

IV Investors' Voice

The American Chamber of Commerce in Kazakhstan

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**April 2024
SPRING ISSUE**

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Caspian Oil and Gas Issue



- ▶ ExxonMobil - Methane Management
- ▶ Honeywell - Technologies in Kazakhstan's Energy Sector
- ▶ How SLB is Driving Down Carbon Emissions
- ▶ TCO - Professional Women in the Oil Industry
- ▶ Schneider Electric Outperforms Sustainability Targets
- ▶ Bechtel - 125 years of Engineering Excellence and Innovation
- ▶ Kinstellar - Recent Amendments to Subsoil Use Legislation

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EDITOR'S NOTE



Dear Readers,

Each year in the spring AmCham turns its attention to the Caspian region to celebrate the *Caspian Spring*, a dynamic time of year for the oil industry. The *Spring Investors' Voice* is always devoted to a review of the multifaceted industry's status, turbulent in keeping with the industry itself that works day and night 'forging ahead' in one of the world's most complex industries. As always, the *April Caspian Spring Issue of Investors Voice* this year contains a multitude of articles presenting differing perspectives from the many oil and oilfield service companies, as well as from technology, financial services, and law firms, each with their own commentary on the industry's eternal challenges.

Kazakhstan's national economy is based on the economic powerhouse centered in the Caspian region and other oilfields scattered across the country that inevitably entail challenges. The geopolitical climate that has existed now for several years and becomes more complex as time passes continues to complicate the oil industry's environment and ability to operate smoothly. Global economic sanctions continue to proliferate and to impact on the business environment, not least on the international oil industry. These challenges are always open for discussion and recommendations for resolution.

And so the 2024 enquiry into the oil industry's current status as we approach mid-year is represented by fifteen diverse articles in this issue from the industry itself and from commentators and observers evaluating this moment in time from their own professional standpoints. Thus AmCham presents its readers with articles by the industry leaders – *Chevron, Tengizchevroil (TCO), ExxonMobil, the North Caspian Operating Company (NCOC), Karachaganak Petroleum Operating (KPO)*, oilfield service companies and suppliers – *Bechtel, Schlumberger (SLB), ILF, nVent RAYCHEM, Honeywell, Schneider Electric*, and *Borusan*, with *Kinstellar Law Firm*, representing the legal perspectives.

Readers of this year's *Caspian Investors' Voice* will witness an endless charge ahead in this year's struggle to supply the world with the energy that is subject to endless discussion about the future of energy in its infinite sources and mixtures. We hope you will find this discussion fascinating as it points its way to a rapidly evolving future.

Doris Bradbury
Executive Director, AmCham in Kazakhstan
Editor-in-Chief, *Investors' Voice*



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Joel Benjamin is Managing Partner of the Kinstellar Central Asia practice and manages its offices in Almaty, Astana and Tashkent. He has over 40 years' experience and has been involved in many high- profile and ground-breaking transactions advising international and local clients in energy and natural resources, banking, telecommunications and media in Kazakhstan. He is a respected authority in the oil & gas industry, excelling in project finance, syndicated loans, and trade finance.

Joel Benjamin has been ranked an *Eminent Practitioner* by *Chambers and Partners* 2024 for Corporate and Finance work in Kazakhstan and named *Lawyer of the Year* for Banking and Finance and Capital Markets Law in the 2017-2018 edition of *Best Lawyers in Kazakhstan*.

Joel Benjamin holds an MBA in Finance from the Wharton School, University of Pennsylvania and a Juris Doctor from the University of Pennsylvania Law School.



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METHANE MANAGEMENT AT EXXONMOBIL

At last year's COP28 in Dubai, Kazakhstan joined the Global Methane Pledge with a voluntary agreement to cut methane emissions by 30 percent by 2030. This is a significant milestone and a considerable step toward the nation's ambitious goal of achieving carbon neutrality by 2060.

ExxonMobil commends this move and is prepared to support Kazakhstan in this journey. As the country embarks on its initial efforts to reduce methane emissions, you are invited to explore ExxonMobil's accomplishments in this endeavor.



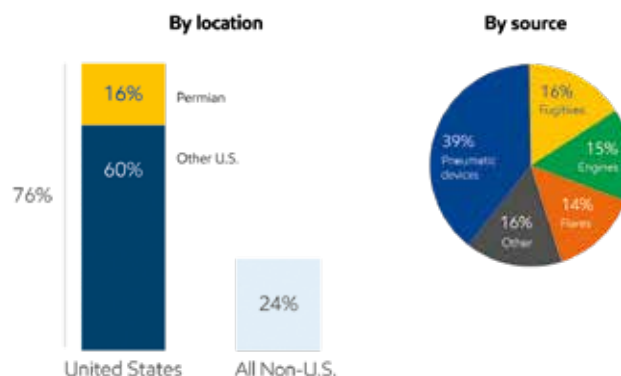
Methane Management at ExxonMobil

Methane emissions in our industry come from four primary sources:

- **Flaring** is the burning of excess natural gas for safety or other reasons, resulting in CO₂ emissions.
- **Venting** is when pneumatic devices, storage tanks, dehydration units, and other components of our operations sometimes release excess methane from our equipment to the atmosphere to reduce pressure and help ensure personnel safety.
- **Fugitive emissions** that occur when we experience unintentional leaks from our equipment.
- **Combustion slip** is uncombusted methane left over in the exhaust of natural gas fired engines used to power operations.

As reported in our **data table**, methane emissions at ExxonMobil were approximately 140,000 metric tons CH₄ in 2022, about 4% of our total Scope 1 emissions on an operated basis. The charts below illustrate where we have our biggest opportunities to tackle the methane challenge and provide greater transparency into the sources of methane emissions from our upstream operations, which comprise 96% of our methane emissions.

ExxonMobil methane emissions



Mitigating methane emissions

Our detection and quantification work continues to improve the accuracy of the methane volumes and intensity we report each year – and helps us assess the scale of the methane challenge and the effectiveness of the work we're already doing. The framework we've established and shared has enabled the development of consistent and comparable data which, along with growing field measurements, guide our mitigation efforts.

The *Methane Guiding Principles* include ExxonMobil's framework as a resource for regulators in their *Methane Policy* toolkit, with potential applications across the natural gas value chain. We are proud of this thought leadership and our contribution to this challenge.

To lower our methane intensity, we are evolving the designs of our facilities, continuously improving our operations processes and protocols, and pursuing advanced technologies to meet the needs of our customers with fewer emissions.

Flaring is perhaps our most visible source of methane emissions because the flame can be seen by the naked eye. In 2022, flaring comprised about 14% of our operated methane emissions. It occurs as a safety measure when the volume of gas exceeds the capacity of our facilities. When these needs are anticipated and planned, we call that "routine flaring," and we are working to eliminate this process from our operations.

We have committed to eliminate routine flaring in line with the *World Bank Zero Routine Flaring* Initiative in our operated assets by 2030 – something we achieved in our operated Permian Basin unconventional assets at the end of 2022. In addition to installing and

upgrading our equipment, we continue to optimize our operations to eliminate routine flaring in the remaining locations.

