



ҚАЗАҚСТАН-ҚЫТАЙ ҚҰБЫРЫ
**KAZAKHSTAN-
CHINA PIPELINE**
КАЗАХСТАНСКО-КИТАЙСКИЙ ТРУБОПРОВОД

IMS PERFORMANCE ANALYSIS BY MANAGEMENT FOR 2024

Almaty, February 2025



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 2023

The activities of the Partnership's IMS for 2023 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 2024 related to management systems.

IMS changes

- A new list of internal IMS auditors was approved, training was conducted for internal IMS auditors and the corresponding certificates were received;
- In the period from January to May 2024, there was an energy audit conducted at the facilities of Kazakhstan-China Pipeline LLP and, based on the recommendations received as a result of the energy audit, an action plan for energy conservation and increasing the energy efficiency of the Partnership for 2025-2029 was developed and approved;
- In 2024, there was an internal IMS audit conducted in the Partnership in accordance with the approved program.

Adequacy of existing resources

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



Initial data for Analysis of IMS activities by management

Opportunities for improvement

The following improvement opportunities have been identified for 2024:

- improving the quality of communication at the facilities of the Kenkiyak-Kumkol pipeline;
- simplification of the procurement control and reporting process;
- increase in the Partnership's profitability taking into account the principle of capital preservation and its liquidity.

Activities planned to implement the opportunities:

- carrying out design survey work to modernize the trunk radio and SDH network to increase the throughput at the Kenkiyak-Kumkol MN facilities;
- obtaining access to the analytical site of KazMunayGas on procurement;
- full repayment of the Partnership's loan (completed in February 2024) and placement of temporarily free cash of the Partnership in deposits in second-tier banks



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 2024, approved by the decision of the Management Board of the Partnership (minutes No. 39-2023 dated October 19, 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 was realized in the 1st quarter of 2024 - Natural impacts and cataclysms, as a result of the flood in the following areas: 31-405 km of the Kenkiyak-Kumkol pipeline and 39-656 km of the Atasu-Alashankou pipeline - the destruction of sections of the service roads (including culverts) occurred.

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 partially restored and payment has been received from the insurance company.

Analysis of survey results on consumer satisfaction on oil transportation services for 2024

- 1) Number of submitted questionnaires – 44
- 2) Number of questionnaires for which a response was received – 44
- 3) Total number of questions – 13
- 4) Overall percentage of customer satisfaction – 99.9%

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

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 2024

- 1) Ensure a zero level of accidents resulting in production interruptions, environmental damage and harm to human health during oil transportation
- 2) Ensure a zero level of failures of main and auxiliary equipment involved in technological process resulting in a temporary change in technological process of oil transportation
- 3) Ensure a reduction in the level of total energy consumption regarding indicators for 2017 by 1 ton of standard fuel
- 4) Provide a safe working environment in order to achieve zero level of industrial accidents

All goals planned by the Partnership for 2024 in the areas of quality, environment, labor protection and energy efficiency have been achieved.

Indicators of functioning and effectiveness of IMS in 2024

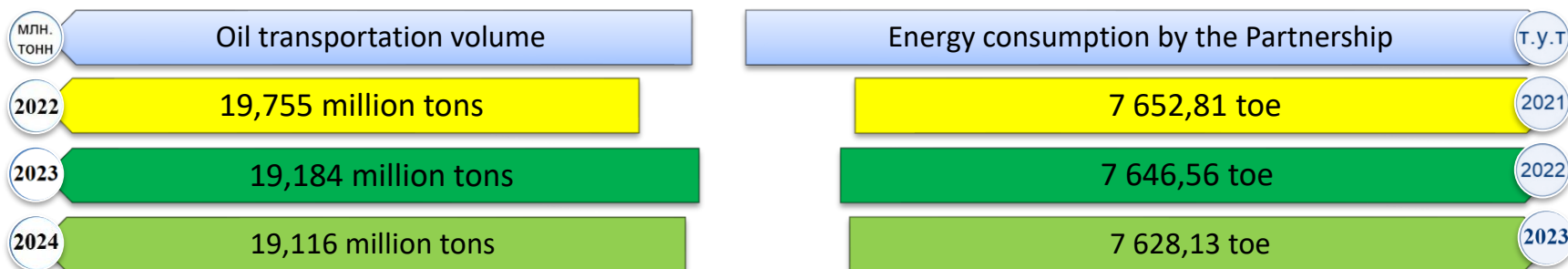
Accidents	Fires	Accidents with oil release	Accidents in contracting organizations
0	0	0	0

There were no work-related incidents, road traffic accidents, fires, oil spill accidents, or accidents at contractor organizations in 2024.

