitoring and well integrity status – preventing and reducing the possibility of well integrity related environmental emissions.
- Utilisation of new technologies like local expander (ability to repair the well locally, thereby avoiding the need to re-drill) – driving efficient production.



TURNAROUND

The KPO Turnaround strategy is focused on optimisation of production and minimisation of cost by maximising intervals between turnarounds and through the reduction of actual turnaround durations. This must be achieved whilst ensuring safe, reliable continuous operations and regulatory compliance. Historically, all KPO Units had full field turnarounds every 3 years.

During 2023 an extensive technical review was carried out covering all aspects associated with defining interval frequency such as Equipment Maintenance strategies and regulatory compliance. The outcome of this review approved the implementation of an extended full field interval extension from 3 to 4 years commencing from 2022 onwards. This schedules the next full field turnaround to 2026.

The strategy for turnarounds executed in 2023 was in line with previous years. Generally, a full field Turnaround is a massive undertaking resulting in a huge workload for both KPO and contractor staff and equipment. KPO takes the opportunity to execute smaller shutdowns of the individual production trains wherever there is an opportunity window as this minimises the peak loading during full field turnarounds and reduces HSE risks related to concurrent activities at the units.

During 2023, Unit 3 conducted individual train outages and a short full unit pitstop for scheduled maintenance activities. These were carried out from May through to September: the scope in these outages covered E209 Heat exchanger replacement, routine P&M scope as well as minor modifications.

There was also a full field pitstop involving all Units for 24 hrs on 11th September 2023, which was necessary to conduct project tie-in work at KPC associated with KEP 1A 5th Injection Compressor scheduled start-up date in 2024.

Unit 2 conducted annual maintenance scheduled work on injection compressors. The work executed covered dry gas seal replacement on re-injection compressor 360C and minor inspection/PSV re-certification on compressors 360 A/B/D, as well as statutory maintenance within the period from 11 September through 30 October 2023.

**NEXT FULL FIELD TURNAROUND
IS PLANNED IN 2026.**

DEVELOPMENT PROJECTS

As a Contractor to the Republic of Kazakhstan, KPO has an obligation to conduct all operations necessary to ensure the contract area is developed and the petroleum is produced in accordance with Good Oilfield Practice.

Following the completion of the Karachaganak Phase II Initial Programme in 2003, KPO has been funding and implementing a rolling work programme that includes drilling of new development wells, undertaking workovers on existing wells, upgrading production facilities and other projects required to maintain a high production level.

From 2014, in order to avoid the increased gas-oil-ratio which causes the existing facilities to become gas constrained, KPO has been working on a programme

of production Plateau Extension Projects (PEP) comprised of:

- KPC Gas De-bottlenecking (KGDBN) project aimed at increasing the overall KPC gas processing by expanding the gas handling capacity;
- 4th Gas Reinjection Compressor (4IC) project aims to increase the annual daily average volume of gas re-injected into the reservoir and to improve reservoir pressure support;
- 5th Trunkline and Gas Reinjection Wells Projects would upgrade the injection network capacity downstream of Unit 2 through installation of a new trunk line, and drilling and completion of new gas injection wells.

The above PEP projects have successfully been executed and completed.

KARACHAGANAK EXPANSION PROJECT

KPO continues development of the Karachaganak field via the Karachaganak Expansion Project Phase 1 (KEP1), scheduled in a phased manner. The KEP1 project will create additional value for the Karachaganak Parent Companies and the Republic of Kazakhstan by maintaining the stabilized liquid plateau through the provision of additional wells, process facilities and gas reinjection to manage the increasing gas oil ratio (GOR) of the field.

In December 2020, the Karachaganak Parent Companies signed an agreement sanctioning the KEP1A Project. That was another major achievement representing a new milestone in the continued development of the Karachaganak Field, building further on the achievements of Karachaganak Gas Debottlenecking Project (KGDBN) and the Fourth Injection Compressor (4IC) Project.

KEP1A represents the first phase of the KEP1 scope and comprises of the 5th Injection Compressor (5IC) and associated facilities. The KEP1A Project pursues the opportunity to utilise the available dehydration capacity installed by KGDBN in the Karachaganak Processing Complex to increase gas re-injection capacity and integrate its scope within existing systems, utilities and facilities. The integration philosophy creates synergies and reduces CAPEX exposure. One of KPO's key priorities during the execution of KEP1 is to maximize the Local Content by enhancing local contractors' competitiveness.

The KEP1A project has made big strides this year and is nearing completion. Project completion and start of gas re-injection is expected in Q3 2024.

Work is also being carried out in parallel on the KEP1B project which was sanctioned on the 25th November 2022 by the Authorized body (PSA LLP) with the support of the RoK Ministry of Energy. The KEP1B Project represents the second phase of the KEP1 scope and comprises of the 6th Injection Compressor (6IC), gas dehydration unit, gathering network expansion and associated facilities. Similar to KEP1A, the project has the objective of increasing the liquid recovery by maximization of the production capacities of the existing facilities. The project is managed by the same team as a KEP1A. The project has made good progress during the year. Foundations are in place and erection of structural steel is ongoing. The (long lead) compression and the gas dehydration units have been manufactured and are ready to be shipped.

The 6th Trunkline and 3 Injection Wells Project has the objective to maximise liquids recovery by increasing the field injection area. The project will re-distribute injection gas into South West Frank area of the field for pressure support of nearby low Gas-Oil-Ratio wells and better reservoir management. The project was successfully completed and came on-stream in March 2024.

KARACHAGANAK GAS PLANT PROJECT

KPO has identified an opportunity to enhance the value from the Karachaganak field through the monetization of sales gas and Liquefied Petroleum Gas (LPG) by means of a new processing plant, which

will also expand the liquid (condensate) production capacity within KPO. This opportunity is referred to as the Karachaganak Gas Plant (KGP) and the project viability is currently under consideration.



WHY IS IT IMPORTANT TO US? GRI 3-3

The main objective of Asset Integrity is to prevent major accidents and reduce the risks to people, environment, assets, and the Company's reputation. It is an outcome of good design, construction, operating and maintenance practice.

Asset Integrity is achieved when facilities are structurally and mechanically sound and perform the processes to produce the products for which they were designed. Barriers that relate to the plants, people and processes are defined to reduce the risk for a major accident to a level that is as low as reasonably practicable.

ASSET INTEGRITY AND CRITICAL INCIDENT MANAGEMENT

ASSET INTEGRITY GRI 3-3, 2-16, 2-25, 403-2, 403-7, OG13, SDG 3.9, 8.8

KPO monitors potential threats to its operations and mitigates Asset Integrity risks through its barrier management system. The Asset Integrity department together with the Units continuously assess the health status of the safety barriers to identify weaknesses, implement mitigating measures and establish plans to re-instate these barriers to its original design to prevent any major accident.

The Asset Integrity Management Framework is a set of processes to prevent major accident hazards and to raise Asset Integrity and Process Safety awareness amongst the KPO employees, contractors and subcontractors working at the Karachaganak field.

The Asset Integrity Framework Management System consists of the following key processes:

- **Barrier Management** – through the application of a structured process supported by the using of the Barrier Model tool;
- **Asset Integrity Performance Analysis** – through the use of Key Performance Indicators;

- **Management of Change system for Brownfield Modifications** – through the use of the Management of Change database;
- **Asset Integrity Assurance** – through the use of reviews, audits, verifications and assessments;
- **Asset Integrity Improvement Culture initiatives** – through the production of e-Learning modules on the Mechanical Isolation Procedure, Process Safety Fundamentals and the Barrier Model process.

In 2023, KPO Asset Integrity department has been working on further enhancement of the Barrier Model software at operational facilities/units in terms of their ownership of the BM and its integration with other software applications. A Cumulative Risk Assessment methodology was developed and introduced to address these. Monthly BM review meetings with units were exercised. Training of newcomers has been continued.

In order to minimize asset integrity risks, we have set a number of 2023 of targets. The results of their implementation are presented further in the table.



Tab. 4. Targets in Asset Integrity GRI 3-3, 403-2, 403-7

2023 targets	Target achievement	Actions taken in 2023	Targets for 2024
Further implement the Barrier Model (BM) tool, increase understanding and ownership of this tool by the Units.	Ongoing	<ul style="list-style-type: none"> Developed and Implemented Cumulative Risk Assessment Methodology for BM Phase I; Implemented the Barrier Model Approval process in order to assign roles and responsibilities in workflow; Conducted BM monthly review meetings with Units as per 2023 schedule; Continued training, e-learning and awareness session programs. 	<ul style="list-style-type: none"> Enhance and Implement Phase II of Cumulative Risk Assessment with additional Asset Integrity inputs; Enhance ownership of BM by Unit Focal Points; Finalize BM e-learning and achieve 100% completion (only for newcomers, if required). Integrate BM Dashboard with RiskPoynt Database.
Further develop enhanced functionality of the BM tool.	Ongoing	<ul style="list-style-type: none"> 11 PSF e-learnings were completed by 100% covering 1,892 operation employees; Conducted 50 PSF awareness sessions for KPO and contractors' personnel, attended by 1,111 people; Issued Quiz for PSF rules #1,2,3; Q1-Q4 best PSF HSE Cards selected. 	<ul style="list-style-type: none"> Perform implementation analysis of Process Safety Fundamentals programme for its improvement. Continue PSF awareness sessions for KPO newcomers and contractors' personnel. Continue promoting PSF culture including contests and incentives. Coach Unit HSE staff to conduct PSF roll outs by themselves at the Units.
Review the effectiveness of the implementation of the Process Safety Fundamentals (PSF)	Completed		

Loss of Primary Containment

GRI 403-2, OG-13

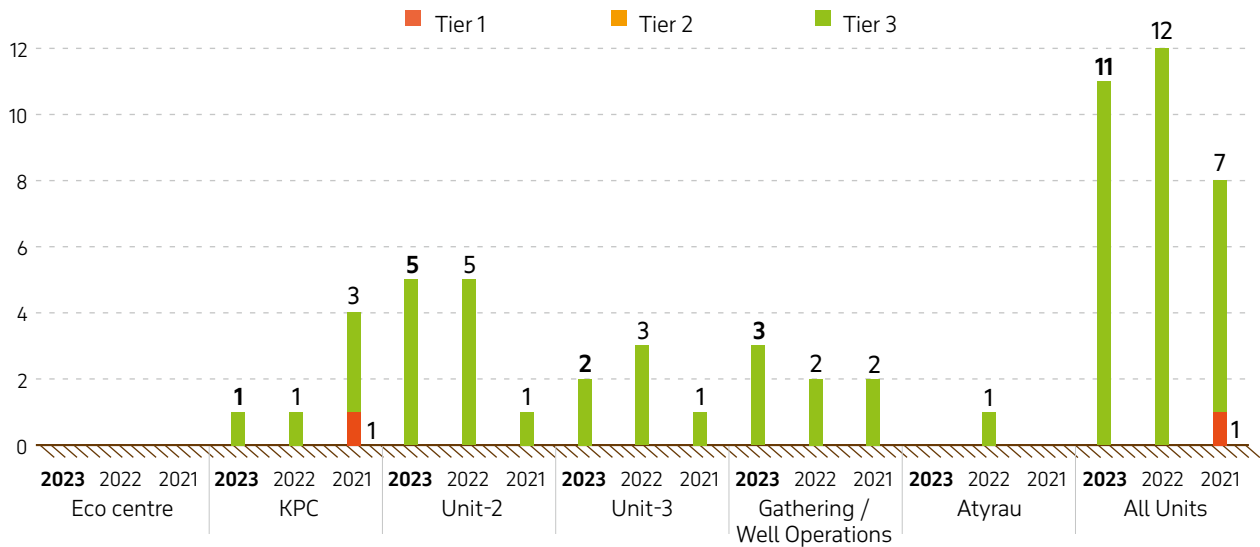
According to the KPO requirements, all Loss of Primary Containment (LoPC) Process Safety Events (PSE) are identified, analysed, categorized and followed by corrective actions determined to prevent re-occurrence.

The year 2023 was the second year in KPO's history since 2014 with no Tier-1 or Tier-2 LoPC events were defined as per the IOGP Standard 456. In 2023, the number of Tier 3 LOPCs was 11 (3 of which related to Well Control Incidents). In 2022, KPO had 12 Tier-3 LoPC events.

The main root cause of PSEs in 2023 were related to equipment difficulty, management system and quality control.



Graph 1. Loss of Primary Containment at KPO by process facilities, 2021–2023 OG13



Note: For Process Safety Event definition (Tier-1/2/3), please refer to the International Standard IOGP 456.

Within 2023, KPO has undertaken a number of activities addressing the key risks or barriers in the KPO asset integrity, including process containment and remediation of risks. Amongst those there were Process Containment remedial works and replacement of some items and inoperable equipment. 26 Barrier Model risks were resolved – 10 high risks, 14 medium and 2 low risks. The activities were focused on ensuring BM risk records have effective mitigations and BM Items have effective recovery plans in place. Training and coaching of operational staff in the use of Barrier Model application is ongoing.

In 2024, the following key activities are planned on Barrier Management process:

- Continue conducting Unit BM pre-meetings with Unit focal points and monthly Unit BM meetings as per 2024 schedule.
- Continue verification of the effectiveness of mitigation measures and recovery plan implementation.
- Support BM integration for upcoming new projects.

- Continue staff training and awareness; organize BM roll-out sessions and BM e-learning for newcomers or staff new in their role.
- Support the closure of BM risks and recording the new Unit BM risks.
- Strengthen the barrier management process. Integrate BM risks identified from compliance assurance activities of key processes and risks associated with operational integrity critical processes.
- Promote, motivate and coach Units in the usage of BM Dashboard and Asset Integrity / Process Safety dashboards.
- Integrate Safety Critical Elements' deferral / backlog into Barrier Model to enhance granularity of cumulative risks assessment.

Spills GRI 306-3 (2016)

In 2023, no cases of significant spills¹ were recorded at the territory of the Karachaganak field.

¹ The definition of a significant spill is applied to an incident, which has caused contamination of the environment through hydrocarbon/chemical spills to land or water and volume of spilled hydrocarbon/chemical exceeding 1,000 litres (as per KPO Incident classification).

WHY IS IT IMPORTANT TO US? GRI 3-3

Emergency response and crisis management are the key processes of the KPO management system since, if an emergency situation escalates, KPO and contractors' personnel, as well as the neighbouring communities, may happen to be within the possible hazard impact area.

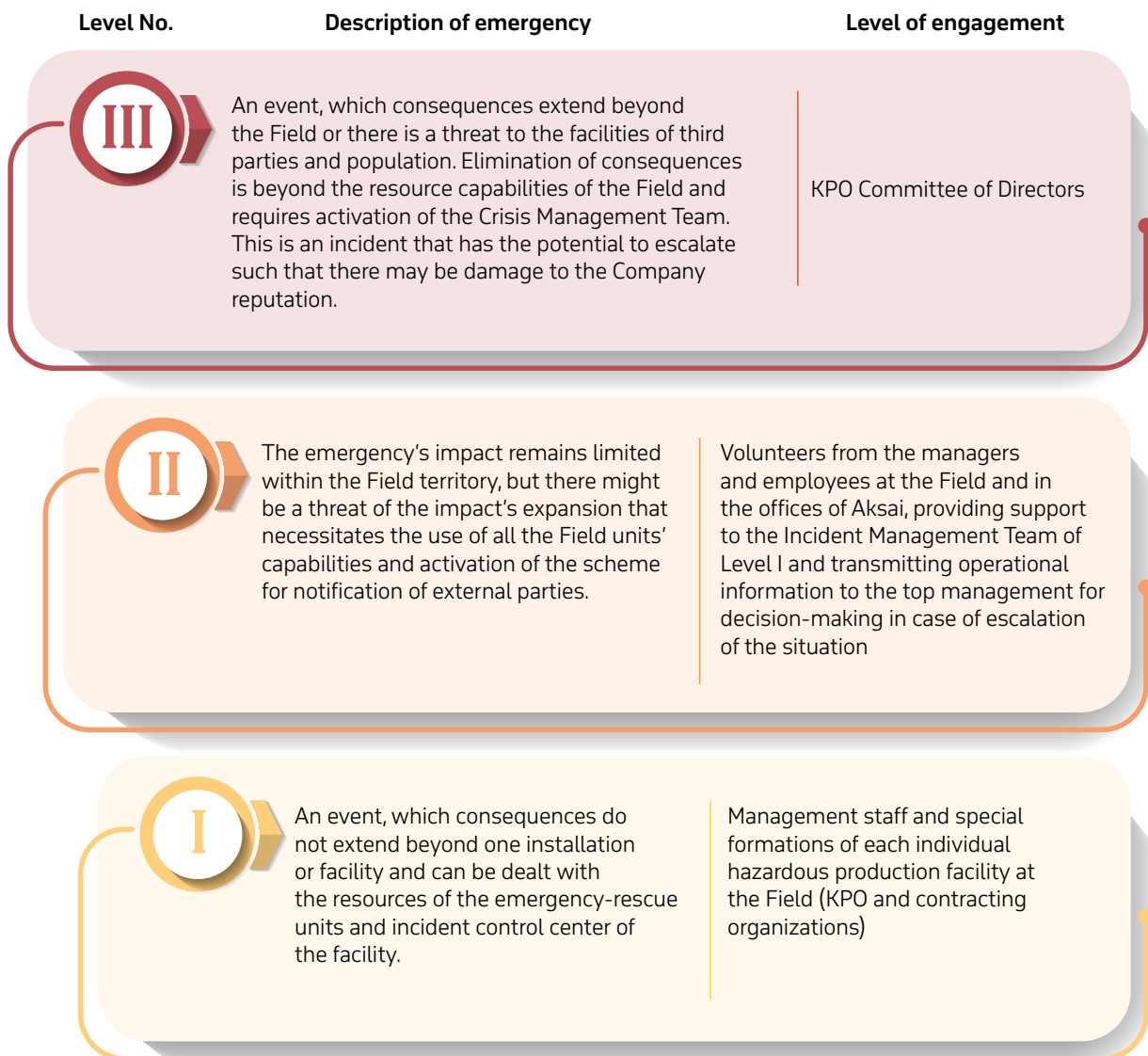
Emergency preparedness and response implies a recognition of possible irregularities and accidents, as well as creation of an organizational structure and resources for the mitigation of such accidents' effects on people, the environment, the Company's assets and reputation. These resources are also used to render support to the Burlin District state emergency and rescue capabilities in fighting fires on residential and agricultural lands, as well as in combating floods.

CRITICAL INCIDENT MANAGEMENT GRI 3-3, 2-23, SDG 3.9

In case of any incident, accident or emergency, KPO operates a robust three-level Emergency Response system used to trigger a prompt response, assessment of emergency scale, planning and implementation of

actions to localize and eliminate emergency and its consequences. The system is graphically shown on figure 6.

Fig. 6. KPO emergency response system GRI 3-3, 403-5



In 2023, KPO continued training of Incident Management Team in accordance with the approved schedule.

Weekly, theoretical and practical trainings were carried out throughout 2023 with the involvement of KPO Civil Protection Units, namely:

- firefighting teams,
- gas rescue team,
- voluntary emergency-rescue team,
- medical units.

Totally, 43 drills have been conducted with the involvement of KPO Civil Protection Units at the training area.

Moreover, in 2023, KPO continued training of staff in civil protection via the e-learning system, as required by the RoK legislation.

In 2023, as part of ensuring the readiness of level I forces and resources, all Company's hazardous production facilities conducted monthly emergency response drills with the involvement of the Facility

Incident Command Team (ICT), emergency rescue teams and KPO and contractors' personnel.

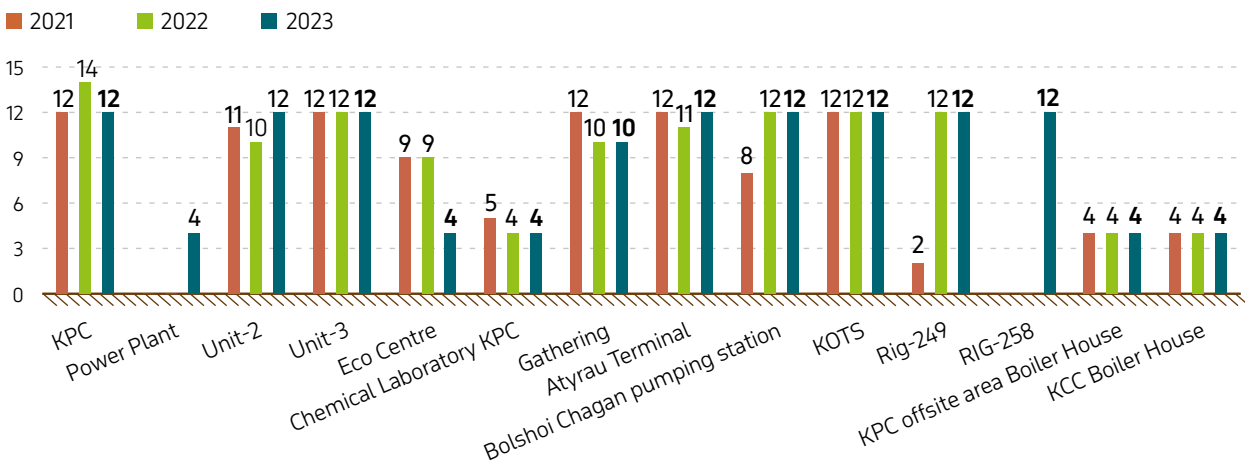
The total number of emergency response drills conducted in 2023 at KPO facilities for the purpose of exercising the actions of level I incident command teams and emergency rescue units amounted to 113 drills (114 in 2022).

Also, in accordance with the requirements of Order of the Minister of the RoK Emergency Response dated 16.07.2021 #349 "On approval of guidelines to develop Emergency Response Plan and conduct emergency response drills at hazardous production facilities" 13 emergency training exercises were conducted, of which 7 emergency training exercises were carried out with involvement of the II FIMC level.

In 2023, practical training was held for donning filter hood:

- AVON NH – 15, 1,677 people were trained in 50 classes,
- SCBA – 802 people were trained in 54 classes.

Graph 2. Emergency response drills completed in 2021–2023



KPO continues its active engagement with local authorities in the periods of high water, fire hazard and winter. In March 2023, KPO emergency rescue teams have been supporting Burlin District ESD in carrying out flood control activities for several days.

Throughout 2023, representatives of KPO emergency rescue teams and units responded to 16 calls by going out to settlement to provide assistance in extinguishing steppe fires at agricultural facilities, household outbuildings, and forest belt fires.

In 2023, in the spring flood period Level II headquarters of FIMC were twice mobilized for conducting remedial measures to support local communities.



THE TOTAL NUMBER OF EMERGENCY RESPONSE DRILLS CONDUCTED IN 2023 AT KPO FACILITIES FOR THE PURPOSE OF EXERCISING THE ACTIONS OF LEVEL I INCIDENT COMMAND TEAMS AND EMERGENCY RESCUE UNITS AMOUNTED TO

113
DRILLS

The level II and III centres' members took part in the following real mobilizations and drills, which allowed maintaining the readiness level: **GRI 3-3**

Tab. 5. Level II and III drills conducted in 2023

Type of drill	Date	Objectives	Participants
Table Top exercise	20 September 2023	<p>"Actions of teams and resources for eliminating oil spill at the intersection of Ural River with KATS pipeline".</p> <p>In the course of the exercise, the following actions were worked out: Emergency Response system delivery and deployment of equipment intended to contain oil on the water surface and skim it, the first-priority actions of the IMT and ICT in case of petroleum products spill on the linear section of the KATS export pipeline, as well as interaction with local executive bodies and WKO ESD.</p>	ERS and KPO units together with WKO Emergency Department
Table Top Exercise "DIAMOND"	24 October 2023	<p>"Loss of well control on Rig 258 at Well 9881".</p> <p>Exercise objectives were to:</p> <ul style="list-style-type: none"> Practice KPO procedures, plans in response to a major emergency incident, involving resources at all levels. Determine a preparedness level of KPO resources and equipment for a major emergency incident with long-term consequences, including multiple casualties, environmental damage, production facilities impact, property losses, production shutdown and reputational damage. Practice a notification and communication process with the Operator Companies, state Regulatory Authorities (simulated), local residents, mass media and relatives of casualties. 	Personnel of Centres of the I, II, III KPO ER levels, the PARIS team

Community preparedness **GRI 2-23, 2-29, 3-3**

KPO maintains awareness of the community on the procedure for responding in case of emergency situation at the Karachaganak Field and along the export pipeline KATS and general fire safety requirements during fire hazard period.

In 2023, following the approved plan, 22 meetings were held for 184 people with the rural districts Akims and the community located around the Field to discuss such issues as: importance of the central monitoring station, village alarm stations and their intent, abidance by fire safety regulations during farming operations in fire hazard period.

21 meetings were held for 193 people from settlements located along the export pipeline KATS in the Indirborskiy, Makhambetskiy regions of Atyrau Oblast.

12 practical drills with activation of a single warning signal "Attention All" and use of the Village Alarm stations equipment were carried out to exercise joint actions of the rural districts Akimats and responsible people when managing evacuation of the community in case of threat from the field area, interaction with ECC Dispatcher. 133 people were involved during practical drills.

21 MEETINGS WERE HELD FOR 193 PEOPLE FROM SETTLEMENTS LOCATED ALONG THE EXPORT PIPELINE KATS IN THE INDIRBORSKIY, MAKHAMBETSKIY REGIONS OF ATYRAU OBLAST.

Additional C-40 sirens were installed in villages Priuralniy and Zharsuat for activation of single warning signal "Attention all" for coverage of the 100% villages population.

GSM block was installed at Dimitrovo village for remote activation of C-40 siren in this village.

To maintain constant readiness of village alarm stations, throughout the 2023, the Community Protection Specialist of the KPO Emergency Response Team jointly with contractor representatives carried out monthly testing of emergency alarm signals and public address systems, as well as the maintenance of this equipment. Such village alarm stations are installed in seven villages that are situated around the Field.

WHY IS IT IMPORTANT TO US? GRI 3-3

As the whole world is going digital, KPO cannot stay apart and digitalization can contribute to achieving the Company's strategic goals. Some of the pilot projects implemented in KPO have already demonstrated a real business impact, such as reducing the personnel exposure, more effective business processes, cost efficiency and many more.

Nowadays IT/digital assets are around us in business and personal lives, thus it is becoming vital to know how to use them safely. As well 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.

DIGITALIZATION AND CONTINUOUS IMPROVEMENT SDG 9.4

KPO shares the strides made in our digital transformation journey over the course of 2023. Recognizing the imperative for an integrated strategy, clear transformation goals, effective monitoring, foundational corrections for digital technologies, and professional development of personnel, KPO has made advancements in enhancing its digital readiness and setting a new standard in the O&G industry.

The year 2023 has become a landmark period for KPO as we have assessed our current digital readiness and crafted a comprehensive Digitalization Strategy to elevate our digital capabilities to the desired level. Our strategy is laid out in a digitalization roadmap, encompassing projects across six main portfolios: Baseline, Production, Automation of HSSE Processes, Back-office Processes Digitalization, Ensuring Success of Digital Transformation, and Cyber Security Maturity Program.

2023 Our key digitalization achievements:

- **Telemetry Phase II Completion:** Successfully completed the planned telemetry for 15 wells, enabling real-time data acquisition. This pivotal project has reduced personnel exposure to well sites and enhanced the accuracy and frequency of data analysis, marking a step forward in operational safety and efficiency.
- **Car Ordering Service Pilot:** The initiation of a Car Ordering Service has changed our auto park car utilization and automated the car ordering process. With the production phase slated for 2024, this project exemplifies our commitment to optimizing resources and streamlining operations.

- **E-Learning Platform Udemy Integration:** Our partnership with Udemy to foster continuous learning has just been started in 2023. KPO employees completed over 650 hours of training, with a significant focus on business skills (36.3%), technology skills (51.4%), and personal development skills (12.3%). Popular courses included Microsoft Power BI, Python, Excel, Data Science, and Machine Learning, underscoring our dedication to empowering our workforce with the skills necessary for the digital age.
- **Digitalization of the travel initiating and timesheet approval processes:** with the introduction of approval by e-signature, has brought several benefits to our operations. Here are the key benefits we've achieved through these digital transformations:
 - ▶ **Increased Efficiency and Speed:** The shift to digital processes and e-signature approvals has accelerated the approval times for both travel initiations and timesheet submissions. This means that employees can commence their travel plans more swiftly and have their work hours approved in a timelier manner, leading to a smoother operational flow and quicker turnaround times for project execution.
 - ▶ **Elimination of Paper-Based Forms:** By moving away from traditional paper forms to digital formats, we have reduced our reliance on physical documents. This transition not only contributes to our environmental sustainability goals by decreasing paper use and waste but also simplifies record-keeping, storage, and retrieval processes, making our operations more streamlined and less prone to errors.

- ▶ **Cost Reduction:** The digitalization of these processes has led to a reduction in costs associated with paper, printing, and physical storage. Moreover, the efficiency gains from faster approval cycles, reduce the administrative overhead, allowing our staff to allocate more time and resources to core business activities rather than manual paperwork handling.
- ▶ **Enhanced Security and Compliance:** Digital processes and e-signatures offer improved security features, including audit trails and encryption, which enhance the integrity and confidentiality of our documents. This not only helps in ensuring compliance with regulatory requirements but also builds trust with our clients and partners by safeguarding sensitive information.
- ▶ **Remote and Flexible Working Enablement:** The adoption of digital approvals has facilitated flexibility and adaptability in our workforce. Employees can submit and approve documents from anywhere, at any time, which is particularly beneficial in supporting remote work arrangements and ensuring business continuity in varying circumstances.
- ▶ **Improved Employee Satisfaction:** Streamlining the administrative aspects of travel and timesheet management has resulted in a more user-friendly and stress-free experience for employees. This ease of use and efficiency contributes to higher job satisfaction and engagement, as staff can focus more on their primary duties and less on administrative formalities.
- ▶ **Benefits:** These projects, among others, have not only demonstrated KPO's digital transformation prowess but have also delivered substantial benefits including operational efficiencies, safety improvements, resource optimization, and workforce empowerment. Our proactive approach to digitalization has positioned KPO as a leader in embracing technology to drive growth, sustainability, and competitive advantage in the O&G industry.

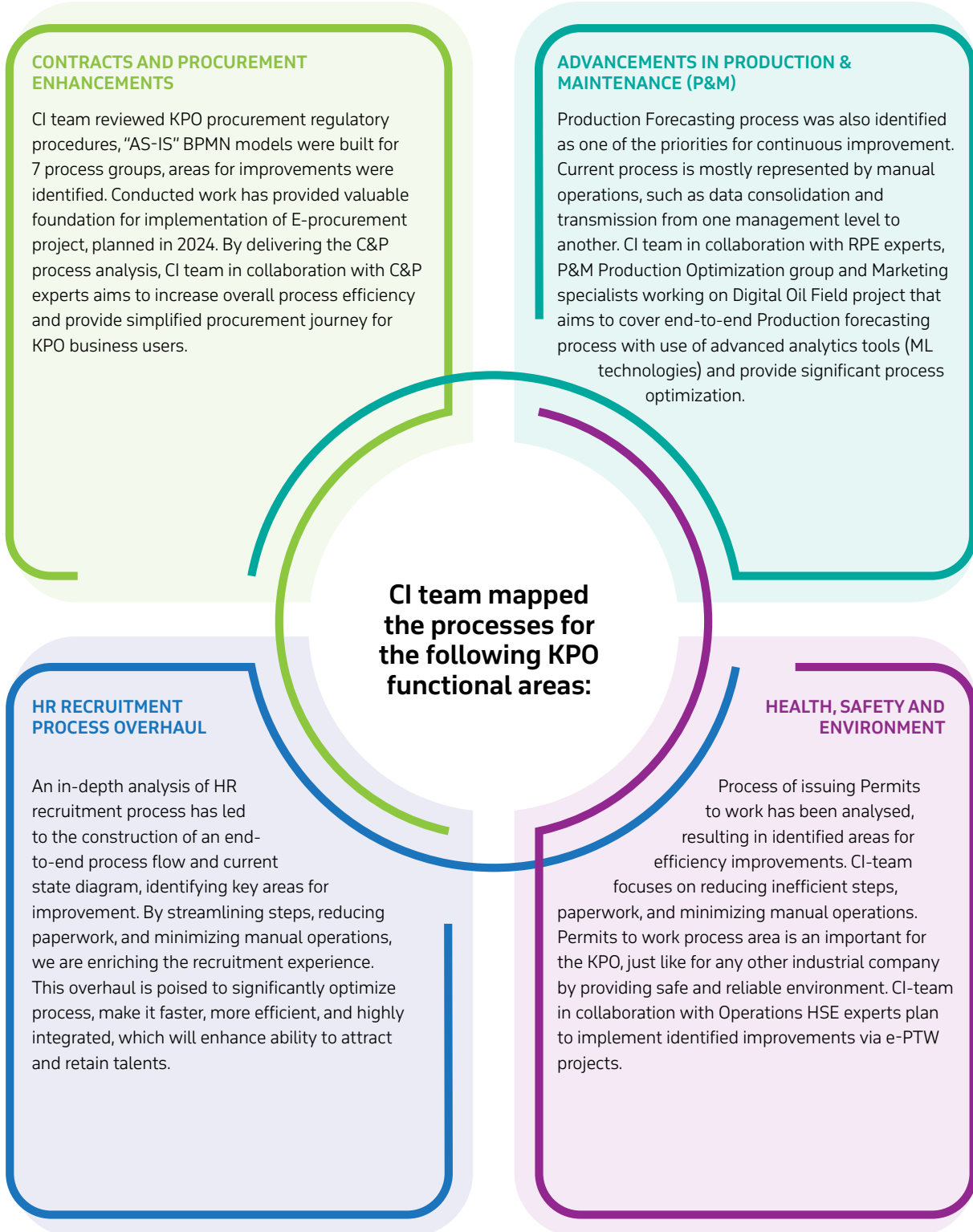
As we look to the future, KPO remains committed to leveraging digital innovation to further enhance our operations, ensure the safety of our personnel, and contribute to the global energy sector's evolution. Stay tuned for more updates as we continue to lead the way in digital transformation.



Continuous Improvement

In order to get more benefits from digitalization, continuous improvement (CI) team has been formed at KPO. In 2023, Lean Six Sigma (LSS) training course was delivered with support of ENI, 15 KPO employees were

successfully certified as Yellow Belts. Main objective of the course was to focus on developing the common language for business improvements, establish a large-scale system for the Company savings, achieve reduction in operating costs, improve the response time of processes.



These initiatives are part of our broader strategy to enhance operational efficiency, reduce costs, and improve service delivery across the board. DCI team provides support for the KPO Business Units in order to line up digitalization process through analysis and optimization.

Cyber Security Maturity Programme

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 2023:

- **Cyber Security Awareness and Training Campaign (CS A&T) 2023 completed.**

The Campaign consisted of cybersecurity training lessons, phishing simulations, games and monthly awareness bulletins. Employees were informed how to avoid cyber threats, e.g., phishing, spear phishing, ransomware, malware, social engineering schemes, and much more.

One of the main evidences of the CS A&T campaign effectiveness is the results of the phishing simulations – the number of users reporting potentially dangerous emails increased by 303% in 2023. It's a good achievement as according to the National Statistics Bureau, 91% of all cyberattacks begin with suspicious emails and the reason for their success is the human factor.

- **Pilot implementation of Security Operation Centre (SOC) was started with a plan to be completed by the end of 2024.**

The value of SOC lies in round-the-clock monitoring, automatic detection, prevention and analysis of suspicious activity, as well as correlation of actions and recommendations.

Cyber-attacks are fast developing, our target is to continuously improve our security posture.



KPO employees at the Digital Almaty Forum, February 2024

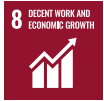


GOVERNANCE

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REACHING A CONSENSUS IS BETTER THAN MAKING A COMPROMISE. 'WIN-WIN' SOLUTIONS ALWAYS PAY OFF.



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.

2023**BUSINESS CONDUCT:**

Compliance awareness training

93%

of employees

129

reports to Hotline

55

consequence management actions closed

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

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.

GOVERNANCE STRUCTURE AND MANAGEMENT APPROACH GRI 2-9, 3-3, SDG 16.6

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



29.25%



29.25%



18%



13.5%



10%

ORGANISATIONAL STRUCTURE GRI 2-9, 2-10

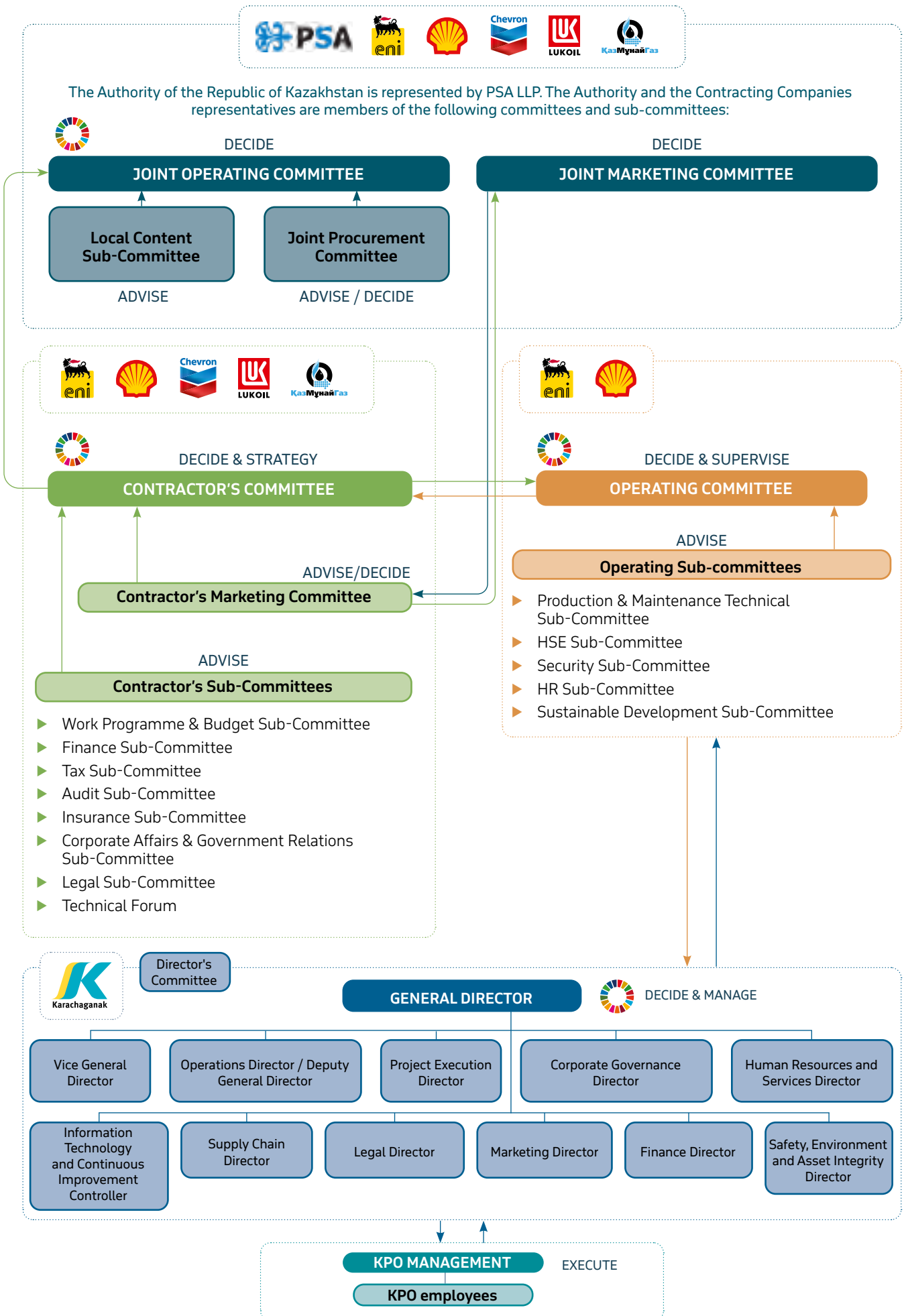
KPO organisational structure was designed to enable KPO to meet its business objectives and to satisfy the requirements from the Republic of Kazakhstan (the Authority represented by the PSA LLP) and the Contracting Companies by continuously assessing its external environment. In order to carry out the 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.