Ongoing enhancements – large and small, complex and simple, proven and leading edge – are further accelerating our efforts to remove, reduce, or avoid methane emissions.

In some cases, we're doing more with less, such as when we modify designs to eliminate components like pneumatic devices. In other circumstances, we're simply doing the same things, but better. For example, we continue to improve the seals on centrifugal compressors and expand gas collection systems.

To put it succinctly, we take an approach where every feasible option is on the table as we explore and develop solutions to rapidly, safely, and reliably mitigate methane emissions.

In addition to our internal efforts, we also see the value of collaborating with other methane-emitting sectors such as agriculture, livestock, and landfills, and stand ready to share our experience, technologies, and mitigation strategies to help find solutions that work for them.

ExxonMobil is committed to being part of the solution. Our scientists and engineers are applying their expertise and ingenuity to help responsibly meet the world's need for energy, while working to find solutions to enable and to accelerate the transition to a lower-carbon emissions future.

Once again, on behalf of ExxonMobil I commend Kazakhstan for its decision to join the *Global Methane Pledge* and extend my best wishes for the country's success on this path.

Highlighting our progress in reducing methane emissions

What we've done	What we're doing
Cut operated methane emissions intensity in half since 2016	On plan to reduce methane intensity versus 2016 across all operated assets 70%-80% by 2030
Eliminated routine flaring in Permian Basin operated assets	On track to achieve zero routine flaring across all operated upstream assets by 2030, consistent with World Bank Zero Flaring Initiative
Eliminated "high-bleed" pneumatic devices in our U.S. operated unconventional assets	On track to eliminate natural gas-driven pneumatic devices by 2025 in our key U.S. unconventional operated assets
In 2022 alone, we surveyed 2.3 million components with optical gas imaging cameras and 1.3 million components with aerial flyovers	Expanding continuous monitoring program in the Permian to cover ~700 unconventional production sites by 2025
Progressed collaborations including deciding to join the U.N. Oil and Gas Methane Partnership (OGMP) 2.0	Partnering with Scepter to launch 2 monitoring satellites in 2025 with a plan to have 24 in place over the next three years
Launched our Center for Operations and Methane Emissions Tracking (COMET) in 2022 to provide near-continuous real-time monitoring	

TECHNOLOGIES AT THE HEART OF KAZAKHSTAN'S EVOLVING ENERGY SECTOR

by **Uygar Doyuran**
President
Honeywell Turkey, Israel and Central Asia

Kazakhstan stands out as a prominent player in the Central Asian region, characterized by its sustained economic growth, ongoing structural reforms, rich natural resource endowment, robust domestic demand, and significant foreign direct investment.

For Honeywell, Kazakhstan remains a pivotal component of our regional growth strategy and a primary market within our Turkey and Central Asia region. With a physical presence spanning over two decades, our business history in the country extends back more than 40 years. We established our inaugural office in Almaty in 1998 and have since expanded our footprint to include additional offices, automation centers, training facilities, and assembly plants across key cities such as Almaty, Atyrau, and Nur-Sultan.

Notably, our most recent endeavor includes the inauguration of a state-of-the-art assembly facility in Almaty in July 2022, dedicated to manufacturing advanced automation and safety equipment tailored for domestic industrial enterprises, including refineries, petrochemical plants, energy facilities, mining operations, and other processing facilities, underscoring our commitment to localizing operations in Kazakhstan.

Furthermore, in collaboration with *Borkit Safety*, we have established a cutting-edge gas detector manufacturing facility in Atyrau, marking the first Honeywell gas detector production line in Kazakhstan. This initiative aligns with the country's strategic objectives aimed at promoting the localization of advanced industrial technologies and increasing domestic content.

Given our expertise in the oil and gas sector, which constitutes one of Honeywell's core industries, we recognize the synergies between our technological leadership and Kazakhstan's extensive oil and gas reserves, coupled with its skilled local workforce.

We take pride in serving many of Kazakhstan's largest enterprises, offering tailored solutions encompassing industrial automation, security, advanced process control, optimization technologies, and enterprise automation systems, thereby contributing to the nation's industrial advancement and economic growth.



Technologies for an increasingly digital sector

The global energy sector is undergoing a period of remarkable transformation, propelled by various macroeconomic factors such as shifting workforce dynamics, accelerated operational changes spurred by the Covid-19 pandemic, intricate geopolitical dynamics, and an urgent imperative to transition towards more sustainable energy alternatives.

Kazakhstan's energy sector is actively participating in this transition, with domestic producers navigating towards a new paradigm. Central to this evolution is the role of technology, an area where Honeywell plays a pivotal role.

Our technological solutions encompass sustainability, software, and automation, catering to an increasingly digital and efficient energy landscape. The energy sector represents a prime domain for digital transformation, given the vast volume of data generated at processing facilities every minute. We facilitate enhanced operational efficiency and profitability through digital solutions, empowering organizations to operate at peak performance levels by leveraging advanced measurement, analysis, and execution capabilities.

Industrial enterprises, particularly those in the oil and gas sector, are characterized by high asset intensity and a significant frontline workforce. They rely on complex *Operational Technology (OT)* systems to manage operations, necessitating support in areas such as asset maintenance, process control, data management, process alarms, worker tools, and energy optimization. Moreover, many rely on antiquated spreadsheet-based decision-making processes, highlighting the need for modernized, integrated *OT systems*.

An increasing number of companies within the sector are seeking technologies to replace legacy systems with comprehensive *OT solutions* that incorporate

enterprise analytics. This transition has been facilitated by the proliferation of robust connectivity infrastructure, enabling the real-time transfer of vast operational datasets from diverse infrastructure sources. To extract actionable insights from this wealth of data, we offer the *Honeywell Forge* portfolio, an enterprise performance management solution tailored for operational digital transformation.

Honeywell Forge comprises a suite of software products and enabling services designed to harness operational data and drive insights that optimize processes, boost productivity, advance sustainability objectives, and empower a new generation of industrial workers.

Training a new generation of workforce

The global energy sector faces a significant challenge in bridging the skills gap, and Kazakhstan is fortunate to possess a pool of talented individuals. However, this talent pool operates within a new paradigm characterized by digitization, constant connectivity, and a shift towards modernized work practices. To attract and retain such talent, operators must evolve their approaches.

While the concept of workforce excellence and resilience is not novel, its application has traditionally been geared towards deskbound employees rather than industrial field workers. The working dynamics of industrial workers have remained relatively unchanged over the years, with limited access to development tools that often focus on task-specific upskilling rather than comprehensive education that empowers them to drive change.

This realization underscores the importance of our substantial investment in automation training in countries like Kazakhstan. There exists a demand for solutions capable of automating routine processes and providing operators with heightened real-time control and management capabilities across intricate industrial environments.

