



KARACHAGANAK

# THE ENDURING BENEFITS OF



# OUR ACHIEVEMENTS IN 2022



**0.22**

Lost Time  
Incident  
rate



**0.40**

Total Recordable  
Incident rate



**128.5** mln BOE

Production of stable  
and unstable liquids  
and gas



**0.00**

Road Traffic  
Incident rate



**99.93 %**

Gas utilization



**56.4 %**

Local Content  
share in  
purchases



Local Content in Staff:

**86 %**

Management

**98 %**

Professional and  
supervised workers



# LETTER FROM GENERAL DIRECTOR



**Giancarlo Ruii**  
KPO General Director

## Dear readers,

Karachaganak Petroleum Operating B.V. (KPO) possesses tremendous creative potential thanks to the well-coordinated teamwork of world-class professionals and progressively striving for new highs. Our priorities remain the same – maintaining the highest production levels in compliance with safety performance and creating favourable conditions for the development of the local community.

Although 2022 has been a very challenging year, we have a lot to be proud of. We safely completed the major full-field Turnaround, one of the largest in KPO's history with up to 12,000 people involved on 24 hours basis accounting for a total of nearly 2.135 million man-hours worked. Under the continuous supervision of KPO personnel, operations were conducted in full compliance with safety with no major incidents or leaks to the environment. I stand assured that the delivery of the Turnaround ahead of time and incident-free was possible

only through hard and dedicated work by all KPO staff and our contractors working as one team.

In 2022 we celebrated the 25th Anniversary of signing the FPSA (Final Production Sharing Agreement), a document regulating the basic principles of partnership between the Republic and an international consortium of KPO. Over the past quarter of a century, Karachaganak has become the flagship of the oil and gas industry of the Republic and the driving force of the socio-economic development of the West Kazakhstan Oblast. Numerous achievements of KPO became possible thanks to the support from the state, represented by the Authorized bodies (PSA LLP) and the Oblast Akimat. It is an important milestone, where we've summed up the interim results, and a starting point, which brings in new expectations and the implementation of new plans.

In 2022 KPO Partners and the Authorized body (PSA LLP), supported by the Ministry of Energy of the Republic of Kazakhstan, signed the agreement sanctioning the

“ In 2022 the hydrocarbon production in Karachaganak reached 128.5 mln barrels of oil equivalent. ”



Karachaganak Expansion Project-1B (KEP-1B Project). Aimed at extending the duration of the liquid production plateau, the project will bring additional revenue to the Republic of Kazakhstan and Partners.

In 2022, KPO has produced 128.5 million barrels of oil equivalent. 11.1 billion m3 of dry sour gas were injected into the reservoir, which is circa 57.3% of the total gas produced. Thus, driven by cutting edge technologies, we've achieved high performance results.

We put in place a comprehensive Environmental Management System to reduce environmental impact and continuously improve efficiency. Emissions reduction, waste disposal and the application of new technologies are among the company's focus areas. KPO's specific indicator of CO2 emissions totalled 66 tonnes per thousand tonnes of hydrocarbon production. KPO achieved an outstanding gas utilisation rate of 99.93% and we ensure environmental safety at the world-class level due to the successful application

of advanced emission reduction solutions and technologies.

KPO has been actively contributing to the involvement of Kazakhstani suppliers and manufacturers of goods in the development of the Karachaganak field. In 2022, the share of Local content in KPO contracts for the supply of goods, works and services accounted for 56.4 percent.

I welcome you to read this Brochure and hope it will prove helpful in better understanding our core businesses. Much more information is available with KPO's annual sustainability report and website: [www.kpo.kz](http://www.kpo.kz).



## KPO FACILITIES

Hydrocarbon production and processing take place at three major interconnected units:

- The Karachaganak Processing Complex (KPC);
- Unit 2;
- Unit 3.



The length of the infield pipeline system is approximately 2,000 kilometres. This system connects the major production facilities and wells. The facilities include an Early Oil Production Satellite (EOPS) and Eco Centre.

As of end 2022, there were

**117** producing wells and

**20** re-injection wells online at Karachaganak,

out of a total of **471** wells.

## OUR PRODUCTS AND EXPORT ROUTES

KPO extracts and processes stabilised and unstabilised liquid hydrocarbons, raw gas, and fuel gas.



In 2022, **10.2** million tonnes or **80.5** million barrels of crude oil were exported to West markets via the CPC pipeline to port Novorossiysk on the Black Sea and the Atyrau-Samara pipeline to the Transneft system for onward shipment to the ports of Ust-Luga on the Baltic Sea and Sheskhari in the Black Sea.



As part of the previously initiated KATS project to increase carrying capacity, KPO completed activities to connect to the rail car loading facility of "KazTransOil" JSC, known as "KPO-CPC-KTO" tie-in, including surface and subsurface utilities, pipeline between "KPO-CPC-KTO" and the block valve station, which has been operational since November 2022.



This tie-in will provide access to Karachaganak oil at the KTO tank farm and create opportunities for alternative oil export options via railway transport and the KTO pipeline system.



Within 2022, KPO re-injected approximately **11.1** billion m<sup>3</sup> of gas into the reservoir to maintain reservoir pressure, which is equivalent to about 57.3% of the total gas extracted.