KPO HAS TWO HIGH GOVERNING BODIES: THE JOINT OPERATING COMMITTEE (JOC) AND THE JOINT MARKETING COMMITTEE (JMC).

Fig. 7. Karachaganak venture senior management structure (as of 31.12.2023) 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 2-9, 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](#)

THE HIGHEST GOVERNING BODY FOR ADDRESSING SUSTAINABLE DEVELOPMENT ISSUES IS THE JOINT OPERATING COMMITTEE.

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 2023, 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](#)

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 HIGHEST GOVERNING BODY FOR DEVELOPING SUSTAINABLE DEVELOPMENT STRATEGIES IS THE CONTRACTOR'S COMMITTEE.

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. 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 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 2-14**

MANAGING RISKS **GRI 2-12, 2-13, 2-16**

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, including, but not limited to:

1. De-Carbonization Process affecting business;
2. Road traffic incidents (loss of vehicle control);
3. Asset integrity failure;
4. Failure to recover cost;
5. Suspension of environmental emissions permit with further potential withdrawal;
6. Lack of clear long-term Parent Companies' strategy;
7. Exposure to major cyber security incidents;
8. Mitigate the reliance on Oil Gas Plant gas acceptance while stabilizing and diversifying revenue;
9. Loss of political and social stability;
10. Exposure to major breach of the Code of Conduct and of the Ethics and Compliance policies and procedures;

11. Lack/Loss of people capability and resources to achieve KPO Targets.
12. International geopolitical and economic factors/sanctions and counter sanctions.

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

Aiming to obtain reasonable assurance that our risk management process continues to operate effectively, the following reporting steps are performed:

- **Twice per year:** by conducting Risk Committee meetings, where the Summary Risks Report is reviewed and agreed; and then shared at Contractor level;
- **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 for reduction of key specific risks related to social, environmental and economic material topics is provided in the relevant chapters of this Report.

KPO has developed an Integrated Risk Management Tool, which has allowed from 2021 to qualitatively assess and effectively manage business and safety risks. Earlier, a system called Barrier Model has been introduced to manage process safety risk.

Risk monitoring and review is part of the risk management process and involve regular checking and re-assessment to be carried out through the Risk Management Tool. This tool contains all detailed information reported and reviewed in respect of the integrated risk management matters.

Business and safety risks: The Integrated Risk Management Procedure and HSE Risk Management 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 Controllership 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 2-13

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 Controllership and regulated with the HSE Risk Management Framework. More details are provided in the Asset Integrity chapter.

GRI 2-16

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:

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

In 2023, 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.

A key highlight for 2023 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 and 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.

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 carries out its own HSE internal audit plan on annually basis. For example, in 2023 KPO held 15 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.

KPO MANAGEMENT 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. 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 following are the members of the Directors' Committee as of June 2024. 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](#).



Marco Marsili

General Director

Marco Marsili has over 25 years of extensive experience in the oil and gas industry, cultivating a robust technical and operational background alongside versatile commercial and management skills through diverse global assignments.

Since 2002, Marco has been a valuable asset within the Shell organization, undertaking managerial responsibilities across various projects spanning the Netherlands, Italy, the UK, Iraq, the US, Canada, Mexico, Argentina, and Brazil.

Prior to the appointment as KPO General Director, Marco Marsili was the Managing Director and President of the Board for Shell's Upstream operations in Italy. Prior to that, he spent nearly 5 years in the US, initially as the Vice President of New Business Development for North America and Brazil, followed by a role as Vice President of Commercial New Basins within the Shales operations.



Nicola Allegro

Operations Director & Deputy General Director

Nicola has over 17 years of global leadership experience in the oil and gas industry. He joined ENI in 2006 as a Production Engineer and his last assignment prior to the current appointment was ENI Malta Branch General Manager & Libya and Malta Operations Division Manager, ENI North Africa (ENINA), Tripoli, Libya. He has worked in various countries worldwide including Libya, Indonesia, Egypt, Nigeria, Italy and Kazakhstan. From 2016 to 2021 he held the positions of Operations Technical Manager and Field Operations Manager in KPO.



Mukhtar Mankeyev

Vice General Director

Mukhtar Mankeyev has extensive managerial experience, having held not only various Director but also Governor positions in his career, representing state authorities. He possesses a Master's degree in international Business Administration, in addition to also holding an engineering degree from the West Kazakhstan University.

Mukhtar started his career as a Construction Field Engineer with Petrofac International at the Karachaganak Project. He has also worked in Finland as a Director of Finnish Business Hub LLP. Before his appointment at KPO, Mukhtar held the position of General Director of JSC "Information and Analytical Centre for Oil and Gas" of the Ministry of Energy of the Republic of Kazakhstan.



Almasbek Mukhashov

Marketing Director

Almasbek Mukhashov has over 20 years of work experience within Eni group of companies. He has worked in different business functions from external relations, economic analysis and finance to industrial project development, and commercial and negotiations being involved in different projects in Nigeria, Mexico, Turkmenistan, Algeria, Tunisia, Venezuela and Kazakhstan in upstream and midstream. In his previous role, Almasbek worked as New Businesses and Regional Analysis Manager at Agip Karachaganak B.V. Kazakhstan Branch.



Jean Vacque

Finance Director

Jean Vacqué has 20 years of global leadership experience through a broad range of financial positions in the oil & gas industry, both in Upstream and Midstream and in eight countries.

As a qualified Chartered Management Accountant, Jean has built expertise in Treasury, Financial Controls, Corporate Finance and JV Finance on a variety of management roles, including six years at Basrah Gas Company in Iraq and most recently as the Country Finance Director for Shell's businesses in Mexico.



Sergey Dubynin

Legal Director

Sergey has almost 20 years of experience in leadership roles in Legal sphere in international companies. Has held senior positions in Shell and its subsidiaries since 2007. Prior to his appointment at KPO, his last assignment was Head of Legal at Shell Exploration and Production Services (RF) B.V. in Moscow, Russia.



Oscar van der Weide

Project Execution Director

Oscar has been working for Shell and its subsidiaries since 1990. Before this appointment, he held the position of General Manager Projects Digital, Shell Projects & Technology in Bangalore (India).

Oscar has vast experience in engineering and project management. His professional background includes managerial roles in Shell affiliates in Netherlands, UK, Nigeria, Syria, India and Kazakhstan.



Roccantonio Catalano

Corporate Governance Director

Roccantonio has been working in Eni Group since 2002 covering various international managerial roles at corporate level and overseas. He is a performance-driven, experienced manager with proven expertise in the Energy and Oil & Gas industry. Before this appointment, he held the roles of Corporate Vice President/Head of Security for Eni Natural Resources Division and General Manager in GSA (Eni-Sonatrach Joint Venture in the Algerian Sahara Desert). Roccantonio has also previous experience in Kazakhstan, working in KPO in the roles of Operations HSE and Corporate Safety Manager.



Slushash Izbassarova

Human Resources and Services Director

Slushash has over 20 years of experience in leadership roles in Human Resource Management. Her previous position was Human Resources Controller at KPO. Before joining KPO, Slushash held management positions in large oil multinational corporations such as Agip Kazakhstan North Caspian Operations Company, NC Production Operations Company B.V. and North Caspian Operations Company B.V. Joined Shell in 2017.



Zhanat Zhakhmetova

Information Technology and Continuous Improvement Controller *

Prior to her assignment at KPO, Zhanat held a post of Vice Minister of Energy of the Republic of Kazakhstan. Zhanat has a Master Degree in Oil & Gas Engineering from the University of Aberdeen, and Bachelor of Science in Computers & Software and Chemical Engineering with universities in Almaty. In her earlier professional background, she has worked as Deputy Chair at the National ICT Holding "Zerde" and Deputy Director of IT with the RoK Ministry of Information and Communication. At the beginning of her career Zhanat occupied a number of positions at the Ministry of Information and Communication having worked in the areas of ICT sector development, regulatory environment and promotion of national e-governance projects. Among the projects initiated by Zhanat are the digital information system for accounting of O&G production, online auction for subsoil usage rights, digital contracts and other.

** This position was introduced in the KPO Organisational Chart in 2023 in view of the current focus on implementation of digital solutions into all Company aspects.*



Norbert Jallais

Safety, Environment and Asset Integrity Director

Norbert has more than 20 years of experience in HSE. He has a Master Specialized Degree in Environment Engineering and Management. Norbert has been working with Eni since 2006 covering the position of HSE & Sustainability Manager in various countries, mainly in Africa. Held a number of managerial positions in international companies such as ERM, ENI, NAOC, etc. Prior to his appointment at KPO, Norbert held the position of HSE Corporate Division Manager at NAOC in Port-Harcourt, an Eni's subsidiary in Nigeria.

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.

BUSINESS CONDUCT GRI 2-23, 2-24, 3-3, SDG 10.3, 16.5, 16.8

KPO BUSINESS PRINCIPLES

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.

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.

The full text of the KPO Code of Conduct is available on our [website in Business Ethics section](#).

HUMAN RIGHTS GRI 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 2023, there were no cases of child labor and human trafficking in KPO and its contractors.

COMPLIANCE GRI 2-24

ANTI-CORRUPTION GRI 2-15, 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). 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. 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.

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 ON THE SUBJECT OF CORRUPTION RISKS.

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*).
- 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. As per 2023 year-end results, the annual online training courses were completed by average 93% of the KPO staff of all categories of employees, including secondees of Parent Companies, full-time employees and employees of sending parties:

- Code of Conduct,
- Combating Unwelcome Conduct, Pressure and Harassment,
- Confidentiality.

The topics of discrimination and counteraction to undesirable actions in training course included such criteria as race and religion, age, gender, origin, appearance (clothing, hair colour, body, etc.), social status, disability, health status.

In 2023, the Compliance Department conducted 18 in-person sessions on the Anti-Corruption and Bribery course for employees who work at high risk

of committing compliance violations. 246 employees attended this course, including the KPO Directors Committee.

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 2023 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.

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.

KPO REQUIRES ITS BUSINESS PARTNERS TO COMPLY WITH APPLICABLE KAZAKH AND INTERNATIONAL LAWS COMBATTING CORRUPTION AND BRIBERY THROUGH OBLIGATIONS INCORPORATED IN KPO'S STANDARD CONTRACT.

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 25, Ethics and Business Practices.

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 2-16, 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 2023, Legal Compliance Department received 129 new reports through the Hotline and directly. Most of the complaints were related to the workplace relationship matters and conflicts of interests. In 2023, 123 investigations were completed, including investigations on reports received in 2022. 37% 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 2023, 83 consequence management actions were recommended, of which 55 were completed and closed. 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.

AN ETHICS ADVISORY BOARD HAS BEEN ESTABLISHED TO MONITOR AND DECIDE ON THE MOST SIGNIFICANT INVESTIGATIONS AND CONSEQUENCE MANAGEMENT PROCESSES.

All consequence management activities are monitored and controlled in accordance with applicable KPO policies. An Ethics Advisory Board has been established to monitor and decide 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 September 2023, at the initiative of the Legal Directorate, the Company held 'KPO Ethics Day' dedicated to corporate ethical values and raising the level of ethical leadership. The purpose of the event is to create a communication platform for discussing latest issues on 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. We plan to conduct Ethics Day on the annual basis.

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 2023, 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 2023, a total of eight cases of administrative offences were in process, of which one case with State Institution "WKO Environmental Department", one case with SI "WKO Justice Department", one case

with SI "WKO Department of Fiscal Revenues", three cases for Burlin District Police Department, one case with SI "Industrial Safety Committee Department of the Ministry of Emergency Situations of the RoK for WKO", and one case with SI "WKO State Architectural and Construction Supervision Authority".

All administrative offence cases mentioned relate to the period of 2023. In 2023, KPO paid administrative fines within seven administrative offence cases for a total amount of 167,453,920 tenge. On the eighth case with SI "WKO State Architectural and Construction Supervision Authority" non-monetary sanction was applied.



SOCIAL IMPACT

- 57 Safety practices
- 65 Occupational health
- 75 Employment practices
- 91 Conflict and security
- 97 Local communities



CLARIFYING QUESTIONS SERVE TO MAKE SURE THAT YOU UNDERSTAND THE SUBJECT UNDER DISCUSSION AND ALSO THAT YOU UNDERSTAND YOUR INTERLOCUTOR'S POSITION ON THE SUBJECT.

FEEDBACK CAN BE PROVIDED ONLY AFTER THE OTHER PARTY HAS CONFIRMED ITS READINESS TO RECEIVE IT.



GRI 2-23

BUSINESS PRINCIPLE: health, safety and the environment

BUSINESS PRINCIPLE: people

BUSINESS PRINCIPLE: communities

Note: details of the principles are described in the relevant chapters.

2023

SAFETY PERFORMANCE:

Lost Time Injuries
Frequency

0.05

RTI frequency

0

EMPLOYEES:

4,080
people

13%
general salary increase

INDUSTRIAL RELATIONS MONITORING:

23 thous.
employees from

172
contractor companies

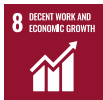
LOCAL COMMUNITIES:

The Project for the
post-utilization and
reclamation of lands of the
resettled Berezovka and
Bestau villages was approved

WHY IS IT IMPORTANT TO US? GRI 3-3

Health, Safety and Asset Integrity are the key elements for successful development and operation of any oil and gas condensate field. Safety of personnel in operations related to risks of H₂S, potential leaks and road incidents is of paramount importance for our Company. Our goals are that every employee is to come back home safe and sound and production leaks are entirely excluded.

KPO utterly commits to support effective HSE culture both internally and externally.



GRI 2-23

SAFETY PRACTICES

BUSINESS PRINCIPLE:

Health, safety

We have a systematic approach to health, safety, security management in order to achieve continuous performance improvement.

To this end, we manage these matters as critical business activities, set standards and targets for improvement, and measure, appraise and report performance externally.

2023

Road Safety activities completed by

88%

HSE Culture activities completed by

100%

31,977

HSE Cards

HSE LEADERSHIP TOURS:

212%

by senior management

270%

middle managers

The ISO 39001 supervisory audit has been successfully completed

SAFETY PRACTICES

In order to minimize safety risks and impact of the Company, we have set a number of targets. The results of their implementation are presented further in the table.

Tab. 6. Our targets in safety GRI 3-3

Our targets in 2023	Status	Actions taken to implement targets in 2023	Targets for 2024
Improve safety culture in KPO with focus on leadership and behavioural aspects. Implement Safety Leadership and Culture Program.	Completed	KPO launched the Safety Leadership and Culture (SLP) Program in July 2023. Internal SLC Coaches were trained to deliver Safety Orientation session for all KPO and contractors' staff. The target for 2023 was to cover 4,500 Company and contractors' employees; 5,506 were covered.	<ul style="list-style-type: none"> Continue conducting Safety Leadership & Culture Orientation sessions and cover 10,000 Company and contractors' employees. Train the SLC Coaches to deliver sessions for supervisors & workforce. Build a team of Lead SLC Coaches to develop internal resources for long-term impact.
Implement HSE Communication Plan for 2023	Completed	Initiatives and campaigns included in the 2023 HSE Communications plan were implemented by 100%.	Implement HSE Communications plan for 2024
Successfully pass surveillance audit on the Standard ISO 39001	Completed	KPO successfully passed first surveillance audit on the Standard.	Successfully pass 2 nd surveillance audit on the Standard ISO 39001

HEALTH AND SAFETY PERFORMANCE GRI 3-3, 403-2, 403-9, SDG 3.9, 8.8

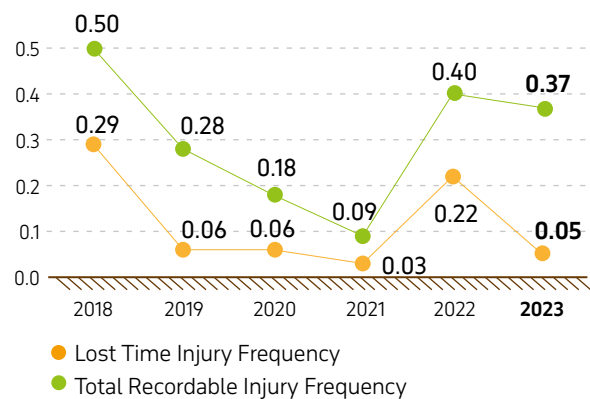
We plan our health and safety activities by tracking our progress and monitoring the world events. We calculate frequency of incidents over a set amount of work in man-hours. Our health and safety records are presented for the period 2018–2023 with a focus on 2023.

Graph 1 demonstrates Lost Time Injuries Frequency (LTIF)² and Total Recordable Injury Frequency (TRIF)³.

In 2023, the total number of recordable injuries in KPO slightly increased from 13 in 2022 to 14 in 2023. At the same time, the number of Lost Time Injuries decreased from seven in 2022 to two injuries in 2023. In 2023, LTIF was 0.05 (vs 0.22 in 2022) and TRIF – 0.37 (vs 0.40 in 2022).

At KPO, every incident is investigated to avoid recurrence. Additionally, we share learnings from incidents with our contractors and other interested parties and adopt safety improvement practices from other companies.

Graph 3. LTI and TRI frequencies: KPO and contractors, 2018–2023 GRI 403-9



Note: KPO uses the following method to calculate LTI and TRI frequencies:

²Frequency of Lost Time Injuries (LTIF) = number of Lost Time Injuries (lost work day cases + fatalities) x 1,000,000 / man-hours.

³Frequency of Total Recordable Injuries (TRIF) = number of recordable incidents (lost work day cases + medical treatment cases + restricted work day cases) x 1,000,000 / man-hours.

Table 7 represents KPO LTIF versus contractors LTIF for the past four years. KPO and contractors' data are presented separately. To obtain a consolidated indicator, a calculation formula should be applied, and not just a summarized data used.

Tab. 7. Lost Time Injuries frequency: KPO vs contractors, 2020–2023 (GRI 403-9)

Performance Indicators	2023	2022	2021	2020
Lost Time Injury Frequency (KPO)	0.00	0.00	0.14	0.00
Lost Time Injury Frequency (contractors)	0.06	0.27	0.00	0.07

Table 8 represents KPO TRIF versus contractors' TRIF.

Tab. 8. Total Recordable Injury Frequency: KPO vs contractors, 2020–2023 (GRI 403-9)

Indicators	2023	2022	2021	2020
Total Recordable Injury Frequency (KPO)	0.45	0.00	0.14	0.00
Total Recordable Injury Frequency (contractors)	0.35	0.50	0.08	0.22

Note: First Aid Cases are not included into calculations of occupational injuries.

KPO strives to make work places safe. Despite this, during 2023 there were 14 incidents, resulting in various injuries of KPO and contractors' employees.

Tab. 9. Incidents (total recordable injuries) in 2023 (GRI 403-9)

Injury Type	Description	Number
Lost Work Day Cases	Ribs injury as a result of major RTI	1
	Finger injury as a result of pinching	1
Total Recordable Injuries, where employee returned to work after medical treatment or was transferred to restricted work	Chin injury (cut) while using grinding machine	1
	Finger injury as a result of pinching	3
	Arm injury as a result of pinching	1
	Elbow injury as a result of losing balance and falling	1
	Feet injury (bruise and sprain) as a result of ankle twisting	1
	Knee injury as a result of falling	2
	Leg injury as a result of falling into the ditch	1
	Foot injury as a result of tripping	1
	Back and leg injury as a result of falling from height	1
TOTAL		14

One severe (major) Road Traffic Incident (RTI) was registered in 2023 – a contractor's Gazelle truck collided with another contractor's KAMAZ mixer truck resulting a serious injury to Gazelle truck driver.

The RTI frequency⁴ per 1 million km driven in KPO and contractors increased from zero in 2022 to 0.02 in 2023. In 2023, the kilometers driven by KPO vehicles amounted to 41.8 million km, compared to 39.3 million km in 2022. (GRI 403-9, SDG 3.6)

Fatality Frequency in KPO and our contractors in 2019 – 2023 remains zero. (GRI 403-9, SDG 3.9)

⁴ KPO RTIF calculation method: RTIF = number of RTI (severe) x 1,000,000 / km driven

In 2023, KPO and contractors' employees worked 37,823,703 man-hours: 18% of them (6,652,986 man-hours) worked by KPO employees and 82% (31,170,717 man-hours) by contractors' employees.

Tab. 10. Manhours worked: KPO vs contractors, 2020–2023 GRI 403-9

Indicators	2023	2022	2021	2020
Man-hours worked (KPO)	6,652,986	6,629,709	6,924,081	7,269,825
Man-hours worked (Contractors)	31,170,717	25,885,889	25,340,974	26,955,757
Total	37,823,703	32,515,598	32,265,055	34,225,582

In 2023, no high potential incidents (HPI)⁵ were recorded in KPO.

Tab. 11. High Potential Incidents: KPO vs contractors, 2020–2023 GRI 403-9

Indicators	2023	2022	2021	2020
High Potential Incidents (KPO)	0	0	0	1
High Potential Incidents (Contractors)	0	7	1	1
Total	0	7	1	2

In 2023, 125 near misses (NM)⁶ were registered in the Company; of which 74 (59%) were reported through the Incident Notification Procedure, and 51 (41%) – through HSE cards. For each near miss same as for

each incident, KPO performs a thorough investigation, identifies the causes and develops recommendations to correct the shortcomings and prevent their recurrence.

Tab. 12. Near misses: KPO vs contractors, 2020–2023 GRI 403-9

Indicators	2023	2022	2021	2020
Near misses (KPO)	41	24	22	27
Near misses (Contractors)	84	58	43	46
Total	125	82	65	73

FATALITY FREQUENCY⁷ IN KPO AND OUR CONTRACTORS IN 2019–2023 REMAINS ZERO. GRI 403-9

⁵ High Potential Incident (HPI) – any unplanned or uncontrolled event or chain of events that could have resulted in injuries to be accounted.

⁶ Near-miss – any unplanned or uncontrolled event or chain of events that could have resulted in injuries to be accounted for, asset damage, the environment, or an incident related to process safety, but such consequences, by coincidence, were avoided.

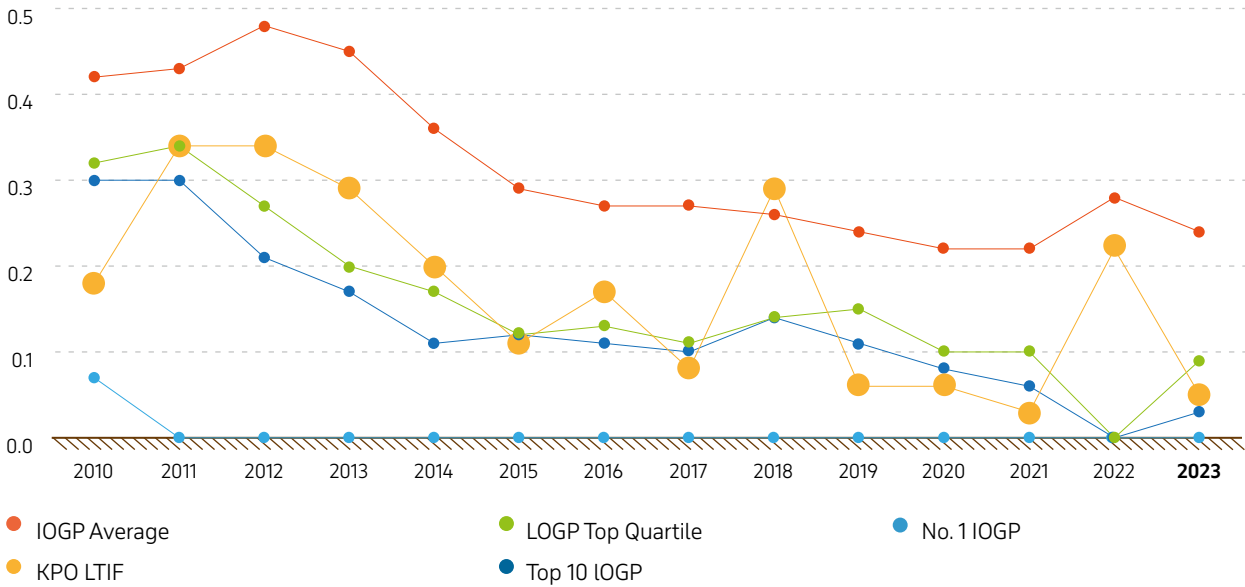
⁷ Fatality frequency calculation method used by KPO: fatality frequency (per million man-hours worked) = number of fatalities x 1,000,000 / man-hours worked.

Peer comparison GRI 3-3

Every year we review our key safety performance indicators against the other O&G producers' indicators reported by International Organisation of Oil and Gas Producers (IOGP). IOGP annually publishes HSE performance indicators on the website www.iogp.org.

In 2023, the number of Lost Time Injuries in KPO decreased -2 LTIs in 2023 versus 7 LTIs in 2022. If compared with other peer companies in 2023, KPO LTIF is ahead of IOGP average, but behind the performance of IOGP Top 10 (see graph 4).

Graph 4. KPO Performance versus IOGP, 2010-2023



HSE IMPROVEMENT PLAN FOR 2023 GRI 2-23, 3-3, 403-7, SDG 8.8

The overall objective of KPO HSE Improvement Plan is to improve Health, Safety and Environment management, to further control risks and to prevent harm to people and the environment. This is done by implementing Key Focus Elements that are over and

above KPO's day to day business activities to deliver tangible benefits and improvements.

In 2023, KPO applied a structured approach in preparation of the HSE Improvement Plan to ensure the Plan and the KPIs support each other and HSE objectives are achieved.

Tab. 13. 2023 KPO HSE Improvement Plan consisted of level I-II-III interlinked objectives

LEVEL I (main goal):	No harm, no leaks
LEVEL II (supporting goals):	<ul style="list-style-type: none"> • Personal Health • Personal Safety • Asset Integrity and Process Safety • Road Safety • Minimized Environmental Impact
LEVEL III (how this will be achieved):	Key Focus Areas

Monitoring of the Plan was arranged by means of Traffic Light system (Green, Yellow, Red) applied to Levels I, II and III.

To achieve the common goal of zero incidents, KPO works together with its stakeholders to implement the Plan and strengthen safety barriers. The subordinate plans with more details are

implemented to address the Improvement Plan's objectives.

In the following paragraphs, we present the activities implemented in 2023 on HSE Leadership, HSE Culture and Road Safety. Environment protection, Asset Integrity, Risk Management and Health activities are covered in relevant chapters.

HSE LEADERSHIP AND CULTURE GRI 3-3, 2-23, 2-29, 403-5, SDG 8.8

In order to prevent accidents and injuries, to protect our people, environment and assets, the Safety Leadership and Culture Program was launched in KPO in July 2023. The approach was to build our in-house capabilities and develop own resources.

With this purpose, and based upon certain criteria, candidates were selected for the "Train the Trainer" course. Approximately 200 candidates were interviewed, of whom 88 KPO employees and contractors' personnel were selected and trained. They attended a three-day "Train the Trainer" course to become SLC Coaches delivering Safety Orientation sessions for all KPO and contractors' employees. 372 sessions were held and 5,506 KPO employees and contractors were covered against the target to cover 4,500 people.

Aimed at implementing the plans and general vision of the Safety Leadership and Culture Programme, two Commitment workshops were held for Directors and Managers of KPO and contractor companies performing medium and high-risk activities for KPO.

Team members were identified and Project Management Office (PMO) established to coordinate the implementation of the program. Nine monthly meetings of PMO were held. The main objectives of PMO were to:

- Provide overall governance, direction and strategy of Safety Leadership and Culture Programme implementation;
- Develop a strong partnership between KPO and Contractors;
- Address issues regarding Safety and Leadership Culture Programme implementation.

In July and December 2023, an anonymous Pulse Survey was conducted to understand the state of the company's safety culture. Both KPO and Business Partners employees took part in the surveys. Based

on the surveys' results and feedback from the SLC Orientation sessions and from the Safety Commitment workshops, some areas for improvement were identified which require more work to be done in 2024.

SLC Coaches recognition event was held in December 2023 to sum up the results of 2023 work.

HSE Promotion and Awareness-Raising Tools GRI 2-29, 3-3

The Company's key commitment is to ensure health, safety and environment.

Thanks to the concerted efforts of all HSE functions all the scheduled activities and campaigns related to the HSE communication enhancement were 100% completed in 2023.

The quarterly HSE quiz was launched. Every employee could check his/her basic HSE knowledge and, if won, receive a gift. In addition, the continuous focus was made on prompt communication and raising awareness of employees through daily pop-up messages and regular Safety Moments on relevant topics and preventive recommendations. Throughout the year 15 Safety Moments were issued covering different topics such as hearing protection, importance of reporting near misses, recent hand and finger injury cases in KPO, and other.

In April 2023, in anticipation of the World Day for Safety and Health at Work, the 2022 award ceremony for the best HSE performance took place in KPO. The Unit-2 team received the main award in the nominated category "Best KPO Department Health and Safety Performance of the Year". "Yelzhas" company became the winner for the best performance among the s companies. The honorary award was also given to Schlumberger company for safety commitment and best practices in safety enhancement.

The winners of individual awards for intervention and reporting of potential hazards and unsafe behaviour received the monetary award. Besides, the incentive monetary awards were also given to those who made the particular contribution to the safety improvement and supporting various health and safety initiatives and campaigns additionally to their main job.

In August 2023, the Safety Day on the topic "Stop Work Authority" took place at all KPO facilities. The agenda covered the statistics on injuries sustained over the period of 2022–2023, the video-message from General Director and the reminder to promote and empower every employee on the authority and a duty to stop any unsafe activity or unsafe act.

The Annual HSE Forum has been an integral part of communication tool over the years. In November 2023, KPO held annual HSE Forum with its contractors on the theme "Leaders in change". The Forum involved the Senior Management of KPO and key contractor organisations. The Forum was also livestreamed allowing more participants to join online. The purpose of the Forum was to jointly review current changes and challenges in Health, Safety and Environment and the role of Leaders in effective implementation of changes as well the improvement of an overall Safety Culture at the Karachaganak Field.

The topics covered within the forum: changes to RoK Eco Code and KPO Waste management process; changes to the KPO and Business Partner processes of Random alcohol screening and Fitness to work; Road traffic incidents and violations; Stop Work Authority; Safety Leadership and Culture.

In order to efficiently engage each of attendees into discussion, they were involved into separate interactive sessions, team tasks and surveys to enable comprehensive analysis of current cultural behaviours and beliefs and planning of improvement and prevention activities.

In July 2023, Contractor HSE management workshop was conducted with KPO contract owners / KPO designated persons on the key responsibilities and expectations in Contractor HSE management. The workshop was chaired by General Director to stress on the importance of the process and the role of contract owners and KPO designated persons in achieving the goal of zero harm and zero leaks. Workshop discussion covered the key responsibilities in managing Contractor HSE, increasing involvement of Contractors' Senior Management in HSE tours, concerns/suggestions/actions for further improvement of the process etc.

With the aim of Safety Culture improvement, the following leading HSE indicators/targets were set as mandatory for employees to receive the 2023 Annual HSE Bonus:

- The ratio of Near Misses (NM) reported to total man-hours shall not be less than the yearly target of 2.6;
- By the end of the year, employees were to undergo LSR e-learning "Working at Height" and make at least one positive intervention or a safety improvement discussion with colleagues.

KPO managed to reach the target at least 2.6 ratio of Near Miss reporting versus total man-hours, and HSE bonus was paid to those KPO and manpower employees who timely underwent the e-learning and completed online report on intervention.

Management presence on work sites

For tracking the overall HSE performance and management interaction with employees at work sites, KPO practices HSE site tours: HSE Leadership tours engaging KPO Directors/Controllers, as well as Contractors' senior management, and HSE Management tours for Level 2-3 Managers. The main principle of this program is interaction with the workforce.

In 2023, the total number of HSE Leadership tours amounted to 176 compared to the planned 83 having resulted in 212% plan completion and HSE Management tours amounted to 944 compared to the planned 350 having resulted in 270% plan completion.

IN 2023, HSE LEADERSHIP TOURS RUN BY THE TOP MANAGEMENT COMPLETED BY 212%, AND BY THE MIDDLE MANAGERS – BY 270%.

ROAD SAFETY GRI 3-3, 403-9

To ensure more sustainable road safety performance, KPO continues implementing its annual Road Safety Improvement Plan. In 2023, KPO has completed 88% activities of the Plan.

The key road safety achievements/implemented activities in 2023 are:

- ISO 39001: Road Traffic Safety Management System – successful (zero non-conformities) pass of 1st surveillance audit;
- Update of IVMS and Dashboard camera management and Load Haulage Safety procedures;
- Road traffic safety assurance review of 13 top low-performance contractors;
- Workshops for contractors on safe load transportation and driver's fatigue management;
- Mini forums with drivers to share experience and receive proposals on road safety improvement;
- Road Safety Stand-Down for drivers on risks of driving in winter, including risk of hitting animals on the roads;
- Joint ventures (TCO, NCOC, CPC and KPO) collaboration meetings on road safety;
- Catastrophic RTI drill with involvement of KPO Emergency Response and Health teams;
- Implementation of stickers with QR code in all vehicles to give access to drivers to all the main road safety information / requirements;

- Update of KPO Road Hazard Assessments for the main routes (new hazards, risks, control measures, new format) and upload to KPO Intranet;
- Implementation of Blue driver category (100 points) in IVMS RAG report and revision of points within green, amber, red driver categories;
- Driving competence assessment of more than 200 drivers both randomly and by applying risk-based approach, e.g. based on IVMS BRAG reports, vehicle type, load type, km driven.

Also, within the framework of cooperation on road safety improvement with the authorities and the community, KPO carried out/participated in the following activities in 2023:

- At the initiative of the Burlin Region's Education Department, in May and June 2023, KPO took part in road safety awareness events for children, which included conducting contests and memorable gifts for participants;
- KPO renewed road safety billboards in Aksai;
- KPO sent a letter to the authorities in June 2023 with road safety improvement proposal with regard to the roundabout on the way from Aksai to the Field and the it was implemented by the authorities.



At the "Young Pedestrian School" campaign event, 1 June 2024

WHY IS IT IMPORTANT TO US? GRI 3-3

Fitness for work is a broad concept as it deals with the relationship between a worker and his or her ability to perform their job duties safely and competently. The objective of fitness for work examinations is to identify physical and psychological limitations which may be incompatible, or cause particular problems, with performing a specific task or employment in a particular location.

For employees who have been assessed as 'unfit' or 'fit with restrictions', the Company provides job modification or transfers the worker to alternative work. This ensures that the employee is removed from a potentially harmful environment, but continues to be employed.

Equally important is the legal compliance with the Republic of Kazakhstan fitness for work requirements. This includes the Employer's duties such as an arrangement of and payment for the medical examinations, categorisation of the workers in relation to their working conditions, suspending workers who have not timely attended a periodic medical check-up, taking action to improve employees' health, reporting suspected occupational illness, etc.



GRI 2-23

OCCUPATIONAL HEALTH

BUSINESS PRINCIPLE:

HSE

We have a systematic approach to health, safety, security management in order to achieve continuous performance improvement.

2023

364

employees were trained in First Aid

868

employees sought assistance under Employee Assistance Programme

CONDUCTED:

179 thous.
pre-shift medical examinations

30 thous.
measurements of physical factors and air at units and facilities as part of the Sanitary and Hygiene monitoring programme

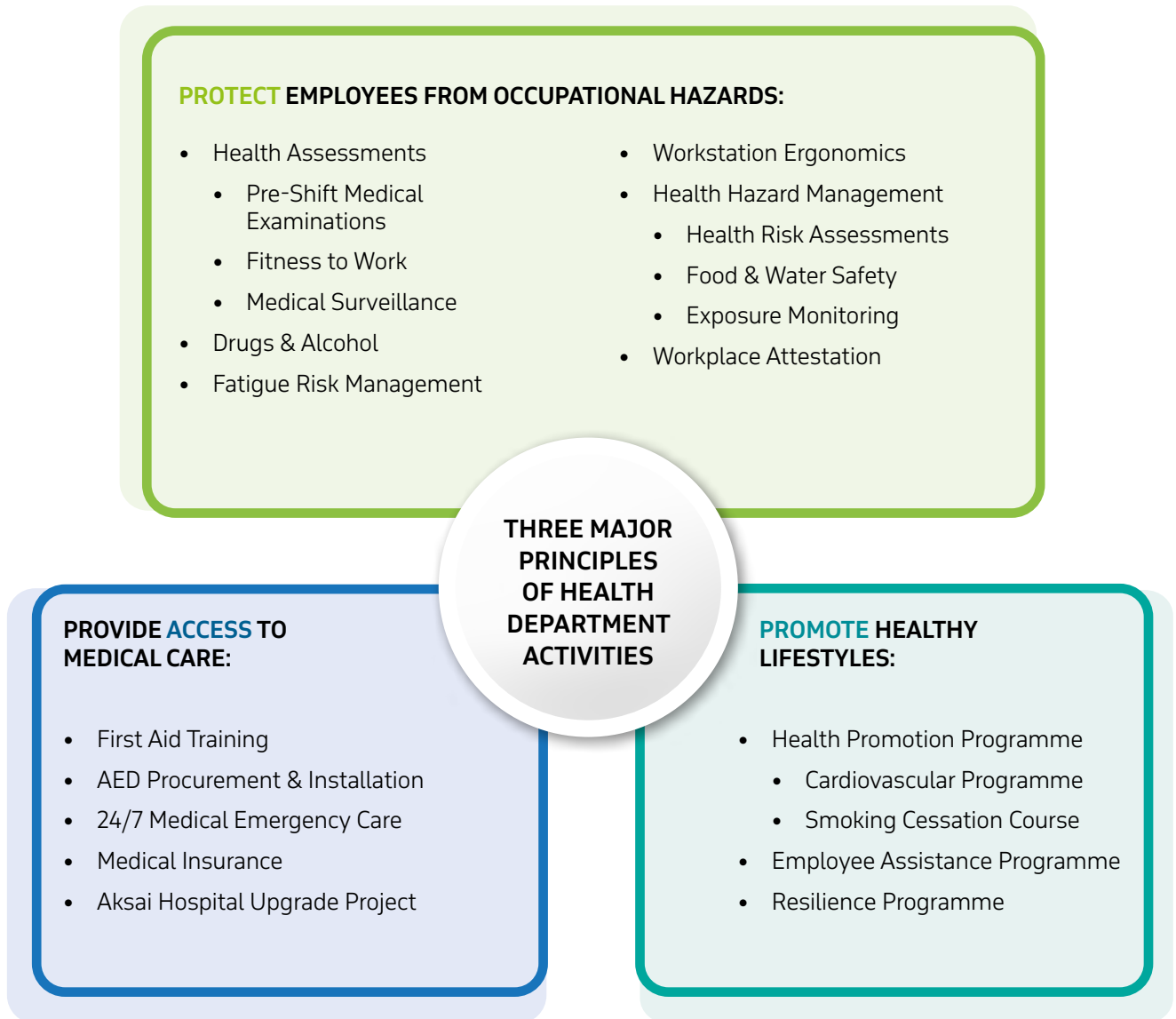
2
audits of contractors' sick bays

36
inspections of contractors' catering facilities

OCCUPATIONAL HEALTH

Three main principles form the basis of the Health Department's activities: Access, Protect and Promote as shown on pic. 9:

Pic. 9.



The results of the implemented targets that were set to minimize certain risks and the impact of workplace factors on the occupational health of employees are given below.