Furthermore, this imperative drove the inception of our *Honeywell Workforce Excellence* program—a technology-enabled, role-based service initiative designed to enhance the productivity and competency of the industrial workforce. This program equips each worker with valuable insights and guidance to facilitate quicker decision-making, improved efficiency, and heightened plant performance. By establishing continuous, robust, and repeatable processes, it fosters a culture of performance and productivity across the entire enterprise.

Connected technologies to reduce the skills gap

Emerging workforces across various industries, including oil and gas, increasingly demand highly connected and heavily automated technologies to enhance their efficiency and productivity. While this trend is not unique to the oil and gas sector, it has prompted the industry to catch up in adopting these transformative technologies.

In recent years, we've witnessed a notable uptick in the adoption of automation technologies as the productivity benefits and versatile deployment options within industrial operations have become more evident. A prime example of this is the surge in remote operations, which have proven particularly valuable amid disruptions to supply chains and labor, and the heightened risks associated with manual errors in process-intensive operations. To address these challenges, we provide digital twin solutions that empower operators to scale up and monitor operations in real time, facilitating swift adjustments such as predictive maintenance to adapt to external changes from any location worldwide.

Additionally, we observe a significant acceleration in the use of virtual and augmented reality (VR/AR) technologies across energy-based operations. While both technologies share commonalities, they offer distinct functionalities. Virtual reality immerses users into a digitally simulated world, while augmented reality integrates digital insights into real-world equipment, enhancing situational awareness in real time.

These technologies complement each other seamlessly, as insights simulated in the *VR world* can be seamlessly integrated into the *AR space* to bolster situational awareness. For instance, *AR* can mitigate the skills gap by providing step-by-step digitally simulated procedures overlaid onto real equipment during operations or maintenance tasks and facilitating on-the-job digital training for newer workers or trainees.

We leverage *AR* technologies in solutions like our *Connected Worker* application, which harnesses data to optimize human performance during tasks such as inspection rounds. Our *Connected Worker Intelligent Wearables* merge heads-up displays, voice control, and workflow software with deep integration of plant and process data, enabling the digitization of end-to-end inspection workflows for enhanced efficiency and effectiveness.

These digital technologies are readily available today and are reshaping the operations of complex industrial sectors like oil and gas, delivering unprecedented levels of operational efficiency and performance while aligning with the expectations of a new generation of always-on industrial workers.

Automating the sustainability agenda

Indeed, digital transformation is just one facet of the broad evolution underway within the oil and gas industry. Sustainability has emerged as a paramount concern across all sectors, driving companies to prioritize long-term growth and competitiveness while actively participating in global efforts to safeguard the planet's future.

Given its significant influence on environmental impact, the oil and gas industry shoulders a considerable responsibility in this endeavor. In tandem with digital transformation initiatives, software and cloud-based solutions are already exerting a substantial influence on the development of the next-generation refineries, fostering sustainability and efficiency.



By leveraging these technologies, refineries are undergoing profound changes aimed at minimizing their environmental footprint, optimizing resource utilization, and enhancing operational efficiency. Through advanced software and cloud-based platforms, companies can monitor and optimize various processes, reduce energy consumption, and mitigate emissions, thus contributing to broader sustainability objectives.

Furthermore, these solutions facilitate enhanced collaboration and data-driven decision-making, enabling refineries to adapt swiftly to evolving regulatory requirements and market dynamics while maintaining a competitive edge in an increasingly sustainability-conscious landscape.

In essence, the convergence of digital transformation and sustainability initiatives within the oil and gas industry underscores a collective commitment to responsible stewardship of our planet while driving innovation and efficiency in operations.

Sustainability solutions for the energy transition

In the current landscape of sustainability trends, the foremost challenges revolve around energy accessibility and affordability, emission reduction imperatives, and increasing investor scrutiny from an *Environmental, Social, and Governance (ESG)* perspective. While numerous innovative solutions are being discussed to enhance the sustainability profiles of complex industrial enterprises, the primary hurdle lies in scaling up and producing these technologies economically, ensuring they deliver tangible financial benefits and align with fiscal objectives.

A prime example of a 'ready now' technology making significant contributions to the energy transition is our *Honeywell UOP Ecofining Technology*. This innovative single-stage process plays a pivotal role in producing alternative fuels such as *Honeywell Green Jet Fuel* and *Honeywell Green Diesel*.

Honeywell UOP Ecofining stands out as a fast-to-market, low-capital-cost solution capable of yielding higher volumes of renewable fuel compared to other single-stage technologies. Notably, *Honeywell Green Diesel* emits 85% fewer greenhouse gases than traditional petroleum-based diesel, maintaining identical chemical properties and serving as a seamless drop-in replacement for vehicles without requiring modifications.

Similarly, *Honeywell Green Jet Fuel* represents a ready-to-deploy technology requiring no alterations to aircraft technology while meeting all crucial flight specifications when blended with petroleum-based jet fuel at up to a 50-percent ratio. Moreover, *Green Jet Fuel* offers a substantial lifecycle reduction of greenhouse gas emissions, ranging from 65% to 85%.

These advancements underscore Honeywell's commitment to providing sustainable solutions that address critical energy and environmental challenges while aligning with the evolving needs of industries and investors alike. By leveraging 'ready now' technologies like *Honeywell UOP Ecofining*, companies can navigate the energy transition effectively, achieving both environmental objectives and financial viability.

Can hydrogen become the new oil?

In the coming years, we anticipate that the growing enthusiasm surrounding hydrogen will increasingly translate into tangible benefits for operators. Hydrogen presents a promising avenue for fuel due to its ability to generate no greenhouse gas emissions at the point of use.

While there is considerable excitement domestically regarding the potential role of green hydrogen, produced through electrolysis powered by renewable sources such as wind and solar, in Kazakhstan's future, we also recognize the near-term potential of blue hydrogen, derived from natural gas.

Currently, blue hydrogen offers a compelling proposition as it can be implemented at a significantly larger scale and lower cost than green hydrogen. With carbon capture rates exceeding 90%, blue hydrogen presents a promising avenue for leveraging hydrogen as a pivotal energy source, akin to 'the new oil'.

At Honeywell, we are actively introducing technologies to the market that efficiently capture and sequester carbon dioxide to produce hydrogen as a low-carbon energy alternative. Presently, we boast over 1100 installations of hydrogen purification technologies, with this number continually on the rise.

Energy storage key to unlocking the renewables challenge

Energy storage is poised to be a linchpin in overcoming the challenges posed by renewable energy integration. While Kazakhstan's traditional energy sector will continue to play a vital role in the foreseeable future, there is a burgeoning opportunity to harness a diverse array of renewable energy sources throughout the country. Despite its historical reliance on coal, the Kazakh government has set ambitious targets to source at least 50% of its power from alternative sources by 2050. This commitment aligns with broader objectives to reduce greenhouse gas emissions to 15% below 1990 levels by 2030 and achieve carbon neutrality by 2060.

