

THE ENDURING BENEFITS OF KARACHAGANAK





Production of stable
and unstable liquids
and gas

134.1
mln BOE



Lost Time Incident
rate

0.03



Total Recordable
Incident rate

0.09



Road Traffic Incident
rate

0.00



Gas
utilization

99.94%



Local Content share in
purchases

68.56%



Substitution of expatriate
personnel:
Management

85%



Substitution of expatriate
personnel:
Professional and supervised
workers

98%

LETTER FROM GENERAL DIRECTOR

KPO achieved an outstanding gas utilisation rate of 99.94% and the overall environmental performance has remained at the world-class level due to the successful application of emission reduction processes and technologies.



Dear readers,

KPO remains committed to the continued development of the Karachaganak Field while applying best available technologies and HSE standards. We also strive to increase opportunities for the socio-economic development of local communities.

In 2021 the hydrocarbon production in Karachaganak reached 134.1 mln barrels of oil equivalent. 10.0 bln m³ of dry sour gas were injected into the reservoir, the volume equivalent to approximately 52.7 % of the total gas produced. So, overall, with the structured approach that we have been applying, we've achieved some truly remarkable results in production.

Despite the downturn experienced by the global oil and gas industry exacerbated by the COVID-19 pandemic, KPO production facilities operated in accordance with safety requirements and 2021 production targets.

KPO actively promoted the COVID-19 prevention programme by encouraging own employees and contractors to voluntarily participate in vaccination. In 2021, the vaccination rate among the company's personnel reached 93 per cent.

We use a comprehensive Environmental Management System to identify and control environmental impacts and continuously improve our performance. Emissions reduction, waste management and application of new technologies are among the company's focus areas. The KPO's specific indicator of CO₂ emissions totalled 68 tonnes per thousand tonnes of hydrocarbons production, and the GHG emissions reduction volume reached 251.3 thousand tonnes of CO₂-equivalent. KPO achieved an outstanding gas utilisation rate of 99.94 % and the overall environmental performance has remained at the world-class level due to the successful application of emission reduction processes 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 2021, the share of Local content in KPO contracts for the supply of goods, works and services accounted for 68.56 per cent.

We have also been awarded, the Grand Prix Award at the National Contest of Social Responsibility of Business – Paryz-2021. Personally, it was a great honour to receive this prestigious Award, on behalf of the entire KPO.

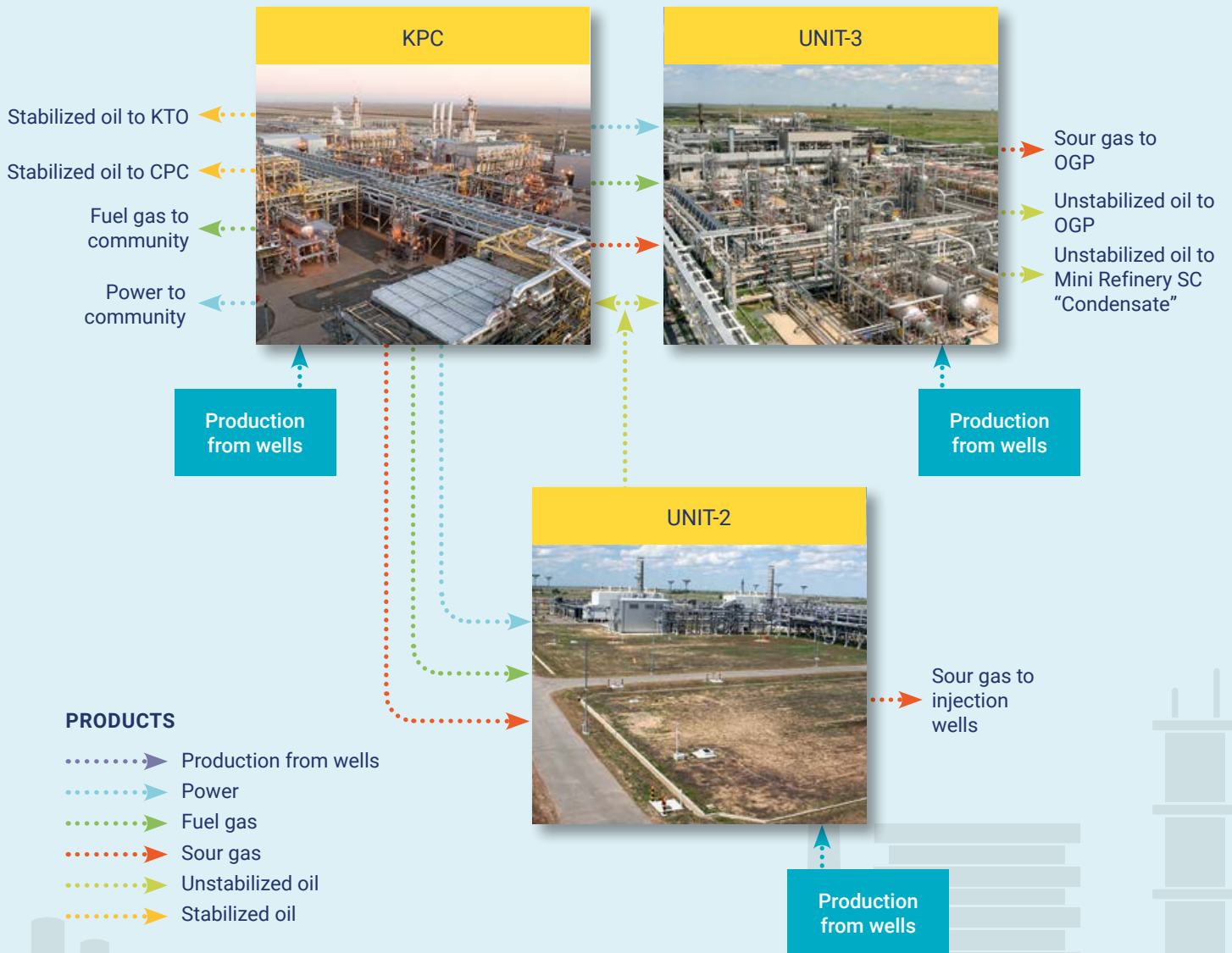
I welcome you in reading this Brochure and hope it will prove helpful in better understanding our core businesses. Much more information is available with KPO's annual sustainability report and website: www.kpo.kz.