# PRODUCTION AND SALES

## Production in 2022

		2020	2021	2022
<b>Total production*</b>	Mboe	143.9	134.1	128.5
<b>Total equivalent stable oil</b>	Kt	10,941	10,338	10,134
<b>Total gas production</b>	Mscm	20,214	18,980	19,442
<b>Gas injection</b>				
Gas re-injected into a reservoir, not sold	Mscm	10,362	9,998	11,131
<b>Fuel gas production</b>	Mscm	851.0	789.0	842.9

\* The total figure of production does not include the volume of gas Injection

## Sales in 2022

		2020	2021	2022
<b>Total Sales</b>	Mboe	139.4	130.7	124.9
<b>Unstable liquids</b>				
Condensate to Orenburg Gas Plant and Mini Refinery	Kt	24	1.5	30
<b>Stable liquids</b>				
Oil and stabilised condensate to CPC and Atyrau-Samara	Kt	10,857	10,366	10,2
<b>Raw gas</b>				
to Orenburg Gas Plant	Mscm	8,986	8,182	7,455
<b>Sweet gas</b>				
to the WKO community	Mscm	90	70	70



KEP-1A Project under construction

# KARACHAGANAK PRODUCTION PLATEAU EXTENSION PROJECTS

In November 2022, the Karachaganak Partners signed an agreement sanctioning the Karachaganak Expansion Project-1B (KEP-1B Project). The KEP-1B Project represents a new important milestone in the continued development of the Karachaganak field, building further on the achievements of the Karachaganak Gas Debottlenecking Project (KGDBN), the Fourth Injection Compressor Project (4IC) and the KEP-1A Project. The KGDBN Project was successfully completed and brought into operation in March 2021. The 4IC followed a year later, with successful completion and start of operation in May 2022. The KEP-1A Project is currently under construction and will be brought into operation in 2024.

The KEP-1A and KEP-1B Projects, which are the construction of a 5th and 6th Injection Compressors and other associated facilities aimed at extending the liquid production plateau, will make a significant contribution and bring additional value for the Republic of Kazakhstan and its Karachaganak Partners. Furthermore, the projects will allow for creating new jobs for Kazakhstan citizens. One of KPO's priorities during the execution of these projects is the maximization of Local Content aimed at growing the competitiveness of local contractors.

# CARING FOR THE ENVIRONMENT

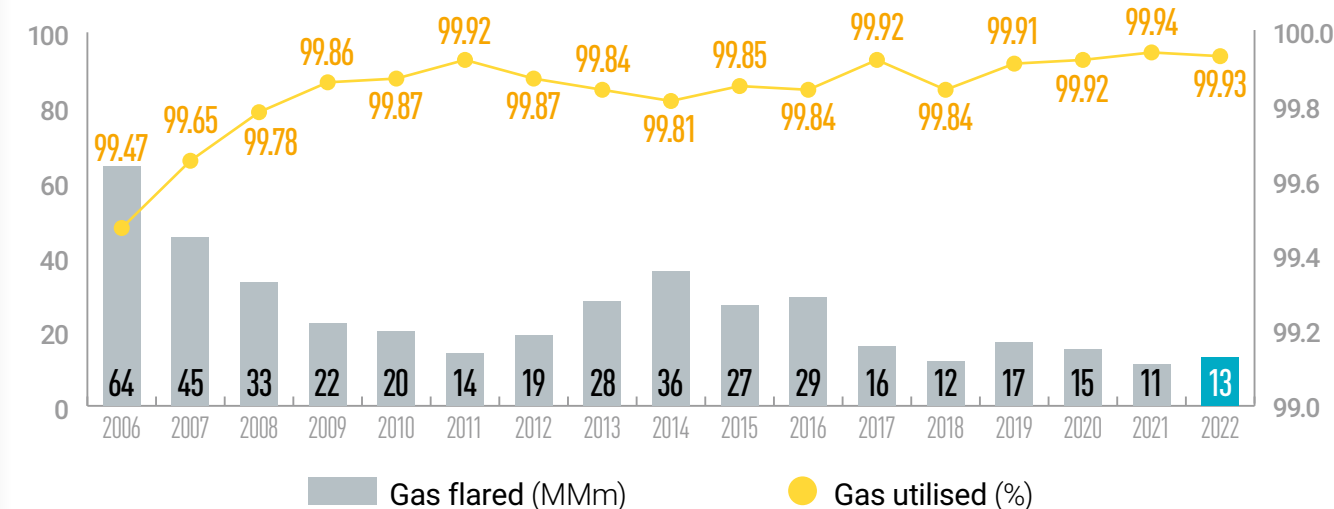
In the development and operation of such a technically complex field as Karachaganak, environmental protection is a necessary principle for successful activities. The capability to work in harmony with nature is a complex but essential prerequisite. The achievements of KPO in this area have earned recognition not only from industry colleagues in Kazakhstan but also internationally.

Since KPO started as operator of the Project i.e. from 1998 to 2022, KPO has invested more than 449.8 million USD in implementing special environmental actions aimed at protecting the environment in the region of our presence. Since the project's inception, KPO has adhered

to the "green economy" concept, which is now popular in Kazakhstan. KPO is focusing on conserving biodiversity and minimizing impact to the existing ecosystem, which is why local species like swans, foxes and even some rare species from the "Red Book" can be seen in the field.

The company applies the most advanced that are recognized as innovative at the global level. Particular emphasis is given to actions aimed at reduction emissions of polluting substances, recycling waste, and introducing new technologies. In 2022, the gas utilization rate at Karachaganak reached 99.93% which is a world class achievement.

## Gas utilization and flaring, 2006 – 2022





# ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEMS



The company implements Environmental and Energy Management Systems aimed at identifying risk factors early, eliminating negative impacts on the environment, and continuously improving performance indicators in this area.



In August 2022, KPO successfully completed a surveillance audit for compliance with the requirements of ISO 14001: 2015 and ISO 50001:2018. Following the audit findings, no deviation was found in the company, and its environmental and energy management systems were recognized as effective and maintained in accordance with international standards.

## ENVIRONMENT PROTECTION ACTIONS

### AIR EMISSIONS

The implementation of environmental protection measures in 2022 has allowed us to achieve the following results:



The use of a surface pump for high gas volume fraction production during well development resulted in a reduction

of **1,529** tonnes of emissions



The use of a hydrocarbon-based stimulation fluid (Lamix or Diesel) reduced air emissions by 236 tonnes.

by **236** tonnes

## WASTE AND WASTEWATER MANAGEMENT

Work in that regard is focused on reducing the real and potential hazards the generated waste may impose on people and the environment. The company employs the following waste management methods:



Waste recovery to process stream;



Waste treatment at the Eco Centre facilities;



Waste disposal at the Eco Centre facilities;



Waste handover to specialist contractor organizations for further disposal, processing and destruction.