Solar, wind, gas, and hydro represent promising avenues for Kazakhstan to realize these objectives. However, like other nations embarking on the renewables transition, success hinges on next-generation energy storage solutions that can facilitate a seamless transition from intermittent generation



to 24/7 renewable power. Battery storage is poised to play a pivotal role in enhancing grid stability and resilience as organizations transition to clean energy generation.

Market projections indicate significant growth in the long-duration energy storage market, expected to reach \$13.7 billion by 2030. Responding to this trend, Honeywell offers comprehensive turnkey solutions for energy storage, encompassing everything from system installation and electrical work to site controls, SCADA systems, and remote monitoring/ operation capabilities. For instance, our innovative flow battery technology can be seamlessly integrated with our smart energy management system, *Experion*, and the *Honeywell Forge* suite for comprehensive remote monitoring and management.

This integrated approach represents a holistic solution for utilities and independent power producers to achieve their carbon reduction goals. Honeywell's commitment to advancing Kazakhstan's localization ambitions in sectors like energy underscores our dedication to supporting the country's transformation. With its abundant natural resources, depth of industrial talent, and eagerness to embrace change, Kazakhstan is poised to emerge as a global leader in cleaner energy investment and production.

As Honeywell continues to innovate in Kazakhstan, we remain steadfast in providing our customers with advanced automation and sustainability solutions to meet their digital transformation and sustainability objectives. It's an exciting time to be at the forefront of innovation in Kazakhstan, and we are committed to facilitating the country's journey towards a safer, smarter, and more efficient energy sector.

ADVANCEMENT FOR PROFESSIONAL WOMEN IN THE OIL INDUSTRY – THE TENGIZCHEVROIL EXPERIENCE

The following two interviews with successful female managers at Tengizchevroil provide in-depth examples of advancement by talented, committed women in a professional environment that welcomes and supports women.

Maira Mailybek, TCO Digital Project Portfolio Planning Manager

Maira's Background: During 5 years of work at Tengizchevroil (TCO), Maira changed 7 technical roles: she played a crucial role in introducing Agile methodology in the capital projects department, IT, and strategic departments. Her contribution to the implementation of the *SAP HR* platform that was launched at TCO in a record 9 months was also remarkable. Maira is currently focused on high-quality prioritization of IT projects at TCO, ensuring maximum efficiency and competitiveness of processes at every stage of digital portfolio management. Apart from her professional achievements, Maira also demonstrates an active attitude to life. She serves as a mentor to young female professionals who are planning a successful career in the masculine oil and gas industry.

A stereotype about oil and gas industry as a purely male territory still dominates (especially in the western regions of the country). How did you get a job at an oil production company?

Maira: While studying at university, I did an internship at the *Sokolovsk-Sarbaiskoye Mining and Processing Production* unit close to Rudny City. It was my first experience working in operations, and I became acquainted with an interesting area in IT - *Project Management*. My mentor was a Project Manager from Scotland, and we were implementing the *SAP ERP* system in all *ERG* enterprise business units. I am thankful to my mentor for the comprehensive knowledge she imparted to me about project management, including awareness about the project, program and portfolio layers, and depths of planning all associated plans and risks. I learned a lot from her.

I decided to further my education in IT management and found I was more inspired working in production where I saw the tangible results of my efforts. I pursued a Master's degree in Economic Sciences with a focus on IT management at *FH Schmalkalden University of Applied Sciences* in Germany. After two rounds of interviews, I was offered the job and started working as a TCO contractor employee in Atyrau in 2018.



What has your career path looked like up to date?

Maira: I started as a service contractor employee - a Business Analyst, and six months later I was employed as a direct TCO employee for the new position of a *Scrum Master*. I was thrilled with this opportunity as it allowed me to apply the Agile knowledge I had acquired in Germany. At that time, the IT industry was transitioning to project management using the new *Agile Framework*, and TCO was following the trend. I was involved in this transition as one of the Agile coordinators and eventually began working as an Agile coach, providing training and supporting project management.

After two years of experience in TCO IT, I continued this work in the *Decision-Making Center of Excellence* team of the *Strategic Planning and Business Performance Department*. Later, I was nominated as leader of this group. However, some changes occurred and I was fortunate enough to work in the *Leading Performance (LP)* group, where I helped improve TCO's competitive performance tracking processes.

After working with the LP team for six months, I transitioned to my current position as TCO *Digital Projects Portfolio and Planning Manager*. Over four and a half years, I held seven roles, served as a coordinator of two transformations, and coached over 15 projects. I am grateful to all my managers, colleagues, and teams who supported me. Without them, I would not be where I am today.

Have you ever had to deal with gender-based discrimination in your life?

Maira: Luckily, I have not faced any apparent discrimination. There have been instances of distrust based on my age when I started my career or when I joined a new team but once I established a trusting relationship, people viewed me as a professional in my field.

Is there a so-called “glass ceiling” in women’s career, or is it a myth?

Maira: At TCO, I never felt held back by a “glass ceiling” - unlike in some of my previous workplaces. This type of barrier is not just unhelpful, it is bad for business performance. The “glass ceiling” assumes that only men are considered for some positions, cutting out 50% of the talent pool. As a result, you have fewer candidates, slower progress, and restrict the company’s growth. A company’s effectiveness depends on the fact that, regardless of gender and age, people are competent and can deliver results.

I currently work in the Production Department where there is a program for women called “Women in Operations” – not because there is a “glass ceiling”, but because the Department wants to promote more women to leadership positions. When you work with a female leader, the dialogue is structured differently: better listening, understanding, and helping. The employees trust her more. I believe a woman leader can better motivate staff.



How do you see yourself in 5-10 years?

Maira: I want to continue being a valuable asset to TCO in the future and bring even greater benefits to the company. Furthermore, I want to share my knowledge and experience not only within TCO but also with small and medium-sized businesses. I want to act as a consultant and catalyst and help others succeed. I hope all my plans will come to fruition.

Ilan Tazabekova, Marketing and Transportation Department

Ilan’s Background: Ilan has twice received awards from the Ministry of Energy for her contribution to development of the oil and gas industry. Despite working in a department that has been subject to constant dynamic changes for over 17 years, Ilan received an MBA from the University of Manchester and went on to earn her Ph.D. She also completed a temporary assignment at Chevron in Houston.

A stereotype of the oil and gas industry as a purely man’s territory still dominates. How did you get a job at an oil company?

Ilan: Yes, hard physical jobs such as those in drilling operations are often filled by men. However, many women are employed in other areas of the oil and gas industry. I haven’t experienced noticeable discrimination against females. I owe my job due to my diploma from the Chemistry Department at Moscow State University, as well as to my personal and professional skills. TCO has an objective, transparent approach to selecting candidates, ensuring the most suitable professionals are hired. This creates opportunities for women like myself to advance their careers at TCO.

How has your career path progressed until now?

