

# CORPORATE GOVERNANCE

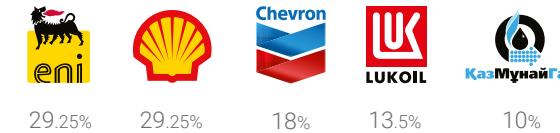
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## GOVERNANCE STRUCTURE AND MANAGEMENT APPROACH GRI 102-18 (2-9), 102-44

Karachaganak Petroleum Operating B.V. Kazakhstan Branch was established in 1997 as a Joint Venture to operate the Karachaganak Oil and Gas Condensate Field (further as Karachaganak Field or the KOGCF) in accordance with the Final Production Sharing Agreement (FPSA). **GRI 102-5 (2-1)**

KPO brings expertise from five international oil and gas companies (hereinafter referred to as the Contracting or Parent Companies), represented by their respective affiliates, named herein:



Well-built management system is the key to the sustained organizational success. KPO established a well-balanced and integrated system of governance, risk management, business planning, internal control and compliance. The integrated management system approach enables appropriate decision-making and provides adequate control mechanisms to ensure strategies, directions and guidance from senior management are carried out systematically and effectively.

### ORGANISATIONAL STRUCTURE GRI 102-18 (2-9), 102-44

KPO organisational structure was designed to enable KPO to meet its business objectives and to satisfy the requirements from the Republic of Qazaqstan (the Authority represented by the PSA LLP) and the Contracting Companies by continuously assess its external environment. In order to carry out the petroleum operations stipulated in the FPSA, there is a Co-operatorship model of Karachaganak field represented by Agip Karachaganak B.V. and BG Karachaganak Limited (respective affiliates of Eni Spa and Shell). Shell has officially acquired 100% of BG Group).

KPO has two main governing bodies: the Joint Operating Committee (JOC) and the Joint Marketing Committee (JMC), which are formed by representatives of each of the five Contracting Companies and representation of the Authority under the FPSA. In particular, at JOC and JMC level, the Authority has one vote and the Contracting Companies, as a whole, have one vote. An affirmative vote on both sides is required for a decision.

In addition to the above, and in order to satisfy the requirements of the Joint Operating Agreement (between the Parent Companies) and the Operator Participants Agreement (between the Operators

