



IMS PERFORMANCE ANALYSIS BY MANAGEMENT FOR 2023

Almaty, February 2023



IMS performance analysis by the management for 2023 was conducted in accordance with sections of international standards:

ISO 9001:2015 (quality management system) section 9.3.,
ISO 45001:2018 (occupational health and safety management system) section 9.3.,
ISO 14001:2015 (environmental management system) section 9.3.,
ISO 50001:2018 (energy management system) section 9.3.



Initial data for Analysis of IMS activities by management

The effectiveness of the previous analysis of IMS activities by management for 2022

The activities of the Partnership's IMS for 2022 were recognized as effective, suitable and adequate in accordance with the requirements of ISO international standards. There were no instructions from the Partnership Management.

There were no changes in external and internal factors in 2023 related to management systems.

Adequacy of existing resources

The Partnership was fully provided with all necessary resources to implement the processes of the Partnership's current IMS.

Opportunities for improvement

The following improvement opportunities have been identified for 2023:

- improving the quality of communication at the facilities of Atasu-Alashankou and Kenkiyak-Kumkol pipelines;
- attracting additional volumes of oil from the Russian Federation intended for transit to China. Activities to realize opportunities:
- Modernization of automatic telephone exchanges at the facilities of Atasu-Alashankou, Kenkiyak-Kumkol pipelines;
- Extension of the agreement on the transit of Russian oil for a long period.



Initial data for Analysis of IMS activities by management

Effectiveness of actions taken in response to risks

Based on the results of identifying and assessing the risks of the Partnership for 2023, approved by the decision of the Management Board of the Partnership (minutes No. 5-2023 dated February 1, 2023), registers for production and non-production risks have been developed, which include, for example,

- Low quality of raw materials (oil for the production of petroleum products);
- Failures in provision of communication services.

Corrective measures for the risks:

- In accordance with the concluded agreements for provision of oil transportation services, PP and TD, the Partnership checks the quality of oil supplied by consumers on a daily basis;
- Timely maintenance of equipment;
- Periodic check of switching to the backup communication channel.

On a quarterly basis, these registers are reviewed and a report on realized risk events is provided to the management and Participants of the Partnership. For example, the risk that occurred in the 1st quarter of 2023 - Natural impacts and disasters, as a result of the impact of flood waters on the section of 0-231 km of Kenkiyak-Kumkol pipeline, sections of along route roads (including culverts) were destroyed.

Actions have been developed to reduce identified risks. For example, in relation to the above risk, interaction has been ensured with the contractor for restoration of destroyed sections of roads. Currently, the roads have been restored and payment has been received from the insurance company.

Analysis of survey results on consumer satisfaction on oil transportation services for 2023

- 1) Number of submitted questionnaires – 41
- 2) Number of questionnaires for which a response was received – 38
- 3) Total number of questions – 13
- 4) Overall percentage of customer satisfaction – 99.25%

Accepted satisfaction rate – 90%.

In accordance with the adopted indicator, the satisfaction of the Partnership's consumers is assessed positively.

Reports received by the Partnership from external stakeholders, including complaints:



General Director's blog
– no reports and
complaints



No reports and
complaints registered
through the Document
Control Office



No complaints and
proposals from
customers



Indicators of functioning and effectiveness of IMS

IMS Policy of Kazakhstan-China Pipeline LLP

IMS Policy in the field of quality, health and safety, environment and energy efficiency was approved by the order of the Partnership dated 21.02.2023 No. 22-20, and is currently up to date, brought to the attention of all employees and suppliers, and posted on the Partnership's external website.

Quality, environmental, occupational health and safety and energy efficiency goals for 2023

- 1) Ensure a zero level of accidents resulting in production shutdowns, environmental damage and harm to human health during oil transportation;
- 2) Ensure a zero level of failures of the main and auxiliary equipment involved in the technological process, resulting in a temporary change in the technological process of oil transportation;
- 3) Ensure implementation of the action plan for energy saving and increasing energy efficiency to reduce the level of total energy consumption for 5 tons of equivalent fuel per year, while transporting oil in the same volume;
- 4) Ensure safe working conditions in order to achieve zero accidents at work.

All goals planned by the Partnership for 2023 in the areas of quality, environment, labor protection and energy efficiency have been achieved.