Tab. 14. Out targets in health protection (GRI 3-3, 414-2, SDG 3.4, 3.5, 3.8, 3.9, 8.8)

Our 2023 targets	Progress status	Actions taken in 2023	Targets for 2024
ACCESS			
Conduct audits of Medical Emergency Response (MER) systems in main KPO contractor companies	Completed	Two comprehensive audits (Sicim and KMG Parker) were performed to assess the preparedness of contractors in meeting minimum Medical Emergency Response (MER) standards. The audits evaluated contractors' compliance with MER guidelines and identified areas for improvement.	In connection with the expansion of the KEP 1, to conduct an audit of the contractor's medical sickbays on this project
Medical Emergency Response (MER) Team Onboarding Pack and Program	New target Completed	The MER Team Onboarding Pack and Program has been successfully implemented. The relevant teams have undergone training sessions outlined in the onboarding pack, ensuring they are equipped with the necessary knowledge and resources to fulfil their roles effectively.	–
Automated External Defibrillators (AED) Procurement & Installation	Completed	10 additional AEDs have been acquired which have been strategically installed across KPO sites to ensure accessibility in case of emergencies.	Conduct AED Refresher Training for First Aiders
Develop a new medical insurance program	In progress	The scope of work was developed with consideration of the lessons learned from the previous insurance contract management, employee feedback and benchmarking against peer companies. Tender was started.	Organise transition to a new medical insurance program, facilitating smooth communication and minimal disruption
New targets		Improve First Aid level by training enough First Aiders amongst employees and by ensuring enough First Aid boxes and AED (Tier 1) Conduct assessment and prepare a plan to digitalize Doctors' Medical Aid (Tier 2)	
PROTECT			
Carry on contractor welfare facility inspections	Completed	<ul style="list-style-type: none"> • 2 audits of contractors' sick bays conducted; • 36 inspections of contractors' catering facilities done. 	Continue participation in contractors' welfare and HSE audits
Update the Fatigue Risk Management (FRM) guideline such that it applies not only to the safety critical positions, but also to all Company and Contractors employees	Completed	The Fatigue Risk Management Procedure was revised. Now it applies not only to the safety critical positions, but also to all Company and contractors employees. More departments conducted their FR assessments and developed FRM plans.	Further implement the Fatigue Risk Management Procedure to ensure it is applied both by the Company and contractors for managing fatigue risks
Conduct an audit of the legionellosis risk reduction plan implementation	Not completed	Awareness training was delivered to Infrastructure and Services contractor personnel.	<ul style="list-style-type: none"> • Conduct a review of the legionellosis risk reduction plan implementation; • Run more Legionella awareness training sessions for the Facilities Management personnel.

Our 2023 targets	Progress status	Actions taken in 2023	Targets for 2024
Certify eight operational facilities with regard to labour conditions	Completed	Ten units within KPO underwent thorough workplace attestation. Corrective action plans were developed based on the findings of the assessments.	Implement the Workplace Attestation corrective action plans
Modify the Random Alcohol Testing Program for the Company employees in order to include testing of contractors' personnel at KPO production facilities	In progress	The potential alcohol testing process for KPO contractors was designed. Randomization tools were shortlisted and IT application was developed. Alcohol coordinators are nominated.	<ul style="list-style-type: none"> Finalize KPO alcohol procedures covering employees and contractors. Assess and resolve and remaining HR and legal aspects. Establish referral process for contractors and worker consultation.
Ionising Radiation Exposure Monitoring	New target Completed	Comprehensive monitoring of ionising radiation exposure was conducted across KPO facilities. Data regarding naturally radioactive nuclide levels and personnel exposure were collected and analysed for compliance with regulatory standards.	Provide "by request" radiation survey services
Implement the Sanitary Compliance Monitoring Plan	New target Completed	Sanitary Compliance inspections were conducted to assess compliance with sanitary regulations and standards and any non-compliances were addressed through the implementation of corrective measures.	Sanitary Compliance & Risk Based Monitoring Plan: to prioritize areas with higher sanitation risks and mitigate potential health hazards
New targets		Conduct six Health Risk Assessments as per the updated HRA Improvement Plan Implement 'Fitness To Work' assurance measures for business partners (contractors) engaged KPO projects or activities.	
PROMOTE			
<ul style="list-style-type: none"> Train facilitators in order to implement the Resilience Program; Launch the Resilience Programme among the Company employees; 	Completed	50% of Program Facilitators have successfully delivered at least 4 Resilience modules in their teams.	Continue supporting facilitators who run sessions, provide training to new volunteers
Carry out an interest assessment within the work teams to identify their interest for webinars and group sessions on various psychological aspects. Based on the assessment findings, draft a plan for holding such sessions.	Completed	The service provider EAP Lotus MHH conducted 7 webinars covering various mental health topics, with 404 KPO employees participating.	Consider alternative ways to provide mental health support to employees
Implement Employee Wellness Program in 2023, including a pilot program for the reduction of heart disease risks	Completed	After 6 months of pilot enrolment, 40% of the target group have shown improved Cardiovascular Risk Scores.	Implement 2024 Health Promotion Plan, including: <ul style="list-style-type: none"> Cardiac Risk Intervention Campaign – Biometric, Nutrition Program – Eat Better.

IMPROVING THE QUALITY OF EMERGENCY CARE GRI 3-3, 403-3

Medical Support Section provide round-the-clock medical emergency response in the Karachaganak field and in Aksai offices. Apart from emergency calls, doctors and feldshers of the five sick bays provide outpatient care to patients, carry out pre-shift, pre-trip

and post-trip medical examination, undertake health communication activities at industrial facilities, conduct regular sessions and exercises with personnel involved in the general emergency response process.

Tab. 15. Healthcare deliverables in 2023

Medical support indicators	
Number patients who admitted to clinics	1,814
Number of emergency calls	102
Number of patients delivered to medical facilities	83
Number of sessions and exercises	311
Number of first-aid trained employees	364
Pre-shift medical examination (drivers / operators / electricians)	
Examinations	178,923
Number of "unfitness to work" cases	162
Random alcohol tests SDG 3.5	1,105
Positive random alcohol test results	1

Digitalization program in Health Department SDG 9.1, 9.4

The Electronic System of Medical Examination (ESME) is designed to streamline the pre-shift medical examination process by facilitating automated assessments required by the RoK regulations, covering pre-shift, pre-trip, and post-trip medical checks. This software-hardware complex efficiently measures blood pressure, pulse, body temperature, alcohol levels in exhaled air, and detects signs of substance use within 2-3 minutes, significantly reducing the time compared to conventional manual examinations, which typically take 5-6 minutes or longer. All collected data, along with photo and video records, are securely stored in an electronic logbook.

Currently, there are 7 ESME units installed across all KPO clinics. In 2023 alone, a total of 178,923 medical examinations were conducted, resulting in 162 employees being declared unfit for work due to medical reasons. The system's high accuracy has encouraged many workers to prioritize their health, leading to initiatives such as weight loss and improved blood pressure management.

CURRENTLY ALL KPO CLINICS ARE EQUIPPED WITH ESME UNITS.

Emergency Capability Upgrade Project in Aksai Hospital GRI 3-3, 203-1, SDG 3.8, 9.1, 9.4

The 5-year Aksai Hospital Upgrade Project, initiated in January 2020, has significantly bolstered the hospital's capabilities in medical emergency and intensive care. This progress is evident through improvements in key performance indicators within the hospital.

Acknowledging the substantial advancements made in emergency and intensive care capabilities from 2020

to present, and in response to requests from the WKO Akimat, regional health authority, and the Aksai district hospital, in 2023 the project was temporarily halted to refocus efforts on enhancing obstetrics, gynaecology, and paediatric neonatology services—a critical priority for stakeholders.

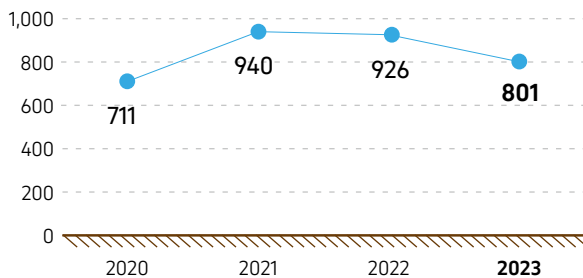
Preparatory activities for resuming the project in 2024 are underway, with the aim of delivering the Aksai Hospital Upgrade Project in time and within the approved budget.

DISEASE CONTROL AMONGST EMPLOYEES GRI 403-3, 403-6, SDG 3.5, 3.8

Sick leave absence monitoring GRI 403-3, 403-10, 2-4

In 2023, sickness absence among KPO employees decreased by 13.5% compared with 2022. Starting from 2020, the data in Graph 6 was updated in connection with the launch of the e-system of accounting sick leaves. Earlier, some data was accounted in the following reporting periods as some sick leaves were submitted by employees after formalizing timesheets. Accordingly, the data from 2020 was re-calculated.

Graph 5. KPO sick leave absence rate, 2019–2023



Note.: KPO uses the following method to calculate the sick leave absence rate:

- Sick leave absence rate = actual number of days lost due to absence from work (due to illness) x 100 / total number of employees. There is no information about the days of absence from the workplace for other reasons.
- KPO has adopted a methodology for calculating employees' absence from workplace by the number of employees (not man-hours), since this methodology is a regulatory requirement.

Medical insurance

KPO employees and their families are provided with medical insurance that covers medical services in addition to those available through guaranteed free health care and mandatory RoK social medical insurance.

In 2023, a tender was launched for a new medical insurance contract for the national employees and their family members. The strategy is to get two providers so that the insured have a choice. The new scope was developed with the consideration of the employees' opinion and suggestions and offers significant improvements compared with the current package. For example, limits for dental care and medicines have been increased substantially, and employees now have a greater choice of clinics.

Occupational diseases GRI 403-2, 403-3, 403-10

Health protection is one of the key Company's priorities and plays an essential role in the professional life field. A work activity must not lead to a health damage under any circumstances, i.e. Health protection is above the work efficiency.

The Company provides employees with such working conditions so they could adequately perform their job tasks without compromising their health.

In 2023, no occupational diseases were registered among KPO employees.

Fitness for work GRI 403-2, 403-3, 403-6

In 2023, a greater focus was given to fitness to work (FTW) of contractors and agencies' personnel. A Contractor Fitness To Work Guideline was developed for the contract owners with the aim to improve control over contractors' compliance with the regulatory FTW requirements. Continuous monitoring of employees' health condition allows diagnosing illnesses at an early stage, undertake respective prevention measures,

avert their progress and provide medical treatment as needed. It is a good opportunity to maintain and care for occupational health.

There were gaps in KPO's managing the fitness for work process of recruitment agencies staff. Identified by an internal audit, the gaps necessitated corrective actions which have been included in the 2024 Health Plan.

Fatigue risk management

The oil and gas industry has a number of characteristics, which can contribute to fatigue⁸. KPO has a Fatigue Risk Management Procedure that outlines the management processes that minimise the risks of work-related injury or incidents due to fatigue. In pursuit of continuous improvement, the Procedure was revised in 2023. Now it applies not only to the safety critical positions, but also to all Company and contractors' employees. More departments conducted their fatigue risk assessments and developed fatigue risk management plans.



Employees of KPO Health Department

⁸ Fatigue is a lack of mental alertness arising from lack of sleep.

OPERATIONAL CONTROL OF INDUSTRIAL FACILITIES GRI 403-3, SDG 3.9, 8.8

KPO regularly monitors the Occupational Health and Hygiene at units and facilities. The below table shows the monitoring data for the last three years.

Tab. 16. Monitoring of workplace factors, 2020–2023

Workplace factors	2023		2022		2021	
	No. of measurements	No. of non-conformances	No. of measurements	No. of non-conformances	No. of measurements	No. of non-conformances
Noise	492	122	420	91	368	83
Vibration	84	29	75	16	63	12
Electromagnetic fields	3,964	63	3,968	27	3,676	50
Electrostatic fields	2,419	0	2,342	0	2,048	0
Lighting	3,581	589	3,045	27	2,743	730
Microclimate	6,474	790	6,258	575	5,250	360
Workplace air	12,612	0	13,965	0	12,342	0
Total	29,626	1,593	30,073	736	26,490	1,235

Non-compliance is reported to a respective unit management and corrective actions are developed, which are then tracked for closure by Synergi.

Workplace Attestation

Statutory attestation of production facilities, which is conducted every five years, is aimed at evaluating working conditions.

In 2023, the scheduled mandatory attestation with regard to labour conditions was conducted at 10 facilities, namely, KPC, Unit 2, Unit 3, Main Workshop, Main Warehouse, Chemical Laboratory, Bolshoi Chagan Pumping Station, Atyrau Terminal, Gathering Department and Transport Department.

The significance of the workplace attestation results cannot be overestimated: not only it evaluates working conditions against the regulatory standards, but also provides the grounds for compensatory worker entitlements such as additional 5% pension allowances for work in hazardous environments.



PROMOTION OF HEALTHY LIFESTYLE

GRI 3-3, 403-6, SDG 3.4, 3.8

In 2023, the Health Promotion Program was re-structured to make it more interactive and engaging. One part was based on the World Health Organisation's World Health Day calendar:

03.03.2023



WORLD HEARING DAY

Addressed hearing impairment's impact on workforce and community. Included Best HSE Card for Noise/hearing protection.

17.05.2023



WORLD HYPERTENSION DAY

Highlighted modifiable risk: high blood pressure. Included Toolbox talks on Hypertension and blood pressure checks in KPO Clinics.

14.06.2023



WORLD BLOOD DONOR DAY

Focused on significance of blood donation for community. Included communication on becoming a donor, eligibility, benefits and KPO donors' interview in KPO newsletter.

25.09.2023



VACCINATION DAY

Promoted vaccinations with a webinar and Free Influenza Vaccine offer for KPO and Parent Companies' employees.

29.09.2023



WORLD HEART DAY

Raised heart health awareness with toolbox talks and linking to more information sources.

10.10.2023



WORLD MENTAL HEALTH DAY

Raised awareness and drives actions that promote and protect everyone's mental health. Includes a webinar with participation of Employee Assistance Programme provider.

Tab. 17. Outcomes of Healthy lifestyle programmes, 2020–2023

Programme Name	Description	Outcome
Cardiovascular Programme	Pilot Cardiovascular Risk Management Program, launched in 2023, serves to get insights for a company-wide replication. A European Society of Cardiology "HeartScore" risk calculator was used to evaluate a 10-year risk of fatal and non-fatal cardiovascular disease among a selected group of high-risk employees. The participants were given individual health improvement plans and follow-up visits in the KPO Filed clinics were arranged to monitor progress.	11 out of 18 participants (61%) had their risk reduced. The vast majority of them positively assessed the program in an opinion survey.
Smoking Cessation Course	In 2023, Health Department organized 2 offline courses of a renowned smoking cessation method (Allen Carr's "Easyway to Stop Smoking") for employees with highest CVS risk.	27 employees participated. The number of those who quit smoking is to be determined.
Employee Assistance Programme	The Employee Assistance Programme (EAP) was implemented at KPO in 2020 with the primary aim of supporting mental health and preventing harm to KPO employees. This includes addressing associated somatic diseases, self-harm, and mitigating the risk of suicides resulting from mental health challenges such as anxiety, depression, and panic attacks. The programme offers confidential consultations conducted by qualified third-party psychologists using multimedia, video, or face-to-face sessions, available 24/7 through a dedicated hotline. Additionally, group sessions and webinars are available as part of the programme.	In 2023, a total of 868 employees sought assistance through various communication channels. During the same year, the service provider EAP Lotus MHH conducted 7 webinars covering various mental health topics, with 404 KPO employees participating.
Resilience Programme	KPO Resilience Programme launched at KPO in 2018 is a voluntary thirteen modular programme developed for small teams. Participating employees may choose to become resilience facilitators by undertaking a short and engaging training class run by Health Department. Following the training, facilitators themselves run the modules for their colleagues with support from the Health Department. The goal is to develop employees' resilience skills and minimize the risk of stress related illnesses and conditions: depression, alcoholism, suicide risk. The programme was frozen during the Covid pandemic and revitalized in 2022. KPO Management supported the recommencement of the Resilience Program in 2023, the materials had been revised with account for the past experience, and from the beginning of 2023, new facilitators will be engaged to deliver the Program.	50% of Program Facilitators have successfully delivered at least 4 Resilience modules in their teams.

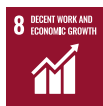


WHY IS IT IMPORTANT TO US? GRI 3-3

Developing and operating the Karachaganak Field requires thousands of dedicated and talented employees in a wide range of disciplines, from petroleum engineers and technicians to accountants and logistics specialists.

Our people are the key to our success. Company invests in the development of our national workforce using the international expertise of our Parent companies, appropriate classroom training and renowned educational institutions.

KPO HR policy and employee relations are regulated by the RoK Labour Code, the FPSA, the Resolutions of the Contractors Committee, the Joint Operating Committee, and Collective Agreements.



GRI 3-3, 2-23

EMPLOYMENT PRACTICES

BUSINESS PRINCIPLE:

People

We treat each other with respect, fairness and decency.

We respect and support the different cultures of our colleagues and the communities in which we work.

We value the diversity of people, beliefs, skills, and experience.

2023

NATIONALIZATION PROGRAMME:

12

positions nationalized

95%

employees are RoK citizens

EMPLOYEE RELATIONS:

67

grievances received and resolved

TRAINING COMPLETED BY:

3,967

KPO employees

22,887

contractors' employees

214

employees completed certified international programmes

EMPLOYMENT PRACTICES

HR POLICY GRI 3-3

Attracting and retaining qualified and talented professionals is one of the priorities required for successful business.

KPO strives to ensure competitive labour market conditions among oil companies in Kazakhstan, to attract high-potential candidates and to reduce the risk of staff turnover. Another important factor for the KPO attractiveness as an employer is due performance of undertaken commitments and respect for the employees' labour rights.

At KPO, we offer equal opportunities to everyone and treat everyone equally and do not discriminate in any way based on race, colour, religion, age, gender, sexual orientation, gender identity, marital status, disability, ethnic origin or nationality. This helps us ensure we always draw on the widest possible talent pool and attract more capable and talented people. All employment decisions, including hiring, evaluation, promotion, training, development, discipline, compensation and termination, are based solely on objective factors, including merit, qualifications, work performance and business considerations.

The approach of KPO to increase of local content in staff involves both replacing expatriate personnel with national staff and implementation of the local staff professional training and development. This helps ensuring that all operations are carried out competently, with high quality and in compliance with international standards. Such approach contributes to the replacement of foreign personnel with minimum risks for production activities, and the achievement of the set goals with the highest quality. To this end, KPO develops the Annual Training Plan, which is implemented taking into account the individual needs of each employee. Provision of training programmes allows the Company:

- to fulfil the requirements of the FPSA Annex 7 related to the training, re-training and professional development for Kazakhstani employees consistent with International Good Oil Field Practices, as well as HSE and industrial hygiene requirements;
- to deliver programmes that contribute to the increase of local content in staff and to supply the organization with skilled, qualified and competent workforce;

- to undertake training activities in order to achieve operational targets;
- to deliver specific and mandatory HSE certified training programmes for the Company's personnel, required by RoK legislation, the Company's internal procedures and best international practices.

Diversity and inclusiveness GRI 3-3, 405-1

Developing an inclusive culture, respecting and valuing the contribution of each employee, regardless of gender, age, nationality and other factors, is important for the Company's success.

The KPO team is multinational. We have residents from all regions of Kazakhstan, although vast majority of the employees come from the West Kazakhstan region constituting 82% of the total workforce. Expatriates from different countries of the world make up about 6% of the entire team.

Women make up 27% of the total workforce.

The predominance of men among the staff is due to the characteristics of oil & gas sector with primarily work on site, where gender imbalance is traditionally observed, especially in technical positions.

Management promotes equal opportunities for all employees, regardless of gender. Women constitute 17% among managerial positions (personnel categories 1-2). KPO strives for gender balance and diversity in the Company's leadership.

An analysis of the age composition shows that the largest group of employees is aged 31 to 50 (67%). It is important to consider the presence of young employees (8%) for bringing in new ideas, as well as experienced senior employees (24%), who bring wisdom and extensive experience. This diverse age composition contributes to an innovative and dynamic work process. Developing an inclusive culture, respecting and valuing the contribution of every age group, is important for the Company's success.

At KPO we also have employees with limited abilities. We provide them with individual support, including hybrid working schedule, to ensure more favourable working conditions enabling them to contribute to the overall success of the Company.



Klara Pykhanova, Production Support Manager, receives an award for KPO at the VIth Forum of the KAZENERGY Women's Energy Club "EMPOWERHER ENERGY FORUM"

Safety is paramount in the oil and gas industry, and therefore, heightened requirements for health suitability are imposed. Colleagues with disabilities mainly occupy office positions.

During the 2023, the Company held various events that allow employees to give feedback to management and to HR department. These include the KPO Townhall, the annual Employee Opinion Survey, the HR Open Day, and occasional coffee break meetings with directors. Additionally, feedback is collected in the process of personal engagement with line managers and through the Hotline available 24 hours. Once feedback is analysed, HR department publishes answers to the most pressing questions on the Intranet, and looks for solutions to optimize the identified problems.

Overall, KPO strives to make inclusion a core aspect of its corporate culture. We continue developing inclusive mindset across the Company, emphasizing the unique skills of each individual employee. This topic is also covered in the mandatory annual training for employees on the company's Code of Conduct.

KPO Female Network SDG 5

The KPO Women's Club was launched in May 2019 as a platform where women can share knowledge, provide mutual support and strengthen their connections. During the five years of the Club's operation, the Company held a number of events to involve female employees in discussions on multiple hot topics both at work and in life.

The mission of the KPO Women's Club is to promote the vision **'Women Support Women'**.

The goal of the Club is to create and maintain a positive culture of mutual support among female employees in the Company. We want KPO to be a safe and friendly working environment where every woman can unleash her potential and reach any career heights congruent to her talents and ambitions.

As an ESG-oriented company, KPO is committed to a gender-balanced human resource. In this regard, the Women's Club supports ideas aimed at empowering women in the oil and gas industry and further promoting them to leadership roles.

In addition, as part of the personnel development programmes conducted by the KPO HR Department, the mentoring initiative has been implemented where special attention is paid to the professional development of women, and an open dialogue is held on the importance of getting rid of cliches.

In 2023, the KPO Female Club held three sessions which were conducted both off- and online such as to include as many people as possible of those wishing to attend. During the sessions discussed were such topics as balance between career and family, self-care, introduction to sports and a healthy lifestyle, personal development through travelling. Among the speakers there were both women who hold leadership positions and inspire colleagues by their example, and enterprising young employees.

Additionally, speakers from other organizations and companies are invited. We believe that such sessions help our employees to get a boost of inspiration, insights and increase their social activity.

The KPO Women's Club adopts the best practices of oil and gas and energy companies to support working women and empower them in the industry. In October 2023, KPO participated in the VI Forum of the KAZENERGY Women's Energy Club "EMPOWERHER ENERGY FORUM". Klara Pykhanova, a member of the Women's Club Committee, spoke at the forum on behalf of KPO and highlighted the Company's activities in the field of sustainable development. On the Forum's side-lines, Slushash Izbassarova, KPO Director of Human Resources and Service Support was awarded the KAZENERGY Medal for the decades long active contribution to the development of the oil and gas industry. In addition, based on the results of the KAZENERGY Drawing Competition, the drawings

of five KPO employees and their children were used for promotional items of KAZENERGY. **GRI 2-28**

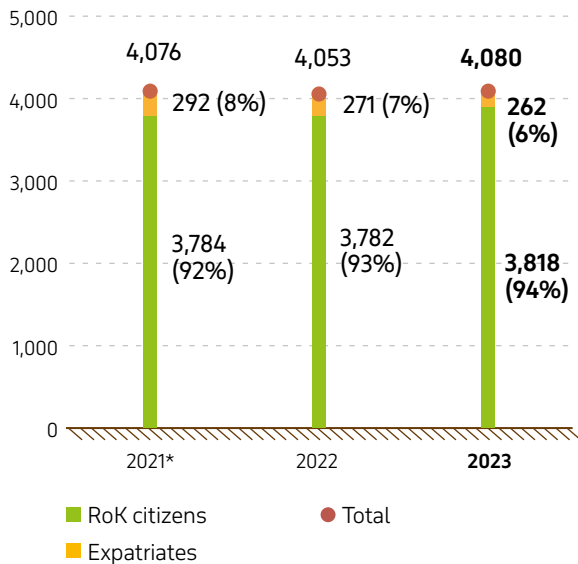
In December 2023, a delegation of the KPO Women's Club took part in the forum "Women's Participation in the ESG Agenda in the Fuel and Energy Complex" organized by Embamunaigas JSC. The sessions discussed such topics as the role of women in the promotion and implementation of various social and environmental initiatives, gender balance in enterprises, ESG approaches to reducing inequality, and others. Aigerim Sarguzhieva, Chairperson of the KPO Women's Club, took the floor as a speaker at the session "The Role of the Women's Movement in the Development of Society" and spoke about the ongoing activities of the KPO Women's Club and its plans for the future. At the final session of the KPO Women's Club at the end of the year, the members of the KPO delegation shared their experience of the forum.

PERSONNEL STATISTICS

As of end 2023, the total number of KPO personnel made up 4,080 people with 3,818 of them being RoK citizens and 262 other countries' citizens.

Graph 6. KPO personnel, 2021–2023

GRI 2-4, 2-7, 405-1 (b)

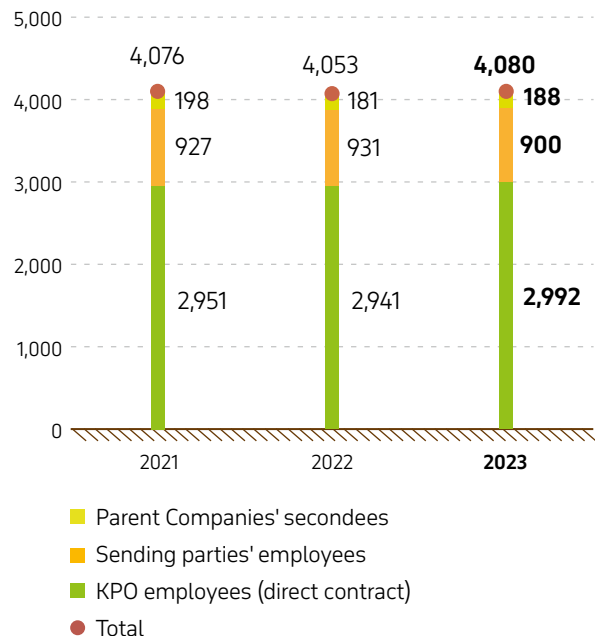


* Data for 2020–2021 has been corrected in the Sustainability Report 2022, in accordance with the changed approach of the methodology for calculating local and expatriate KPO personnel.

The graph 7 shows the ratio of personnel, taking into account the specifics of labour relations, to the total headcount of the Company at the end of the reporting period, broken down by years.

Graph 7. KPO personnel by type of employment, 2021–2023

GRI 2-7, 2-8



As of end 2023, the number of permanent employees was 4,002 people, of them 1,031 women and 2,971 men. The number of temporary employees totalled 78, of them 59 women and 19 men. KPO offers only full-time job.

GRI 2-7, 405-1(b)

Graph 8 shows the ratio of personnel by gender. In 2023, 2,990 men and 1,090 women worked at KPO. **GRI 2-7**

The map shows the distribution of the Company's personnel in the regions of Kazakhstan. In 2023, compared to the previous 2022, there is some increase in the share of personnel in Uralsk, from 8.4% to 12.6%, as well as a decrease in the share of personnel working in Aksai, from 89.6% to 85.4%. This change is associated with the continuing transfer of jobs from Aksai to Uralsk for some of the administrative personnel who are not directly involved in production. A new KPO office was opened in Uralsk for departments, like Contracts & Procurement and Operations Planning.

Graph 8. KPO personnel by gender, 2021-2023
GRI 2-7, 405-1(b)

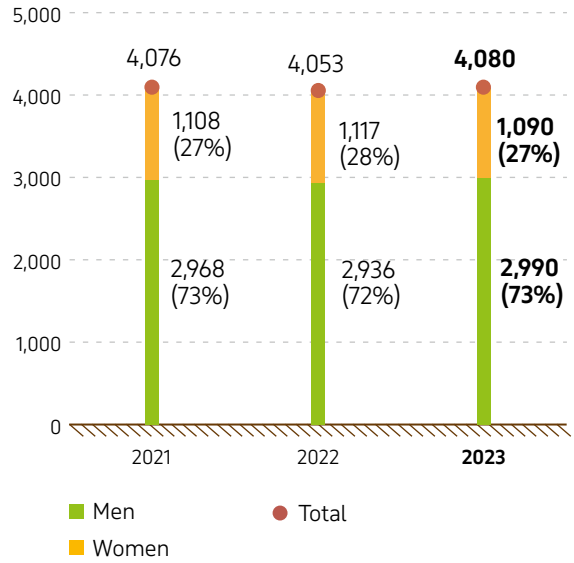
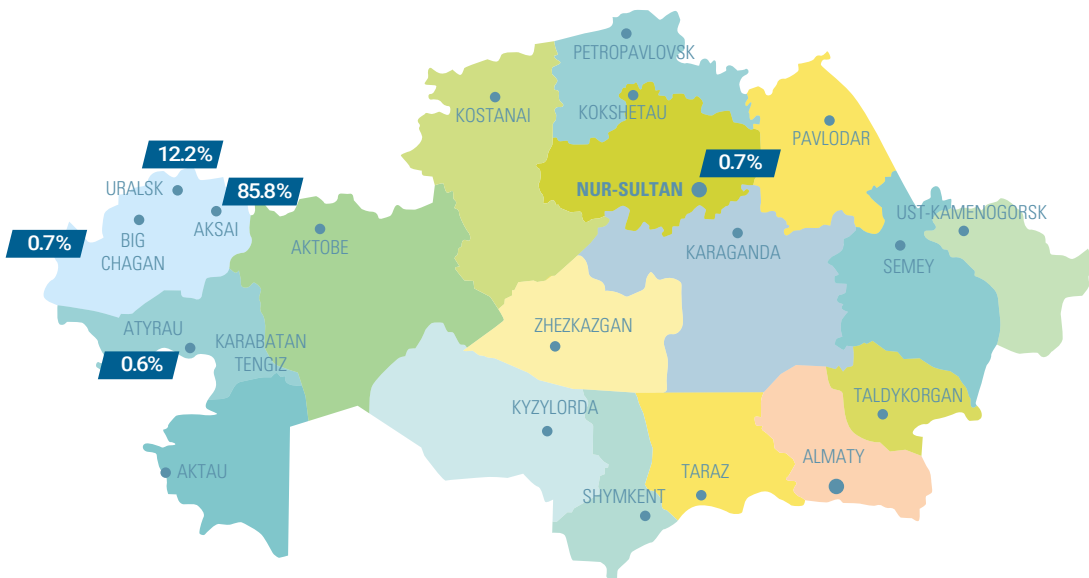


Fig. 10. KPO personnel by region, 2023 **GRI 2-7, 3-3**

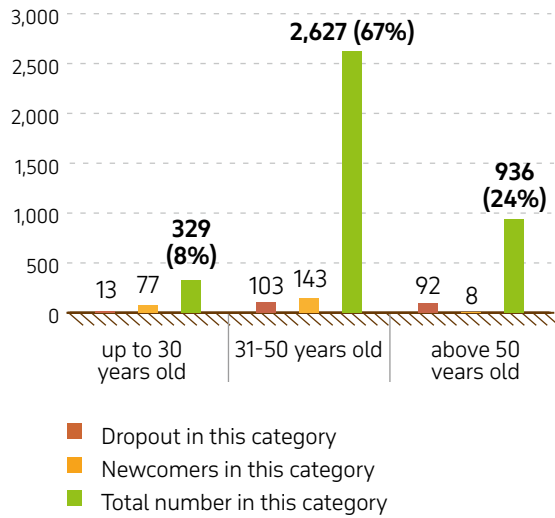


Tab. 18. Percentage of employees per employee category by gender and age, 2023 **GRI 405-1(b)**

Nº	Employee category	Share of employees in each category from total employees' number	Men	Women	Up to 30	31-50 years old	Above 51
1	Executive management and their deputies	0.3	0.27	0.02	0	0.15	0.15
2	Unit management	20.3	16.8	3.5	0.05	14.2	6.05
3	Professional staff	52.2	29.9	22.3	4.6	40	7.6
4	Qualified workers	27.2	26.4	0.8	3.5	14.2	9.5

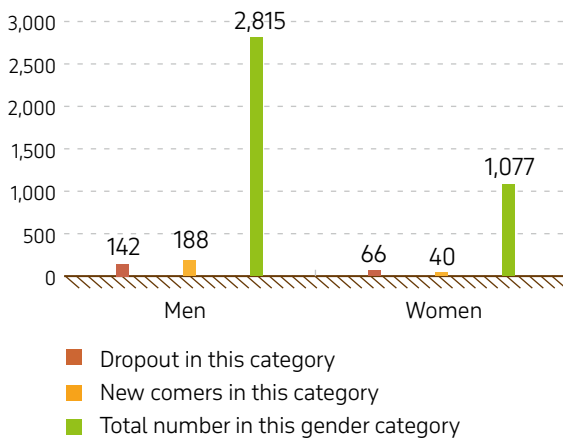
Graph 9 shows the turnover of KPO and sending parties employees in 2023 broken down by age groups regardless of the type of contract. **GRI 401-1**

Graph 9. Employees turnover by age, 2023 (KPO and sending parties) **GRI 401-1, 405-1(b)**



Graph 10 shows the turnover of KPO and sending parties employees in 2023 broken down by gender. In 2023, the new employees hired in KPO made up 5.9% of the average number of employees, in comparison to 2022 – 4.9%. The dropout made up 5.3%.

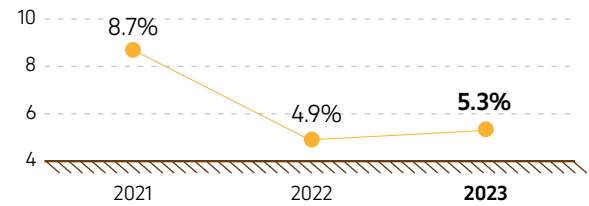
Graph 10. Employees turnover by gender, 2023 (KPO and sending parties) **GRI 401-1**



Formula of calculation of a turnover rate has been changed compared to 2022 data and includes a number of employees resigned on a voluntary basis, those who retired and those who were dismissed under disciplinary penalties in the reporting period.

The turnover made 5.3% in 2023 versus 4.9% in 2022 (see Graph 11). **GRI 401-1**

Graph 11. Dynamics of employees' turnover, 2019-2023 **GRI 401-1, 3-3**

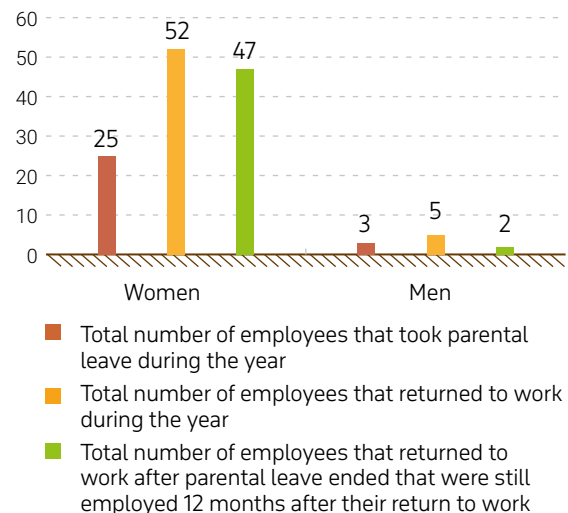


Note: Calculation formula: employees' turnover = the number of dropout employees / the average number of employees for the same period x 100.

KPO respects the right of its employees to retain their positions. Following the RoK Labour Code, an employee has the right for an unpaid leave to attend to a child up to the age of three years. In the 2023 reporting year, 204% of employees, who took parental leave, returned to work in the reporting period, with a 96% retention rate. In 2023, the return-to-work rate turned out to be high, because some employees who took parental leave for more than 1 year returned in 2023. **SDG 5.4**

Graph 12 shows the number of employees, who took a parental leave and a leave to attend to a child up to the three years age, and of those, who returned to work after parental leave ended, by gender, in 2023. Also, pregnant women working at the field are usually transferred to work in the city.

Graph 12. Child care leaves at KPO for 2023 **GRI 401-3**



EMPLOYEE RELATIONS SDG 8.8

Grievance mechanisms GRI 2-16, 2-26, 3-3

The Company has a few grievance mechanisms: applications to HR & Services Directorate either directly or through Trade Union, and via the anonymous Hotline.

In 2023, the work of the Labour Relations and Disciplinary Investigations department was aimed at preventing labour discipline violations. In particular, during the reporting period, about 42 training sessions were held with the Company's employees, including personnel at the field, offices in Uralsk and Aksai, as well as at the terminals in Bolshoi Chagan and Atyrau. In addition, a pop-up message communication channel was launched on strict compliance with the Labour Regulations and other acts of the employer.

Thanks to preventive work in 2023, HR received 67 applications, including grievances, which showed a decrease in the number of labour discipline violations by approximately 30% compared to the same period in 2022. Of the 67, 43 came through the Labour Relations Department's grievance mechanism, and 24 through the Hotline. The received grievances addressed such issues as labour misconduct, employment, conflict resolution, abuse of power, misconduct with contractor employees. All received grievances were reviewed and resolved, including in the pre-trial procedure and at the stage before the cases' consideration in the Conciliation Commission.

It is also worth noting the work carried out on non-material motivation of our employees. Thus, during the reporting period, 25 employees of the company were awarded various awards, including departmental awards of the Ministry of Energy of the RoK, the KAZENERGY association, as well as on behalf of the Akim of the West Kazakhstan region and the Burlin district.

A program to support a healthy lifestyle and sports activities was successfully launched and implemented, under which nine major sporting events were held jointly with trade unions: four football competitions, a volleyball tournament, a basketball tournament, a wrestling tournament "Kazaksha Kures", a table tennis tournament, and a swimming tournament.

Also, with the active participation of the HR department in Aksai, two clean-up days were organized.

Engagement with Trade Unions

Collective bargaining is essential in the Company. Trade unions play a key role in supporting and protecting employees' rights. Trade unions develop draft Collective Agreements addressing various aspects of social and labour relations and bargain with the Company to improve working conditions of the employees. Four Trade Unions represent the interests of KPO employees:

- Public Association "Local Trade Union of Karachaganak Petroleum Operating B.V. employees",
- Public Association "Karachaganak Local Professional Union of KPO employees and contractors",
- Public Association "TRUST" Local Trade Union of Karachaganak Petroleum Operating B.V. employees and contractor companies",
- Public Association "Burlin Local Trade Union of Oil and Gas Workers".

Provisions of the Collective Agreement are applied to all KPO employees regardless of their membership in the Trade Unions. GRI 2-30

Under the terms of the current Collective Agreement for 2022–2024, a number of new social payments and benefits were increased and introduced, such as the provision of advance payments, social assistance to families of employees raising disabled children, assistance to families of employees raising three or more children of school age, including children of 18 years old, the payment for combining duties has been increased in the amount of at least 10% of the monthly base salary. In addition, a number of benefits were agreed for veterans who retired from the Karachaganakgazprom JSC or the Company, including an increase of a bonus for the Oil & Gas Workers Day. GRI 401-2

In 2024, negotiations with Trade Union organizations are planned to conclude the new Collective Agreement for 2025–2027.

TRADE UNIONS PLAY A KEY ROLE IN SUPPORTING AND PROTECTING EMPLOYEES' RIGHTS.

Voluntary Dissolution of Employment Relationship GRI 404-2-b

Starting 2017, the Company supports the application of the Voluntary Dissolution of Employment Relationship Programme as part of the actual Collective Agreement and pursuant to the RoK Labour Code dated 2017 (Art. 52). The programme applies to men aged 58-63 and women aged 56 – 61. In 2023, 57 KPO employees applied for the voluntary dissolution of employment

relations (42 employees in 2022, 43 employees in 2021, 43 employees in 2020, 42 employees in 2019, 24 employees in 2018 and 45 employees in 2017).

In 2022–2023, the Programme for Voluntary Dissolution of Employment Relations on a nonrecurring basis was not applied and consequently closed. This programme was introduced one-time in 2021 to achieve goals for revising the number of employees that have been reached.

COMPENSATION AND BENEFITS GRI 2-19, 2-20, 2-21, SDG 8.1, 8.5

Success of any business largely depends on qualification, skills and motivation of employees, therefore KPO's HR policy is aimed at strengthening the leading position in the market and achieving strategic goals through creation and development of a professional team, as well as encouragement of efficient performance of work.

In order to ensure the employee right of remuneration as per qualification, complexity of work, quantity and quality of work performed, as well as working conditions, KPO applies the following tools:

- The remuneration system based on a consistent approach in setting wages;
- The job evaluation process system for effective organizational structure management, as well as to ensure the validity of remuneration;
- Annual Performance and Development Review Procedure;
- Wide range of additional benefits ensuring fair work conditions.

To arrange and apply all the listed tools KPO Reward and Organization department develops the KPO Remuneration, Allowances and Benefits Policy for Kazakhstani Employees. The provisions of the Collective Agreement are taken into account in the Policy. This Policy is annually approved by Joint Operating Committee (JOC)⁹. There is no voting during the Policy approval. Shall one of the parties does not agree with any provision of the Policy, the document is vetoed and being returned for further revision.

