



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**

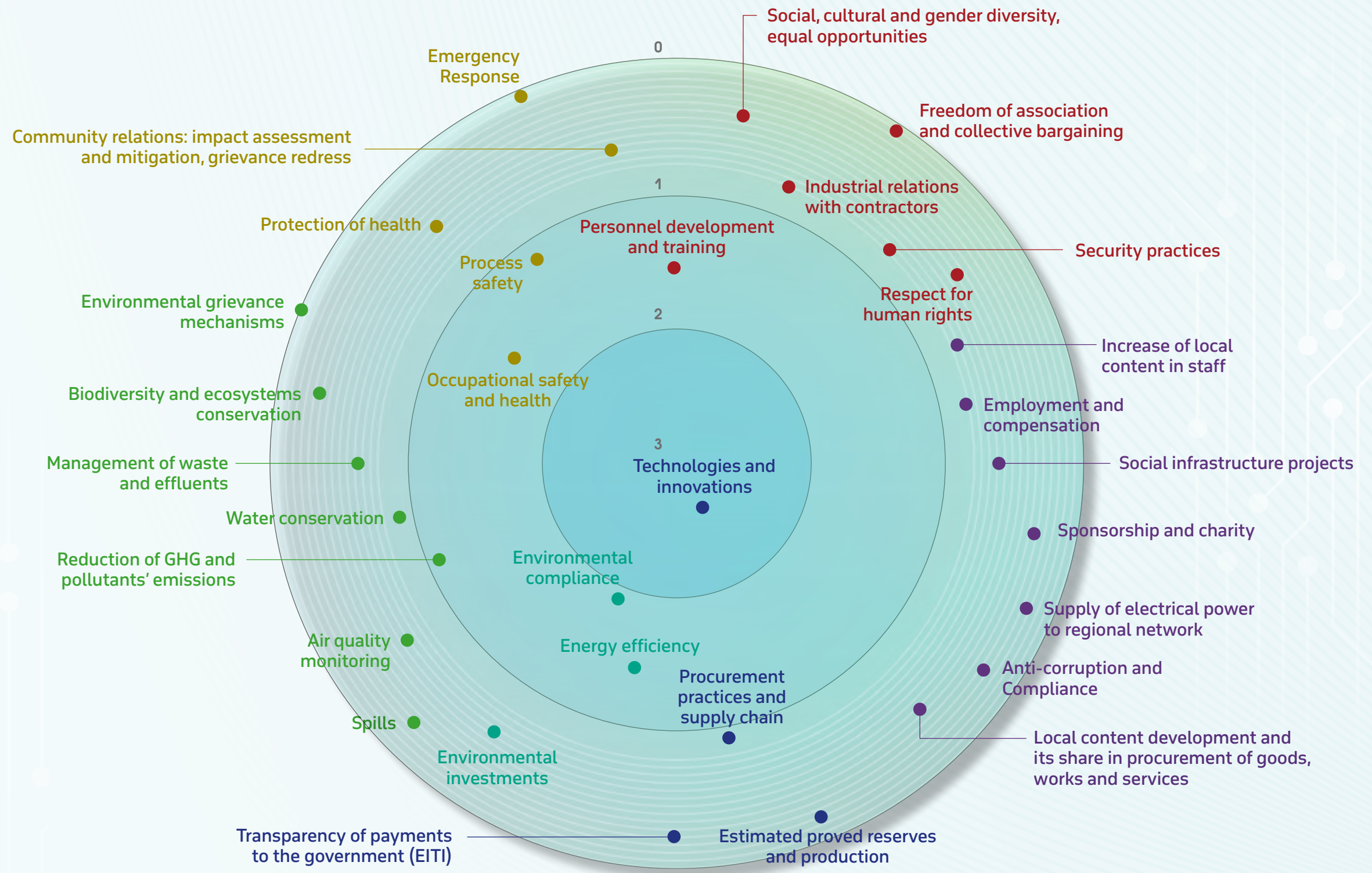
2023	2022	2021
1. Technologies and innovations	1. Security practices	1. Security practices
2. Environmental compliance	2. Occupational Health and Safety	2. Occupational Health and Safety
3. Occupational health and safety	3. Protection of employees` health	3. Protection of employees` health
4. Personnel 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.

