

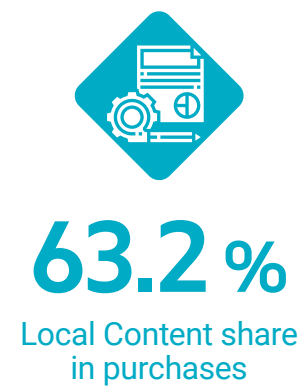
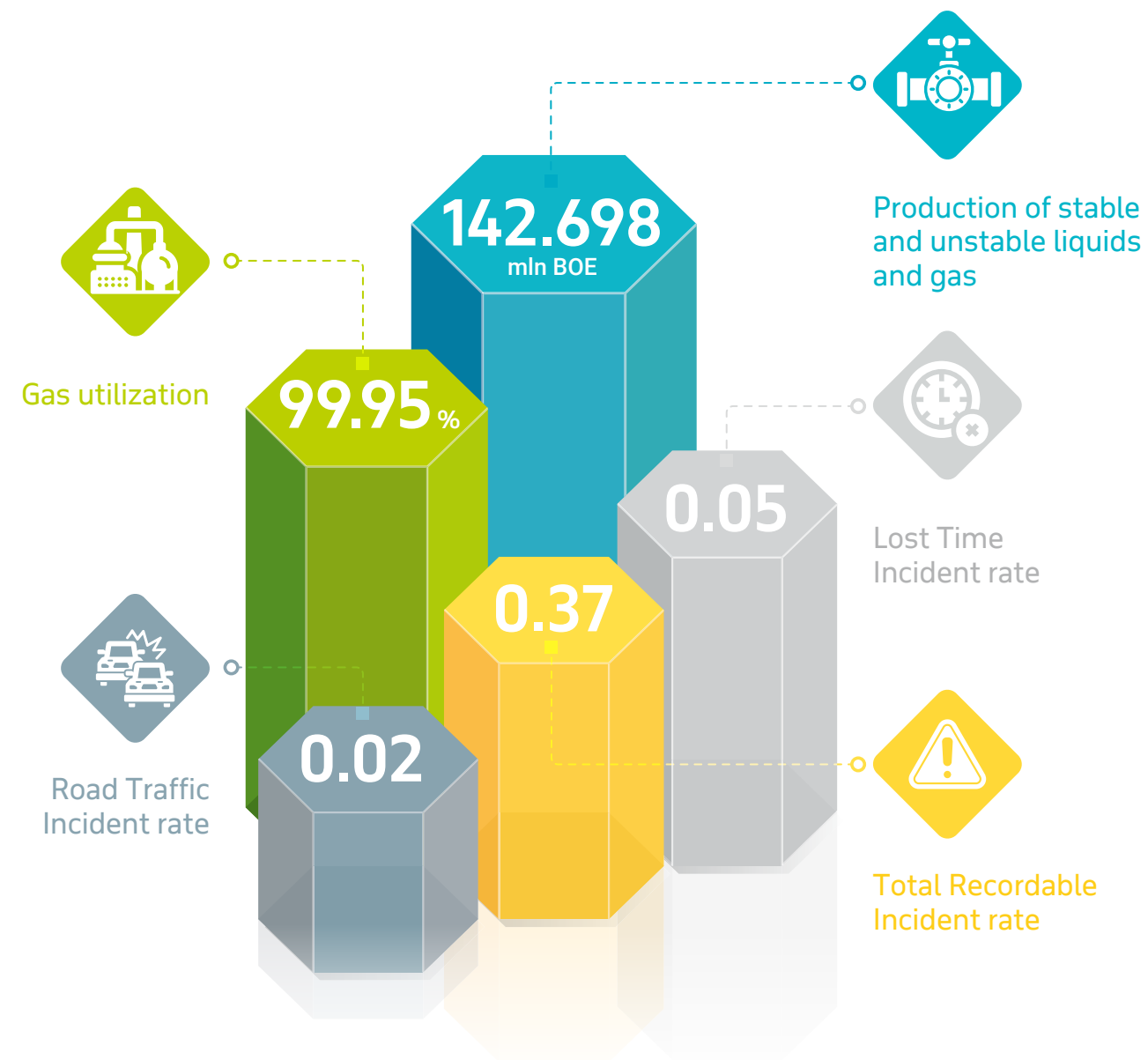


**THE ENDURING
BENEFITS OF
KARACHAGANAK**

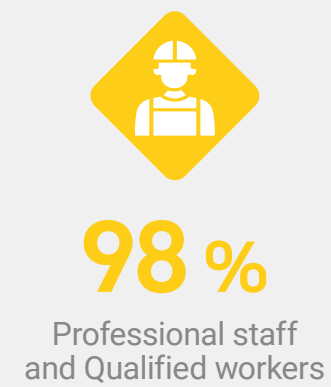
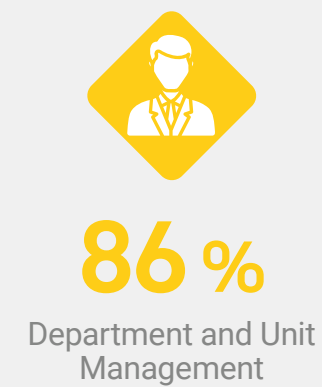
2023



OUR ACHIEVEMENTS IN 2023



Local Content in Staff:



LETTER FROM GENERAL DIRECTOR



Marco Marsili
KPO General Director



Dear readers,

At the core of our mission, KPO is committed to developing the Karachaganak field with a focus on environmental care, economic profitability, and fostering social and economic growth in the local community.

Despite global challenges in 2023, we have reached our production targets and made significant strides with the Karachaganak Expansion Project Phase 1 (KEP-1). The successful achievement of pivotal milestones in constructing KEP-1A (5th Compressor) and associated facilities showcases the advanced project delivery capabilities of KPO and our esteemed partners.

In 2023, KPO has produced **142.698 million barrels** of oil equivalent. **12,650.072 Mscm** of dry sour gas were injected into the reservoir, which is circa **56.5%** of the total gas produced. Thus, driven by cutting edge technologies, we've achieved high performance results.

After a long break around **1 million metric tons** of crude oil were successfully delivered to Adamova Zastava (Poland) within the framework of intergovernmental connections between the Republic of Kazakhstan and Germany.

We have put in place a comprehensive Environmental Management System to reduce environmental impact and continuously improve efficiency. Emissions reduction, waste disposal and the application of new technologies are among the company's focus areas. KPO's specific indicator of CO₂ emissions has totalled 65 tons per thousand tons of hydrocarbon production. KPO has achieved an outstanding gas utilisation rate of **99.95%** and we were able to ensure environmental safety at the world-class level due to the successful application of advanced emission reduction solutions and technologies.

KPO has been actively contributing to the involvement of Kazakhstani suppliers and manufacturers of goods in the development of the Karachaganak field. In 2023, the share of Local content in KPO contracts for the supply of goods, works and services has reached **63.24 percent**.

