





Production of Stable and Unstable Liquids and Gases

143.9



Lost Time Incident Rate

0.06



Total Recordable

0.18



Road Traffic Incident

0.00



Gas Utilization

99.92%



Local Content Share in Purchases

59.3%



Substitution of Expatriate Personnel: Management

83%



Substitution of Expatriate Personnel: Professional and supervised

97%



LETTER FROM GENERAL DIRECTOR

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 2020 production targets.



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.

Last year we were ahead of budget on our liquids, setting new records in our Annual Liquids production, Gas Injection, and the Total Gas Production volumes. In 2020, our hydrocarbon production in Karachaganak reached 143.9 mln. barrels of oil equivalent. 10.4 mln. m³ of dry sour gas was injected into the reservoir, the volume equivalent of approximately 51.3% of the total gas produced. Overall, with the structured approach that we have been applying, we have achieved some truly remarkable results in production.

Despite the downturn experienced by the global oil and gas industry having been exacerbated by the COVID-19 pandemic, KPO production facilities have operated in accordance with safety requirements and 2020 production targets.

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 CO_2 emissions totalled 68 tonnes per thousand tonnes of hydrocarbons production, and the GHG emissions reduction volume reached 251.3 thousand tonnes of CO_2 -equivalent. KPO achieved an outstanding gas utilisation rate of 99.92%, and the overall environmental performance has remained at a 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 2020, the share of local content in KPO contracts for the supply of goods, works, and services accounted for 59 percent.

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 at our website: www.kpo.kz.

Giancarlo Ruiu General Director

UNO SUSTAINABILITY DEVELOPMENT OBJECTIVES, GIVEN IN KPO SUSTAINABILITY DEVELOPMENT CODE



FIGURE. № 1. KARACHAGANAK FACILITIES AND PRODUCTS



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 an Eco Centre.

As of the end of 2020, 114 producing and 19 re-injection wells were online at Karachaganak, from a total well stock of 467 wells.

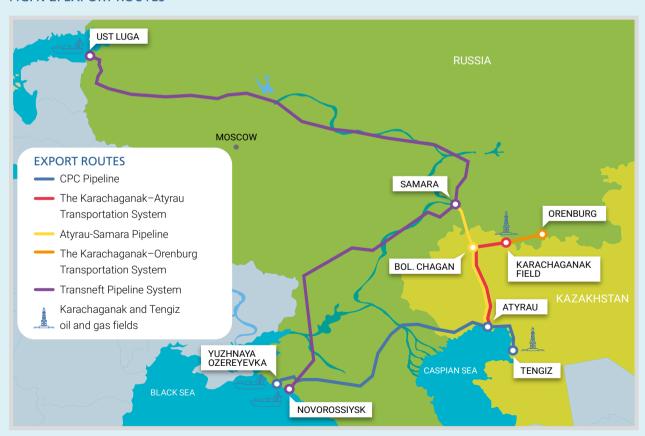
OUR PRODUCTS AND EXPORT ROUTES

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

In 2020, around 99.8% of liquid production was sold as stabilised oil to the Western markets via the Caspian Pipeline Consortium (CPC) pipeline and the Atyrau – Samara pipeline, and further through the Transneft system.

Within 2020, KPO re-injected ~ 10.4 bln. m³ of gas into the reservoir to maintain reservoir pressure, a volume equivalent to about 51.3% of the total gas extracted.

FIG. №2. EXPORT ROUTES



PRODUCTION AND SALES

Table 1. Production in 2020

		2018	2019	2020
Total produc- tion*	Mboe	147.5	137.9	143.9
Total equivalent stable oil	Kt	10.953	10.147	10.941
Total gas pro- duction	Mscm	18.913	18.615	20.214
Gas injection Gas re-injected into a reservoir, not sold	Mscm	8.589	8.711	10.362
Sweet gas used at KPC for internal needs	Mscm	723.6	685.4	851.0

^{*} The total figure of production does not include the volume of gas Injection.

Table 2. Sales in 2020

		2018	2019	2020
Total Sales	Mboe	143.5	134.7	139.4
Unstable liquids Condensate to Orenburg Gas Plant and Mini Refinery	Kt	615*	9.9	24
Stable liquids Oil and stabi- lised condensate to CPC and Atyrau-Samara	Kt	10.365	10.160	10.857
Raw gas to Orenburg Gas Plant	Mscm	9.493	9.113	8.986
Sweet gas to the WKO com- munity	Mscm	95	89	90

^{*}Deliveries of unstabilised condensate to Orenburg were ceased from October 2018 due to delinking project implementation.



