

03

SOCIAL IMPACT

- 37 Safety
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SAFETY GRI 102-15

In order to minimize safety risks and impact of the Company, we have set a number of targets. The results of their implementation are presented further in the table.



Tab. 6. Our targets in safety GRI 103-2 (3-3)

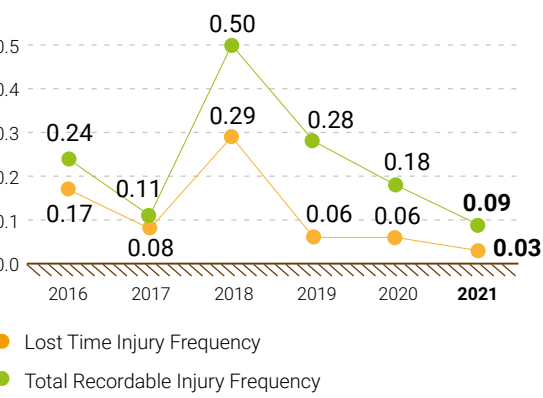
Our targets in 2021	Status	Actions taken to implement targets in 2021	Targets for 2022
Continue implementation of the Safety Continuous Improvement Journey	91% completed	The Plan was implemented through raising awareness on Life Saving Rules (e-learning) and consequences management, as well as, leadership and coaching, HSE competency assessments and management presence at work sites, procedures simplification. The name of the Plan was amended to highlight leadership.	Continue implementation of the Safety Leadership Improvement Journey
Complete competency assessments by 10 HSE elements for KPC supervisors	100% completed	HSE Competence Assessment of KPO Supervisors has been completed.	–
Implement HSE Communication Plan for 2021	97% completed	The plan was implemented through raising HSE awareness, incentive mechanism, implementation programmes and campaigns, engagement meetings and workshops.	Implement HSE Communication Plan for 2022
Implement Road Safety Improvement Plan	90% Completed	14 out of 22 actions of the Plan were completed, the rest 8 actions are continued in 2022. See details in 'Road Safety' section.	Obtain ISO 39001: Road Traffic Safety Management System Certification
	New Target		Conduct assessments to understand the level of HSE Culture in KPO

Why is it important to us?

Health, safety and asset integrity are the key elements for successful development and operation of any oil and gas condensate field. Safety of personnel in operations related to risks of H₂S, potential leaks and road incidents is of paramount importance for our Company. Our goals are that every employee is to come back home safe and sound and production leaks are entirely excluded. GRI 103-1 (3-3), 102-15

KPO utterly commits to support effective HSE culture both internally and externally.

Graph 1. LTI and TRI frequencies: KPO and contractors, 2016–2021 GRI 403-9



Note: KPO uses the following method to calculate LTI and TRI frequencies:

In 2021, KPO TRIF made up to

0.09

In 2021, KPO LTI was

0.03

HEALTH AND SAFETY PERFORMANCE GRI 103-3 (3-3), 403-2, 403-9

We plan our health and safety activities by tracking our progress and monitoring the world events. We measure our success in health and safety by frequency of incidents over a set amount of work in man-hours. Our health and safety records are presented for the period 2016 – 2021 with a focus on 2021.

Graph 1 demonstrates Lost Time Injuries Frequency (LTIF)² and Total Recordable Injury Frequency (TRIF)³.

In 2021, the total number of recordable injuries in KPO reduced by half. The number of Lost Time Injuries decreased as well from two in 2020 to one injury in 2021. In 2021, LTIF was 0.03 (vs 0.06 in 2020) and TRIF – 0.09 (vs 0.18 in 2020). The main reasons for incident decrease are continuous implementation

of the Safety Leadership Improvement Journey, completion of HSE Competence Assessment of KPO Supervisors, implementation of the HSE Communication Plan. We investigate all incidents to avoid reoccurrence. In addition, we share learnings from incidents with our contractors and other interested parties and adopt safety improvement practices from other companies.

Table 7 represents KPO LTIF versus contractors LTIF for the last three years. KPO and contractors’ data are presented separately. To obtain a consolidated indicator, a calculation formula should be applied, and not just a summarized data used.

Tab. 7. Lost Time Injuries frequency: KPO vs contractors, 2019–2021 GRI 403-9

Performance Indicators	2021	2020	2019
Lost Time Injury Frequency (KPO)	0.14	0.00	0.13
Lost Time Injury Frequency (contractors)	0.00	0.07	0.04

Table 8 represents KPO TRIF versus contractors’ TRIF.

Tab. 8. Total Recordable Injury Frequency: KPO vs contractors, 2019–2021 GRI 403-9

Indicators	2021	2020	2019
Total Recordable Injury Frequency (KPO)	0.14	0.00	0.13
Total Recordable Injury Frequency (contractors)	0.08	0.22	0.33

Note: First Aid Cases are not included into calculations of occupational injuries.

² Frequency of Lost Time Injuries (LTIF) = number of Lost Time Injuries (lost work day cases + fatalities) x 1 000 000 / man-hours.

³ Frequency of Total Recordable Injuries (TRIF) = number of recordable incidents (lost work day cases + medical treatment cases + restricted work day cases) x 1 000 000 / man-hours).

KPO strives to make work places safe. Despite this, during 2021 there were three incidents, resulting in various injuries of KPO and contractor’ employees.

Tab. 9. Incidents in 2021 GRI 403-9

Injury Type	Description	Number
Lost Work Day Case	Eyes injury (chemical burn) as a result of caustic soda solution release	1
Total Recordable Injuries, where employee returned to work after medical treatment or was transferred to restricted work	Forearm injury (cut) by sharp object	1
	Arm injury as a result of slipping and falling	1
TOTAL		3

No severe Road Traffic Incident (RTI) was reported in 2021. The RTI frequency per 1 million km driven remained zero in 2021 the same as in 2020. The zero rate is associated with the implementation of Road Safety Improvement Plan, driving competence assessment and other achievements as described in the Road Safety section.

In 2021, the kilometers driven by KPO vehicles amounted to 40.2 million km, compared to 37.9 million km in 2020.

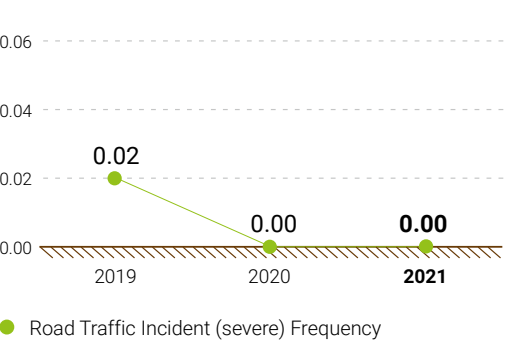
Tab. 10. RTIF: KPO vs contractors, 2019–2021 GRI 403-9

Performance Indicator	2021	2020	2019
Road Traffic Incident Frequency (KPO)	0.00	0.00	0.00
Road Traffic Incident Frequency (contractors)	0.00	0.00	0.03

Tab. 11. Fatality Frequency: KPO vs contractors, 2019–2021 GRI 403-9

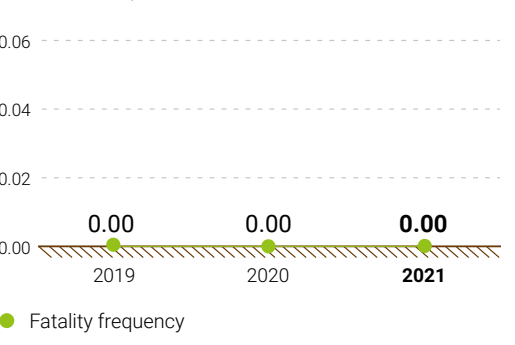
Performance Indicator	2019	2020	2021
Fatality Frequency (KPO)	0.00	0.00	0.00
Fatality Frequency (Contractors)	0.00	0.00	0.00

Graph 2. Frequency of severe RTI: KPO and contractors, 2019–2021 GRI 403-9



Note: KPO RTIF calculation method: RTIF = number of RTI (severe) x 1,000,000 / km driven.

Graph 3. Fatality Frequency: KPO and contractors, 2019 – 2021 GRI 403-9



Note: Fatality frequency calculation method used by KPO: fatality frequency (per million man-hours worked) = number of fatalities x 1,000,000 / man-hours worked.



In 2021, KPO and contractors' employees worked 32,265,055 man-hours: 21 % of them (6,924,081 man-hours) worked by KPO employees and 79 % (25,340,974 man-hours) by contractors' employees.

Tab. 12. Man-hours worked: KPO vs contractors, 2019 – 2021 GRI 403-9

Indicators	2021	2020	2019
Man-hours worked (KPO)	6,924,081	7,269,825	7,829,313
Man-hours worked (Contractors)	25,340,974	26,955,757	27,339,092
Total	32,265,055	34,225,582	35,168,405

In 2021, only one high potential incident was recorded in KPO: process incident with asset damage.

Tab. 13. High Potential Incidents*: KPO vs contractors, 2019 – 2021 GRI 403-9

Indicators	2021	2020	2019
High Potential Incidents (KPO)	0	1	3
High Potential Incidents (Contractors)	1	1	8
Total	1	2	11

* High Potential Incident (HPI) – any unplanned or uncontrolled event or chain of events that could have resulted in injuries to be accounted.

In 2021, 64 near misses were registered in the Company: of which 39 (61 %) were reported through the Incident Notification Procedure, and 25 (39 %) – through HSE cards. For each near miss same as for each incident, KPO performs a thorough investigation, identifies the immediate and root causes and develops recommendations to correct the shortcomings and prevent their recurrence.

Tab. 14. Near misses*: KPO vs contractors, 2019 – 2021 GRI 403-9

Indicators	2021	2020	2019
Near misses (KPO)	21	27	47
Near misses (Contractors)	43	46	64
Total	64	73	111

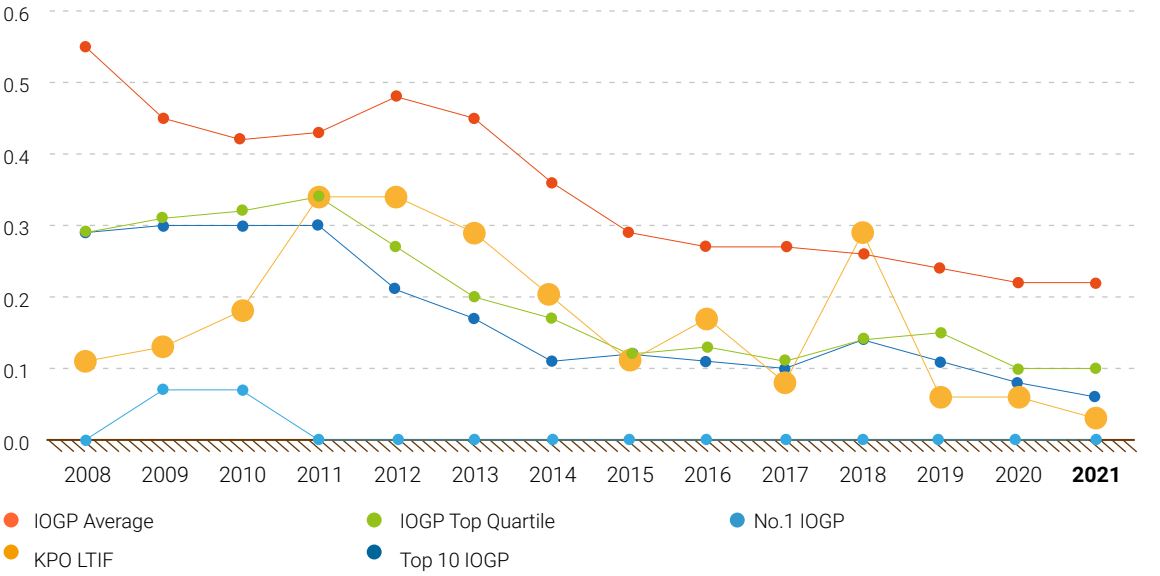
* Near-miss – any unplanned or uncontrolled event or chain of events that could have resulted in injuries to be accounted for, asset damage, the environment, or an incident related to process safety, but such consequences, by coincidence, were avoided.

