



IMS PERFORMANCE ANALYSIS BY MANAGEMENT FOR 2022

Almaty, February 2023



IMS performance analysis by the management for 2021 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.



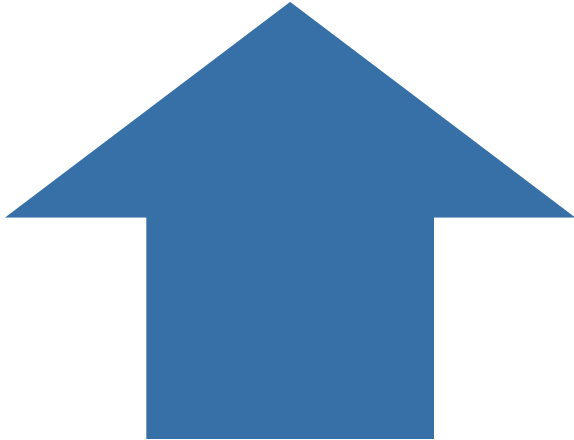
Kazakhstan-China Pipeline LLP's Policy in the field of quality, health and safety, environment and energy efficiency was approved by the order of Kazakhstan-China Pipeline LLP (The Partnership) dated 21.02.2023 No. 22-20, and is currently up to date, brought to the attention of all employees and suppliers,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

The Partnership implements its policy in the field of quality, health and safety, environment and energy efficiency based on the following principles:

- Ensuring safe and reliable oil transportation through main pipelines;
- Performing operating processes on the environmentally friendly level;
- Creation of safe labor conditions, prevention of industrial injuries and improvement of employees health;
- Training in necessary skills to improve employees' business culture and professional qualification;
- Mutually beneficial cooperation with consumers and suppliers.



Efficiency of the previous analysis of IMS activity by management



In 2022, the Partnership approved the IMS goals of the Partnership.



All measures have been performed according to the approved Plan of corrective and preventive measures for inconsistencies detected during the external IMS audit in 2021.



In 2022, the Partnership approved goals in the field of quality, ecology, health and safety and energy efficiency.

1	Secure zero level of accidents resulting in suspension of production, environmental damage and harm to human health during oil transportation
2	Secure zero level of failures of main and ancillary equipment involved in the technological process and resulting in temporal changes in the technological process of oil transportation
3	Ensure implementation of energy conservation measures in order to increase energy efficiency and maintain the level of total energy consumption not exceeding the level of 2021 when transporting oil in the same volume
4	Ensure safe working conditions in order to achieve a zero level of accidents at work

All goals for 2022 planned by the Partnership in the field of quality, environment, health and safety and energy efficiency have been reached



Health, safety and environment (HSE) indicators

INDICATORS	2015	2016	2017	2018	2019	2020	2021	2022
Actual number of employees	183	180	174	171	168	190	185	190
Man-hours worked	361 062	296 866	288 490	293 291	285 307	289 030	295 223	287 545
Temporary disability (illness) days	1200	893	701	887	1603	1064	685	710
Production accidents	0	0	0	0	0	0	0	0
Non-production accidents	1	0	0	0	0	0	0	0
Traffic accidents	0	0	0	0	0	0	0	0
Idle time due to production injuries	0	0	0	0	0	0	0	0



Results of achieving goals and/or objectives in the field of health, safety and environmental protection in 2022

Accidents	Traffic accidents	Fires	Oil spill emergencies	Contractor accidents
0	0	0	0	0

No work-related incidents, road traffic accidents, fires, oil leaks, or accidents at contractor organizations were recorded in 2022 and the same period in 2021.

As part of the Code of Leadership and Employee Commitment of Kazakhstan-China Pipeline LLP to comply with occupational health and safety, industrial, fire, transport safety, and environmental protection requirements, employees determined Personal Commitments for 2023 in order to develop a work safety culture, and also provided personal commitment reports to clearly demonstrate the achieved goals.

The practice of holding Briefings on Occupational Health and Safety has been introduced in order to inform employees on issues of occupational health and safety, industrial, fire, transport safety and the involvement of all employees of the Partnership in HSE issues.