Giancarlo Rui
KPO General Director

UNO SUSTAINABILITY DEVELOPMENT OBJECTIVES,
GIVEN IN KPO SUSTAINABILITY DEVELOPMENT CODE



FIGURE № 1. KARACHAGANAK FACILITIES AND PRODUCTS



WELL STOCK

Total well stock	468
Production wells in operation	118
Injection wells	19

KPO FACILITIES

Hydrocarbon production and processing occurs at the three major interconnected units: the Karachaganak Processing Complex (KPC), Unit 2 and Unit 3. Approximately 2,000 kilometres of pipelines make up the infield system linking the major facilities and allowing efficient flows of production from the wells and among the units. Amongst the facilities, there is an Early Oil Production Satellite (EOPS) and Eco Centre.

As of end 2021, 118 producing and 19 re-injection wells were online at Karachaganak, from a total well stock of 468 wells.

OUR PRODUCTS AND EXPORT ROUTES

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

In 2021, 10.366 million tonnes or 82.1 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 port Ust-Luga on the Baltic Sea.

Within 2021 KPO re-injected ~ 10.0 bln m³ of gas into the reservoir to maintain reservoir pressure, a volume equivalent to about 52.7 % of the total gas extracted.

FIG. №2. EXPORT ROUTES



PRODUCTION AND SALES

Table 1. Production in 2021

		2019	2020	2021
Total production*	Mboe	137.9	143.9	134.1
Total equivalent stable oil	Kt	10,147	10,941	10,338
Total gas production	Mscm	18,615	20,214	18,980
Gas injection Gas re-injected into a reservoir, not sold	Mscm	8,711	10,362	9,998
Sweet gas used at KPC for internal needs	Mscm	685.4	851.0	789.0

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

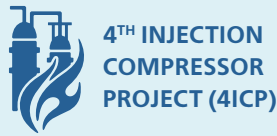
Table 2. Sales in 2021

		2019	2020	2021
Total Sales	Mboe	134.7	139.4	139.4
Unstable liquids Condensate to Orenburg Gas Plant and Mini Refinery	Kt	9.9	24	1.5
Stable liquids Oil and stabilised condensate to CPC and Atyrau-Samara	Kt	10,160	10,857	10,857
Raw gas to Orenburg Gas Plant	Mscm	9,113	8,986	8,182
Sweet gas to the WKO community	Mscm	89	90	90



IN 2021 KPO PRODUCED 134.1 MLN BARRELS OF OIL EQUIVALENT (BOE) IN THE FORM OF STABLE AND UNSTABLE LIQUIDS AND GAS. DELIVERY OF GAS IN 2021 REACHED 8.182 BLN M³.

PLATEAU EXTENSION PROJECTS



KARACHAGANAK EXPANSION PROJECT-1A (KEP1A Project)

In December 2020, the Karachaganak Partners signed an agreement sanctioning the Karachaganak Expansion Project-1A (KEP1A Project). The KEP1A Project is a new important milestone in the continued development of the Karachaganak field, building further on the achievements of Karachaganak Gas Debottlenecking Project (KGDBN) and the Fourth Injection Compressor (4IC) Project. KGDBN project has been successfully completed ahead of schedule on Q1 and despite all the serious challenges faced during the 2021 KPO has successfully achieved the Mechanical Completion of the 4th Re-injection Compressor by December, leading to the Ready for Start Up of facility completed early 2021.

Aimed at extending the duration of the liquid production plateau, the KEP1A Project, which comprises of the 5th Injection Compressor and other associated facilities, will make a significant contribution and bring additional value for the Republic of Kazakhstan and its Karachaganak Partners. The project creates job opportunities for Kazakhstani workers. One of the key KPO's priorities during execution of this project will be maximizing the Local Content aimed at growing the local contractors' competitiveness. Project has been awarded on July 2021 and currently in execution on schedule.



