

## KPO leadership team attends Major Accident Awareness Event

On 1-2 October, senior KPO representatives attended a session in Newcastle, England, focusing on the hazards and consequences in the event of a major industrial accident.

The session commenced with real world demonstrations to illustrate the physical effects of even relatively small scale explosions and fires. This was performed at the GL Noble Denton facility which provides testing of components for the oil and gas industry under live conditions.

During the two days the group witnessed, and indeed physically felt the effects of events such as pipe fractures, diesel pool fires, gas explosions and jet fires.

This was followed by classroom based sessions to look at the practical lessons that can be learned from events such as the Texas City Refinery disaster, and concluded with the definition of an action plan to further increase focus in KPO on industrial safety.



## CPC loaded 300th million ton of CPC Blend crude oil

Recently KPO Marketing Department has announced that on the 10th of October, CPC has achieved an important milestone in a safe and environmentally sound way: KPO B. V.'s tanker lifted the 300th million ton of CPC Blend crude oil since loading operations started in 2001 in Novorossiysk port.

It is worth emphasizing that this event happened during the first lifting operation by Vector Energy AG, the Trading Affiliate of new Kazakhstan Shareholder KMG.

This achievement is of a key importance and we are happy to congratulate all of you on this significant occasion!

## KPO participated in Investment Forum «Establishing new industries in Western Kazakhstan»

During September 24 -26, an Investment Forum titled "Establishing New Industries in West Kazakhstan" was held in Aktau. Over 500 delegates took part in the Forum. The programme included speeches by high-ranking government officials and industry leaders, roundtable sessions and the visit to production sites in the Mangistau Oblast.

The Forum was organised by the KazEnergy Association, NC KazMunaiGas JSC (KMG), Karachaganak Petroleum Operating B.V. (KPO), the North Caspian Operating Company (NCOC), and Tengizchevroil LLP. The event was held with the official support of Kazakhstan's Ministry of Oil and Gas, the Ministry of Industry and New Technologies, the Ministry of Labour and Social Security, the Akimats of the Mangistau, Atyrau and Western Kazakhstan oblasts, and Kazakhstan's Council of Foreign Investors.

The Forum speakers included: Lyazzat Kiinov, Head of KazMunaiGas; Luca Vignati,

KPO Operations Director; Tim Miller, TCOC General Director; Zhakyp Marabayev, NCOC Deputy Managing Director; Lord Waverley, Head of the British-Kazakhstan Parliamentary Group.

During his presentation Luca Vignati provided a detailed field overview and the highlights of KPO's current operation, as well as future plans for the development of the Karachaganak field. He also briefed about the Venture's contribution to the social-economic development of the region and implementation of the Vendor Development Programme.

KPO was acknowledged as one of the first ventures in Kazakhstan to have launched a vendor development initiative. KPO's commitment to local content development has resulted in awarding contracts worth over \$387 million to 341 Kazakh companies for the provision of goods, works and services. In 2011, Kazakh Content in Karachaganak



venture made up 38 per cent, or \$268 million.

The event served as an important forum for the discussion of new investment

opportunities, issues related to the creation of new industries, business expansion, networking with the market players, officials, and large and medium-sized businesses.



## KIOGE-2012

The 20th edition of Kazakhstan's largest oil and gas event, KIOGE took place on 2 - 5 October 2012. The KIOGE exhibition was held at the Atakent Exhibition Centre in Almaty, Kazakhstan. The KIOGE conference took place on 4 - 5 October at the Intercontinental Hotel in Almaty.

This year KIOGE exhibition was attended by more than 500 companies from 23 countries across the world.

The Kazakhstan International Oil & Gas Exhibition and Conference is Central Asia's largest and most influential trade event for the oil and gas industry. It is the focal point for the sector in Kazakhstan and the highest profile event in the calendar for the region.

The event comprises an exhibition and conference and has helped to introduce more than 5,000 companies into the market, a great many of which now have well-established businesses in Kazakhstan.

KPO also took part in the KIOGE Oil & Gas Job Fair – where professionals and college graduates looking for career opportunities were able to meet with consultants from KPO's Human Resources Department.



In the mid of August, a two-day training for non-commercial organisations based in the West Kazakhstan oblast was held in Aksai. The training was provided and sponsored by "BG Kazakhstan" company which is one of the KPO partner companies.

The training was the first of a series of planned trainings for urban and rural non-commercial organisations working with vulnerable groups of population (NCOs) implemented as part of the social project titled "Support and Organisational Development of the West Kazakhstan Oblast Non-commercial organisations aimed at

improvement of the social services for community".

The aim of the project was to enhance the competence of staff and capacity building of non-commercial organisations for further improvement of the quality of social services provided locally to vulnerable groups.

26 participants representing the non-commercial organisations in the social area took part in the workshop. In the course of the training the participants acquired some knowledge on the following aspects:

- the causes of forming and development stages of NCOs

## BG Kazakhstan held training in WKO



• factors of successful development and management of NCOs

- Identification of beneficiaries' needs and methods of work with them

The training involved primarily those non-commercial organisations which over a number of previous years have had sponsorship assistance from KPO to implement their

social programmes and projects in the area of education, health, social welfare, art and culture. Such organisations contribute to resolving the social issues, working directly with Burlin District residents who are the strategic partners of KPO.

KPO Sustainability Department and Community Relations Section made the initial needs assessment review through interviews held

with the NCOs. The training was also attended by KPO Community Relations staff that has been cooperating with the mentioned NCOs since long time.

The training took two days and involved an experienced trainer, who used some interactive methods to make the training lively and interesting. All participants noted the benefits and importance of such workshops.