PLATEAU EXTENSION PROJECTS







OBJECTIVE: TO SAFELY INCREASE LIQUID RECOVERY THROUGH
MAXIMIZING KPC GAS PROCESSING THROUGHPUT AND INJECTION FLOW RATE



KARACHAGANAK EXPANSION PROJECT (KEP1 Project)

- KPO works to continue the development of the Karachaganak field via the Karachaganak Expansion Project Phase 1 (KEP1 Project), scheduled in a phased manner.
- The KEP1 project creates additional value for the Karachaganak Parent Companies and the Republic of Kazakhstan by maintaining a stabilised liquid plateau through the provision of additional wells, process facilities and gas reinjection to manage the increasing gas oil ratio (GOR) of the field.

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 and important milestone in the continued development of the Karachaganak field, building further on the achievements of the Karachaganak Gas De-Bottlenecking Project (KGDBN) and the Fourth Injection Compressor (4IC) Project. Both projects have progressed significantly during 2020, despite the pandemic and its associated travel restrictions and supply delays. Aimed at extending the duration of the liquid production plateau, the KEP1A Project, which is comprised of the 5th Injection Compressor and other associated facilities, will make a significant contribution, and bring additional value to the Republic of Kazakhstan and its Karachaganak Partners. The project creates job opportunities for Kazakhstani workers. One of KPO's key priorities during the execution of this project will be maximizing local content aimed at improving the local contractors' competitiveness.

CARING FOR THE ENVIRONMENT

Given the 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. Working 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, and within the period from 1998 to 2020, KPO has invested 432 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 on biodiversity conservation and minimizing any negative impacts to the existing ecosystem. This is why swans, foxes and even some rare species from the "Red Book" can be seen in the field.

Our company applies the most advanced conservation techniques, incorporating world-class oil and gas technologies. Particular emphasis is given to the actions aimed at the reduction of emissions of polluting substances, waste recycling and the introduction of new technologies. In 2020, the gas utilization rate at Karachaganak reached 99.92%, which is a world-class achievement.



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ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEMS

This company implements environmental and energy management systems aimed at early identification of risk factors, the elimination of negative impacts on the environment, and continuous improvement of performance indicators in this area.

- In August 2020, KPO successfully completed a certification audit for compliance with the requirements of ISO 14001:2015 and new version of ISO 50001:2018. The audit was conducted by a new certification body – RINA.
- KPO's environmental and energy management systems were recognized as effective and maintained in compliance with international standards ISO 14001:2015 and ISO 50001:2018.



RESULTS OF IMPLEMENTATION OF ENVIRONMENTAL PROTECTION ACTIONS IN 2020:

AIR EMISSIONS

The implementation of environmental protection measures in 2020 allowed us to achieve the following results:

AIR EMISSIONS

- Use of high-pressure separators in completion of three wells helped reduce the amount of air pollutants by 240 tonnes;
- Use of high-pressure pumps for pumping oil helped reduce the amount of air pollutants by 3.769 tonnes;
- Use of hydrocarbon-based fluids for the reservoir operations (both Lamix and Diesel) helped reduce the amount of air pollutants by 447 tonnes.

WASTE AND WASTEWATER MANAGEMENT

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

- Waste recovery to process streaming;
- Waste treatment at Eco Centre facilities;
- Waste disposal at Eco Centre facilities;
- Waste handover to specialist contractor organizations for further disposal, processing, and destruction.

Results in 2020:

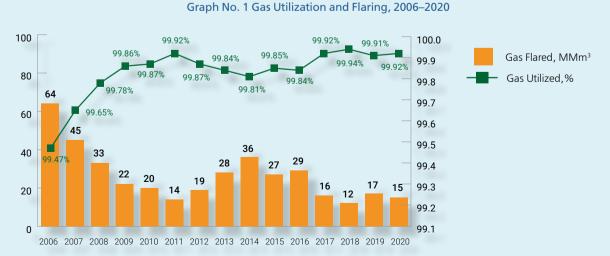
In order to organize a system of safe and efficient waste management, reducing the real and potential hazards of generated waste for people and the environment, in 2020 KPO carried out the following main activities:

 2,664.4 tonnes of treated fluids, brine and recovered oil were used for preparing drilling mud and brine.