## AS RESULT OF 2022:

In order to organize a system of safe and efficient waste management, reducing the real and potential hazards of generated waste for people and the environment, in 2022, KPO carried out the following activities:

The volume of processed liquid waste and wastewater was:

liquid waste **8.7** tonnes, out of the planned 3 thousand tonnes

**599.62** tonnes

of sorted combustible and non-recyclable waste was sent for incineration to the General Purpose Incinerator

Useful components were extracted from the total mass of municipal waste received for sorting, and to handed over to specialized enterprises for recycling and/or reuse, amounting to –

**123.23** tonnes

**601.05** tonnes

of "Lamix" base oil, used for preparation of oil-based drilling mud, was extracted and sent for reuse to TCC



THE FOLLOWING  
WAS SORTED  
AND SENT FOR  
PROCESSING AND  
REUSE  
AS RECYCLABLE  
MATERIALS:



**4.966** tonnes of scrap metal, which is by 37% less compared to 2021 (7.88 tonnes);



**20.88** tonnes of plastic waste, which is by 1.6% less compared to 2021 (21.2 tonnes);



**91.2** tonnes of waste paper, which is by 7% less compared to 2021 (98.02 tonnes);



Owing to the extraction of useful waste components/ waste incineration, the amount of waste disposed of in the environment has reduced by **78%**;



**2,803** tonnes of construction waste were handed over to specialized organizations for recycling and reuse;



In 2022, the volume of treated wastewater reused at the Karachaganak field for making drilling muds, irrigation of planted trees and dust control amounted to **75,452** m<sup>3</sup>.

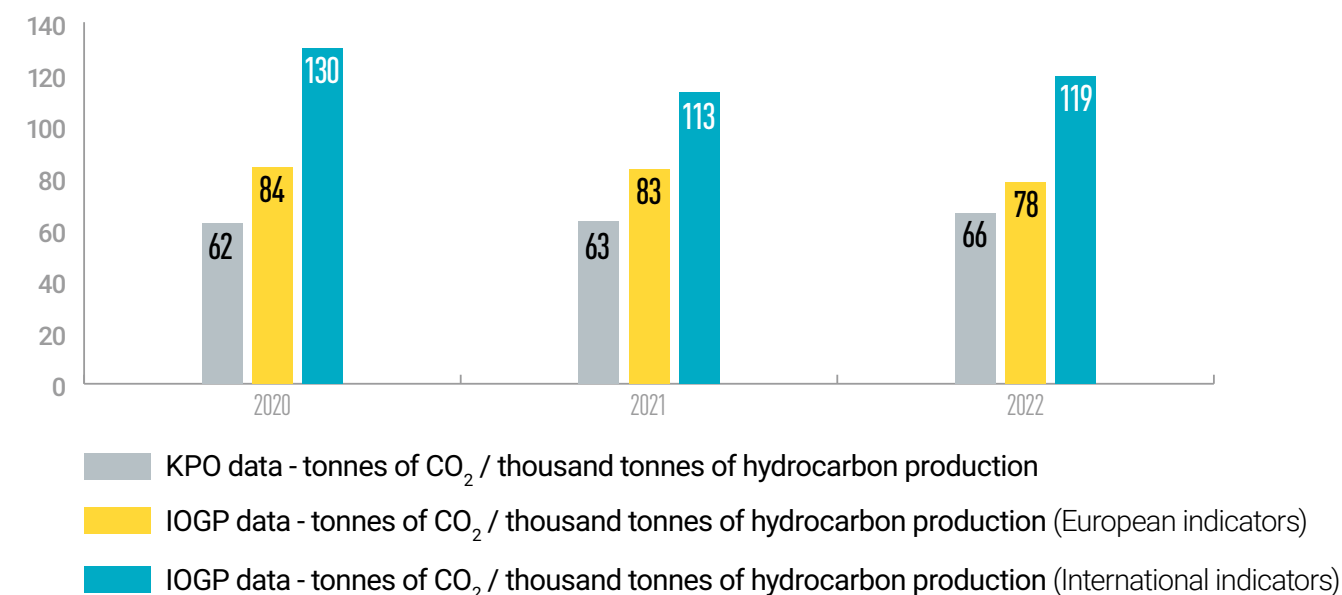
Due to the reduction in the Drilling Programme, a small amount of treated effluent was used for drilling purposes. The main volume of treated effluent was used for dust suppression at construction sites and for the technical needs of the KPC.

## GREENHOUSE GAS EMISSIONS

In 2022, the KPO's specific indicator of CO<sub>2</sub> emissions totaled 66 tonnes of CO<sub>2</sub> per thousand tonnes of hydrocarbon production.

KPO's specific greenhouse gas emissions (GHG) per unit of hydrocarbon production are 16% lower than the European indicators and 45% lower than the international indicators.

### Specific GHG emissions, 2020-2022



## ENVIRONMENTAL MONITORING

KPO performs comprehensive environmental monitoring as set in the Production Environmental Control (PEC) Programme. Within the PEC scope, monitoring of both the environmental emissions (emissions to air, discharge of wastewater, and the treatment and disposal of wastes) and the quality of environmental components (air, surface and underground water and soil) is conducted to assess the possible impact of production activities on the environment.

The PEC Programme determines the sampling and measuring locations, the list of components to be identified and the monitoring frequency.

KPO conducts air monitoring through sampling and analysis by accredited laboratory and, in addition, by means of 18 automatic Environmental Monitoring Stations (EMS) continuously operated at the Karachaganak field and the Sanitary Protection Zone perimeter. Each station has four (4) analyzers designed for continuous measurement of hydrogen sulfide (H<sub>2</sub>S), sulfur dioxide (SO<sub>2</sub>), nitrogen dioxide (NO<sub>2</sub>) and carbon monoxide (CO) content in

the air. The EMS also activates a warning alarm in case of high concentration of emissions in the air.