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



2023 HIGHLIGHTS

ROK PRESIDENT VISITS KARACHAGANAK

On March 9 of 2023, Kassym-Jomart Tokayev, the President of the Republic of Kazakhstan, visited the Karachaganak oil and gas condensate field where he was introduced to the operations of Karachaganak Petroleum Operating B.V.

As part of the visit, the President toured the Karachaganak Processing Complex and was updated on the ongoing development projects aimed at extending the liquids production plateau.

The President was also briefed about the prospects of building a Gas Plant at Karachaganak with a capacity to produce sweet gas and LPG. The Head of State stressed the importance of the initiative and pledged a maximum support from the Government.

Concluding the visit, the RoK President highly appraised KPO's performance and wished its team further success in developing the Karachaganak Field.

KPO EXPLORES THE POTENTIAL OF WIND ENERGY

Renewable energy, especially wind, is considered as an opportunity to reduce emissions in KPO Green Strategy. In order to assess the wind energy potential in the region, KPO has initiated a Wind Measurement Campaign project, which was developed over the last year in collaboration between Operations Front End Department, PED Engineering, Power Generation department and Gathering electrical section and in march 2023 the wind measurement data collection started in earnest.

A meteorological mast was safely installed on the 14th kilometer of the Aksai-Orenburg highway near Bestau village. The campaign is being carried out in compliance with the RoK Regulations and International Standards and will take an overall time of one year. The data obtained will help understand the wind energy potential and will be taken into account when making a decision on the introduction of renewable energy sources in Karachaganak.



URALSK GREEN FORUM



For a number of years KPO has been sponsoring the Uralsk Green Forum. The sixth forum was held in June in WKO's capital city, gathering around 200 participants. The agenda centred mainly around the new trends in integrating ESG principles and sustainable development.

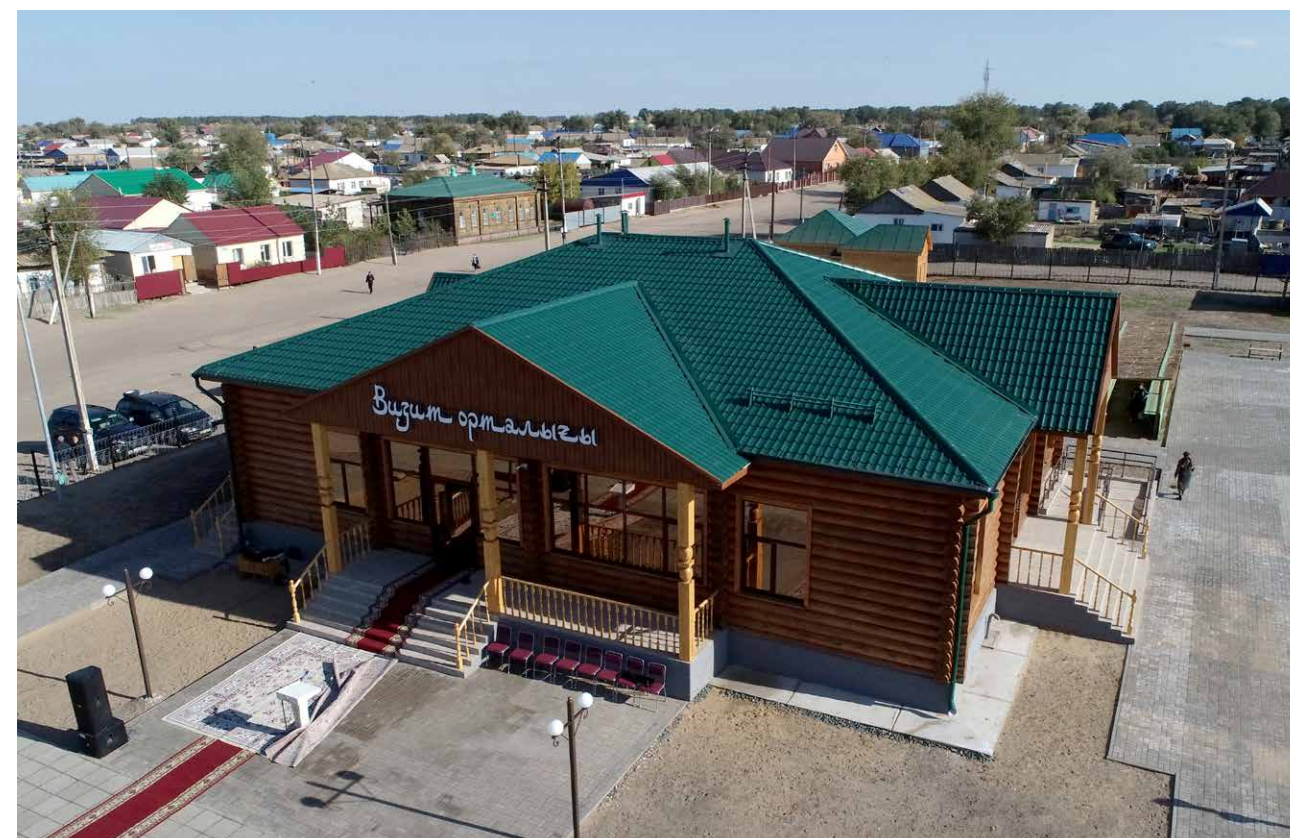
The aim of the forum was to review the feasibility of applying ESG principles towards sustainable development in the region, the feasibility of potential development of carbon offset projects in the region and the analysis of opportunities for the improvement of waste management methods

and BAT (Best Available Technologies) application in practice.

On the side-lines of the Forum, WKO Akimat and KPO signed a Memorandum on Cooperation for the development of potential offset projects and an Agreement on Cooperation and Interaction towards the use of recycled industrial waste as secondary raw materials.



COMPLETION OF CONSTRUCTION AND COMMISSIONING OF THE VISIT CENTRE IN BOKEIORDA



On October 16, 2023 KPO handed over a newly constructed Visit Centre named "Khan Ordasy" which was implemented as part of the Venture's social and infrastructure program in the region.

"Khan Ordasy" Visit Centre is a unique and modern memorial complex comprising an exposition hall, a conference room, a library, an office, and a canteen.

This project has been included into the TOP-50 on the regional tourism development map as part of the State Tourism Development and Historical-Cultural Heritage Preservation Programme of the Republic of Kazakhstan.



Karachaganak today is playing a significant role in the social, economic and cultural development of West Kazakhstan Oblast. The list and hierarchy of the KPO social projects are agreed jointly with the West Kazakhstan Oblast Akimat. Moreover, their implementation is carried out solely by Kazakhstani contractors. KPO has long been actively engaged with local businesses in terms of procurement of works, goods and services, which in itself is an example of a socially responsible business strategy.