Indicators of functioning and effectiveness of IMS in 2023

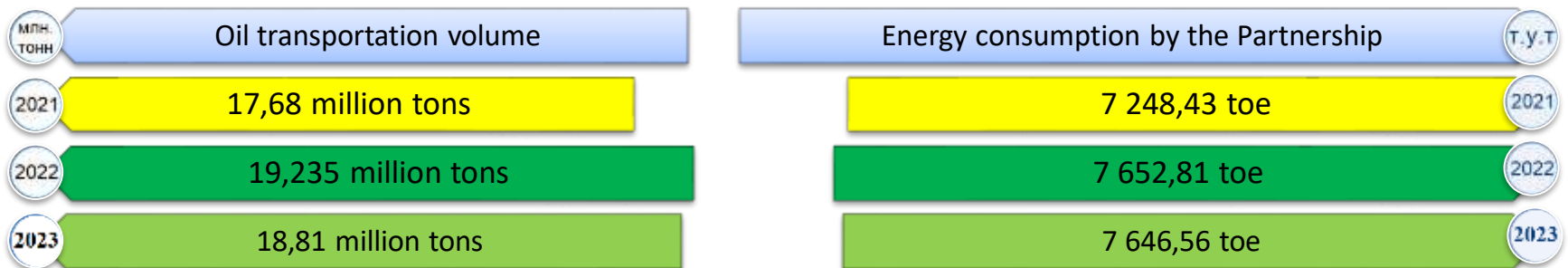
Accidents	Fires	Accidents with oil release	Accidents in contracting organizations
0	0	0	0

There were no work-related incidents, road traffic accidents, fires, oil spill accidents, or accidents at contractor organizations in 2023.

The level of total energy consumption in the Partnership in 2023 decreased by more than 5 tons of standard fuel per year and amounted to 7,646.56 toe, while transporting oil in the amount of 19.235 million tons per year.

For the previous year 2022, the total energy consumption was 7,652.81 toe with an oil volume of 18.81 million tons.

Energy Performance Analysis



Oil equivalent is a unit of accounting for organic fuel used to compare the efficiency of various types of fuel and their total accounting. A ton of oil equivalent (toe) is a unit of energy measurement equal to $2.93 \cdot 10^{10}$ J. It is defined as the amount of energy released during the combustion of 1 ton of oil with a calorific value of 7 thousand kcal/kg, which corresponds to typical calorific value of 1 ton of coal.

Indicators of functioning and effectiveness of IMS

In order to achieve IMS Goals, the planned activities were fully implemented:

- 1) Organizational and technical activities were taken to ensure the reliability of pipeline facilities and to prepare pipeline facilities for operation in the autumn-winter period and during the spring flood;
- 2) Training sessions were conducted to develop skills in responding to possible emergency situations;
- 3) An inspection of the maximum permissible concentrations of CO of KTO JSC and KCP LLP in the field of labor safety and health, fire and industrial safety, environmental protection at the facilities of Kazakhstan-China Pipeline LLP was carried out;
- 4) Agreements were concluded for compulsory environmental insurance of Atasu-Alashankou and Kenkiyak-Kumkol pipelines and agreements for compulsory accident insurance;
- 5) The construction of 220/110 kV “Munaily” substation was completed and put into operation;
- 6) The implementation of the Action Plan for energy saving and increasing energy efficiency of KCP LLP for 2020-2024 is carried out according to the planned deadlines.

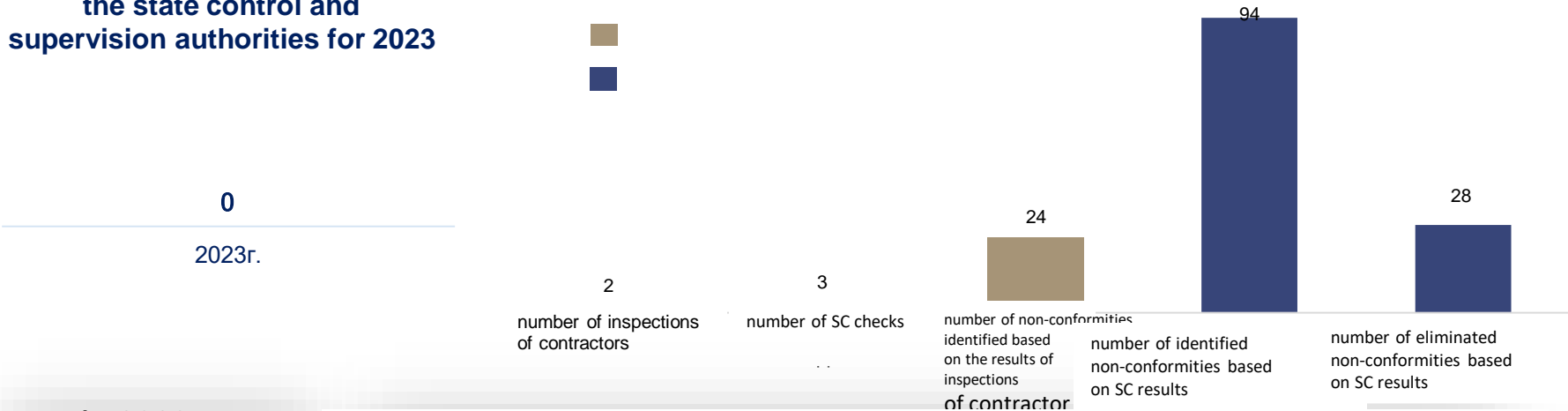
The effectiveness of IMS processes corresponds to the established criteria for performance indicators.