PEER COMPARISON GRI 103-3 (3-3)

Every year we review our key safety performance indicators against the other O&G producers' indicators reported by International Organisation of Oil and Gas Producers (IOGP). IOGP annually publishes HSE performance indicators on the website www.iogp.org.

In 2021, the number of Lost Time Injuries in KPO decreased (1 LTI in 2021 versus 2 LTIs in 2020). If compared with other peer companies in 2021, KPO LTIF is better than the performance of IOGP 10 top and IOGP average (see graph 4).

Graph 4. KPO Performance versus IOGP, 2008 – 2021 GRI 103-3 (3-3)



Annual rewarding of employees for HSE contributions in 2020

HSE IMPROVEMENT PLAN FOR 2021 GRI 102-11 (2-23), 103-3 (3-3), 403-7

The overall objective of KPO HSE Improvement Plan is to improve Health, Safety and Environment management, to further control risks and to prevent harm to people and the environment. This is done by implementing Key Focus Elements that are over and above KPO's day to day business activities to deliver tangible benefits and improvements.

- ▶ In 2021, KPO has adopted a structured approach in preparation of the HSE Improvement Plan to ensure the Plan and the KPIs support each other and HSE objectives are achieved.
- ▶ 2021 KPO HSE Improvement Plan consisted of level I-II-III interlinked objectives:

LEVEL I (main goal):	No harm, no leaks
LEVEL II (supporting goals):	<ul style="list-style-type: none">▶ Behaviours and Leadership▶ Personal Health▶ Personal Safety▶ Asset Integrity and Process Safety▶ Road and Infrastructure Safety▶ Minimized Environmental Impact
LEVEL III (how this will be achieved):	Strategy and Key Focus Elements

- ▶ The subordinate plans were developed to address these objectives;
- ▶ All KPO stakeholders owned and shared objectives and subordinate plans;
- ▶ KPO worked together to implement the plans and strengthen the barriers, in order to achieve the common highest goal.

Monitoring of the Plan was arranged by means of Traffic Light system (Green, Yellow, Red) applied to Levels I, II and III.

In the following paragraphs, we present the activities of our Safety Leadership Improvement Journey and road safety. Environment protection, Asset Integrity, risk management and Health are presented in relevant chapters.

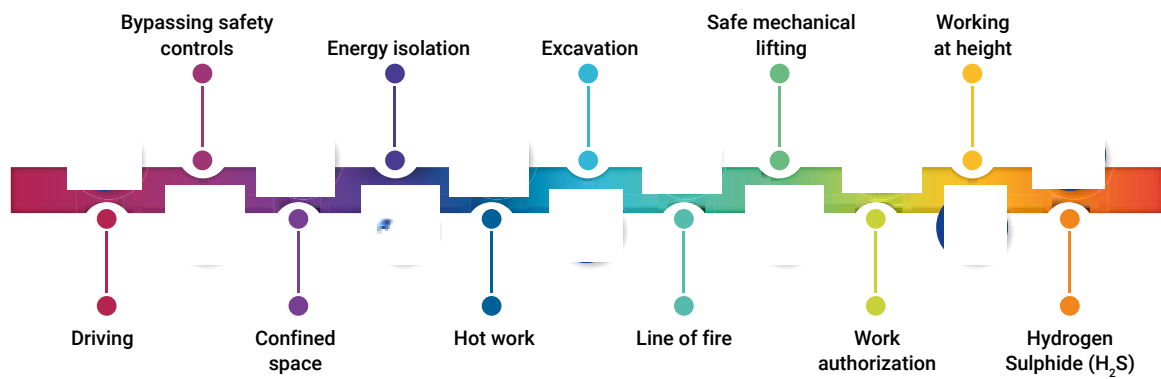
KPO GOLDEN RULES AND LIFE SAVING RULES GRI 103-3 (3-3), 403-1, 403-2, 403-7

As part of the KPO HSE Policy on raising HSE cultural awareness and reducing incidents, KPO has three main Golden Rules (from 2017) and eleven Life Saving Rules (from 2019).

Golden Rules regulate the Company's approach to Health and Safety: comply with legal regulations, intervene if in danger and respect colleagues while engaging.

Life Saving Rules are based on rules of the International Association of Oil and Gas Producers – IOGP, and are created as part of standardization of global health and safety regulations among oil and gas industry organizations, as well as to improve sharing of knowledge, experience and lessons learned. These rules focus on 11 types of activities with highest potential risk.

Fig. 8. Types of activities with high potential risk



These set rules are applied to all employees of KPO, contractors and sub-contractors and all assets and production facilities operated by the Company.

In order to continue improving the personnel awareness on the Life Saving Rules, in 2021 a Life Saving Rules In-depth Learning campaign was launched including the training materials and tests to ensure effective understanding. Results obtained by the employees are:

- ▶ “Bypassing Safety Controls” test – completed successfully by 3,589 employees;
- ▶ “Line of Fire” test – completed successfully by 3,571 employees.

CONSEQUENCES MANAGEMENT GRI 103-3 (3-3), 403-1

KPO has an HSE Behavioral Accountability and Consequence Management Model ensuring systematic study of employee's behavior with either positive or negative consequences, and identifying appropriate reward or action.

In 2021, activities on raising awareness of the Company and contractor employees were continued via Skype. 90% of high and medium risk contractors were covered. Awareness sessions on HSE Behavioral Accountability and Consequences Management Model will be continued for KPO Management staff, so that Managers support implementation of Consequences Management Model across the Company.

HSE LEADERSHIP AND CULTURE

HSE Leadership and Culture Programme was developed to reinforce health and safety continuous improvement and to develop and enhance the skills of frontline supervisors to enable them to coach frontline workers to implement safe working practices.

The Programme' implementation continued in 2021. “Coaching, involvement and intervention” courses were organized for the Well Operation department, Project Execution Directorate and their contractors. Also, with the support of the Corporate Safety Department, KMG-Parker Drilling Contractor initiated the Coaching Tool Pusher “Stop Work” Programme amongst its employees. The Corporate Safety Department, at the initiative of the Social Projects Department, held introductory mini-sessions on coaching, involvement and intervention for supervisors of the Social Projects contractors in Uralsk.

MANAGEMENT PRESENCE ON WORK SITES

For tracking the overall HSE performance and management interaction with employees at work sites, KPO practices HSE site tours at two levels: Management tours and Leadership tours engaging KPO Directors/Controllers, as well as Contractors' management.

In 2021, the total number of HSE Leadership tours amounted to 127 compared to the planned 70 having resulted in 181 % plan completion.

ROAD SAFETY GRI 103-3 (3-3), 403-9

With a target to ensure more sustainable road safety performance, KPO continues implementing its Road Safety Improvement Plan. In 2021, the Company completed 90% activities of the plan.

Key road safety achievements/implemented activities in 2021:

- ▶ Implementation of the new In-vehicle monitoring system (IVMS) parameters for both KPO primary and secondary logistics aligned with best international practice for further improvement of drivers' behaviour;
- ▶ Driving competence assessment of more than 170 KPO and Contractors' drivers both randomly and by applying risk-based approach, e.g. based on the IVMS RAG reports, vehicle type, load type, kilometres driven;
- ▶ Road traffic safety assurance review of 6 top low-performance contractors;
- ▶ Main Field roads potholes repair, road signs renewal, road marking;
- ▶ Arrangement of Winter road safety stand-down for KPO and contractors' drivers on risks of driving in winter, including risk of hitting animals on the roads;
- ▶ ISO 39001: Road Traffic Safety Management System – successful zero non-compliance pre-certification. KPO plans a certification on this standard in 2022.



HSE CULTURE

GRI 103-3 (3-3), 102-11 (2-23), 403-5

In 2021, a new HSE Communications Plan was introduced involving all HSE functions: Safety, Asset Integrity, Operations HSE, Projects Execution HSE, and Corporate Environment – in order to coordinate all HSE activities, including upcoming and current events, meetings, schedules. 97% of the planned joint activities were implemented as per schedule.

As a part of the HSE Communications Plan, the KPO and Contractor Senior Management HSE Forum was held in December 2021. KPO Senior Management and representatives of 54 contractor companies participated in the Forum which was conducted in a hybrid format – some attendees were present offline in the Forum venue and others participated online. The purpose of the Forum was to jointly review HSE performance, experience and hold conversations about Safety culture and its elements, the level of Safety Culture ladder the Karachaganak project implements and what can we do in order to improve it.

The new “Learning from Incidents” database was rolled out in the past year where everyone can find Lessons Learnt archive both for internal (KPO) and external incidents, as well as useful Safety Moments for different HSE topics. It includes an advanced search engine which allows finding a particular case upon specific parameters (i.e. Related Life Saving Rules or types of injuries, activities, etc.).

In order to support and boost-up the KPO COVID-19 Vaccination Programme, the vaccinated employees were suggested to share their experience and their motivation to take the vaccine. All the stories were transmitted via pop-up messages on PC screens.

Together with Radio-Aksai we conducted a drawing contest amongst the kids of Aksai, dedicated to the International Day for Protection of Children, to make them think and talk about road safety. The award was held through radio and Instagram. In addition, the “Safety Starts at Home” presentation was rolled-out for review and discussion by KPO employees. It described the risks and hazards their kids could have faced in daily life, and what needs to be done to avoid adverse consequences of unsafe actions.

OCCUPATIONAL HEALTH

In order to minimize risks and impact of the Company on occupational health, we have set a number of targets. The results of their implementation are presented further.

Tab. 15. Our targets in health protection GRI 103-2 (3-3)

Our 2021 targets	Target achievement	Actions taken in 2021	Targets for 2022
Continue with the implementation of the Workplace Mental Health and Well-being including: <ul style="list-style-type: none">▶ Stress Resilience Programme, which will be resumed in full once all COVID-19 restrictions have been lifted. Online sessions will be used more often.▶ Employee Assistance Programme;▶ “Something is wrong with me» Employee Mental Health & Well-being Programme.	Partially achieved	<ul style="list-style-type: none">▶ Resilience Programme was suspended due to COVID-19 restrictions. Attempts to conduct sessions online had limited success.▶ Employee Assistance Programme (Mental Health Programme) was successfully implemented in 2021.	<ul style="list-style-type: none">▶ Revitalize the Resilience Programme once pandemic restrictions have eased.▶ Continue Mental Health Programme.
Proceed with routine and unscheduled inspections of sanitary and living conditions at the contractors’ facilities	Achieved	Contractors’ welfare facilities were the focus of audits in 2021 as part of the Care for People Programme. Six audits were conducted.	Support Project Execution and Industrial Relations divisions in conducting contractor welfare facility inspections particularly in relation to the planned Turnaround in September 2022
Implement the Fatigue Risk Management Programme in the Company	Achieved	Fatigue risk assessments were carried out and risk management plans developed by Project Execution Directorate, Transport and Security Departments.	Continue implementing Fatigue Risk Management Programme across KPO. Special attention will be paid to Turnaround in 2022.
Consider changing the concept of the Global Challenge programme in the context of current restrictions	Not achieved, cancelled	Global Challenge initiative was cancelled due to the COVID-19 pandemic. No plan to pursue the programme in 2022 as is.	
Install 10 automated external defibrillators (AEDs)	Partially achieved	Re-training of First Aiders was completed. 10 Automated External Defibrillators (AED) were purchased and installed in KPO offices in Aksai.	Purchase further 10 automated external defibrillators (AEDs) install in the Field offices
Purchase five units of Electronic Pre-shift Medical Examination System (ESME) and install them at all KPO sick bays	Completed	Seven units of ESME installed and operated within 2020–2021 in five KPO sick bays. ESME system is replacing manual pre-shift medical examination. Scope is BP, pulse, body temperature, breathalyser. Results are available for checking by supervisors online.	
Consider conducting an audit of the implementation of the Legionnaires’ disease risk reduction plan taking into due account the epidemiological situation	Achieved	The implementation status of the Legionella risk reduction plan was checked. The actions set in the Plan were implemented in most sites.	Continue implementing requirements to prevent Legionella risks

Why is it important to us?

Occupational health is very important, not only because we spend almost one third of our life at work and workplace factors impact our general health, but also because of an interaction between non-occupational illness and our ability to work.

KPO has a transparent Fitness to work procedure that prevents bias or discrimination. As a responsible employer, KPO pays great attention to complying with statutory requirements in regards to fitness to work of its employees. Using the pre-employment medical examination as a baseline, we monitor our people’s health both in terms of their ability to continue working and of any impact on their general health.