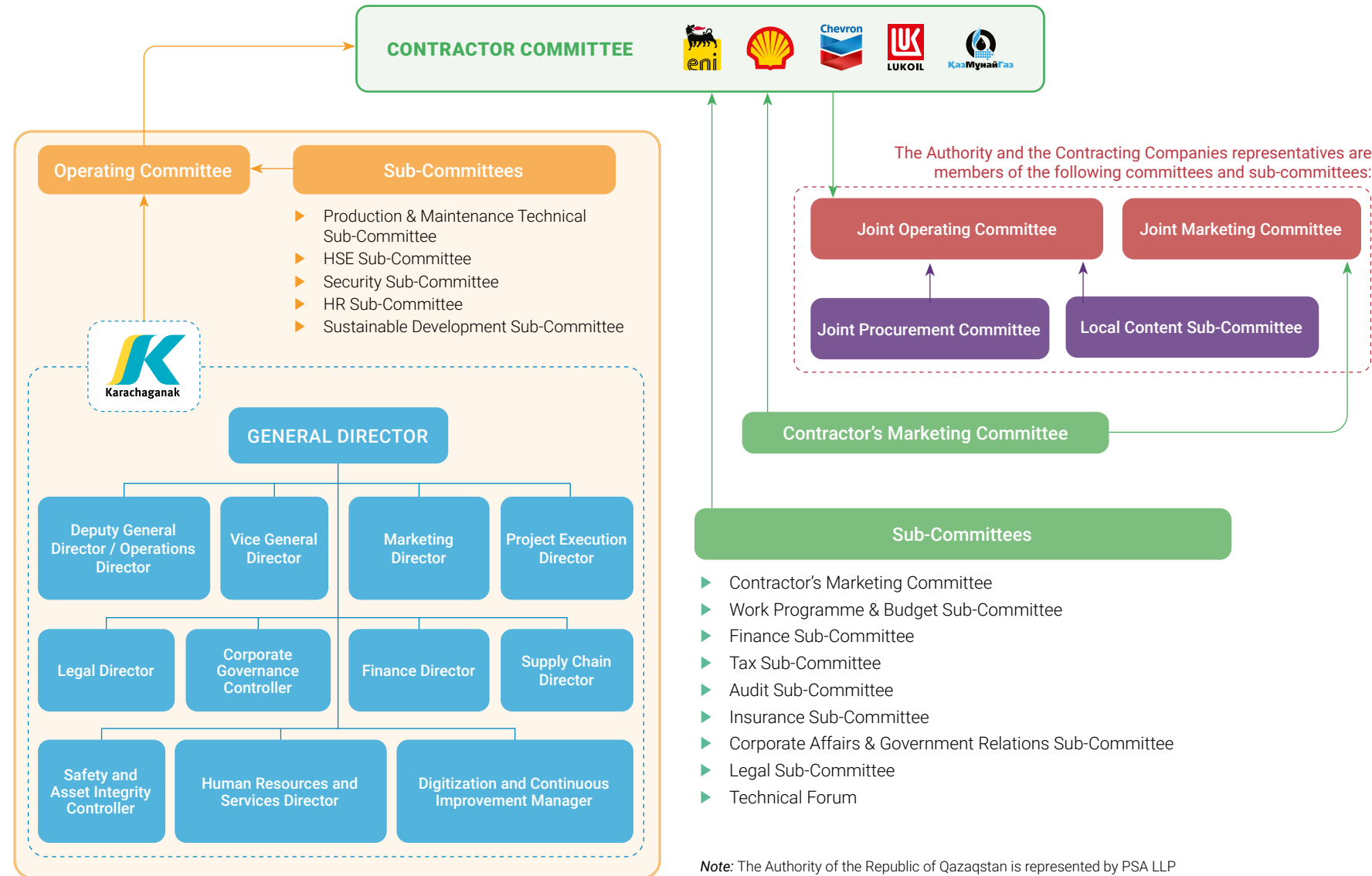
Eni and Shell). There has been established certain sub-committees, at Contractor and Operator level, dealing with specific matters. Graphical view of the full governance structure is given on figure 6. Functions of the committees and sub-committees were described in detail in the [Sustainability Report 2018](#) (pp. 33-34).

The different subcommittees, at Contractor and Operator level, provide professional advice and assurance in specific areas of expertise at operational and corporate levels. Each Sub-Committee has its own purpose and objectives stipulated in the respective 'Terms Of Reference'.

The topics on sustainable development, such as social, economic, environmental topics are captured in Sustainability Sub-committee at Operator level – represented by both Operators and KPO. Its main purpose is to advise on identified issues, concerns and impacts of KPO business on the communities living in KPO's direct impact area.

The Sustainable Development Sub-Committee reviews issues such as the post-resettlement monitoring of the former Berezovka and Bestau villages, engagement with Burlin District and Karachaganak field adjacent communities, NGOs, and sustainability reporting.

Fig. 6. Karachaganak venture senior management structure (as of 01.01.2022) GRI 102-18 (2-9), 102-44



## MANAGING RISKS GRI 102-15

Petroleum operations must be carefully managed with respect to people, the environment, and assets. As a responsible oil and gas operator, KPO makes particular emphasis on managing business risks encompassing all dimensions, including, but not limited to:

- ▶ Attracting and retaining qualified local Qazaqstani personnel;
- ▶ Personnel safety: potential emissions of hydrogen sulphide (H<sub>2</sub>S);
- ▶ Political and social stability;
- ▶ Road traffic incidents – loss of vehicle control;
- ▶ Ethics & Compliance of our own personnel, our contractors, and subcontractors;
- ▶ Environment: potential spills, generation of waste, and emissions to air, withdrawal of emissions permit;
- ▶ Decarbonizing (climate change risk);
- ▶ Asset integrity failure;
- ▶ Lack of clear long-term strategy;
- ▶ Loss of monetization opportunities for gas and liquids products;
- ▶ Cost Recoverability;
- ▶ Exposure to major cyber security incidents.

KPO works on reducing negative impacts of the above risks through its management systems and continuous assessment in order to positively shape business strategy and change management.