Performance indicators in the field of health and safety

Internal control, which is one of the ways to prevent accidents and industrial injuries, is carried out in accordance with established requirements.

Information on inspections by the state control and supervision authorities for 2023

Information on internal inspections for 2023



In 2023, no inspections were carried out by state control and supervision authorities .

5 internal inspections of labor protection, industrial and fire safety, environment and emergency prevention were carried out, including:
 3 inspections by the Standing Commission (SC) of the Partnership and 2 inspections of contractors providing services/work on the territory of the Partnership (contractors).
 Based on the results of SC inspections, 94 non-conformities were identified, including:
 Kenkiyak-Kumkol MP - 10 non-conformities;
 Branch in Alashankou, China - 78 non-conformities;
 Atasu-Alashankou MP - 6 non-conformities.
 28 non-conformities were eliminated, measures for 66 non-conformities were carried out according to the established deadlines. Based on the results of inspections of contractor organizations, 24 violations identified were eliminated.

Nonconformities and corrective actions

During external and internal audits of the IMS in 2022, no non-conformities were identified.

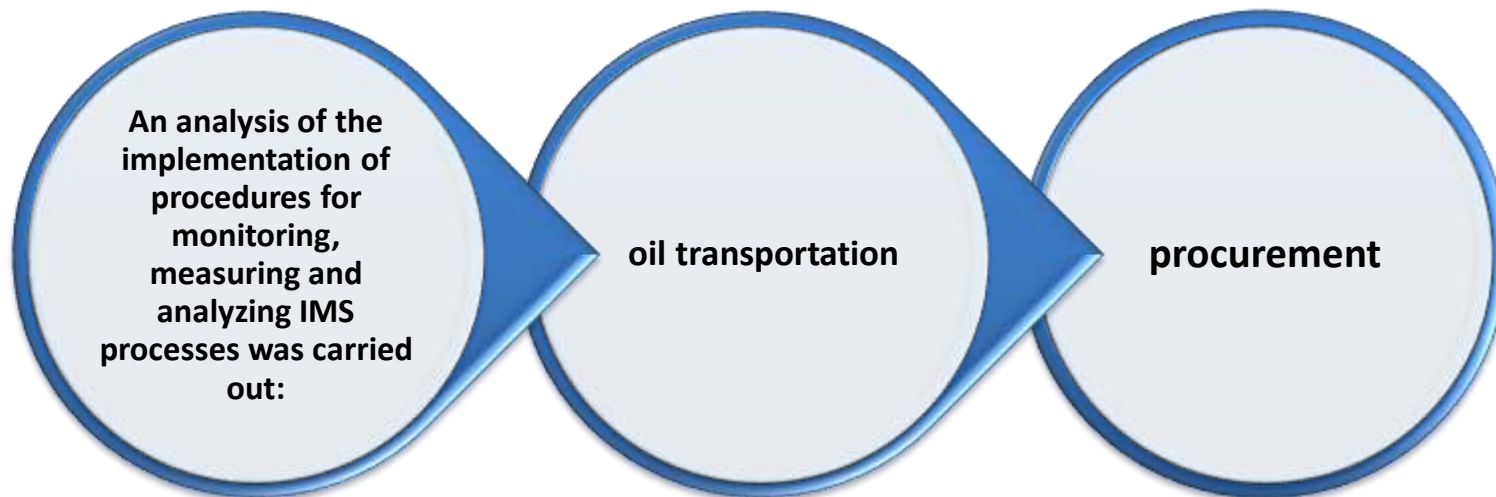
Based on recommendations identified during internal and external audits of the IMS in 2022, and in accordance with the corrective and preventive action plan, corrective actions were taken:

- IMS Policy of Kazakhstan-China Pipeline LLP in the field of quality, environmental protection, health, occupational safety and energy efficiency has been updated;
- The goals of IMS of Kazakhstan-China Pipeline LLP have been established for 2023;
- The program for conducting internal audit of the IMS in the Partnership for 2023-2025 was approved;
- Risks and opportunities in the field of energy management and ecology are identified and measures to manage them are selected;
- 32 internal regulatory documents of the Partnership were updated;
- Optimal operating modes of pumping stations for oil transportation were applied;
- GPS navigation system control for vehicles provided to the Partnership by contractors has been established;
- Real-time monitoring of equipment operating conditions in the server room is carried out.

Results of monitoring and measurements

Based on the results of the analysis of the implementation of procedures for monitoring, measuring and analyzing IMS processes, it was established that the volumes of oil planned for transportation in 2023 were completed by 100.2% and 631 purchases (99.4%) of the 635 planned purchases of the Partnership for 2023 were completed. 4 purchases of goods did not take place due to the lack of suppliers of goods.