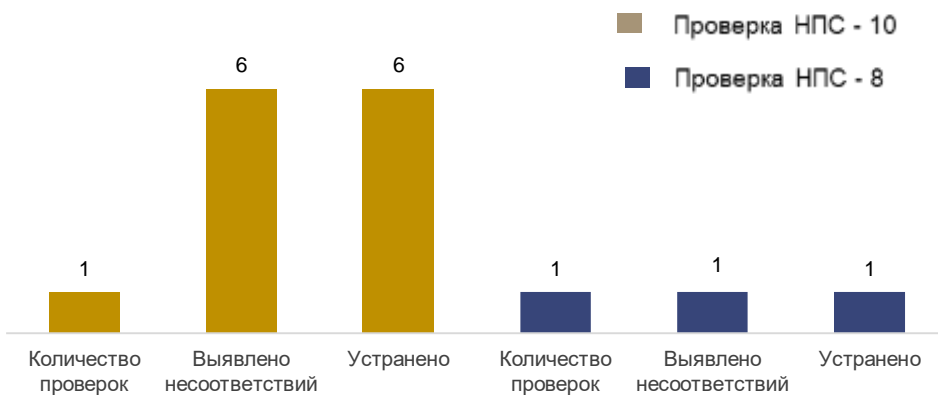
According to the attestation of production facilities for working conditions at the workplaces of the Partnership's employees, there are no dangerous and harmful production factors at the workplaces.



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 2022

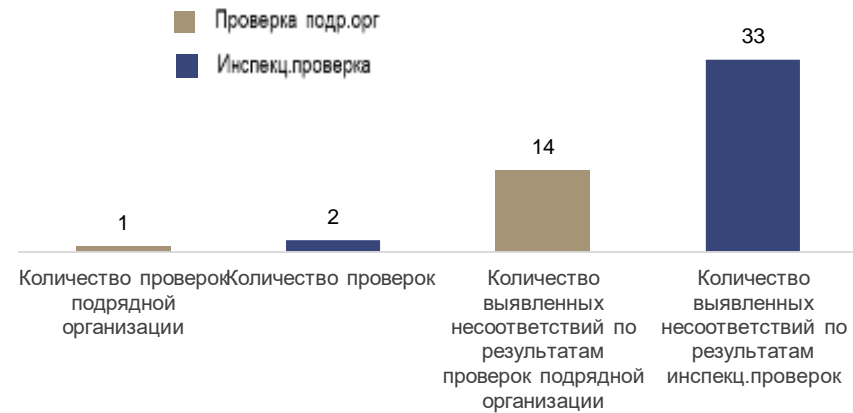


In 2022, 2 inspections of state control and supervision bodies were carried out according to a special procedure in the field of fire safety:

In the period from Sep 12 to Sep 30, 2022 the Shet District Department for Emergency Situations of the Department for Emergency Situations of the Karaganda Region of the Ministry of Emergency Situations of the Republic of Kazakhstan, eliminated 1 violation identified at PS-8;

In the period from Oct 28 to Nov 1, 2022 the Ayagoz District Department for Emergency Situations of the Department for Emergency Situations of the Abai Region of the Ministry of Emergency Situations of the Republic of Kazakhstan, eliminated 6 violations identified at PS-10.

Information on internal inspections for 2022



In 2022, 3 internal audits were carried out, including:

- 1) inspection of the condition of the linear part and production facilities of the Kenkiyak-Kumkol oil pipeline, in the period from Jul 12 to Jul 15, 2022, 10 violations identified and eliminated;
- 2) inspection of the condition of the linear part and production facilities of the Atasu-Alashankou oil pipeline, in the period from Jul 18 to Jul 23, 2022, 23 violations identified were eliminated;
- 3) inspection of the contracting organization Nomad LLP at the production facilities of Atasu-Alashankou MP, in the period from Aug 22 to Aug 26, 2022, 14 violations identified were eliminated.



Accidents and nonconformities investigation

Accidents, emergencies, potentially dangerous incidents, downtime due to accidents, industrial injuries, illnesses and adverse effects on human health are analyzed and corrective measures are taken.

The causes of those incidents are analyzed to identify opportunities both for continuous improvement and preventive measures. Information on the analysis results is distributed within the Partnership. Responsibilities and authorities have been established to correct nonconformities, to take corrective and preventive measures, and measures to mitigate the effects of HSE violations.

Actual emissions of pollutants and the volume of wastewater discharges are within the limits established by government agencies. Emissions were produced within the established standards. There are no cases of oil spills.