According to Art. 5 of Appendix 7 of the FPSA, the Policy is focused on commensurability and competitiveness of remuneration, allowances and benefits for national staff in comparison with appropriate remuneration, allowances and benefits of Kazakhstan oil and gas sector and used as a tool for attraction, retention and encouragement of national staff.

The assurance of the remuneration process is ascertained by KPO internal audit and Parent Companies' audit¹⁰ evaluated as satisfactory in 2022. This assessment was valid also for 2023.

According to the Remuneration Policy for Kazakhstani Employees, a base salary for national staff is established on the basis of the assigned personal grade, which in turn has special range. Grade is used to identify relative importance of a certain job position and its levels at the Company's positions hierarchy. Grades are assigned to all employees including top management.

Tab. 19. Ratio of average basic salary of women to men by employee categories GRI 405-2

Category	2023
1. Executive Management	–*
2. Department/Unit Management	1.2
3. Professional staff	0.9
4. Qualified workers	1.2

*Note: Category 1 is represented only by men.

⁹ JOC members and functions are described in the chapter "Governance structure and management approach".

¹⁰ Details about audit processes can be found in chapter "Corporate Governance / Assurance".

KPO top management except Deputy General Director and Digitalization and Continuous Improvement Manager are secondees from the KPO Parent companies. Their remuneration is set and paid by the Parent Companies. The Company applies a unified approach to establishing the fixed and variable parts of remuneration for all employees who have an employment contract with KPO, including directors, and uses a unified grade structure of remuneration for all its employees, which is the basis for determining wages.

GRI 2-19, 2-21b

Tab. 20. The annual total compensation ratio for the organization’s highest-paid individual to the median annual total compensation for all direct employees, 2020–2023 (GRI 2-21)

2023	2022	2021	2020
6.7	6.8	6.8	6.7

Note: Type of remuneration included into the calculation is the base salary. The data has been prepared based on the full-time equivalent rates.

KPO also takes into account the remuneration rate at the RoK oil and gas market and performs annual review, as a result the necessity to correct the remuneration rate for the certain positions can be applied.

Annually KPO participates in the Oil and Gas Sector Salary Survey conducted by Willis Towers Watson. Based on the results of the KPO wages comparison with the oil and gas labour market for 2022, in 2023 we have increased wages for over 1,100 employees in order to support competitiveness. The review conducted in 2023 has shown that the average salary at KPO was higher than an average salary in the West Kazakhstan Oblast. Whereby, in 2024 we plan to review our approach to the employees’ attracting and retaining.

The minimum salary of specialists recruited by KPO is provided in the Collective Agreement and set regardless of an employee’s gender.

Salary for KPO employees as well as for sending parties’ employees (from recruitment agencies) is set based on the single labour remuneration system applied in KPO that highlights no difference in the level of minimum salary for both categories of employees.

GRI 202-1

Pursuant to the existing procedures, every year KPO offers an upgrade on the employees’ remuneration, including indexation of the monthly basic salary not lower than official inflation rate in the RoK at the beginning of the year, annual performance bonus for those, who received positive ratings, and also individual pay rises and additional lump sum payments.

The indexation of wages reflecting the inflation level for 2022, by agreement with Trade Unions, was divided into two stages:

1. Early general salary increase by 7.5% from the 1st of August 2022;
2. Increase in wages by 13% from the 1st of January 2023.

Therefore, total benefit after two general increases have made up 21.5%, which is slightly higher the 2022 inflation level of 20.3% (as per the data of the National Statistics Bureau of the RoK Strategic Planning and Reforms Agency dated January 2023).

All KPO direct employees are provided with a package of benefits, which includes monetary and non-monetary benefits. The most of the benefits are provided for by the Collective Agreement. Under the terms of the Collective Agreement for 2022–2024, KPO pays bonuses on Oil & Gas Worker’s Day, FPSA anniversary as well as financial allowance for health resumption. Benefit amount also depends on individual employee grade. For the sending parties’ employees (from recruitment agencies), the relevant employers’ collective agreements are applied. (GRI 2-30, 401-2)

In accordance with the Collective agreement KPO grants to employees the right for paid educational leave (14 days per year) to pass examinations at the external study mode. In 2023, 20 employees exercised this right. (GRI 404-1)

Performance and Development Review and quarterly bonus (GRI 2-19, 3-3, 404-3)

Performance and Development Review (PDR) is one of the tools of feedback aimed at monitoring and enhancing work efficiency.

To improve and simplify work processes, changes have been made to the 2023 staff performance appraisal and development process.

This change provides timely incentives for the proper performance of work and compliance with labour discipline for those categories of personnel whose work does not imply the achievement of long-term goals. Starting from 1 QTR 2023, Kazakhstani employees belonging to technical auxiliary and support personnel, instead of an annual bonus on the results of performance assessment, receive quarterly bonuses subject to their compliance with the Company's requirements for HSE and relevant employer acts.

Currently the PDR process covers only those Kazakhstani employees, who occupy positions of line managers and specialists. The unchanged condition is that an employee has to have been employed at KPO for no less than half-year.

Early in the year, line managers inform subordinates about their expectations to work performance,

behaviour and HSE compliance along with annual targets. Targets are focused on fulfilment of the Company commitments and gradual development and performance improvement.

For employees holding managerial positions, whose goals are identified as Key Performance Indicators, assessment is taken in two stages: assessment of achievements in line with KPIs for this position and assessment of individual work performance.

The unified rating scale applied for PDR process includes "Strong", "Fully Effective" and "Needs Improvement".

Starting from 2023, the size of the PDR bonus has been fixed in the "Rules for assessing personnel's work performance and development."

DEVELOPMENT OF NATIONAL PERSONNEL GRI 405-1, 3-3

Development of national personnel is a continuous process in KPO. Professional competency is maintained and developed through the training and skill improvement system.

KPO conducts its activities in line with the Programme for Increasing of Local Content in Staff for 2020–2025 authorised by the Authority.

In 2023, 12 positions previously held by expatriate personnel were nationalised, and two positions were abolished. As of December 2023, local employees made up 95% of the total Company's staff. In total, in the period of 1999–2023 269 expatriate specialists were replaced with national employees, and 303 positions held by expatriate employees were abolished. The breakdown by categories is presented in table 21.

GRI 3-3

Tab. 21. Increase of Local Content in KPO staff by categories of employees GRI 202-2, 3-3

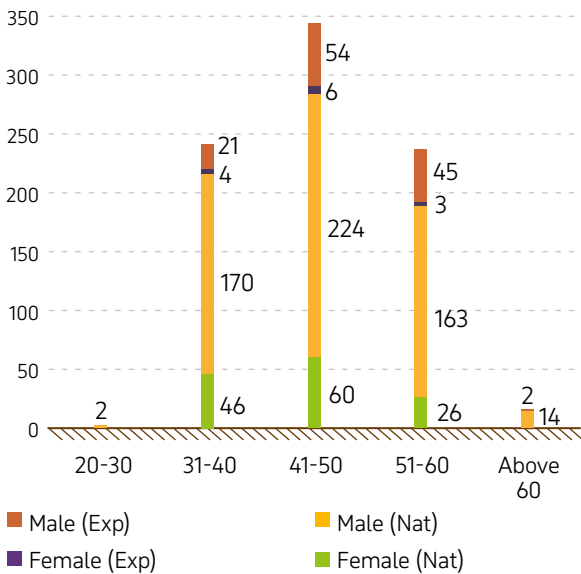
Category	Description	RoK legal requirement	Local content in staff		
			2023	2022	2021
1+2	Executive management and their deputies, Department / Unit management	Minimum 70%	86%	86%	85%
3+4	Professional staff / qualified workers	Minimum 90%	98%	98%	98%

Additionally, in accordance with the goals set in this Programme, KPO keeps tracking the local content in contractor personnel registered in the West Kazakhstan Oblast. In 2023, over 30 companies provided their quarterly, bi-annual and annual 'Local Content in

Staff' reports. The local content in staff within these organizations has made up to 89% in the category 'Department / Unit Management' and 98% in the category 'Professional staff / Qualified workers'.

Graph 13 presents the total number of expatriate and local senior and mid-level management at KPO split by age and gender. This includes KPO core structure and temporary projects.

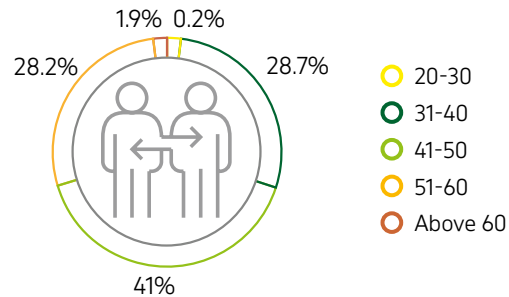
Graph 13. Number of senior and mid-level managers (RoK citizens and expatriates) by age and gender, 2023 GRI 405-1(a), SDG 5.5.2 (C050502)



Percentage of senior and mid-level managers by gender, 2023



Percentage of senior and mid-level managers by age, 2023



Enhanced Development Programme

GRI 404-2

In order to ensure the continuity of workforce planning and increase local content in staff, KPO implements the Enhanced Development Programme.

The programme is an integral part of the process of creating a talent pool, which guarantees consistent

manpower planning and the implementation of the Nationalization and Succession Planning Programs.

The process is focused on succession planning, selection of talented employees, assessment to reveal their strengths and weaknesses, development and implementation of individual development plans, and as a result appointing them to targeted positions.

The first and second intakes of the Programme were held in the period from 2009 to 2014. The third intake of the Programme continued in the period from 2017 to 2020. The total number of participants in the third intake was 161. By the end of third intake, 56% of the participants attained the roles as planned; and their individual development plans were completed by 77%.

In the second half of 2021, KPO launched the fourth intake of the Enhanced Development Programme for the period of 2021–2024. Based on the plan to increase local content in staff, departments' management nominated high-potential employees for further participation in the selection process.

Of the 79 candidates, 52 employees successfully passed the fourth intake of the Enhanced Development Programme.

In the period of 2022–2024 we will implement the training and development of the participants in accordance with their Enhanced Development Plans.

In 2023, as part of the Enhanced Development Programme a number of leadership events and forums were conducted in order to deploy new tools and successfully apply the obtained knowledge at work.

In 2023, 39% of participants have occupied the planned positions.

Competence Management System

GRI 3-3

Competence management system is applied at KPO as one of the most efficient methods for assessing the competency level of personnel.

The system is aimed at achieving and maintaining the required level of competency among technical staff, who work at hazardous industrial facilities, and at reducing and preventing potential incidents and accidents caused by lack of competency. Given the results of conducted competency assessments, the system enables developing tools for further training of personnel and ensuring funds are spent as intended, meanwhile contributing to raising HSE cultural awareness.

As per the Competency Management System (CMS) Policy, any contractor with a high or middle risk level of the contract that work on Company sites or equipment shall develop and operate its own Competency Management System. The contractors' personnel, responsible for the control and execution of high-risk works, shall have the ability to demonstrate knowledge and practical skills to work safely, technically sound and within the defined boundaries of responsibility. From 2019, the key requirements and rollout stages of such a system are identified during the HSE contractors' audits.

KPO CMS was certified by Offshore Petroleum Industry Training Organization (OPITO) in 2013. Every three years, the Company undergoes accreditation of the system requiring that compliance audits be conducted annually engaging the OPITO experts. In November 2023, KPO confirmed the competency management system accreditation till November 2024.

The scope of OPITO's accreditation includes:

- Six profession-oriented specialties: production operators, electrical technicians, instrument technicians, mechanical technicians, lead technicians and supervisors in production sector.
- Six production units and departments, including KPC, Unit 3, Unit 2, Eco Centre, Maintenance and Gathering departments.

In 2023, 741 employees with technical qualification completed initial assessment and received CMS certificates. KPO has reached 68% of the competency compliance required for technical personnel.

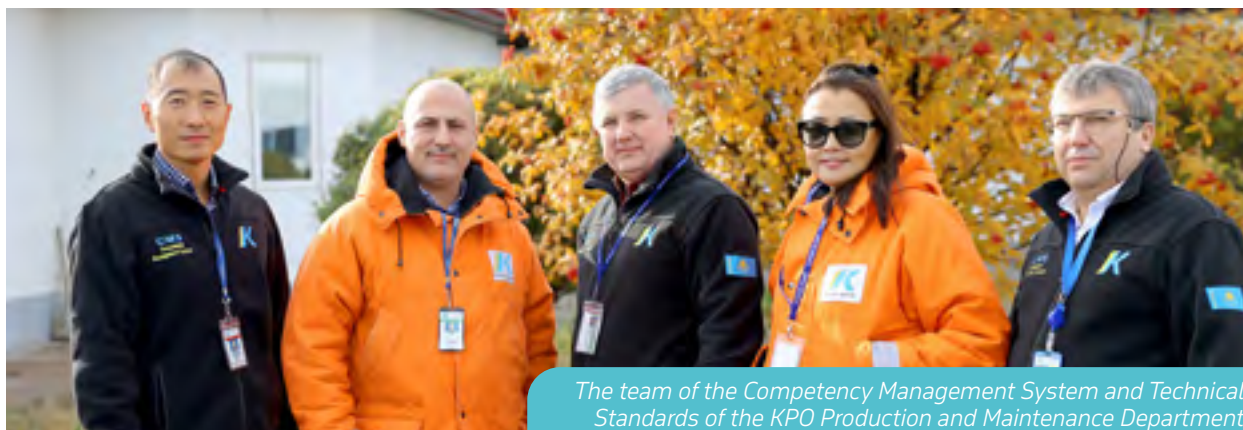
In line with the Competency Management System Expansion Plan 2022–2024, at the end of the II QTR 2023, the Competency Accreditation Programme for Industrial Supervisors working at KPC Chemical Laboratory which began in 2022 was completed. It was further launched in the Field Facilities Modifications Department and also for the Central Maintenance department engineers, specializing in instrumentation and automation and mechanical equipment.

Competency Assessment under 36 approved standards is carried out for over 220 supervisors and engineers. In order to obtain unbiased assessment results, superintendents take on the role of technical experts. Detailed information on the Competency Assessment for industrial supervisors, engineers and workers is provided monthly to the management of the Field and Production Directorate.

One of the areas for improving effectiveness of the KPO Competence Management System was the implementation of a Front-line barrier management (FLBM) project to protect personnel and equipment at Unit-3. As part of the FLBM framework, a huge amount of work has been done to analyze and optimize existing competency standards at all production facilities of the field – KPC, Unit-3, Unit-2, Gathering System, Central Heating Centre, and also has been developed additional competency standards, including standards for personnel of the KEP-1 project.

Within the framework of the competence management system, the Talent Development and Secondment Administration department has a system of the technical and behavioral assessment of personnel. In 2023, over 430 technical and behavioral competency assessments were conducted, based on the results of which 447 individual feedback sessions were provided for employees and their line managers. Technical competencies describe the specific knowledge and skills that are required for certain positions.

Also, as part of the System, a 360-degree assessment is conducted which helps devising an employee's personal development plan and assuring effective feedback process between an employee and a line manager. The process is conducted through the SAP system.



PERSONNEL TRAINING AND DEVELOPMENT SDG 4

Personnel training GRI 404-2

Annually, KPO conducts training programmes aimed to achieve the following objectives:

- **To enhance the individual job-related competencies** of employees, and address operational and career development needs.
- **To teach mandatory skills** required to perform the job at hazardous production facilities. The training obligations are subject to the RoK legislation and the Company procedures.

In 2023, 97% of the Company's local employees were trained or engaged in various professional development programmes, professional training and retraining, and took part in online seminars and conferences.

Besides, in 2023, KPO continued conducting training for employees on the specialized international programmes (see table 22), language skills, and professional and mandatory HSE courses.

Tab. 22. KPO personnel trained on the International Qualification certified programmes in 2020–2023

GRI 404-2

Programme name	2020	2021	2022	2023
Well control/well pressure control during gas, oil and water shows (IWCF)	13	61	46	59
Non-destructive testing certification (NDT)	3	13	20	50
CIPS International diploma (Certified programme of Chartered Institute of Procurement and Supply)	10	13	19	19
Emergency response training course MEMIR by OPITO standard		17	17	11
International certificate in Health, Environment and Safety (NEBOSH)	12	9		12
Certified internal auditor (CIA)	3			4
ACCA Diploma in International Financial Reporting (DipIFR)	3	2		3
Master of Business Administration (MBA)	1	1	1	6
American Petroleum Institute certification (API)	6	10	9	8
Project Management Professional (PMP) [®] Certification		1		13
IEMA International certificate in Environmental Management (IEMA)		1	1	
ASME Plant Inspector			23	17
Coaching in organization and business (ICF)				12
Total number of employees, completed certified training programmes	51	128	136	214

Note: The decrease in trained KPO employees under international certified programs in 2020 is due to restrictions caused by the COVID pandemic.

Training statistics GRI 404-1, 403-5

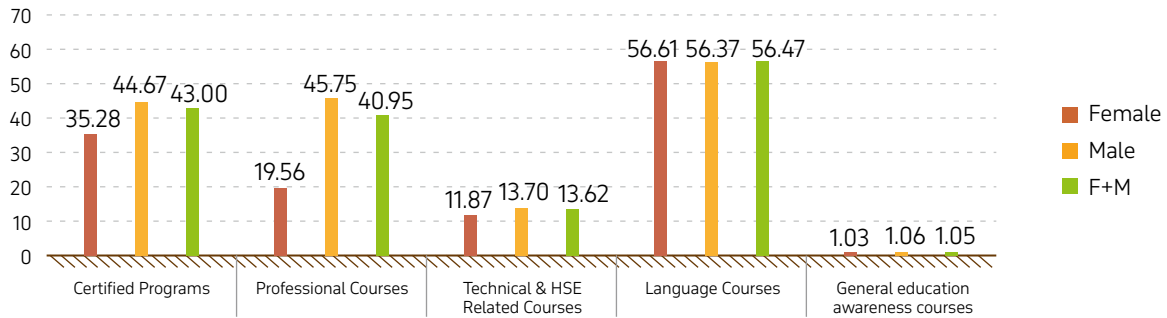
As responsible organization, KPO ensures annual mandatory HSE training both for its own staff and personnel of its contractor organizations.

In 2023, 649,922 hours of training (576,599 hours in 2022) were held, of which 388,487 were provided to KPO employees (294,951 in 2022), including general education awareness courses on civil compliance,

cybersecurity and civil defence topics. The remaining 261,436 hours (281,648 hours in 2022) were spent on the HSE mandatory courses for the contractor organizations' employees. The 2023 data has been updated with new online training courses.

Totally, in 2023 26,854 people were trained, 3,967 of them – KPO employees and 22,887 – contractor personnel. Average training hours are given in graph 14.

Graph 14. Average number of training hours per one training course passed by nominated KPO employees in 2023, by type, by gender GRI 404-1, SDG 5.1



Training arranged for KPO employees in 2023 by categories is shown in Table 23.

Tab. 23. Training of employees by categories, 2021–2022 GRI 404-1, 2-4

Category	2023		2022*		2021*	
	Number of people	Hours per employee	Number of people	Hours per employee	Number of people	Hours per employee
1. Executive Management and their Deputies	11	13.89	0	0	2	4
2. Department/Unit Management	834	57.81	631	50.68	674	48.6
3. Professional staff	2,104	56.32	1,542	59.02	1,809	47.15
4. Qualified workers	1,236	179.31	1,113	154.48	1,159	114.35

* Note: Statistics for 2021–2022 have been recalculated due to the adjustment of employee categories in accordance with the categorization of personnel in the KPO Programme for Increase of Local Content in Staff.



At the Safety Leadership and Culture Coaches Recognition Event

KPO SCHOLARSHIP PROGRAMMES AND PARTNERSHIP WITH UNIVERSITIES SDG 4.3

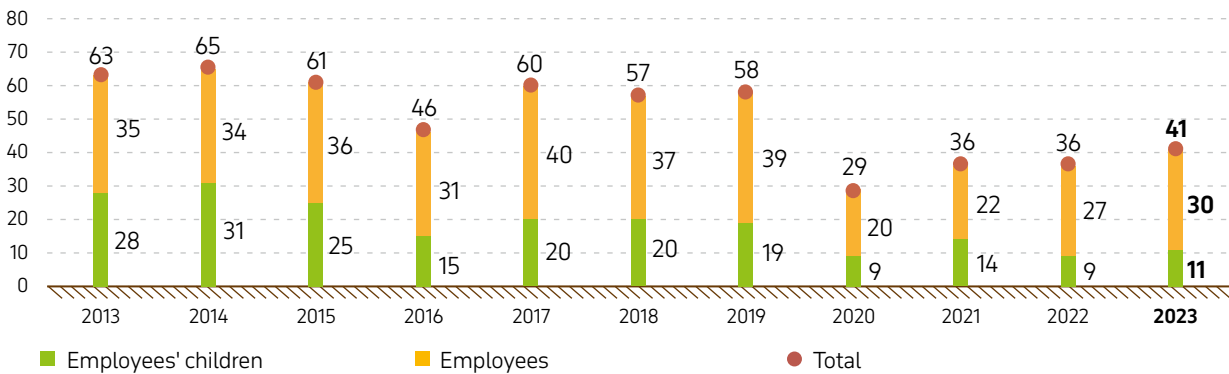
KPO works to enhance its employees' qualification and attract young professionals through cooperation with universities.

Scholarship programmes GRI 404-2

KPO Scholarship Programme is one of the constituent incentives for professional development and further education of employees and their children.

In 2023, within this programme KPO allocated 41 KZT mln (equivalent to US\$ 85,417) to sponsor scholarships for 11 KPO employees and 30 children of employees.

Graph 15. Dynamics of engagement in the KPO Scholarship Programme, 2013–2023



Note: Decrease in number of participants in a Scholarship Programme in 2020–2021 was related to COVID-19 limitations.

KPO partnership with Kazakhstani universities

KPO cooperates with 33 educational institutions in Kazakhstan, contributing to the training of professional personnel for the oil and gas industry of the Republic of Kazakhstan.

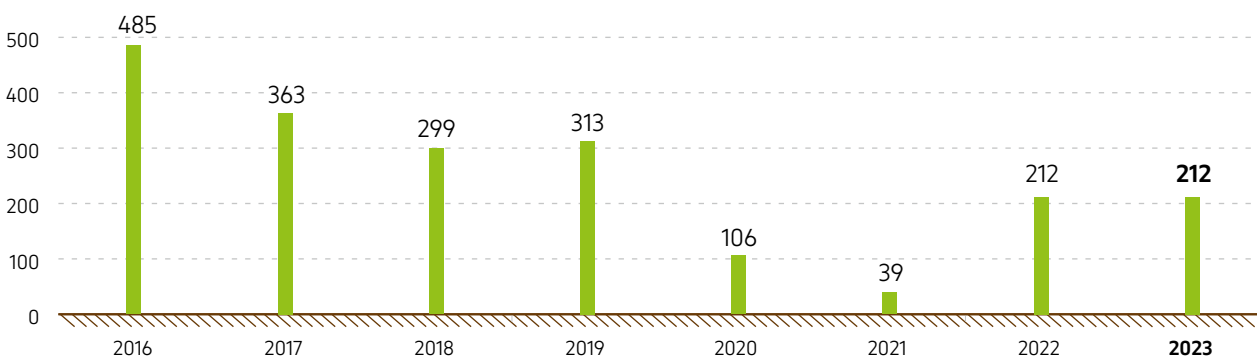
Internship in the international company helps students in preparing for real work, obtaining introduction to business approaches at the international level. Through connection of theoretical training and practical consolidation at the enterprise, students achieve the necessary level of competence and prepare for

professional activities. In addition, student placement allows students to make well-informed choices about future career.

KPO's work with universities is carried out through the Student Placement Programme on the basis of bilateral agreements.

In 2023, 212 students from 23 educational institutions had practical and pre-graduate internship for 17 specialities in various departments of the Company. From 2013 to 2023, the Company has employed 213 people out of those, who had passed the student placement.

Graph 16. Number of students completed internship at KPO, 2016–2023



Scholarship via KAZENERGY Association

According to the FPSA, KPO annually allocates USD 500 thousand for scholarship for young people under the Memorandum of Cooperation signed on September 29, 2015 between the Ministry of Energy of the Republic of Kazakhstan, PSA LLP, KPO B.V., NCOC N.V. and the KAZENERGY Association.

Each academic year as per the Protocol of the Committee for selection of candidates for the payment of education from the allocated funds, KPO concludes agreements with the educational institutions and arrange payments for education of students who had passed competitive selection.

In 2023, KPO signed agreements for scholarship of 138 students from 16 universities of Kazakhstan.

Graduates Development Programme

GRI 404-2, SDG 4.3, 4.4

The major target of the University Graduates Development Programme is to renew a pool of high potential personnel among local the graduates of the Kazakhstani universities to ensure safe operations of the Karachaganak Field facilities.

Since 2008, as part of dual education, KPO has been implementing the Professional Development Programme for Production Operators, Mechanical Technicians, Electrical Technicians and Instrument Technicians based on the international standard of the Offshore Petroleum Industry Training Organization (OPITO).

AS PART OF THE GRADUATES DEVELOPMENT PROGRAMME 537 PRODUCTION OPERATORS AND MECHANICAL TECHNICIANS HAVE BEEN TRAINED AND WORK TODAY AT THE COMPANY'S PRODUCTION FACILITIES.

Once selected, candidates are trained according to international standards gaining both theoretical and practical knowledge. Upon a successful completion of the programme, interns are hired by the Company and start their careers at the production units.

The value of this training programme lies in the methodology provided in a module format. This approach allows developing a set of competencies, which focus on the ability to address production issues in workplace.

The University Graduates Development Programme has been successfully implemented at KPO for 16 years at the time of issuing this Report. Over 537 Production Operators and Mechanical Technicians have been trained under this programme and currently productively work at the Company's production facilities.

21 trainees from Intake 2021 were hired into the Field department in January-February 2023.

In August 2023, 45 students of the 2022 Intake have completed the theoretical part of their training in the specialties of Electrical and Instrument Technician and Production Operator and were assigned to on-the-job training at the production facilities.

On 3rd October 2023, KPO has completed the selection process of the next intake of students for participation in this programme in the specialties of Production Operator and Mechanical Technician. Based on the selection results, 48 recent graduates of higher and secondary specialized educational institutions of the Republic of Kazakhstan, had started the theoretical part of training for 10 months. After that, the trainees will be assigned to on-job training at the production facilities.

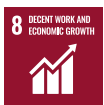
In December 2023, 10 students have successfully completed the 9-month Petroleum Engineering Development Programme, that was conducted jointly with ENI Corporate University for training of qualified specialists in geology, reservoir engineering and well operations. Upon completion of the programme, graduates received international certificates and were assigned for on-the-job training in the production departments of KPO.

WHY IS IT IMPORTANT TO US? GRI 3-3

Operational tasks at the Karachaganak field and works related to the execution of expansion projects are mainly performed with the aid of KPO contractors. On average, over 23 thousand employees from Kazakhstani contractor and subcontractor organisations are engaged in the Karachaganak Project. Therefore, the successful implementation of the set tasks and reaching the performance targets depend on how comprehensively the employment relations are built both in KPO and within the staff of contractor and subcontractor companies involved.

In order to mitigate any potential risks for security and social stability, KPO takes maximum efforts while ensuring integrity of operation facilities and security of all personnel at the Karachaganak field including contractors.

KPO strives to create and maintain decent working conditions for its employees, and to monitor the level of working conditions for the contractors' personnel, as part of compliance with human rights under the RoK Constitution and the UN Convention on Human Rights.



GRI 2-23

CONFLICTS AND SECURITY

BUSINESS PRINCIPLE:

Communication and engagement

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

BUSINESS PRINCIPLE:

Communities

We build productive, collaborative and trusting relationships with government, our shareholders, our business partners, the local communities where we work and with each other.

2023

1,024

inspections of contractor organizations facilities

Conducted

12
audits

12

sessions of the tripartite district commission

58

Collective Agreements of contractor organisations

226

applications received and resolved

Improvement of living and labour conditions at

53

contractor organizations

CONFLICTS AND SECURITY

INDUSTRIAL RELATIONS GRI 2-8, 2-24, 2-25, 2-26, 407-1, 409-1, 414-2, SDG 8.5, 8.7, 8.8

Continuous monitoring and analysis of the current situation with personnel are performed to prevent any violations of rights of the workers within contractor and subcontractor organisations, and also to identify and address any potential factors, as well as root causes and conditions contributing to social non-conformities, infringement of the legitimate rights of the employees. Such risks can be caused by an employer's failure to provide for acceptable social conditions and compliance with regulatory requirements. In 2023, 23,198 people from 172 contractor companies have been employed at the Karachaganak field; 53 out of 172 are being monitored by KPO Industrial Relations Section as per par. 7.3 "Industrial relations regulation". GRI 414-2 a

IN 2023, 23,198 PEOPLE FROM 172 CONTRACTOR COMPANIES HAVE BEEN EMPLOYED AT THE KARACHAGANAK FIELD; 53 OUT OF 172 ARE BEING MONITORED BY KPO INDUSTRIAL RELATIONS SECTION AS PER THE SET CRITERIA.

When examining an alleged violation of employee's rights, KPO seeks to ensure a comprehensive and prompt redress of all grievances /complaints and timely resolution of all issues. The process involves the review and analysis of opinions from all sides, followed by reasonable measures aimed at protecting and reclaiming the labour rights of employees in accordance with the RoK legislation, KPO Industrial Relations Policy and contractual commitments, and the Declaration of Acceptance of Social Security Obligations, including:

- Continuous monitoring of day-to-day social conditions, provided by contractors, full and timely payments of wages, provision of PPE, meals, etc.
- Organising subject forums and conferences dedicated to the relevant themes (HSE, social welfare etc.);
- Co-operation and engagement with competent labour protection authorities in the settlement of conflict situations, as well as awareness-raising and educational events;
- Continued introduction of a minimum salary for contractor employees involved in the provision of services in the amount of KZT 830 per hour after taxes. Implementation is executed until the expiry of the effective agreements;
- Monitoring and analysis of the contractor's wage level;
- Succession/transfer of qualified personnel from an existing contracting company (whose contract is expiring) to a new one. This implicit practice helps to sustain employment in the region and maintain a stable social environment during the termination of the service contract.

As part of maintaining a stable social environment in the contractors' teams, KPO continues to implement a single wage allowance of KZT 60 thousand monthly, after deduction of tax payments. By the end of 2023, through the implementation of this programme, the material condition of more than 18 thousand of contractor and subcontractor personnel has improved. The goal of this approach is an equal attitude to all beneficiaries, with substantial focus on the category of workers with the lowest wages.

In 2023, the monitoring demonstrated a positive dynamic with 69 contractor companies indexing wages for 2023 to the rate of inflation in 2022.

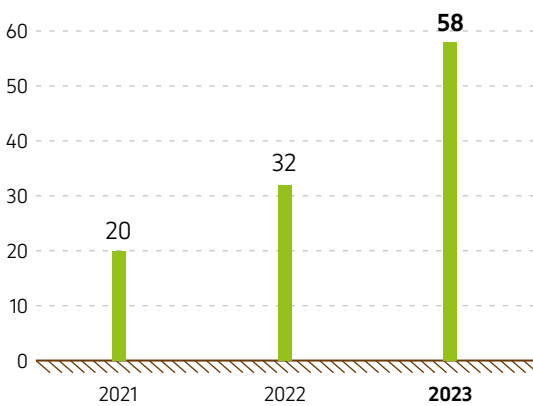
In 2023, members of KPO Industrial Relations Section have visited over 1,024 work sites and compact accommodation premises, including 12 joint audits with the contract holders. Based on the audits results, a good progress was made with the establishing of industrial relations units in large contractor companies.

12 sessions of the tripartite district commission were held during 2023 to discuss risks identified in the contractor and subcontractor companies. As part of the monitoring process KPO also follows the growing number of Collective Agreements in the contractor companies as they serve as an indicator of compliance with the employees' rights for freedom of association and collective bargaining.

In 2023 the number of Collective Agreements in KPO contractor companies has almost doubled: 58 contractor companies had Collective Agreements in place comparing to 32 companies in 2022.

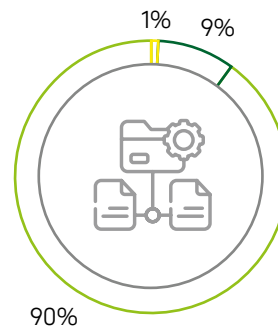
GRI 2-25, 407-1

Graph 17. Collective Agreements at KPO contractor organisations, 2021–2023



In 2023, total 226 complaints/grievances on different subjects from contractors' employees were received and closed. 90% of the grievances had to do with salary payment and remuneration issues (the growth in number was due to the introduction of the general salary increase by KZT 60 thousand), 9% of the grievances were related to HSE matters and 1% were related to the provision of day-to-day social conditions.

Graph 18. Applications to KPO by contractor organisations, 2023



- Applications on provision of day-to-day social conditions
- Applications on HSE matters
- Applications on salary payment and remuneration issues

Apart from the written grievances, KPO Industrial Relations Section has been also processing average 10 daily phone calls and holding meetings with employees from contractor and subcontractor organisations. In general, as a result of the monitoring, audits and processing of received grievances, actions on improvement of living and labour conditions were taken in 53 contractor companies monitored by the Industrial Relations Section. This, in its turn, has contributed favourably to maintaining a stable moral and psychological atmosphere in the working teams. Percentage of suppliers identified in 2023 as having significant actual and potential negative social consequences, where improvements were agreed as a result of the assessment – 8%. No contract was terminated with suppliers as a result of the assessment of actual and potential negative social consequences.

GRI 2-26, 414-2

As part of the work performed to prevent an impairment of rights of employees, a monitoring has been ongoing for the compliance with the declared working conditions and social welfare. In the course of this work, a comprehensive approach is applied: each request/grievance is thoroughly scrutinized based on a complete set of information.

Tab. 24. Examples of contractor organisations' grievances to KPO Industrial Relations

#	Category	Examples of grievances	Result
1	Labour remuneration	Grievances regarding untimely payment of 60,000 tenge allowance or wages.	Based on the inspection results and clarification, employees receive appropriate payments.
2	HSE	Use of obsolete vehicles prone to breakdowns, for personnel transportation.	Based on the inspection results the vehicle was replaced with a newer one.
3		Unsatisfactory working conditions for workers at the security post, in front of the entrance to the red zone: uneven floor coverings, joints, accumulation of snow, rain and melt water. High risks of tripping and injury highlighted.	Based on the inspection results, shelter between the containers and security post was erected to protect from snow and rain, rubber floors with joints were removed and replaced with smooth slabs.
4	Social conditions	Unsatisfactory living conditions in the residence accommodation: cold rooms, sleeping places do not meet sanitary standards.	Based on the inspection results, together with KPO health department, employees were moved from 3-bed rooms to clean and comfortable 2-bed rooms with private bathrooms.
5		Insufficient size of the driver's room in the Pilot Camp.	Based on the inspection results the old driver's room was replaced with a new one with improved conditions.
6	Interaction between management and employees	Absence of contractor and subcontractor HR representatives observed at work sites.	Due to the increasing number of grievances, as recommended by KPO Industrial Relations Section, HR representatives from these companies were designated to be on duty at sites. As a result, communication between employees and management was established: HR and Accounting.



Participants of the Forum on regulation of social and industrial relations of KPO and contractors

Starting from 2023, KPO has decided to hold an annual forum on industrial relations. The purpose of the event is to improve communication and to maintain a favourable social atmosphere in the region and the moral and psychological climate within the personnel of contractor and subcontractor companies.

During the reporting period, seven pre-strike scenarios were registered, which have been timely localized,

thus preventing the spillover (escalation) of conflicts. The timely response has made it possible to prevent negative preconditions for mass discontent.

The analysis conducted by KPO Industrial Relations Sector indicate that the main triggers for discontent were a lack of feedback, a distorted and incorrect perception of the personnel by the management of some of the contractor companies, and low wages that do not meet people's expectations.

SECURITY

To minimize security risks for the Company and the latter's impact resulting from its activities, we have determined several targets – the results of their implementation are presented below.

Tab. 25. Our targets in security (GRI 3-3)

Our 2023 targets	Progress status	Actions taken to complete targets in 2023	Targets for 2024
Ensure zero illegal taps in the KPO export pipelines	Completed	Replacement of equipment and updating the distribution optical sensor system software made it possible to reduce the number of false alarms and increase the sensitivity of the system in difficult-to-reach and hard-to-reach places.	Continue scheduled distribution optical sensor system equipment upgrade to ensure zero illegal taps in the KPO export pipelines
Agree with all Unit Managers the installation of metal detectors and frames, and start purchase and installation process to increase objectivity and employee coverage during security checks.	Ongoing	Detailed design and principal agreement for installation of breath detectors has been developed and approved. The expected budget drawn up.	Request and justify necessary budget funds for program implementation.
Continue refreshment on Human Rights and Security Principles (HRSP) for security personnel, as well as training for new personnel.	Completed	As of end 2023, the training covered 100% contractor security personnel. (GRI 410-1) Conducting the HRSP training has been included in the terms of 100% contracts for providing security services.	Continue refreshment on Human Rights and Security Principles (HRSP) for security personnel, as well as training for new personnel.
<ul style="list-style-type: none"> Update project documentation in accordance with the updated requirements of the RoK legislation; Review and update the Phase 2 implementation strategy to reflect legislative updates to RoK legal requirements; Run a tender for designing of Eco Centre Security Management System. 	Ongoing	Security Management System Project, Phase 2 is in an active phase under the management of the KPO Project Execution Directorate. The same scope covers the Security Management System design engineering for Eco Centre.	Continue implementation of SMS design engineering, including interaction between KPO directorates/departments by the monitoring.
<ul style="list-style-type: none"> Complete the detailed design engineering of SMS at Bolshoi Chagan (BCPS). Start the SMS detailed design engineering work for Pilot Camp. 	Completed	Detailed designing of Security Management System at Bolshoi Chagan OPS is completed. Obtained positive conclusion from the State project departmental examination. Following the tender results, Contract was concluded with contractor organisation for the design of the Pilot Camp SMS.	<ul style="list-style-type: none"> Run a tender for procurement of materials and construction of the SMS at BCPS. Complete the Pilot Camp SMS design engineering work. Obtain positive expert conclusion for this project.
Complete the upgrade of vehicle passes – replacement of simple cards with electronic ones before the end of June 2023.	Completed	Replacement of vehicle passes was successfully completed within the established time frame. Process has been introduced for the electronic submission of applications for staff and vehicle passes.	Continue work on the digitalization of the sector's business processes for access control and reporting, and on the digitalization of accounting for the export of goods of material assets.

Following the results of 2023, KPO Security and Industrial Relations Department has revealed 1,374 violations, 94% of which were related to the Strategy for protection of people in the event of H₂S incidents while the rest involved Material and Asset Movement Control, Policy on Prohibition of the Use of Alcohol, Drugs, Psychotropic and Toxic Substances (their analogues) in KPO and violation of border of the Field perimeter. A significant number of registered violations is due to the measures undertaken to prevent individuals not following the H₂S Strategy when entering the Field.

27 internal investigations were conducted, including 11 applications which were submitted to law-enforcement agencies.

DURING 2023, KPO HAS REVEALED AND PREVENTED ATTEMPTS OF UNAUTHORIZED REMOVAL/RELOCATION OF KPO AND CONTRACTORS' ASSETS WORTH OVER KZT 200 MLN.

During 2023, KPO has revealed and prevented attempts of unauthorized removal/relocation of KPO and contractors' assets worth over KZT 200 mln.

The use of the new Sintela security software as a platform for the system of deployed optical sensors has significantly increased the overall monitoring quality, including more precise threat identification of threats and the improvement of patrolling.

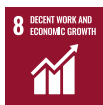


WHY IS IT IMPORTANT TO US? GRI 3-3

Engagement with local communities to understand their needs and the local context is reflected in the principles of the KPO Sustainable Development Charter.

Building good relationships and maintaining dialogue with local government bodies and communities is essential for sustaining our 'social license to operate' in the West Kazakhstan Oblast.

By engaging with the local communities of the Burlin district during the implementation of construction projects, KPO aims to minimizing social and environmental risks, associated with the Company's activities at the Karachaganak field.



GRI 2-23

LOCAL COMMUNITIES

BUSINESS PRINCIPLE:

Communities

We aim to be good neighbours by continuously improving the ways in which we contribute directly or indirectly to the general wellbeing of the communities within which we work.