- 771.1 tonnes of municipal and production waste were sorted and sent for incineration at the General-Purpose Incinerator (GPI) and 1.9 tonnes were sent for processing in the Rotary Kiln incinerators, while only 127.9 tonnes of waste were disposed of at Solid Domestic Waste landfills.
- The following was sorted and sent for processing and reuse as recyclable materials:
 - 101.3 tonnes of waste-paper, which is 1% more compared to 2019 (100.26 tonnes);
 - 8.9 tonnes of scrap metal, which is 17.5 % less than in 2019 (10.8 tonnes);
 - 23.8 tonnes of plastic, which is 21.6 % less than in 2019 (30.36 tonnes).
- Owing to extraction of useful waste components/ waste incineration, the amount of waste disposed of in the environment has reduced by 88%.
- 16.5 tonnes of waste batteries were disposed of under the contract with "Operator ROP" LLP.
- 2,232 tonnes of construction waste were handed over to specialized organizations for recycling and reuse.
- In 2020, the volume of treated wastewater reused at the Karachaganak field for making drilling muds, irrigation of planted trees, and dust control amounted to 18,313 m³. The volume of reused wastewater was 4.7% of the total consumption of fresh technical water.

LAND RECLAMATION

In 2020, 59.3 ha of land disturbed as a result of well operations and construction activities was reclaimed.





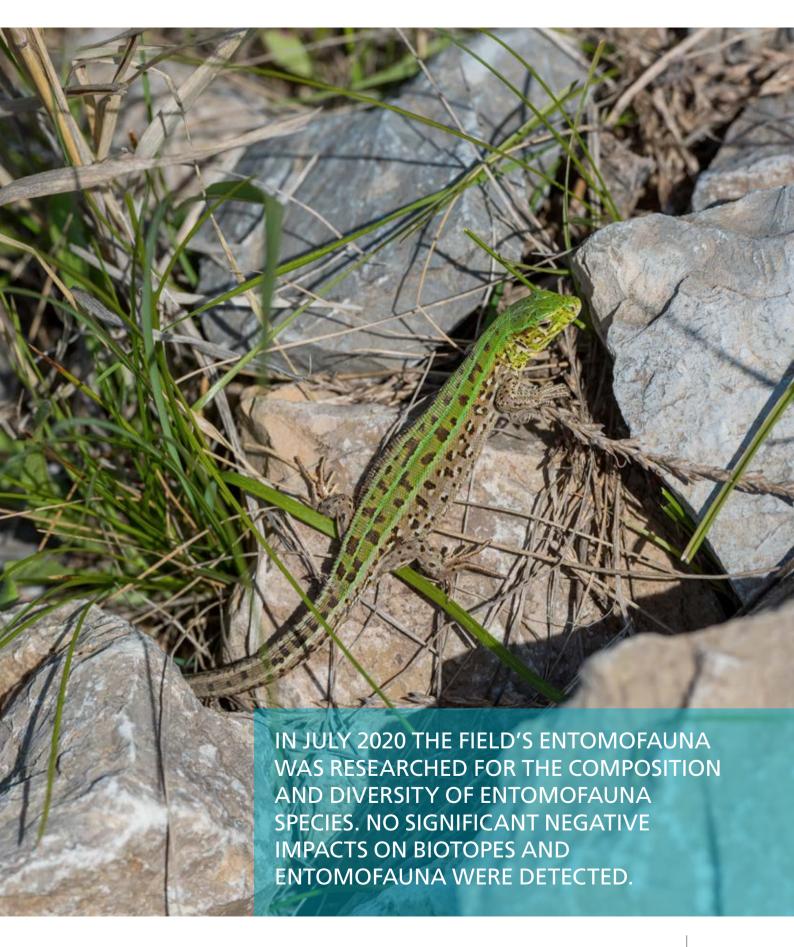
REDUCTION OF GREENHOUSE GAS EMISSIONS

In 2020, the KPO's specific indicator of CO_2 emissions totaled 63 tonnes of CO_2 per every thousand tonnes of HC production (Table Nº 3).

Table № 3. GHG Emissions' Reduction Measures in 2020

No	Measures	Emissions reduction, CO ₂ tonnes/year		Status of completion
		Target	Actual	in %
1	Use of high-pressure separator during clean-up	219.018	9.993	5
2	Use of high-pressure pumps to send oil to the plant during clean-up	8.880	414	5
3	Use of oil-based stimulation fluids (diesel or similar)	10.100	11.532	114
4	Use of a surface pump for pumping products with a high-volume fraction of gas during well development	6.270	108.623	1.732
5	Maintenance of KPC flare collector valves		26.043	140
6	Configuring of steam flowmeter for technological line № 4	9.733	21.621	222
7	Unit-2 Compressor Bundle Upgrade	12.518	73.063	584
	Total:	285,141	251.289	88

To calculate the actual reduction of ${\rm CO_2}$ emissions, we used methods and coefficients proposed by the verified GHG Emissions Reduction Programme for 2016–2020.



