



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

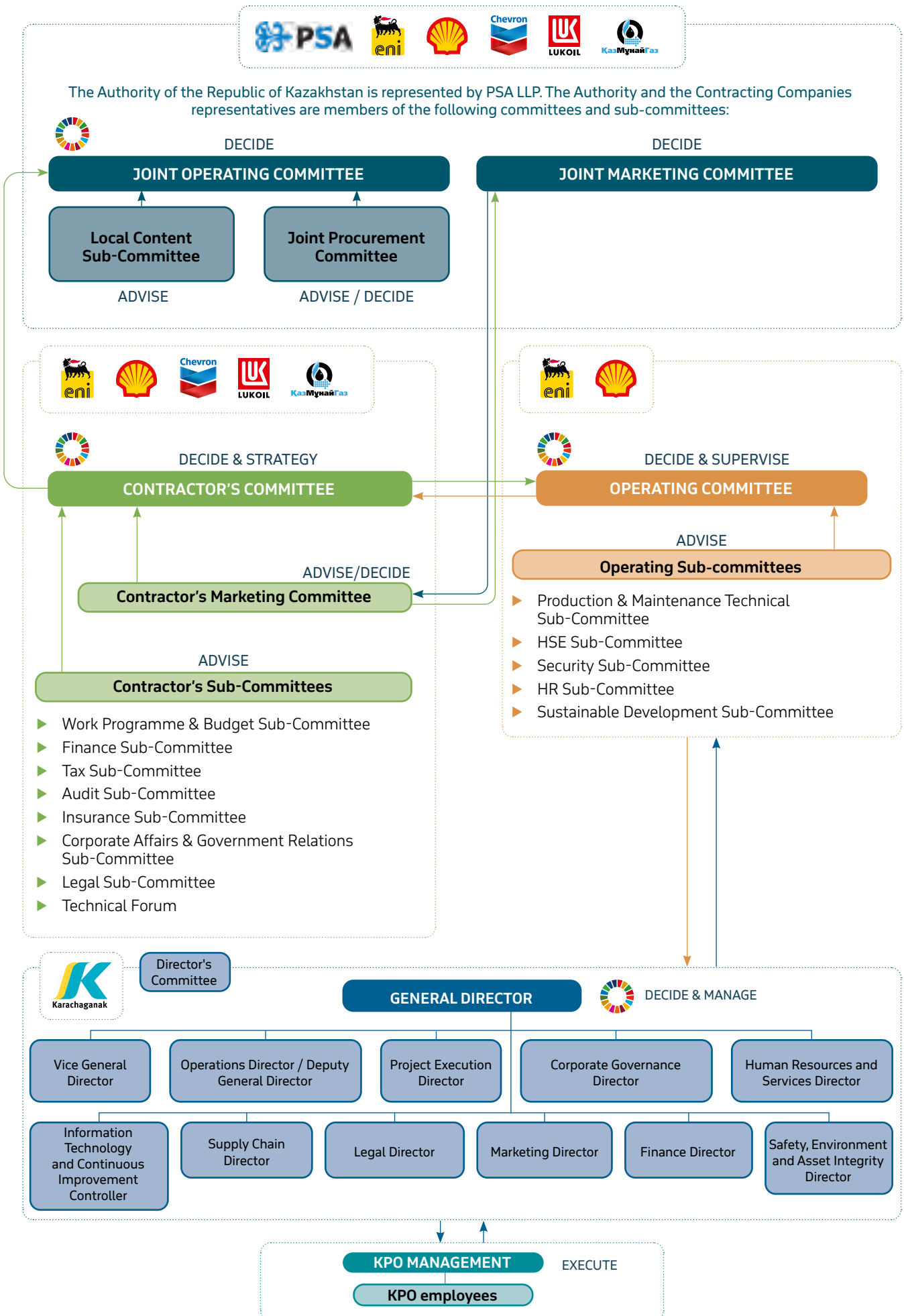
KPO organisational structure was designed to enable KPO to meet its business objectives and to satisfy the requirements from the Republic of Kazakhstan (the Authority represented by the PSA LLP) and the Contracting Companies by continuously assessing its external environment. In order to carry out the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