### IN 2022, KPO COMPLETED THE FOLLOWING MAIN ACTIVITIES:

- Environmental monitoring at the Karachaganak oil, gas & condensate field (KOGCF) and along the export pipeline was carried out in accordance with 2022 PEC programs. Besides, additional sampling and testing was done at the request of production facilities and KPO departments;
- Information reports on public gas smell complaints were prepared (7 complaints). Six complaints received from the village of Janatalap, one from Jarsuat. Compared to 2021, the number of gas odor complaints in 2022 has increased 2.5 times.

Monthly air quality bulletins in rural districts are published in local print media and posted on information boards in rural Akimats, village clubs, as well as in the KPO Main Office.



## BIODIVERSITY

The Biodiversity Action Plan (BAP) is one of the measures to prevent ecosystem disturbance and biodiversity loss. In 2020, a Biodiversity Action Plan for 2021-2023 was developed.

As part of the 2022 BAP implementation, flora monitoring was completed, with the purpose of updating the database on the species composition of the KOGCF flora. No significant changes in species diversity, and hence negative impacts on habitats and fauna, were detected based on the monitoring results. Recommendations were also received regarding the installation of bird protection devices.



## ENVIRONMENTAL AWARENESS AND INITIATIVES

As part of Environmental Awareness and Culture Program for 2022-2024, the following key activities were held in 2022:

- On March 26, as part of the International Earth Hour, the Earth Hour quiz was launched. More than 60 employees took part, and 10 winners were honored. The purpose of the action was to draw attention to the need for a responsible attitude towards nature and the planet's resources.
- On June 5, within the framework of International Environment Day, a mandatory video course "New Environmental Code. Transition to a Green KPO" was launched to make aware employees with the company's plans regarding the development of the KPO Energy Transition Program and new changes in environmental legislation. Approximately 3,700 employees completed the course, representing 91% of the total number of employees.
- The KPO Environmental Handbook was developed and produced for the first time. The Handbook is intended to be used as a practical guide for all employees involved in KPO's environmental activities. It is interactive and contains active links to existing permits, projects, programs, plans, procedures, and other useful materials, which are regularly updated.
- On June 10, the V Uralsk Green Forum was held in Uralsk: "Green Transformation: Trends and Challenges". More than 165 participants, including representatives of state structures of republican and regional level, oil and gas companies, branch and specialized associations, experts in the field of ecology and green transformation, republican and regional mass media, and students from WKO universities took part in the forum. As part of the event, an Eco-Talks "Green course for a sustainable future" was held for students of the West Kazakhstan region and an interactive exhibition "We have one Earth" were also presented.
- Energy Week KPO was held from November 11 to 17 as part of the International Energy Saving Day. Professional speakers from various industries in the field of energy saving and green transformation were invited to talk to the company employees on topics, such as: From campfire to Renewable Energy

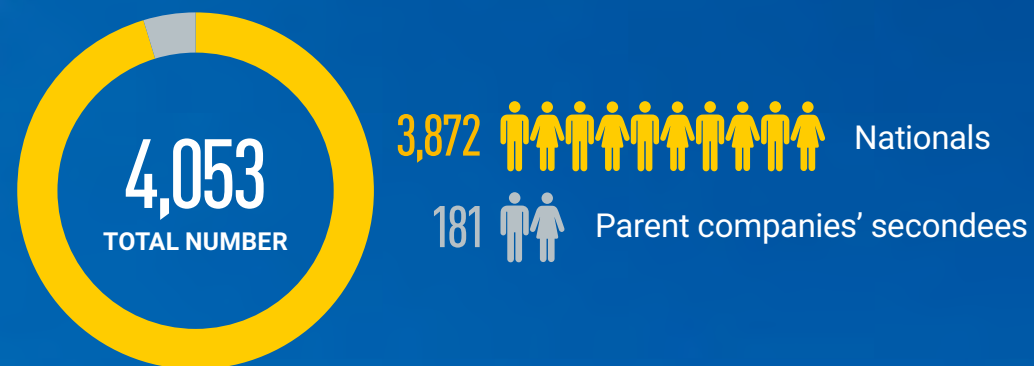
Sources (RES), challenges and development of RES in Kazakhstan. It was also talked about activities of recycling companies based in WKO and locations, where waste can be recycled, and also discussed the transition to the Green Concept at KPO-365, carbon capture and storage projects, virtual energy, why energy efficiency is important for KPO and Green Office principles. In addition, during KPO Energy Week, about 40 children of KPO employees were introduced to the energy saving concept in the form of a game and received gifts – eco-shoppers. The eco-coach and trainer Damir Karimov, conducted such an engaging workshop "Energosha Journey".

- In 2022, the implementation of the Green Office pilot project continued. Two more KPO offices – Samal-2 and Aliya training centre, were included in the project. As part of environmental awareness-raising, environmental breaks were held, that were attended by about 200 employees. Separate waste collection was introduced, and the refusal of plastic disposable tableware use was initiated. As a result of these activities, the consumption of plastic disposable tableware in these offices decreased by an average of 28%.
- KPO employees actively participated in the city clean-up days, aimed at cleaning up the urban and surrounding areas of Aksai and Uralsk, within the framework of the national environmental actions "Birge taza Kazakhstan", «World CleanUp Day» and «No waste on Nature». In 2022, a record number of clean-up days took place compared to previous years, with more than 300 KPO employees participating. Such campaigns contribute to rethinking and changing people's attitude to waste, striving to minimize its formation and increase opportunities for recycling.
- Training seminars on the "Regulations on the pilot project at Unit 2 to introduce environmental certificates in the permit system for environmental control of contractors working at Unit 2" were held. 265 employees were trained.