Ilan: At the beginning of my career, I didn’t pay much attention to future prospects. I focused on performing my duties diligently and worked hard to improve myself for the sake of my family’s future. However, I eventually became interested in reaching higher levels, taking on more responsibilities, and making decisions that would benefit my team. Our work is closely tied to national economic, political, and social factors and I found it stimulating to resolve complex problems, to analyze and predict outcomes, and respond to new challenges.

What are your current responsibilities?

Ilan: My responsibilities include working with stakeholders on gas supplies, including for the domestic market. TCO plays a leading role in meeting Kazakhstan’s growing needs for liquefied petroleum gas, both for the country’s petrochemical industry and for the population’s domestic needs. Our task is to reliably ensure constant supplies of the product. TCO is currently supplying 100% of the propane that the KPI plant processes. In November 2022, TCO signed an agreement with *Butadiene LLP* to support the supply of butane to a new petrochemical plant for production of butadiene in Atyrau.

Have you had to deal with gender discrimination in your life?

Ilan: In real life, yes. At school, we were constantly taught that a girl should follow certain rules just because she is a girl. In business, when I was responsible for supply of chemical equipment, partners often believed a woman was below them in intelligence and initiative.

I also often faced gender discrimination when I worked for other private companies in Kazakhstan. But at TCO that I absolutely do not have to deal with gender discrimination. Perhaps this is due to TCO policy that establishes that discrimination on any grounds, whether gender, age, ethnicity, or religion, is unacceptable.

Is there a so-called “glass ceiling” in women’s careers or is this a myth?

Ilan: In my opinion, there is still a glass ceiling for women in our society. They seem to hit a certain level beyond which it is difficult to advance. Balancing a successful career and a family is a challenging task, particularly if one has children. Both require a significant amount of time, effort, and resources. Inevitably some sacrifices have to be made, but our societal norms dictate that it is the woman's responsibility to maintain the family home, often at the expense of her career and personal development. This is the cause of the glass ceiling for women in our society, although I do not face it at TCO.

The specifics of a woman’s work are such that she has to go on maternity leave, parental leave, sick leave when children are unwell, etc. Can this be an obstacle to career growth? How can this be combined with professional ambitions?

Ilan: In terms of career and professional growth, having children can certainly pose a challenge. However, I consider myself fortunate to have had a supportive and "feminist" environment, thanks to my family who assisted me in setting priorities and caring for my children. With their help, I was able to return to work early after maternity leave, successfully defend my thesis, and graduate from the University of Manchester.

Should the government give preference to women in employment and their career?

Ilan: No, it would be gender discrimination if a position was offered solely based on gender. If I were offered a position solely based on my gender, I would feel offended. I think a job should be given to the person whose professional qualities are the best fit for the role and who meets the requirements, regardless of their gender.

Where do you see yourself in 5, 10, 20 years?

Ilan: Despite the demands of my personal life, I will not be deterred from pursuing a career in national management. It is well-known that countries where women hold managerial positions tend to demonstrate higher levels of economic prosperity and overall well-being.





Key products and services:

- Aircraft Management
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- Aircraft Hangar rent

Prime Aviation JSC is a private airline established in 2005. The main business activity is the management of private, commercial aircraft and helicopters. The company has offices and hangars in Almaty, Astana and Atyrau. The head office is located in Almaty.

Prime Aviation has an EASA Part 145 certified division for maintenance and repair works. The company has great experience in business aviation and safety is always key priority without compromising top level of service.

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THE CHEVRON DIRECT INVESTMENT FUND (CDIF): INVESTING IN KAZAKHSTAN'S FUTURE

At the beginning of 2024, the *Chevron Direct Investment Fund Ltd. (CDIF)* announced investment agreements with two Kazakhstani companies. After extensive preparation, in 2023 CDIF made direct equity investments of up to \$41MM (USD) into *Top Cleaning Kazakhstan*, a managed marketplace service for business, and *Orhun Med*, a growing Kazakhstani healthcare company. These two companies are planning to expand their businesses using CDIF investments, thus creating jobs across Kazakhstan and bringing necessary technologies into the country.



Major preparations for CDIF took place in 2021, when Chevron negotiated with the Ministry of Energy to search and hire an Investment Advisor, and to develop and launch the website for receiving applications. On October 11, 2021, the Ministry of Energy and Chevron signed a *Memorandum of Understanding (MoU)* to secure the Ministry's support for Chevron's intent to establish CDIF, a Chevron investment vehicle to support Kazakhstan's economy through investments in local commercial businesses.

CDIF was set up with \$248.5 MM to be deployed into local profitable enterprises to help them expand, improve, bring, or transfer new technologies, digitalize, develop human capital, and become more sustainable. CDIF does not limit the number of projects or the extent of investment into a single company but makes its decisions based on applications submitted to the website www.cdif.kz.

The website provides application requirements and project eligibility criteria, as well as step-by-step instructions for the project companies to apply for funding online and see the status of their applications. The website's key purpose is to ensure a transparent selection process and accessibility to potential applicants interested in funding investment projects in Kazakhstan.



Any company that meets selection criteria can submit an application. CDIF will review applications from companies operating in Kazakhstan or able to confirm that they are local in nature. CDIF does not discriminate considering portfolio diversification. The criteria for project selection include strong profitability, robust ESG characteristics, financial and non-financial risks, value creation potential, and portfolio diversification.

Before review by the CDIF Investment Committee all projects must be approved by an Advisory Board that includes representatives of the Ministry of Energy and Chevron. In line with the life of CDIF, the intention will be to exit investments within 8-10 years following its launch.

CDIF will be investing into commercial local enterprises across various industries, including but not limited to manufacturing, works and services in the oil and gas industry, technology, and digital, and environmental stewardship. Existing businesses should have a track record of positive financial performance.

All projects – greenfield and expansion of existing businesses, should have forecast attractive economics and solid assumptions to back up the forecast. Although CDIF is not purely a venture fund, it may consider and review start-ups at the product commercialization stage, i.e. when there is a prototype with demonstrated records in the market.

The terms and conditions of a deal are discussed with each company separately depending on their business model: that is, duration and terms and conditions of the partnership between CDIF and an investee are based on the project specifics.

KARACHAGANAK PETROLEUM OPERATING (KPO): SUSTAINABLE PARTNERSHIP DEVELOPMENT

Karachaganak Petroleum Operating b.v. ("KPO") proudly declares its accession to the prestigious United Nations flagship initiative, the *Oil and Gas Methane Partnership (OGMP) 2.0*. This strategic alliance underscores KPO's unwavering dedication to elevating the environmental performance of its operations while curbing methane emissions, a critical driver of climate change.

OGMP 2.0 stands as a global initiative, rallying the oil and gas sector to slash methane emissions across the extraction, production, and transportation spectrum. Given methane's disproportionate impact on global warming, this collective effort is paramount in safeguarding our planet's future.

By aligning with *OGMP 2.0*, KPO unequivocally affirms its commitment to upholding the highest standards of environmental integrity and sustainable development. The company pledges to deploy cutting-edge technologies and best practices aimed at mitigating its environmental footprint and fostering responsible resource utilization.

At the heart of KPO's participation in *OGMP 2.0* lies a steadfast commitment to pioneering innovative methane emission control methodologies throughout every phase of oil and gas production. This encompasses leveraging state-of-the-art equipment, spearheading the development of efficient gas treatment and processing solutions, and championing energy efficiency initiatives to minimize losses.

Embracing the UN's flagship methane management program signals a pivotal stride for KPO in its quest to curb greenhouse gas emissions and harmonize its operations with global environmental benchmarks. The company not only acknowledges its corporate obligation to society and the planet but also recognizes the imperative of international collaboration in combating climate change.

KPO eagerly anticipates forging synergistic partnerships with *OGMP 2.0* and fellow stakeholders, united in the shared pursuit of slashing methane emissions and nurturing a sustainable energy ecosystem for generations to come. Together, we embark on a transformative journey towards a cleaner, safer, and more resilient future.



SCHNEIDER ELECTRIC OUTPERFORMS 2023 SUSTAINABILITY TARGETS AND MAINTAINS ITS LEADERSHIP IN ESG RATINGS

Schneider Electric engages in the digital transformation of energy management and automation. Company mission is to be the digital partner for Sustainability and Efficiency. Schneider Electric drives digital transformation by integrating world-leading process and energy technologies, end-point to cloud connecting products, controls, software and services, across the entire lifecycle, enabling integrated company management, for homes, buildings, data centers, infrastructure and industries.

Schneider Electric announced its 2023 sustainability impact performance as part of its full-year financial results. The *Schneider Sustainability Impact* score for the year exceeded expectations, reaching 6.13 out of 10, and surpassing the year-end target of 6 out of 10. Schneider Electric was also recognized as a top performer by independent environmental, social, and governance (ESG) ratings throughout the year.

Schneider Electric's strong performance spans what was the hottest year on record – serving to highlight the importance of collective action to decarbonize business operations and value chains to avoid the worst effects of global warming and accelerate the transition to a cleaner, fairer world.

Three years into the *Schneider Sustainability Impact* (SSI) program, Schneider Electric solutions for electrification, digitalization, and automation continue to lower the carbon emissions of customers, with 112 million of tonnes saved and avoided in 2023 alone. Great strides have also been made in transforming Schneider Electric's supply chain. Carbon emissions from Schneider Electric's top 1,000 suppliers have fallen by 27% — significant progress compared to the 10% reduction achieved in 2022 — and 21% of the company's most strategic supply chain partners have met Schneider Electric's decent work standards.

Efforts across the company to act responsibly with resources mean 63% of Schneider Electric's product packaging is now free of single-use plastic and made of recycled cardboard. The company's long-standing commitment to close the energy access gap has also advanced at pace, with 46.5 million people now accessing clean and reliable electricity thanks to Schneider Electric initiatives around the world, and more than 578,000 people learning new skills to address the future energy needs of their communities.

"Schneider Electric's holistic approach to sustainability ensures that environmental, social, and governance considerations are integral to our business strategy and operations," said Agustin Lopez Diaz, *Chief Sustainability and Customer Satisfaction & Quality Officer* at Schneider Electric. "We care deeply about

the impact we have throughout our ecosystem and the legacy we leave behind us. That's why we're determined to accelerate our sustainability program in its penultimate year and bring everyone along for lasting, positive impact."

On the external ESG rating front, Schneider Electric has maintained its status as a sustainability leader in the *Dow Jones Sustainability Index (DJSI)* and in *Corporate Knights'* list of *Global 100 Most Sustainable Corporations in the World* for the 13th year running, and obtained high scores from *Moody's Analytics*, *CDP*, and *EcoVadis* with a Platinum medal.

All of these achievements feed into the company's short and long-term pay incentive plans, underlining the company's commitment to sustainable performance.

More details on the 2023 SSI results and other highlights are available in the full-year *Sustainability Impact* report.



About Schneider Electric

Schneider's purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. We call this *Life Is On*.

The Schneider Electric mission is to be your digital partner for *Sustainability and Efficiency*.

We drive digital transformation by integrating world-leading process and energy technologies, end-point to cloud connecting products, controls, software and services, across the entire lifecycle, enabling integrated company management, for homes, buildings, data centers, infrastructure and industries.

Schneider Electric is the most local of global companies. We are advocates of open standards and partnership ecosystems that are passionate about our shared Meaningful Purpose, Inclusive and Empowered values.



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As a global leader completing hundreds of solar projects, you can count on our expertise to deliver clean, efficient power no matter the size of your operation.

Providing personal attention to the service, generating quality design, and producing a greater return on your investment is the difference and how we shine best.



HOW SLB IS DRIVING DOWN CARBON EMISSIONS

Introduction

Our world is energy-hungry and reliant on fossil fuels, which make up roughly 80 percent of global energy use. In 2022, energy-related emissions were 36.8 gigatons of CO₂ per year, according to the International Energy Agency (IEA). These emissions—plus those from other human-made greenhouse gases (GHGs) — exceed the natural absorption abilities of our planet, having a compounding effect on CO₂ buildup in our atmosphere.

Ultimately, rising GHG levels are not good for our planet and pose an existential threat to humanity, but so too does a lack of access to reliable and affordable energy. Today, this is largely supplied by fossil fuels, which represent a critically important and life-sustaining resource to billions of people for everything from machine labor for agriculture to modern medicine and much more.

The question is how can the energy industry balance providing access to reliable and affordable energy (e.g., fossil fuels or their equivalent) while at the same time decarbonizing the planet to mitigate the impacts of climate change? At SLB, we are working across industries and sectors to provide an answer to this question in the form of technology-driven solutions. Through these solutions, we aim to shift the trajectory of carbon emissions downward while innovating toward a less fossilfuel-reliant and decarbonized future.

The SLB decarbonization commitment

In 2019, SLB became the first company in oil and gas exploration and production (E&P) services to commit to a science-based target in emissions reduction, and in 2021, the company announced its commitment to achieve net-zero emissions by 2050, which we've aligned to GHG reduction targets.

For businesses and organizations, GHGs are divided into three categories: *Scope 1, 2 and 3*. What is the difference between *Scope 1, 2 and 3 emissions*, and what are companies doing to cut all three? Our commitment includes interim target goals through 2050 for reducing our *Scope 1, 2 and 3 emissions*. In many cases, our *Scope 3 emissions* also correspond to a portion of our customers' *Scope 1, 2 or 3 emissions*, which we are addressing through a variety of offerings.

Decarbonizing oil and gas systems

In every realistic scenario, oil and gas will be a crucial part of the energy mix for decades to come. Because of this, part of the SLB decarbonization focus is on helping the oil and gas E&P industry more sustainably find and produce it.



In 2021, SLB began offering technologies with a quantifiable emissions reduction benefit called *Transition Technologies™*. This portfolio of technologies and services helps reduce our customers' operational emissions across their *Scope 1, 2 and 3*, while driving us toward our *Scope 3* reduction targets. Last year, the *SLB Transition Technologies* saved more than 700,000 tons of carbon dioxide equivalent (CO₂e) for our customers' operations. Today, we are actively developing and deploying these technologies and services to continue having a measurable impact on reducing the emissions intensity of the E&P industry.

SLB also has a dedicated business that focuses on measuring, monitoring and ultimately eliminating methane from energy industry operations called *SLB End-to-End Emissions Solutions (SEES)*. Methane elimination is critically important because methane has 84 times the warming potential of CO₂ over a period of twenty years. Oil and gas operations globally emit close to 80 million tons of methane per year, producing the same climate impact as the annual CO₂ emissions from the entire continent of Europe. Thus, curbing methane's impact from oil and gas development is extremely important to mitigate near-term climate rise.

Going beyond oil and gas

To make an even greater impact on reducing the gigatons of CO₂ affecting our world, SLB is going beyond the decarbonization of oil and gas E&P systems. Today, we're aligning with other so-called 'hard-to-abate' industries like steel, cement and power generation to identify their unique decarbonization challenges and to ultimately deliver the technology solutions that will solve them.

Further still, SLB is working to deliver decarbonization solutions and cleantech that will power the clean energy ecosystems of tomorrow. Today, we're doing

this through our *New Energy* business, focusing on five sectors:

- *Carbon capture, sequestration (CCUS)*
- *Geothermal and Geoenergy*
- *Low-carbon hydrogen*
- *Stationary energy storage*
- *Critical minerals, such as sustainable lithium production.*

SLB chose to focus on these sectors because we see great sustainability and decarbonization impact potential in each.

Through creating cross-industry collaborations and partnerships and leveraging our strengths in complex process engineering, large-scale technology development and project management, and expertise in both the subsurface and surface domains, we believe we can play a crucial role in shifting the economics of these new energy sectors in a positive direction and have an emissions reduction impact on the scale of gigatons.

Decarbonizing industry

Because fossil fuels will be needed by many industries for many years, all scenarios are increasingly pivoting toward CCUS as a critical lever to close the emissions gap between desired and actual cumulative CO₂ emissions.

Hard-to-abate industries like steel and cement, for instance, are reliant on fossil fuels because they require high-heat processes — up to 3,000 degF (1,650 degC) — to generate their products. Today, there's simply not a viable economic alternative to fossil fuels for industrial heat. In the current CCUS landscape, about 40 million tons of CO₂ are captured and sequestered per year. To meet net-zero ambitions, however, this number will need to rise to many gigatons per year — and fast.

Rapidly scaling up CCUS will require innovative business models and partnerships across sectors, from emitters all the way to pore space owners.

SLB is currently involved in dozens of CCUS projects globally, providing storage site subsurface characterization and development plans, CO₂ flow assurance, injectivity derisking and CO₂ containment monitoring. Building on these core strengths, we are leveraging new partnerships across the entire value chain, from CO₂ emissions to sequestration,

through business models that align incentives across parties, presenting great opportunities to accelerate decarbonization at scale.

Bringing down CCUS costs

Today, capture costs make up between 50-70 percent of the costs of CCUS projects. New technologies that reduce these costs will be crucial to the speed of CCUS growth.

SLB recently announced a collaboration with RTI International to accelerate the industrialization and scale-up of their proprietary *non-aqueous solvent (NAS)* technology. This tech uses as much as 40 percent less energy during the CO₂ capture process, which has the potential to significantly reduce the operating costs of CCUS projects. In addition to NAS tech, SLB is actively exploring other technologies that can bring CCUS project costs down.



Innovating toward a decarbonized future

Thinking beyond offset emissions with CCUS, clean energy production from low-carbon hydrogen stands to have a significant impact on industrial decarbonization. Hydrogen can be used as a replacement for fossil fuels in several use cases, including industrial heat.

There are various ways to produce low-carbon hydrogen. One method is to use renewable energy and electrolysis. Unlike other forms of hydrogen, this method reduces the need to offset emissions with carbon capture. The problem is that it is currently expensive to produce. Incentives will help lower these costs, but more technology innovation is needed to help shift the economics in the right direction.

One way to reduce the costs of low-carbon hydrogen is to increase the production efficiency while reducing the energy required to produce it. Through *Genvia*, an SLB clean hydrogen production technology

joint venture with the French *Alternative Energies and Atomic Energy Commission (CEA)* and other partners, we are working on a solid oxide electrolyzer technology that can reduce the energy intensity of low-carbon hydrogen production for specific use cases in hard-to-abate industries like steel.

Based on early estimates, the technology has the potential to reduce energy requirements for hydrogen production by up to 30 percent. In addition to hydrogen, critical minerals like lithium will be extremely important to the low-carbon economy of the future, especially with the move to electrification. Producing these minerals, however, is very often an emissions- and resource- intensive process.

In the U.S., SLB is currently mobilizing equipment for a technology solution that sustainably produces lithium from brine at our pilot plant in Clayton Valley, Nevada. When compared with current lithium production practices from brine, our pilot project is expected to use just 15 percent of the water and 7 percent of the land while reducing emissions by up to 80 percent.

Seeding cleantech growth

To accelerate promising and bleeding-edge tech solutions in our new energy focus sectors, SLB has a *corporate venture capital (CVC)* organization that invests in and partners with early-stage technology ventures to scale-up technology development.

The start-ups that make up our CVC portfolio have access to SLB's multidisciplinary expert community, industrialization capacity and global footprint to accelerate their market introduction and scalability. Some of these start-ups include *Gradiant*, a global water solutions provider that plays a role in our sustainable lithium production solution, and *Enervenue*, a short- and long-duration energy storage technology start-up that uses nickel hydrogen instead of lithium-ion phosphate.

Leveraging digital

Underlying so much of what SLB does in decarbonization today is digital.

Digital plays a key role as both a performance and efficiency enabler, and today, the role of digital in our business is firmly intertwined with sustainability. Here are a couple of examples:



- In 2022, SLB announced plans to collaborate with Aramco on the development of a digital platform that will provide sustainability solutions for hard-to-abate industrial sectors. The platform will enable customers to measure and report baselines, targets, emissions, offsets and credits, which will help them manage their carbon footprints more effectively.
- In the SLB methane business, we have a digital platform that can enable business-critical compliance and reporting needs while also optimizing oil and gas operations to increase efficiency and performance.

In the SLB oil and gas business, digital underpins many of our *Transition Technologies* today, and it is being baked into SLB decarbonization and cleantech solutions. What it enables for our company and for our customers is rapid scaling-up of both operational efficiencies and CO₂ reduction or elimination.

Conclusion

Energy, and all its forms, is essential to everything we do in the modern world. Reliable and affordable energy is life-enabling and life-sustaining. Therefore, we believe decarbonization comes with a key responsibility to help provide people with access to this energy.

The SLB decarbonization journey started in oil and gas E&P, but we're not stopping there. To make the gigatons of impact that we believe—and science confirms—are necessary to mitigate the impacts of climate change, we will help bring decarbonization solutions to other industries. SLB will do this through innovation to accelerate the technology-driven solutions the world needs to sustain modern life and a livable planet.