In 2021, KPO has adopted a new Integrated Risk Management model, which allows to identify, qualitatively assess and effectively manage business and process safety risks. The Integrated Risk Management Procedure and HSE Risk Management Framework define and describe this process, as well as roles and responsibilities across the Company. It also aimed at synchronizing business goals and targets with business risks on each level of the organization.

Corporate Governance Controllership is responsible for adoption, maintenance, monitoring and continuous improvement of the integrated risk management system. In particular, the risk model summarizes its main business risks in the 'Corporate Risk Register', which contains a list of potential risks, as well as relevant preventive and remedial actions. This process is regulated by the Integrated Risk Management Procedure. All business risks are reported through Corporate Risks Register and reviewed in the KPO Risk Committee meetings participated by KPO senior management. While on the other hand, Key Process Safety risks are recorded in the Barrier Model containing all detailed process safety risks, which are under

management of Safety & Asset Integrity Controllership and regulated with the HSE Risk Management Framework.

Risk monitoring and review is part of the risk management process and involve regular checking and re-assessment to be carried out through the Risk Management Tool. This tool contains all detailed information reported and reviewed in respect of the integrated risk management matters.

With the purpose of obtaining reasonable assurance that risk management process continues to operate effectively, the following reporting steps are performed:

- ▶ **Twice per year:** by conducting Risk Committee meetings, where the Summary Risks Report is reviewed and agreed; and then shared at Contractor level;
- ▶ **Continuously:** regular assessment and update on risks evolution at Risk Owner level to ensure well-timed and effective implementation of preventive actions to mitigate identified risks, and timely informing the Integrated Risk Management focal point.

Detailed disclosure on measures for reduction of key specific risks related to social, environmental and economic material topics is provided in the relevant chapters of this Report.

## KPO MANAGEMENT SYSTEMS GRI 103-2 (3-3)

Good governance is essential for ensuring the sustainability of large-scale investments, and particularly important in a complex governance structure as the one of KPO in which our strong governance, internal controls and assurance processes are vital to our ongoing success.

In all aspects of its activities and in accordance with the FPSA, KPO operates to internationally recognized standards, which are implemented through a number of policies, procedures and appropriate best practices embedded in KPO's management systems.

In respect of sustainable development, KPO management systems address sustainable development matters and issues as shown in the following table:

### INTEGRATED HSE MANAGEMENT SYSTEM GRI 103-1, 103-2 (3-3), 403-1, 403-7, 403-8

KPO manages HSE issues through its Integrated HSE Management System, which is certified in accordance with ISO 14001:2015 (Environmental Management System), ISO 45001:2018 (Occupational Health and Safety), and ISO 50001:2018 (Energy Management).

Continuous improvement and commitment are KPO's priority in ensuring the health and safety of the workforce with minimum impact to the environment. In 2021, KPO had passed through the re-certification process to maintain its credentials in relation to ISO requirements. KPO employees and contractor staff work intensively towards maintaining these processes.

The KPO HSE requirements are extensively communicated at internal and external levels, such as to all KPO staff but also with all contractors and subcontractors (i.e. inclusion of HSE requirements in each awarded contract).

Each year KPO undertakes a range of HSE programmes, trainings, initiatives and campaigns. These include but are not limited to HSE inductions, job specific HSE training, and various other HSE programmes, such as Safety Leadership and Culture Programme, HSE Card, HSE Award Incentive Scheme, Health Risk Assessments, Environmental Culture and Awareness Enhancement Programme, and other.

Moreover, KPO carries out its own HSE internal audit plan on annually basis. For example, in 2021 KPO held 14 HSE audits.