The amount of waste disposed during the reporting period is equivalent to the amount of waste actually generated.

There are no land reclamation activities or soil contamination.

Communication, cooperation and consultation in the field of IMS

The Partnership has introduced and regularly performs the processes of internal and external communication by involving employees for identification of hazards, risks assessment and selection of risk management measures, incident investigation, development and analysis of the IMS policy and goals, as well as discussion of changes that may affect their health and safety.

Within the integrated management system created, the Partnership attracts employees to review the HSE issues through interaction. The Central Office is equipped with the anonymous mailbox, where employees may put their proposals and comments on IMS issues.



Information on health, safety and environmental protection, needs and expectations of stakeholders, associated risks and opportunities

Sufficiency of existing resources

The Partnership was fully provided with all the necessary resources to implement processes in compliance with all standards and requirements in safety and health, fire, industrial, transport safety, environmental protection.

Results of implementation of the plan of organizational and technical measures in the field of occupational health and safety, industrial and fire safety

In 2022, 35 measures of the Plan of organizational, technical, socio-economic, sanitary, epidemiological and medical-preventive measures to improve working conditions, prevent industrial injuries and occupational diseases were completed.

Appropriate communication with external stakeholders of the Partnership on occupational safety and health, industrial and fire safety, including claims and complaints and the results of their review

The Partnership maintains all necessary communications with external stakeholders on health and safety issues.

There was an inspection of the work of contractors, and explanatory work was carried out regarding compliance with occupational safety and health requirements, industrial and fire safety, road safety, environmental protection to prevent accidents, road accidents, emergencies and fires at the Partnership's facilities.



Information on health, safety and environmental protection, needs and expectations of stakeholders, associated risks and opportunities

Results of participation and consultation in the field of safety and health, fire, industrial, transport safety, environment

was carried out through correspondence, sending information, letters to all employees of the Partnership, as well as during knowledge assessment, internal audits.

Results of determining compliance of the Branch's activities with the requirements of the legislation of the Republic of Kazakhstan and internal documents in the field of safety and health, industrial and fire safety

are the absence of accidents in the workplace related to production and due to the fault of the employer.

Information in the field of health, occupational safety and environmental protection

Induction briefings on safety and health, fire safety	persons	71
Number of contracts for HSE (services)	pcs	14
Number of knowledge tests on health and safety	persons	H&S – 23