LIVE OUR VALUES

CARE FOR PEOPLE

Motivated and capable people drive the company

GOAL ZERO

No harm to people and the environment



- Nationalization
- Development & Performance
- Engagement
- Diversity & Inclusion
- Ethics & Compliance



- Safety Culture
- Business Partners
- Assets Protection
- Environmental Excellence
- Health

ENSURE

STAKEHOLDERS

Social responsibility and engaged shareholders



- RoK
- PSA
- Shareholders
- WKO & Community
- Internal

STABILITY

MANAGE OUR COST

Spend wisely and help build local capability



- Contracts
- Digitalize & Simplify
- Cost Optimization
- Local Content
- Inventory

BUILD THE FUTURE

DELIVER VALUE

Maximize production and deliver growth projects

ENERGY TRANSITION

Reduce our carbon footprint



- Operating Efficiency
- Facilities Optimisation
- Project Delivery
- Gas Project
- Export Routes



- Net Zero Ambition
- Power Strategy
- Offsetting Strategy
- Water Strategy
- Waste Strategy





KPO FACILITIES

Hydrocarbon production and processing take place at three major interconnected units: the Karachaganak Processing Complex (KPC), Unit 2 and Unit 3. The length of the infield pipeline system

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

As of the end 2023, there were



126 producing wells and



21 re-injection wells online at Karachaganak,



out of a total of **572 wells**

OUR PRODUCTS AND EXPORT ROUTES

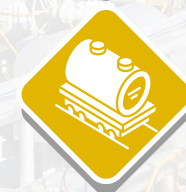
KPO extracts and processes stabilised and unstabilised liquid hydrocarbons, raw gas, and fuel gas.



In 2023, **9.62 million tons** or **76.13 million barrels** of crude oil were exported to the West markets via the CPC to Novorossiysk on the Black Sea. KPO has also exported 0.99 million tons via Atyrau-Samara route to Adamova Zastava via Druzhba pipeline with the Buyer's final destination in Germany (Schwedt Refinery). In addition, 0.04 million tons or **0.29 million barrels** were lifted via Atyrau-Samara pipeline at the port of Ust-Luga in the Baltic Sea for further delivery to the European Union.



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



This tie-in allows access to the KTO tank farm and creates opportunities for KPO alternative oil export options via railway transport and through Kazakhstan-China oil pipeline. In 2023 out of exported **9.62 million tons** **0.13 million tons** were delivered to CPC through KTO tie-in (Kassymov PS).



Within 2023, KPO re-injected approximately **12.6 billion m³** of gas into the reservoir to maintain reservoir pressure, which is equivalent to about **56.5%** of the total gas extracted.



The raw gas to Orenburg Gas Plant in the Russian Federation is transported through Karachaganak-Orenburg Transportation System (KOTS) under the long-term Gas Sales and Purchase Contract between KazRosGas LLP (KRG) and KPO. In 2023, KPO exceeded initial projections by selling **8.8 billion m³** of raw gas to KRG for processing at the Orenburg Gas Plant.



During KPC maintenance, when reboilers were off for washing and when performing works related to the start-up of new wells, deliveries of unstabilised condensate were made to the Mini Refinery of Condensate JSC.



Sweetened gas (cleared from H₂S) is used for power generation at the Gas Turbine Power Plant to feed KPO's own facilities and for export to local power distribution companies as part of the FPSA obligation.



PRODUCTION AND SALES

Production in 2023

		2021	2022	2023
Total production*	Mboe	134.1	128.5	142.7
Total equivalent stable oil	Kt	10,338	10,134	10858
Total gas production	Mscm	18,980	19,442	22385
Gas injection Gas re-injected into a reservoir, not sold	Mscm	9,998	11,131	12650
Fuel gas production	Mscm	789.0	842.9	918.9

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

Sales in 2023

		2021	2022	2023
Total Sales	Mboe	130.7	124.9	136.7
Unstable liquids Condensate to the Refinery of Condensate JSC	Kt	1.5	30	104
Stable liquids Oil and stabilised condensate to CPC and Atyrau-Samara	Kt	10,366	10,171	10,648
Raw gas to Orenburg Gas Plant	Mscm	8,182	7,455	8,805
Sweet gas to the WKO community	Mscm	70	70	65

KARACHAGANAK PRODUCTION PLATEAU EXTENSION PROJECTS

KPO has established a strong track-record of successful development projects. The Karachaganak Gas Debottlenecking Project (KGDBN) was successfully completed and brought into operation in March 2021. The Fourth Injection Compressor Project (4IC) followed a year later, with successful completion and start of operation in May 2022.

At present, Karachaganak Expansion Project-1A (KEP-1A) and Karachaganak Expansion Project-1B (KEP-1B) are ongoing. These involve

installation of the 5th and 6th Injection Compressors and other associated facilities aimed at extending the liquid production plateau. They will make a significant contribution and bring additional value for the Republic of Kazakhstan and the Karachaganak Partners. Furthermore, the projects will create new jobs for Kazakhstani citizens. One of KPO's priorities during the execution of these projects is the maximization of Local Content such as to enhance the competitiveness of local contractors. KEP-1A is planned to be brought into operation in 2024 and KEP-1B in 2026.

KARACHAGANAK GAS PLANT PROJECT

KPO has identified an opportunity to enhance the value from the Karachaganak field through the monetization of gas in the range of ~4.5 BCMA. Such gas might be processed through a new processing plant, further expanding the liquid (condensate) production capacity within KPO post 2028. Additional facilities required for the treatment of sour gas, condensate and SGL's from existing KPC plant might be part of the new "Unit-4" which is expected to be located close to the existing KPC facility.

KGP project is having multiple subprojects: the Gas Plant proper, new Unit-4, Tie-ins at KPC and Unit-3, Pipelines, RMS, Export Gas Tie-ins and UGP pipeline debottlenecking, power requirement, LPG evacuation & offloading that involves LPG Loading System, and Rail Infrastructure.

In 2023, the team started value assurance activities for KGP to be continued in 2024 leading to final investment decision. The project also offers substantial employment prospects for workers in Kazakhstan.

ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEMS



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



In August 2023, KPO successfully completed a Re-certification audit for compliance with ISO 14001: 2015 and ISO 50001:2018. The audit found no deviations and KPO's environmental and energy management systems were recognized as effective and in accordance with international standards.