The activities of the Partnership's IMS for 2023 show effectiveness and meet the requirements of ISO international standards.



External suppliers

Within the framework of concluded agreements with external suppliers, consumer requirements are taken into account and work is carried out to implement them.

There is a constant understanding and compliance with the legal and regulatory requirements of the Republic of Kazakhstan.

The requirements are established in the technical specification for the supply of goods, provision of services or performance of work, which specifies precise information regarding the volume of purchased GWS:

- detailed conditions for the supply of goods, provision of services or performance of work;
- description of the functional, technical, quality and operational characteristics of the purchased GWS;
- requirements for potential suppliers at the procurement stage, corresponding to the method and subject of procurement (level of service and support, financial stability and reliability, environmental and social aspects).

The Partnership monitors information on the degree of customer satisfaction. According to the results of the Analysis of Questionnaires on Customer Satisfaction with oil transportation services for 2023, the customer satisfaction was 99.25% The accepted satisfaction indicator was 90%.

In accordance with the adopted indicator, the satisfaction of the Partnership's consumers is assessed positively.

Internal audit in 2023 was performed for compliance with the international standards in the field of implemented management systems:

ISO 9001: 2015 – Quality Management System;

ISO 45001:2018 – Occupational Safety and Health Management System;

ISO 14001:2015 – Environment Management System;

ISO 50001:2018 – Energy Management System,

pursuant to the IMS audit program approved by the order of the Partnership dated February 7, 2023 # 22-14.

The Partnership's facilities were audited on a selective basis during the IMS internal audit in 2023.

The following was performed in the course of the IMS internal audit:

- Selective audit of the Partnership's production facilities for compliance with international standards ISO 9001:2015, ISO 45001:2018, ISO 14001:2015, ISO 50001:2018;
- Audit of compliance with observations and comments given by the previous internal IMS audit 2022;
- Developed reports on each production facility of the Partnership;
- Reviewed the results of the internal audit program for 2022, the results of the plan of corrective and preventive measures;
- Established the compliance with legal requirements of RK in the field of occupational health and safety.

Information on the results of the internal IMS audit in 2023:

Nonconformities identified – 0

Examples of demonstrated improvements – 41

Recommendations for improvement - 3

Possibilities for improvement - 8

Information on the results of the previous internal IMS audit in 2022:

Nonconformities identified – 0

Recommendations received – 0

Measures for the identified nonconformities and recommendations are effective and fully implemented.

In December 2023 the Partnership held the 1st supervisory audit of IMS by TUV Rheinland Kazakhstan

Efficiency of IMS was verified by a competent group of auditors.

Based on results of the 1st supervisory audit, the Audit group confirmed that the Partnership has implemented and maintains an effective system for implementation of its policy and goals, organization's management system complies with, properly maintains and implements requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2015, ISO 50001:2018.

Based on IMS documentation, tracing it across a number of processes, current regulatory requirements and directives were compared to their practical application.

Based on the IMS audit findings, the auditors recommend maintaining new certificates ISO 45001:2018, ISO 50001:2018, ISO 9001:2015, ISO 14001:2015, for the existing management systems in the Partnership.

Opportunities for improvement

- Obtaining access to the analytical website of KazMunayGas JSC for procurement to simplify the process of control and reporting on procurement

Recommendations for improvement

- Conduct design and survey work (hereinafter referred to as DSW) to modernize the SDH network and trunking communications at the facilities of Kenkiyak-Kumkol pipeline
- Conduct design and survey work to modernize automatic telephone exchanges at the facilities of Atasu-Alashankou, Kenkiyak-Kumkol pipelines

Necessary changes to the IMS

- Review the list of internal auditors of the IMS and conduct appropriate training;
- Conduct an energy audit at the facilities of Kazakhstan-China Pipeline LLP and, based on the recommendations received from the results of the energy audit, develop and approve an action plan for energy saving and energy efficiency improvement of the Partnership for 2025-2029;
- Conduct an internal audit of IMS in the Partnership in 2024 in accordance with the approved program.

Resource needs

Provide the necessary funds in the Partnership's budget for 2024 to ensure implementation of the processes of the Partnership's current IMS.

Based on objective evidences the Management System demonstrates improvements in terms of introduction of a process approach and risk-oriented thinking among the Partnership employees and is able to maintain compliance with the international standards.

The Partnership employees fulfill the requirements of international standards for the implemented management systems and established internal requirements.

The Partnership has developed, documented, introduced and maintains the Integrated Management System, which meets the requirements of international standards ISO 9001:2015, ISO 45001:2018, ISO 14001:2015 and ISO 50001:2018.

It is recommended to recognize the efficient, appropriate and adequate performance of the Partnership in accordance with the requirements of the above international standards.

Thank you!