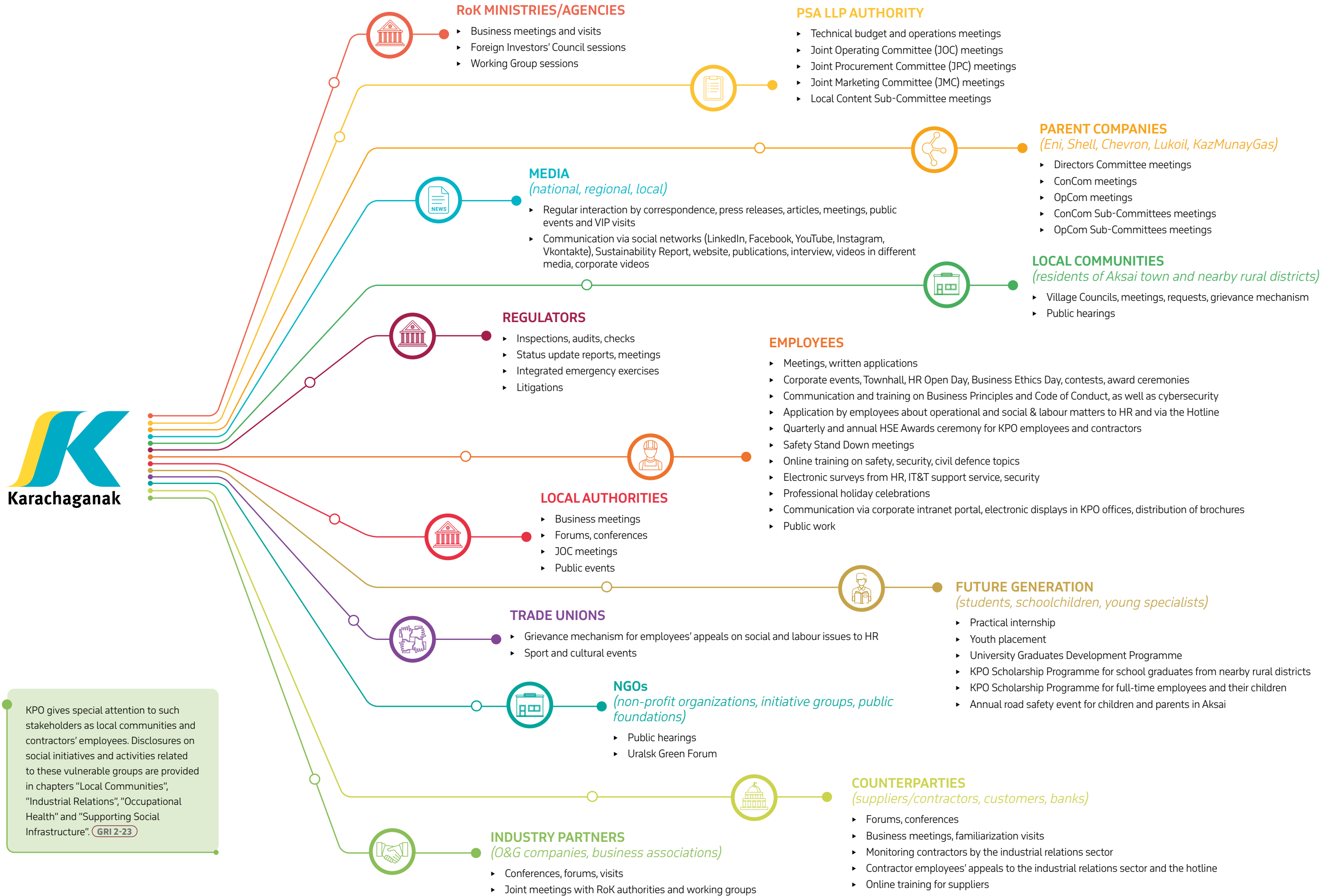
As part of the Report`s preparation, we aim to continuously raise public awareness of the material topics disclosed in the Report, both internal and external. Inside the printed copies of our ESG Report there are loose-leaf feedback forms for readers to fill in. We have also placed an online feedback form on our [website](#) and we are always open for the feedback on the Report in any form via [Sustainability@kpo.kz](mailto: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%.