

# 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](http://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".