CARING FOR THE ENVIRONMENT

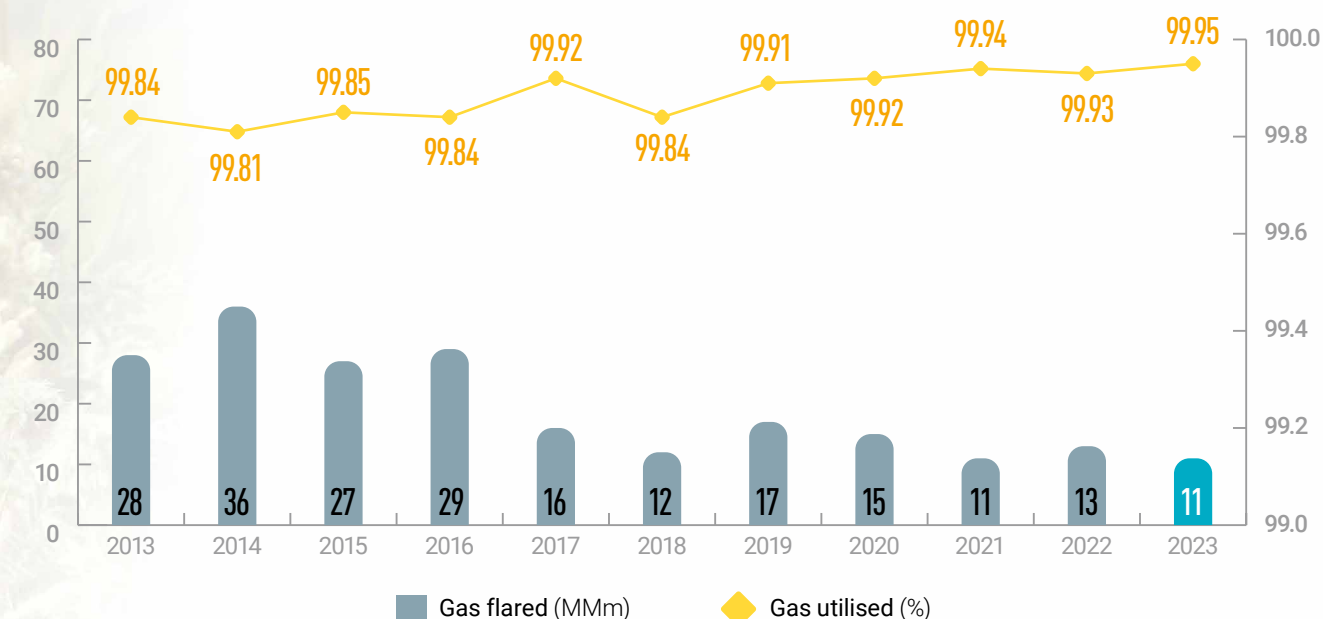
In the development and operation of such a technically complex field as Karachaganak, environmental protection is a top priority and critical aspect to factor in. A capability to work in harmony with nature is a complex but essential prerequisite. KPO's achievements in this area have earned multiple recognitions from the industry peers in Kazakhstan and internationally.

Since the moment KPO assumed operatorship, from 1998 to 2023, the Venture has invested more than **452.6 million USD** into the environment. Since the project's inception, the "green economy" was always part of KPO's operational ethos

and recently has become Kazakhstan's official policy. KPO is focusing on preservation of biodiversity and minimizing its impact on the existing ecosystem, which is why a wide variety of animals, even rare ones from the "Red Book" of endangered species can be seen in the field.

The company applies the most advanced techniques that are recognized as innovative at the global level. Particular emphasis is given to the reduction of emissions, waste recycling and introduction of new technologies. In 2023, the gas utilization rate at Karachaganak reached 99.95% which is a world class achievement.

Gas utilization and flaring, 2013 – 2023



ENVIRONMENT PROTECTION ACTIONS

AIR EMISSIONS

The implementation of environmental protection measures in 2023 has allowed us to achieve the following results:



2,486
tons of emissions
reduction

The use of a surface pump to handle high gas ratio during well operations has resulted in a reduction tons of emissions by 2,486 tons;



530
tons air emissions
reduction

The use of a hydrocarbon-based stimulation fluid (Lamix or Diesel) has reduced air emissions by 530 tons.

WASTE AND WASTEWATER MANAGEMENT

Efforts are being focused on the mitigation of real and potential hazards that the generated waste may pose to people and the environment. The company employs the following waste management methods:



Waste recovery
to process stream;



Waste treatment
at the Eco Centre
facilities;



Waste disposal
at the Eco Centre
facilities;



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

2023 RESULTS:

In order to organize a system of safe and efficient waste management and risk mitigation, in 2023 KPO carried out the following activities:

The volume of processed liquid waste reached:

7.6
thousand tons

with the planned volume of 3 thousand tons

116.6
tons

of useful components were extracted from the municipal waste received for sorting, and then handed over to specialized enterprises for recycling and/or reuse;

524.83
tons

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

1,486.16
tons

of "Lamix" base oil, used for preparation of oil-based drilling mud, was extracted and sent for reuse at LMP/LTP.

The following was sorted and dispatched for processing and reuse as recyclable materials:



3.64 tons of scrap metal – 26.7% less compared to 2022 (4.966 tons);



6.528 tons of glass (broken glass), which is by 5.3% is more compared to 2022 (6.184 tons);



22.52 tons of plastic waste – 7.9% is more compared to 2022 (20.88 tons);



Owing to the extraction of useful waste components/ waste incineration, the amount of waste disposed of into the environment has reduced by **76%**;



83.94 tons of waste paper – 8% less compared to 2022 (91.2 tons);



519.66 tons of construction waste were handed over to specialized organizations for recycling and reuse;



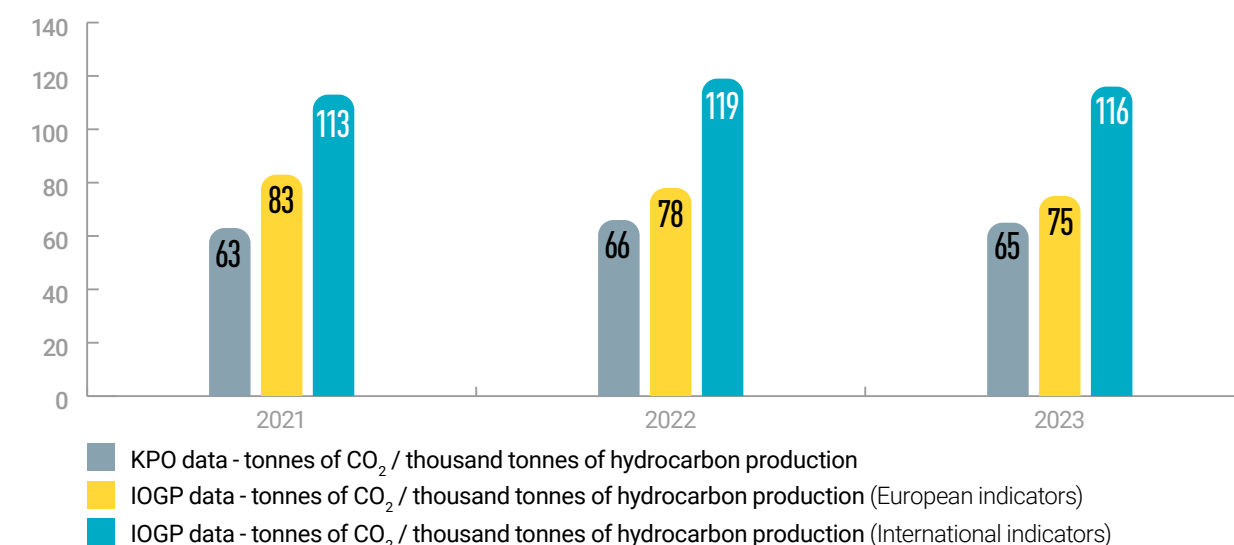
In 2023, the volume of treated wastewater reused at the Karachaganak field for making drilling muds, irrigation of planted trees, and dust control amounted to **56,466.94 m³**. The main volume of treated effluent was used for drilling purposes and the rest was used for dust suppression at the construction sites and for the technical needs of the Field facilities.