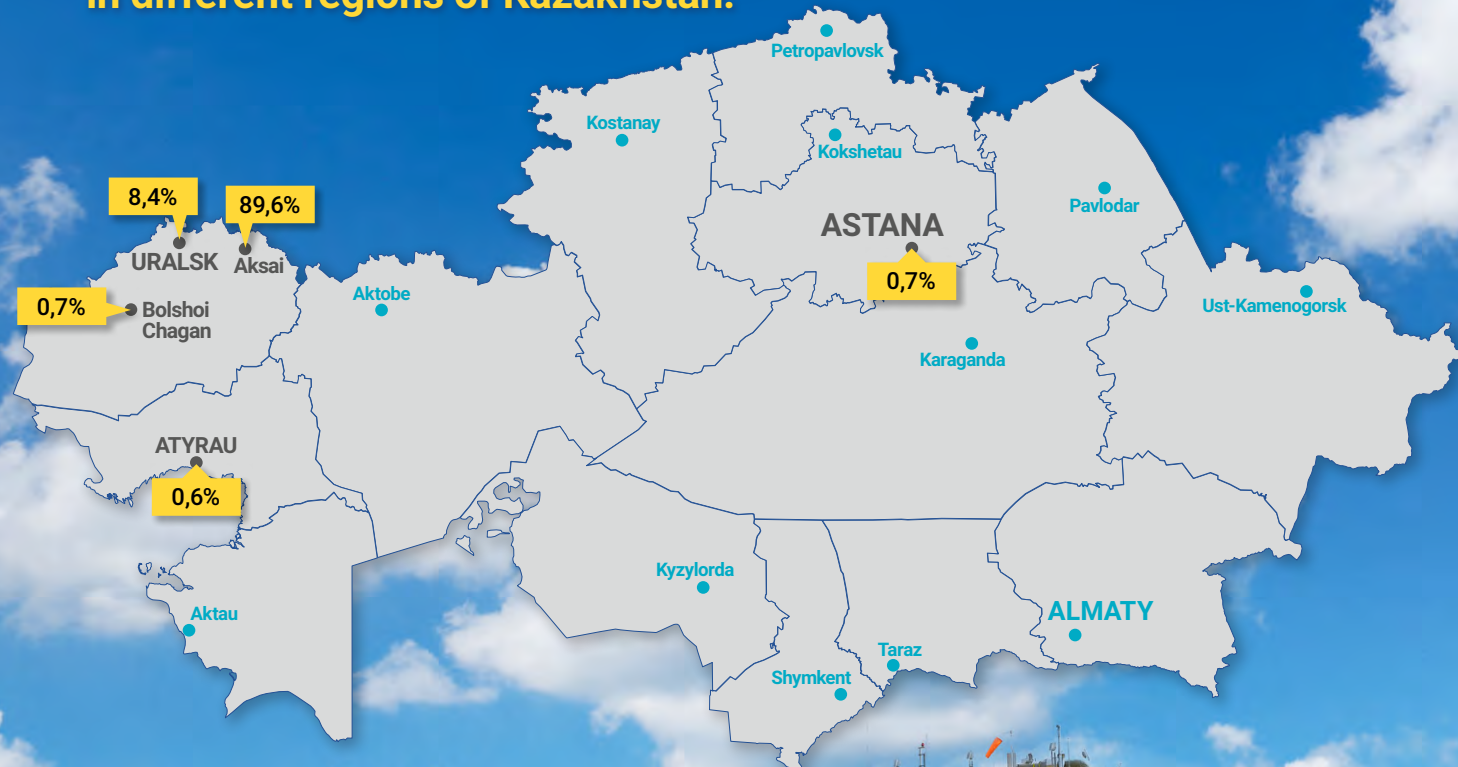


# PERSONNEL DEVELOPMENT

The total number of employees in KPO, both within the company and those working on temporary projects, as of end 2022 amounted to:



The map shows the percentage of the number of KPO employees in different regions of Kazakhstan.



# LOCAL CONTENT IN STAFF

KPO Program for Increasing Local Content in Staff 2020-2025 was approved by authorities in 2020. As part of this program in 2022, 11 positions held by expatriate personnel were nationalized, and 17 positions were eliminated. At the end of 2022 local employees made up 95% of the total staff. From 1999 to 2022, 257 expatriate specialists were replaced by local staff, and 301 positions occupied by expatriate personnel were eliminated.

Below is a progress update on the KPO Plan for Increased Local Content in Staff by categories of employees

Category	Description	RoK Legal requirements	2022
1+2	Executive Management and their Deputies, Department / Unit Management	Minimum 70%	86%
3+4	Professional staff / Qualified workers	Minimum 90%	98%

# TRAINING AND DEVELOPMENT

Since the signing of the FPSA, over USD 233 million has been allocated to the development of local staff. Trainings have been delivered by the best local and international institutions, both in-house and online, and outside of Aksai.

In 2022 KPO implemented the following training and development programmes:

## INTERNATIONAL QUALIFICATIONS SUCH AS:

1. CIPS Diploma – certified programme of Chartered Institute of Procurement and Supply for contracts and procurement specialists;
2. Master of Business Administration in Oil and Gas Management
3. Project Cost Estimation & Control Certification
4. Total rewards management GR1
5. American Petroleum Institute Certification 510, 570, 653, 580, 581
6. OPITO Major Emergency Management Initial Response Training
7. ISO 45001 Health and Safety Management System, ISO 31000 Risk Management, ISO 15489 Records Management, ISO 13028 Implementation guidelines for digitization of records, Road Traffic Safety Standard - ISO 39001
8. ISO 9001, ISO 14001 and OHSAS 18001 Integrated Management Systems Course
9. IWCF – well intervention pressure control levels 2/4, Drilling well control levels 2/4
10. IEMA certificate in environmental management
11. IECex/Compex certification. Explosion Protection
12. Welding specialist certification
13. NDT – Non-destructive testing certification
14. SIL study course (IEC 61508 standard)
15. HAZOP (Hazard And Operability Studies) And HAZID (Hazard Identification Study)
16. ASME certification

## PROFESSIONAL AND JOB SPECIFIC TRAINING

## TECHNICAL AND HSE MANDATORY TRAINING

## LANGUAGE TRAINING – KAZAKH AND ENGLISH

## PROFESSIONAL DEVELOPMENT PROGRAMME FOR PRODUCTION OPERATORS AND MAINTENANCE TECHNICIANS UNDER OPITO STANDARD



## EMPLOYEE RELATIONS

Employee relations refers to the relations based on an agreement between the company and an employee in order to perform job duties for a salary. An employee who has entered into employee relations must follow the labor regulations, and the company must provide proper working conditions in accordance with the RoK Labor Code, Collective Agreement, and employment agreement. By maintaining positive, constructive employee relations, the company expects a growth of employees' working spirit and engaged in the work process.