The aim is to prevent and mitigate any negative impact of the workplace factors. This is achieved by providing and maintaining safe work environments, modifying workplaces to fit the worker or reassigning them to other jobs, and, finally, by referring them to specialist care. **GRI 103-1 (3-3), 102-15**

IMPROVING THE QUALITY OF EMERGENCY CARE

GRI 103-3 (3-3), 403-3

Emergency care preparedness and quick response are crucial in KPO.

KPO Medical Support team has established a system of Emergency Response of 24 hours provision of emergency pre-hospital care for the employees. Provision of pre-shift medical examination for employees and availability of 4 sick bays is arranged to reduce health, safety and environment risks in the field work environment.

Tab. 16. Healthcare deliverables in 2021

Medical Support Indicators 2021	
Number of patients visited clinics	1,075
Number of patients transported to medical facilities	49
Number of exercises and drills participated	274
First Aid training provided to employees	230
Number of medevacs / repatriations	1
Pre-shift medical examinations (drivers / operators / electricians)	
Number of examinations	90,479
Cases of unfitness to work	9
Random alcohol tests	977
Positive random alcohol test results	5
Medical Support Emergency indicators	
Number of emergency calls	49

HEALTH DEPARTMENT ACTIVITIES DURING THE COVID-19 PANDEMIC

GRI 403-2, 403-3, 403-6

For the period from January to September 2021, 88 patients with COVID-19 were monitored by medical personnel in the KPO medical facility at Czech Camp. 53 patients with COVID were evacuated from their workplaces in Aksai and the Field. PPE (masks, gloves,

hand-sanitizers) was provided to all KPO employees on a monthly basis.

The COVID Care Team consisting of Health Department staff and volunteers from other departments continued helping the Company in its efforts to manage the pandemic’s impact.

KPO and Contractors conducted over 170,000 PCR tests in 2021. It helped control the spread of disease in the workplace and community.

During 2021, the Sanitary Laboratory has conducted 47 inspections throughout the Company facilities to check compliance with infection control measures.

Disinfection of workplaces after the COVID cases was arranged by outsourcing the activity.

VACCINATION PROGRAMME

In 2021, KPO supported the RoQ vaccination efforts against COVID-19 by setting up a Vaccination Centre at the Aksai Hospital. More than 94% of eligible employees have been fully vaccinated. This was achieved thanks to using a range of tools:

- Communication and education (dedicated webpage, “Ask the Doctor” sessions, posters, banners and pop-up messaging, vaccination stories, etc.);

- Exemption from PCR testing for the vaccinated;
- Lottery with valuable gifts;
- Bonus for achieving the vaccination targets.

AKSAI HOSPITAL UPGRADE PROJECT

GRI 102-44, 203-1

The Aksai Hospital Upgrade Project was launched in January 2020, with the aim to upgrade the Aksai Hospital’s emergency and intensive care capability by achieving international standards within five years (2020 – 2025) via the KPO’s Social Infrastructure Projects. It includes improvements in equipment and infrastructure, as well as development of competence, and management systems.

Good progress was demonstrated on project delivery, as well as a significant impact on objective health outcomes (e.g. surgical mortality rates, and overall mortality rates). Positive case reports actual lives saved from new techniques and protocols. There was an overwhelming positive response from the medics and local community on social media.

The co-operation between KPO Health team, the Health Department of the WQO Akimat and the management of the Aksai District Hospital steer the activities of a joint effort for the benefit of the Burlin District’s community and KPO. The Project is overseen by the Joint Operators’ Oversight (JOO) comprised of health experts that had been established through the joint provision of technical advice to support achieving the goal.

MANAGEMENT OF ILL HEALTH

GRI 403-3, 403-6

MEDICAL INSURANCE

A medical insurance benefit is offered to KPO employees that covers medical services in addition to those available through guaranteed free health care and mandatory medical insurance. Health insurance covers a range of services, from outpatient care to inpatient care and reimbursement of medicines and dental services. Employees with chronic conditions are referred to medical surveillance for regular check-ups and treatment.

AUTOMATED EXTERNAL DEFIBRILLATORS

In a cardiac arrest, chances of survival are reduced by 10% every minute of delay. In KPO, delays to defibrillation can be as long as 15 minutes. Automated External Defibrillators (AED) allow First Aiders (i.e. trained laypersons) to defibrillate the patient. In 2021, the following activities were implemented:

- Re-training of KPO First Aiders completed;
- 10 AEDs are purchased and installed in Aksai-based KPO offices;
- Budget for more AEDs is requested.

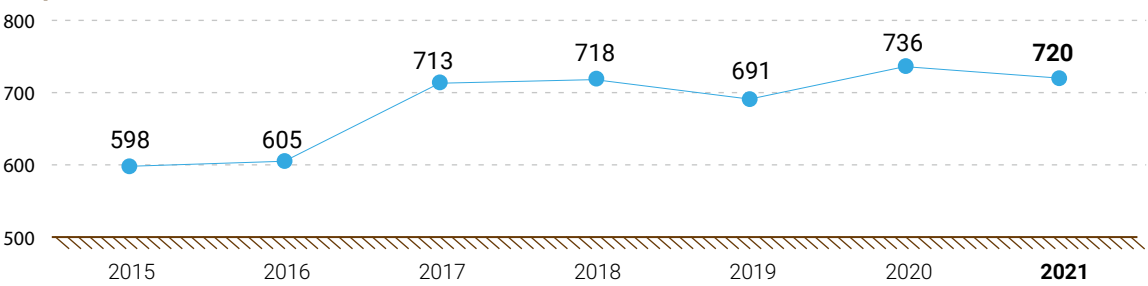
ELECTRONIC SYSTEM OF MEDICAL EXAMINATION

Electronic system of medical examination (ESME) – the project of digitalization and optimization of the process of pre-shift medical examination, which will replace the manual examinations. In 2021, ESME units were purchased and installed in five KPO clinics.

ABSENTEEISM MONITORING GRI 403-3, 403-10

In 2021, absenteeism at KPO was slightly down from the previous year.

Graph 5. KPO absenteeism rate, 2015–2021



Note: KPO uses the following method to calculate the absenteeism rate:

- ▶ Absenteeism rate = actual number of days lost due to absence from work (due to illness) x 100/total number of employees. No information about the days of absence from the workplace for other reasons is available.
- ▶ KPO has adopted a methodology for calculating absenteeism by the number of employees (but not man-hours), since this methodology is a regulatory requirement.



OCCUPATIONAL DISEASES

GRI 403-2, 403-3, 403-10

Oil and gas industry features various occupational hazards (hydrogen sulphide, chemical reagents, noise and vibration, climatic factors, biological and psychosocial factors, etc.) that require identifying, assessing and managing associated health risks. These processes in KPO are well established and provide robust control mechanisms.

During 2021, Health risk assessments were carried out at Eco Centre. The results were used to prepare a corrective action plan that was handed over for implementation.

In 2021, there were no occupational diseases registered among KPO employees.

FITNESS TO WORK GRI 403-2, 403-3, 403-6

Through pre-employment fitness to work assessments (FTW) providing a baseline and periodic medical examinations monitoring for any adverse changes, KPO strives to ensure that employees can complete tasks safely, without unacceptable risks to themselves, the Company or a third party.

The relevant Republic of Qazaqstan regulations as well as International Association of Oil and Gas Producers (IOGP) guidelines provide the legal and technical framework for KPO's Fitness to Work procedure.

One of the key elements is the provision for employees of access to an appeal process in cases where they are unsatisfied with their FTW evaluation outcomes.

PROMOTION OF HEALTHY LIFESTYLE

GRI 103-2 (3-3), 403-6

EMPLOYEE ASSISTANCE PROGRAMME

Employee Assistance programme is aimed at preventing harm to KPO employees arising from mental health problems, such as anxiety, depression, self-harm and suicides.

The programme involves confidential consultations by qualified third-party psychologists using multimedia, video, or face to face sessions available 24/7 via a set hotline. The programme also offers group sessions, lectures, discussions, and mental health education. Urgent psychological support is provided in cases of post-traumatic stress disorders resulted from a disaster, multiple casualty accidents, terrorism or other.

FATIGUE RISK MANAGEMENT

Fatigue is a lack of mental alertness arising from lack of sleep. The oil and gas industry has a number of characteristics, which can contribute to fatigue.

In 2021, the results of pilot application of the FRM were considered in planning of drivers' work schedules by Transport department. KPO has implemented a Fatigue Risk Management Procedure that outlines the management processes that minimise the risks of work-related injury or incidents due to fatigue.

OPERATIONAL CONTROL OF INDUSTRIAL FACILITIES GRI 403-3

Both a statutory requirement, and one of the staples of industrial hygiene, sanitary compliance monitoring is conducted in KPO production facilities. Table 17 shows the monitoring data for the last three years.

Every case of non-compliance with the regulatory limits is analysed and relevant actions are taken. For example, fluorescent lamps that were responsible for low lighting levels started being phased out.

Noise is intrinsic in production facilities such as compressor houses. The Hearing Conservation Programme implemented in KPO is an example of control measures aimed at reducing worker exposure to excessive noise.

WORKPLACE ATTESTATION

Statutory attestation of production facilities, which is conducted every five years, is aimed to evaluate working conditions.

In 2021, attestation of Eco centre was carried out by a licensed contractor company. 14 jobs were evaluated, of which 5 were graded as harmful. Corrective action plans were prepared following the outcomes of the attestation and submitted to the responsible persons for further actions. In 2022, large facilities such as KPC, Unit 2 and Unit 3 are due for the attestation.

Tab. 17. Monitoring of physical factors, 2019–2021

Occupational hazards	2021		2020		2019	
	No. of measurements	No. of non-conformances	No. of measurements	No. of non-conformances	No. of measurements	No. of non-conformances
Noise	368	83	398	110	440	114
Vibration	63	12	63	15	78	25
Electromagnetic fields	3,676	50	3,500	35	4,164	36
Electrostatic fields	2,048	0	1,737	0	2,322	0
Lighting	2,743	730	2,861	660	3,085	703
Microclimate	5,250	360	5,670	430	6,630	502
Workplace air	12,342	0	11,607	0	15,741	0
TOTAL	26,490	1,235	25,836	1,250	32,190	1,380

Why is it important to us?

Emergency response and crisis management are the key processes in KPO management in case, if an emergency situation escalates, KPO and contractors' personnel, as well as the neighbouring communities, may happen to be within the possible hazard impact area.