We build productive, collaborative and trusting relationships with government, the local communities where we work and with each other.

We strive to be open, straightforward, and transparent within the constraints of business confidentiality.

2023

14

meetings of the Village Councils

50

grievances were received and closed

250

vouchers for pensioners to the sanatorium provided

74

children rested at the summer camps

Over the past

20 years

children have had a rest as part of the Summer Camp Programme

LOCAL COMMUNITIES GRI 3-3, 413-1, OG12

In its operations, KPO strives to prevent or minimize negative impacts and maximize the benefits from its presence through continuous engagement with local communities, and creating conditions for their well-being and economic growth.

The targets in table 24 are aimed at supporting the local communities living in three rural districts of Burlin district – Priuralnyi, Zharsuat and Uspenovskiy villages located adjacent to the Karachaganak Field and Aksai town.

Tab. 24. Targets in community engagement GRI 3-3

2023 targets	Target achievement	Actions taken in 2023	Targets for 2024
Implement the 2023 Community Development Programme as per approved budget	Completed	The Akzhaiyk sanatorium recreation for the elderly community members and rest of schoolchildren at summer camp were implemented. The Scholarship Programme for rural school graduates successfully continued.	Implement the 2024 Community Development Programme as per approved budget
Conduct nine Village Council meetings in three rural districts on social and environmental issues	Completed	14 Village Council meetings were held in three rural districts. Along with this, additional meetings outside of Village Councils were held to answer the residents' questions.	Conduct nine Village Council meetings in three rural districts on social and environmental issues
Review and timely close all incoming grievances and suggestions from the communities	Completed	All received grievances were reviewed and effectively closed out	Review and timely close all incoming grievances and suggestions from the communities

Aiming to implement initiatives in the area of corporate social responsibility, KPO applies policies, standards and procedures based on the Performance Standards of International Finance Corporation. GRI 2-23-a-i

In order to maintain effective dialogue with local communities on social and infrastructural support, KPO conducts meetings and consultations in the form of Village Council meetings with participation of Company employees and representatives from rural districts.

In 2023, 14 Village Councils meetings were held in the Priuralnyi, Zharsuat and Uspenovskiy rural districts. During the meetings, the local residents were informed of the KPO Community Development Programmes for 2023, on the progress of students from these rural districts who study in colleges and universities of Uralsk under the KPO Scholarship Programme, as well as KPO Environmental Monitoring Programme.

Over the period of the Scholarship Programme for residents of the nearby rural districts from 2010 to 2023, 20 young men and women received education.

As part of the Community Development Programme, KPO provided 250 vouchers for the elderly of Burlin district for health recreation in the Akzhaiyk Sanatorium.

Also, in 2023 with funding assistance from KPO 74 children had recreation in the Summer Camp in Uralsk city. The summer camp programme includes a wide range of entertainment, educational and sports events allowing children to learn a lot of new and exciting things, about nature and make new friends.

Over the twenty years of implementation of this Programme KPO provided recreation for some 2 thousand children from the neighbouring communities.



Zulfiya Muzafarova, Community & Local Authorities Relations Manager, receives an Award "The Generous Heart" to KPO from Burlin District Akimat at the "Mega-Marapat" Ceremony

COMMUNITY FEEDBACK MECHANISM GRI 2-25, 2-26, 413-1, SDG 16.10

In 2023, in accordance with KPO Community Grievance Procedure, we received 50 complaints and requests from the local community near the Karachaganak Field. These included 19 gas odor complaints and 31 requests and suggestions of various nature from the local communities living in close proximity to the Karachaganak Field. Residents expressed their interest in the Company's social initiatives aimed at

supporting socially vulnerable groups of the population, resettled residents asked for clarifications, etc.

Check-ups carried out by the KPO Operations Environment Monitoring Team did not reveal any malfunctioning of the process equipment, leaks/emissions or MPC exceedances in each case reported. Upon completing the review, some feedback was communicated to the residents who had filed the complaints.

MONITORING OF RESETTLED COMMUNITIES OG12

Since resettlement of the first residents from Berezovka and Bestau villages to Araltal micro district and apartment buildings in Aksai at the end of 2017, KPO has been annually monitoring the livelihood restoration of the resettled families.

As part of the above monitoring, in the period 2018–2022, KPO carried out the following activities for residents resettled in apartment buildings in Aksai, including Araltal, where 100 detached houses were built:

- 2018–2019 – residents of 100 houses in Araltal were provided with 11,600 tons of top soil for the cultivation of household plots;
- 2018–2021 – 800 appeals and requests of resettled residents were registered in the KPO Community Feedback Log. All issues were resolved by the end of 2021.
- 2019 – KPO assisted in complete reconstruction and relocation of the Monument to the Soldier of the Great Patriotic War from the former Berezovka village to Araltal;
- 2020 – during the COVID-19 pandemic, in cooperation with the Burlinsky District's Akimat and

the Aksai town's Akim, KPO organized the delivery of food and essential goods on a mobile shop for residents of 100 houses in Araltal;

- In May, 2020 during the COVID-19 pandemic as part of the monitoring KPO Community Relations team undertook an informal survey of resettled households by phone. 226 households in Apartment Blocks 24 and 25 in microregion 10 of Aksai and 70 households in Araltal participated in the survey. The set of questions asked to residents included improvements, if any, since resettlement, employment/pensions, livelihoods, availability of KPO for contacts, and other. The residents requested that KPO provide support in moving the memorial to WW2 Soldier from the former Berezovka Village to Aksai, in installing a drainage system around the school and 100 houses built in Araltal and greening of the territory of Apartment blocks 24 and 25 in Aksai.
- 2020 – with assistance of Akim of the Aksai town of Burlin district, KPO delivered 150 tree saplings for landscaping the yard area of multi-storey buildings in 5 and 10 microdistricts in the Aksai, where resettled residents live;

- 2020–2021 – expiration of the warranty period for two apartment buildings in 10 microdistrict of Aksai, 100 detached houses in the Araltal microdistrict of Aksai, a school for 300 children in Araltal and a kindergarten for 320 children in 10 microdistrict of Aksai of Burlin district, built for the resettled residents of the former Berezovka and Bestau villages.
- 2022 – drainage system installation around a school and 100 houses in Araltal village was completed; a tender was held to select a contractor to develop Detailed Engineering Design (DED) for the Demolition and Land Reclamation Project of the resettled Berezovka and Bestau villages. We will

inform readers about the implementation of this project in the next Sustainability Report.

- 2023 – KPO arranged a Commission visit to the territory of the resettled Berezovka and Bestau villages for visual inspection of the remaining facilities subject to demolition and post-utilization. The Commission comprised of local executive authorities of the Burlin District, the project engineering organization that developed the Detailed Engineering Design documentation, KPO and local residents. During the meetings, the Commission members informed the local organizations and residents about the upcoming project activities on post-utilization and land reclamation.

PUBLIC HEARINGS FOR DEMOLITION AND LAND RECLAMATION PROJECT GRI 2-29, SDG 16.10

In 2023, jointly with the project engineering organization AksaiGasService and KPO, the Burlin District Akimat held public hearings on the project for the post-utilization and reclamation of lands of the resettled Berezovka and Bestau villages. Representatives of the public, farms, and local residents took part at the hearings.

At the public hearings, representatives of the contracted project engineering organization briefed the participants about the activities to be performed including the project plan. Representatives of the farms had the opportunity to ask questions to the Project Owner regarding the timeline of the project, waste transportation, restrictions and rules the Sanitary Protection Zone.

The project was approved for action at the hearings.





ENVIRONMENTAL IMPACT

- 102 Climate change and energy transition
- 103 Environmental management approach
- 112 Air emissions
- 116 Energy efficiency
- 120 Water consumption and water disposal
- 126 Waste management
- 130 Biodiversity



ONE WAY OF GIVING FEEDBACK IS THE "SANDWICH" PRINCIPLE: FIRST YOU SHARE ABOUT YOUR OWN VALUES, THEN YOU TALK ABOUT THE BARRIERS THAT HAD CREATED OBSTACLES, AND END WITH A SUGGESTION ON WHAT COULD BE IMPROVED.



GRI 2-23

BUSINESS PRINCIPLE:

Environment

We have a systematic approach to environmental management in order to achieve continuous performance improvement.

To this end, we manage these matters as critical business activities, set standards and targets for improvement, and measure, appraise and report performance externally.

We continually look for ways to reduce the environmental impact of our operations.

2023

Energy intensity at KPO made up

1.13

GJ per tonne of production

Specific GHG emissions

65

tons of GHG/ thousand tons of hydrocarbons' production

Gas utilization

99.95%

13 years

of implementation of the Biodiversity Action Plan at the Karachaganak Field territory

Generated waste

52,387

tons

Recycled waste

30,139

tons

Water consumption

353,738

m³

Reuse of treated wastewater

56,467

m³

WHY IS IT IMPORTANT TO US? GRI 3-3

The climate agenda is a major challenge for the entire oil and gas industry. It is essential for KPO to contribute to addressing climate change and to achieving carbon neutrality goals in order to ensure compliance with legislative requirements, remain competitive and sustainable in a changing global energy system.

An important event in 2023 was the release of the Republic of Kazakhstan's Carbon Neutrality Strategy 2060, a document that sets ambitious zero-carbon targets and identifies the key transformations needed to decarbonise the country.

CLIMATE CHANGE AND ENERGY TRANSITION

In 2023, KPO prepared an Environmental Vision for the period until the end of the FPSA (2037). This concept formed the basis of the KPO Green Strategy and the KPO-365 Business Strategy.

The KPO Green Strategy was developed in 2023 in line with the country strategic plans and takes into account global world trends for reduction of the carbon footprint of products.

The KPO Green Strategy covers five (5) key areas: GHG reduction vision, power strategy, offsetting strategy, water management and waste management.

- **GHG reduction vision**

KPO continues evaluating the best engineering solutions and conduct studies aimed at reducing its GHG emissions. Based on the results of this work, decisions are made to implement both short and long-term projects. As of I Quarter 2024, the GHG reduction vision includes heat integration projects and studies on the development of renewable energy sources, offset projects and other alternatives.

- **Power strategy**

The main objective of the power strategy is to ensure stable electricity supply that meets current and future KPO requirements as well as export obligations under the FPSA, taking into account the need to reduce greenhouse gas emissions, comply with regulations and implement the best available technologies. In 2023, the project concept selection phase was finalised and work is continued by Project Execution team.

- **Offsetting strategy**

Carbon offset projects play an essential role in the decarbonisation process in the short to medium terms as other solutions gain momentum. Through the offset strategy, KPO intends to compensate the shortfall in GHG emission quotes in addition to projects aimed at reducing GHG, and to ensure that carbon neutrality targets are met in the long term. In 2023, the feasibility of offset projects in the West Kazakhstan Oblast was assessed, and potential opportunities in sustainable agriculture and waste management were identified.

- **Water management**

Taking into account global and local water security risks, KPO aims to improve the efficiency of water resources utilisation by increasing the use of recycled water for technical needs of production facilities, introducing water-saving and digital technologies. The Aksai Sewage Treatment Plant Upgrade Project is assessed as one of the major alternative long-term sustainable sources of technical water. In 2023, the project passed the concept selection stage and was transferred onto the Projects Execution team.

- **Waste management**

In 2023, KPO performed a comprehensive analysis of the waste management system and developed an action plan aimed at improving waste management practices. The plan's activities are focused on reducing waste generation, minimising waste transfer over distance, and maximising recycling and reuse through the implementation of advanced technologies.

ENVIRONMENTAL MANAGEMENT APPROACH

ENVIRONMENTAL MANAGEMENT SYSTEM GRI 2-23, 2-24, 3-1, 3-3

KPO has certified to use the Integrated HSE Management System certified to comply with international standards [ISO 14001:2015](#), [ISO 45001:2018](#) и [ISO 50001:2018](#), as well as HSE Policy targeted to continuous improvement. In 2023, KPO successfully passed the ISO 14001 audit that confirmed compliance with the requirements of the standard.

The key environmental commitments of the Company's HSE Policy include the following significant impacts:

- prevention of the environmental pollution,
- reduction of greenhouse gas emissions
- biodiversity and ecosystems conservation,
- conservation of natural resources,
- continuous improvement in environmental performance.

As part of maintaining an effective environmental management system and in order to comply with the requirements of the new Environmental Code, KPO environmental procedures are regularly reviewed.

According to the RoK Environmental Code, KPO has an obligation to implement the best available techniques (BAT). In 2023, an integrated technical audit (ITA) for compliance with BAT was conducted. The ITA process was introduced in the RoK Environmental Code from 2021 and is the first stage of development and(or) revision of RoK Best Available Techniques Handbooks (hereinafter referred to as BAT Handbook).

Environmental aspects electronic management system

Environmental Aspects Register is developed and used by KPO to manage environmental aspects [EnvAR](#).

Environmental Aspects Register of the Company's divisions are annually reviewed and updated in line with the actual status. Based on the Company's divisions registers, the Consolidated register of the most material environmental aspects is developed in order to devise additional activities/control measures to reduce risks and improve the environmental condition. In 2023, the Consolidated Register of Significant Environmental Aspects of KPO covered the following aspects:

- 1) Pollutant emissions into the atmosphere and greenhouse gases,
- 2) Waste formation and management,
- 3) Detection of unauthorized waste disposal,
- 4) Treatment and discharge of domestic waste water,
- 5) Generation and disposal of industrial waste water,
- 6) Spills,
- 7) Water resources consumption.



ENVIRONMENTAL COMPLIANCE GRI 2-27

KPO runs its business in accordance with the environmental legislation of the Republic of Kazakhstan (RoK). KPO annually requests and obtains an Environmental Impact Permit (EEP) from the RoK Ministry of Environmental Protection. This permit sets the limits for contaminants emissions, discharges and limits for accumulation and burial of waste.

In 2023, two administrative fines in the field of environmental protection were filed in relation to the events of 2021–2022 for a total amount of KZT 214.52 mln. KPO voluntarily paid a fine worth KZT 164.4 mln for excess emissions of pollutants into the atmosphere. Currently, the Company is in the process of partial appealing the court decision that imposed an administrative penalty for exceeding pollutant discharge standards worth KZT 50 mln.

Implementation of the Environmental Code

In 2023, as part of the Environmental Code requirements the following was obtained:

- Environmental Impact Permit for KOGCF facilities for 2024;
- Environmental Permit for Atyrau Terminal facility for 2024–2030;
- Environmental Permit for Bolshoi Chagan OPS facility for 2024–2030;

In 2023, the Plan for implementation of the requirements of the new RoKK Environmental Code was 90% completed.

During the year 2023, as members of the working groups under the Ministry of Environmental Protection, Geology and Natural Resources of RoK and the KAZENERGY Association, the Company took part in 84 meetings and commented and introduced proposals for 74 projects of the RoK laws and regulations in environment protection, as a result the following changes been made to corresponding RoK regulatory legal acts:

1. Rules for issuing Environmental Permits (EP) and Instructions for determining the facility category in connection with changes in the RoK Environmental Code from 05.07.2023:
 - the Environmental Permit (EP) form separates limits for the construction period and limits for operations;
 - criteria have been defined for classifying construction and installation works and reclamation

and (or) liquidation work into categories I, II, III or IV. Some of the KPO non-process related construction and installation activities (temporary roads and sites, etc.) do not require obtaining an EP, as they were classified as related to categories III or IV.

2. The BAT Handbook for oil and gas production was approved with the RoK Government Resolution, on the basis of which the project documentation is required to be developed for obtaining an Integrated Environmental Permit (IEP).
3. Amendments have been made to the Rules for Conducting Public Hearings (PH). Major changes include the following:
 - Public hearings are allowed to be held prior to the State Environmental Expertise (SEE) and application for the Environmental Permit;
 - Public hearings can be held in a mixed format – open meetings and video conferences;
 - No public hearings are required when re-submitting an application for the State Environmental Expertise after receiving a refusal to issue an EP.

The following are under discussion:

- addition to the RoK Environmental Code on mandatory environmental audits every five years;
- the new environmental quality norms project for air, soil and physical factors, as a replacement to existing sanitary-hygiene norms (MPC);
- project of a new Water Code with regards to organization of the new RoK Ministry of Water Resources and Irrigation.

Environmental Public Hearings GRI 2-29

In 2023, the Company held public hearings on materials of an inquiry for obtaining Environmental Impact Permit:

- For KPO facilities located at the Karachaganak Field for 2024. According to the RoK Environmental Code, the public hearings were held on 8–9 October 2023 by means of open meetings in 4 rural districts of the Burlin region (Uspenovskiy, Priuralnyi, Zharsuatsky, Pugachevsky). For public consideration there were presented 84 construction projects, three emission ratio design projects, Waste Management programme, Industrial Control programme, Environmental Protection Plan.
- Public hearings for the **KPC – Bolshoi Chagan – Atyrau** export pipeline facilities located in the **West Kazakhstan Oblast** for 2024–2030 held on 8 November 2023 by the means of open meetings in the Kushum rural district of the Baiterek

region (Bolshoi Chagan village). One construction project, two emission ratio design projects, Waste Management Programme, Industrial Control Programme, Environmental Protection Plan were presented for the public review.

- Public hearings for facilities of the **KPC – Bolshoi Chagan – Atyrau** export pipeline located in the **Atyrau oblast** for 2024–2030 were held on 22nd November 2023 as open meetings in the Makhambet rural district (Beibarys village). Two construction projects, two emission ratio design projects, Waste Management Programme, Industrial Control Programme, Environmental Protection Plan were presented for the public consideration.

Information about the planned public hearings was brought for attention of the state authorities and the public through announcements at the Unified Environmental Portal, in a periodical printed publication (newspaper), TV channel and on bulletin boards of local executive authorities of administrative-territorial units.

All projects submitted for discussion at the public hearings in 2023 were endorsed by the state authorities and the public. The results of public hearings were reflected in the protocols of public hearings. A package of documents submitted for the public hearings, including the discussion results, are available on the website <https://ecportal.kz/>.

Supplier environmental assessment

GRI 308-1, 308-2

Based on the RoK Environmental Code, KPO as an operator of the Karachaganak Oil Gas Condensate Field and the condensate export pipeline of KPC-Bolshoi Chagan-Atyrau is obliged to obtain an Environmental Impact Permit, which also includes contractors engaged to perform works and to provide services on the territory of KPO facilities. Contractor organisations are obliged to comply with the terms of the Environmental Impact Permit and also bear responsibility for any non-compliance as per the RoK laws.

Thus, since 2021, KPO has been continuously working to improve its engagement with suppliers. In the period from 2021 to 2022, the Contractors' control system has been implemented and further developed in 2023.

CONTRACTOR ORGANISATIONS ARE OBLIGED TO COMPLY WITH THE TERMS OF THE ENVIRONMENTAL IMPACT PERMIT AND ALSO BEAR RESPONSIBILITY FOR ANY NON-COMPLIANCE AS PER THE RoK LEGISLATION.

In 2023, the Company's HSE requirements reflected in Schedule D of contracts were revised. This has allowed proceeding with amendments to existing contracts upon which a number of suppliers are to independently manage wastes generated by them on the territory of the KPO facilities. Subsequently, all suppliers performing works at KPO facilities shall handle safe storage of waste at workplaces. While KPO will handle further collection and transportation of waste involving a specialized contractor.

In 2023, KPO has implemented a practice of limited-scope audits of contractors by means of the KPO Environmental Controllorship in order to check their compliance with terms of the KPO Environmental Permit. As a result of the audits, accounting systems for fuel consumption at stationary emission sources and contractor waste flows were improved. In 2024, internal environmental control system during works or operational environmental control is subject to the audits.

On 22nd December 2023, as part of raising the environmental awareness, improving the Environment Management System and fulfilling requirements of the contracts' Schedule D, KPO held a workshop on familiarization with requirements of the new RoK Environmental Code for the contractors' environmental specialists. The workshop was attended by representatives of the 57 contractor organisations. The workshop provided attendees with detailed requirements of the new RoK Environmental Code, as well with better understanding of the Operator and contractors' responsibilities on the environmental protection.

ENVIRONMENTAL PROTECTIVE MEASURES PLAN FOR 2023

GRI 3-3, SDG 9.4

To achieve the goals set in environmental protection, KPO annually develops an Environmental Protective Measures Plans (hereinafter referred as EPMP). The Plan's measures focus on ensuring the environmental safety, improving environmental protection methods and technologies, ensuring rational

use of nature and maintaining compliance with the ISO 14001 and ISO 50001 international standards.

In 2023 KPO operated the business on the basis of the environmental permits issued. The EPMPs were developed and approved for each of the Permits obtained.

Tab. 27. KPO Environmental Protective Measures Plans 2023 and Environmental Impact Permits issued

#	2023 Environmental Protective Measures Plans	Valid Permits for 2023	Permit issuing Authority
1	2023 KPO EPMP for the Karachaganak Field (KOGCF)	Environmental Impact Permits (effective period: Jan1 to Dec 31, 2023)	Committee for Environmental Regulation and Control of the RoK Ministry of Environment, Geology and Natural Resources
2	2021-2030 KPO EPMP for the KPC – Bolshoi Chagan – Atyrau condensate export pipeline (WKO)	Environmental Impact Permits in 2020 (effective period: Jan 1, 2021 till Dec 31, 2030): 1. Air pollutant emissions; 2. Pollutants discharged with wastewater.	WKO Akimat, West-Kazakhstan Oblast Administration of Natural Resources and Nature Use Control
3	KPO 2023-2030 EPMP for Atyrau Oblast	Environmental Impact Permits (effective period: Jan 1, 2023 to Dec 31, 2030)	Atyrau Oblast Akimat, Atyrau Oblast Administration of Natural Resources and Nature Use Control

In 2023, the total actual costs of the environmental measures implemented at Karachaganak Field amounted to KZT 1.8 bln against KZT 1.5 bln planned and that is 118%.

The 2023 KPO EPMP implementation by sections is shown in Table 28.

Tab. 28. 2023 Environmental Protective Measures Plan Progress, % GRI 3-3

#	Sections of Environmental Protective Measures Plan	KPO measures' implementation, %:		
		- within Karachaganak Field	- on the KPC-Bolshoi Chagan-Atyrau export condensate pipeline (WKO)	- on the KPC-Bolshoi Chagan-Atyrau export condensate pipeline (AO)
1	Air conservation	100%	100%	100%
2	Conservation and rational use of water resources	207%	N/A*	N/A*
3	Land conservation	100%	N/A*	N/A*
4	Flora and fauna conservation	100%	N/A*	100%
5	Production and consumption waste management	190%	N/A*	N/A*
6	Introduction of management systems and best safe technologies	88%	N/A*	N/A*
7	Scientific researches and design and survey works in environmental protection	100%	100%	100%
8	Environmental awareness and promotion	N/A*	100%	100%
	TOTAL:	(KZT 1.8 bln)	(KZT 12 mln)	(KZT 22 mln)

* N/A – measures are not applicable.



The Akim of the West Kazakhstan Oblast Turegaliyev N.T., the Head of ECOHUB Yelemessova A. and KPO Corporate Environment Controller Mukangaliyev R. at the Uralsk Green Forum, June 2023

The environmental effect from the implementation of environmental protection measures is presented in Table 29.

Tab. 29. Environmental effect from the implementation of environmental protection measures to reduce emissions and waste, 2023 GRI 3-3

Air emissions	<p>The reduction in actual pollutant emissions into the atmosphere as a result of implementation of measures thanks to introduction of advanced technologies for 2023 amounts to 3,059 tonnes:</p> <ul style="list-style-type: none"> • Use of a surface pump to transfer product with high gas volume fraction during the test of four wells has resulted in reduction of emissions by 2,521 tonnes; • Use of hydrocarbon-based fluid for the reservoir operations (Lamix or Deisel) helped to reduce the amount of air polluting emissions by 538 tonnes.
Water consumption	<ul style="list-style-type: none"> • The volume of reuse of treated wastewater, including rain and melt water, for 2023 amounted to 56,267 m³, which led to a reduction in fresh water intake for technical needs from surface sources. Treated waste waters were re-used for the KOGCF technical purposes, as well as for dust suppression and drill mud preparation.
Waste management	<ul style="list-style-type: none"> • In 2023, 524.907 tonnes of non-recyclable production and consumption waste were disposed by high-temperature incineration, including residues received after segregation of solid municipal waste, food waste and epidemiologically hazardous waste (medical waste, dewatered sludge from silt areas). This helped to reduce the volume of burial wastes by 461.347 tonnes. • As a result of municipal waste segregation at the segregation plant, 118.316 tonnes of useful components (waste paper, plastic, glass and scrap metal) were extracted for subsequent transfer to specialized companies for processing and (or) reuse. • The volume of liquid waste processing equals to 7,631.90 tonnes. • 1,486.16 tonnes of base oil recovered in the process of processing the 15,759.08 tonnes of oil-based drill sludge and other industrial waste.
Land reclamation GRI 304-3, SDG 6.6, 15.1, 15.5	<p>In 2023, land reclamation was carried out after the completion of construction work on 51 hectares area.</p>

ENVIRONMENTAL MONITORING GRI 3-3, 413-1, SDG 3.9

KPO implements a number of environmental protection programmes that include all aspects of operational activities. One of the key programmes is a Production Environmental Control (PEC) Programme developed in line with the RoK Environmental Code to meet the following objectives:

- obtaining reliable data about the Company's emissions and impact of production activities on the environment;
- rapid and proactive response to emergencies;
- minimizing the impact on the environment and human health;
- communication with stakeholders (local communities, state regulatory authorities, partner companies) about the environmental activities of the Company and risks for population health.

As part of the PEC Programme, the environmental emissions such as air emissions, wastewater discharge, waste treatment, wastes accumulation and disposal, and the quality of environmental components such as air, surface and ground water, and soil are monitored.

In 2023, the PEC monitoring of the environment components has demonstrated that concentrations of target substances were on a par with those observed in previous years. No negative impact on the environment from the Karachaganak Field operations was identified.

KPO regularly keeps the production environmental control over the environmental condition at the Field's waste disposal facilities. In 2023, no direct negative impact on the environmental components has been revealed as a result of monitoring of the ground water and soil at the Eco Centre's Solid Industrial Waste Burial Landfill and the Temporary Liquid Drilling Waste Storage Site, as well as in cells 35A and 35B. Quantitative control over the movement of waste is carried out in order to take into account the volume of burial, as well as the volumes and time of waste accumulation.

Air quality is monitored by ways of collecting and testing the samples. The job is performed by an accredited laboratory, as well as 18 stationary automatic EMSs. To assess the quality of atmospheric air, sanitary and hygienic standards are used – maximum permissible concentrations (MPC). To determine the level of atmospheric air pollution, the registered concentrations of monitored components are compared with MPC and demonstrated in fractions.

In 2023, over 100 thous. samples were taken by the laboratory during the process, about 115 thous. laboratory sample analyses and some 28 thous. measurements were conducted.

The Company pays special attention to protection of atmospheric air in the Field area, at the SPZ boundaries and in settlements adjacent to the Karachaganak Field.

Sanitary Protection Zone SDG 11.4, 15.2

The current estimated Sanitary Protection Zone (SPZ) at the Karachaganak Oil Gas Condensate Field is valid from January 1, 2018. In 2021, KPO successfully completed the relocation of environmental air monitoring stations commenced in 2018. The relocation of these stations was performed due to the change of the Sanitary Protection Zone to ensure correct performance of the continuous air monitoring and to comply with the RoK legal requirements. The plot map of the Karachaganak field with SPZ marked, as of end 2023 is available for viewing on the KPO website in the section [Sustainability/Environmental monitoring/Sanitary protection zone](#).

In 2023, KPO has continued the implementation of the Project "Organization and improvement of the estimated KOGCF Sanitary Protection Zone", having completed "The first phase of planting the KOGCF SPZ and extending the SPZ boundaries". The aim of the Project is to take care of existing forest stands and to plant new trees, as well as to install signages at the SPZ boundaries.

In order to protect historical and cultural heritage sites from potential negative impact, the Project also provides for the installation of relevant signages at the boundaries of the protected heritage sites. Earlier in 2019, KPO organized the large-scale archaeological research on this topic (see the details in the [KPO Sustainability Report 2019](#), pp. 85-88). SDG 11.4

In 2023, the boundaries of the Sanitary Protection Zone were expanded, including the installation of signages and boundaries of protective zones of historical and cultural heritage sites.

Total area of plots planned for the tree planting for the entire project period will be 249.1 hectares including the 151.9 hectare area to create new forest belts, and the 97.2 hectares is the area of reconstruction work on existing plantations.

Total implementation period for the entire project includes the period from spring 2023 up to 2028:

- 2022 – surveys, field work, development of project documentation.
- 2023 – drawing the SPZ boundaries.
- 2024 – installation of signages at the boundaries of protected historical sites.
- 2023–2026 – renovation of forest belts.
- 2025–2028 – planting of new forest belts.

Construction of capital facilities in the process of this Project implementation is not foreseen. The work is carried out by a contractor. Plot map "The main design solutions for arrangement and improvement of the Karachaganak Oil Gas Condensate Field's Sanitary Protection Zone for the period 2023–2028" is available on the KPO website in the section [Sustainability/Environmental monitoring/Sanitary protection zone](#). The consolidated plot plans for placement of the SPZ facilities and landscaping were agreed by involved stakeholders, business organizations and agricultural producers.

Atmospheric Air Monitoring by Environmental Monitoring Stations

GRI 413-1

18 stationary automatic Environmental Monitoring Stations are installed along the perimeter of the KOGCF and the SPZ (EMSs 001 – 018) and integrated into a single automatic environmental monitoring system.

Four out of 18 EMSs are located in the Field and within the SPZ. As of end 2023, 13 EMSs are based at the SPZ boundaries: 006 – 018 EMSs; EMS 005 is located near the Aksai city.

Annual average concentrations of the monitored components recorded by EMSs in 2023 at the KOGCF SPZ boundary are shown in Table 30. The column "Actual annual average concentration" shows the minimum and maximum annual average concentrations of the monitored components recorded by each EMS.

Tab. 30. Annual average concentrations of the monitored components recorded by EMS in 2023

Monitored components	Actual annual average concentration, mg/m ³	MPC one-time ¹¹ , mg/m ³	Exceedance of MPC one-time*
H ₂ S	from 0 to 0.001	0.008	no
SO ₂	from 0.002 to 0.007	0.5	no
NO ₂	from 0.002 to 0.007	0.2	no
CO	from 0.1 to 0.2	5.0	no

* Criteria of air quality assessment at the SPZ boundary is MPC one-time. EMS are configured to give a signal when the MPC one-time is exceeded.

All the EMSs take measurements of the four main pollutants (H₂S, SO₂, NO₂, CO) on a continuous basis, i.e., 24/7.

According to the data received from EMSs in 2023, the actual daily, monthly, quarterly and annual average concentrations of the monitored components did not exceed the established sanitary and hygienic limits. While, during the year 177 cases of one-time 20-minute

exceedance in H₂S concentration and one case of CO₂ exceedance were recorded.

Pursuant to the requirement of the RoK Environmental Code (Sub-it. 8, It. 2, Article 184), KPO delivered notices regarding the exceedance recorded at the EMS-017 and the EMS-007 to the WKO Environmental Department.

GRI 413-2

¹¹ ** MPC one-time. MPC daily average – maximum permissible daily average concentration of chemical substance [in mg/m³] in the ambient air of settlements. This concentration shall not cause a reflex response in human bodies (holding of breath, irritation of eyes, upper respiratory tract, etc.) in case of 20-30 min of inhalation.

It should be noted that no connection was found between the exceedance shown in Table 31 and the operations of the KPO field facilities. At the times of the exceedance, all KPO facilities were functioning in normal operation mode, no well flaring or clean-

ups were performed. There were no malfunctions of process equipment, leaks or unauthorized emissions, emergency or scheduled shutdowns of the process. No direct H₂S sources were revealed at the KPO facilities.

Tab. 31. One-time MPC exceedances recorded by EMS in 2023

EMS No.	Monitored components	MPC one-time, mg/ m ³	Number of exceedances	Frequency ratio of MPC one-time exceedance
EMS-005	H ₂ S	0.008	4	from 1.125 to 2.25
EMS-006	H ₂ S	0.008	23	from 1.125 to 3.625
EMS-006	CO	5.0	1	1.12
EMS-007	H ₂ S	0.008	41	from 1.125 to 4.875
EMS-008	H ₂ S	0.008	44	from 1.125 to 7.375
EMS-010	H ₂ S	0.008	1	1.375
EMS-011	H ₂ S	0.008	1	1.175
EMS-012	H ₂ S	0.008	1	1.625
EMS-015	H ₂ S	0.008	4	from 1.125 to 95.875
EMS-016	H ₂ S	0.008	32	from 1.125 to 3.625
EMS-017	H ₂ S	0.008	26	from 1.125 to 17.0

No gas odour complaints from the local communities adjacent to the Karachaganak Field were raised on the date the MPC exceedances were recorded.

Air quality data from all 18 KPO automatic EMSs are transmitted online to the West Kazakhstan Oblast Environmental Department via the Ecomonitor portal.

Atmospheric air monitoring in the villages adjacent to the Karachaganak Field GRI 413-1

In six villages located along the perimeter of the field: Zharsuat, Zhanatalap, Dimitrovo, Karachaganak, Priuralnoe, Uspenovka, and in Aksai town, stationary air monitoring posts have been installed. The air sampling is carried out four (4) times a day (at 1, 7, 13 and 19 hours according to the State Standard) by the permanent personnel of the contracting laboratory, who reside in the specified villages. Approximately 52,000 air samples were collected and analysed at the stationary posts in 2023.

Air samples are chemically tested in the laboratory in Aksai for the content of five main components in accordance with the State Standard and ruling

documents: hydrogen sulphide (H₂S), sulphur dioxide (SO₂), nitrogen dioxide (NO₂), carbon oxide/monoxide (CO), and methyl mercaptan (CH₃SH). In addition, every 10 days the air is monitored for the concentration of volatile organic components: benzene (C₆H₆), toluene (C₇H₈), xylene (C₈H₁₀).

Monthly results of air monitoring are published in local print media and distributed to the villages for posting on the information boards, as well as published on the [KPO web-site](#) on a monthly basis. If any gas odour complaint is raised by someone of the community, an unscheduled air sampling is performed at the stationary posts.

In 2023, no MPC exceedances were recorded for the daily average concentrations of the monitored air components in the villages.

In 2023, 19 complaints with respect to gas odour were raised by the villagers living in proximity of the Karachaganak Field. The unscheduled air sampling was carried out in the villages, the analysis results of which showed that the concentrations of the monitored components did not exceed the established MPC one-time. Each complaint from an initiator with respect to gas odour was addressed.

The annual average concentrations of the monitored air components in the seven villages in 2023 are shown in Table 32. The column "Actual annual average concentration" shows the minimum and maximum

annual average concentrations of the monitored components. Criterion for assessing air quality in settlements is MPC daily average.

Tab. 32. Annual average concentrations of the monitored air components in the villages adjacent to the Karachaganak Field in 2023 (GRI 413-1)

Monitored components	Actual annual average concentration, mg/m ³	MPC* one-time ¹² , mg/m ³	Exceedance of MPC daily average
H ₂ S	0.002	0.008**	no
SO ₂	0.003 – 0.004	0.05	no
NO ₂	Between 0.023 and 0.026	0.04	no
CO	0.428 – 0.455	3.0	no
C ₆ H ₆	from 0.166 to 0.178	0.3**	no
C ₇ H ₈	below MDL*	0.6**	no
C ₈ H ₁₀	below MDL*	0.2**	no
CH ₃ SH	Not detected	0.006**	no

* Measurements recorded were below the method's minimal detection limit (MDL). MDLs for the monitored components: C₇H₈ – 0.14 mg/m³; C₈H₁₀ – 0.14 mg/m³.

** MPC one-time. MPC daily average for hydrogen sulphide and methyl mercaptan is not established, therefore, MPC one-time is referred to for comparison purpose; MPC one-time is also applied in order to assess the content of benzene, toluene and xylene in the air as the frequency of components' sample collection and analysis is once in ten days.



¹² MPC daily average – maximum permissible daily average concentration of chemical substance [in mg/m³] in the ambient air of settlements. This concentration shall not have direct or indirect adverse effect on human body in case of inhalation during indefinitely long-term period (years).

WHY IS IT IMPORTANT TO US? GRI 3-3

Air pollution harms human health, affects food security, hinders economic development, leads to loss of biodiversity, contributes to climate change and degrades the environment that people rely on for their livelihoods. The United Nations recognize air pollution as one of the major threats to human and planetary health.

The KPO industrial complex operation is inevitably associated with the air pollutant emissions. Pollutants are generated on all process stages: production, preparation, storage and transportation of gas and condensate. Reduction of emissions, recycling of waste and application of new technologies remain the most important issues on the Company's agenda. The Company's mission in this matter is to minimize the negative impact of its activities.

AIR EMISSIONS

KPO manages air pollutant emissions based on the limits established in the Environmental Impact Permit.

To control compliance with the limits, the Company monitors industrial emissions. At the KPO facilities, the air emissions are mainly released from sour gas and formation fluid contamination mixtures' (FFCM) flaring,

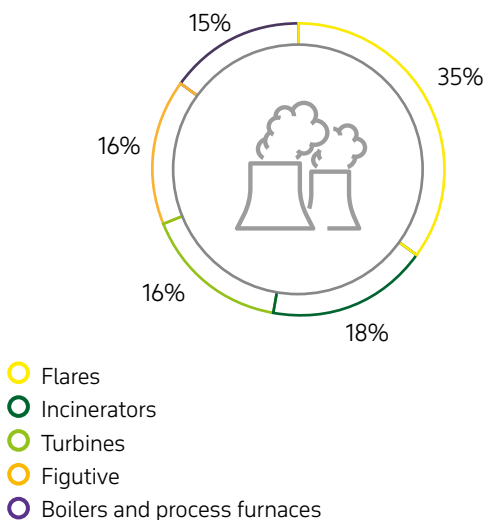
fuel gas flaring in turbines, furnaces and boilers, from diesel fuel flaring in diesel-generator units. The sulphur dioxide, carbon oxide and nitrogen oxides are the main combustion products.

Regulation of direct greenhouse gas (GHG) emissions in KPO is carried within the framework of the current National Emissions Quotas' Trading System.

Tab. 33. Targets in managing emissions GRI 3-3

Our 2023 targets	Target achievement status	Actions taken to complete targets in 2023	Targets for 2024
Conduct analysis and studies on additional efficient off-gas treatment plants for KPC incinerators	Completed	The Report "Analysis of emissions reduction opportunities for KPC incinerators" was issued.	Conduct analysis for additional opportunities to implement Tail Gas Clean-up Units

Graph 19. Pollutant emissions in KPO by main air pollution sources, in 2023



In 2023, the total amount of air emissions was increased by 10% compared to 2022, totalling 5,765 tonnes. The increase in emissions in 2023 is justified by the increase of condensate production by 7%, and gas by 15% compared to 2022, and inclusion of the contractor companies' emissions under the Company's obligation in accordance with the requirements of the RoK Environmental Code. Table 34 shows data on the permissible and actual KPO's emissions for the period of 2021-2023.



IN 2023 THE POLLUTANT EMISSIONS TO AIR MADE

5,765
TONNES

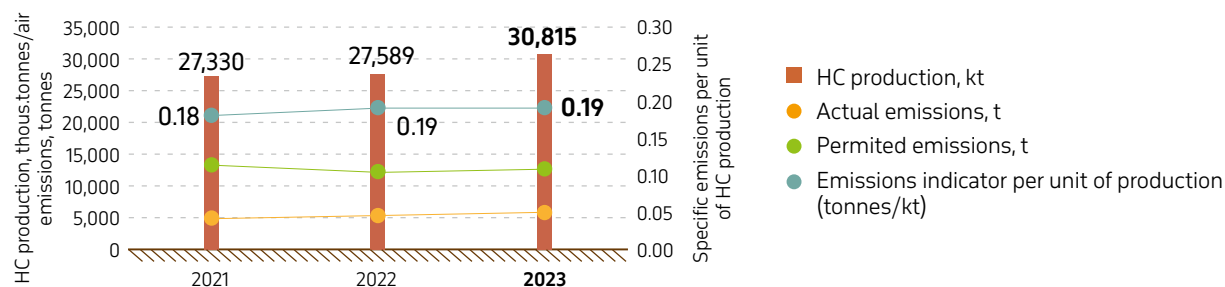
Tab. 34. Permitted and actual volumes of pollutant emissions, 2021–2023 GRI 305-7, SDG 3.9, 12.4

Annual volume of emissions by pollutants, in tonnes:	2023	2022	2021
Permitted emissions:	11,346	12,005	13,219
Actual, including:	5,765	5,236	4,798
Nitrogen oxides (NO _x)	1,362	1,182	1,197
Sulphur dioxide (SO ₂)	2,251	2,143	1,989
Carbon dioxide (CO ₂)	1,159	1,142	1,039
Volatile organic compounds	513	534	452
Hydrogen sulphide – H ₂ S	3	3	3
Solid particles	441	198	71
Other	36	34	47

Note.: Emission volumes data are provided in accordance with the data of statistical report "2-TP Air".