The main strategy of KPO's Employee Relations is keeping a balance of interests between the company and employees by creating a healthy work environment.

Having Employee Relations team in KPO's structure enables timely prevention and settlement of labor disputes and contributes to the implementation of and compliance with such fair internal regulations, that would be accepted by all employees.

The Employee Relations department covers a number of functions, including:

- Liaise with trade unions and coordinate their company-related activities, including negotiations between representatives of the company and employees;
- Implement the employee's rewards and recognition program, which is key to employee engagement, making employees feel valued and understand the importance of their hard work;
- Prepare necessary documents to represent the company in national competitions and events within the framework of social responsibility of business and human resources policy ("KAZENERGY", "Paryz", etc.);
- Coordinate the process of resolving labor disputes and labor discipline issues, including the cases within the company Conciliation Committee;
- Implement the Advances/Loans/Material Aid Allowance program. Collect and submit the applications for the Committee's consideration (Advances for personal needs, material aid allowance to socially vulnerable employees, as well as employees and their family members in need of emergency medical care).



## WORKING WITH TRADE UNIONS

Working with trade unions is vital as it balances the interests of the employer and employees. Improvement of working conditions for employees is always in the focus of attention.

A collective agreement is the agreement made by both the company and trade unions resulting from a collective bargaining process. The trade unions develop draft Collective Agreements on various topics of social and labour relations and negotiate with the company to improve the working conditions of employees. Employees' interests in KPO are represented by three trade unions:

- Public Association "Local Trade Union of KPO employees";
- Public Association "Karachaganak local professional union of KPO employees and contractors";
- Public Association "Local trade union of Karachaganak Petroleum Operating B.V. employees "TRUST" and contractor companies".

At the end of 2021, a new Collective Agreement was signed for the period from 2022 to 2024. The provisions of the KPO Collective Agreement apply to all KPO employees regardless of whether they are union members or not.

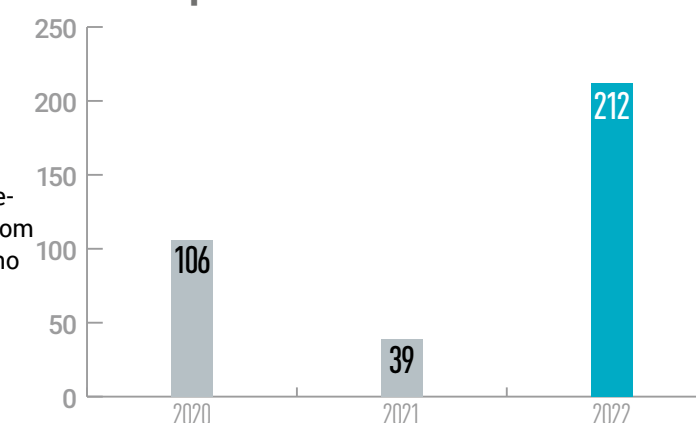
The company has several feedback mechanisms: contacting HR directly or through the trade union, and through an anonymous Hotline. In 2022, HR received 97 appeals, including Hot Line reports. The complaints were related to violations of labor discipline, employment, conflict resolution, abuse of authority, and misconduct towards contractors' employees. All received complaints were considered and resolved, including in pre-trial proceedings and at the stage before the Conciliation Committee.

## KPO PARTNERSHIP WITH KAZAKHSTAN UNIVERSITIES

Cooperation between universities and employers is seen as a long-term mutually beneficial activity facilitating preparation and adaptation of young specialists.

KPO cooperates with universities under the Student Placement Programme based on the concluded agreements. In 2022, 212 students from 16 educational institutions in 15 specialties completed practical and pre-graduation internship in various departments of KPO. From 2013 to 2022, the company has employed 194 people who had completed the internships with the company.

Number of students who completed internship at KPO from 2020 to 2022.





# HEALTH, SAFETY AND ASSET INTEGRITY

Our goal is to achieve maximum risk reduction of injuries and to minimize the severity of unforeseen situations. Safety is a top priority at KPO.

Last year, the Lost Time Injury Frequency (LTIF) in KPO and contractor companies was

**0.22**

and the Total Recordable Injury Frequency (TRIF) was

**0.40**

The Road Traffic Incident Frequency (RTI) was

**0.00**

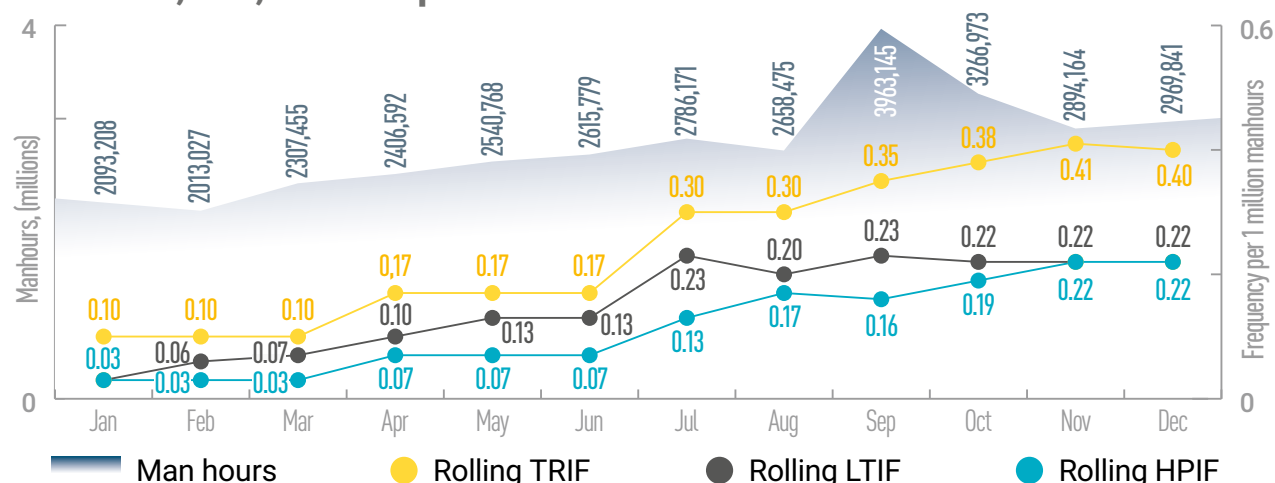
Throughout the year, the company continued its work on improving tools for ensuring industrial safety and integrity of facilities, with a special focus on enhancing skills in identifying sources of potential risk that can be eliminated by preventive measures and thereby prevent incidents. The reliability of the developed preventive measures has repeatedly been diagnosed for identification of vulnerabilities.