GREENHOUSE GAS EMISSIONS

In 2023, the KPO's specific indicator of CO₂ emissions totaled 65 tons of CO₂ per thousand tons of hydrocarbon production.

KPO's specific greenhouse gas emissions (GHG) per unit of hydrocarbon production are 14% lower than the European indicators and 44% lower than the international indicators.

Specific GHG emissions, 2021-2023



ENVIRONMENTAL MONITORING

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

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

KPO conducts air monitoring through sampling and analysis by accredited laboratory and, in addition, by means of 18 automatic Environmental Monitoring Stations (EMS) permanently deployed at the Karachaganak field and the Sanitary Protection Zone perimeter. Each station has four (4) analyzers designed for continuous measurement of hydrogen sulfide (H₂S), sulfur dioxide (SO₂), nitrogen dioxide

(NO₂) and carbon monoxide (CO) content in the air. The EMS also activates a warning alarm in case of high concentration of emissions in the air.

In 2023, KPO completed the following main activities:

The environmental monitoring was carried out in full planned scope in accordance with 2023 PEC programs at the Karachaganak oil, gas & condensate field (KOGCF) and along the export pipeline. Annual planned monitoring scope in 2023 was more than 100 thousand samples, around 120 thousand laboratory tests and 28 thousand instrumental measurements. Besides, additional unplanned 465 samples were taken and more than 3000 laboratory tests were done at request of production facilities and KPO departments.

Monthly air quality bulletins in rural districts are posted on information boards in rural Akimats, village clubs, and published on the KPO website (www.kpo.kz).

BIODIVERSITY

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

As part of the 2022 BAP implementation, flora monitoring was completed with the view of updating the species database. The studies revealed no significant changes in the diversity of flora species, and hence no negative impacts on habitats and fauna. Recommendations were also received regarding the installation of bird protection devices.



DIGITALIZATION

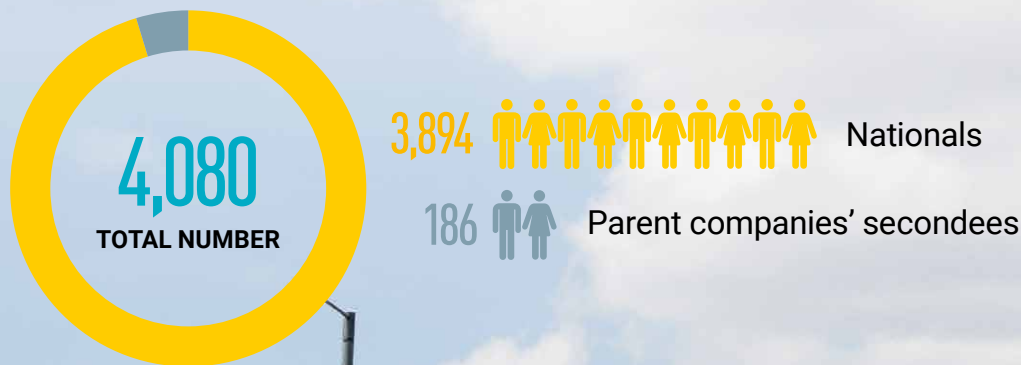
The development of new KPO Digitalization strategy and roadmap was completed in 2023 and has been already communicated and supported by all the stakeholders. The new digitalization roadmap includes 6 areas that are under further development:

- Baseline projects
- Automation and digitalization of production
- Automation of Health, Safety and Environment business-processes
- Back-office processes digitalization
- Implementation of methodology and tools
- Project support activities

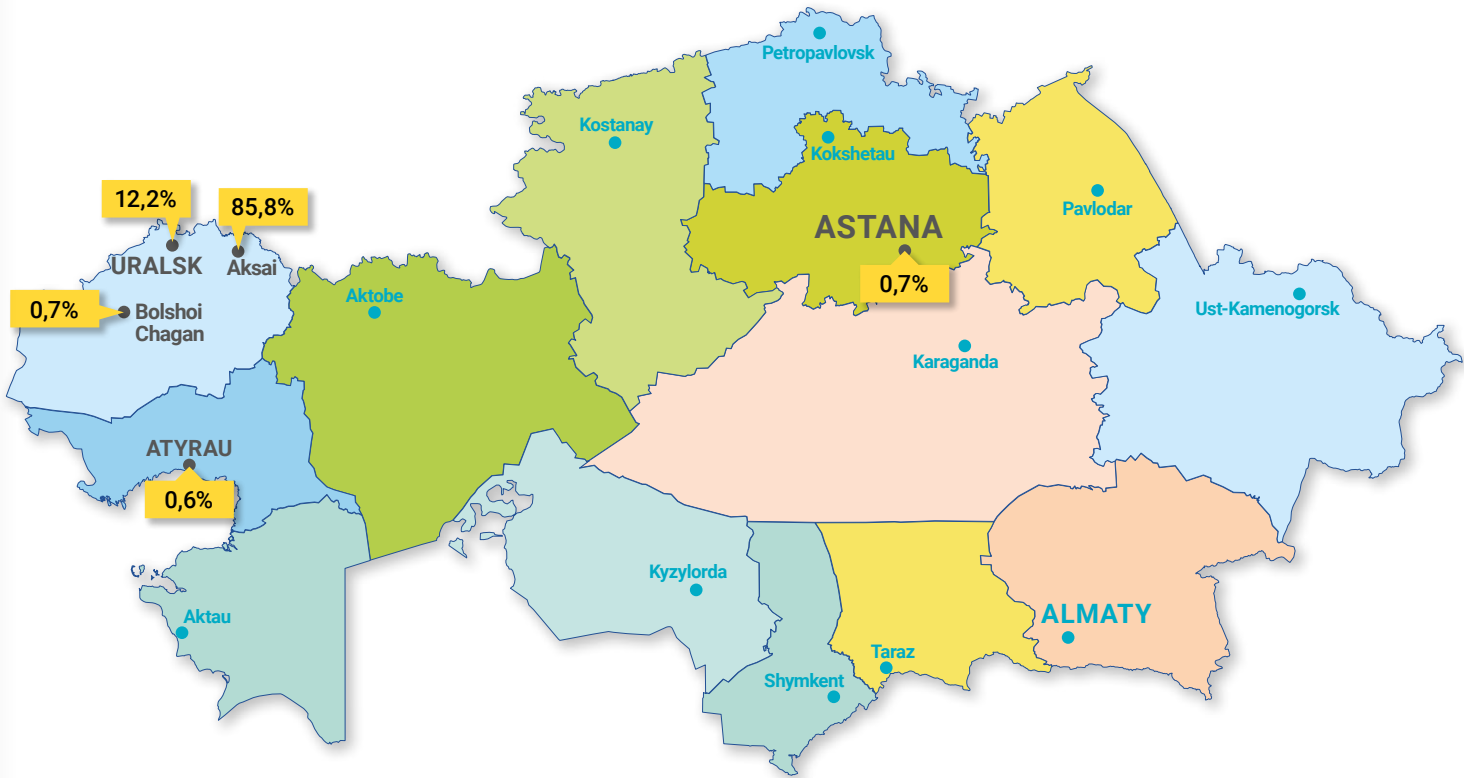
Also, the new digitalization program includes the completion of the remaining projects from the initial digitalization phase such as the telemetry project. The current main project Telemetry Phase II status: engineering is completed, materials are delivered, 2024 planned scope of installation of sensors completed.