Energy planning results

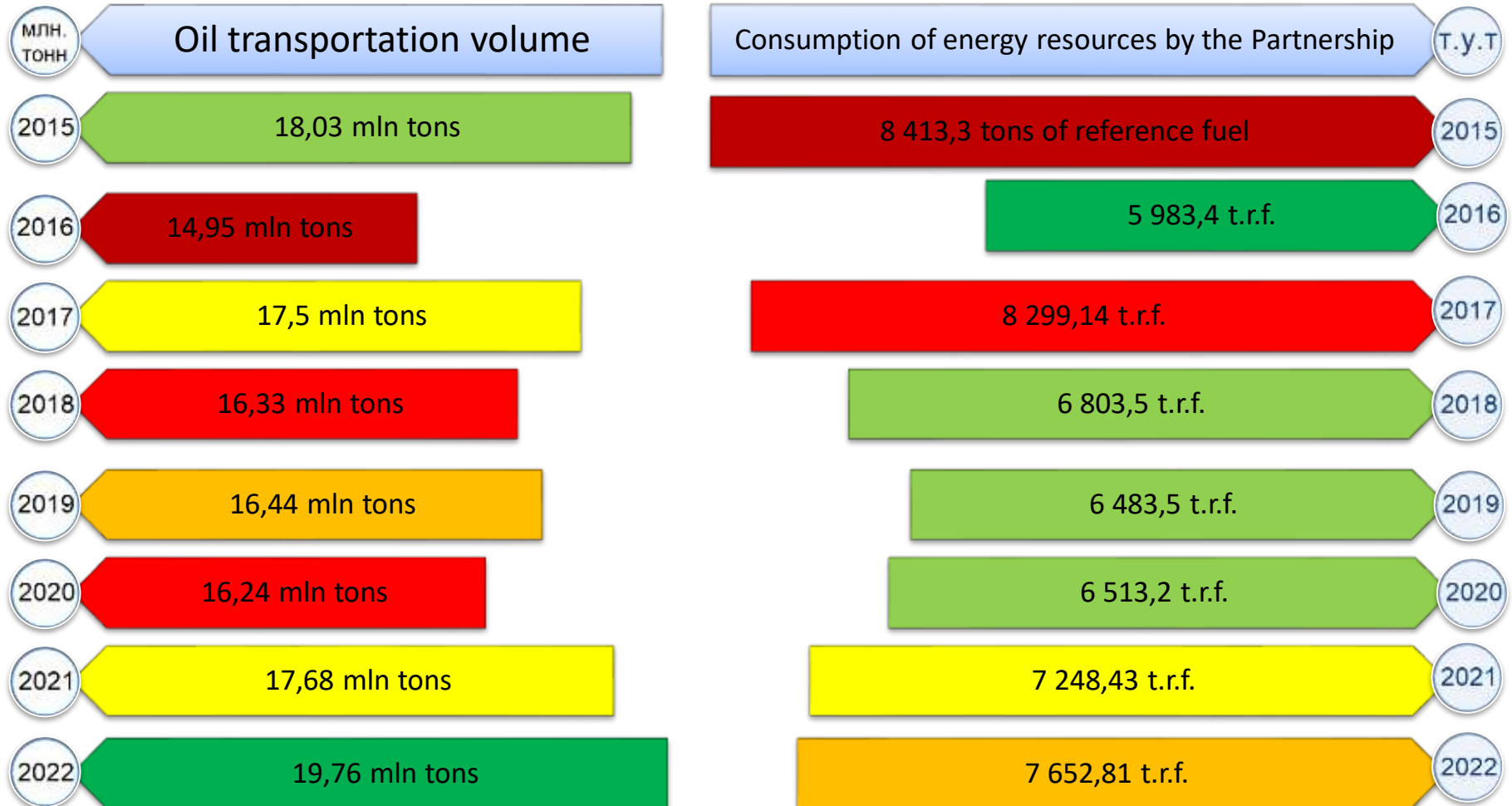
In 2022, in accordance with the approved document “Program for improving energy efficiency and reducing overall energy consumption in Kazakhstan-China Pipeline LLP till 2022”, the following measures were taken to reduce power consumption in the Partnership:

1. Implementing the project “Reconstruction of external power supply to PS-10 and PS-11 of the Atasu-Alashankou oil pipeline with connection to the designed substation 500/220kV Aktogai”;
2. Replacement of outdated lamps with energy-efficient LED lamps in the Partnership’s office in Almaty;
3. Pre-commissioning of heating networks in the Partnership’s office in Almaty.

Earlier in 2019 there were measures taken to reduce power consumption in the Partnership:

1. “Energy Partner” LLP conducted an energy audit and issued a conclusion on energy conservation and improvement of energy efficiency in KCP with recommendations for energy conservation;
2. Updated the list of places of significant power consumption and made changes to the list of facilities, equipment, systems, processes that have impact on the use and consumption of power in the Partnership;
3. Introduced separate power metering for each MPU at PS-8, 9, 10, 11.