**LTIF** – Lost Time Injury = Fatalities + Lost Work Day Cases (LWDC).

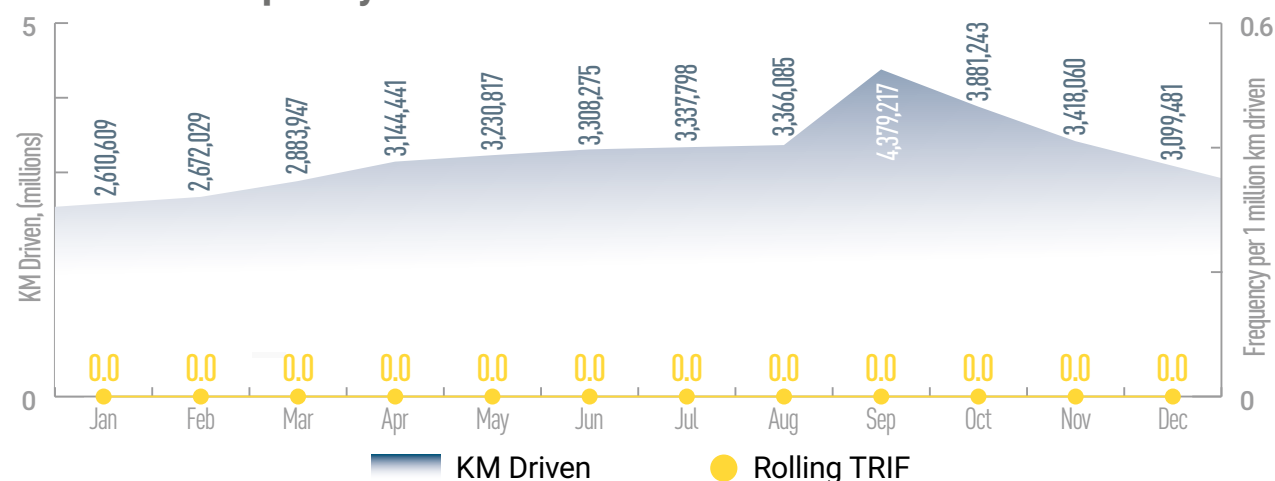
**TRIF** – Total Recordable Injuries = Fatalities + Lost Work Day Cases (LWDC) + Restricted Work Day Cases (RWDC) + Medical Treatment Cases (MTC).

**HPI** – High Potential Incident.

## 2022 LTI, TRI, HPI Frequencies



## 2022 RTI Frequency



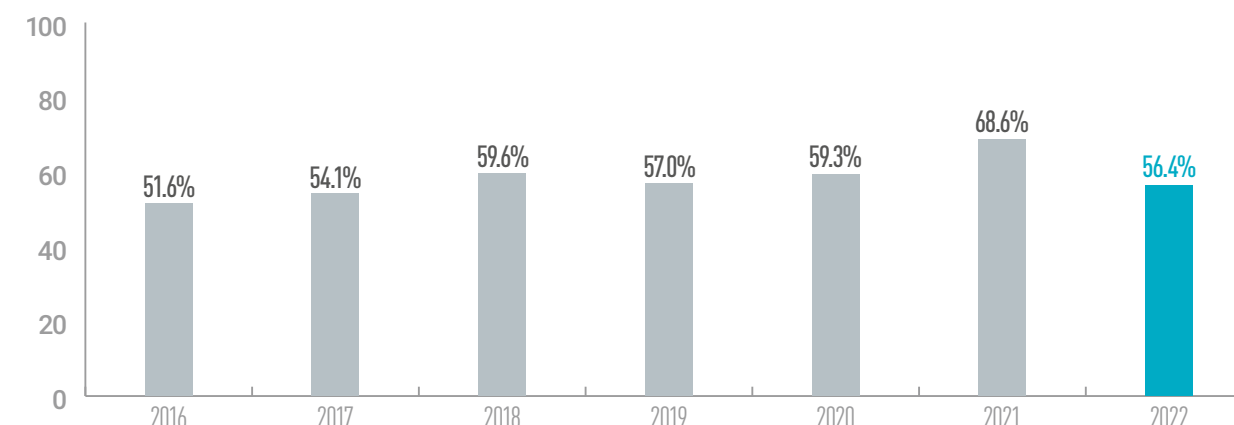
# LOCAL CONTENT DEVELOPMENT

KPO makes every effort to maximize local content in the development of the Karachaganak field. The work is performed in line with the national and industrial programs as well as KPO's Local Content Policy.

As a result of continuous efforts local content share in the Karachaganak project reached

**\$511.7** million (56.4%) in 2022

## Overall, KPO's Local Content performance in %



KPO focuses its efforts on increasing the LC level in goods. In 2022, 18% (USD 42.5 mln) out of the total procurement was paid for locally manufactured goods, with an LC share 7.3%, proven by the CT-KZ certificate. Four types of goods localized, and contracts were awarded for a total amount of USD 104M.

Since 2016, 41 categories of goods estimated at USD 254.1 mln and 43 types of work and services estimated at USD 719.7 mln have been localized.