In KPO, emissions are calculated using the methods specified in MPE project and recommended for use in the Republic of Kazakhstan.

Graph 20. Hydrocarbons' production and environmental emissions in 2021–2023



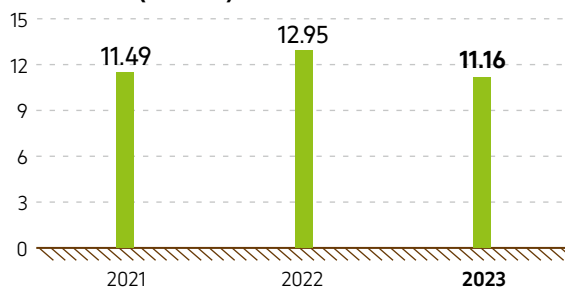
In 2023, the specific emissions per unit of production amounted to 0.19 tonnes per 1,000 tonnes of hydrocarbons (HC) produced same as in 2022.

GAS FLARING OG6, SDG 3.9, 7.3, 8.4, 12.2, 12.4, 12.5

In 2023, the total amount of gas flared reached 0.05% (0.07% in 2022) of the total volume of gas produced or 0.32 tonnes per thousand tonnes of produced hydrocarbons. Such a low flaring emission rate resultant from flaring testifies of high operational performance against the global industrial average rate of 8.57 tonnes per one thousand tonnes and European average rate of 2.55 tonnes per one thousand tonnes, as follows from the IOGP 2022's Report. This confirms the very high level of KPO for this indicator among the global and European oil and gas producers and makes Karachaganak the leading oil and gas condensate field in Kazakhstan in terms of gas utilization.

Decrease in gas flaring volumes by 14% in 2023 comparing to 2022 is related to absence of well operations associated with the hydrocarbons' flaring during full shutdown of main facilities for turnaround and as well as due to commissioning works.

Graph 21. Volumes of produced gas flared in 2021–2023 (mln m³)

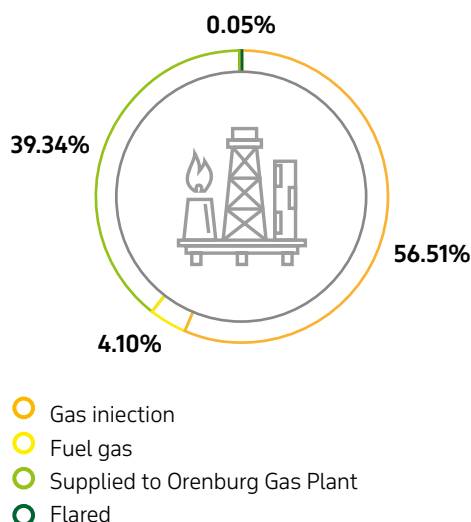


Gas Utilization OG6, SDG 3.9, 7.3, 8.4, 12.2, 12.4, 12.5

In accordance with legislation requirements, KPO develops and approves with Regulatory Bodies the programmes of sour gas processing development.

In 2023, the KPO gas utilization rate reached 99.95% (99.93% in 2022). The performance target approved by the RoK Authority under the 2023 Associated Gas Processing Development Programme is 99.84%.

Graph 22. Gas utilization and flaring in 2023



GREENHOUSE GASES

Direct Greenhouse Gas emissions

GRI 305-1, 305-7, SDG 3.9, 12.4, 13.1, 13.2

Regulation of direct greenhouse gas (GHG) emissions in KPO is conducted within the framework of the current National Emissions' Quotas Trading System. KPO has obtained quotas for the 2023 GHG emissions (CO₂) in the amount of 2,299,321 tonnes on the basis of specific emissions indicators (benchmarks). In 2023, actual emissions have amounted to 1,991,739 tonnes of CO₂, which made 87% of the quota. In January 2024 the residual of the 2022's quota worth 480,948 tonnes of CO₂ was added up to the Company.

In order to control the level of GHG emissions in line with the issued quota, KPO conducts GHG emissions assessment for carbon dioxide (CO₂) and methane (CH₄) every quarter. The emissions were assessed using the calculation method on the basis of the Company's operations data (in terms of fuel consumption and laboratory data on fuel composition) using the current Methodology Guidelines #280 of 05.11.2010 approved by the Environmental Authority.

Rates used for analysis of the GHG emissions are calculated quarterly as per the laboratory data of the certified KPO Chemical Laboratory.

To convert the GHG emissions into carbon dioxide equivalent (CO₂-eq.), the global warming potential values were used according to item 4 of Decision of Conference of the Parties 6/CP.27 of November 17, 2022.

At the year-end, independent certified organization shall verify monitoring results and produce an Inventory report for the reporting period.

According to the verified GHG Emissions Inventory Report for 2023, the total volume of GHG emissions amounted to 2,012,982 tonnes in CO₂-equivalent, of which CO₂ contribution equalled to 1,991,739 tonnes of CO₂-equivalent (99%), CH₄ – 12,805 tonnes of CO₂-equivalent (0.6%), N₂O – 8,438 tonnes of CO₂-equivalent (0.4%).

Information on the dynamics of generated GHG emissions is provided in table 35. The slight increase in GHG emissions (by 9%) in 2023 compared to 2022 is related to full operation of the 4th Injection Compressor and its High Pressure Flare throughout the year while in 2022 this equipment operated only seven months.

Tab. 35. Dynamics of GHG emissions generated from KPO production activities, 2021–2023 SDG 13.2.2 (C130202)

Total volume of greenhouse gas emissions (tonnes of CO ₂ -equivalent)					
From fuel combustion at stationary sources	From fuel combustion at flares and incinerators	Fugitive emissions	Total GHG emissions in 2023	Total GHG emissions in 2022	Total GHG emissions in 2021
1,867,178	135,988	9,816	2,012,982	1,851,066	1,745,768

The methodology for calculating GHG emissions from fugitive emission sources

To count the GHG emissions from fugitive emission sources, KPO uses its own methodology developed for efficient monitoring and approved by the Ministry of Environmental Protection and Natural Resources of the Republic of Kazakhstan in 2020. This methodology has allowed gaining more accurate data of methane (CH₄) emissions from fugitive emission sources at KPO facilities and significantly minimize calculations' equivocation. The methodology is applied during the annual GHG emission inventory process.

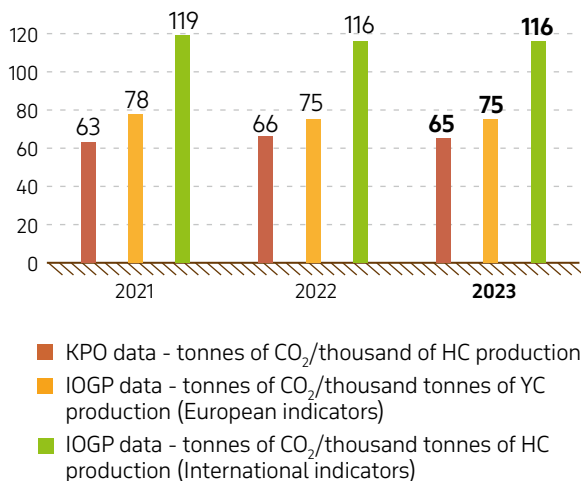
The Scope 2 emissions calculation has been conducted only for the purchased energy in the field facilities.

Specific greenhouse gas emissions

GRI 305-4, SDG 13.1

In 2023, the KPO's specific indicator of CO₂ emissions totalled 66 tonnes of CO₂/thousand tonnes of HC liquids production. Graph 23 shows the dynamics of specific GHG emissions comparing to the specific emissions data provided by the IOGP. The actual specific GHG emissions in KPO are lower than the European indicators by 14% and lower than the international indicators by 44%.

Graph. 23. Dynamics of specific GHG emissions per unit of produced hydrocarbons (HC)*, 2021–2023



The data was sourced by Annual report of the International Associations of Oil and Gas Producers (IOGP) – “Environmental Performance Indicators – 2022 data”. The 2022 data was used for comparison purpose in 2023, as the 2023 IOGP Report was not available at the time this Report was prepared. The 2021 data were changed in the 2022 IOGP Report.

Indirect greenhouse gas emissions

GRI 305-2

Indirect GHG emissions at KOGCF resulting from the consumption of imported electric power in 2023 account for an insignificant part (0.1%), since the Company has a gas turbine power plant, the main purpose of which is to provide its own electricity to the entire production complex of the Field and nearby settlements.

These emissions are not subject to accounting and are not included in the reporting under the internal system of quotas for GHG emissions of the Republic of Kazakhstan. Information on them is provided only in reports to KPO Parent Companies. In 2023, the indirect GHG emissions at KPO amounted to 980 tonnes of CO₂.



WHY IS IT IMPORTANT TO US? GRI 3-3

KPO is one of the leading oil and gas companies of the Republic of Kazakhstan, being both supplier and user of fuel and energy resources (FER), and recognizes the need for the rational use and increase of the energy efficiency level in the Company.

The policy of carbon regulation reinforcement in Kazakhstan bring serious challenges for KPO. As both one of the large GHG emitters and the FER consumer in the country, the Company faces the necessity of the adaptation to new standards and regulations.

KPO is actively engaged in dialogue with shareholders, the state, the PSA LLC authority and other stakeholders to jointly define the strategy for future field development and create favourable conditions for technology investments, which are not paid off under current conditions but valuable in the long term.

ENERGY EFFICIENCY

KPO assumes responsibility to preserve favourable conditions for life-sustaining activity of future generations and make contributions in achieving the goal to decrease energy intensity and de-carbonization of the economy of the Republic of Kazakhstan. Ensuring energy resources extraction, while transitioning to low-carbon technologies, is one of the challenges that we face. Our current targets require continuing energy efficiency activities and

their assessment, including application of the best available technologies, energy-efficient equipment and environmentally friendly materials.

In order to minimize energy efficiency risks and impact of the Company, we have set a number of targets. The results of their implementation are presented further in the text.



Tab. 36. Targets in energy efficiency GRI 3-3

Our 2023 targets	Target achievement status	Actions taken to complete targets in 2023	Targets for 2024
Conduct a surveillance audit of the Energy Management System for compliance with the ISO 50001:2018 standard	Completed	A certification audit against the ISO 50001:2018 new standard requirements was successfully conducted in July 2023. The Company did not get any non-conformance as per the audit results.	Conduct a surveillance audit of the Energy Management System for compliance with the ISO 50001:2018 standard
Conduct an annual energy analysis of the Company and continue monitoring energy efficiency performance for equipment/processes that have a material impact on KPO's energy intensity	Completed	The Company's energy-dispersive analysis for 2023 was conducted. Regular monitoring of Energy performance indicators is conducted on a quarterly basis.	Conduct an Annual Energy Analysis and continue monitoring energy efficiency performance for equipment/processes that have a material impact on energy intensity
Continue work on implementation of the activities scheduled for 2022	Completed	All activities scheduled for 2023 were carried out throughout the year	Carry out scheduled activities and continue analysis and search for new opportunities to increase Energy performance as part of the KPO Green Strategy

ENERGY MANAGEMENT SYSTEM GRI 3-3

The ISO certification contributes to enhancement of the KPO reputation as a reliable partner to the Republic of Kazakhstan that takes appropriate actions to meet both regulatory requirements and international standards.

In July 2023, KPO has successfully conducted a certification audit against the ISO 50001:2018 standard. Following the audit, the KPO Energy Management System was recognized as corresponding to the international standards.

In accordance with the ISO 50001:2018 requirements, KPO Energy Policy was developed to be used as the guiding principles to determine and evaluate the energy efficiency goals and targets. The KPO Energy Policy is an integral part of the long-term field

development plan and contributes to achievement of strategic goals and targets of the Company. GRI 2-23

KPO supports a trend on personal approach to eco-friendliness, green thinking and conscious consumption. Company has implemented and apply the "Green office" concept to ensure more efficient application of the existing procedures of environmental and energy management.

KPO Green Rules focus on driving forward the personnel's willingness to change and be inspired to take action and reduce not only individual but also Company's impact on the environment. These Rules contain clear and simple instructions for all KPO and contractors' personnel and visitors on how to contribute to the improvement of the environment.

ENERGY CONSUMPTION GRI 302-1

KPO carries out an annual energy review and energy efficiency monitoring as part of the energy efficiency measures. Following the review, in 2023 KPO experienced an increase of energy intensity by 2.7% against 2022 that was due to Turnaround activities at

the Karachaganak Field facilities and start-up of the 4th Gas Injection Compressor in 2022.

In 2023, the energy consumption totalled 1,189,548 tonnes of coal equivalent compared to 1,109,277 tonnes of coal equivalent in 2022. Table 37 shows the energy consumption volumes broken down by energy type.

Tab. 37. KPO energy consumption in 2021–2023 GRI 302-1

Type of energy	UOM	Energy consumption, physical units			Energy consumption, tons of oil equivalent (toe)			Energy consumption, GJ		
		2023	2022	2021	2023	2022	2021	2023	2022	2021
Fuel gas	thous. m ³	962,528	897,582	832,863	1,185,834	1,105,821	1,026,088	34,756,795	32,411,614	30,074,639
Electric energy (purchased)	MW/h	5,867	7,229	6,710	722	889	825	21,162	26,057	24,181
Diesel	m ³	700	760	705	883	958	888	25,881	28,079	26,027
Petrol	m ³	233	233	228	257	258	251	7,533	7,562	7,357
Heating (in rented offices)	Gcal	12,948	9,448	10,388	1,852	1,351	1,486	54,282	39,598	43,555
Total					1,189,548	1,109,277	1,029,538	34,865,652	32,512,909	30,175,759

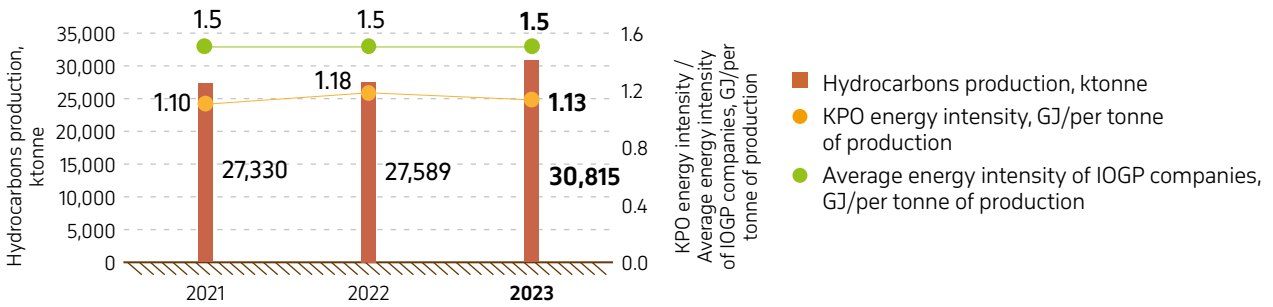


In 2023, the KPO energy intensity indicator was 1.13 GJ /tonnes of hydrocarbons, which was below the average energy intensity indicator of the companies that submitted their reports to the IOGP¹³ (1,5). The outcomes of this comparison analysis provide the basis for identifying areas of significant energy

consumption and possibilities for improving Company's energy characteristics, and also determining energy policy, setting efficiency goals and targets and working out energy saving and energy efficiency measures.

GRI 3-3

Graph 24. Dynamics of energy intensity, 2021–2023 **GRI 302-3**



ENERGY EFFICIENCY ACTIVITIES

In 2023, KPO continued implementation of scheduled activities in accordance with Energy Saving and Energy Efficiency Plan for 2022–2026. The Energy audit being carried out every five years is planned for 2025.

In accordance with the approved Plan for Energy Saving and Energy Efficiency improvement the following activities were completed in 2023:

- The work continued on replacing lamps with LED ones at production facilities and utilities areas. In 2023, 990 lamps were replaced in the Company facilities. The estimated savings in electrical power consumption per year from the replacement of lamps was about 266, 045 kW*h. In the period of 2019–2023, 12,564 lamps were replaced and around 1,651,845 KW/h saved.

- The work continues on improving the fuel gas reporting process.
- The work continues on implementation of the Green Office Project Plan in KPO offices.
- The opportunity of using renewable power sources for power supply of KPO administrative building was assessed.

Also, in 2023 as part of the Green Strategy, a number of studies were carried out, variety of options evaluated for achieving Energy concept goals, in particular, options of implementing energy efficiency activities were reviewed, including the use of BAT and installation of energy saving equipment.

¹³ Data source: Annual reports of the International Association of Oil and Gas Producers (IOGP) – “Environmental Performance Indicators – 2022 data”. For comparison purpose, the 2022 data are used in 2023, as 2023 IOGP Report was not issued at the time this Report was prepared. The average energy intensity for 2021 of companies reporting to the specified Association has been changed according to the IOGP report.

IMPROVEMENT OF ENVIRONMENTAL AWARENESS AND CULTURE

"Green thinking" is actively promoted amongst KPO employees and contractors. Activities raising environmental awareness and culture stimulate more careful attitude to the Company resources and raise personnel loyalty to the introduction of green technologies and practices.

In 2023, KPO carried out a number of activities among the employees and contractors as part of the Programme on improvement of environmental awareness and culture.

On 2nd June 2023, the [VI Uralsk Green Forum](#) (UGF) was held in Uralsk. The participants discussed the topic 'New Trends in the ESG and Sustainable Development Principles Integration'. The Forum was attended by more than 170 participants, including representatives of the RoK Public Chamber of the Majilis (Parliament), companies – natural resources users, environmental associations, experts, environmental and "green" transformation specialists, national and regional media, and students. [GRI 2-17](#)

"Sustainable business development and ESG fundamentals" workshop was held as part of the VI UGF, where such topics as political economy of the climate change agenda, management of sustainable development risks, corporate governance and sustainable green funding were discussed. Video is available by this [link](#).

On 22nd December 2023, KPO held the workshop for contractor organisations on the theme "The RoK Environmental Code. Relationship between the contractor organisation and the Operator. Contractor's compliance with the RoK Environmental Code requirements". The workshop hosted over 100 attendees.

In 2023, the KPO Environmental Concept has been developed, – the Company's strategic vision for achieving the environmental goals until 2037. The Concept has outlined the Company's activities in minimizing its environmental impact.

To achieve the set environmental targets within the established time frame, the KPO Environmental Work Programme was developed, where the activities and specific tasks for further ensuring the maximum possible environmental impact mitigation and sustainable development of the Company were defined.

In 2023, on occasion of the Safety & Environment Day KPO participated at the "Eni Award 2023" and received a special "Eni Safety & Environment Award". The Environmental Award 2023 was presented for the effective implementation of the Water Use Reduction and Optimisation Project in the Field.

In July 2023, a training video was released on the KPO electronic system for managing environmental aspects registers **EnvAR**. This system is available to every KPO user for review and use as a reference guide on all environmental aspects and existing control measures to minimize the environmental impact.

In 2023, over 250 KPO employees took part in Uralsk and Aksai clean-up and improvement campaigns. Such events promote reassessment of people's attitude towards waste and minimization of its generation.

Green Office Project

Since 2020, the Company has launched the "Green Office" Project, the goal of which is to create a conscious concern for the environment and to minimize the environmental footprint of the Company's offices.

The Green Office Project Implementation Plan was issued in 2023. The Plan highlights short-term and long-term measures aimed at water and energy conservation, separate waste collection (SWC) and refusal from plastic disposable tableware and the goal of "Zero Plastic Waste by 2030". As a result of these activities, consumption of disposable tableware was decreased by 75% compared to 2019 in the Company's offices rented in Uralsk and Aksai.

The issued Green Office Guideline provides for recommendations to save natural resources used in the offices, to create favourable micro-climate for employees and to introduce ecological infrastructure.

In 2023, as part of the promotion of the Green Office Project and Leadership and Safety Culture Programme to minimize the use of plastic disposable tableware in the Company's offices, the Safety, Environment & Asset Integrity Directorate presented environmentally friendly sets of tableware to all KPO employees.

In the electronic version of this Report, readers may watch the video "Say "No" to paper cups" and presentation about the "Green Office Project".

WHY IS IT IMPORTANT TO US? GRI 3-3

Ensuring access to safe water and sanitation is a human right.

Excessive and irrational water consumption can lead to impacts associated with the depletion of water resources and water shortage for industrial and economic needs, deterioration of aquatic ecosystems and decrease in the ability of water resources to naturally reproduce and purify.

The Company's target is to use water resources rationally with the aim to preserve them. KPO controls the use of clean water by undertaking a set of measures on conservation of water resources and re-use of treated water, wherever possible.

WATER CONSUMPTION AND WATER DISPOSAL

GRI 303-1

Protection and rational use of water resources is an important and priority task facing both all mankind and our company. Water is the source of life and a valuable industrial raw material.

The results of our work to minimize the risks of the Company's production impact on the use of water resources presented below.

WATER CONSUMPTION GRI 303-3, 303-5

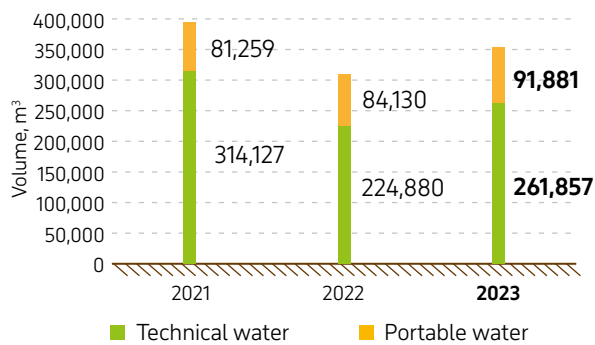
In 2023, the total water withdrawal in the Company amounted to 353,738 m³, of which 261,857 m³ was the technical water and 91,881 m³ was the potable water.

In 2023, the volume of water consumed for production processes and for technical needs (not returned to ecosystem after the water intake) made up 182,419 m³.

GRI 303-5

Graph 25. Water withdrawal in KPO, 2021–2023

GRI 303-3, SDG 6.4.1 (C060401)



In 2023, KPO consumed water by 15% less compared to 2022. Domestic water consumption was slightly higher than in 2022 which was due to the increase of well operations and construction of new facilities.

There is no seepage flow into the Konchubai Gully. The water flow only occurs during the spring-time snow melt and rains. In 2021, the combination of prolonged dry periods and little snow floods observed in the region has led to a critical decrease in the water level in the Reservoir №1. In this view, in the past last two years, KPO has been carrying out a number of activities allowing optimization of technical water consumption and increase the reuse of treated wastewater, rainwater, and melt water. Besides, after conducting experimental filtration studies at wells, groundwater from wells was sent to operational facilities for reusing for technical needs.

From January 2022 to March 2023, in order to avoid damage to the reservoir, there no water intake for technical purposes was made from Konchubai Gully.

During the spring snowmelting in 2023, the water level at the Konchubai Gully raised up, which allowed to cover the technical water needs of production at the KPO facilities. GRI 303-1, SDG 6.4

KPO Water supply sources

Prior to 2023, the main source of water supply for KPO production needs was a reservoir No.1 at Konchubai Gully. For the domestic needs, KPO used water from the Zharsuat water intake. Sources of water supply for domestic and process needs at the pumping station in Bolshoy Chagan is the Serebryakovskiy water intake, while the Atyrau pumping station is supplied from the Kigach water intake.

The Karachaganak Oil Gas Condensate Field is based in area with no water shortage according to Atueduct Water Risk Atlas source of Water Resources Institute <https://www.wri.org>.

Also, the sources of water supply are the ground water from Akchagyl underground reservoir, wells No. W-4, W-9 inside the Field as per the Permission for Special Water Use issued by the Zhaiyk-Caspian Basin Inspectorate under No. KZ92VTE00093596 Series Kas. Zhaiyk (groundwater) dated 02.08.2022 and water of technical quality from Reservoir No. 2 on Konchubai Gully under the contracts with Industrial Construction Services KAZ LLP. Water withdrawal from other water

intakes is conducted on the bases of contracts with water suppliers. **GRI 303-5**

Technical water is used from Reservoir No.1 of the Konchubay Gully, under the Special Water Use Permit issued by the Zhaiyk-Caspian Basin Inspectorate № KZ43VTE00079540 Series Kas. Zhayik (surface) dated 19.10.2021 (valid till 24.05.2025).

Treated domestic, rainwater, and melt wastewater is reused for technical purposes, if the quality is in compliance.

In 2023, the potable water was used for domestic needs of KPO facilities. By exception, due to the lack of alternative water sources, the potable water on Bolshoi Chagan's Pumping Station is used for technical purposes to refill fire water tanks and ensure the fire safety.

On potable water usage for the Karachaganak Field facilities, KPO is the secondary user under contract with AksaiGasPromEnergO LLP, a supplier of potable water from Zharsuat water intake.

Table 38 shows KPO water consumption breakdown by source.

Tab. 38. KPO water consumption in 2021–2023 by sources, m³ **GRI 303-3, 303-5, SDG 6.4.1 (C060401)**

#	Source	Facility	Water quality	2023	2022	2021
1	Zharsuat water intake facility (household needs)	Karachaganak field (KOGCF)	groundwater, potable	90,257	82,404	79,852
2	Konchubay Gully, Reservoir 1	Karachaganak field (KOGCF)	surface water, technical	206,140	14,130	310,352
3	Ground waters from Akchagyl underground reservoir, Wells W-4, W-9	Karachaganak field (KOGCF)	ground water, technical	–	4,967	–
4	Technical quality water from Reservoir 2		surface water, technical	50,920	172,450	–
5	Reuse for process needs of rain water and produced water from wells after well testing	Karachaganak field	re-use	10,445	30,816	–
6	Serebryakovskiy water intake facility	Bolshoi Chagan OPS	groundwater, potable	1,624	1,726	1,407
	for household needs			645	670	868
	for production needs			979	1,056	539
7	Kigach water intake facility	Atyrau OPS	surface water, technical	4,797	2,517	3,775
	for household needs			776	749	808
	for production needs			4,021	1,768	2,967

Note: water consumption is metered using meters with measurements recorded in the logbooks and further in the KPO water consumption metering database.

TREATED WASTEWATER DISCHARGES GRI 303-2, 303-4, SDG 6.3

KPO uses special man-made facilities for collecting treated domestic and industrial wastewater and storm runoffs. These facilities exclude an option of contaminants' soaking into the soil and groundwater

and allow collecting the treated wastewater for their reuse for technical needs, thereby reducing the fresh water intake. Wastewater collection facilities by type are presented in table 39.

Tab. 39. KPO wastewater collection facilities by types

Type of wastewater	Treated domestic wastewater	Industrial wastewater and storm runoffs	Rainfall and snow melt wastewater
Facility and location	<ul style="list-style-type: none"> • KCC holding ponds No. 1 and 2 • Evaporation ponds at Bolshoi Chagan OPS and Atyrau OPS 	<ul style="list-style-type: none"> • KPC sediment pond • Unit-2 sediment pond • Unit-3 collecting ponds (two) 	<ul style="list-style-type: none"> • KPC irrigation lagoons (two) • KCC irrigation lagoon • Unit-2 irrigation lagoon • Eco Centre holding ponds (two)

Formation water produced with hydrocarbons and process wastewater are treated and injected into the deep-lying formations of the Karachaganak Field Subsurface Wastewater Disposal Polygons 1 and 2. Wastewater injection is the international practice of disposing wastewater, avoiding the formation of salt-containing waste on the surface during the treatment. Due to the reliable water shutoff and soil properties, which are ideal for the injection of wastewater, the migration of wastewater into upper aquifers is ruled out.

In 2019, the Company has developed the Unified concept of options for the treatment of wastewater injected into the underground strata, alternative to the strip column at Unit-3. Two alternative options were suggested for consideration as most appropriate solution:

1. Disposal of wastewater from Unit-3 to Unit-2 using the Unit-2 production water treatment system (the existing H₂S strip column);
2. Disposal of wastewater from Unit-3 to the existing 14" condensate pipeline to KPC.

Due to optimization of resources and maintaining compliance with the RoK requirements, the Company stopped project development on strip column installation at Unit-3 and from 2020 has continued development of the design project on the second alternative option of the wastewater treatment at Unit-3 as defined by the Unified Concept Report.

In 2020, the project "Unit 3. Process Water Line Jump-Over of the KOGCF" was implemented, the aim of the project was to reduce the H₂S concentration in the injected wastewater by re-routing process water from Unit-3 to KPC via the existing condensate pipelines. The project includes installation of a jump-over line to reroute produced water from Unit-3, which is currently supplied to Polygon 1 RP-1 and RP-3 wells, to KPC via the existing condensate pipelines transporting unstable condensate from Unit-2 and Unit-3. Water will be separated and further supplied to the KPC existing produced wastewater system.

According to the RoK legislation, the volume of discharged wastewater and number of discharged contaminants are estimated and justified in the Company project documentation and regulated by special permits. Wastewater generated as a result of the KPO economic and production activities is not discharged into the natural water bodies.

In the production process of hydrocarbons, the separated formation water is pumped down to the underground water horizons (polygons). In 2023, this volume has made up 669,443,4 m³. This water volume includes the formation water, the water formed during the gas dewatering and the water after the caustic neutralization. Water taken from the Konchubai Gully for desalting of crude oil and for the the reverse osmosis is also injected into the polygons. In 2023, this water was 17,23% of the total water injection.

Table 40 shows the KPO discharge volumes in 2021–2023 by wastewater types and receiving facilities.

Tab. 40. Total discharge volume and contaminants by wastewater type and receiving facility, 2021–2023, m³

GRI 303-4

Receiving facility	Type of wastewater	2023		2022		2021	
		Discharge volumes, m ³	Amount of contaminants, tonnes	Discharge volumes, m ³	Amount of contaminants, tonnes	Discharge volumes, m ³	Amount of contaminants, tonnes
Holding ponds	Treated domestic wastewater	27,484	15.20	42,412	29.44	72,123	44.51
Subsurface Wastewater Disposal Polygons	Industrial and storm wastewater, process and formation wastewater	808,777	68,26	764,139	60,699	780,755	58,935
Terrain of Bolshoi Chagan OPS and Atyrau Terminal OPS	Rainfall and snow melt wastewater	4,501	2.33	3,168	1.81	2,538	1.595
Total discharge		840,762	68,843	809,719	60,730	855,416	58,981

Note: the volume of water discharge is metered, meters data entered in the logbooks and further in the KPO water consumption metering database. The amount of contaminants discharged is defined by calculation as the product of the actual concentration of the contaminant before the discharge and the actual volume discharged.

In 2023, the volume of discharged wastewater increased by 3.3% as compared to 2022. Of which, in 2023, the volume of injected industrial wastewater increased by 5.1% as compared to 2022. The increase in industrial wastewater in 2023 was due to the produced water growth in the hydrocarbons production. The volume of discharged treated domestic wastewater decreased by 35.2% as compared to 2022 due to suspension of treated domestic wastewater discharge from the bio ponds of Trains A and B to the KCC holding ponds 1 and 2 to accumulate water for technical reasons.

In 2023, the discharge of contaminants amounted to 68,843 tonnes (which was 11.8% more compared to 2022 – 60,730 tonnes). Only 0.1 tonnes were discharged over the limit. Insignificant excess volume of discharged pollutants was reported for associated wastewater, injected to subsurface horizons of the Polygon №1, namely the exceedance was on petroleum products.

KPO controls the content of pollutants in wastewater. According to the Project of Regulatory Permissible Discharges for 2023, the composition of pollutants in discharges includes the following: suspended substances, ammonium nitrogen, nitrates, nitrites, BOD 20, BOD 5, petroleum products, sulfates, chlorides, iron, anionic surfactants, phosphates, COD, dry residue, pH value, sulfides, hydrogen sulfide, methanol, copper, zinc, aluminum.

The Company made necessary payments for the generated contaminants discharges in 2023.

In general, wastewater injection has no effect on the environmental components such as soil, flora and fauna, as wastewater is injected into effectively isolated deep horizons with high-mineralized groundwater that is not used for domestic and potable, balneological, process needs, irrigation and farming.

REUSE OF TREATED AND OTHER WASTEWATER GRI 303-3 (2016), SDG 6.3

In order to reduce the intake of natural technical water, KPO uses treated domestic, industrial and rainwater and storm wastewater for the technical needs of

the Karachaganak Field, for such types of activities as drilling, preparation of drilling fluids, irrigation of



forest plantations, dust suppression on roads and construction sites, and filling fire water tanks.

The wastewater is re-used at the Company facilities in line with the 2023–2028 Operating Procedure.

WHY IS IT IMPORTANT TO US? GRI 3-3

If handled unsafely, a hazardous production waste, its storage and disposal sites, may pose a threat to the environment and cause pollution of air, underground and surface waters, soils and vegetation, which may have a negative impact on the environment and the health of people.

KPO carries out complex work to prevent negative impact on the environment, i.e. carries out burial and accumulation only in the arranged waste storage sites, monitors the prevention of excess burial and accumulation of waste, as well as the timely removal of waste from accumulation sites.

In 2023, the Company reused 56,467 m³ of treated wastewater for technical needs, mostly to make drilling mud. Table 41 shows the activities that utilize treated wastewater and water.

Tab. 41. Reuse of treated wastewater and groundwater in 2021–2023, m³

	2023	2022	2021
The total volume of re-used treated wastewater, including:	56,467	75,452	35,061
Technical needs of the operational facilities	13,383	42,161	3,362
For drilling and drilling mud preparation	26,095	18,509	5,317
Irrigation, hydro tests, and replenishing of fire tanks	1,996	10,376	8,465
Dust suppression and watering	14,993	4,406	17,917

Note: the volume of reused water is measured indirectly in m³ (motor hours, tank truck volume, number of trips, pumping capacity, etc.) with the completion of a control ticket and data entered in the logbook.

INDUSTRIAL WASTEWATER MANAGEMENT GRI 303-2



Tab. 42. Targets in managing effluents GRI 3-3, SDG 6.3, 6.4

Our 2023 targets	Target achievement status	Actions taken in 2023	Targets for 2024
Carry out workover on the injection well RP-6 in order to increase the perforation intervals in the Triassic Reservoir II.	Completed	Workover of RP-6 well of the Triassic Reservoir II+III has been carried out from 12.10.23 till 05.11.23.	Carry out workover on injection well RP-7 in order to increase perforation intervals in the Triassic Reservoir.

Our 2023 targets	Target achievement status	Actions taken in 2023	Targets for 2024
<ul style="list-style-type: none"> Issue an updated summary report on process water demand. Pilot filtration Test operation of Jurassic wells with post-treatment of water at reverse osmosis units. Evaluate an option to utilize for technical needs the treated water from Aksai sewage plant. 		<ul style="list-style-type: none"> KPO's overall water balance and demand forecasts were issued. Trial operation of Jurassic well 36J was conducted in Q1, 2023 via the Reverse Osmosis unit. Jurassic Appraisal Design Project and its Environmental Impact Assessment were completed. Concept of the project to offtake treated sewage water from Aksai Wastewater Treatment Plant has been developed. 	<ul style="list-style-type: none"> Perform trial and validate capability to process up to 115 m³/h of produced water. Obtain a licence for geological survey of the Jurassic ground water. Conduct prospecting and assessment work for groundwater. Compile a final geological report based on the results of prospecting and assessment works on the groundwater of the KOGCF. Present the Geological Report for approval of the State Commission for Subsoil Expertise Review. Obtain a Special Water Use Permit for Jurassic wells. Take a Final Investment Decision on the project of water supply from Aksai Wastewater Treatment Plant.

Managing the formation water and industrial effluent water is one of the main challenges faced by KPO in the Karachaganak Field.

KPO's industrial water management strategy consists of implementation of a portfolio of interconnected projects aimed at removal of production restrictions in terms of formation water handling as well as ensuring personnel safety, asset integrity and environmental compliance.

As mentioned in the report for 2022, in 2022, Addendum No. 3 to the current industrial Wastewater Disposal Project was developed in terms of adjusting design parameters and a report on possible impacts was drawn up. These documents were agreed by the Department of the Industrial Safety Committee and

received a positive conclusion from the Committee for Environmental Regulation and Control.

Addendum No. 3 to the Wastewater Injection Project reflects an increase in wastewater injection volume from 2023 until the end of FPSA in 2037 up to 1,100 thousand m³ per year, as well as the implementation of technical measures to increase the potential of the injection well stock through additional perforation of target and prospective injection intervals and hydraulic fracturing.

In accordance with the requirements of the Environmental Code of the Republic of Kazakhstan and the Rules for Conducting Post-project Analysis on "Amendment No. 3 to the project for the injection of industrial wastewater into deep-seated aquifers in terms of adjusting design indicators and the EIA



Waste Segregation Unit of the KPO Eco Centre

section" in January 2024, the project plans include carrying out a post-project analysis of design solutions and develop a conclusion with further posting at the portal of the Environmental Regulation and Control Committee to the RoK Ministry of Environment and Natural Resources.

The project of upgrade of a caustic neutralisation unit was ongoing since 2022; the start-up is expected in 2024.

As part of the implementation of the Design project decisions and in order to increase the perforation intervals in the Reservoir II, the workover of the well RP-6 was carried out in 2023. According to the KOGCF Wastewater Design project the similar workover in the RP-7 well is planned in 2024.

To support the plan to increase the scope of injected water in the Polygon 2, the Project of upgrade of sand and guard filters is currently ongoing with anticipated start-up in 2024.

Tab. 43. Industrial wastewater management projects, ongoing in 2023 GRI 303-2

Project	Business driver	Note
Upgrade of a caustic neutralisation unit	Safe operations	Implementation of the project will provide improvement of the caustic neutralization process (CNU). By means of process automation the risks for personnel exposure to toxic agents will be reduced. Importantly, the upgraded CNU project will be able to partly utilize the Reverse Osmosis water that otherwise would have been disposed.
Upgrade of sand and guard filters	Production maintenance	Upgrade of sand and guard filters will allow to achieve KPC water treatment capacity to 115 m ³ /d.
Technical Water Supply from the Aksai Wastewater Treatment Plant	Production maintenance	A Feasibility Study has been conducted by KPO to synergise with a Project of the Upgrade of Aksai Wastewater Treatment Plant currently ongoing with the Akimat. Concept has been developed and the project progresses further.

WASTE HANDLING SDG 3.9, 6.3, 12.4, 12.5

Waste handling in KPO is focused on reducing real and potential hazards that production waste generated by the Company may pose to people and the environment.

Our target is to treat and recycle waste at our facilities, cut down waste transfer to landfills, reduce negative impact from burials, as well as to research and apply new methods and technologies.

As per the Monitoring Operating Programme, KPO performs regular Production Environmental Control (PEC) over the environmental conditions at the waste burial and accumulation sites in the Field.

In 2023, the monitoring did not reveal direct negative impact on the environmental components. As part of the Production Environmental Control, the quantitative control is exercised over the movement of waste in order to account for the burial volumes, as well as the volumes and time of waste accumulation.

GRI 306-1

The results of our work to minimize the risks of the Company's production waste impact on the environment are presented below in the table and further in the text.



Tab. 44. Targets in waste management GRI 3-3, SDG 12.4, 12.5

Our 2023 targets	Target achievement status	Actions taken to complete targets in 2023	Targets for 2024
Ensure implementation of activities scheduled for 2023 as per the KOGCF Waste Management Programme, and as per the Waste Management Programmes for Bolshoi Chagan Ops and Atyrau OPS.	Completed	All activities scheduled for 2023 in line with the Waste Management Programmes were implemented throughout the year.	Ensure implementation of activities scheduled for 2024 as per the Waste Management Programme for the Karachaganak Field, and as per the Bolshoi Chagan OPS and Atyrau OPS Waste Management Programmes.

KPO processes related to production, processing and transportation of raw materials, as well as the use of special equipment, materials and other required resources, inevitably involve generation of waste.