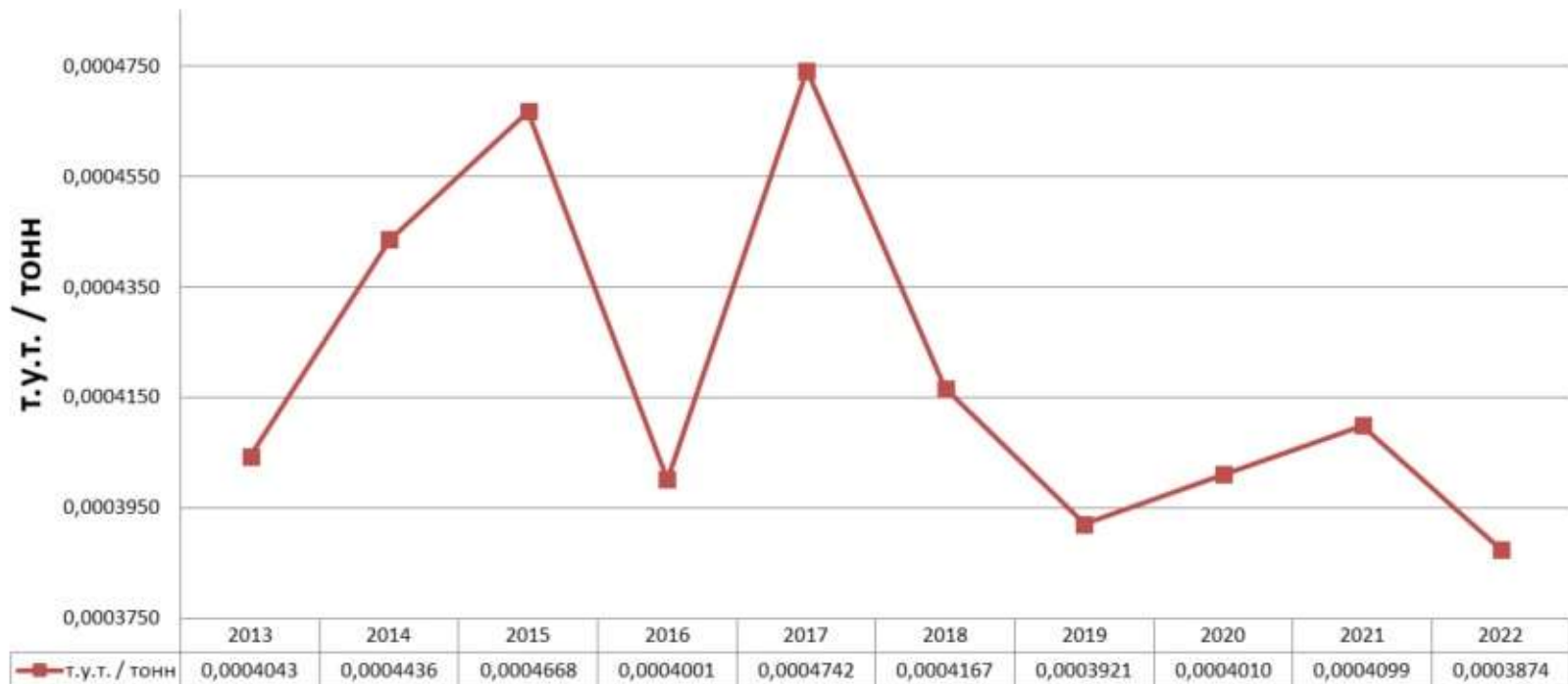
Analysis of energy characteristics



Reference fuel is a unit of accounting for organic fuel used to compare the efficiency of various types of fuel and their aggregate metering. A ton of reference fuel (t.r.f.) 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 fuel with a calorific value of 7 thousand kcal/kg, which corresponds to typical calorific value of 1 ton of coal.

Energy characteristics analysis

Удельные затраты по Объему перекачки, т.у.т. / тонн



There is a tendency towards a decrease in specific consumption of total energy resources spent by the Partnership against the total volume of oil pumped in comparison with the base year 2015 as a result of planned measures to reduce energy consumption and increase energy efficiency.

In accordance with the Rules for the formation and maintenance of the State Energy Register (hereinafter SER), approved by the order of the Minister of Investment and Development of the Republic of Kazakhstan dated March 31, 2015 No. 387 (hereinafter - the Rules), the Partnership annually sends information on the energy consumption in accordance with the appendix of the Rules, including information on the actual energy consumption per unit of output, such as the energy used to produce a product.

A ton of reference fuel - coefficients for the conversion of energy resources into reference fuel in accordance with the appendix of the Rules, used in calculating the annual consumption of energy resources of the SER subject by the National Development Institute of Energy Conservation and Energy Efficiency.

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

Analysis of the survey results on the satisfaction of consumers of oil transportation services for 2022