### The results of the KPO Local Content Development Programme for 2022 are as follows:

- 4 types of goods localized and contracts awarded for a total amount USD 104 mln;
- 3 types of services localized and contracts awarded for a total amount of USD 86 mln;
- 3 OEM and 6 non-OEM Localization Roadmaps signed;
- 2 contracts awarded for RM implementation.
- In the frame of KEP-1A (5IC) project:
  - Major construction and engineering works are performed by the local consortium "KKS-SICIM" LLP;
  - Over 4,000 jobs have been created for local staff;
  - As of the end of 2022, over USD 46 mln has been spent on local GWS;

Since the FPSA commencement in 1997, the total local content share in KPO's expenditure for procurement of goods, works and services has exceeded USD 9.37 billion.





# SUPPORTING SOCIAL INFRASTRUCTURE

In 2022, KPO managed to complete three social and infrastructural projects worth USD 5.6 mln within the approved timeframes as part of the social and infrastructural projects implementation.

## SOCIAL INFRASTRUCTURE PROJECTS IN URALSK COMPLETED BY KPO IN 2022:

- Reconstruction of Uralsk International Airport;
- Vertical layout and landscaping of microdistricts Uralsk-Atyrau, Uralsk-Saratov, Zachagansk village, Uralsk, WKO (street lighting);
- Vertical layout and landscaping of microdistricts Uralsk-Atyrau, Uralsk-Saratov, Zachagansk village, Uralsk, WKO (landscaping);

	2019	2020	2021	2022
Total number of projects	26	21**	15**	17**
Projects completed	3/23*	6/15*	8/7*	3/14*
Actual spend mln. USD	31.32	27.37	26.26	5.6

\* Projects with period of execution more than one year (projects carryover)

\*\* Including carry-over projects from previous years

# BUSINESS CONDUCT

## KPO CODE OF CONDUCT

The Code of Conduct is a fundamental document at KPO as pertaining to all compliance aspects, the purpose of which is to protect the company's business. The Code of Conduct is a set of general rules relating to KPO business ethics and corporate culture, developed to be mandatory compliance for all KPO employees, contractors'

employees, and other persons working on behalf of KPO, without any exclusion or distinction.

The Code of Conduct incorporates anti-corruption provisions and regulates some aspects of national and international trade, health, safety and environment, protection and exchange of information.

## KPO BUSINESS ETHICS AND CORPORATE CULTURE AWARENESS

KPO creates and maintains a fair and equitable business environment where ethical business values outlined in KPO Business Principles, Code of Conduct, Anti-Bribery and Corruption, and Anti-Money Laundering Manual are the foundation for all its relationships.

All new KPO employees attend an introductory course on KPO's business ethics and corporate culture, and each KPO employee is required, on an annual basis, to undergo Ethics and Compliance Training.

## KPO HOTLINE

To support the company's Ethics and Compliance Programme, KPO has had a toll-free, anonymous and confidential Hotline in place since 2012.

The Hotline provides an important tool to combat fraud, violence and other forms of misconduct in the workplace

as part of creating a positive working environment for KPO employees, contractors and stakeholders. The Hotline can be used to report all violations of the Code of Conduct and other possible problems, such as potential legal and ethical violations, discrimination, sexual harassment, conflicts of interest, bribery, etc.

## COUNTERPARTIES ETHICAL DUE DILIGENCE

Since 2012, KPO has been implementing the Ethical Due Diligence Program to identify the risks associated with each of the potential business partners, as well as to determine appropriate measures to mitigate such risks.

In particular, for conducting the ethical due diligence process, each potential business partner is provided with a questionnaire requesting detailed information, including questions concerning the ethical business principles to

which such a partner is committed. KPO also uses open national and international databases (including tax and judicial databases) and other information from open sources to conduct due diligence.

KPO requires its business partners to comply with the Republic of Kazakhstan and international anti-corruption and anti-bribery laws through commitments incorporated in the KPO model contract form.



## COMMUNITY ENGAGEMENT

In the process of Karachaganak field development KPO works to prevent or minimize the negative impacts and maximize the benefits from our presence by strengthening our engagement with local communities, thus creating conditions for economic growth and flourishing. Company policies, standards, and procedures in the area of corporate social responsibility are based on Performance Standards of International Finance Corporation.

Maintaining a constructive dialogue with local community is one of the most important company objectives. In 2022, KPO continued its engagement with local communities. At regular meetings of the Village Councils, representatives of local communities are given the opportunity to discuss their issues, make suggestions, lodge grievances, get instant feedback, and receive the latest information on current and planned KPO activities. 17 meetings were held in three

rural districts around Karachaganak Field (Priuralnyi, Zharsuatskyi and Uspenovkyi). During those meetings, KPO specialists informed community members about community development programs implemented in 2022, the environmental monitoring program, and results of KPO Community Scholarship Programme.

As part of community development program aimed at supporting the community of Priuralnyi, Zharsuatskyi and Uspenovkyi Rural Districts located in the close vicinity of the Karachaganak Field, in 2022, KPO provided vouchers to Akzhaik Sanatorium for 150 pensioners from the Burlin District. 7 students continued their third-year education in West Kazakhstan Oblast Colleges and Universities under the KPO Community Scholarship Programme. KPO funds their studies and monthly scholarship fees throughout their study period. Moreover, KPO provided a bus for school children from Zhanatalap village to Uralsk during the summer holidays.

## COMMUNITY SCHOLARSHIP PROGRAMME:

In 2022, KPO continued to fund the studies and monthly scholarship fees of seven students who had enrolled in colleges and universities of West Kazakhstan Oblast in 2020, enabling them to continue their third-year studies.

## REST OF PENSIONERS AT AKZHAIK RESORT:


KPO provided 150 vouchers to the Akzhaik Resort for elderly community members of Burlin District, allowing them to enjoy its facilities and services.


## WE ARE IN SOCIAL NETWORKS:

 [www.linkedin.com/company/kpobv/](https://www.linkedin.com/company/kpobv/)

 [www.facebook.com/kpobv](https://www.facebook.com/kpobv)

 [www.instagram.com/kpobv](https://www.instagram.com/kpobv)

 <https://vk.com/kpobv>

 [www.youtube.com/Karachaganak](https://www.youtube.com/Karachaganak)







2022