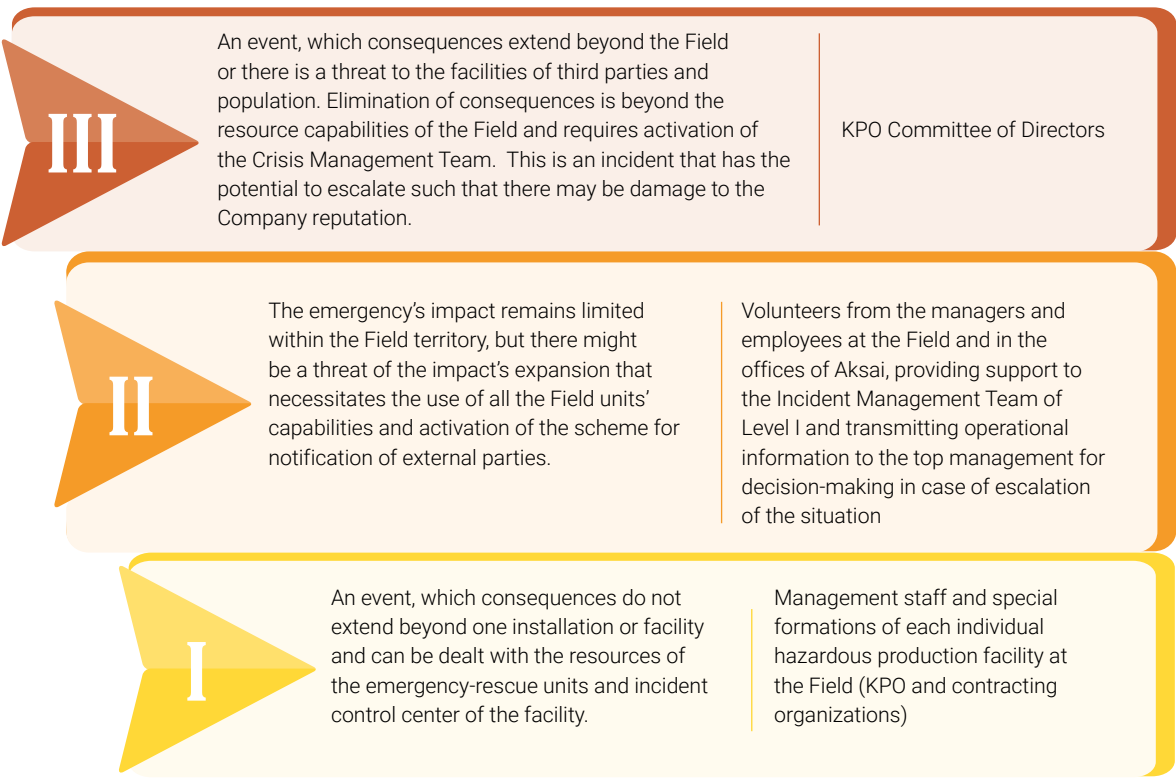
Emergency preparedness and response implies a recognition of possible irregularities and accidents, as well as organization of structure and resources for the mitigation of impacts of such accidents on people, the environment, the Company's assets and reputation. These resources are also used to support the Burlin District state emergency and rescue teams in fighting fire on residential and agricultural lands, as well as in combating floods.
GRI 102-15, 103-1 (3-3)

EMERGENCY RESPONSE

GRI 103-1 (3-3), 103-2 (3-3), 102-11 (2-23), 102-44

In case of any incident, accident or emergency, KPO operates a robust three-level Emergency Response system used to trigger a prompt response, to assess emergency scale, to plan and implement actions of localizing and eliminating emergency and its consequences. The system is graphically shown on the figure 9.

Fig. 9. KPO Emergency Response System GRI 103-2 (3-3), 403-5



In 2021, KPO has implemented a number of measures geared to enhance the efficiency of the emergency management system. For instance, level II Field and Aksai Incident Management Teams were merged in an integrated team to improve the performance of the Incident Management Centre (IMC), including:

- ▶ improved communication among personnel;
- ▶ reduced decision-making time as no information is duplicated;
- ▶ created a contingency team of volunteers with different functions, which in turn created an opportunity to engage additional personnel in case of protracted emergency situations.

Besides, activities continued to enhance the performance of incident command centres. Video-communication has been set up between Aksai and

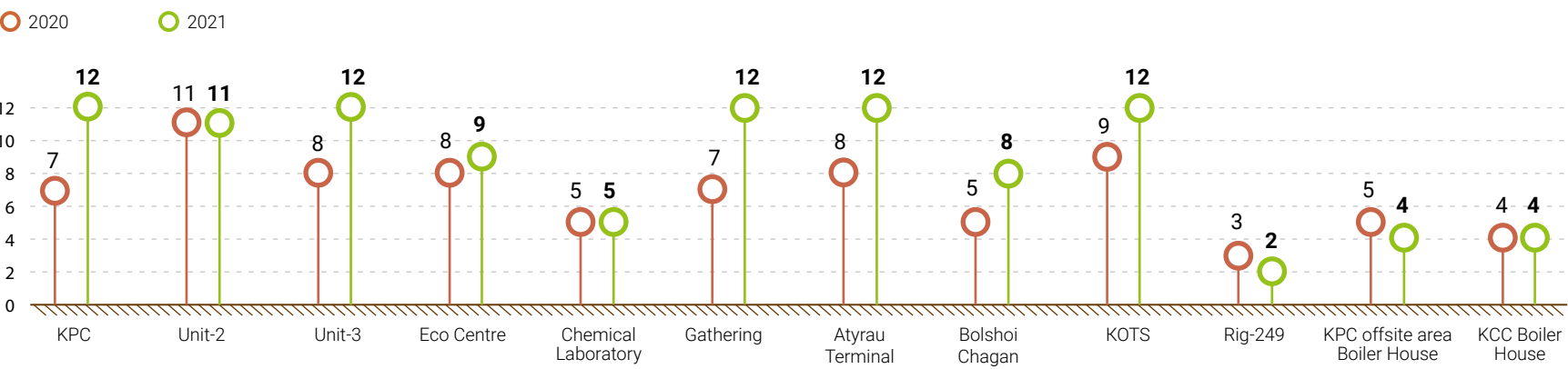
Field Incident Management Centres in a roundtable format. Which made it possible carrying our IMC activities under strict quarantine restrictions, and remotely engage certain personnel in the centre's activities.

In 2021, as part of ensuring the readiness of level I forces and resources, all Company's hazardous production facilities conducted monthly emergency response drills with involvement of the Facility Incident Command Team (ICT), emergency rescue teams and personnel of KPO and contractors.

In 2021, the total number of emergency response drills conducted at KPO facilities for the purpose of exercising the actions of level I incident command teams and emergency rescue units amounted to 103 drills (80 in 2020).



Graph 6. Emergency response drills completed in 2020–2021



The level II and III centres’ members took part in the following real mobilizations and drills, which allowed maintaining the readiness level: **GRI 103-3 (3-3)**

Tab. 18. Level II and III drills conducted in 2021

Type of drill	Date	Objectives	Participants
Integrated Exercise “Aurora”	August 2021	Check the personnel’s understanding of the existing procedures and develop skills of the IMT members who has recently had training	Level II Incident Management Team, Level III Crisis Management Team
Table Top exercise	August 2021	Exercise actions of forces and resources in deployment of booms at Kushum channel for the interception of an oil spill in case of an accident at KATS.	Bolshoi Chagan OPS Incident Command Team, firefighting team

Weekly theoretical and practical drills and exercises were conducted throughout 2021 with the observance of all sanitary norms and requirements for social distancing engaging KPO emergency rescue teams, namely:

- ▶ firefighting teams;
- ▶ gas rescue team;
- ▶ voluntary gas rescue units;
- ▶ medical personnel;



Besides, in 2021, KPO continued training of staff in civil protection via the e-learning system, as required by the RoQ legislation.

Throughout 2021, representatives of KPO emergency rescue teams and units responded to 25 calls by going out to settlements to provide assistance in extinguishing steppe fires at agricultural facilities, household outbuildings, and forest belt fires.

COMMUNITY PREPAREDNESS
GRI 102-11 (2-23), 103-3 (3-3), 102-44

KPO monitors the community’s awareness of the procedure for emergency response in case of an emergency at the Karachaganak Field. In 2021, as per the approved plan, four meetings were held with Akims of rural districts and residents of villages located around the field, covering 40 persons. The discussion topics were errant cattle as a hazard, the role of a central monitoring station, village alarm stations and familiarization with their equipment.

In order to maintain constant readiness of village alarm stations, throughout 2021, the Community Protection Specialist of KPO Emergency Response Team jointly with contractor representatives carried out monthly testing of emergency alarm signals and public address systems, as well as the maintenance of this equipment. Such village alarm stations are installed in eight villages that are situated around the field.

Besides, KPO continues its active engagement with local authorities in the periods of high water, fire hazard and winter.

ASSET INTEGRITY **GRI 103-2 (3-3), 102-11 (2-23), 403-7, OG-13**

KPO monitors potential threats to its operations and mitigates Asset Integrity risks through its barrier management system. The Asset Integrity department together with the Units continuously assess the health status of the safety barriers to identify weaknesses, implement mitigating measures and establish plans to

re-instate these barriers to its original design to prevent any major accident.

In order to minimize asset integrity risks, we have set a number of targets. The results of their implementation are presented further in the table.



Tab. 19. Targets in Asset Integrity **GRI 102-11 (2-23), 403-7, 103-2 (3-3)**

2021 targets	Target achievement	Actions taken in 2021	Targets for 2022
Roll out a new Barrier Model tool and conduct awareness sessions for all KPO front line staff	Done with further activities planned	Rolled out the new Barrier Model tool as part of the Barrier Management Process. Conducted awareness sessions for key staff. Implemented the monthly review meetings with the Units.	<ul style="list-style-type: none">▶ Further implement the Barrier Model tool, increase understanding and ownership of this tool by the Units.▶ Further develop enhanced functionality of the Barrier Model tool.
Continue the Process Safety Awareness campaign and develop an action plan based on the revised IOGP standards	Done with further activities planned	Updated the Process Safety Fundamentals Guideline and documentation as per the IOGP 2020 new release; launched PSF E-Learning and developed PSF videos. Distributed hand-out materials to KPO front line staff and contractors.	Review the effectiveness of the implementation of the Process Safety Fundamentals

The Asset Integrity Management Framework is a set of processes to prevent major accident hazards and to raise Asset Integrity and Process Safety awareness amongst the KPO employees, contractors and subcontractors working at the Karachaganak field.

The Asset Integrity Framework Management System consists of the following key processes:

- ▶ **Barrier Management** – through the application of a structured process supported by the using of the Barrier Model tool;

Why is it important to us?

The main objective of Asset Integrity is to prevent major accidents and reduce the risks to people, environment, assets, and the Company’s reputation. It is an outcome of good design, construction, operating and maintenance practice.

Asset Integrity is achieved when facilities are structurally and mechanically sound and perform the processes to produce the products for which they were designed. Barriers that relate to the plants, people and processes are defined to reduce the risk for a major accident to a level that is as low as reasonably practicable. **GRI 103-1 (3-3), 102-15**

SPILLS **GRI 306-3**

In 2021, no cases of significant spill⁴ were recorded at the territory of the Karachaganak field.

⁴ The definition of a significant spill is applied to an incident, which has caused contamination of the environment through hydrocarbon/chemical spills to land or water and volume of spilled hydrocarbon/chemical exceeding 1,000 litres (as per KPO Incident classification).

- **Asset Integrity Performance Analysis** – through the use of Key Performance Indicators;
- **Management of Change system for Brownfield Modifications** – through the use of the Management of Change database;
- **Asset Integrity Assurance** – through the use of reviews, audits, verifications and assessments;

- **Asset Integrity Improvement Culture initiatives** – through the production of e-Learning modules on the Mechanical Isolation Procedure, Process Safety Fundamentals and the Barrier Model process.
- Within 2021, KPO has undertaken a number of activities addressing the key risks or barriers in the KPO asset integrity. In the table below, we present the completed

activities in 2021 and the current status of the ongoing ones.

These completed activities allowed a reduction of the risk at Unit 3 and provided assurance on the robustness of some Process Safety process.

The activity currently ongoing will allow reducing the Process Containment and Ignition control risks field wide.

Tab. 20. Activities addressing the key risks or barriers in the KPO asset integrity GRI 103-2, 103-3 (3-3)

	Barrier Impacted – finding and site place	Continuous Improvement Activities in Asset Integrity
ACTIVITIES COMPLETED IN 2021	Process Containment – 9 Vessel with integrity issue and Obsolete Flash Gas Compressors at Unit 3	Nine vessels were identified with integrity issues during the site inspection in the past years. These were replaced during Turnaround 2021. Flash Gas Compressors with integrity issues were identified as one of highest risk areas in Unit 3. They were taken out of service in 2021.
	Soft Barrier – Safety Critical Elements at KPC/KGDBN	The KGDBN project at KPC has been completed and as part of the Handover to the Operations, the identification of the relevant safety critical element (SCE) of the KGDBN project has been carried out by a multidisciplinary team.
	Soft Barrier – Mechanical Isolation Procedure at Unit 2 and Unit 3	In order to verify compliance with the KPO procedures, an assessment was carried out on the Mechanical Isolation Procedure.
	Soft Barrier – Inhibits and Overrides procedure at Bolshoi Chagan, Atyrau Terminal, KPC and Unit 2	In order to verify compliance with the KPO procedures, an assessment was carried out on the Inhibits and Overrides procedure.
ACTIVITIES STARTED IN 2021 ONGOING THROUGH 2022	Process Containment – Undersized pressure safety valve field wide	A Safety review done by Engineering department highlighted potential undersized PSV's in the facilities. The undersized PSV's identified, mitigation action taken, design and procurement initiated, replacement scheduled for Turnaround 2022.
	Process Containment – Valves with banned materials field wide	Site inspection ongoing to finalize the list of valves with banned materials. During the 2021 year several valves already changed out, remaining valves scheduled for replacement in Turnaround 2022.
	Ignition Control – EX Equipment field wide	EX item review for all the facilities showed equipment with some gaps on the certification and maintenance. Site inspections completed, most critical items repaired/replaced, remaining scope being addressed.

BARRIER MODEL
GRI 102-11 (2-23), 103-2 (3-3), 403-2, 403-7

In 2021, the KPO Asset Integrity Department has worked on the new operational Barrier Management software tool. The new Barrier Model software was customized based on the KPO requirements in order to improve transparency and efficiency of the barrier management process with increasing use of “live data”. All new projects, upon completion, are put through the Barrier Model, such as the KGDBN project, which was delivered in 2021.

LOSS OF PRIMARY CONTAINMENT
GRI 403-2, OG-13

Loss of Primary Containment (LOPC) is an unplanned or uncontrolled release of any material from primary containment, including non-toxic and non-flammable materials. The Annual Loss of Primary Containment Report for 2021 provides an analysis of the LOPC incidents that occurred during 2021 along with their defined recovery actions in terms of:

- Root causes (in accordance with Incident Investigation Tap Root Methodology),
- Level of compliance with Process Safety Fundamental rules,
- Status of corrective actions,
- Weeps & Seeps Leaks Register data.

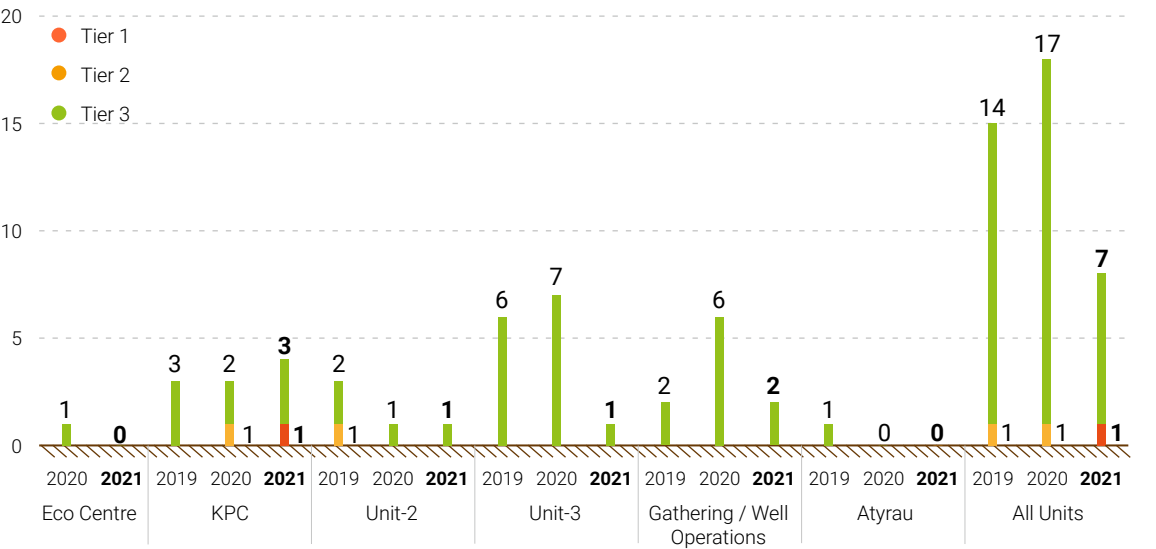
Analysis of Process Safety Events is the key to prevent or reduce the likelihood and severity of Process Safety Events. Once a Process Safety event occurs, an investigation process is initiated, root causes are determined and recommendations are defined and followed up through the Synergi database.

Statistical analysis for 2019–2021 shows that the number of LOPC events decreased by 44.4% in 2021 compared to 2020.

One Tier 1 Process Safety event occurred at KPC where a release of caustic soda solution splashed into the face of a KPO Lead Operator during the pressure leak testing activity. The injured person immediately used an eyewash in the safety shower and received first aid and further medical examinations; his eyesight was not impacted, however the sick list was issued.

No Tier 2 LOPC's occurred in 2021. The number of Tier 3 LOPC's was reduced from 17 in 2020 to 7 in 2021.

Graph 7. Loss of Primary Containment at KPO by process facilities, 2019–2021 OG-13



Note: For Process Safety Event definition (Tier-1/2/3), please refer to the International Standard IOGP 456.

Why is it important to us?

In order to mitigate any potential risks for security and social stability, KPO takes every possible effort to ensure integrity of operational facilities and security of all personnel at the Karachaganak field including contractors. **GRI 103-1 (3-3), 102-15**

HRSP training covered **100%** contractor security personnel

0 illegal taps in the KPO export pipelines

SECURITY

To minimize security risks and the Company's impact resulting from its activities, we have determined several targets which implementation results are presented below.

Table 21. Our targets in security **GRI 103-2 (3-3)**



Our 2021 targets	Target achievement	Actions taken in 2021	Targets for 2022
Ensure zero illegal taps in the KPO export pipelines	Done	Regular monitoring of the export pipelines was provided by mobile patrol teams and the Sintela monitoring and notification system.	Ensure zero illegal taps in the KPO export pipelines
Implement a number of activities required to prevent illegal actions and to reduce incidents	Completed	During the year regulations were updated and training activities were carried out.	Install metal detectors and automatic breath test systems at the security check points of Unit-2, Unit-3 and KPC red zones in order to prevent unauthorized removal of assets and monitor physical condition of personnel
Continue training on Human Rights and Security Principles (HRSP) for security personnel	Completed	As of end 2021, the training covered 100% contractor security personnel. GRI 410-1 Conducting the HRSP training has been included in the terms of new contracts for providing security services since 2016.	Continue training on Human Rights and Security Principles (HRSP) for security personnel, as well as for new personnel
<ul style="list-style-type: none">Proceed with the procurement and installation of electronic security systems at the Company's facilities;Identify a potential security provider for the Oil Pumping Station in Bolshoi Chagan.	Partially completed	<ul style="list-style-type: none">Due to changes in pricing for the equipment to be purchased, it was decided to reassess the budget based on the completed detailed engineering of the security systems.Tender for engineering services for the security systems at Bolshoi Chagan OPS was successfully completed.	Complete the tender for a provider and installer of the security systems at KPC, Unit-2, Unit-3 and EOPS. Proceed with the project implementation.

Table 21. Our targets in security (continued)

Our 2021 targets	Target achievement	Actions taken in 2021	Targets for 2022
	New target		Define the scope of work covered by the Security Management System project at the facilities: Bolshoi Chagan OPS, Pilot Camp and Waste Disposal Centre
Integrate several different types of electronic badges/ certificates applied into one card	Completed	The pilot project on integration of different cards into one was successfully completed.	<ul style="list-style-type: none">Continue replacement of simple electronic cards with electronic chip cards;Identify and purchase required quantity of readers for further implementation of the project.

Following the results of activity of the Security and Industrial Relations Department in 2021, 992 violations were found, and 17 internal investigations were conducted. These included four applications, which were submitted to law-enforcement agencies.

During 2021, KPO revealed and prevented cases of unauthorized removal / relocation of KPO and contractors' assets worth approx. KZT 40 mln.

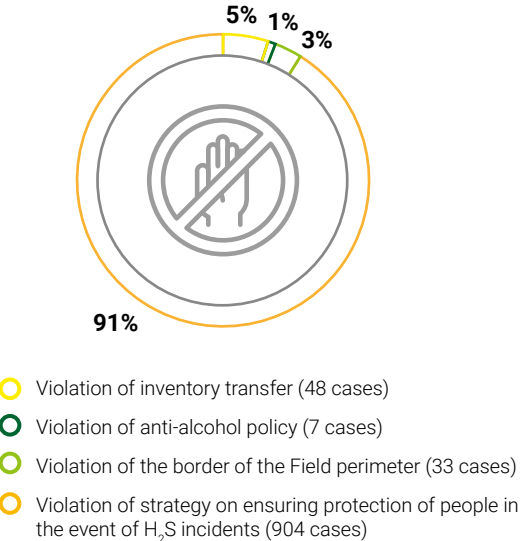
Employees of the security company providing complex security services on the export pipelines have rendered assistance to the WQO law-enforcement agencies in detaining persons who illegally crossed the RoQ Border.

The use of the new Sintela security software has significantly increased overall monitoring quality, including more precise threat identification and improvement of patrolling. **GRI 103-3 (3-3)**

During force-majeure and state of emergency in January 2022, the Company has implemented a number of measures to improve security at the operational facilities, such as:

- safe transportation of KPO and contractors' personnel between Aksai and KPO facilities;
- additional measures were taken to ensure security on sites, including increase of security personnel at the posts and the security check points, strengthening of access control, temporary blocking/closing off the access roads, relocation of mobile patrol teams, mobilization of the rapid response teams;
- action plan to prevent destabilization of public order in partnership with law-enforcement agencies and public authorities. **GRI 102-44**

Graph. 8. Violations evidence in 2021



“During 2021, KPO revealed and prevented cases of unauthorized removal / relocation of KPO and contractors' assets worth approx. KZT 40 mln.”

Why is it important to us?

Developing and operating the Karachaganak Field requires thousands of dedicated and talented employees in a wide range of disciplines, from petroleum engineers and technicians to accountants and logistics specialists.

Our people are the key to our success. Company invest in the development of our national workforce using the international expertise of our Parent companies, appropriate classroom training and renowned educational institutions.

GRI 102-15, 103-1 (3-3)

As of end 2021, total number of KPO employees made up

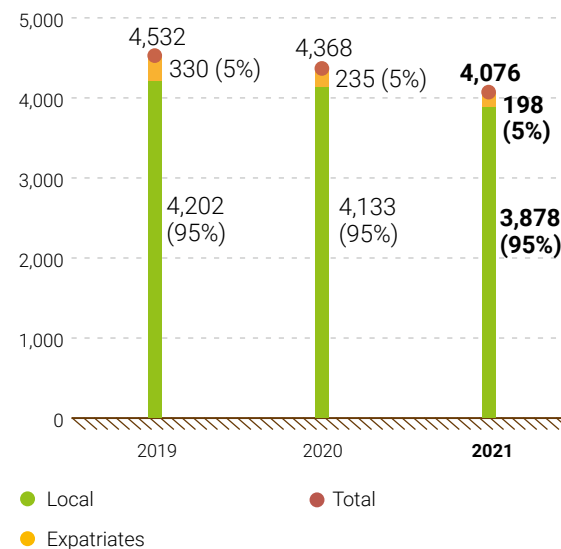
4,076
people

PEOPLE AND SKILLS

As of end 2021, the total number of employees in KPO, including those working on temporary projects, made up 4,076 people with 3,878 of them being Qazaq nationals and 198 expatriates.

Graph 9. KPO employees, 2019–2021

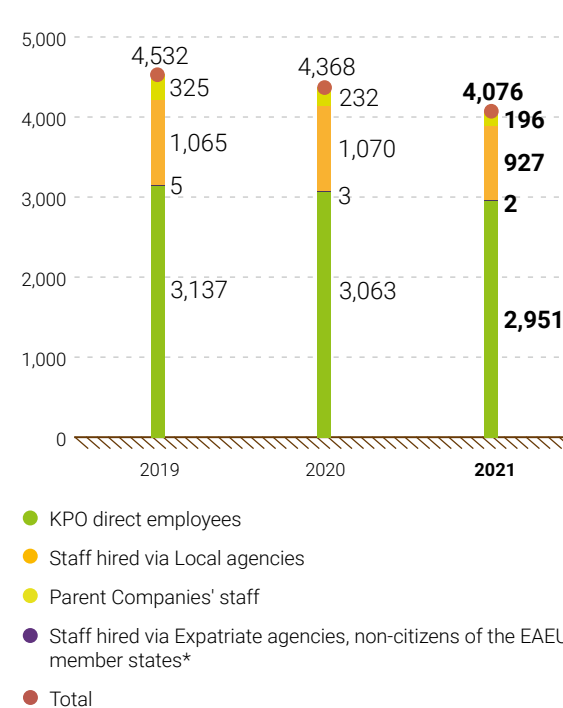
GRI 102-7, 102-8 (2-7), 405-1(b)



* The EAEU – the Eurasian Economic Union – is an association within the framework of international economic cooperation of several states of the Eurasian region – Russia, Kazakhstan, Kyrgyzstan, Belarus and Armenia.