The level of total energy consumption in the Partnership in 2024 decreased by more than 1 tons of standard fuel per year and amounted to 7,628.13 toe, while transporting oil in the amount of 19.116 million tons per year.

For the previous year 2023, the total energy consumption was 7,646.56 toe with an oil volume of 19.184 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) An assessment of risks in the field of occupational safety and health, industrial, fire, transport safety at all stages of production activities was carried out;
- 2) The Program for the implementation of the zero-injury concept "Vision Zero" in the Partnership for 2024-2025 was implemented;
- 3) Internal regulatory documents of the Partnership in the field of safety and health were developed: 3 Policies (Ecological; Health and safety; Safe operation of vehicles), the Code "Vital rules", Regulation for the use of the "Korgau" map;
- 4) Identification of critical zones, assessment of threats and risks on the linear part of the Atasu-Alashankou MP was carried out based on the ROAIMS software and geospatial database (based on aerospace survey materials) available in the Partnership;
- 5) Inspections were carried out to identify prerequisites for equipment and structures failures with a visit to the Partnership's MP facilities, and appropriate action plans were developed to eliminate the identified non-conformities.
- 6) Organizational and technical activities were conducted to ensure the reliability of Partnership's MP facilities and to prepare them for operation in the autumn-winter period and during the spring flood;

- 7) Internal inspections of the occupational health, industrial, fire, transport safety and environmental protection at the Partnership's facilities have been carried out;
- 8) Training sessions were conducted to practice skills in responding to possible emergency situations;
- 9) Training of the Partnership employees on occupational safety and health was conducted, according to the IOSH course, the Vision Zero concept of zero injuries, Leadership in the field of HSE, industrial safety and fire safety basics;
- 10) Agreements for insurance against accidents were signed;
- 11) A new list of internal IMS auditors was approved and relevant training was conducted;
- 12) An energy audit was conducted at the facilities of Kazakhstan-China Pipeline LLP and, based on the recommendations received as a result of the energy audit, an action plan for energy conservation and increasing the energy efficiency of the Partnership for 2025-2029 was developed and approved;
- 13) Optimal technological modes for oil transportation were ensured;
- 14) The implementation of the Action Plan for energy conservation and increasing the energy efficiency of the Partnership 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.

In 2024, **2 inspections** were conducted by **state control and supervision bodies**, including:

- Department of Emergency Situations of the Ayagoz District of the Department of Emergency Situations of the Abai region of the RK MES - 5 identified non-conformities were eliminated;
- Department of Ecology for the Ulytau Region of the Committee for Environmental Regulation and Control of the RK Ministry of Ecology and Natural Resources - **no violations**.

5 internal inspections of the occupational health, industrial, fire, transport safety and environmental protection were carried out, including:

- 2 inspections of contractors - **25 identified non-conformities were eliminated**.

3 inspections by the Permanent Commission on occupational health, industrial and fire safety, environmental protection and quality of services for oil pipeline operation. **42 non-conformities were identified**, including:

- the Kenkiyak-Kumkol main oil pipeline - 5 non-conformities;
- the Atasu-Alashankou main oil pipeline - 5 non-conformities;
- the Alashankou Branch in the People's Republic of China - 32 non-conformities.

25 non-conformities have been eliminated, and for 17 non-conformities, measures are in progress, according to the established deadlines.