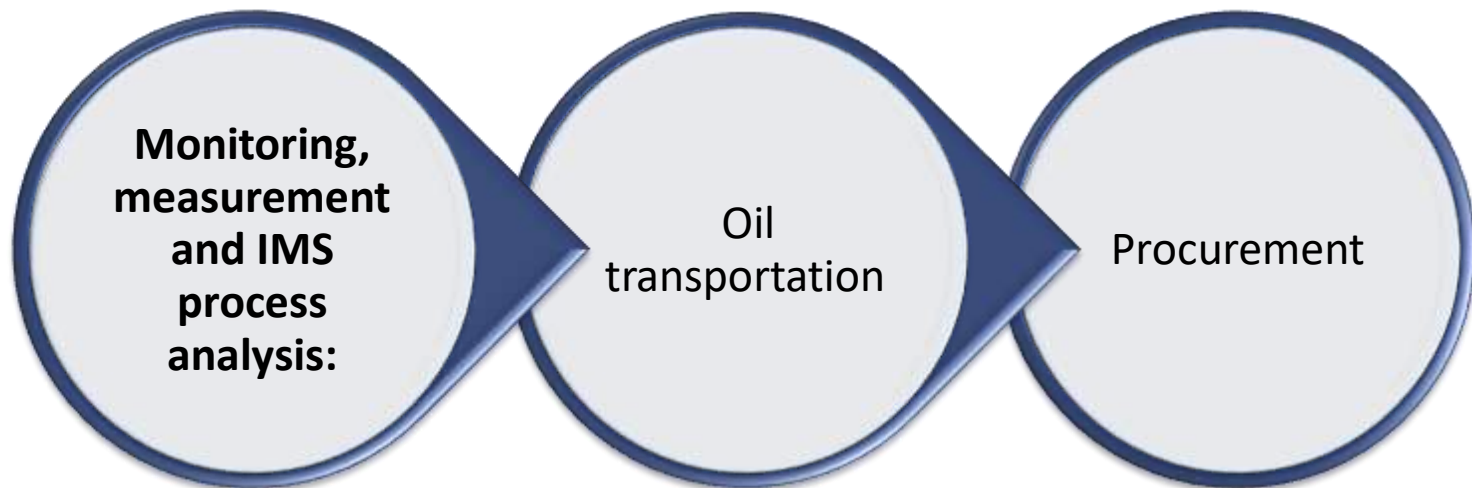
- 1) Questionnaires sent – 36
- 2) Questionnaires responded to – 28
- 3) Total number of questions – 13
- 4) Total percent of consumer satisfaction – 99%

Satisfaction rate – 90%

In accordance with the adopted rate the satisfaction of the Partnership's consumers is evaluated as positive.

Functioning of IMS Processes

Efficiency of IMS processes was revealed.
IMS processes meet the specified criteria for performance indicators.
Activities on achievement of process goals have been implemented in full scope.



Internal audit was performed for compliance with the international standards in the field of 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 June 30, 2021 # 22-46 in the specified period in 2022.

The Partnership's facilities were audited on a selective basis during the IMS internal audit in 2022.

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 2021;
- Developed reports on each production facility of the Partnership;
- Reviewed the results of the internal audit program for 2021, the results of the plan of corrective and preventive measures;
- Established the compliance with legal requirements in the field of occupational health and safety.

Information on the results of the internal IMS audit:

Nonconformities identified – 0

Examples of demonstrated improvements – 37

Recommendations for improvement - 6

Possibilities for improvement - 9

Information on the results of the previous internal IMS audit:

Nonconformities identified – 0

Recommendations received – 12

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



Analysis of conformity and amendments of applied legal and regulatory requirements

Employees of the Partnership have access to the up-to-date legal and other requirements. Access to legal and regulatory documents is provided in the local network. The legal requirements are updated through the information and reference system “Paragraph”.

The entire staff of the Partnership organizes its activity in such a way so it fully complies with the laws of the Republic of Kazakhstan, and meets the established internal requirements and those of other stakeholders in the Partnership.

In October 2022, the responsible employees analyzed compliance and amendments of legislative and other requirements applied in the Partnership in the following fields:

- energy conservation and energy efficiency;
- occupational health and safety;
- environmental protection.

In November-December 2022 the Partnership held the 2nd supervisory audit of IMS by TUV Rheinland Kazakhstan

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

Based on results of the resertification 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 issuing new certificates ISO 45001:2018, ISO 50001:2018 and confirming the validity of certificates ISO 9001:2015, ISO 14001:2015 issued in 2019 for the existing management systems in the Partnership.



- Determine the maximal deadlines for revision and updating of internal regulatory documentation.
- Revise all internal regulatory documents in order to bring them in line with the names of the standards.
- Determine the procedure of updating information related to the integrated management system on the corporate website.
- Revise the Regulation on the Administrative Department in terms of fuel and lubricants accounting and control (at the moment F&L are not used).
- Revise the Procedure of acceptance, issuance, storage and accounting for inventory in the Partnership in terms of requirement for availability of temperature-moisture control means in the storage room in the office.

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!