**Tab. 4. KPO management systems relevant to sustainable development GRI 103-2 (3-3)**

Sustainable Development	Corporate Governance	Operations	Health, Safety, Security, Environment & Asset Integrity	Social Performance	Ethics & Compliance
<ul style="list-style-type: none"> <li>▶ KPO Sustainable Development Charter</li> </ul>	<ul style="list-style-type: none"> <li>▶ Karachaganak Corporate Management System Manual;</li> <li>▶ Corporate Governance Controllership Management System.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Management System Manual for Operations Directorate;</li> <li>▶ Marketing Directorate Management System;</li> <li>▶ Finance Directorate Management System;</li> <li>▶ KPO Competency Management System Policy.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Health, Safety and Environmental Policy and Rules;</li> <li>▶ KPO HSE Annual Improvement Plan;</li> <li>▶ Occupational Health and Health Promotion Policy;</li> <li>▶ Energy Management System Manual and KPO Energy Policy and Green Rules;</li> <li>▶ Security Management System Framework.</li> <li>▶ HSE Management System Framework</li> <li>▶ Safety &amp; Asset Integrity Controllership System Manual</li> </ul>	<ul style="list-style-type: none"> <li>▶ Local Content Policy</li> <li>▶ Nur-Sultan Office Controllership and JOC Secretariat Management System;</li> <li>▶ KPO Social Performance Policy and Standards;</li> <li>▶ KPO Sponsorship and Donations Policy;</li> <li>▶ HR Management System Manual;</li> <li>▶ Social Projects Department Management System.</li> </ul>	<ul style="list-style-type: none"> <li>▶ KPO Code of Conduct;</li> <li>▶ KPO Business principles;</li> <li>▶ Anti-Bribery and Corruption and Anti-Money laundering manual;</li> <li>▶ Legal Department Management System.</li> </ul>

## ASSURANCE GRI 103-3 (3-3)

For the purpose of internal assurance, KPO has designed two types of processes: i) value assurance process related to main capital expenditures projects decision making process and ii) internal audit.

In relation to assurance processes, all KPO development projects are evaluated to assure adequate rationale in the decisions making process, from identification of opportunities to operation' as well as to optimise the value of investments for the venture. Depending on the level of investment, there are internal and external (engaging Parent Companies) value assurance events in order to guarantee effective performance of the operations.

On the other hand, there is the internal audit process to provide internal and independent assurance designed to verify the compliance in all operations while achieving its business objectives through a systematic and disciplined management approach. This approach helps evaluate and improve the effectiveness of governance, internal controls and processes.

KPO implements its annual audit plan covering topics, such as effectiveness of business processes and HSE management systems, compliance with laws, regulations and internal procedures, reliability of financial and management reporting, and the follow-up of identified audit actions.

Secondly, KPO Parent Companies conduct an annual procedural audit to provide an additional independent assurance level in respect of performance and compliance assessing areas of governance, internal controls and risk management. The results of the audit are reported to KPO management and Parent Companies at the Audit Sub-Committee.

Thirdly, the assurance of effectiveness of the KPO's Control Framework and compliance with the international standards and RoQ laws is provided through ISO certification including surveillance audits as mentioned above.

## HUMAN RIGHTS ISSUES GRI 103-1, 103-2, 103-3 (3-3)

In conducting petroleum operations, KPO complies with local and international applicable laws and regulations, including the United Nations Universal Declaration of Human Rights and the core conventions of the International Labor Organization in relation to human rights.

Human rights provisions are embedded in the internal procedural framework addressing requirements in terms of social performance, security, human resources, and contracting and procurement. Alongside with this, KPO is committed to conduct due diligence in its procurement processes to ensure fair business opportunities and exclude corruption.

In pursuing the aim of respect and protection of human rights of own people and the local communities, KPO regularly engage with local external stakeholders in order to positively contribute, both directly and indirectly, to the general well-being of the communities in which it operates.

KPO has a zero-tolerance approach to modern slavery and child labor and is committed to identifying and removing any risk of child labor, slavery and human trafficking occurring in its supply chains and in all areas of its business.

*Human rights provisions are embedded in the internal procedural framework addressing requirements in terms of social performance, security, human resources, and contracting and procurement.*

# KPO MANAGEMENT



**GIANCARLO RUIU**  
General Director

Giancarlo Ruiu has twenty years of extensive experience in the oil & gas industry, both in Qazaqstan and overseas, where he held managerial roles covering the full cycle of exploration, development & operation, and business development. In his previous assignment, Giancarlo held the position of Head of Surface Program in ADNOC / UDR, the JV of Eni in Abu Dhabi. Earlier he held the roles of Managing Director in Eni Ghana and Development Phase 1 Director in the North Caspian Operating Company.



**ADAM CHARLES LOWMASS**  
Operations Director & Deputy General Director

Adam Lowmass has almost 20 years of global leadership experience leading teams in operations, capital projects, business transformation, commercial deals, and strategy development. He has a keen understanding on different cultures, having lived and worked in nine countries including Qazaqstan. Adam joined Shell in 2007, and his last assignment prior to KPO was General Manager Production Excellence and Chief Digital Officer at NCOC Atyrau, Qazaqstan.