CARING FOR THE ENVIRONMENT

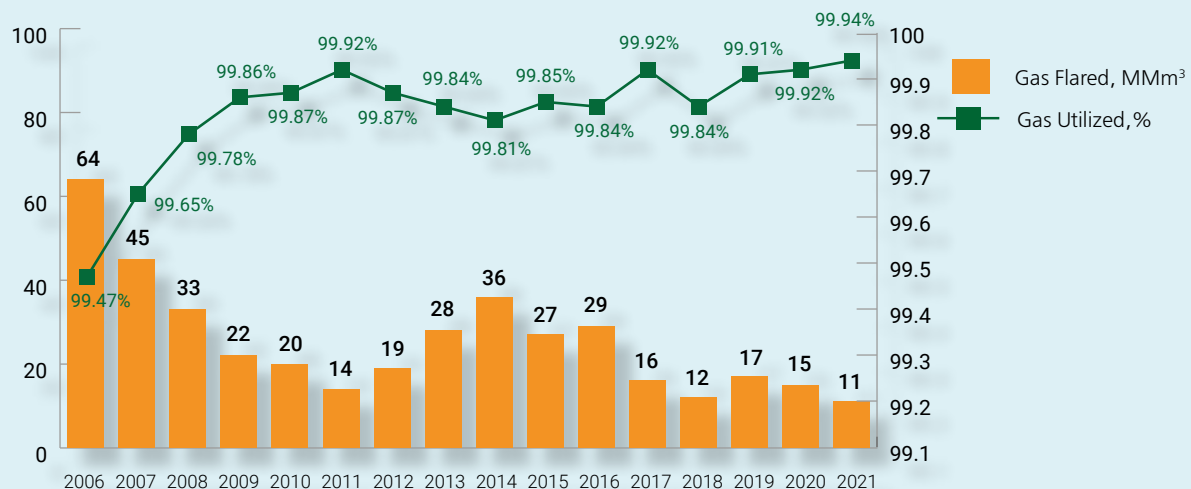
Development and operation of such a technically complex oil and gas condensate field as the Karachaganak, environmental protection is a necessary principle of successful. Work in harmony with nature is a challenge. The achievements of KPO in this area have earned recognition not only from industry colleagues in Kazakhstan, but also internationally.

From the day it assumed responsibilities as operator of the Project, within the period from 1998 to 2021, KPO has invested 445.4 mln USD into the implementation of special environmental actions aimed at environmental protection in the region of our presence. Since the very start, the Karachaganak project has adhered to the “green economy” concept that is now so popular in Kazakhstan. KPO is focusing at biodiversity conservation and minimizing impact to the existing ecosystem. And this is why swans, foxes and even some rare species from the “Red Book” can be seen in the field.

Company applies the most advanced techniques being world-class technologies in oil and gas industry. Particular emphasis is given to the actions aimed at reduction of emissions of polluting substances, wastes recycling and introduction of new technologies. In 2021, the gas utilization rate at Karachaganak reached 99.94% which is a world class achievement.



Graph № 1. Gas utilization and flaring, 2006 – 2021





ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEMS

Company implements the Environmental and Energy Management Systems aimed at early identification of risk factors, elimination of negative impact on the environment and continuous improvement of performance indicators in this area.

- In August 2021, KPO successfully completed a surveillance audit for compliance with the requirements of ISO 14001: 2015 and ISO 50001:2018. According to the results of the audit, the Company did not receive any non-compliances and the Company's environmental and energy management systems are recognized as effective and maintained in accordance with international standards.



RESULTS OF IMPLEMENTATION OF ENVIRONMENTAL PROTECTION ACTIONS

AIR EMISSIONS

The implementation of environmental protection measures in 2021 allowed us to achieve the following results:

AIR EMISSIONS

- Use of high-pressure separators in the completion of well 110-1 helped reduce the amount of air pollutants by 223.46 tonnes;
- Use of high-pressure pump for pumping oil helped reduce the amount of air pollutants by 2,571.32 tonnes;
- Use of hydrocarbon-based fluid for the reservoir operations (Lamix or Deisel) helped reduce the amount of air pollutants by 16.10 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 applies 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 2021:

In order to organize the system of safe and efficient waste management, reducing the real and potential hazard of generated waste for people and the environment, in 2021 KPO carried out the following main activities:

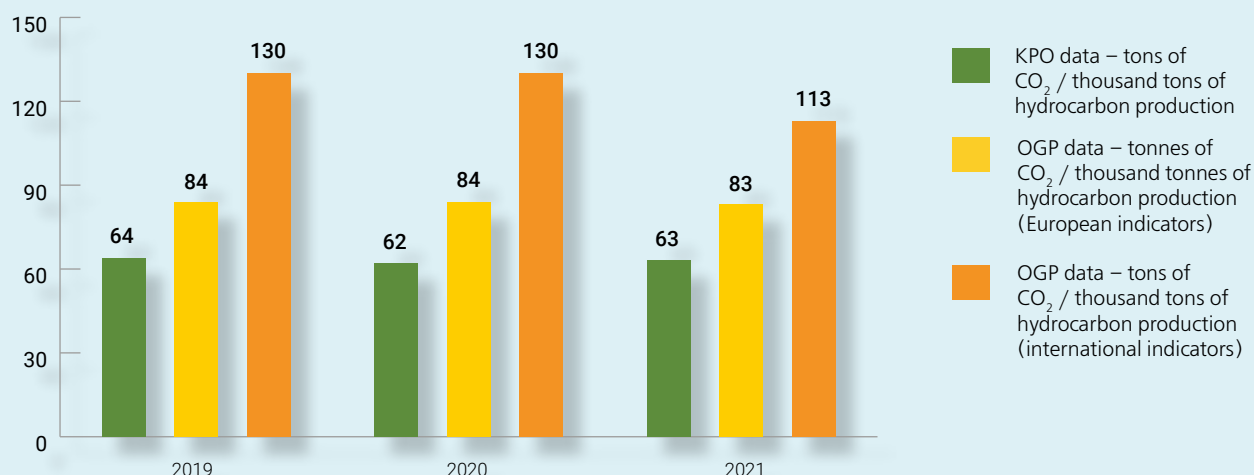
- 4,440.2 tonnes of treated fluids, brines and recovered oil were used for preparing drilling mud and brine;