PERSONNEL DEVELOPMENT

The total number of employees in KPO, both within the company and those working on temporary projects, as of end 2023 amounted to:



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



LOCAL CONTENT IN STAFF

KPO Program for Increasing Local Content in Staff 2020–2025 was approved by authorities in 2020. As part of this program in 2023, 12 positions held by expatriate personnel were nationalized, and 2 positions were eliminated. At the end of 2023

local employees made up 95% of the total staff. From 1999 to 2023, 269 expatriate specialists were replaced by local staff, and 303 positions occupied by expatriate personnel were eliminated.

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

Category	Description	RoK Legal requirements	2023
1+2	Executive Management and their Deputies, Department / Unit Management	Minimum 70%	86%
3+4	Professional staff / Qualified workers	Minimum 90%	98%

TRAINING AND DEVELOPMENT

Since the signing of the FPSA, over USD 240 million has been allocated to the development of local staff. Trainings have been delivered by the best local and international institutions, both in-house and online, and outside of Aksai.

In 2023 KPO implemented the following training and development programmes:

INTERNATIONAL QUALIFICATIONS SUCH AS:

1. Well control/well pressure control during gas, oil and water shows (IWCF)
2. NDT – Non-destructive testing certification
3. CIPS International diploma and certificate programs (Chartered Institute of Procurement and Supply)
4. Emergency response training course MEMIR by OPITO standard
5. International certificate in Health, Environment and Safety (NEBOSH)
6. Certified internal auditor (CIA)
7. ACCA Diploma in International Financial Reporting (DiplIFR)
8. Master of Business Administration in Oil and Gas Management;
9. American Petroleum Institute certification (API)
10. Project Management Professional (PMP)® Certification
11. IECex/Compex certification. Explosion Protection
12. ASME Plant Inspector
13. Coaching in organization and business (ICF)
14. ISO 9001:2015 (Quality System Management), ISO 50001:2018 Energy Management System

- (Internal Auditor), ISO 14001:2015 Environmental management system (Internal Auditor), ISO 45001:2018 Occupational health and safety management system (Internal Auditor), Information Security Management System + Information Security Audit ISO 27001, ISO 19011 Standard "Guidelines for conducting audits"
15. Certified International Purchasing Professional (CIPP)
16. CAPM® – Certified Associate in Project Management
17. CIPD diploma in organizational learning and development

PROFESSIONAL AND JOB SPECIFIC TRAINING

TECHNICAL AND HSE MANDATORY TRAINING

LANGUAGE TRAINING – KAZAKH AND ENGLISH

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

PETROLEUM ENGINEERING DEVELOPMENT PROGRAMME



EMPLOYEE RELATIONS AND LABOUR INVESTIGATIONS

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

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

The Employee Relations involves a large variety of activities, including:

- Liaison with trade unions and coordination of their activities, including negotiations between representatives of the company and employees;
- Implementation of the employee's rewards and recognition program, which is key to employee engagement, making employees feel valued and understand the importance of their work;
- Participation in national competitions and events within the framework of social responsibility of business and human resources policy ("KAZENERGY", "Paryz", etc.)
- Resolution of labor disputes and labor discipline issues, including the cases which fall within the remit of the Conciliation Committee;
- Implementation of the Advances/Loans/Material Aid Allowance program. This involves preparation of applications for the Committee's consideration (Advances for personal needs, material aid allowance to socially vulnerable employees, as well as employees and their family members in need of urgent medical care).

AWARDING

As part of stimulating and motivating the Company's employees, 25 employees of the Company received various awards, including RoK Ministry of Energy awards, KazEnergy Association, WKO and Burlin Akimat.

WORKING WITH TRADE UNIONS

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

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

- Public Association "Local Trade Union of KPO employees";
- Public Association "Karachaganak local professional union of KPO employees and contractors";
- Public Association "Local Trade Union of Karachaganak Petroleum Operating B.V. employees "TRUST" and contractor companies".
- Public Association "Burlinsky Local Trade Union of the Employees of Oil and Gas Sector"

At the end of 2021, a new Collective Agreement was signed for the period from 2022 to 2024. The provisions of the KPO Collective Agreement apply to all KPO employees regardless of whether they are union members or not. At the end of 2024, KPO and Trade Unions plan to negotiate a new collective agreement for 2025-2027.

CULTURAL, MASS AND SPORT ACTIVITIES

A programme to support a healthy lifestyle and sports activities by holding 9 major sports events (jointly with Trade Unions) was successfully launched and implemented: 4 football competitions, 1 volleyball tournament, 1 basketball tournament, 1 wrestling tournament "Kazaksha Kures", 1 table tennis tournament, 1 swimming tournament.

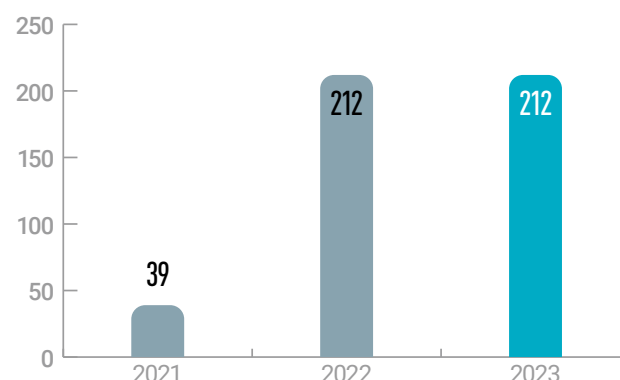
In addition, with the active participation of the Employee Relations Department, 2 clean-up days were organised and held in Aksai.