**KUANYSH KUDAIBERGENOV**  
Vice General Director

Kuanysh Kudaibergenov has a solid top management experience in the oil and gas industry and government agencies of the Republic of Qazaqstan. From 2017 to 2021, he served as Director of Petroleum Industry Development Department of the Ministry of Energy of the Republic of Qazaqstan. Previously, he held various positions at KMG-Kansu Operating LLP, Rompetrol S. A., JSC NC KazMunayGas, Caspian Meruert Operating Company B.V., MNC KazMunayTeniz, CJSC Integra.



**ALMASBEK MUKHASHOV**  
Marketing Director

Almasbek Mukhashov has over 20 years of work experience within Eni group of companies. He has worked in different business functions from external relations, economic analysis and finance to industrial project development, and commercial and negotiations being involved in different projects in Nigeria, Mexico, Turkmenistan, Algeria, Tunisia, Venezuela and Qazaqstan in upstream and midstream. In his previous role, Almasbek worked as New Businesses and Regional Analysis Manager at Agip Karachaganak B.V. Kazakhstan Branch.



**JEAN VACQUE**  
Finance Director

Jean Vacqué has 20 years of global leadership experience through a broad range of financial positions in the oil & gas industry, both in Upstream and Midstream and in eight countries. As a qualified Chartered Management Accountant, Jean has built expertise in Treasury, Financial Controls, Corporate Finance and JV Finance on a variety of management roles, including six years at Basrah Gas Company in Iraq and most recently as the Country Finance Director for Shell's businesses in Mexico.



**LIANA RUPNIK**  
Legal Director

Liana has solid international experience in the area of Legal Management and in Legal Compliance. Her previous appointment was Legal Manager for Project Finance and Mozambique Procurement (Eni spa, UK). Over the past years, Liana has worked in several foreign countries and has occupied a number of senior positions in the industry, including Legal Manager for Qazaqstan, Eni E&P (Nur-Sultan, Qazaqstan).

# KPO MANAGEMENT



**OSCAR VAN DER WEIDE**  
Project Execution Director

Oscar has been working for Shell and its subsidiaries since 1990. Before this appointment, he held the position of General Manager Projects Digital, Shell Projects & Technology in Bangalore (India).

Oscar has vast experience in engineering and project management. His professional background includes managerial roles in Shell affiliates in Netherlands, UK, Nigeria, Syria, India and Qazaqstan.



**GIOSUE' DELLA BIANCA**  
Supply Chain Director

Giosue' has been working with Eni since 2004. Before this appointment, he held the post of Head of Upstream Procurement for Europe, Australasia, Americas and Middle East at Eni. Giosue' has worked at various managerial positions in the last decade, during which he has gained broad international experience in procurement. Giosue' has also worked as Procurement Manager in various countries worldwide including Russia, Mozambique, Saudi Arabia, Brasil, Italy and Qazaqstan. Giosue' has a Master Degree in Management Engineering.



**DAVIDE MAZZUCHELLI**  
Human Resources and Services Director

Davide brings vast international experience in the area of HR Management. Prior to this appointment Davide was Human Resources Controller at KPO.

In his career, Davide has occupied a number of senior positions in the industry, including International HR Manager for Europe, Iraq and Middle East (Eni Spa – Upstream), HR & Services Manager at Eni East Africa Spa (Mozambique), Training & Development Manager at Eni North Africa B.V. (Libya), Division Manager / Organization Development & Service Manager at Nigerian Agip Oil Company (Nigeria).



**ROBERT WIM DIJKEMA**  
Safety and Asset Integrity Controller

Robert has been working for Shell since 1991. He brings over 30 years of Oil & Gas experience, including managerial roles in the area of HSE, Operations, Maintenance, Drilling and Audit. His previous assignment was Operations & Project HSE Manager & Deputy HSE Director at Basrah Gas Company in Iraq.

Robert has previous experience working in Qazaqstan for Agip KCO in the role of Onshore HSE Site Head. He also worked in the Netherlands, Germany, Nigeria, UK, Syria and Russia. Robert holds a Master of Science in Aerospace Engineering.

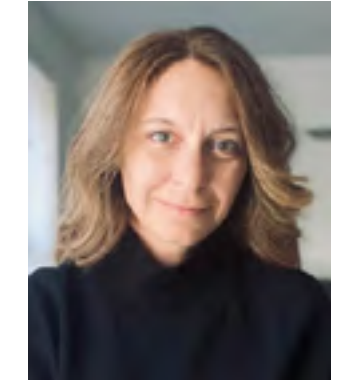


**FIDAN GOKTAS TRAUFFETTER**  
Corporate Governance Controller

Fidan started in Shell in 2002 and worked in a variety of roles across upstream around the globe, and led cross-disciplined teams.

Fidan's previous assignment was in Internal Audit, and her experience includes field development and business planning, well planning and execution, subsurface models and studies, and E&P technology strategy.

Fidan holds a Diploma in applied physics, a Doctorate in physics and anorganic chemistry, and a general MBA from Imperial College, UK. She is a member of the Society of Petroleum Engineers.



**ARIADNA GARAY**  
Corporate Governance Controller

Ariadna started in Eni Spa in 2004, and worked in multiple affiliates in Central Asia, Latin America and Africa leading multicultural teams and delivering multi-billion procurement activities related to major CAPEX projects, drilling and O&M.

Ariadna's previous assignment was Non-Operated JV Auditor where she led JV Partners teams (including partners as ExxonMobil, Shell and Chevron). Ariadna holds a Master of Arts in International Relations and an Executive Certification INSEAD related to Corporate Governance matters. She is also member of Woman on Board (UK Chapter) network.

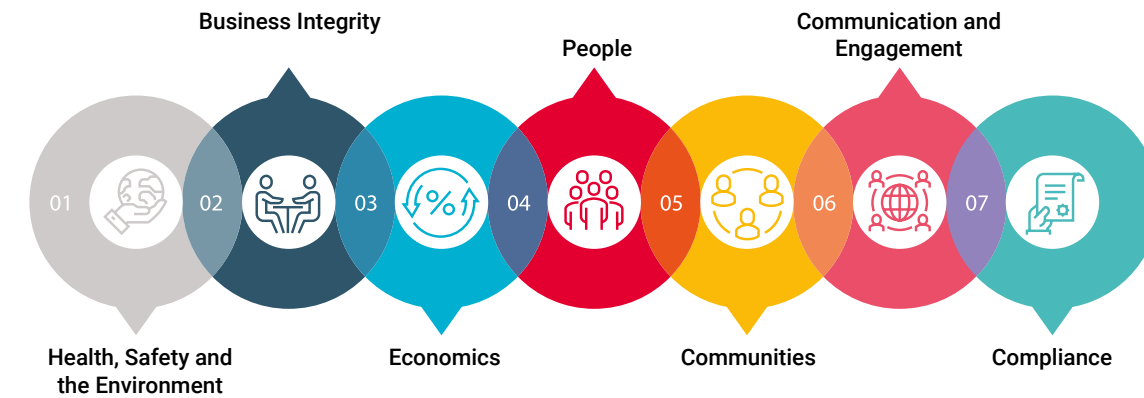
# BUSINESS CONDUCT GRI 102-16 (2-23)

## KPO BUSINESS PRINCIPLES

KPO conducts its business based on KPO Business Principles introduced in 2019.

Our Business Principles govern how we conduct our business and set high standards of performance and ethical behaviour. We also expect all of our stakeholders, including contractors and suppliers, to respect and adhere to these Business Principles.

Fig. 7. KPO Business Principles cover seven categories:



The full text of the KPO Business Principles and a short video are available on our [website in Business Ethics section](#).

## HUMAN RIGHTS

We are committed to complying with applicable laws and regulations, including the United Nations Universal Declaration of Human Rights and the core conventions of the International Labor Organization.

The observance of human rights is a prerequisite of our 'license to operate'. Our activities are based on respect for human rights of our stakeholders starting from our employees, contractors, local communities and authorities.

For this reason, human rights requirements are embedded in the Code of Conduct and in KPO existing framework, manuals and policies. These include:

- ▶ **Social performance** – we have social performance plans and address the social impacts of our operations on local communities.
- ▶ **Security** – company-wide security requirements help keep staff, contractors and facilities safe in a way that respects human rights and the security of local communities.

- ▶ **Human resources** – our policies and standards help us establish fair labour practices and a positive work environment.
- ▶ **Contracting and procurement** – we seek to work with contractors and suppliers, who contribute to sustainable development and are economically, environmentally and socially responsible.

As part of the overall KPO Compliance Framework, KPO has adopted and successfully implemented the new Ethics and Compliance Training Programme which addresses major points of the principles and commitments listed above.

## CODE OF CONDUCT

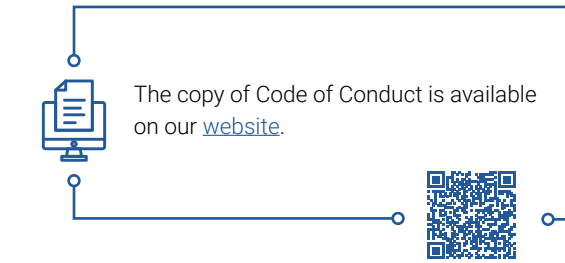
GRI 103-2 (3-3)

The KPO Compliance Framework regulates and provides guidance on all aspects of compliance throughout the Company. Code of Conduct is the fundamental document, which establishes the core ethical principles, values and behaviours in the process of working inside and outside of the Company and when contacting with vendors, suppliers or other counterparties.

Our Code of Conduct is read in conjunction with our Business Principles and gives KPO staff more detailed guidance on how to apply Business Principles and the standards and behaviours required of our staff. It covers areas including international trade, health and safety, communications and gifts and hospitality.

2021 was a particularly challenging year for the Company and the consistent application of the Code of Conduct was of an immense importance in the middle of the COVID-19 pandemic. KPO Legal Compliance department helped the leadership in developing a view on the COVID-19 related matters to ensure our staff keep behaving ethically and making right choices when dealing with potential conflicts of interest and other breaches of business ethics in relation to sponsorship. KPO provided medical equipment, materials and medicines to the local hospitals in Aksai and Uralsk. This has enabled the local communities' to alleviate the consequences of the pandemic.

These challenges have impacted KPO's approach to working with suppliers and contractors amid the COVID-19 uncertainties. KPO Legal Compliance Department stepped up in providing ethical due diligence assessments to ensure our suppliers do not compromise ethical conduct of business.



## AWARENESS TRAININGS ON ANTI-CORRUPTION GRI 205-2

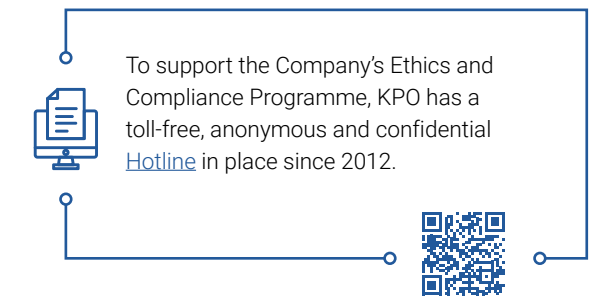
KPO insists on creating a fair and equitable business environment where ethical business principles outlined in the KPO Code of Conduct are the foundation for all its relationships.

All KPO employees receive regular trainings on various compliance topics. In 2021, we introduced the annual anti-bribery and corruption prevention online training course which was completed by 98% of the KPO staff, including secondees and agency staff. Besides, each KPO employee is required, on an annual basis, to make a Compliance Declaration acknowledging their familiarisation with their personal compliance obligations. The Code of Conduct and other ethics and compliance policies and procedures are available on the KPO intranet for each employee.



In 2021, despite the Covid-19 restrictions, the Legal Compliance Department continued conducting virtual trainings for staff at "higher risk" that are normally conducted in a regular classroom environment. In total, six sessions were organized.

## HOTLINE AND OTHER COMPLIANCE MEASURES GRI 102-17 (2-26), 103-3 (3-3)



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. The caller can report on the alleged misconduct either by telephone or by completing an online report form. The report is then sent to the Legal Compliance Department for review and to determine the appropriate actions. KPO employees can also report concerns directly to the Legal Compliance Department, HR or their respective line managers.

In 2021, Legal Compliance Department received 169 new reports. All of the reports were duly considered and the appropriate actions taken. Most of the complaints were related to the workplace relationship matters, whereby 150 complaints were addressed and closed in accordance with the KPO's Compliance Investigation Procedure and/or Discipline Handling Procedure, depending on the nature of report.

The compliance investigation team duly investigates the received reports and, in case the allegations are substantiated, consequence management actions are identified and carried out. In 2021, KPO adopted a new investigation procedure to enhance its internal investigation capability and consistent application of the consequence management actions throughout the organization.

**”**  
Taxes are an important source of revenues for the RoQ that enable for funding of such areas as education, healthcare, social infrastructure, etc.



## PAYMENTS TO GOVERNMENT

GRI 207-1, 207-2, 207-3

Based on the Uchet.kz data, KPO was recognized as the second largest taxpayer in the country among the 50 largest companies included into the list compiled by Grant Thornton. The Venture pays a significant part of all tax revenues to the state budget of the Republic of Qazaqstan (RoQ).

The KPO tax regime is regulated by the Production Sharing Agreement and the applicable tax legislation of the RoQ.

Taxes are an important source of revenues for the RoQ that enable for funding of such areas as education, healthcare, social infrastructure, etc.

Wherever possible, KPO strives to build an open dialogue and collaborative relationship with tax authorities based on mutual respect and transparency, and to contribute to creating a favourable environment for the development of business and social sector in West Qazaqstan Oblast. Whenever tax exemptions are applied, KPO also strives to ensure their transparency and compliance with legal and regulatory frameworks.

In practical terms, KPO tax strategy is to calculate taxes correctly, minimize risks of double taxation and prevent

any disputes with tax authorities. Therefore, Company's key principle is to timely pay taxes and to provide all requested information to relevant authorities, as might be required by law or as part of due diligence.

Currently, in Qazaqstan there are risk management systems (RMS) in place that cover planning and organization of tax audits; the risk assessment criteria have also been developed and approved. This system represents a set of measures implemented in order to assess the likelihood of taxpayer's non-fulfilment and/or incomplete fulfilment of tax liabilities that can cause damage to the state. RMS also includes measures used by the tax authorities to identify and prevent risks. Types of tax control will be applied differentially based on the outcome of the risk assessment. Thus, as of the beginning of 2022, a low level of risk was assigned to KPO.

KPO strictly complies with tax regulations of the RoQ, and also works to ensure its taxes are appropriated in accordance with the global standard of the Extractive Industries Transparency Initiative (EITI), which serves as a watchdog for income transparency and accountability in the energy and mining sectors.

## EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

GRI 102-13 (2-28)

KPO supports the Extractive Industries Transparency Initiative (EITI) in order to ensure transparency of incomes and overall chain of value creation in the management of the natural resources of the RoQ.

In 2021, KPO paid taxes and mandatory payments to the RoQ budget in the amount totalling US\$ 1.6 bln (at the exchange rate of KPO SAP accounting system) according to the EITI submission requirements. This data is reported in the 17<sup>th</sup> National Report on Implementation of the RoQ Extractive Industries Transparency Initiative for 2021.

KPO has been directly submitting the EITI reports on its tax liabilities to the RoQ authorised bodies since 2014.

History of KPO payments from 2014 through 2021 is shown in Table 5.

Data about taxes paid by KPO to the state budget is publicly available at <http://egsu.energo.gov.kz> (section 'Final Report on tax and non-tax payments/receipts from payers of oil & gas and mining sectors of the RoQ').

**Tab. 5. Taxes and mandatory payments paid by KPO to the RoQ Budget in 2014–2021 (in US\$)**

2014	2015	2016	2017*	2018	2019	2020**	2021
2.1 bln	1.2 bln	0.369 bln	0.746 bln	1.9 bln	1.6 bln	0.971 bln	1.6 bln

**Note:**

\* Variance against 897 mln, which was published in the KPO Sustainability Report 2017, is explained by reflection of the refund amount post data reconciliation between taxpayer and recipient at a later date.

\*\* Starting from 2020, while converting from Qazaqstani Tenge into US Dollars KPO has applied the exchange rate as of the date of payment according to its internal SAP accounting system, and not the exchange rate of the RoQ National Bank at the end of a reporting period.



*KPO supports the Extractive Industries Transparency Initiative (EITI) in order to ensure transparency of incomes and overall chain of value creation in the management of the natural resources of the RoQ.*



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