## KPO held public hearings on 2013 Environment Protective Measures Plan

In the middle of September KPO held public hearings at WKO Akimat office related to the 2013 Environment Protective Measures Plan.

The 2013 Environmental Protective Measure Plan consists of 10 main sections and has 38 actions.

Representatives from the Oblast Environment Department, as well as the Members of the District Maslikhat, representatives of the Burlin Akimat and Karachaganak Field adjacent villages, members of initiative activist groups, community and mass media representatives took part in the hearings.

Since beginning of operatorship over the Karachaganak field, from 1998 to July 2012, KPO have invested its own funds for implementation of environmental protective measures in total amount of 32, 5 billion tenge.

At the hearings, the KPO representatives presented both qualitative and quantitative estimated emission figures. In addition, the attendees have been provided with information on which degree the emissions

might affect the major aspects of the environment such as air, subsurface waters, soil, flora and fauna.

Successful implementation of activities aimed to air protection allowed significant reduction of volumes of pollutant emissions into the air generated as result of hydrocarbons production, including the following: pollutant emissions reduced by 51% during 2006 – 2011, specific emissions reduced by 65% (per 1 million m3 of gas produced), gas utilization reached 99.92%

Furthermore, 53 ha of lands contaminated as a result of accident on well 427 were restored up to the level of agricultural lands, more than 1000 ha of lands contaminated due to well operations and construction activities have been re-cultivated upon implementation of land resources conservation actions.

As part of activities on minimisation of waste volume and its environmental impact, Company constructed the modern Eco-Centre for treatment and disposal of production and household waste. The Eco-Centre meets the international standards on drilling mud fluids and sludge recycling and



environmentally safe disposal.

More than 1 million of trees and bushes have been planted in the area of more than 500 ha within KOGCF and SPZ area.

Total costs of environment protection plan implementation in 2013 will reach 7.1 billion KZ tenge.

KPO representatives noted that water resources conservation, wastes management and consumption, also air protection are the key priorities.

In the follow-up discussions, the community, government authorities and mass media representatives had an opportunity to ask questions about 2013 KPO Environment Protective Measures Plan and to make their suggestions and remarks. All of them will be included into the final Minutes of the public hearings. As a whole, the 2013 Environment Protective Measures Plan received the public's approval.

The information on KPO environmental activity is available on [www.kpo.kz](http://www.kpo.kz) website, in mass media and KPO Sustainability Report annually issued by the Company and verified by an independent external party.



## KPO issues 2011 Sustainability Report

Karachaganak Petroleum Operating B.V. (KPO) has announced the publication of the 2011 Sustainability Report. The Report focuses on KPO's performance in 2011 and reflects the company's commitment to sustainable development.

KPO General Director, Damiano Ratti, said: "As a business, KPO measures its contribution to sustainable development by its success in minimising impacts and maximising opportunities linked to its presence. It does this by considering the long-term consequences of its decisions and engaging with stakeholders in a constructive dialogue while maintaining strong governance and transparency."

"At KPO we strive to continuously improve safety and environmental performance, production efficiency, and local capability through nationalisation, development of Kazakh talents and use of local goods and services."

"The success of Karachaganak has become possible due to strong collaborative partnerships between the Republic of Kazakhstan, local community and Karachaganak Partners. Last year, we reached a major agreement with the Republic that represents a new major milestone in our partnership, and a new landmark on the road to further development of Karachaganak for the benefit of the project partners,

the government and people of Kazakhstan", said Damiano Ratti.

In particular, in 2011, KPO produced over 138 million barrels of oil equivalent. A major milestone was a successful completion of the Fourth Stabilisation Train at the Karachaganak Production Complex with a total investment exceeding \$1 billion. The works were conducted by 14 Kazakhstani contractors employing almost three thousand people with \$650 million spent in the Republic of Kazakhstan.

Throughout 2011 KPO has continued the implementation of an annual HSE Plan focusing on leadership, contractor management, hazard awareness and risk control, monitoring and review, and road safety. In 2011, KPO greenhouse gas emissions decreased from 83.9 to 83.5 tonnes of CO2 per one kilo tonne of hydrocarbons produced. Flaring reduction remained a key area with only 0.08 per cent of the total gas flared. Overall gas utilisation achieved by KPO in 2011 made up 99.92%, which is a world-class performance.

Last year, KPO successfully extended certifications for the Occupational Health and Safety Management System and Environmental Management System against the OHSAS 18001 and ISO 14001 standards.

Implementation of the KPO ten-year Nationalisation Plan has continued. Last year, national employees of KPO filled 100 per cent of skilled and clerical positions, 95 per cent of

professional and supervisory and 69 per cent of managerial positions.

KPO's commitment to local content development has resulted in awarding contracts worth over \$387 million to 341 Kazakh companies for the provision of goods, works and services. In 2011, Kazakh Content in Karachaganak venture made up 38 per cent, or \$268 million.

In 2011, KPO invested more than \$30 million into social infrastructure and philanthropy projects.

The Uralsk Gas Pipeline connecting community settlements from the Karachaganak field to Uralsk was successfully completed. This important social project will ensure stable gas supply to more than one hundred thousand residents of five districts of the Western Kazakhstan Oblast. Other projects included construction of the heating networks in Uralsk, construction of water pipeline Aksai-Akbulak, reconstruction of the Boiler house in Aksai micro-district #10, a school

in Priuralnoye village as well as construction of music school in Zhympty village.

The above listed achievements demonstrate that KPO's aspiration to leave behind a sustainable legacy is imbedded in virtually all facets of the Venture, thus becoming part and parcel of Karachaganak's ethos. The Report has been independently verified by Ernst & Young LLP and is available from the company website, [www.kpo.kz](http://www.kpo.kz).