ENVIRONMENTAL MONITORING

KPO performs comprehensive environmental monitoring as set in the Production Environmental Control (PEC) Programme. Within the PEC scope, monitoring of both 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 an 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 sulfide (H₂S), sulfur dioxide (SO₂), nitrogen dioxide (NO₂) 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 main document that defines the KPO principles and approaches for biodiversity conservation is the Biodiversity Action Plan. The goal of this plan is to ensure the conservation of flora and fauna species and their habitats in the Karachaganak field.

As part of the Biodiversity Action Plan's scope, the monitoring of the entomofauna was conducted in July 2020. This was done to study the species composition and diversity of entomofauna and to determine whether any significant, measurable changes were associated with KOGCF activities. No significant negative impacts on biotopes and entomofauna were detected by the monitoring results in 2020.



ENVIRONMENTAL AWARENESS AND INITIATIVES

As part of the 2020 environmental campaign, the following key activities were held in 2020:

- An environmental leadership seminar was held at the XLT meeting and included the identification of measures to implement "Green Office" concepts and enhance the environmental culture in KPO;
- Motivational eco-training was delivered to company employees with the involvement of Roman Sablin, a motivational speaker, eco-blogger and the author of the book "Green Driver: The Code for Environmentally -Friendly Living in the City."
- Delivery of environmental workshops with unit employees, where global environmental issues and the role of the personal contributions of each KPO employee in reducing environmental impacts and reducing our environmental footprints were discussed;
- KPO Energy Week, where a number of online webinars were held for KPO employees, contractors, and their families, involving professional speakers from various industries in the field of energy conservation and environmental protection;
- Hosting a children's drawing competition called "Energy-Saving through the Eyes of Children" for the families of KPO employees and contractors. Following the contest, a video called "Our Green Future" was issued with participation of the winners;
- KPO's Green Rules, along with Environmental Posters, were issued. The rules are focused on driving forward the personnel's willingness to change and be inspired to take action and reduce not only individual but also the company's impact on the environment.



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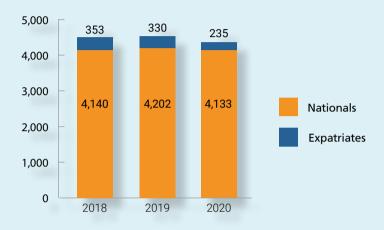




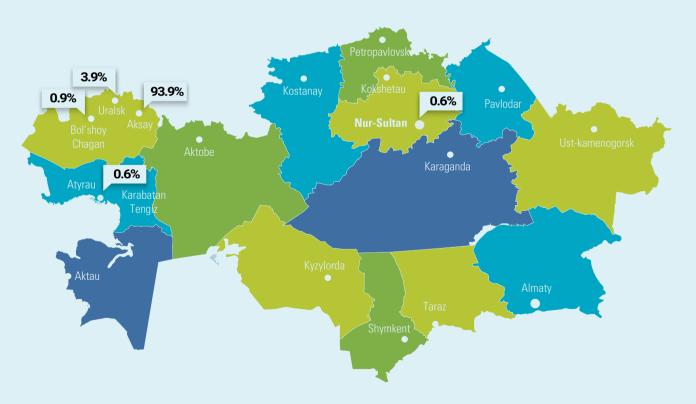
PERSONNEL DEVELOPMENT

The total number of employees in KPO, both within the company and among those working on temporary projects, as of the end of 2020 amounted to 4,368 employees, with 4,133 of them being Kazakh nationals and 235 being expatriates.

Graph № 2. KPO Employees, 2018–2020 (insert updated graph)



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



DEVELOPMENT OF NATIONAL PERSONNEL

KPO's "Program for Increasing Local Content in Staff 2015–2020" was completed with the following results: category (1+2) – 79%; category (3+4) – 96%. A new KPO program covering the years between 2020–2025 was approved by authorities. In 2020 as a part of this program, 23 positions held by expatriate personnel were nationalized and 54 positions were eliminated. At the end of 2020, local employees made up 94% of the total staff. In the period from 1999 to 2020, 233 expatriate specialists were replaced by local staff, and 239 positions occupied by expatriate personnel were reduced.