The graph 10 shows the ratio of employees, taking into account the specifics of labour relations, to the total headcount of the Company at the end of the reporting period, broken down by years.

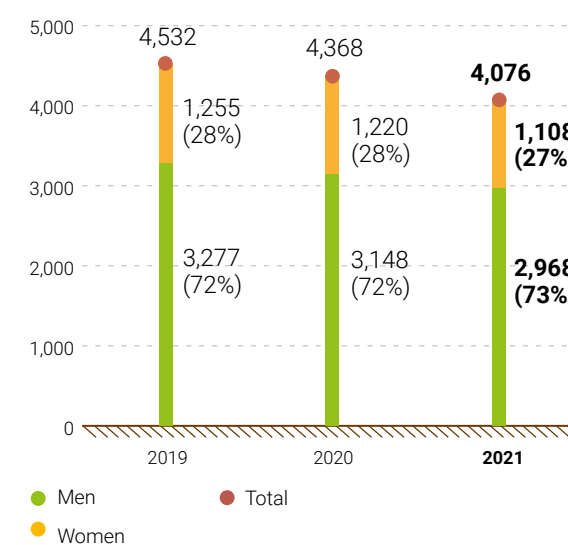
Graph 10. KPO employees by type of employment, 2019–2021



Graph 11 shows the ratio of employees by gender. In 2021, 2,968 men and 1,108 women worked at KPO.

GRI 102-8 (2-7)

Graph 11. KPO employees by gender, 2019–2021

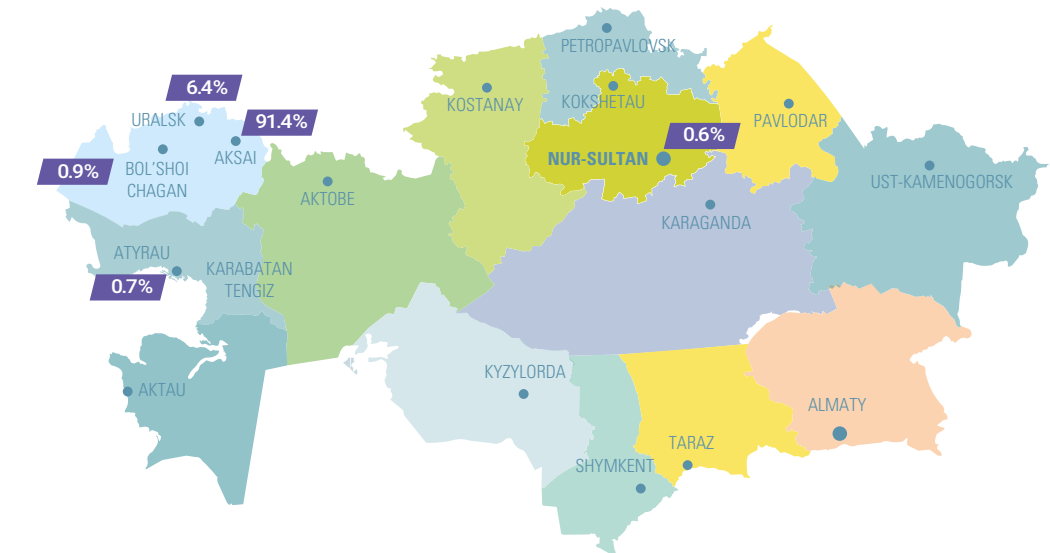


As of end 2021, the number of temporary employees⁵ totalled 73. **GRI 102-8, (2-7), 405-1(b).**

⁵ Temporary employee is an external candidate hired for a limited time to replace a directly hired employee, who is on unpaid or maternity leave or seconded to a Parent Company.

The map describes the geography of where KPO employees reside across the country.

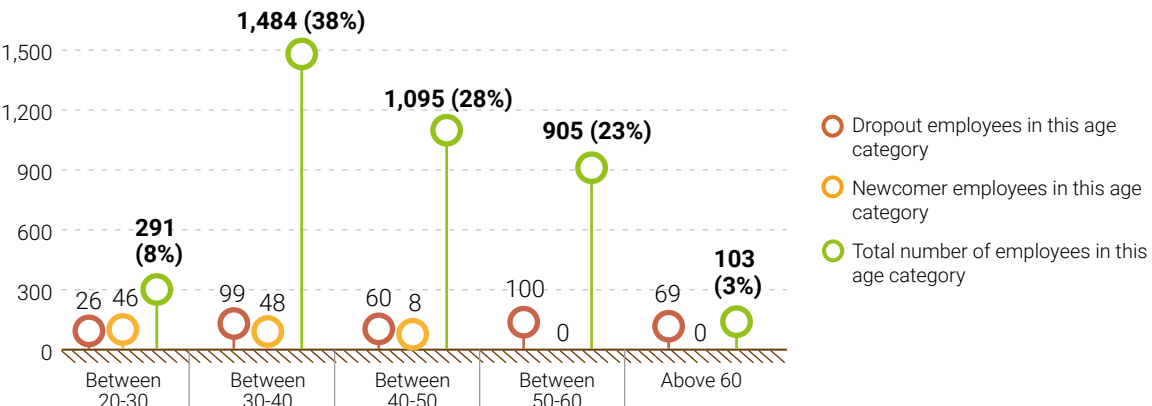
Fig. 10. KPO employees by region, 2021



KPO employees at the HSE Award ceremony 2021

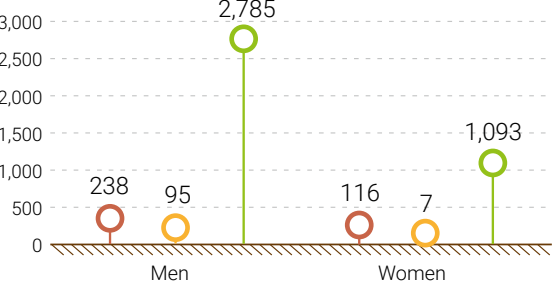
Graph 12 shows the turnover of local employees in 2021 broken down by age groups regardless of the type of contract. **GRI 401-1**

Graph 12. Personnel turnover by age, 2021 (local) GRI 401-1, 405-1(b)



Graph 13 shows the turnover of local employees in 2020 broken down by gender. In 2021, the new employees hired in KPO made up 2.6% of the average number of employees, in comparison to 2020 – 2.3%. The dropout made up 9.1%.

Graph 13. Personnel turnover by gender, 2021 (local) GRI 401-1

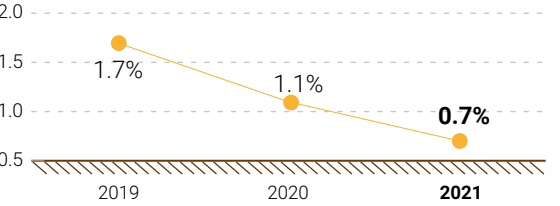


- Dropout employees in this gender category
- Newcomer employees in this gender category
- Total number of employees in this gender category

The turnover made 0.7% in 2021 versus 1.1% in 2020 (see Graph 14). **GRI 401-1**

According to the RoQ Labour legislation, the turnover indicator includes only the number of employees, who resigned on a voluntary basis.

Graph 14. Dynamics of local personnel turnover, 2019–2021 GRI 401-1, 103-3 (3-3)



Note: Calculation of local turnover indicator is performed according to the following formula: personnel turnover = the number of personnel, who voluntarily resigned during the reporting year / the average number of employees for the same period × 100.

EMPLOYEE RELATIONS **GRI 102-44**

ENGAGEMENT WITH TRADE UNIONS

Collective bargaining is essential in the Company. Trade unions play a key role in supporting and protecting employees' rights. Trade unions develop draft Collective Agreements addressing various aspects of social and labour relations and bargain with the Company to improve working conditions of the employees. Three Trade Unions represent the interests of KPO employees:

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

At the end of 2021, the trade unions and the employer signed a new Collective Agreement for the period 2022–2024. Provisions of the Collective Agreement are applied to all KPO employees regardless of their membership in the Trade Unions. **GRI 102-41 (2-30)**

In particular, under the terms of the New Collective Agreement, a number of new social payments and benefits were increased and introduced, such as the provision of advance payments, social assistance to families of employees raising disabled children, assistance to families of employees raising three or more children of school age, including children of 18 years old, the percentage of payment for combining duties has been increased in the amount of at least 10% of the monthly base salary. In addition, a number

of benefits were agreed for veterans who retired from the Karachaganakgazprom JSC or the Company, including an increase in the amount of bonuses for the Oil and Gas Complex Workers Day.

In accordance with the Collective agreement, KPO has the obligation to raise a minimum two-month (8 weeks) notice to Trade Unions in case of liquidation of the Company with a subsequent reduction in staff, system or amount of remuneration leading to deprivation of employees' conditions. **GRI 402-1**

Along with this, the Employee Relations Sector is working to control the funds allocated under the Collective Agreement for the Trade Unions to carry out socially oriented, cultural, mass and physical education work.

GRIEVANCE MECHANISMS

GRI 102-17 (2-26), 103-2, 103-3 (3-3)

At present, the Company has a few grievance mechanisms: applications to HR Controllorship either directly or through Trade Union, and via the anonymous Hotline.

In 2021, HR received 97 applications, including grievances. The received grievances addressed such issues as labour misconduct, employment, conflict resolution, abuse of power, misconduct with contractor employees. Also, employees gave feedback on the new Collective Agreement. All received grievances were reviewed and resolved, including in the pre-trial procedure and at the stage before the cases' consideration in the Conciliation Commission.

Why is it important to us?

Employee relations are based on an agreement between the employee and the employer on the performance of the employee's labor function and the provision of the necessary conditions and remuneration by the employer.

Employee relations in KPO are regulated by the Labor Code of the Republic of Qazaqstan. If the terms of the employment agreement are not observed by both the employee and the employer, there are risks of human rights violation such as: the right to work in just and favorable conditions, protection against unemployment, the right to equal pay for equal work, the right to just and favorable remuneration, the right to form and to join trade unions to protect their interests, the right to reasonable limitation of working hours and paid leave. **GRI 102-15, 103-1 (3-3)**

"In 2021, HR received 97 applications, including grievances on such issues as labour misconduct, employment, conflict resolution, abuse of power and etc."

VOLUNTARY DISSOLUTION OF EMPLOYMENT RELATIONSHIP

The Company supports the application of the Voluntary Dissolution of Employment Relationship Programme as part of the Collective Agreement and pursuant to the RoQ Labour Code dated 2017 (Art. 52). The programme applies to men aged 58-63 and women aged 53-58. In 2021, 43 KPO employees applied for the voluntary dissolution of employment relations (43 employees in 2020, 42 employees in 2019, 24 employees in 2018 and 45 employees in 2017).

In order to optimize costs, increase efficiency and maintain the Company's competitiveness, in the end of 2021 the Company repeated the experience of Programme for Voluntary Dissolution of Employment Relations. 20 applications were approved under this programme in 2021.

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The Company supports the application of the Voluntary Dissolution of Employment Relationship Programme as part of the Collective Agreement and pursuant to the RoQ Labour Code dated 2017 (Art. 52)

INDUSTRIAL RELATIONS GRI 102-11 (2-23), 407-1

To avoid violations of the rights of contractors and subcontractors' employees monitoring and analysis of the situation in work collectives are regularly carried out in order to reveal and correct potential factors, as well as causes and conditions resulting in social and economic violations, impairment of employees' legal rights. The causes of such risks can be lack of acceptable social and living conditions and non-observance of legal regulations by contractors and subcontractors.

In the process of inspections of violations of human/employee rights KPO makes efforts to ensure comprehensive and timely review of claims/reports, as well as to resolve issues in due time. During considerations, views of all sides are taken into account and analysed, and possible measures are taken to protect and restore employment rights in accordance with the RoQ legislation and the Company's procedures.

The operational targets at the Karachaganak field and activities for the implementation of the projects for further enhancement are mainly carried out with participation of contractor companies. Thus, successful fulfilment of the set targets and achievement of process performance depends on how balanced labour relations are both in KPO and in collectives of the involved contractors and subcontractors.