Nonconformities and corrective actions

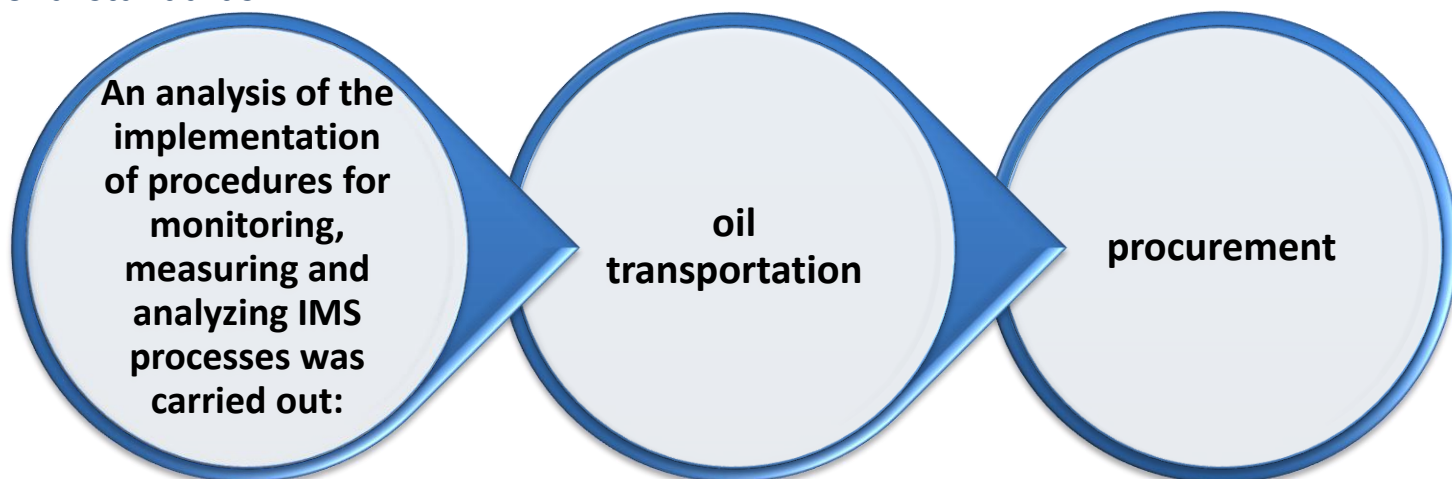
- During external and internal audits of the IMS in 2023 and 2024, no non-conformities were identified. Based on recommendations identified during internal and external audits of the IMS in 2024, and in accordance with the corrective and preventive action plan, corrective actions were taken:
- The IMS Goals of Kazakhstan-China Pipeline LLP for 2024 have been established;
 - In accordance with the requirements of ISO 9001, ISO 14001, ISO 45001, ISO 50001, the "Analysis of the IMS activities by management for 2023" was developed and fully executed and approved in February 2024;
 - Training on ISO standards was conducted for internal IMS auditors, employees and management of the Partnership;
 - 27 internal regulatory documents of the Partnership were updated.

Results of monitoring and measurements

Based on the analysis of the implementation of procedures for monitoring, measuring and analyzing IMS processes, it was established that in 2024, timely and in full scope:

- 1) signed contracts with Consumers;
- 2) issued prepayment invoices to Consumers;
- 3) issued oil acceptance acts and oil quality passports for Consumers;
- 4) issued electronic invoices and work performance acts;
- 5) formed and approved a preliminary procurement plan, procurement plan and a long-term procurement plan of the Partnership (hereinafter- PPP/PP/LTPP);
- 6) conducted procurement procedures in accordance with approved PPP/PP/LTPP of the Partnership, both on the procurement web-portal and without the use of the procurement web-portal;
- 7) conducted all planned tenders of the Partnership for 2024 (100%).

The activities of the Partnership's IMS for 2024 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 2024, the customer satisfaction was 99.9% 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 2024 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 2024.

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 2023;
- Developed reports on each production facility of the Partnership;
- Reviewed the results of the internal audit program for 2023, 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 2024:

Nonconformities identified – 0

Examples of demonstrated improvements – 50

Recommendations received - 2

Possibilities for improvement - 5

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

Nonconformities identified – 0

Recommendations received – 3

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

In November 2024 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 2nd 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

- Due to the expiration of the domestic tariff and due to the amendments made to the Tariff Rules, on August 8, 2024, the Partnership submitted an application for approval of domestic tariffs for the Kenkiyak-Kumkol main pipeline for 2025-2029 using the incentive method (tariffs were approved by the Order of the Department of the CRNM of the RK Ministry of National Economy (dated November 29, 2024 No. 156-OD)

Recommendations for improvement

- Conclusion of service contracts for the disposal of decommissioned equipment and materials on an annual basis;
- Development of a new internal regulatory document “Procedure for attracting financing in the Partnership”, which will determine the procedure and responsibility for attracting financing in the Partnership (approved by the decision of the Management Board of the Partnership (protocol dated 27.12.2024 No. 57-2024)

Necessary changes to the IMS

- Update and approve «Procedure for contract management» by the end of 2025;
- In 2024 update the Instruction for oil accounting and make it effective in 2025.

Resource needs

Provide the necessary funds in the Partnership's budget for 2025 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!



ҚАЗАҚСТАН-ҚЫТАЙ ҚҰБЫРЫ

**KAZAKHSTAN-
CHINA PIPELINE**

КАЗАХСТАНСКО-КИТАЙСКИЙ ТРУБОПРОВОД