Table Nº 4. Progress Update with the KPO Plan for Increased Local Content in Staff by Categories of Employees

Category	Description	RoK Legal Requirements	2020
1+2	Executive management and their deputies, Department / Unit Management	Minimum 70%	83%
3+4	Professional staff / Qualified workers	Minimum 90%	97%

TRAINING AND DEVELOPMENT

Since the Final Production Sanction Agreement (FPSA) signing, over USD 225 mln. were allocated to the development of local staff. Trainings were conducted either in the best international institutions, in KPO's training centre facility, or in an online format.

In 2020, KPO implemented the following training and development programmes:

- International qualifications such as:
 - CIPS Diploma Certified Programme of the Chartered Institute of Procurement and Supply for Contracts and Procurement Specialists;

- 2. ACCA Diploma in International Financial Reporting;
- 3. ISO 45001 Health and Safety Management System;
- 4. IWCF Well Control / Well Pressure Control During Gas, Oil and Water Shows;
- 5. NEBOSH International Certification;
- 6. Certified Internal Audit;
- 7. Welding Specialist Certification;
- 8. NDT Non-Destructive Testing Certification;
- Professional and job-specific training;
- Technical and HSE mandatory training;
- Language training in Kazakh and English;
- Professional development programmes for production operators and maintenance technicians under OPITO standards.



EMPLOYEE RELATIONS

KPO respects the rights of KPO employees to organize a trade union and to participate in collective negotiation.

Three trade union organizations represent the interests of company employees:

- The public association "Local Trade Union of KPO employees";
- The public association "Karachaganak Local Professional Union of KPO Employees and Contractors";
- The public association "Local Trade Union of Karachaganak Petroleum Operating B.V. Employees 'TRUST' and Contractor Companies."

As part of their duties, trade unions develop draft collective agreements addressing various aspects of social and labour relations. The provisions of the collective agreement apply to all KPO employees, regardless of their membership in the trade unions.

In the end of 2018, a new collective agreement for 2019–2021 was signed between KPO and the trade unions. Amendments in the new agreement primarily referred to payment issues, social compensation, and benefits, as well as other issues related to the improvement of social conditions of employees.

KPO has two feedback mechanisms for grievance: applications to HR Controllership (either directly or through the trade unions) and a hotline. In 2020, HR received 35 grievances and applications. The grievances received addressed such issues as the dereliction of labour discipline, employment concerns, resolving conflict situations, the abuse of authority in job duties, and misconduct among contractor employees. All received grievances have been reviewed and resolved.

In accordance with the collective agreement, KPO has the obligation to give a minimum 2 months' (8 weeks) notice to trade unions in case of liquidation of the company, any subsequent job losses or changes to the system, or the amount of remuneration leading to the deterioration of employees' conditions.

In order to prevent any risks of forced labour and/ or violations of employees' rights to hold meetings or to have collective bargaining, KPO regularly provides clarification sessions for contractor organisations on legislation requirements, internal procedures and policies. Such violations could not be excluded in cases of a lack of monitoring over the observance of legislative requirements in some contractor and subcontractor organisations.

COMPENSATIONS AND BENEFITS

The company values its employees and strives to create decent working conditions including provisions for a competitive salary and various benefits.

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

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

Non-monetary rewards are of great importance for maintaining personnel efficiency and morale. KPO has different ways of rewarding its personnel such as participation in corporate events, personal performance award ceremonies and professional holidays, and awarding with certificates of merit, letters of gratitude and other honorary recognition.

With a view towards the 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.



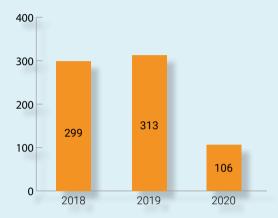
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KPO PARTNERSHIP WITH KAZAKHSTAN UNIVERSITIES

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

In KPO, interaction with universities is carried out through the Student Placement Programme following relevant agreements. In 2020, 106 students from 14 educational institutions in 18 specialties had practical and pre-graduation internships in various departments of KPO. In the period from 2013 to 2020, the Company has employed 172 people out of those who had passed the student placement.

Graph № 3. Number of Students Completing Internships at KPO, 2018 - 2020. (only three columns to be shown: 2018, 2019 and 2020)





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 0.06 and Total Recordable Injury Frequency (TRIF) was 0.18.

Road Traffic Incident Frequency (RTI) was 0.00.

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

be eliminated by preventive measures and thereby result in the prevention of incident occurrences. The reliability of the developed preventive measures has repeatedly been diagnosed for the identification of vulnerabilities.