In 2021, Industrial Relations personnel carried out 177 trips and visited 260 work sites and camps. Also, 19 joint audits were conducted.

In 2021, 19 complaints from contractors' employees on various issues were received and closed. Social and

living conditions were inspected: work places, catering facilities etc. Following the results of monitoring, audits and considerations of the received applications of 43 contractors coordinated by Industrial Relations Section, measures for improvement of accommodation and labour conditions were taken. That, in its turn, had a positive effect on maintaining stable moral and psychological climate in the working collectives.

As part of the activities for prevention of violations of employees/workers' rights, monitoring of compliance with the declared working and social and living conditions is conducted. In the process of the specified activities a comprehensive approach is applied: each claim/application is considered through analysis and ensuring completeness of information.

One of such examples was an application of a contractor employee to KPO regarding violation of the labour law, specifically non-admission to work due to not having vaccination against COVID-19 and refusal to increase the wages. As a result of the inspection, the claimant's employer admitted the employee to the work place and increased the wages by 25%.

As part of support for local providers of goods and services, from the end of 2020 KPO had been facilitating the implementation of mandatory PCR-testing of contractor personnel. During 2021 the Company continued full reimbursement of these costs at its own expense.

In addition, the Company has provided support in increasing the number of vaccinated contractor personnel as a leader and positive example.

COMPENSATION AND BENEFITS

The success of any business largely depends on the team qualifications, therefore KPO's HR policy is aimed at strengthening the leading position in the market and achieving strategic goals through the creation and development of a professional team, as well as increasing its motivation.

In order to ensure the employee right to pay as per qualifications, complexity of work, quantity and quality of work performed, as well as working conditions, KPO applies the following tools:

- The remuneration system based on a consistent approach in setting wages, which ensures fair remuneration for all staff;
- The job evaluation process regulation for effective organizational structure management, as well as to ensure the validity of remuneration;
- Performance and Development Review (PDR) application;
- Maintaining fair work conditions through a variety of benefits.

A package of benefits is provided to all KPO direct employees; the package consists of monetary and non-monetary rewards. For the employees hired at KPO via recruitment agencies, the collective agreements of these agencies are applied. GRI 401-2, (2-30b)

Most rewards are included in the Collective Agreement. Agreement signed in 2019 remained effective for the period 2019–2021. During 2021, preparations were

made for the signing of the new collective agreement version, and in December 2021 an agreement was reached. The new version contains a number of improvements regarding, among other, the employees' social conditions. This Collective Agreement will be valid from 2022 to 2024. GRI 102-41, (2-30)

Pursuant to the existing procedures, each year KPO offers an upgrade on the employees' remuneration, including the cost-of-living salary increase at the beginning of the year, annual performance review bonus for those, who received positive ratings based on annual performance, and also individual pay rises and additional lump sum payments.

In January 2021, an 8% general salary increase was made reflecting the inflation level for the previous year.

According to the annual benchmarking for compliance with the market level of remuneration in oil and gas sector in Qazaqstan, the average salary in KPO as of 2021 was higher than an average salary in the West Qazaqstan Oblast (WQO). As a result of this analysis, no additional salary adjustment was proposed in 2021. GRI 202-1

It should be noted that in December 2021, the Company was awarded the Grand Prix of the Paryz-2021 Republican competition on corporate social responsibility for achieving high results in the areas of corporate social and environmental responsibility.

Why is it important to us?

Attracting and retaining qualified and talented professionals are our main risks. KPO strives to ensure competitive labour market conditions among oil companies in Qazaqstan, which helps to attract high-potential candidates and reduces the risk of staff turnover.

One of the reasons for the KPO attractiveness as an employer is due performance of duties undertaken by the Company and respect for the employees' labour rights. GRI 102-15, 103-1 (3-3)

“
in December 2021, the Company was awarded the Grand Prix of the Paryz-2021 Republican competition on corporate social responsibility for achieving high results in the field of corporate social and environmental responsibility.

Why is it important to us?

The strategic approach of KPO HR to the process of local content increase involves both replacing expatriate personnel with national staff and implementation of the local staff professional training and development. This ensures that all operations are carried out competently, with high quality and in compliance with international standards. This approach contributes to the replacement of foreign personnel with minimum risks for production activities, and the achievement of the set goals with the highest quality.

Without the annual Training Plan the Company would have faced the following risks:

- ▶ Failure to fulfil its obligations under the FPSA.
- ▶ Incompliance with legislative requirements in industrial safety, environmental and labour protection.
- ▶ Lack of competent workforce to fulfil the Company resourcing needs.
- ▶ Delay or failure to achieve targets for local content in staff. **GRI 102-15, 103-1 (3-3)**

PERFORMANCE AND DEVELOPMENT REVIEW **GRI 404-3, 103-3 (3-3)**

Performance and Development Review (PDR) is one of the feedback tools aimed at monitoring and enhancing work efficiency. The PDR process covers Qazaqstani employees, who have an employment agreement with KPO for minimum half a year.

DEVELOPMENT OF NATIONAL PERSONNEL

GRI 405-1, 103-3 (3-3)

Development of national personnel is a continuous process in KPO. Professional competency is maintained and developed through the training and skill improvement system.

In 2020, KPO in conjunction with the Authority approved the 2020–2025 Programme for Local Content Increase in Staff. The outcomes of the previous programme were also taken into account while developing the new one.

In 2021, 13 positions previously held by expatriate personnel were nationalised, 45 positions were abolished. Local employees made up 95% of the total Company's staff as of December 2021. In total, 246 expatriate specialists were replaced with national employees and 284 positions held by expatriate employees were abolished in the period of 1999 – 2021. The breakdown by categories is presented in table 22.

GRI 103-2 (3-3)

Tab. 22. Increase of Local Content in KPO staff by categories of employees **GRI 202-2, 103-3 (3-3)**

Category	Description	RoQ legal requirement	Local content in staff		
			2021	2020	2019
1+2	Executive management and their deputies, Department / Unit management	Minimum 70 %	85%	83%	79%
3+4	Professional staff / qualified workers	Minimum 90 %	98%	97%	96%

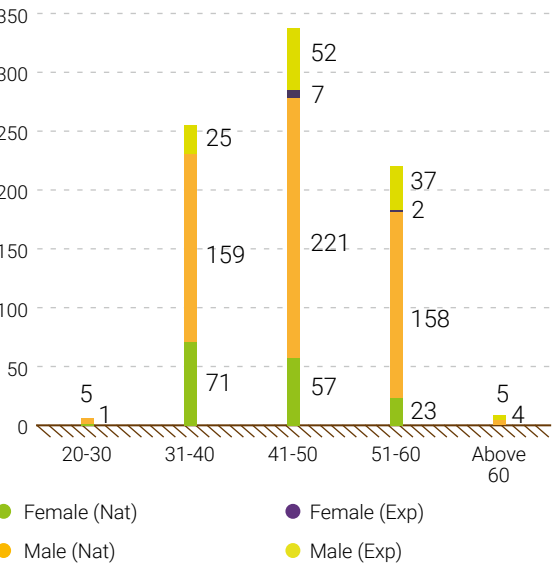
Ratings distribution scale includes “Strong”, “Fully Effective” and “Needs Improvement”.

For those employees holding managerial positions, a process to monitor their Key Performance Indicators against the set targets is arranged separately.

Additionally, in accordance with the goals set in this Programme, KPO keeps tracking the local content in contractor personnel registered in the West Qazaqstan Oblast. In 2021, 43 companies provided their quarterly, biannual and annual Local Content in Staff reports. The local content in staff within these organizations made up to 90 % in the category ‘Department / Unit Management’ and 97 % in the category ‘Professional staff / Qualified workers’. The Local Content increase in KPO and in contractor companies during 2021 is due to COVID restrictions, which put a strain on expatriate specialists’ arrival to work and due to completion of several major projects.

Graph 15 presents the total number of expatriate and local senior and mid-level management of the Company split by age and gender. This includes KPO core structure and temporary projects.

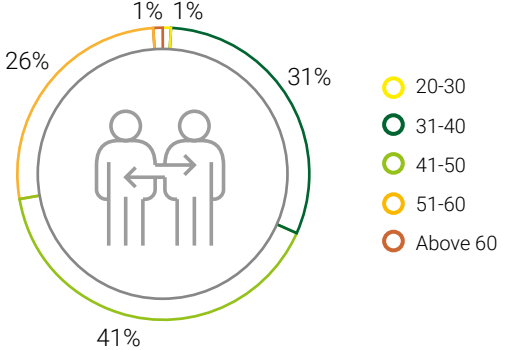
Graph 15. Number of local and expatriate managers by age and gender, 2021 **GRI 405-1(a)**



Percentage of local and expatriate managers by gender



Percentage of local and expatriate managers by age



Employees of Well Operations department

Why is it important to us?

Personnel training and development programmes in KPO are aimed at developing personnel competency, practicing the knowledge acquired and ensuring compliance with international standards by applying best international practices.

Provision of training programmes allows the Company:

- 1. to fulfil the requirements of FPSA Annex 7 related to the training, re-training and professional development for Qazaqstani employees consistent with International Good Oil Field Practices, as well as HSE and industrial hygiene requirements.
- 2. to deliver programmes that enable for the local content increase in staff and supply the organization with skilled, qualified and competent workforce.
- 3. to undertake training activities related to operational requirements and personnel professional development in order to achieve production and exploration targets.
- 4. to deliver specific and mandatory HSE certified training programmes for the Company's personnel, required by RoQ legislation, the Company's internal procedures and best international practices. **GRI 102-15, 103-1 (3-3)**

PERSONNEL TRAINING AND DEVELOPMENT

PERSONNEL TRAINING **GRI 103-1, 103-3 (3-3)**

Every year, KPO conducts training programmes aimed to achieve the following objectives:

- ▶ to enhance the employees' individual job-related competencies, and address operational and career development needs.
- ▶ To teach mandatory skills required to perform the job at hazardous production facilities. The training obligations are subject to the RoQ legislation and the Company procedures.

In 2021, 91 % of the Company's local employees were trained or engaged in various professional development programmes, professional training and retraining, and took part in online seminars and conferences.

Besides, in 2021, KPO continued conducting training for employees on the specialized international programmes (see table 23), language skills, and professional and mandatory HSE courses.

Tab 23. KPO personnel trained on the International Qualification certified programmes in 2018 – 2021

Programme name	2018	2019	2020	2021
Well control/well pressure control during gas, oil and water shows (IWCF)	39	59	13	61
Non-destructive testing certification (NDT)	30	33	3	13
CIPS International diploma (certified programme of Chartered Institute of Procurement and Supply)	11		10	13
Emergency response training course MEMIR by OPITO standard	43	19		17
International certificate in Health, Environment and Safety (NEBOSH)		11	12	9
Certified internal auditor (CIA)		2	3	
OPITO Expert competency assessment		15		
ACCA Diploma in International Financial Reporting (DipIFR)			3	2
Master of Business Administration (MBA)			1	1
American Petroleum Institute certification (API)			6	10
Project Management Professional (PMP)® Certification				1
IEEMA International certificate in Environmental Management (IEEMA)				1

TRAINING STATISTICS **GRI 404-1, 403-5**

As responsible organization, KPO ensures mandatory HSE training both for its own staff and personnel of its contractor organizations.

In 2021, 405,221 hours of training (445,122 hours in 2020) were held, of which 250,581 were provided to KPO employees (295,495 in 2020). The remaining 154,640 hours (201,128 hours in 2020) were spent on the HSE mandatory courses for the contractor organizations' employees.

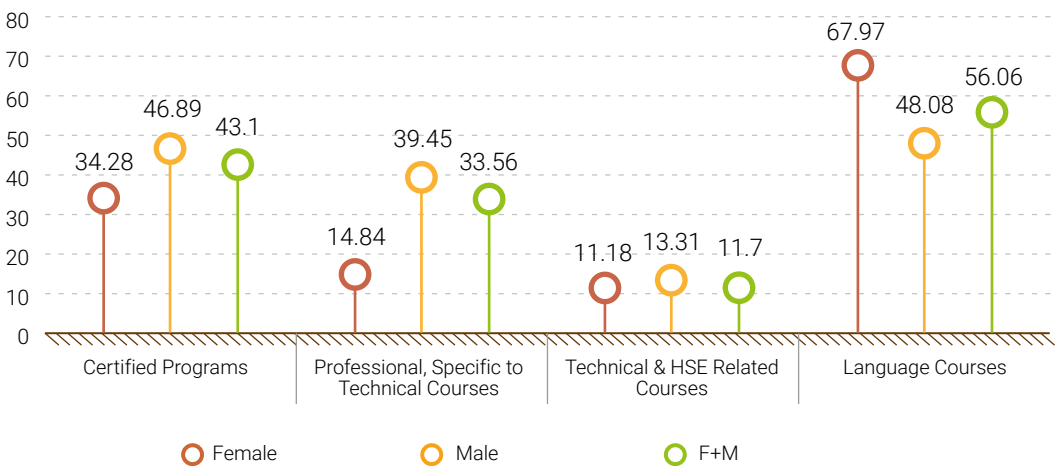
Totally, in 2021 20,169 people were trained, 3,644 of them – KPO employees and 16,525 – contractor personnel. Average training hours are given in graph 17.

Training arranged for KPO employees in 2021 by categories is shown in Table 24.

Tab. 24. Training of employees by categories, 2019–2021 **GRI 404-1**

Category	2021	2020	2019
1. Managers and supervisors	121 people (34.72 hours per 1 employee)	92 people (73.99 hours per 1 employee)	161 people (66.60 hours per 1 employee)
2. Qualified specialists / supervisors	1,636 people (49.35 hours per 1 employee)	1,439 people (81.93 hours per 1 employee)	1,250 people (88.96 hours per 1 employee)
3. Technical personnel	1,715 people (94.01 hours per 1 employee)	1,484 people (113.01 hours per 1 employee)	2,044 people (111.73 hours per 1 employee)
4. Office and administrative personnel	1,172 people (25.72 hours per 1 employee)	119 people (25.81 hours per 1 employee)	150 people (86.53 hours per 1 employee)

Graph 16. Average number of training hours per one training course passed by nominated KPO employees in 2021, by type **GRI 404-1**



ENHANCED DEVELOPMENT PROGRAMME **GRI 404-2**

In order to ensure the continuity of workforce planning and increase local content in staff, KPO implements the Enhanced Development Programme.

In the second half of 2021, KPO launched the 4th intake of the Talent Pool Enhanced Development Programme for the period of 2021–2024. Based on the plan to increase local content in staff, the departments' heads nominated high-potential employees for further participation in the selection stages of the Programme. Implementation of next steps is scheduled for 2022.

Why is it important to us?

Trust, mutual understanding, cooperation and respect for the rights of the local communities are the major factors of Company's success.

Building up good neighborhood and constructive dialogue with local communities is embedded in the KPO Sustainable Development Charter and is essential because this help us maintain our 'social license to operate'. **GRI 102-15, 103-1 (3-3)**

In its operations, KPO works to prevent or minimize negative impacts and maximize the benefits from its presence by continuous engagement with local communities, and creating conditions for their well-being and economic growth.

Aiming to implement initiatives in the area of corporate social responsibility, KPO applies policies, standards and procedures based on the Performance Standards of International Finance Corporation. **GRI 102-12**

COMMUNITY ENGAGEMENT

GRI 102-44, 103-1 (3-3), 103-2 (3-3), 413-1, OG-12

The targets in table 25 are aimed at support of the local communities living in three rural districts of Burlin district – Priuralnyi, Zharsuat and Uspenovskiy villages located adjacent to the Karachaganak Field and Aksai town.

In order to maintain effective dialogue with local communities on social and infrastructural support, KPO conducts meetings and consultations in the form of Village Council meetings with participation of Company employees and representatives from rural districts.

In 2021, nine Village Councils meetings were held in the Priuralnyi, Zharsuat and Uspenovskiy rural districts, three of which were arranged online due to the COVID-19 restrictions. During the meetings, the local residents were informed of the KPO

Community Development Programmes for 2021, KPO Environmental Monitoring Programme, as well as on the progress of seven second-year students from these rural districts who study in colleges and universities of Uralsk under the KPO Scholarship Programme. Overall, 18 local residents received education over the period of the Scholarship programme from 2010 to 2021.

As part of the Community Development Programme, KPO provided 65 vouchers for the elderly of Burlin district for health recreation in the Akzhaiyk Sanatorium. Given the strict sanitarian and epidemiological requirements during the Coronavirus pandemic, the vouchers were provided for vaccinated pensioners only.



Tab. 25. Targets in community engagement **GRI 103-2 (3-3)**

2021 targets	Target achievement	Actions taken in 2021	Targets for 2022
Implement Community Development Programme as per approved budget	Completed	Due to the COVID-19 restrictions, the summer camp for community children was cancelled; the Akzhaiyk sanatorium recreation for the elderly community members was partially implemented. The Scholarship Programme for rural school graduates successfully continued.	Implement the 2022 Community Development Programme as per approved budget
Conduct 9 Village Council meetings in three rural districts on social and environmental issues	Completed	In 2021, 9 Village Council meetings on social and environmental development aspects raised by the local residents were held in three rural districts (Priuralnyi, Zharsuat and Uspenovskiy). Along with this, additional meetings outside of Village Councils were held to answer the residents' questions.	Conduct 9 Village Council meetings on social and environmental topics involving three rural district communities: Priuralnyi, Zharsuat, Uspenovskiy
Review and timely close all incoming grievances and applications	Completed	All received grievances were reviewed and effectively closed out	Review and timely close all incoming grievances and suggestions from the communities

COMMUNITY FEEDBACK MECHANISM

GRI 103-2, 103-3, 413-1

In accordance with KPO Community Grievance Procedure, we received 10 complaints and requests from the local community, including three gas odor complaints and seven requests and suggestions of various nature from the local communities living in close proximity to the Karachaganak field. As part of closing out these requests, the Company helped communities by providing equipment for cleaning the rural roads off snow in winter period.

Check-ups carried out by the KPO Operations Environment Monitoring Team did not reveal any malfunctioning of the process equipment, leaks/ emissions or MPC exceedances in each case reported. Upon completing the review, some feedback was communicated to the residents who had filed the complaints.

MONITORING OF RESETTLED COMMUNITIES **OG-12**

Since resettlement of the first residents from Berezovka and Bestau villages to Araltal micro district and apartment buildings in Aksai at the end of 2017, KPO has been annually monitoring the livelihood restoration of the resettled families. As part of our surveys during our meetings with Araltal residents, the community members complained about a lack of a rainwater drainage system around the constructed 100 houses and local school.

The residents' concerns were brought up by KPO to the attention of the authorities of the Burlin district and West Qazaqstan Oblast. As a result of joint efforts made by KPO and local executive and state bodies, a new Decree of the Government of the Republic of Qazaqstan (No. 203 dated 04.01.2021) was adopted on allocation of additional funds for implementation of post-resettlement projects, including Drainage System Project in Araltal, and Demolition and Land Reclamation Project of the former Berezovka and Bestau villages.

In late 2021, KPO completed the Drainage System Project around 100 houses and a school in Araltal. During the entire construction period, which took six months, KPO Community Relations Team engaged with Araltal residents on the project, informing the residents about the project, its design, construction progress and providing prompt responses to written and verbal requests and complaints with involvement of a contractor construction company to resolve the issues. Thanks to KPO's continuous communication with the residents during construction period, all their comments and requests were considered by the contractor. In total, KPO Community Relations team held 97 meetings with the Araltal residents to discuss and resolve issues related to the project during construction.

Productive cooperation of KPO with residents and local authorities of Burlin district has contributed to community issues being timely resolved and 94 complaints closed out, minimizing the risks of non-completing the work on schedule, and helping maintain trustful relationship with residents.

Overall, KPO's cooperation with local communities of Burlin District during implementation of various projects helps minimize the potential social and environmental risks associated with the Company's activities at the Karachaganak Field.

We will share the information on demolition and reclamation of former lands of Berezovka and Bestau villages in our next Sustainability Report.

PUBLIC HEARINGS **GRI 102-44**

Information about public hearings is communicated to the public through publications in regional and district newspapers, as well as through the Company's website. In view of the coronavirus pandemic in 2020 and 2021, public hearings have been held as a survey. KPO and local executive bodies have agreed to receive feedback from the population by submitting questionnaires, the forms of which are enclosed to the package of documents posted on the KPO website.

During 2021, with the support of the Burlin District authorities, KPO held four public hearings in the form of a survey on the four construction projects of various facilities, which included construction of field and technology pipelines, wells and land reclamation.

All the projects discussed at the public hearings in 2021 were approved by the audience and recorded in the relevant meeting minutes, which are available on the website of Burlin District authorities and KPO website at '[Sustainability/Social responsibility/Community engagement/Public hearings](#)'.

CASE STUDY 1: GRI 102-44

ENVIRONMENTAL CLASSES FOR SCHOOLCHILDREN

CONTEXT / SHORT DESCRIPTION OF ISSUE:

To strengthen good-neighbor relations with local communities, KPO informs them of its activities in the area of environmental protection. In 2021, our target was to involve in the communication process some secondary school students from rural districts adjacent to the Karachaganak Field.

In November 2021, KPO employees carried out a number of extra-curricular classes on environmental topics for schoolchildren from the villages of Uspenovka, Zhanatalap, Priuralnoe and Zharsuat.



SOLUTION / ACTION:

The topics were selected with the aim of raising awareness of the youth about care to natural resources, "green thinking" concept, conscious consumption and eco-friendly behavior.

The classes were held in the form of a game with discussion of the issues related to global climate change, depletion of natural resources, and reduction of the environmental footprint made by people on Earth. The concept of waste avoidance implies for conscious consumption, refusal to use disposable plastic items. As an example of refusal from single-use plastic bags, all participants were given with fabric bags to carry their school shoes.

RESULT:

Development of environmental consciousness and behavior are to be embedded into mindsets of people at early age. Through such initiatives of introducing the new environmental value system for the youth, KPO contributes to social progress.



CASE STUDY 2: GRI 102-44

SUPPORT TO LOCAL SPECIALISTS' TRAINING

CONTEXT / SHORT DESCRIPTION OF ISSUE:

For several years, the local authorities of Burlin district have been raising the issue of the lack of qualified specialists in rural schools and hospitals. Considering this problem and in accordance with the national programme 'With Diploma to the Village', starting from 2010 KPO has been implementing a Scholarship Programme for school graduates from three rural districts adjacent to the Karachaganak Field – Uspenovskiy, Zharsuat and Priuralnyi.

The Programme is aimed at providing financial support to school graduates from socially vulnerable families living in rural areas in obtaining secondary specialized and higher education in the West Qazaqstani educational institutions, thus supporting the Burlin district getting qualified personnel in the field of education and healthcare.

SOLUTION / ACTION:

The Scholarship Programme was approved and supported by local authorities and Burlin Department of Education. It is implemented under the terms of a 4 – partite Agreement between a student, the Department of Education, the educational institution and KPO.

One of the participants of this programme was Aidanas Iskaliyeva from Uspenovka village. Aidanas was enrolled into the programme in 2013. After completing ninth grade, Aidanas entered the Faculty of preschool education and training at the Uralsk Humanitarian and Technical College.

Under the terms of the Scholarship Programme, KPO pays tuition and monthly scholarship fees that covers food, travel and accommodation expenses of students.

Having successfully graduated from college in 2017, that same year Aidanas got a job as an elementary school teacher in her village school in Uspenovka, where she has worked until 2019. Currently, Aidanas works as a teacher and a methodologist in

the Uspenovskiy kindergarten. She comments on her participation in the Scholarship Programme as follows: "I love children since my childhood and have dreamed of becoming an elementary school teacher. KPO gave me a unique opportunity to study and learn a profession I fancy. Working as a preschool teacher inspires me as it allows me to contribute to shaping the children's perspective and to preparing them for such an important stage as schooling. I am happy that I started my career in my school and I plan to continue living and working for the benefit of my village'.

RESULT:

In 2021, Aidanas took a second place in the West Qazaqstan regional competition for preschool teachers.

Currently there is an outflow of rural youth to the cities in search of jobs, the youth are looking for earnings in oil and gas industry. KPO Scholarship Programme provides opportunities for the young community members to get education and return to their village, where educated specialists are so highly demanded.