KPO PARTNERSHIP WITH KAZAKHSTANI UNIVERSITIES

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

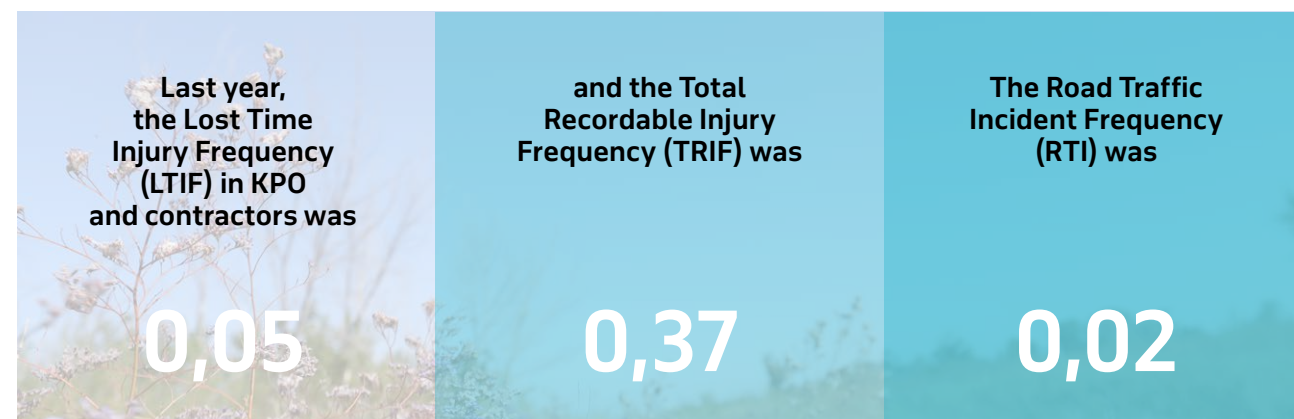
KPO has been successfully partnering with the RoK universities as part of the Student Placement Programme and based on the bilateral agreements. In 2023, 212 students from 23 educational institutions in 17 specialties completed practical and pre-graduation internship in various KPO departments. From 2013 to 2023, the company has employed 213 people who had completed the internship with the company.

Number of students who completed internship at KPO from 2021 to 2023:



SAFETY

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



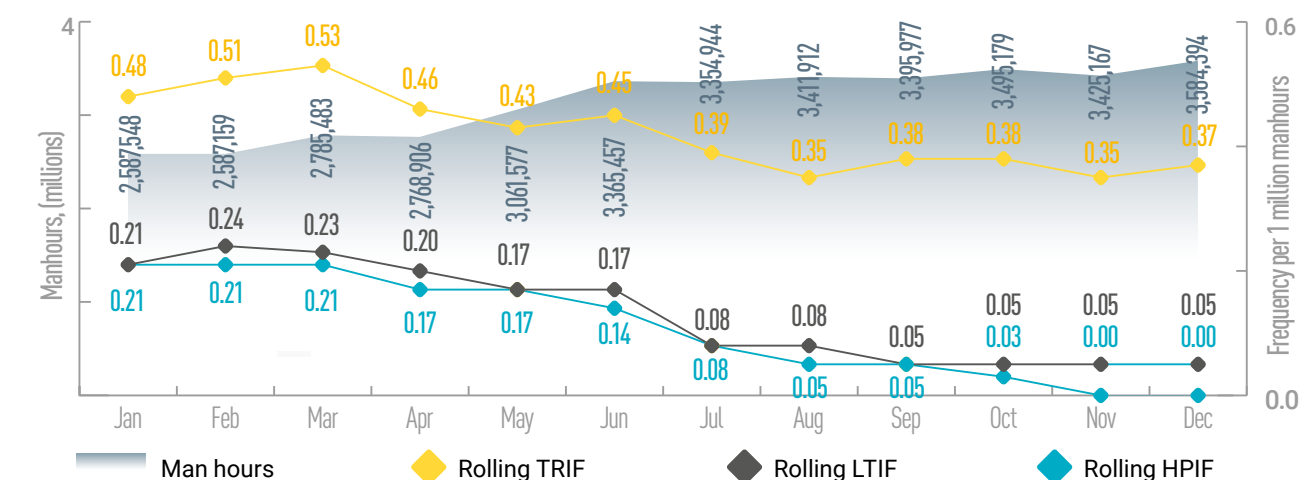
Throughout the year, the company continued its work on improving tools for ensuring industrial safety and integrity of facilities, with a special focus on enhancing skills in identifying sources of potential risk that can be eliminated by preventive measures and thereby prevent incidents. The reliability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

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

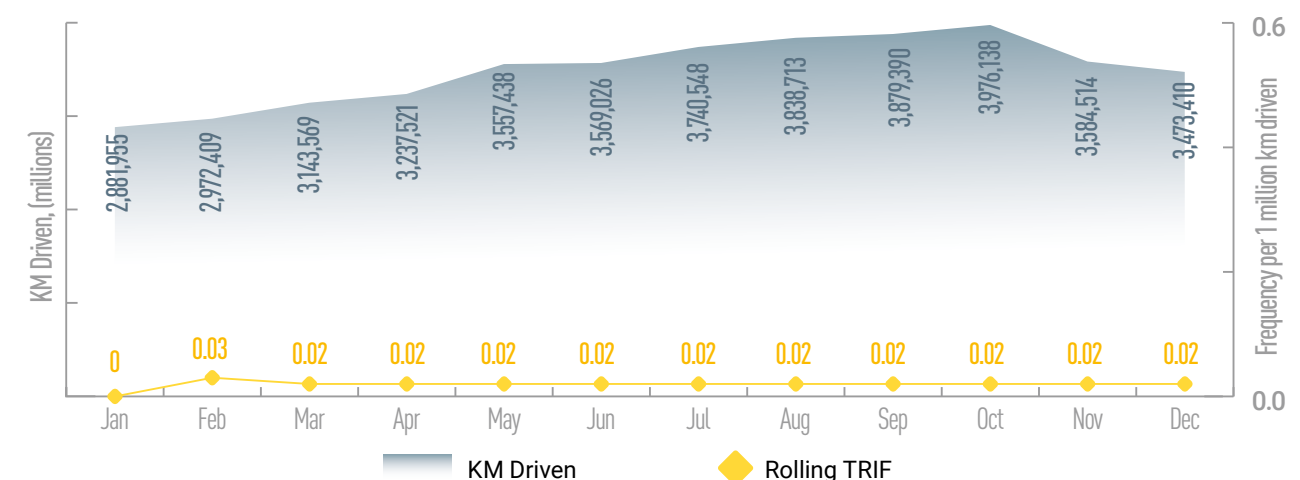
TRI – Total Recordable Injuries = Fatalities + Lost Work Day Cases (LWDC) + Restricted Work Day Cases (RWDC) + Medical Treatment Cases (MTC).

HPI – High Potential Incident.