LTI – 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. LTI, TRI, HPI frequencies



Graph №5. 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 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 8.2 bln.

Graph $\ensuremath{\mathbb{N}}^{\!\scriptscriptstyle o}$ 6. Share of Local Content out of total KPO purchases in 2017 – 2020



KPO focuses its efforts on the increase of LC levels in goods: 33% (USD 45.5 mln.) out of the total procurement paid for locally manufactured goods with an LC share of 16.2%, proved by the CT-KZ certificate.

Since 2016, 32 categories of goods estimated at USD 80 mln. and 35 types of work and services estimated at USD 554 mln. have been localized.

- The results of the KPO Local Content Development Programme for 2020 include:Local content share in the Karachaganak project reaching USD 586.7 mln. (59.3%);
- 21 contracts for localization awarded in ten categories of goods with a total value USD 4.8 mln.;
- Four road maps signed for the localization of OEM goods manufacturing;
- Contracts awarded to JV partnership in the amount of USD 194 mln.;
- Eight ongoing tenders for works and services within partnership as per KPO requirements;
- Implementation of ASME and API standards with expected certifications within two local manufacturers in 2021;
- 150 representatives of SME participating in the KPO Pilot Program of SME Business Competence Development.

During 2020, due to the COVID-19 spread risk and its impact on the venture's activities, KPO's public events were conducted in the form of online webinars in cooperation with KazService, Petrocouncil and the WKO Akimat.



SUPPORTING SOCIAL INFRASTRUCTURE







In 2020, KPO managed to complete six social and infrastructural projects worth USD 26.58 mln. within approved timeframes as part of the implementation of 21 social and infrastructural projects overall, including new major long-term and carry-over projects from previous years.

SOCIAL INFRASTRUCTURE PROJECTS IN URALSK COMPLETED BY KPO IN 2020:

- Reconstruction of the overpass across the railway and access road pavements in the "Neftebaza" district;
- Construction of a school in Uralsk (450 pupils);
- Capital repair of Moldagulova Str. from Taimanova Str. to Kulicheva Str., Uralsk, WKO;
- Capital repair of the building of Polyclinic No.7 in Uralsk;
- Construction of a Sports and Health Centre for 160 spectators in Zhangala village, Zhangala district, WKO;
- Construction of a Sports and Health Centre for 160 spectators in Saikhin village, Bokeiordinskiy district, WKO.

	2018	2019	2020
Total number of projects	36	26	21**
Projects completed	31/5*	3/23*	6/15*
Actual spending mln. USD	25.72	31.32	27.37

^{*} Projects with period of execution more than one year (projects carry-over)

^{**} 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, which establishes the core ethical principles, values and behaviours in the process of working inside 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 are the foundation for all its relationships.

All new starters in KPO receive an introductory training course on the code of conduct. Each KPO employee is required, on an annual basis, to make a compliance declaration acknowledging their familiarisation with their personal compliance obligations.

HOTLINE AND OTHER COMPLIANCE MEASURES

To support the company's legal compliance programme, KPO has had 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 discussed may include discrimination, sexual harassment, conflicts of interest, safety or environmental violations and/or improper financial practices or bribery.

ANTICORRUPTION AND DUE DILIGENCE PROCESSES

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 for information about its ownership, management and the conducting of business including its ethical business practices. KPO also uses the international Dow Jones 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 the International Finance Corporation.

In 2020 KPO continued its engagement with local communities despite the restrictions in movement imposed due to COVID-19 pandemic. We held ten online meetings with the village councils of three rural districts of Priurlnoye, Zharsuat and Uspenovka in the Burlin District. During those meetings we informed the community members of the community development programmes implemented in 2020, the environmental monitoring programme, and the launching of the KPO Community Scholarship Programme. In most of the meetings held

online, the KPO employees urged local community members to follow the basic sanitary and hygiene rules to prevent the coronavirus spread in the communities.

Our activities in 2020 mainly were focused on the completion and finalising of 36-month warranty terms for the maintenance of 100 houses and the school built in Araltal, and for the two 9-storey apartment blocks built in Aksai for resettled households.

As part of the programme of development of the local community, KPO provided vouchers to the Akzhaik Sanatorium for 150 elderly community members of the Burlin region. 7 graduates of schools from the Prouralnoye, Zharsuat and Uspenovka rural districts were enrolled into the West Kazakhstan Oblast's colleges and universities. In accordance with its Community Scholarship Programme, KPO will fund their studies and monthly scholarship fees over the study period.





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