Measures taken by KPO to reduce the volume of generated waste, to ensure compliance with environmental safety rules during the accumulation, collection and transportation, segregation, reuse, recycling, treatment and reduction of waste, including reducing their hazardous properties, as well as environmentally friendly burial – all this enables to significantly mitigate the adverse impact on people and the environment. **GRI 3-3, 306-1**

The KPO Waste Management Programme for 2023 provides indicators and measures to gradually reduce the accumulated and generated waste volumes and level of hazardous properties. The Company applies the following waste management methods:

- waste recovery to process stream;
- waste treatment at the Eco Centre facilities;
- waste burial at the Eco Centre facilities;
- waste handover to specialist contractor organizations for further processing, reuse or destruction. **OG7**

In 2023, the total amount of waste generated at KPO facilities was 52,387 tonnes. Compared to 2022, the volume of waste in 2023 in KPO increased by 15,144 tonnes, which was mainly due to the increase of well operations, and the new development projects. Graph 26 shows all types of waste generated at KPO.

According to the Unified Republican Form of the waste information reporting system, the total volume of waste generated in 2023 included both waste generated and treated.

WHY IS IT IMPORTANT TO US? GRI 3-3

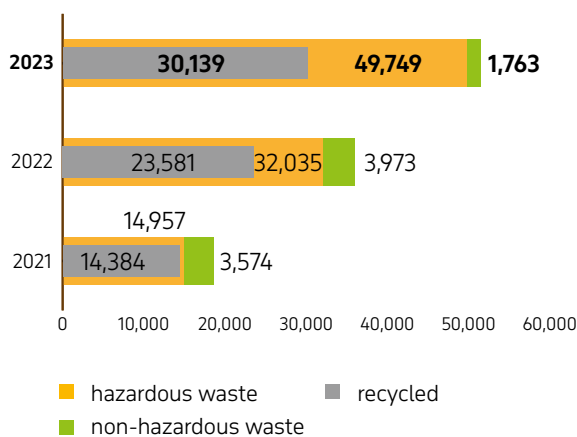
As an international oil and gas company, KPO makes great efforts to perform operations with minimal impact on biodiversity.

Since 2012, KPO has been monitoring the biodiversity to define the level of potential risks from its operational activities. In case if there are evidences that the Company's activities are having a significant impact on the environment in the West Kazakhstan region, the former would initiate monitoring in order to timely plan and implement activities required to preserve the ecosystems.

As part of Biodiversity Action Plan (BAP) KPO performs the assessment of the four main factors impacting the KOGCF biodiversity:

- Pollutant emissions;
- Physical impact (noise, light, vibration);
- Cattle grazing at KOGCF area;
- Mechanical impact (construction, pits, roads, etc.).

Graph 26. Quantity of waste generated at KPO facilities in 2020–2023, tonnes GRI 306-3



Note.: The municipal waste is not accounted for in this calculation due to their insignificant quantity (below 6%) compared to the production waste. The municipal waste is described further in the text in the waste handling methods table.

WASTE PROCESSING AND BURIAL GRI 306-2, 306-4, 306-5

The Company production and consumption wastes are treated at the Eco Center facilities or the Waste Management Complex. The facility ensures cost-efficient and environmentally safe recycling and

treatment of solid waste and fluids and is considered to be an example of the best drilling waste management practice in the West Kazakhstan Oblast.



Drilling wastes are treated by means of technologies, which allow not only reducing their volume and hazards, but also recovering valuable components from them, and treating the waste for further reuse.

KPO IS AWARE THAT NATURAL BIODIVERSITY IS NOT SUBJECT TO ADMINISTRATIVE AND TERRITORIAL DIVISIONS SET UP BY HUMANS AND IN ORDER TO PRESERVE ALL THE ENTIRE BIOLOGICAL WEALTH OF A CERTAIN TERRITORY AND THE FRAGILE LINKS IN THE CHAIN OF SPECIES INTERACTION, ALL PLAYERS MUST FOLLOW COMMON PRINCIPLES AND APPROACHES.

Waste recycling back into production process exercised by the Company is the best possible way to re-use the generated waste.

The KPO Eco Centre comprises five waste treatment facilities, as well as a Landfill for its safe disposal.

During 2023, all Waste Management Programme (WMP) measures scheduled for 2023 including waste segregation, reuse, processing and reduction of their quantities and hazardous properties, were implemented throughout the year. During 2023 the following activities have been implemented:

Tab. 45. Eco Centre facilities and recycling activities in 2023

Eco-Centre Units	Waste treatment activities in 2023
Thermo-mechanical Cutting Cleaning facility (TCC)	Owing to recovery technology of base oil and water from the treated oil-based drill cuttings, in 2023 the quantity of KPO buried waste was reduced by 13% of the initially generated amount. In 2023, 15,759 tonnes of waste were treated; 1,975 tonnes of base oil and water were separated; and 13,784 tonnes of waste treated at the TCC were buried at the Solid Industrial Waste Landfill.
General Purpose Incinerator (GPI)	Resulting from waste incineration in the GPI, the quantity of waste was reduced by 88%. In 2023, 525 tonnes of waste were sent for incineration, following which 64 tonnes of ash were buried at the Eco-Centre Solid Industrial Waste Landfill.
Liquid Treatment Plant (LTP)	In 2023, 7,632 tonnes of liquid waste were treated. The process resulted in 6,086 tonnes of treated brines and muds, which were sent for reuse – preparation of drilling brines and muds.
Waste Segregation Unit (WSU)	In 2023, out of 757 tonnes of solid domestic waste, 525 tonnes were sent to General Purpose Incinerator for incineration, 117 tonnes, including waste paper, metal scrap, glass and plastic were sorted for handing over to the specialised organizations for treatment and reuse. 115 tonnes of solid domestic waste were handed over to specialist organizations for burial at the SDW landfill. 242 tonnes of food waste were handed over to specialist organization for composting.
Solid Industrial Waste Landfill	At the end of 2023, 16 cells of the Solid industrial Waste Landfill were capped and closed.

In 2023, the Company continued to excavate wastes from the old Solid Waste and Spent Drilling Fluids Storage Site for further treatment at the Thermo-mechanical Cutting Cleaning Facility and burial at the Solid Industrial Waste Landfill. The waste is buried at the Landfill in compliance with the RoK environmental legislation.

In 2023, 2,817 tonnes were sent for treatment from the Solid Waste and Spent Drilling Liquids Storage Site. Processing of waste from the old site is planned to be continued in 2024. **GRI 306-4**

Table 44 shows the waste handling methods used by the Company in 2023.

Tab. 46. KPO waste handling methods in 2023, tonnes **GRI 306-3, 306-5**

#	Waste handling method	Generated hazardous waste	Generated non-hazardous waste	Municipal waste	TOTAL:
1	Availability at the enterprise as at the beginning of 2023	350,262	8	4	350,274
2	Generated during the reporting year	49,749	1,763	874	52,387
3	Reused at the enterprise	7,650	0	0	7,650
4	Treated at the enterprise facilities	30,006	133	658	30,797
5	Incineration in General Purpose Incinerator without energy recovery	0.1	0	524.8	524.9
6	Burial at Solid Industrial Waste Landfill	20,806	0	0	20,806
7	Temporary storage of drilling liquid waste in Cells #35 A/B of EcoCentre	4,584	0	0	4,584

#	Waste handling method	Generated hazardous waste	Generated non-hazardous waste	Municipal waste	TOTAL:
8	Transferred to the specialized contractor organizations	1,453	1,615	310	3,378
9	Availability in the enterprise as of end 2023	364,798	23	23	364,844

Note: the amount of waste is defined by weighing each batch of waste at the Eco Centre weight scales prior to its transportation for treatment, segregation, removal, burial or other operations. Waste quantities are logged in the load supporting documents (control tickets, waste handover certificates) and further in the Company's waste accounting database.



Operations HSE team and sub-contractor representatives on site while conducting a scientific research and development of the Konchubai Gully

The KPO waste is mainly produced during well drilling and workover activities. Whereby, depending on the type of the drilling mud used, the water or oil-based drill cuttings are generated. The solid and liquid drilling waste generated in 2023 has amounted to 17,552 tonnes (68% of the initially generated waste, i.e., waste volume before treatment). Drilling waste volumes were significantly increased due to the growth

of well operations as a result of the of a second drilling rig mobilization.

Table 47 shows the main types of drilling waste broken down by handling methods. As table shows, only water-based mud and brines are subject to disposal at the Eco-Centre cells 35 A/B, and the water-based drill cuttings to be buried at the Landfill. Oil-based drilling cuttings are subject to burying after pre-treatment and extraction of the oil base. **GRI 306-5**

Tab. 47. Waste generated from well operations by handling methods, 2021-2023 **OG7**

#	Type of waste	Generated waste, tonnes			Handling methods
		2023	2022	2021	
1	Spent water-based drilling mud	579	1,154	382	Treatment at Liquid treatment plant (LTP)
		3,873	3,467	383	Temporary storage of drilling liquid wastes (Cells #35 A/B Eco-Centre)
2	Water-based drilling cuttings	1,369	2,716	987	Burial
		98	0	0	Temporary storage of drilling liquid wastes (Cells #35 A/B Eco-Centre)
		223	0	0	Treatment at Liquid Treatment Plant (LTP)
3	Spent oil-based drilling mud	2,596	1,257	432	Treatment at the Thermo-mechanical Cutting Cleaning facility (TCC) and Liquid Treatment Plant (LTP), heat treatment in the Rotary Kiln Incinerator (RKI)
4	Oil-based drilling cuttings	15,779	5,760	2,776	Treated at the TCC with extraction of oil base, water and followed by the burial of the solid part, heat treatment in Rotary-Kiln Incinerator
5	Spent brines	2,931	3,022	1,438	Treatment at TCC and LTP, heat treatment in Rotary-Kiln Incinerator
		503	155	189	Temporary storage of drilling liquid wastes (Cells #35 A/B Eco-Centre)



Site activities as part of the Scientific Research and Development of the Konchubai Gully

#	Type of waste	Generated waste, tonnes			Handling methods
		2023	2022	2021	
6	Oil cuttings	19	21	60	Heat treatment in the Rotary Kiln Incinerator, treatment at TCC

Within the contract terms, the Company hands over part of the waste for recycling to specialised contractors, who make their own decision on further waste handling methods once the waste has been accepted from KPO, and report on its transfer to third parties on a quarterly basis. Depending on the type, specialised enterprises hand over the waste for treatment with subsequent production of consumer goods, demercurization, regeneration, thermal treatment, incineration, physical and chemical treatment, dismantling into component parts with further transfer to concerned enterprises as recyclables.

Based on Article 301 of the RoK Environmental Code that prohibits burial of waste plastic, plastic, polyethylene and polyethylene terephthalate packaging, waste paper, cardboard, paper waste, glass cullet at the Landfills, the Company carries out sorting and segregation of such waste engaging contractors that lease office buildings to the Company. Such types of waste are then handed over to specialized enterprises to be used as recyclables. **GRI 306-4**

For the whole period of the waste paper segregation from 2011 till the end of 2023, about 915 tonnes of the waste paper had been collected and handed over to local companies to produce consumer goods.

The segregation of spent batteries was arranged in all company office premises. In 2023, 133 kg of batteries collected. **GRI 306-4**

Food Waste Treatment **GRI 306-4-c-ii**

In order to comply with the requirements of the RoK Environmental Code, during 2021–2022 KPO has implemented the most efficient way to handle food waste generated at the food facilities of the Karachaganak Field. The contract was signed for the biocomposting of food waste. In 2023, the Company handed over 242 tonnes of food waste from the food facilities of the Karachaganak Field to the food waste processing enterprise. The resulting biocompost is used in agriculture and forestry as organic fertilizers to restore and improve soil fertility.

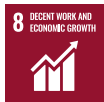


ECONOMIC IMPACT

- 138 Supply chain
- 140 Local Content development
- 143 Payments to the Republic
- 144 Power supply
- 146 Supporting social Infrastructure



**A DIFFERENCE IN BELIEFS IS NOT A REASON FOR CONFLICT.
HOWEVER, TO INSIST THAT ONLY YOUR PICTURE OF THE WORLD
IS RIGHT WILL CONFLICT WITH THE OPINIONS OF OTHERS.**



GRI 2-23

BUSINESS PRINCIPLE:

Communities

We aim to be good neighbours by continuously improving the ways in which we contribute directly or indirectly to the general wellbeing of the communities within which we work. We build productive, collaborative and trusting relationships with government, our shareholders, our business partners, the local communities where we work and with each other.

BUSINESS PRINCIPLE:

Economic

We seek to compete fairly and ethically within the framework of applicable competition laws.

2023

SUPPLY CHAIN

355

contractors and suppliers

Contracts and contract amendments for over US\$

1

bln

LOCAL CONTENT SHARE IN GOODS, WORKS AND SERVICES:

63.2%

or

756.1

US\$ mln

Payments to the Republic of Kazakhstan – US\$

2.156

bln

18

Social and Infrastructure Projects completed in the West Kazakhstan Oblast

Total invested in Social Infrastructure Projects – US\$

42.5

mln

Power supply to the West Kazakhstan Oblast

226.79

mln kwh

WHY IS IT IMPORTANT TO US? GRI 3-3

KPO procurement process is challenged with economic risks, such as limited market competition, inflation, exchange rate fluctuation, increase of raw material costs and searching for alternative sources of supply of the certain categories of goods and services. In order to maximize mitigation of these risks, KPO develops technical specifications and tender requirements in a transparent and objective way to ensure market competition, applies various compensation mechanisms covering potential economic fluctuations in contract terms and conditions, and other measures to secure KPO interests as described further.

SUPPLY CHAIN GRI 2-6

Development of the Karachaganak Field implies for Kazakhstan more than just generating income and taxes from oil and gas production. This is also an establishment of long-term and strong partnerships, which is supposed to positively impact and promote economic development in the region.

Working with local suppliers and contractors constitutes an essential part of the economic development of the region and Kazakhstan as a whole.

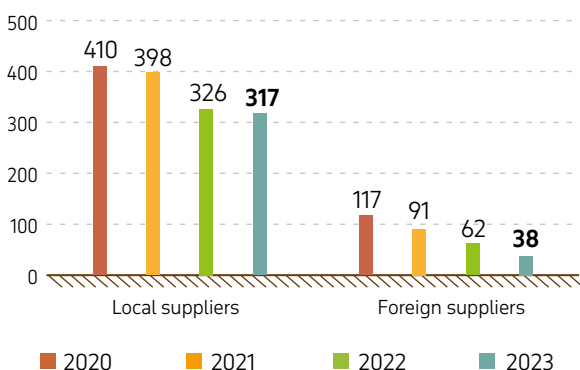
KPO is committed to conducting its business ethically and in compliance with the established [Code of Conduct](#), all applicable laws and regulations.

In 2023, KPO awarded contracts and contract amendments to 355 contractors and suppliers, nearly 89% of which were local entities.

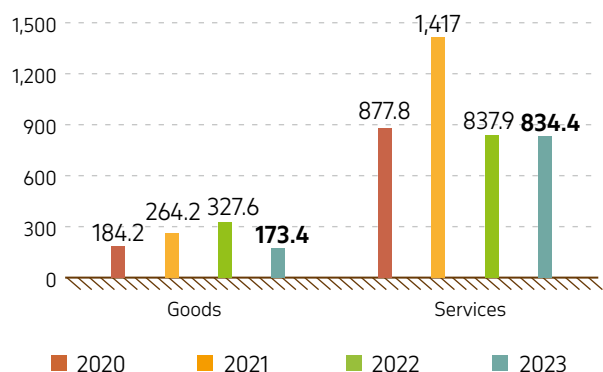
KPO INSISTS ON CONTRACTUAL RELATIONSHIPS WITH SUPPLIERS AND CONTRACTORS, WHO MAINTAIN HIGH STANDARDS AND DEMONSTRATE COMMITMENT TO PERSONAL AND PROCESS SAFETY WHEN PROVIDING SERVICES OR GOODS, AS WELL AS MAINTAINING THE SET STANDARDS OF ETHICS, COMPLIANCE AND SUSTAINABLE DEVELOPMENT.

In 2023, KPO signed 172 contracts and contract amendments for delivery of goods worth about US\$ 0.2 bln (0.17) and 503 contracts and contract amendments for services worth over US\$ 0.8 bln.

Graph 27. KPO contractors and suppliers, 2020–2023



Graph 28. Value of contracts and contract amendments (mln US\$), 2020–2023



KPO insists on contractual relationships with suppliers and contractors, who maintain high standards and demonstrate commitment to personal and process safety when providing services or goods, as well as maintaining the set standards of ethics, compliance and sustainable development. These fundamental principles are incorporated in and are evaluated at every stage of the contract and procurement process until the closure of the contract.

KPO standard contract terms and conditions include number of provisions, which cover Ethics and Business Practices, anti-corruption and conflict of interest. Since 2022, the provisions for industrial relations between KPO and Contractors are in force in order to strengthen social responsibility of contractors and to ensure stable social environment within their own staff. Please read more in this Report in "Industrial relations".

KPO regularly update its standard terms and conditions of contracts to reflect the latest RoK legislation and KPO requirements.

KPO performs its contracts and procurement activities in compliance with the legislation and the Karachaganak Joint Operating Committee's Tender Procedures, which regulate procurement of goods, works and services for the Karachaganak Project.

Digital tools are widely applied in contractual activities. In accordance with the latest Tender Procedure since 2020 KPO has been accepting electronic documents in processing tender submissions which extensively accelerate bid processes. The Tender Procedures focus on the development of local content including goods manufacturing in the Republic of Kazakhstan by means of early tenders, trial orders, contracts in exchange of investments, conditional bid reduction, and Kazakh-only tenders.

At the end of 2023 KPO successfully awarded the contract for provision of e-procurement system, implementation support, run and maintain services. This will allow KPO to digitalize procurement process and increase its efficiency. The launch of the new system is planned by the end of 2024.

COMMUNICATION WITH POTENTIAL SUPPLIERS GRI 2-29, 3-3

KPO uses multiple opportunities to engage with potential suppliers and contractors and presents its requirements to the local market participants

To help local potential contractors and suppliers better compete and to minimize disqualification risks for such companies, KPO conducts structured pre-tender engagement sessions. In these sessions, clear explanations of KPO tender requirements are provided to the bidders, as well as lessons learned.

Development of local producers including cooperation with internationally recognised and experienced suppliers of goods, works and services are also encouraged.

As a transparent operator, KPO annually publishes its procurement plans on its **website** at www.kpo.kz.

Potential suppliers interested in participating in KPO tenders are encouraged to register and keep their

"vendor's profile" up-to-date in [KPO Vendor database](#) (please see details at www.kpo.kz) or directly in Kazakhstan Unified Vendor ALASH Database. It is very important for potential contractors and suppliers to provide accurate and relevant information on their competencies and experience to be considered by KPO in its sourcing strategies.

KPO provides opportunities to companies to ask questions on the page <https://cp.kpo.kz/> on its website. The questions are directed to the responsible KPO department. There is also a tab with answers on "Frequently Asked Questions" available on this page.

KPO is actively engaged in the events conducted by Atameken, KazService and other oil-and-gas organisations or associations. Delivering Local Content targets is a key commitment of KPO to the Republic of Kazakhstan and is well recognized by KPO.

WHY IS IT IMPORTANT TO US? GRI 3-3

KPO fully supports the initiatives of the Republic of Kazakhstan on development of Kazakhstani suppliers and recognises the importance of involving more domestic producers in the implementation of Karachaganak Project. For this purpose, KPO has introduced mechanisms into the procurement process to facilitate participation of domestic companies in KPO operations. At the same time, for the Company, the RoK Authority and local producers there are risks associated with quality of goods produced in Kazakhstan and increase in their production cost due to the limited market for raw materials in the Republic of Kazakhstan, as well as changing taxation system and certification requirements according to international standards.

LOCAL CONTENT DEVELOPMENT GRI 2-29, 203-2, SDG 8.1, 8.3, 9.2, 17.7, 17.17

Since the beginning of the Karachaganak field development, KPO has been actively increasing the local content share in Karachaganak Project by engaging the Kazakhstani goods producers and service providers. This implies the reduction in import and increase the share of goods, services and works of local nature in the total volume of goods, works and services procured for the Karachaganak Project.

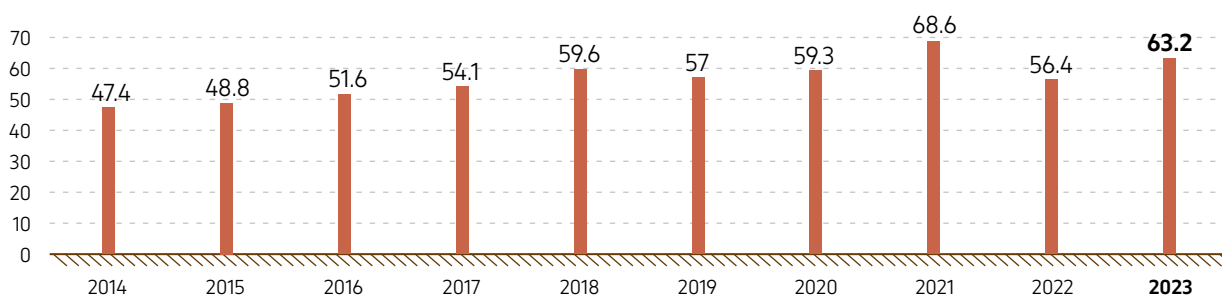
KPO on a regular basis has been developing and implementing the Local Content Development Program in the Karachaganak Project since 2001. The objectives of the Programme for 2022–2023 is in line with both state initiatives for the RoK machine building, industrialization and digitization development

and KPO local content corporate policy. This Program defines the local content development objectives and tasks, as well as the key performance assessment and monitoring indicators. GRI 3-3

In 2023, KPO local content development initiatives have led to the following results: GRI 204-1

- The Local Content share in procurement of goods, works and services in the Karachaganak Project for 2023 was 63.24% (equivalent to US\$ 756.1 mln)
- Goods locally made in Kazakhstan were purchased in amount of US\$ 49 mln, which constitutes 24.4% of total scope of goods procured by KPO (of which 10.8% is the Local Content share as specified in the ST-KZ Certificate¹⁴).

Graph 29. Local Content share in total KPO purchases, 2014–2023. GRI 204-1



¹⁴ Certificate confirming that the goods have been produced or processed in Kazakhstan. This certificate is intended for circulation in Kazakhstan, for example, when participating in the procurement of subsoil users or in public procurement.

Since the execution of FPSA in 1997, as at the end of 2023 the cumulative share of Local Content in goods, works and services in Karachaganak had exceeded US\$ 10.12 bln. **GRI 204-1**

KPO is placing major emphasis on increasing Local Content share in procurement of goods produced in Kazakhstan.

In 2023, 22 contracts with a total value of over US\$ 77 mln were signed for the needs of the Karachaganak Project for production of the following types of goods in Kazakhstan: electrical

equipment (junction boxes, transformers, remote telemetry units), valves, transformers, PPE, filter elements, instrumentation, bulk piping materials, etc.

Holding of "Kazakhstani tenders" contribute to the growth of competitiveness of local producers and suppliers. In 2022, KPO initiated 7 "Kazakhstani tenders" exclusively among local companies for the total amount of US\$ 60.5 mln. As a result, KPO awarded 1 contract to the total amount of US\$ 140 thous. The work on other tenders is still in progress.

Tab. 51. "Kazakhstani tenders" initiated by KPO for 2021–2023

Period	Initiated		Executed contracts	
	Number of tenders	Amount of the order, mln USD	Number	Total value of the contract, mln USD
2021	12	50.2	11	22.2
2022	10	383.8	6	62.7
2023	7	60.5	1	0.14

As part of the efforts to enhance the sustainable development of local suppliers in the region where it operates, West Kazakhstan Oblast (WKO), as of 2023 KPO paid \$717.76 mln to enterprises in WKO for delivery of goods, works and services, the share of local content in which reached \$492.17 mln or 68.6%.

In addition, the Company regularly invites the WKO enterprises, including enterprises from machine building sector, to take part in market research and in tenders for delivery of goods, works and services as well as to various activities organised by the Company to develop and improve the local businesses competitiveness. The results for 2023 are as follows:

Tab. 52. Share of KPO's local content in the supply of goods, works and services in WKO, 2023

Description	Number of contracts	Number of contractors	Expenses, mln USD	Local Content share, %	Local Content share, mln USD
Goods	113	58	60.10	13.51%	8.12
Works	40	24	483.53	66.53%	321.70
Services	199	104	174.12	93.23%	162.34
TOTAL	352	165	717.76	68.6%	492.17

Tab. 53. Share of KPO's local content in the supply of goods, works and services in WKO, 2022

Description	Number of contracts	Number of contractors	Expenses, mln USD	Local Content share, %	Local Content share, mln USD
Goods	184	60	58.26	12.62%	7.35
Works	38	17	142.85	64.76%	92.51
Services	203	106	184.38	92.18%	169.96
TOTAL	425	162	385.49	70.0%	269.82

LONG-TERM INITIATIVES GRI 2-28

KPO actively cooperates with "International Oil & Gas Machine Building Centre" (IMBC), which was established to support development of oil and gas goods production in Kazakhstan. In this respect, IMBC acts as a connecting bridge between the largest oil and gas Operators and machine-building enterprises of the Republic of Kazakhstan.

The Centre operates on behalf of the three Operators – KPO, TCO and NCOC, in close cooperation with the Ministry of Industry and Construction, the Ministry of Energy, the Authority "PSA" LLP, as well as the Kazakhstan Electric Power Association (KEA) and the Association of Kazakhstan Machinery Industry (AKMI). The primary objective of the IMBC Centre is to promote sustainable development of oil and gas goods production in Kazakhstan and to increase local content in Operators' procurement.

In the framework of the Relationship Agreement signed between three major operators and IMBC Centre on 8 April 2021, the Annual Work Plan and Budget with Key Performance Indicators (KPIs) are prepared by IMBC Centre on an annual basis for further approval by the Operators. General Meeting of members of the Centre is held three times a year to review execution of the approved Annual Plan and implementation of the budget for the reporting period, as well as to approve the Annual Plan and budget for the next year.

In 2023, within the framework of the approved IMBC Centre Annual Plan and budget, the Centre continued the market research of the A&B commodity groups' producers (valves, electrical devices and instrumentation, piping, pumps and seals, air conditioning systems (HVAC) and process filters), including assessment of their production capacities taking into account the Operators requirements.

In addition, in 2023 the Operators identified categories of the Commodity Group C for the future operation of the IMBC Centre. Commodity Group C includes lifting mechanisms, heat exchangers, air coolers, fire-fighting equipment, insulation and chemicals.

The main activity of the IMBC Centre is to analyse, forecast, propose solutions and provide technical support to the producers. Taking this into account, the capability development plans are designed by IMBC Centre to increase capacity of domestic companies. The placement of so-called "trial orders" depends on how successfully these plans are executed.

In result of cooperation with IMBC Centre, KPO concluded 9 contracts with local producers for a total amount over US\$ 94 mln. In 2023, in order to promote investments and develop production on the RoK territory, KPO continued working with Original Equipment Manufacturers (OEM) towards implementation of the signed Road Maps. In order to increase localization capacity, KPO has started analysing the imported goods, which are not related to the OEM category. Localization of such goods is considered on the condition that there is a constant demand and the goods meet the Company's technical requirements.

Since the introduction of the original equipment production localization initiative in 2019, KPO has signed 16 Road Maps for localization of goods and concluded 6 contracts with Original Equipment Manufacturers for the amount of US\$ 21.6 mln for supply of heating system elements, personal H₂S gas detectors, valves, remote telemetry units, well control panels. KPO will continue implementation of the Road Maps which include the attraction of additional investments.

ENGAGEMENT ON LOCAL CONTENT GRI 2.28, SDG 17.16, 17.17

In order to promote development and increase the local content share, KPO holds regular sessions to share its current procurement scopes and plans for the upcoming period with local and international suppliers, state authorities (Ministry of Energy, PSA, WKO Akimat), as well as local content development associations, such as the "Association of Kazakhstan

Machinery Industry", Oil and Gas Industry Strategic Partnerships Development Council "Petrocouncil.kz", Union of Oilfield Service Companies "KAZSERVICE". Company shares information about its needs for goods, works and services (GWS) as part of its both current operation activities and capital projects, including technical requirements and specifications.

PAYMENTS TO THE REPUBLIC GRI 207-1, 207-2, 207-3, SDG 8.1

KPO performs its operations as the Operator in conformity to the terms of the Final Production Sharing Agreement (hereinafter "FPSA") executed between the Karachaganak Project shareholders and the Government of the Republic of Kazakhstan. GRI 2-1

The Venture is financed by shareholders and all main assets built or acquired by KPO are not written off, exhausted or depreciated, considering the stipulated right of the shareholders to use the assets as per the FPSA. The FPSA envisages capitalization with regard to the debt and the capital. Accordingly, the KPO financial reporting does not contain information about the volumes of sales and results of financial and economic activities. The revenues resulting from the KPO activities are shared between the Government of the Republic of Kazakhstan and the shareholders who separately reflect information on their financial activities, including revenues, netbacks, capitalization and other in their financial reports. GRI 2-6, 201-1

In accordance with the article XIX of the FPSA the current activities under the above-mentioned agreement is not subject to corporate income tax in Kazakhstan. The corporate income tax is a commitment of shareholders or Parent Companies of KPO and is reflected in their financial reports. GRI 207-4

During the last few years KPO has been repeatedly recognised as the second largest tax-payer, whose contributions amount to a substantial part of the entire tax income of the state budget, in the National Reports on implementation of the Extractive Industries Transparency Initiative in the Republic of Kazakhstan.

The KPO tax regime is regulated by the Final Production Sharing Agreement and the applicable tax legislation of the Republic of Kazakhstan.

KPO, wherever possible, seeks to build up an open dialogue and co-operative relationship with the tax authorities based on the mutual respect and transparency in order to form a favourable environment for business development and social area in West Kazakhstan Oblast. When tax benefits or tax exemptions are applicable KPO also seeks to ensure their transparency and compliance with legislative and regulatory framework.

On the practical plane, the KPO tax strategy consists of correct calculation of taxes, minimization of double taxation risks and prevention of any disputes with tax authorities. In relation with this, the Company's key principle is the timely payment of all taxes payable and prompt submission of all information required by

the law or necessary for correct determination of taxes payable to the relevant authorities.

Currently, there are Risk Management Systems (RMS) in place throughout Kazakhstan used in the planning and organisation of tax inspections, the risk level assessment criteria have been developed and approved. This system represents a set of measures implemented in order to evaluate the probability that a tax payer may fail to pay or fully pay his taxes payable resulting in damage to the Republic. The RMS also includes measures applied by the tax authorities to identify and prevent such risks. Based on the risk assessment results the tax control forms are applied in a differentiated mode. Thus, during 2023 the tax authorities ranked KPO as a medium level of risk.

For KPO, the average level of risk could impact the amount of VAT return under the new VAT return rules with the RMS applied because the criteria to determine the level of tax payer's risk (low / medium / high) in the majority of cases are identical to the risk level criteria applied to confirm the credibility of the exceeded VAT return amounts.

KPO strictly follows the RoK legislation norms and fulfils its tax legal relationships in accordance with the Extractive Industries Transparency Initiative (EITI) global standard that promotes reflection of the income transparency and accountability in the oil & gas and mining industries.



At the chemistry classroom in the new small school at the Sadovoye village, the WKO Baiterek district

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE GRI 2-28

KPO supports the Extractive Industries Transparency Initiative (EITI) in order to ensure the transparency of revenues and the whole value creation chain in the process of natural resources management in the Republic of Kazakhstan (RoK).

In 2023, KPO paid taxes to the RoK budget in the amount of US\$ 2.156 bln (as per the exchange rate in the internal SAP accounting system) in accordance

with the EITI requirements. This information is reflected in the RoK National Report on the Extractive Industries Transparency Initiative for 2023.

KPO submits separate EITI reports on its tax liabilities to the RoK authorities from 2014.

KPO payments for the period from 2014 to 2023 are represented in Table 54.

Tab. 54. KPO taxes and compulsory payments in 2014–2023 (US\$)

2014	2015	2016	2017*	2018	2019	2020**	2021	2022	2023
2.1 bln	1.2 bln	0.369 bln	0.746 bln	1.9 bln	1.6 bln	0.971 bln	1.6 bln	3 bln	2.156 bln

Note:

* Variance from the amount of 897MM published in the Sustainability Report 2017 is explained by the reflected return amount after the reconciliation of data between the payer and the beneficiary at a later stage.

** Starting from 2020 converting from KZT to US\$ KPO uses calculations at the moment of payment in accordance with the internal SAP accounting system and not in accordance with the RoK National Bank rate as of the end of the accounting period.

Information about the taxes, paid by KPO to the state budget of the RoK, is publicly available at <http://egsu.energo.gov.kz> in the section "Final report on

tax and non-tax payments/contributions from the RoK oil & gas and mining payers".

POWER SUPPLY SDG 7.1

For production needs within the Karachaganak field, KPO generates electrical power at its own Gas Turbine Power Plant (further as GTPP). Generated power is transmitted to the own production units: KPC, Unit 2, Unit 3, Gathering, Eco Centre, Pilot Camp, IT&T Data Centre in Aksai, Karachaganak – Atyrau transportation system covering the oil pumping station in Bolshoi Chagan and block valve stations 1-26.

Four turbines, three of which are dual-fuelled, are installed and operating at the KPO Gas Turbine Power Plant.

In 2023, annual boroscopic inspections of turbines were carried out at the GTPP to diagnose the internal condition of the turbine sections, as well as combustion inspections and chamber replacement at turbine No. 2 and turbine No. 3 in March and April, including turbine No. 1 repair from November to December. The works were performed without delays, within the schedule and in good quality. Materials and spare parts were provided in a timely manner.

POWER SUPPLY TO THE WEST KAZAKHSTAN OBLAST GRI 203-1

As part of the Karachaganak Field Final Production Sharing Agreement (Art.I, Section 1.1.), KPO generates and exports power to the West Kazakhstan Oblast. In average, the capacity to satisfy the needs of the West Kazakhstan Oblast communities is circa 25 MW in winter and circa 20 MW in summer.

KPO has been exporting power to power supply organizations, such as Batys Energoresursy LLP and Aksaienergo LLP till 30 November 2023 (Aksaienergo LLP closed from 1st December 2023), which in their turn have been supplying the power to the communities and other end consumers in the West Kazakhstan Oblast.

In the course of 2023, KPO has exported from 20 to 35 MW to the regional grid, while the total volume of power export to WKO was equal to ~ 226.8 mln kWh. Decrease of the power export in comparison with 2022 was due to the planned preventive maintenance in 2023, within timeframes not exceeding 15 days, and

Turnaround at the Field's facilities. The terms and scope of planned preventive maintenance are regulated by the operating hours of the main GTPP equipment.

Supply of power and fuel gas in 2021–2023 is listed in Table 55.

Tab. 55. KPO's supply of power and the fuel gas use, 2021–2023

Description	UoM	2023	2022	2021
Power exported to WKO, including:	mln kWh	226.79	246.33	225.56
• to Batys Energoresursy LLP	mln kWh	202.74	220.05	199.28
• to Aksaienergo LLP	mln kWh	24.05	26.28	26.28
Use of fuel gas to generate power for WKO, including:	mln m ³	77.50	84.74	75.88
• KPO gas sale to generate power for WKO	mln m ³	61.07	69.12	70.98
• From the third-party supplier to generate power for WKO	mln m ³	16.43	15.62	4.90

During 2023, electricity generation was mostly based on KPO's own gas. Purchases of gas from a third-party supplier for the production of electrical energy for the needs of the region amounted to some 21.2% of the total volume of gas consumption at the GTPP.

In addition to the above period, gas supplies from a third-party supplier were carried out during certain periods of unstable operation of the fuel gas production plant at section 5-339 of the KPC facility.

POWER SUPPLY SYSTEM

The local power system at the Karachaganak Oil Gas Condensate Field consists of 110 kV power grids, which, according to lines of responsibility, are owned by three entities represented by KPO, AksaiGasPromenergo JSC and Zapadno-Kazakhstanskaya REK LLP, as well as the KPO 35 kV power lines.

As part of the current initiative aimed to develop measures to reduce accident rate and to increase

the stability of the in-field power system in order to substantially minimize production losses due to the influence of the Power grid, a specially organized working group of KPO experts have performed an analysis based on which in 2023 the work with engagement of third parties was carried out to review of the received proposals.

OBLIGATIONS TO SUPPORT OF THE USE OF RENEWABLE ENERGY SOURCES GRI 201-2, OG2

KPO generates power at its own Gas Turbine Power Plant, thus our Company is classified as a contingent consumer in accordance with the Law of the Republic of Kazakhstan on Support of the Use of Renewable Energy Sources (RES).

Contingent consumers are obliged to purchase power generated at the RES facilities in amounts proportional to their share of planned consumption in total power consumption volume of the Republic. As a responsible

entity, KPO purchases appropriate scopes of the RES energy from the authorized organization "Financial Settlement Centre on the RES Support" LLP, thereby complying with the legislative requirements aimed at supporting the renewables and contributing to the Green Energy development in Kazakhstan.

In 2023, KPO purchased such energy in the volume of 18,811,317 kWh (equivalent to 67,817 GJ) worth over KZT 675 mln. GRI 302-1

SUPPORTING SOCIAL INFRASTRUCTURE

GRI 203-1, SDG 9.1, 17.17

KPO implements social and infrastructure projects in the West Kazakhstan Oblast (WKO) on the annual basis under the terms of Annex 5 to the Final Production Sharing Agreement.

A list of social and infrastructure projects is annually agreed between KPO and the WKO Akimat. The list is compiled by the WKO Akimat in line with the state priorities and considering the needs for development of the West Kazakhstan Oblast infrastructure, education and healthcare systems, as well as sports and infrastructure in the region. Further, the list of the projects is approved by the KPO Joint Operating Committee.

From the moment of endorsement KPO manages projects, including procurement processes, until the facilities are fully completed and then handed over to the balance sheet of the Republic of Kazakhstan. In cases when the projects are not completed by the year end, the unspent funds are carried over to the next calendar year. All social and infrastructure projects are performed by Kazakhstani contractors.

GRI 3-3

In 2023, 24 projects were under implementation, including 15 schools in the regional districts, sports and health centres and other facilities. By the year end, 18 projects have been completed including 13 schools in regional districts, two sports and health centres in Akzhaikskiy district, the Khan Ordasy Visit Centre

and the repair of major transport artery in Uralsk – the Sholokhov street. Besides, a delivery of medical equipment was performed to Regional Central Hospital in Aksai town.

As a part of the comprehensive project implemented jointly with the WKO Akimat aiming to provide rural population with the modern educational institutions, KPO has accomplished construction of new schools in the following villages at the West Kazakhstan Oblast: the Magistralnoye, the Abay, the Ulken-Yenbek and the Poima villages of the Terektinsky district, the Atameken and the Zhayik villages of the Akzhaikskiy district, the Urken, the Zhalyln, the Zhayik and the Sadovoye villages of the Baiterek district, the Akoba village of the Zhanibek district, the Khankol and the Sonaly villages of the Karatobe district.

New schools meet all modern requirements enabling most comfortable conditions for studies. Educational institutions have been furnished with all the necessary equipment and facilities, including assembly hall, sports hall with separate shower rooms and toilets, training classrooms, modern canteen and administration offices. Schools are fully furnished with modern training equipment and handed over on a turn-key basis. [SDG 4.a](#)

Furthermore, the Recultivation Project for the former Berezovka and Bestau villages was developed in 2023.



At the home economy class in the new small school of the Khankol village, the WKO Karatoba district

The list of projects completed in 2023 is shown in Table 56.

Tab. 56. Social and infrastructure projects completed by KPO in 2023 (GRI 203-1, SDG 17.17.1 (C171702))

Area	Project name	Actual costs (mln KZT*)	Actual costs (mln USD)*
Civil construction	Construction of a small ungraded school for 60 pupils in the Urken village, Baiterek district, WKO	697	1.5
	Construction of a small ungraded school for 60 pupils in the Sonaly village, Karatobe district, WKO	685	1.5
	Construction of a small ungraded school for 108 pupils in Abay village, Terektinsky district, WKO	1,195	2.6
	Construction of Sports and Health Centre for 160 spectators in the Akzhaikskiy district, WKO (Taipak)	685	1.5
	Construction of a small ungraded school for 60 pupils in the Zhaiyk village, Akzhaiyk district, WKO	706	1.6
	Construction of a small ungraded school for 60 pupils in the Ulken-Yenbek village, Terektinsky district, WKO	730	1.6
	Construction of a small ungraded school for 108 pupils in the Magistralnoye village, Terektinsky district, WKO	1,089	2.4
	Construction of a small ungraded school for 108 pupils in the Poima village, Terektinsky district, WKO	601	1.3
	Construction of a small ungraded school for 108 pupils in the Atameken village, Akzhaiyk district, WKO	1,165	2.5
	Construction of a small ungraded school for 60 pupils in the Khankol village, Karatobe district, WKO	734	1.6
	Construction of a small ungraded school for 54 pupils in the Zhalyyn village, Baiterek district, WKO	830	1.8
	Construction of a small ungraded school for 108 pupils in the Akoba village, Zhanibek district, WKO	1,263	2.8
	Construction of a small ungraded school for 108 pupils in the Zhaiyk village, Baiterek district, WKO	1,089	2.4
	Construction of a small ungraded school for 108 pupils in the Sadovoye village, Baiterek district, WKO	1,099	2.4
	Construction of building of the Visit Centre "Khan Ordasy"	646	1.4
	Construction of Sports and Health Centre for 320 spectators in the Chapayevoye village, Akzhaikskiy district, WKO	688	1.6
Repair of roads	Major overhaul of Sholokhov street from S.Datova street to Yesenzhanov street, Uralsk city	4,209	9.2
Emergency Capability Upgrade Project	Aksai Hospital Emergency Capability Upgrade Project	1,156	2.8
	TOTAL:	19,267	42.5

*Amounts are VAT inclusive



APPENDICES

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TO INCLUDE YOUR INTERLOCUTOR INTO YOUR OWN SPACE WILL HELP CREATING A CONTACT. TO REJECT - WILL BUILD A BARRIER IN COMMUNICATION.

GRI CONTENT INDEX

Statement of use

The ESG-Report of the Kazakhstan branch of Karachaganak Petroleum Operating B.V. was prepared in accordance with the GRI Standards for the period 01.01.2023 – 31.12.2023.

GRI 1 used

GRI 1: Foundation 2021

Applicable GRI Sector Standard(s)

GRI 11: Oil and Gas Sector 2021, G4 Oil & Gas 2012

This report has been verified by the Price Waterhouse Coopers LLP (PwC) for compliance with the requirements of the GRI Standards. PwC performed a limited independent assurance of 15 specific disclosures in the Report, namely: 201-2, 302-1, 302-3, 303-3, 303-4, 303-5, 305-1, 305-2, 306-1, 306-3, 401-1, 401-3, 403-9, 404-1, 414-2; as well as 27 general indicators with the exception of 2-19, 2-20, 2-21.

UNIVERSAL STANDARDS			
No.	Disclosures	Location	Comments to SR / Omissions
GENERAL DISCLOSURES			
GRI 2: General disclosures 2021			
The organization and its reporting practices			
2-1	Organizational details	6, 18, 38, 143, 180 (back cover)	
2-2	Entities included in the organization's sustainability reporting	This Report covers the operations and development projects of the KPO B.V. Branch in Kazakhstan	
2-3	Reporting period, frequency and contact point	6, 180 (back cover)	
2-4	Restatements of information	69, 77, 87	
2-5	External assurance	161-164	
Activities and workers			
2-6	Activities, value chain and other business relationships	6, 18-21, 38, 138, 143	No significant changes
2-7	Employees	77-78	b-iii – KPO does not have employees with non-guaranteed working hours. b-v – KPO does not have part-time employees.
2-8	Workers who are not employees	77, 91	Disclosure of employees turnover by type of contract is not applicable, due to employees turnover includes employees on a direct contract and sending parties' employees (from recruitment agencies). Employees seconded by parent companies are included in the turnover statistics of parent companies.
Governance			
2-9	Governance structure and composition	38-40, 44-47	
2-10	Nomination and selection of the highest governance body	38, 40	
2-11	Chair of the highest governance body	38	

UNIVERSAL STANDARDS			
No.	Disclosures	Location	Comments to SR / Omissions
2-12	Role of the highest governance body in overseeing the management of impacts	39, 41-42	
2-13	Delegation of responsibility for managing impacts	39-42	
2-14	Role of the highest governance body in sustainability reporting	41	
2-15	Conflicts of interest	50	
2-16	Communication of critical concerns	26, 41-42, 52, 80	
2-17	Collective knowledge of the highest governance body	7, 121	
2-18	Evaluation of the performance of the highest governance body	40	KPO, as a reporting organization, does not have access to this information. Parent companies report on these issues individually in their sustainability reports.
2-19	Remuneration policies	40, 81-82	a-iii- Remuneration consultants are not engaged.
2-20	Process to determine remuneration	81	
2-21	Annual total compensation ratio	81-82	
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	3, 8	
2-23	Policy commitments	11, 15, 17, 29, 31, 37, 48, 51, 55, 56, 60, 61, 64, 74, 90, 97, 101, 103, 117, 137	
2-24	Embedding policy commitments	48, 50, 91, 103	
2-25	Processes to remediate negative impacts	52, 91-92, 98	
2-26	Mechanisms for seeking advice and raising concerns	52, 80, 91-92, 98	
2-27	Compliance with laws and regulations	53, 104	There were no fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods that were paid in the reporting period.
2-28	Membership associations	15, 77, 142, 144	KPO is a member of the KAZENERGY association. Business partnerships and associations
Stakeholder engagement			
2-29	Approach to stakeholder engagement	11-12, 14, 31, 61, 99, 104-105, 139, 140	
2-30	Collective bargaining agreements	80, 82	
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	11, 13, 103	
3-2	List of material topics	11, 13	New topic added – Climate change

TOPIC-SPECIFIC DISCLOSURES				
GRI Standard / Material topics	Disclosure	GRI 11 Sector Standard Ref. No.	Location in Report	Comments to SR / Omissions
Topic 11.1 GHG emissions				
Energy efficiency; Reduction of GHG and pollutants' emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.1.1	103, 112, 117, 118	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	11.1.2	117	302-1 – c (ii, iii, iv), d. Not applicable. KPO does not keep separate records on steam consumption and energy consumption for cooling; these data are included in the total amount of electricity consumption. KPO does not sell electricity, heat, air conditioning and steam. KPO applies standards, methods and conversions regulated by the RoK normative documents in energy saving and energy efficiency.
	302-2 Energy consumption outside of the organization	11.1.3		Not applicable
	302-3 Energy intensity	11.1.4	118	d – The KPO keeps records of energy consumption within the organization.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	11.1.5	114	
	305-2 Energy indirect (Scope 2) GHG emissions	11.1.6	115	
	305-3 Other indirect (Scope 3) GHG emissions	11.1.7		Information unavailable
	305-4 GHG emissions intensity	11.1.8	115	
G4 Oil and Gas Sector Disclosures 2012	OG6 Volume of flared and vented hydrocarbon		113	
Topic 11.2 Climate adaptation, resilience, and transition				
Environmental investments; Environmental compliance; Climate change				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.2.1	102-103	
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	11.2.2	8, 10, 145	
G4 Oil and Gas Sector Disclosures 2012	OG2 Total amount invested in renewable energy		145	
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	11.2.3	102	Information incomplete

TOPIC-SPECIFIC DISCLOSURES				
GRI Standard / Material topics	Disclosure	GRI 11 Sector Standard Ref. No.	Location in Report	Comments to SR / Omissions
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria (partial disclosure)		105	Information incomplete
	308-2 Negative environmental impacts in the supply chain and actions taken		105	
Topic 11.3 Air emissions				
Air quality monitoring; Reduction of GHG and pollutants' emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.3.1	112	
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	11.3.2	113, 114	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	11.3.3	21	There were not registered any impacts with regards to customer health and safety.
Topic 11.4 Biodiversity				
Biodiversity and ecosystems conservation				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.4.1	103, 106, 130	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	11.4.2	Website https://kpo.kz : Preservation of Biodiversity	
	304-2 Significant impacts of activities, products, and services on biodiversity	11.4.3	124; website https://kpo.kz : Monitoring of flora and fauna	
	304-3 Habitats protected or restored	11.4.4	107	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	11.4.5	Website https://kpo.kz : Preservation of Biodiversity	
Topic 11.5 Waste				
Management of waste and effluents				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.5.1	103, 126	

TOPIC-SPECIFIC DISCLOSURES				
GRI Standard / Material topics	Disclosure	GRI 11 Sector Standard Ref. No.	Location in Report	Comments to SR / Omissions
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	11.5.2	126	
	306-2 Management of significant waste-related impacts	11.5.3	127	
	306-3 Waste generated	11.5.4	127-128	
	306-4 Waste diverted from disposal	11.5.5	127-129	
	306-5 Waste directed to disposal	11.5.6	127-129	
G4 Oil and Gas Sector Disclosures 2012	OG7 Amount of drilling waste and strategies for treatment and disposal		126, 129	
Topic 11.6 Water and effluents				
Management of waste and effluents; Water conservation				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.6.1	103, 120	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	11.6.2	120	
	303-2 Management of water discharge-related impacts	11.6.3	122, 124-125	
	303-3 Water withdrawal	11.6.4	120-121	
	303-4 Water discharge	11.6.5	122-123	
	303-5 Water consumption	11.6.6	120-121	
GRI 303: Water 2016	303-3 Water recycled and reused		123-124	
Topic 11.7 Closure and rehabilitation				
Personnel development and training; Industrial relations with contractors; Freedom of association and collective bargaining				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.7.1	75, 103	
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	11.7.2	In accordance with the Collective agreement, KPO has the obligation to raise a minimum two-month (8 weeks) notice to Trade Unions in case of liquidation of the Company with a subsequent reduction in staff, system or amount of remuneration leading to deprivation of employees' conditions.	
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	11.7.3	84	
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	11.4.4	107	

TOPIC-SPECIFIC DISCLOSURES				
GRI Standard / Material topics	Disclosure	GRI 11 Sector Standard Ref. No.	Location in Report	Comments to SR / Omissions
Topic 11.8 Asset integrity and critical incident management				
Spills; Process safety; Emergency Response				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.8.1	26	KPO impact boundary covers KPO facilities at the Karachaganak field, the export pipeline in West Kazakhstan and Atyrau oblasts. The topic covers KPO and contractors.
GRI 306: Effluents and Waste 2016	306-3 Significant spills	11.8.2	28	
G4 Oil and Gas Sector Disclosures 2012	OG13 Number of process safety events, by business activity	11.8.3	26-28	
Topic 11.9 Occupational health and safety				
Occupational safety and health; Protection of health				
GRI 3: Material Topics 2021	3-3 Management of material topics		43, 56, 64	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	11.9.2	43; website https://kpo.kz : Integrated HSE Management System	
	403-2 Hazard identification, risk assessment, and incident investigation	11.9.3	26-27, 57, 70; website https://kpo.kz : HSE Card Programme	
	403-3 Occupational health services	11.9.4	68-71	
	403-4 Worker participation, consultation, and communication on occupational health and safety	11.9.5	website https://kpo.kz : HSE Card Programme	
	403-5 Worker training on occupational health and safety	11.9.6	29, 61, 87	
	403-6 Promotion of worker health	11.9.7	69-70, 72	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	11.9.8	26-27, 43, 60	
	403-8 Workers covered by an occupational health and safety management system	11.9.9	43	

TOPIC-SPECIFIC DISCLOSURES				
GRI Standard / Material topics	Disclosure	GRI 11 Sector Standard Ref. No.	Location in Report	Comments to SR / Omissions
	403-9 Work-related injuries	11.9.10	57-59, 63	There were no fatalities and lost-time injuries among employees in the reporting period. The number of total recordable injuries among employees = 3. There were no fatalities among the workforce who are not employees. The number of lost-time injuries among workforce who are not employees = 2. The number of total recordable injuries among workforce who are not employees = 11.
	403-10 Work-related ill health	11.9.11	69-70	
Topic 11.10 Employment practices				
Employment and compensation; Personnel development and training; Industrial relations with contractors				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.10.1	74-75	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	11.10.2	79	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	11.10.3	80, 82	
	401-3 Parental leave	11.10.4	79	
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	11.10.5	In accordance with the Collective Agreement, KPO has the obligation to raise a minimum two-month (8 weeks) notice to Trade Unions in case of liquidation of the Company with a subsequent reduction in staff, system or amount of remuneration leading to deprivation of employees' conditions.	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	11.10.6	82, 87	
	404-2 Programs for upgrading employee skills and transition assistance programs	11.10.7	81, 86, 88, 89	
	404-3 Percentage of employees receiving regular performance and career development reviews		82	

TOPIC-SPECIFIC DISCLOSURES				
GRI Standard / Material topics	Disclosure	GRI 11 Sector Standard Ref. No.	Location in Report	Comments to SR / Omissions
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	11.10.8	51	
	414-2 Negative social impacts in the supply chain and actions taken	11.10.9	66, 91-93	The percentage of suppliers identified in 2023 as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of the assessment was 8%. There were no cases of termination of relationships with suppliers as a result of assessment of actual and potential negative social impacts.
Topic 11.11 Non-discrimination and equal opportunity				
Increase of local content in staff; Respect for human rights; Social, cultural and gender diversity, equal opportunities				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.11.1	48-49, 74-75	KPO impact boundary covers Kazakhstan. Terms of the Collective Agreement are reviewed every 2-3 years.
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage		82	202-1-a. Not applicable There are no differences in salary levels by gender. Karachaganak O&G condensate field located in the Western Kazakhstan Oblast (Republic of Kazakhstan) relates to 'significant location of operations'.
	202-2 Proportion of senior management hired from the local community	11.11.2	83	In the table "Increase of Local Content in KPO staff by categories of employees", the concept of 'Local' in the context refers to national employees, the citizens of the Republic of Kazakhstan. Karachaganak O&G condensate field located in the Western Kazakhstan Oblast (Republic of Kazakhstan) relates to 'significant location of operations'.
GRI 401: Employment 2016	401-3 Parental leave	11.11.3	79	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	11.11.4	82, 87	

TOPIC-SPECIFIC DISCLOSURES				
GRI Standard / Material topics	Disclosure	GRI 11 Sector Standard Ref. No.	Location in Report	Comments to SR / Omissions
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	11.11.5	75-79, 83-84	
	405-2 Ratio of basic salary and remuneration of women to men	11.11.6	Karachaganak O&G condensate field located in the Western Kazakhstan Oblast (Republic of Kazakhstan) relates to 'significant location of operations'. Basic salaries are established for employee categories regardless of gender, and hence basic salaries for women and men are equal.	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	11.11.7	There were not registered any cases of discrimination during the reporting period.	
Topic 11.12 Forced labor and modern slavery				
Respect for human rights; Security practices; Freedom of association and collective bargaining				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.12.1	48-49	KPO impact boundary covers West Kazakhstan Oblast. Terms of the Collective Agreement are reviewed every 3 years.
GRI 408: Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor		49	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	11.12.2	49, 91-93	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	11.12.3	51	
Topic 11.13 Freedom of association and collective bargaining				
Freedom of association and collective bargaining				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.13.1	49, 51-52, 90	KPO impact boundary covers West Kazakhstan Oblast. Terms of the Collective Agreement are reviewed every 3 years.
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	11.13.2	91-92	

TOPIC-SPECIFIC DISCLOSURES				
GRI Standard / Material topics	Disclosure	GRI 11 Sector Standard Ref. No.	Location in Report	Comments to SR / Omissions
Topic 11.14 Economic impacts				
Employment and compensation; Increase of local content in staff; Social infrastructure projects; Sponsorship and charity; Supply of electrical power to regional network; Local content development and its share in procurement of goods, works and services; Procurement practices and supply chain; Estimated proved reserves and production				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.14.1	74-75, 138, 140	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	11.14.2	143	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage		82	202-1-a. Not applicable There are no differences in salary levels by gender. Karachaganak O&G condensate field located in the Western Kazakhstan Oblast (Republic of Kazakhstan) relates to 'significant location of operations'.
	202-2 Proportion of senior management hired from the local community	11.14.3	83	By 'senior management' is meant to be Executive management and their deputies' given in category 1+2 in "Increase of Local Content in Staff by categories of employees" (Tab. 16, p. 70). 'Local' in the context refers to national employees, the citizens of the Republic of Kazakhstan.
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	11.14.4	69, 144-145, 146-147	
	203-2 Significant indirect economic impacts	11.14.5	140	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	11.14.6	140-141	
G4 Oil and Gas Sector Disclosures 2012	OG1 Volume and type of estimated proved reserves and production		18	Information incomplete
Topic 11.15 Local communities				
Community relations: impact assessment and mitigation, grievance redress; Environmental grievance mechanisms				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.15.1	96-97	The KPO impact boundary covers the local communities in villages along the perimeter of the Karachaganak field and Aksai town in the Burlin district of WKO

TOPIC-SPECIFIC DISCLOSURES				
GRI Standard / Material topics	Disclosure	GRI 11 Sector Standard Ref. No.	Location in Report	Comments to SR / Omissions
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	11.15.2, 11.15.4	97-98, 108-111; website https://kpo.kz : Atmospheric air monitoring in the villages adjacent to the Karachaganak field	
	413-2 Operations with significant actual and potential negative impacts on local communities	11.15.3	18, 109, 130; website https://kpo.kz : Resettlement of the Berezovka and Bestau villages https://www.kpo.kz/en/sustainability/social-responsibility/community-engagement/resettlement-of-the-berezovka-and-bestau-villages	
Topic 11.16 Land and resource rights				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.16.1	96-97	The KPO impact boundary covers the local communities in villages along the perimeter of the Karachaganak field and Aksai town in the Burlin district of WKO
G4 Oil and Gas Sector Disclosures 2012	OG12 Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process	11.16.2	98, 97; website https://kpo.kz : Resettlement of the Berezovka and Bestau villages, KPO Sustainability Report 2017, pp.105-106	
Topic 11.17 Rights of indigenous peoples				
Not applicable for Kazakhstan				
Topic 11.18 Conflict and security				
Security practices; Respect for human rights				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.18.1	90, 94	The impact boundary covers KPO and contractors within the facilities of the Karachaganak field, the West Kazakhstan Oblast and the export pipeline facilities in the Atyrau Oblast
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	11.18.2	94	
Topic 11.19 Anti-competitive Behavior				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.19.1	48-49	
GRI 206: Anticompetitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	11.19.2	53	

TOPIC-SPECIFIC DISCLOSURES				
GRI Standard / Material topics	Disclosure	GRI 11 Sector Standard Ref. No.	Location in Report	Comments to SR / Omissions
Topic 11.20 Anti-corruption				
Anti-corruption and Compliance				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.20.1	48-49	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	11.20.2	50-51	
	205-2 Communication and training about anti-corruption policies and procedures	11.20.3	51-52	
	205-3 Confirmed incidents of corruption and actions taken	11.20.4	50	During the reporting period, there were no confirmed cases of corruption identified at KPO.
Topic 11.21 Payments to governments				
Transparency of payments to the government (EITI)				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.21.1	140	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	11.21.2	143	
	201-4 Financial assistance received from government	11.21.3	KPO did not receive monetary financial assistance from the republic for the reporting period and doesn't make any donations to government/political needs.	
GRI 207: Tax 2019	207-1 Approach to tax	11.21.4	143	
	207-2 Tax governance, control, and risk management	11.21.5	143	
	207-3 Stakeholder engagement and management of concerns related to tax	11.21.6	143	
	207-4 Country-by-country reporting	11.21.7	143	
Topic 11.22 Public policy				
As stated in the KPO Business Principles and the Code of Conduct, Political Payments or "in-kind contributions" must never be made by KPO or by Trade Associations with KPO funds. KPO must not take part in party politics.				

VERIFICATION REPORT



Independent Limited Assurance Report

To the Directors Committee of "Karachaganak Petroleum Operating B.V.":

Introduction

We have been engaged by the management of "Karachaganak Petroleum Operating B.V." (hereinafter – the "Company") to provide limited assurance on the selected information described below and included in the ESG-Report of the Company for the year ended 31 December 2023 (hereinafter – the "ESG-Report").

Description of the subject matter information and applicable criteria

The selected information for the year ended 31 December 2023 is summarized in the Appendix 1 to this report (hereinafter – the "Selected Information").

The Selected information represents information related to the Company and its selected subsidiaries as indicated in the "Report scope and boundaries" of the ESG-Report.

The scope of our assurance procedures was limited to the Selected Information for the year ended 31 December 2023 only. We have not performed any procedures with respect to earlier periods or any other items included in the ESG-Report and, therefore, do not express any conclusion thereon.

The criteria used by the Company to prepare the Selected Information are contained in the GRI Sustainability Reporting Standards published by the Global Reporting Initiative (GRI) (hereinafter – "the GRI Standards") and methodology and guidelines developed by the Company and disclosed in the ESG-Report (hereinafter – the "Reporting Criteria").

In our view, the Reporting Criteria constitute appropriate criteria to form the limited assurance conclusion.

Responsibilities of the management of the Company

The management of the Company is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing internal methodology and guidelines for preparing and reporting the Selected Information in accordance with the Reporting Criteria;
- preparation, measurement and reporting of the Selected Information in accordance with the Reporting Criteria; and
- the accuracy, completeness and presentation of the Selected Information.

PricewaterhouseCoopers LLP
34 Al-Farabi Ave., Building A, 4th floor, Almaty, Kazakhstan, A25D5F6
T: +7 (727) 330 32 00, F: +7 (727) 244 68 68, www.pwc.kz



Our responsibilities

Our responsibility is to express a limited assurance conclusion on the Selected Information based on the procedures we have performed and the evidence we have obtained.

We performed the limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements, and to plan and perform procedures to obtain limited assurance that the Selected Information for the year ended 31 December 2023 has been prepared, in all material respects, in accordance with the Reporting Criteria.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed

Our planned and performed procedures were aimed at obtaining limited assurance that the Selected Information for the year ended 31 December 2023 has been prepared, in all material respects, in accordance with the Reporting Criteria. We have performed the following procedures:

- made enquiries of the management of the Company and those with responsibility for sustainability reporting management and reporting;
- conducted interviews of personnel responsible for the preparation of the ESG-Report and collection of underlying data;
- performed analysis of the relevant internal methodology and guidelines, gaining an understanding of the design of the key structures, systems, processes and controls for managing, recording, preparing and reporting the Selected Information; and
- performed limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.



Inherent limitations

Under the GRI Standards there is a range of different, but acceptable, measurement and reporting techniques. The techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The Selected Information should therefore be read in conjunction with the methodology used by management as described in the ESG-Report, and for which the Company is solely responsible.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Restrictions of use and distribution

This report, including our limited assurance conclusion, has been prepared solely for the Directors Committee in accordance with the agreement between us, to assist the management of the Company in reporting on the Company's and its selected subsidiaries' sustainability performance and activities.

We permit this report to be disclosed in the ESG-Report, which will be published on the Company's website, to assist the management of the Company in responding to their governance responsibilities by obtaining an independent limited assurance report in connection with the Selected Information.

The maintenance and integrity of the Company's website is the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on the Company's website.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors Committee of the Company and the Company for our work or this report except where the respective terms are expressly agreed in writing and our prior consent in writing is obtained.

Pricewaterhouse Coopers LLP

26 July 2024

Almaty, Kazakhstan



Appendix 1 to the Independent Limited Assurance Report dated 26 July 2024

The Selected Information for the year ended 31 December 2023 disclosed on pages 1-180 in the ESG-Report and prepared in accordance with the GRI Standards and the methodology and guidelines developed by "Karachaganak Petroleum Operating B.V." (hereinafter – the "Company") and subject to limited assurance procedures are set out below:

GRI Standard	Reported Performance (Selected Information)
2-1	Organizational details
2-2	Entities included in the organization's sustainability reporting
2-3	Reporting period, frequency and contact point
2-4	Restatements of information
2-5	External assurance
2-6	Activities, value chain and other business relationships
2-7	Employees
2-8	Workers who are not employees
2-9	Governance structure and composition
2-10	Nomination and selection of the highest governance body
2-11	Chair of the highest governance body
2-12	Role of the highest governance body in overseeing the management of impacts
2-13	Delegation of responsibility for managing impacts
2-14	Role of the highest governance body in sustainability reporting
2-15	Conflicts of interest
2-16	Communication of critical concerns
2-17	Collective knowledge of the highest governance body
2-18	Evaluation of the performance of the highest governance body
2-22	Statement on sustainable development strategy
2-23	Policy commitments
2-24	Embedding policy commitments
2-25	Processes to remediate negative impacts
2-26	Mechanisms for seeking advice and raising concerns
2-27	Compliance with laws and regulations
2-28	Membership associations
2-29	Approach to stakeholder engagement
2-30	Collective bargaining agreements
3-1	Process to determine material topics
3-2	List of material topics
201-2	Financial implications and other risks and opportunities due to climate change
302-1	Energy consumption within the organization
302-3	Energy intensity
303-3	Water withdrawal
303-4	Water discharge
303-5	Water consumption
305-1	Direct (Scope 1) GHG emissions
305-2	Energy indirect (Scope 2) GHG emissions
306-1	Waste generation and significant waste-related impacts
306-3	Waste generated
401-1	New employee hires and employee turnover
401-3	Parental leave
403-9	Work-related injuries
404-1	Average hours of training per year per employee
414-2	Negative social impacts in the supply chain and actions taken

MANAGING MATERIAL TOPICS IN KPO GRI 3-3

Good governance is essential for ensuring the sustainability of large-scale investments, and particularly important in a complex governance structure as the one of KPO in which our strong governance, internal controls and assurance processes are vital to our ongoing success.

In all aspects of its activities and in accordance with the FPSA, KPO operates to internationally recognized standards, which are implemented through a number of policies, procedures and appropriate best practices embedded in KPO's management systems.

KPO's management systems and regulatory documents related to sustainable development for each of material topics are shown on the following table.

Managing documents on sustainability issues in KPO (by material topics) GRI 3-3

Material topics	Management System documents
Social topics	Personnel development and training Annual Training Plan; Business Continuity Plan for Training Development Centre; Training Planning and Budgeting Preparation Procedure for KPO Employees Enhanced Development Programme; KPO scholarship for national employees and their children.
	Industrial relations with contractors Industrial Relations Policy; Contractor HSE Management Procedure; Schedule D – Contract HSE Requirements; Schedule H – Contract Industrial Relations.
	Freedom of association and collective bargaining Collective Agreement; Policy on Labour Disputes.
	Security practices Security Management System Framework; KPO Security Policy; In-House Investigation Policy; Employees' Personal Data Management Policy; KPO Clear Desk Policy.
	Equal opportunities, social, cultural and gender diversity KPO Sustainable Development Chapter; KPO Business principles;
	Respect for human rights KPO Code of Conduct; Hotline; Ethic and Compliance Training Program; Compliance Investigations Procedure.

Material topics	Management System documents
Occupational safety and health	Health, Safety and Environmental Policy; Golden Rules; Life Saving Rules; Health, Safety and Environmental Management System Framework; Safety & Asset Integrity Controllership System Manual; H ₂ S Protection Strategy; KPO 4-Year Strategic HSE Plan; KPO HSE Improvement Plan 2023; Safety Leadership & Culture Programme.
Protection of health	No Smoking Policy; Prohibition on Use of Alcohol, Drugs, Psychotropic and Toxicomaniac Substances (their analogues) in KPO; Employee wellness plan for 2023; Fatigue Risk Management Programme; Mental Health Programme; Stress Resilience Programme.
Process safety	Safety & Asset Integrity Controllership System Manual; Process Safety Fundamentals Guideline; Simultaneous Operations Risk Management Strategy; Barrier Model Guideline.
Emergency Response	Terms of Reference for the KPO Civil Defence; Terms of reference for the KPO evacuation commission; Strategy for Protection of People in H ₂ S Emergencies in the Field; Emergency Response Plan and Rectification of the Consequences of Accidents.
Community relations: impact assessment and mitigation, grievance redress	KPO Social Performance Policy and Standards; KPO Community Grievance and Suggestion Management Procedure; Socio-economic Baseline and Impact Assessment Operating Procedure; Stakeholder Engagement Operating Procedure; Cultural Heritage Operating Procedure; Involuntary Resettlement Operating Procedure; KPO Community Development Procedure.

	Material topics	Management System documents
Environmental topics	Spills	Oil Spill Contingency Plan; KOTS and Gathering main pipelines and infield pipelines rivers / aerial crossings oil.
	Air quality monitoring	PEC: Production Environmental Monitoring; Environmental Monitoring Data Assurance Programme.
	Reduction of GHG and pollutants' emissions	Air Emissions Management Procedure; Greenhouse Gas Emissions Management Procedure; Procedure for measuring industrial emissions with instruments at the KOGCF facilities; Vertical Flare Hydrocarbon Flaring Accounting and Reporting; Accounting and Reporting Procedure for hydrocarbons flaring at vertical and horizontal Flare Stacks; The methodology for calculating greenhouse gas emissions from fugitive emissions sources of Karachaganak Oil and Gas Condensate Field.
	Water conservation	KOGCF Water Strategy – Technical and Produced Water Management; Procedure for the management of water consumption and discharge, accounting and reporting during KPO water management activities; Karachaganak Field Potable and Technical Water Consumption Records and Report Procedure; Procedure for register, storage and utilization of saltsaturated subsurface water in cell No 2.
	Management of waste and effluents	Waste Management Procedure; Procedure on Acceptance and Classification of Waste at WMC (Eco Centre); Solid Industrial Waste Burial Landfill.
	Biodiversity and ecosystems conservation	Biodiversity Action Plan.
	Environmental grievance mechanisms	Odour Complaints Management Procedure for the communities adjacent to the Karachaganak field.
Environmental-Economic topics	Climate change	KPO-365 Business Strategy; KPO Green Strategy; KPO Environmental Concept.
	Energy efficiency	KPO Energy Policy and Green Rules; Energy Management System Manual; Guideline on Green Office; Energy Management System Plan; Energy review and energy efficiency monitoring procedure.
	Environmental compliance	Environmental Controllership Guidance; Environmental Impact Assessment Arrangement Procedure when developing planned activity projects; Emission, Waste Accumulation / Burial Limits Accounting and Monitoring Procedure; Environmental Legal Compliance Register; Action Plan on the Compliance with Requirements of the RoK Environmental Code.
	Environmental investments	KPO Environmental Protective Measures Plan; Summary Environmental Aspects Register KPO; Environmental Culture and Awareness Enhancement Program for 2022–2024.

Material topics	Management System documents
Socio-Economic topics	<p>Employment and compensation</p> <p>Human Resources and Services Directorate Management System Manual; Annual Pay Review; Remuneration Policy for Kazakhstan Employees; Procedure of Reduction of the number or the staff of KPO employees; Program on Voluntary Dissolution of Employment Relationship with Provision of Benefits for KPO Employees.</p>
	<p>Local content in staff</p> <p>2020–2025 Programme for Local Content Increase in Staff.</p>
	<p>Social infrastructure projects</p> <p>Karachaganak Field's Final Production Sharing Agreement (Annex 5); Social Projects Department Management System; Social Investment Operating Procedure; Social and Infrastructure Projects Control Procedure; Social and Infrastructure Projects Management of Change Procedure.</p>
	<p>Sponsorship and charity</p> <p>KPO Sponsorship and Donations Policy; KPO Scholarship Programme for Rural District Community.</p>
	<p>Supply of electrical power to regional network</p> <p>Karachaganak Field's Final Production Sharing Agreement (Art.I, Section 1.1.).</p>
	<p>Anti-corruption and Compliance</p> <p>Anti-Bribery and Corruption and Anti-Money Laundering Manual; Guidelines on Managing Conflicts of Interest; Trade Compliance Manual; Ethic and Compliance Training Program; Ethical Due Diligence Procedure.</p>
	<p>Local content development and its share in procurement of goods, works and services</p> <p>Local Content Policy; Local Content Development Programme 2022–2023; Procedure on Reporting purchased goods, works and services; Local Content Audit Procedure; Early Tender-Trial Order Testing Procedure.</p>
Economic topics	<p>Technologies and innovations</p> <p>Digital Roadmap; Digitalization and Continuous Improvement Strategy; Business Communications Social Media and Use of IT Policy.</p>
	<p>Estimated proved reserves and production</p> <p>Reserves Re-Determination Report for the Karachaganak field.</p>
	<p>Procurement practices and supply chain</p> <p>Contracts and Procurement Policy; Karachaganak JOC's Tender Procedures; Annex 1 to JOC Resolution dated April 2020; Ethical Due Diligence Procedure.</p>
	<p>Transparency of payments to the government (EITI)</p> <p>Karachaganak Field's Final Production Sharing Agreement (Art.XIX); Tax Accounting Policy of Kazakhstan Branch of Karachaganak Petroleum Operating B.V.</p>

GLOSSARY

ABBREVIATION	DESCRIPTION
ASME	American Society of Mechanical Engineers
BAP	Biodiversity Action Plan
ConCom	Contractor Committee
COVID-19	Coronavirus disease of 2019
CPC	Caspian Pipeline Consortium
EMS	Environmental Monitoring Station
EOPS	Early Oil Production Satellite
EPMP	Environmental Protection Measures Plan
ESME	Electronic System of Medical Examination
FPSA	Final Production Sharing Agreement
Gcal	Gigacalorie
GHG	Greenhouse Gases
GOR	Gas Oil Ratio
GRI	Global Reporting Initiative
GTPP	Gas Turbine Power Plant
HC	Hydrocarbons
HSE	Health, Safety and Environment
ICT	Incident Control Team
IMT	Incident Management Team
IOGP	International Oil and Gas Producers' Association that collects safety incident and environmental data from its member companies globally since 1985.
ISO 14001	Internationally accepted standard that sets out requirements for putting in place an effective Environmental Management System
ISO 45001	Internationally accepted standard that sets out requirements for putting in place an effective occupational health and safety
ISO 50001	Internationally accepted standard that sets out requirements for putting in place an effective Energy Management System
ISO 90001	Internationally accepted standard that sets out requirements for putting in place an effective Quality Management System
JMC	Joint Marketing Committee
JOC	Joint Operating Committee
JPC	Joint Procurement Committee
KATS	Karachaganak Atyrau Transportation System
KOGCF	Karachaganak Oil and Gas Condensate Field
KOTS	Karachaganak Orenburg Transportation System
kt	kiloton
KPC	Karachaganak Processing Complex

ABBREVIATION	DESCRIPTION
KPI	Key Performance Indicators
LCS	Local Content Sub-committee
LOPC	Loss of primary containment
LTI	Lost Time Injury
LTIF	Lost Time Injury Frequency
MPC	Maximum permissible concentration
MPD	Maximum permissible discharge
Mscm	Million standard cubic metres
MW	Megawatt
NCOC	North Caspian Operating Company
NGO	Non-governmental organisation
O&G	Oil & Gas
OpCom	Operating Committee
OPITO	Offshore Petroleum Industry Training Organisation
OPS	Oil Pumping Station
Parent Companies or Contracting Companies	Relates to KPO shareholders – ENI, Shell, Chevron, Lukoil and KazMunayGaz National Company, who are partners as per the FPSA
PDR	Personnel Development Review
PEC	Production Environmental Control
PEP	Plateau Extension Projects
PPE	Personal Protective Equipment
RoK	Republic of Kazakhstan
RTI	Road Traffic incidents
RTIF	Road Traffic Incident Frequency
SDG	Sustainable Development Goals
SPZ	Sanitary Protection Zone
TCO	Tengizchevroil
TRI	Total Recordable injuries
TRIF	Total Recordable Injury Frequency
WKO	West Kazakhstan Oblast
CH ₄	Methane
C ₆ H ₆	Benzene
C ₇ H ₈	Toluene
C ₈ H ₁₀	Xylene
CO	Carbon monoxide
CO ₂	Carbon dioxide
H ₂ S	Hydrogen Sulphide

NO ₂	Nitrogen dioxide
N ₂ O	Nitrous oxide
SO ₂	Sulphur dioxide

KPO employees (direct contract) – employees with effective Employment Contracts with KPO.

Parent Companies secondees – Parent Companies' employees seconded to KPO on the basis of the Secondment Agreement. They mainly include senior managers and foreign specialists with specific skills in engineering and design, and international experience and knowledge necessary to ensure the introduction of international technologies in production. The expatriate personnel are attracted to share best international practice and knowledge in different spheres with national employees. However, KPO annually nationalizes the positions held by expatriate specialists in accordance with the Programme for Local Content Increase in Staff (for more details, see the chapter "Development of national personnel"). The KPO Board of Directors consists of seconded employees of the Parent Companies, except for the Vice General Director and the Digitalization and Continuous Improvement manager.

Sending party – Legal entity registered in accordance with the procedure established by the legislation of the Republic of Kazakhstan, providing manpower services, including a branch of the foreign legal entity.

Sending parties' employees – Staff providing services under KPO day-to-day supervision who have no direct contractual relationship with KPO but are employed and paid by an external company (manpower agency). The types of work performed by direct contract employees and sending parties' employees are identical.

Temporary employee – a person who has an employment relationship with the Company for limited time to replace a temporarily absent directly hired employee, who is on long-time leave, such as maternity, unpaid and child care leave, educational leave etc., or hired while doing a specific job.



FEEDBACK GRI 2-3

We believe that our readers' feedback would help us improve our reporting.

1. Name, surname _____

Organization _____

2. Which stakeholder group best describes you?

- | | |
|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Parent companies | <input type="checkbox"/> Media |
| <input type="checkbox"/> Authorised body – PSA LLP | <input type="checkbox"/> Non-government organisations |
| <input type="checkbox"/> Employees | <input type="checkbox"/> Trade Unions |
| <input type="checkbox"/> Local authorities | <input type="checkbox"/> Young generation (students, schoolchildren, young specialists) |
| <input type="checkbox"/> RoK ministries / Agencies (industry) | <input type="checkbox"/> If you do not belong to any of the groups listed above, please indicate your connection to KPO: |
| <input type="checkbox"/> Regulators | _____ |
| <input type="checkbox"/> Counterparties (suppliers / contractors, customers, banks) | _____ |
| <input type="checkbox"/> Local communities | _____ |
| <input type="checkbox"/> Industry partners | _____ |

3. Which material topics or issues disclosed in the KPO ESG Report are important for you as a KPO stakeholder? Please, limit your choice to 5 topics of the most interest to you.

Social topics:

- Personnel development and training
- Social, cultural and gender diversity, equal opportunities
- Industrial relations with contractors
- Freedom of association and collective bargaining
- Security practices
- Respect for human rights

Socio-Environmental topics:

- Occupational safety and health
- Protection of health
- Process safety
- Emergency Response
- Community relations: impact assessment and mitigation, grievance redress

Socio-Economic topics:

- Increase of local content in staff
- Employment and compensation
- Social infrastructure projects
- Sponsorship and charity
- Supply of electrical power to regional network
- Local Content development and its share in procurement of goods, works and services
- Anti-corruption

Economic topics:

- Technologies and innovations
- Estimated proved reserves and production
- Procurement practices and supply chain
- Transparency of payments to the government (EITI)

Environmental-Economic topics:

- Climate change
- Energy efficiency
- Environmental compliance
- Environmental investments

Environmental topics:

- Spills
- Air quality monitoring
- Reduction of GHG and pollutants' emissions
- Water conservation
- Management of waste and effluents
- Biodiversity and ecosystems conservation
- Environmental grievance mechanisms

4. Your suggestions for improving KPO ESG-Report:

Please send your feedback, comments to this edition or contribution to the Report 2024 to the address indicated on the back cover, or by email at Sustainability@kpo.kz.

OUR CONTACTS GRI 2-1, 2-3

Karachaganak Petroleum Operating B.V. Kazakhstan Branch

Office in Aksai

Promyshlennaya Zona Street, 81H
090300, Aksai
Burlin District
West Kazakhstan Oblast
Republic of Kazakhstan

Office in Uralsk

160/1 Kurmangazy Street
090000, Uralsk
West Kazakhstan Oblast
Republic of Kazakhstan

Office in Astana

Microregion 'Samal 12'
Astana Tower Business Centre
9th floor
010000, Astana
Republic of Kazakhstan

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Prepared by

KPO Public and Media
Relations Department
Olga Lyskova
Gaukhar Aimukhambetova
Alexandra Pochtareva

Email: Sustainability@kpo.kz

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