2023 LTI, TRI, HPI Frequencies



2023 RTI Frequency

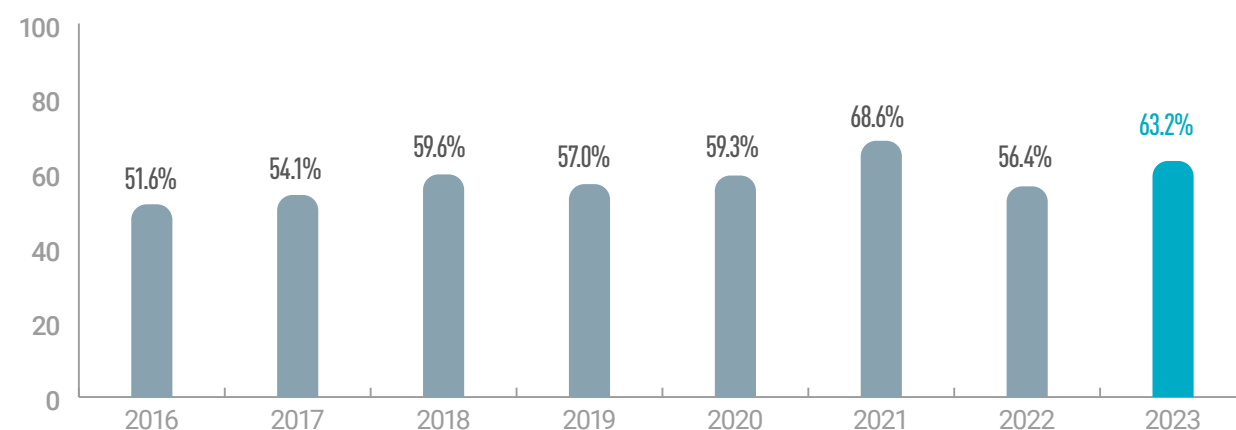


LOCAL CONTENT DEVELOPMENT

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

As a result of continuous efforts local content share in the Karachaganak project reached USD 756.1 million (63.2%) in 2023.

Overall, KPO's Local Content performance in 2023 is 63.2%



KPO focuses its efforts on increasing the LC level in goods. In 2023, 24% (USD 49 mln) out of the total procurement was paid for locally manufactured goods, with an LC share 10.7% (USD 22 mln), proven by the CT-KZ certificate.

Since 2016, 44 types of goods estimated at USD 328.6 mln and 45 types of work and services estimated at USD 738.6 mln have been awarded for localization.

The results of the KPO Local Content Development Programme for 2023 are as follows:

- 3 types of goods localized, and contracts awarded for a total amount USD 5.9 mln;
- 2 types of services localized, and contracts awarded for a total amount of USD 18.8 mln;
- 3 OEM and 2 non-OEM Localization Roadmaps signed;
- 2 contracts awarded for RM implementation.

In the frame of KEP-1A (5IC) project:

- Major construction and engineering works are performed by the local consortium "KKS-SICIM" LLP;
- Over 4,000 jobs have been created for local staff;
- As of the end of 2023, over USD 243.71 mln has been spent on local GWS.

Since the FPSA commencement in 1997, the total local content share in KPO's expenditure for procurement of goods, works and services has exceeded USD 10.1 billion.



SUPPORTING SOCIAL INFRASTRUCTURE

In 2023, KPO managed to complete eighteen social and infrastructural projects worth USD 43.2 mln within the approved timeframes as part of the social and infrastructural projects implementation.

SOCIAL INFRASTRUCTURE PROJECTS COMPLETED BY KPO IN 2023:

- Aksai Hospital Emergency Capability Upgrade Project;
- Construction of a small-scale school for 60 pupils in Urken village of Bayterek district, WKO;
- Construction of a small-scale school for 60 pupils in Sonaly village of Karatobinskiy district, WKO;
- Construction of a small-scale school for 108 students in Abay village of Terektinskiy district, WKO;
- Construction of Sports and Health Centre for 160 spectators in Akzhaikskiy district, WKO;
- Construction of a small-scale school for 60 students in Zhaiyk village of Akzhaikskiy region, WKO;
- Construction of a small-scale school for 60 students in Ulken-Enbek village of Terektinskiy region WKO;
- Construction of a small-scale school for 108 students in Magistralnoye village of Terektinskiy district, WKO;
- Construction of a small-scale school for 108 students in Poyma village of Terektinskiy district, WKO;
- Construction of a small-scale school for 108 students in Atameken village of Akzhaikskiy district, WKO;
- Construction of a small-scale school for 60 students in Khankol village of Karatobinskiy district, WKO;
- Construction of a small-scale school for 54 students in Zhalyk village of Bayterek district, WKO;
- Construction of a small-scale school for 108 students in Akoba village of Zhanibek district, WKO;
- Construction of a small-scale school for 108 students in Zhaiyk village of Bayterek district, WKO;
- Construction of a small-scale school for 108 students in Sadovoe village of Bayterek region, WKO;
- Construction of building of the visit center "Khan Ordasy";
- Construction of Sports and Health Centre for 320 spectators in Chapayevo village, Akzhaikskiy district, WKO;
- Capital repair of Sholokhov str. from S.Datova to Yesenzhanov, Uralsk

	2021	2022	2023
Total number of projects	15**	17**	24**
Projects completed	8/7*	3/14*	13/5*
Actual spend mln. USD	26.26	5.6	43.2

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

** Including carry-over projects from previous years

BUSINESS CONDUCT

KPO CODE OF CONDUCT

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

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

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

KPO BUSINESS ETHICS AND CORPORATE CULTURE AWARENESS

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

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

KPO HOTLINE

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

The Hotline provides an important tool to combat fraud, violence and other forms of misconduct in the workplace as part of creating a positive

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

COUNTERPARTIES ETHICAL DUE DILIGENCE

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

In particular, for the purposes of ethical due diligence, each potential contractors is provided with a questionnaire requesting detailed information, including questions concerning the ethical business principles to which such a partner is committed. KPO also uses open national and international databases (including tax and judicial databases) and other

information from open sources to conduct due diligence.

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

KPO ETHICS DAY 2023

In 2023, KPO hosted an Ethics Day at the initiative and with the support of the Legal Directorate. The event was attended by KPO first and second tier management and representatives of Shell and ENI. The event provided an opportunity

to discuss issues related to ethical leadership including a debate on hot topics of ethics and compliance. KPO Ethics Day will become an annual event organised in KPO.

COMMUNITY ENGAGEMENT

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

Maintaining a constructive dialogue with local community is one of the key principles of social responsibility. The KPO sponsored **Village Councils** meet regularly, whereby representatives of the neighboring rural communities have an opportunity to raise their issues, make suggestions, lodge grievances, get instant feedback, and receive the latest information on current and planned KPO activities. In 2023, 14 meetings were held in three rural districts situated near the Karachaganak Field (Priuralnyi, Zharsuatskyi and Uspenovkyi). During the meetings, KPO specialists provided an update

on the ongoing **Community Development Programs** and the environmental monitoring program.

As part of the community development program aimed at supporting the youth and the elderly, in 2023, KPO provided vouchers to Akzhaik Sanatorium for 250 seniors from the Burlin District. 5 of the 7 students initially enrolled, have continued their fourth year education in West Kazakhstan Oblast Colleges and Universities under the **KPO Community Scholarship Programme**. KPO funds their studies and monthly scholarship fees. 2 students have already graduated and found an employment by their specialization.

In 2023 KPO sponsored the recreation of 74 village kids at a **Summer Camp** in Uralsk. The programme includes a wide range of entertainment, educational and sport events allowing the children to learn, to enjoy the nature and make new friends. Over the twenty years of implementation of this Programme KPO has sponsored summer recreation for two thousand children from the neighbouring villages.





KPO SOCIAL MEDIA:

