

CORPORATE WATER RESOURCES MANAGEMENT STANDARD KazMunayGas GROUP

Purpose and background

Program focused on preservation of natural resources, especially, water – so valuable for the society, business and human life – is needed for successful delivery of KazMunayGas HSE Policy (hereinafter – KMG and the Policy, respectively). Water Resources Management of any company should be based on an integrated management approach, comprehension of its footprint and definitely should consider the importance of water resources sharing with other consumers in the region of presence.

This KMG Group Corporate Water Resources Management Standard (hereinafter – the Standard) is a part of KMG Group HSE Management System. The Standard sets out the corporate principles of water resources management, and governs activities of KMG as well as its subsidiaries and dependent entities (hereinafter – the Company), KMG employees and contractors, including R&D companies, whose operational activities include water resources production and/or consumption, transportation and quality changing so as to mitigate adverse impact on environment and ensure environmental sustainability.

The purpose of the Standard is to ensure sustainable use of water resources both within a particular Company and the entire KMG Group.

The main objectives of the Standard are the following:

- to provide key principles of water resources management to be rigidly observed across the entire KMG Group;
- to ensure the continuous enhancement of water resources management;
- to harmonize water resources management process across the Company as opposed to uncoordinated water use by different business units for various business needs (drinking, production, household and other needs).
- to involve stakeholders in Company's water resources management.

Adopted Standard will enable:

- consistent water resources management;
 - implementation of the Policy provisions in terms of resource conservation and environmental impact mitigation;
 - enhancement of the Company's interaction with the stakeholders in the field of water resources use and impact on water sources;
 - management of possible risks and their consequences as well as to see what can be enhanced;
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- high KMG investment attractiveness, good reputation and credibility at the international level;
 - stable operations despite the growing shortage of fresh water for industrial and drinking purposes.

KMG water resources management process



Water resources management is a continuous process that contributes to the sustainable development, fair distribution and monitoring of water use in the context of social, economic and environmental tasks. The continuity means the consistent delivery of six following steps:

STEP 1. High water resources value for business and society and unconditional intention to preserve and use this resource efficiently.

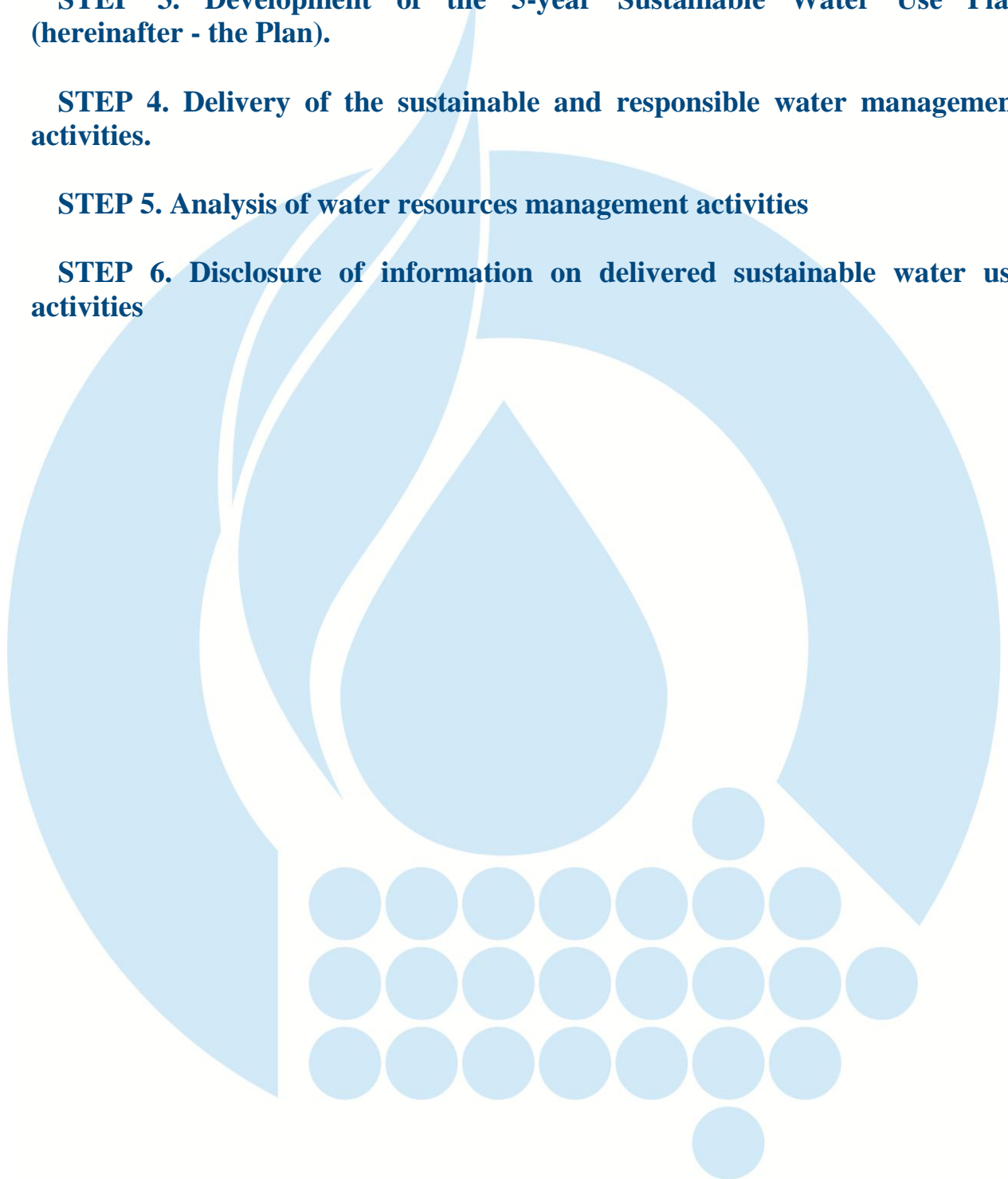
STEP 2. Company's water use reporting.

STEP 3. Development of the 5-year Sustainable Water Use Plan (hereinafter - the Plan).

STEP 4. Delivery of the sustainable and responsible water management activities.

STEP 5. Analysis of water resources management activities

STEP 6. Disclosure of information on delivered sustainable water use activities



Basic KMG group water management principles

8 “blue” rules

1. We recognize the highest value of water for the human life and health, for the society and our business, and we unconditionally accept the importance of careful and sustainable use of water resources of the country.
2. We seek not only to comply with the requirements of the legislation of the Republic of Kazakhstan and international standards and best practices but also take into account the opinions of all stakeholders in the region of presence
3. We take into consideration the issues of fresh water conservation and effective use in managerial decision-making and managing operations.
4. We understand and evaluate the original water sources, regardless of whether water is extracted directly or procured from contractors.
5. We strive to zero use of drinking water for operational purposes.
6. We are committed to one-hundred-percent water consumption and discharge instrumental metering.
7. We are committed to reduction of fresh water extraction, for which we are adopting water recycling and water efficient technologies, and we strive to reduce effluents, for which we enhance water treatment for multiple recycling.
8. We enhance water resources management, which implies membership in industry associations and international water resources initiatives in order to study the best practices for continuous improvement of our water management system.

CEO Company name

Signature