- 790.15 tonnes of sorted-out waste components were sent for incineration in the General-Purpose incinerators and only, 83.06 tonnes of waste were disposed at the Solid Domestic Waste landfills.
- The following was sorted and sent for processing and reuse as recyclable materials:
 - 98.02 tonnes of waste paper, which is by 3.2% more compared to 2020 (101.3 tonnes);
 - 7.88 tonnes of scrap metal, which is by 11.4% less compared to 2020 (8.9 tonnes);
 - 21.2 tonnes of plastic, which is by 10.9% less compared to 2020 (23.8 tonnes).
- Owing to extraction of useful waste components/ waste incineration, the amount of waste disposed in the environment has reduced for 84%;
- 2,550.02 tonnes of construction waste were handed over to specialized organizations for recycling and reuse;
- In 2021, the volume of treated wastewater reused at the Karachaganak field for making drilling muds, irrigation of planted trees and dust control amounted to 31,699 m³. 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 technical needs of the KPC.

GREENHOUSE GAS EMISSIONS

In 2021, the KPO's specific indicator of CO₂ emissions totaled 63 tonnes of CO₂/thousand tonnes of HC production. KPO specific GHG emissions per unit of hydrocarbon production are lower than the European indicators by 24% and lower than the international indicators by 56%.

Graph № 2. Specific GHG emissions, 2019 – 2021



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 run at the Karachaganak field and Sanitary Protection Zone perimeter. Each station has four (4) analyzers designed for continuous measurement of hydrogen sulphide (H_2S), sulphur dioxide (SO_2), nitrogen dioxide (NO_2) 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.

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 scope of work for the 2021 BAP, fauna monitoring was completed in October 2021, the purpose of which was to update the database on the species composition of the KOGCF fauna. No significant changes in species diversity, and consequently negative impacts on habitats and fauna were detected based on the monitoring results.

ENVIRONMENTAL AWARENESS AND INITIATIVES

As part of Environmental Culture and Awareness Enhancement Program for 2018 –2021, the following key activities were held in 2021:

- A video contest “I live eco-friendly” was conducted among the employees of the company and contractors. The contest participants shared their eco-behaviours and practical experiences in waste treatment and re-use of the materials as well as building ecological awareness.
- Environmental & energy management system awareness workshops. The training sessions on the environmental and energy management system for production departments employees in order to increase environmental awareness were held. About 132 KPO employees have been trained.
- Training course for new environmental code 2021. The training workshop for KPO employees with a focus on the main changes related to the Company’s activities due to the entry into force of new RK Environmental Code were held. 132 KPO employees were trained.
- Training course for technical regulations. The training workshop for production facilities to familiarize themselves with the provisions of the new Operational Procedure on the secondary use of treated wastewater in order to increase the awareness of production facilities were held. 140 employees of operations departments were trained.
- Online training course “Balanced eco-friendly life-style”. The purpose of the training is to make environmental knowledge available to everybody and facilitate the transformation in ecological consciousness. The training made it possible for about 40 company employees to strengthen their “green” beliefs, enhance confidence in their actions, meet like-minded persons and create the ecologists’ community.
- Video training course “5 Reasons Why we should care about the Environment”. This video material helped to employees to learn why environmental topics became so relevant recently and why it is important for each of us. 2,929 KPO employees have been passed training course.
- IV International Environmental Forum «Uralsk Green Forum». On October, 2021, KPO held the IV Environmental Forum in a hybrid format with more than 150 participants. The main goal of Forum was to discuss

topical issues in the field of waste management as an important factor of sustainable development of the West Kazakhstan Oblast, new principles of environmental legislation in the field of waste management, improvement of waste recycling and development of “green” business in the region. As part of the forum, a specialized exhibition of companies involved in waste management in West Kazakhstan Region was organized.

- **Green office Pilot Project.** During the 2021 the “Green Office” pilot project was implemented in the buildings of Kurmangazy in Uralsk and Karachaganak BC in Aksai. The purpose of this project is to reduce the impact of building activities onto the environment, implementation of principles set forth for the rational use of resources and dissemination of knowledge on eco-friendly life. The project was successfully implemented with the help of eco-volunteers and contactors. More than 200 employees were trained and waste segregation has been introduced.

ENVIRONMENTAL AWARDS

- **The winner of the III Republican contest “Green Office – 2021”.** The Green Office 2021 competition was held on the initiative of the Coalition for Green Economy and Development G-Global, with the support of the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan and the OSCE Program Office. The purpose of the competition is to promote an eco-lifestyle, “green” and low-carbon technologies, increase environmental friendliness, disseminate best practices and technological solutions of the best practices, as well as promote comfortable working conditions to form a friendly attitude to the environment. More than 100 organizations took part in the “Green Office – 2021” contest, KPO was the winner in the nomination for industrial enterprises.
- **The Grand Prix at the Republican Business Social Responsibility Contest Paryz-2021.** The Paryz Award is one of the most prestigious in the Republic. It is given to companies for contribution to well-being of communities, active support of social initiatives, environment protection and creation of best working conditions for employees. In the meantime, the top award goes to a nominee who has achieved the most outstanding performance in the area of corporate social and environmental responsibility. KPO was awarded

the Grand Prix of the Paryz contest in the following three nominations: “The Best Socially Responsible Enterprise”, “The Best Enterprise in Labor Protection” and “For Contribution to the Environment”.

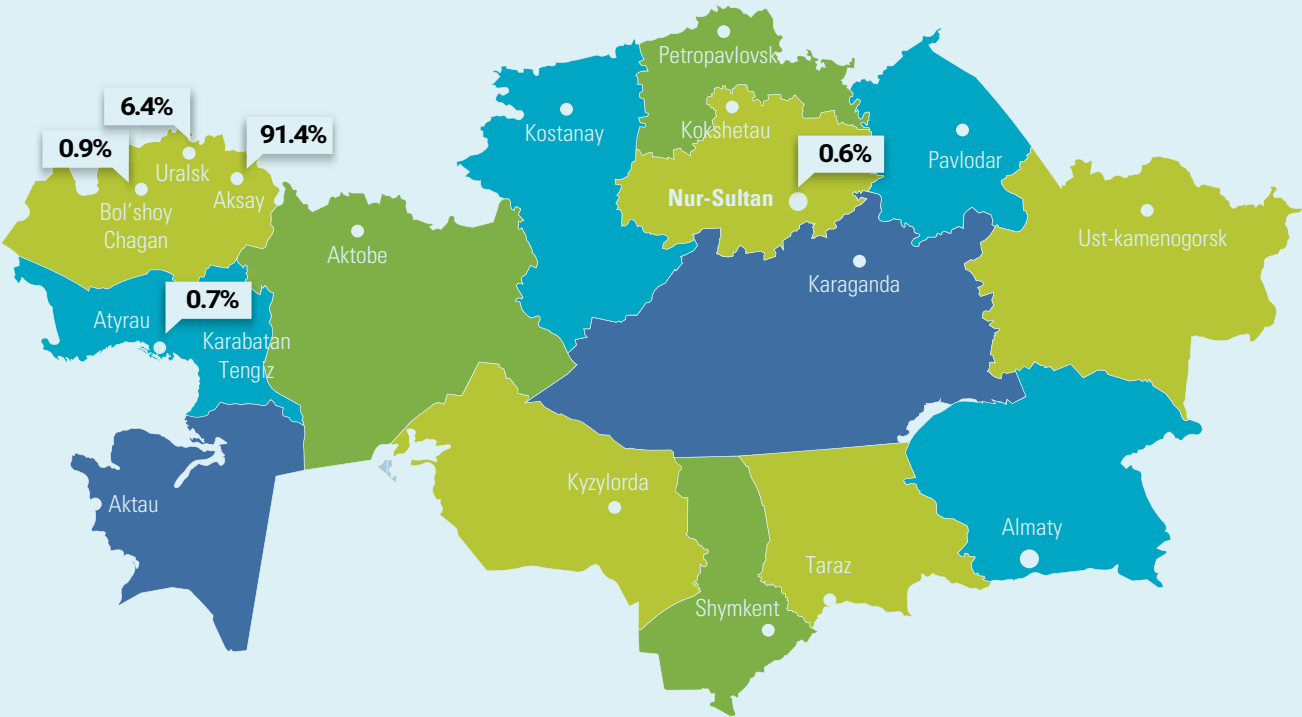
- **The Second Place in the Environmental Transparency Rating among the Eurasian Oil and Gas Companies.** The rating was organized by World Wildlife Fund, one of the largest independent international environmental organizations and Creon Group, a leading investment group of companies in the field of petrochemical industry. The purpose of the rating is to promote the efficient use of hydrocarbon resources, environmental protection and socially responsible business in Russia, Kazakhstan and Azerbaijan. The ranking is criteria-based and refers to the companies’ performance data available in public. KPO was awarded an honorary 2nd place amongst the major oil and gas companies of the Republic of Kazakhstan.



PERSONNEL DEVELOPMENT

The total number of employees in KPO, both within the company and those working on temporary projects, as of end 2021 amounted to 4,076 employees with 3,878 of them being nationals and 198 parent companies’ secondees.

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



DEVELOPMENT OF NATIONAL PERSONNEL

KPO Program for Increasing Local Content in Staff 2020–2025 was approved by Authority in 2020. In 2021 as part of this program, 13 positions held by expatriate personnel were nationalized and 45 positions were eliminated. At the end of 2021 local employees made up 95% of the total staff. In the period from 1999 to 2021, 246 expatriate specialists were replaced by local staff, and 284 positions occupied by expatriate personnel were reduced.

Table 3. Progress update with the KPO Plan for Increased Local Content in Staff by categories of employees

Category	Description	RoK Legal requirements	2021
1+2	Executive management and their deputies, Department / Unit Management	Minimum 70 %	85 %
3+4	Professional staff / Qualified workers	Minimum 90 %	98 %

TRAINING AND DEVELOPMENT

Since the Final Production Sanction Agreement (FPSA) signing, over USD 228 mln were allocated to the development of local staff. Trainings were delivered by the best local or international institutions, in KPO Training facility or in online format.

In 2021 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
 3. Project Management Professional (PMP)® Certification
 4. ACCA Diploma in International Financial Reporting
 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
 8. OHSAS 180001 HSE Audit
 9. IWCF – well control / well pressure control during gas, oil and water shows
 10. NEBOSH International Certification
 11. Certified OPITO Auditor
 12. Welding specialist certification
 13. NDT – Non-destructive testing 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

Employment/Labour relationship is a relationship based on an agreement between an employee and an employer to perform a job functions personally for a wage or salary. An employee who has entered into an employment relationship must obey the labour regulations, and the employer must provide working conditions in accordance with the law, the collective agreement or the individual employment contract.

The main functions of the Employee Relations Section are:

- Coordination and implementation of work in all directions with representatives of employees – Trade Union organizations, including conducting and support of negotiations between representatives of the Employer and Employees;
- Implement a system of measures to encourage employees to work more productively and to reward them for their achievements;
- Preparation of necessary packages of documents for participation in national competitions and events within the framework of social responsibility of business and human resources policy ("KAZENERGY", "Paryz", etc.)
- Control and management of the process of resolving labor disputes and labor discipline issues, including within the framework of the Conciliation Commission of the Company;
- Work on the collegial review of applications for advances, financial assistance to socially vulnerable employees, as well as employees and their family members in need of emergency medical care.

WORKING WITH TRADE UNIONS

Collective bargaining is an important aspect of the Company's work. 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 between the Trade unions and the Employer for the period 2022–2024. The provisions of the KPO Collective Agreement apply to all employees hired by KPO regardless of their membership in the trade unions.

The Company has several feedback mechanisms: contacting the HR directly or through the Trade union, and through an anonymous Hotline. In 2021, the HR received 97 appeals, including complaints. The complaints received were related to issues such as violation of labor discipline, employment, conflict resolution, abuse of authority, and misconduct towards contractors' employees. All complaints received were considered and resolved, including in pre-trial proceedings and at the stage before the Conciliation Commission.

COMPENSATIONS AND BENEFITS

Company values its employees and strives to create decent working conditions including provision of a competitive salary and various benefits.

KPO provides a package of benefits to all employees, who had signed an employment agreement with the Company. The package is an essential part of the employment conditions and consists of monetary and non-monetary rewards.

Every year Company offers an upgrade on the employees' remuneration, including the cost-of-living salary increase at the beginning of the year, annual performance review bonus, as well as individual pay rises and additional lump sum payments.

Non-monetary rewards are of great importance for maintaining personnel efficiency and moral. KPO has different ways of rewarding its personnel such as participation in corporate events, personal performance award ceremonies and professional holidays, awarding with Certificates of merit, Letters of gratitude etc.

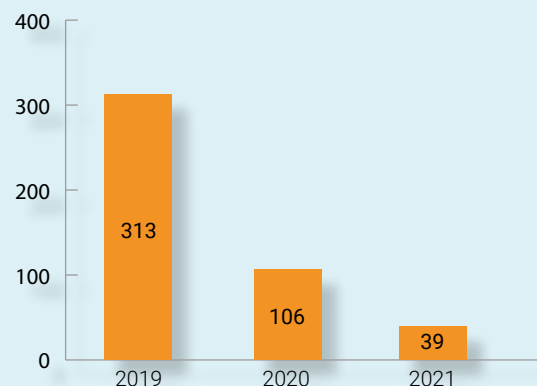
With the view of continuous improvement of labour performance, KPO conducts a Personnel Development Review (PDR) on an annual basis. The process covers Kazakhstani employees who have an employment agreement with KPO for no less than half a year.

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.

In KPO, interaction with universities is carried out through the Student Placement Programme following the relevant agreements. In 2021, 39 students from 6 educational institutions on 17 specialties had practical and pregraduation internship in various departments of KPO. In the period from 2013 to 2021, the Company has employed 172 people out of those, who had passed the student placement.

Graph № 3. Number of students completed internship at KPO, 2019 – 2021



HEALTH, SAFETY AND ASSET INTEGRITY

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

Last year, Lost Time Injury Frequency (LTIF) in KPO and contractor companies was 0.03 and Total Recordable Injury Frequency (TRIF) was 0.09.

Road Traffic Incident Frequency (RTI) was 0.00.

Throughout the year, the Company continued its work to improve the tools for ensuring industrial safety and integrity of the facilities with a special focus on enhancing skills in identifying sources of potential risks which can be eliminated

by preventive measures and thereby result in prevention of incidents occurrence. 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).

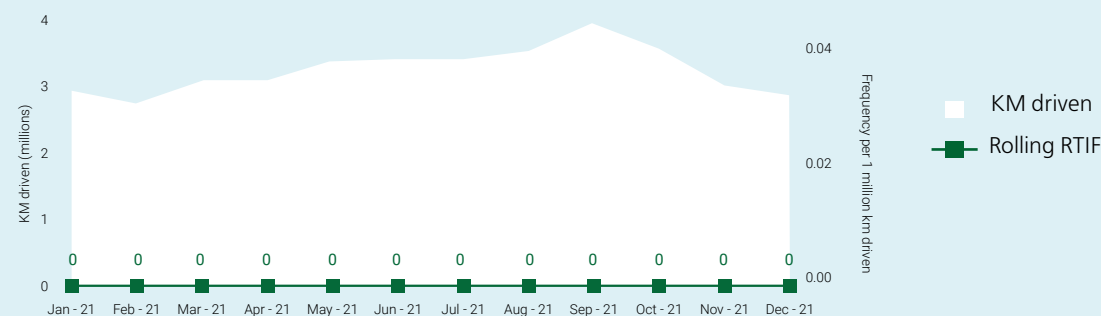
TRI – Total Recordable Injuries = Fatalities + Lost Work Day Cases (LWDC) + Restricted Work Day Cases (RWDC) + Medical Treatment Cases (MTC).

HPI – High Potential Incident.

Graph №4. 2021 LTI, TRI, HPI Frequencies



Graph №5. 2021 RTI Frequency





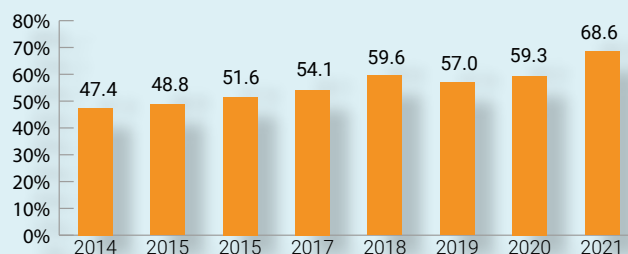
IN 2021, THE LOCAL CONTENT SHARE IN KARACHAGANAK PROJECT REACHED 68.6% (USD 564.3 MLN). THE TOTAL LOCAL CONTENT IN GOODS, WORKS AND SERVICES EXCEEDED USD 8.85 BLN.



LOCAL CONTENT DEVELOPMENT

KPO makes every effort to maximize local content in development of the Karachaganak field. The work is performed in line with the effective national and industrial programs. Since the FPSA commencement in 1997, the total local content share in KPO's expenditure for procurement of goods, works and services exceeded USD 8.85 bln.

Graph № 6. Overall KPO Local Content performance in %



KPO focuses its efforts on increase of LC level in goods: 17.7 % (USD 26.7 mln) out of total procurement paid for locally manufactured goods with LC share 8.6 %, proved by the CT-KZ certificate.

Since 2016, 39 categories of goods estimated at USD 139.8 mln and 41 types of work and services estimated at USD 643 mln have been localized.

The results of the KPO Local Content Development Programme for 2021:

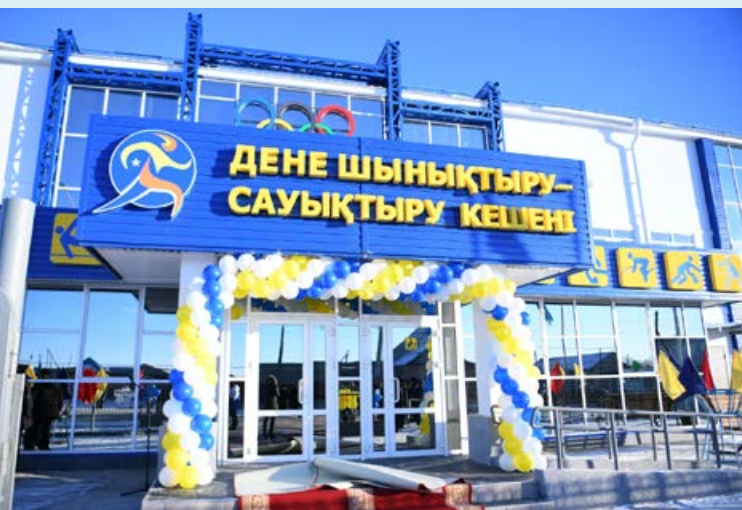
- Local content share in Karachaganak project reached USD 564.3 mln (68.6%);
- 51 contracts for localization awarded in 18 categories of Goods with the total value USD 59.7 mln;
- 5 Roadmaps signed for localization of OEM goods manufacturing
- 6 contracts have been awarded to JV partnership an amount of USD 230.2M;
- Ongoing 6 tenders for works and services within partnership as per KPO requirements;

During 2021 due to the COVID-19 spread risk and its impact on the Venture's activities, KPO public events (Forums, workshop, etc.) were conducted in the form of online webinars in cooperation with QazIndustry, KazService, Petrocouncil and Authority.



IN 2021 KPO MANAGED TO COMPLETE 8 SOCIAL AND INFRASTRUCTURAL PROJECTS WORTH USD 26.26 MLN WITHIN APPROVED TIMEFRAMES AS PART OF OVERALL 15 SOCIAL AND INFRASTRUCTURE PROJECTS IMPLEMENTATION, INCLUDING NEW MAJOR LONG-TERM AND CARRY-OVER PROJECTS FROM PREVIOUS YEARS.

SUPPORTING SOCIAL INFRASTRUCTURE



In 2021 KPO managed to complete 8 social and infrastructural projects worth USD 26.26 mln within approved timeframes as part of overall 15 social and infrastructure projects implementation, including new major long-term and carry-over projects from previous years.

SOCIAL INFRASTRUCTURE PROJECTS IN URALSK COMPLETED BY KPO IN 2021:

- Construction of Sports and Health Centre for 160 spectators in Podstepnoye village, Terektinskiy district, WKO;
- Construction of multifunctional palace of culture for 1500 seats in Uralsk;
- Construction of Sports and Health Centre for 160 spectators in Zhanibek village, Zhanibek district, WKO;
- Construction of a 9-storey residential house No. 6 on monolithic-frame scheme in the North-Eastern part of Uralsk, WKO (without external engineering networks and landscaping);
- Construction of the youth athletic center building in Zachagansk village in Uralsk, WKO;
- Construction of Sports and Health Centre for 160 spectators in Zhalpaktal village, Kaztalovskiy district, WKO;
- Construction of Sports and Health Centre for 170 spectators in Chingirlau village, Chingirlauskiy district, WKO;
- Aksai Hospital Emergency Capability Upgrade Project (Hospital Reconstruction).

	2019	2020	2021
Total number of projects	26	21**	15**
Projects completed	3/23*	6/15*	8/7*
Actual spending mln USD	31.32	27.37	26.26

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

** Including carry-over projects from previous years

ETHICAL CONDUCT

CODE OF CONDUCT

The KPO compliance framework regulates and provides guidance on all aspects of compliance throughout the Company. The fundamental document within the compliance framework is the Code of Conduct, is a set of general rules written for the KPO staff and third-party contractors, which protects the business and informs the staff and the third-party contractors of the company's expectations. It also reflects the organization's daily operations, core values and overall company culture and outside of the Company and when contracting with vendors, suppliers or other counterparties.

AWARENESS TRAINING ON THE CODE OF CONDUCT AND ANTI-CORRUPTION

KPO insists on creating a fair and equitable business environment where the ethical business principles in the KPO Code of Conduct, Anti-Bribery and Corruption and Anti-Money Laundering Manual are the foundation for all its relationships.

All employees in KPO receive an introductory Legal compliance training course. Each KPO employee is required, on an annual basis, to make a Compliance Declaration acknowledging their familiarization with their personal compliance obligations.

HOTLINE AND OTHER COMPLIANCE MEASURES

To support the Company's legal compliance programme, KPO has a toll-free, anonymous and confidential Hotline in place since 2012.

The Hotline provides an important tool for KPO's employees, contractors and stakeholders to ensure a fair and safe working environment. The topics may include discrimination, sexual harassment, conflicts of interest, safety or environmental violations and/or improper financial practices or bribery.

ANTICORRUPTION DUE DILIGENCE PROCESS

Since 2012, KPO has implemented an Ethical Due Diligence programme 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. KPO also uses international Refinitiv World-Check risk and compliance database and other databases (including tax and court databases) to confirm the company's corporate information and whether there were any negative reports regarding its business conduct. 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 also requires its business partners to comply with applicable Kazakh and international laws combatting corruption and bribery through obligations incorporated in KPO's standard contracts.

We are confident that these activities have alerted our business partners to KPO's high standards of ethical business. We cooperate with and support our business partners to prevent corruption and bribery.



KPO insists on creating a fair and equitable business environment where the ethical business principles in the KPO Code of Conduct are the foundation for all its relationships.

COMMUNITY ENGAGEMENT

During 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 the Performance Standards of International Finance Corporation.

Maintaining a constructive dialogue with local community is one of the most important company's objectives. In 2021 KPO continued its engagement with local communities despite the restrictions in movement imposed due to COVID-19 pandemic. 9 meetings were held in three rural districts around the Karachaganak Field (Priuralnyi, Zharsuatskyi and Uspenovkyi), 3 of them were held online. During those meetings KPO specialists informed the community members of the community development programmes implemented in 2021, the environmental monitoring programme and results of the KPO Community Scholarship Programme. Also, the KPO employees urged the local community members to follow the basic sanitary and hygiene rules to prevent the coronavirus spread in the communities.

As part of the community development programme aimed to support the community of Priuralnyi, Zharsuatskyi and Uspenovkyi Rural Districts located in close vicinity of Karachaganak Field in 2021 KPO provided vouchers to the Akzhaik Sanatorium for 65 elderly community members of Burlin District. 7 students continued second year of education in West Kazakhstan Oblast Colleges and Universities in frame of KPO Community Scholarship Programme. KPO funds their studies and monthly scholarship fees over the study period. Besides, KPO conducted extracurricular ecologic lessons in schools of the above-mentioned villages fostering environmental culture, ecological consciousness and development of environmentally conscious skills.

KPO activity in sphere of community engagement in 2021 also was focused on drainage system project implementation around the School and the 100 houses in Araltal for the households resettled from former Beryozovka and Bestau villages.

COMMUNITY SCHOLARSHIP PROGRAMME

7 students enrolled in colleges and Universities of West Kazakhstan Oblast in 2020 continued the second-year studies. KPO funds their studies and monthly scholarship fees throughout study.

REST OF ELDERLY AT AKZHAIK RESORT

KPO donated vouchers to Akzhaik Resort for 65 elderly community members of Burlin District. Due to imposed stringent sanitary rules at pandemic time the vouchers were given to vaccinated members of community only.

ENVIRONMENTAL ACTIVITIES AT SCHOOLS

KPO conducted extracurricular environmental activities at 4 rural community schools in Priuralnoye, Zharsuat, Uspenovka and Zhanatalap Villages aimed at fostering environmental culture, raising the awareness and development of conscious consumption thinking. The events were received well by community members and schoolchildren and KPO Community Relations team was thanked by School Administrations.

DRAINAGE SYSTEM IN ARALTAL


In 2021 KPO implemented a Drainage System Project around 100 houses and School built in Araltal of Aksai for resettled communities of the former Berezovka and Bestau villages.


During construction works which took six months from June till end of December, 2021 the KPO Community Relations team engaged with 70 households of Araltal microdistrict of Aksai sharing information about the Project, its duration, introducing the responsible construction company employees. The residents of Araltal had an opportunity to look at the layout and the drawings of the drainage system, ask questions and make suggestions to construction company.


During construction works 97 meetings were held by KPO Community Relations team with the residents and 94 complaints and suggestions were closed out thanks to engagement and cooperation of KPO with construction company and the local authorities. The Project was implemented on time, the construction company taking into account the residents' suggestions and perspectives.





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