Decarbonizing Industry

We are committed to helping deliver the world's greatest balancing act: enabling secure, accessible, sustainable energy to meet growing demand.

For a Balanced Planet.



ILF SUPPORTS SHELL ON THE “SOLAR FOR SCHOOLS” INITIATIVE FOR THE NAZARBAYEV INTELLECTUAL SCHOOLS

The oil and gas "supermajor" Shell signed a Memorandum of Cooperation with Kazakhstan's Ministry of Energy to collaborate on various renewable energy issues in order to help Kazakhstan achieve its energy transition targets. Under this memorandum, Shell has implemented the "Solar for Schools" initiative at the *Nazarbayev Intellectual Schools (NIS)*, which has involved the installment of grid-connected solar photovoltaic (PV) systems at five schools across Kazakhstan. To successfully implement this project, Shell contracted ILF as an *Owner's Engineer* to supervise all the technical aspects of the project. This role has involved the following tasks:

- *Providing support with project development*
- *Conducting a study to assess the economic benefits of the solar PV installations*
- *Providing support with the EPC tender*
- *Assisting with EPC engineering and pre-construction activities*
- *Providing support with EPC construction and commissioning*

The installed PV systems cover up to 30% of the schools' annual electricity consumption and feed any surplus electricity that is generated by the system into the municipal grid, generating significant savings. In addition, the project aims to encourage and promote *Science, Technology, Engineering and Mathematics (STEM)* education among younger generations and to raise awareness of the benefits and new opportunities associated with the use of renewable energy.

The first school to benefit from this project was the *NIS School of Physics and Mathematics* in Astana in 2018. At this school, ILF assisted Shell with the installation of specialized carports, equipped with solar PV panels with a total capacity of 100 kWp.



In 2019, solar stations were successfully designed, installed and commissioned at NIS schools in Aktau and Uralsk. Two years later, a PV system was installed at the school in Atyrau, and now, in 2023, the last school in Turkestan has received its PV system.

The successful implementation of the *ONE ILF* approach in this project demonstrates the synergy between the ILF teams from Germany and Kazakhstan, which combined their expertise in the global PV industry with local specialized knowledge. The PV department at *ILF Germany* contributed invaluable insights into photovoltaic trends and best practices, while the team from *ILF Kazakhstan* played a key role in ensuring mechanical and electrical compliance with local standards and regulations.

This collaborative effort resulted in a seamless exchange of knowledge between both offices. The team in Kazakhstan gained valuable insights into the ILF business area of Solar Power and the German colleagues learned more about Kazakhstan. This great teamwork enabled a comprehensive and well-rounded approach to be taken for the project, which ultimately led to its success.



ILF CONSULTING ENGINEERS. **THE POWER OF ENGINEERING.**



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ILF develops complex and technically challenging projects with the aim of improving the quality of life around the world.

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NVENT ELECTRIC, GLOBAL LEADER IN ELECTRIC HEAT TRACING SOLUTIONS



nVent Electric is the inventor of self-regulating heating technology and is recognized as the global leader in electric heat tracing solutions. Its wide range of nVent RAYCHEM heat tracing solutions protects critical pipelines, instruments and other equipment against freezing and maintains the correct process temperatures in many industries.

nVent RAYCHEM self-regulating heating cables offer higher levels of safety in hazardous areas and became the first and, at times, the only choice in various critical settings within the energy and chemical process industries. They continue to be the most versatile option for many projects. Also, the technology is used in numerous solutions for commercial, residential, and infrastructure applications.

As the world is increasingly digitized, the demand for more intelligent, responsive systems will drive further innovation in the industry. nVent RAYCHEM control & monitoring systems provide full connectivity from the field installation to the central process control room (DCS) and enable real-time monitoring using intuitive User Interfaces and supervisory software tools. This allows for unprecedented levels of insight and control even in large, complex systems and minimizes the cost of ownership by reducing risks for downtime and unplanned field interventions

Hazardous Area Heat-Trace Panels (-55°C)

In 2021 nVent RAYCHEM launched a new range of hazardous area panels for the IEC market. Now we introduce a patented panel heater solution that allows for operation in regions down to -55°C. Designed, manufactured, and certified at nVent's panel manufacturing facility in Europe, this product seamlessly integrates with the existing nVent RAYCHEM Elexant network to provide a flexible, in-field heat-tracing control and monitoring solution.

Available in standard configurations or as an engineered solution, the new panels also help to optimize client operations, reducing total installed costs and project lead times.

• A cost-effective, customizable solution

The new control panels are designed for installation close to heat-tracing circuits in hazardous field locations, significantly reducing cabling infrastructure costs while delivering space savings within the power distribution substation. Via the intuitive touch-screen user interface, the panels enable quick and easy system inspections in the field.

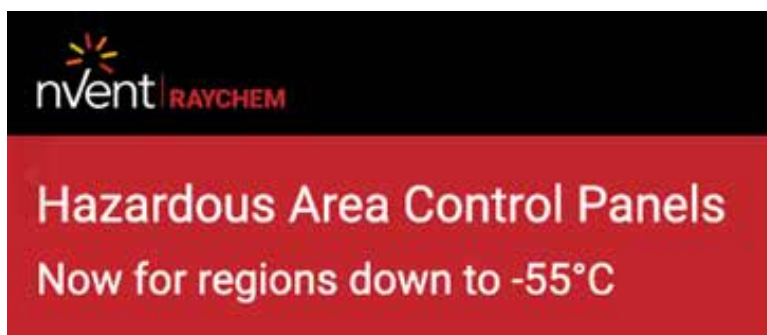
Users can also integrate wireless connectivity via the inclusion of the nVent RAYCHEM Elexant 9200i wireless communications interface. This simplifies heat tracing installation upgrades and further reduces wire infrastructure costs.

Jaap Nieuwenhuizen, nVent Vice President of EMEA comments: *"By combining local and centralized controls with advanced monitoring, we create the optimal control architecture for petrochemical production and other industrial operations. Our heat-trace solutions demonstrate our commitment to delivering the process integrity, real-time visibility, and reliability that plant owners and operators demand, alongside reduced cost of ownership."*

• Enhanced protection for harsh winter conditions

nVent also introduces an innovative winterization system with patented heaters, for regions down to -55°C.

Peter Butterworth, nVent Caspian Business Development Manager, explains: *"In harsh climates, the winterized heat-trace panels provide a reliable, energy-efficient solution to keep vital operations running smoothly. Via our patented panel heaters, we provide heat precisely where it's needed, helping to ensure delicate components are protected without excessive energy costs."*



- **Superior quality, delivered quickly**

nVent heat-trace panels are designed, manufactured and tested according to the highest quality standards, enhancing safety and reliability in every application. nVent's panel manufacturing process is fully UL-approved in compliance with *ATEX* and *IECEX* regulations, resulting in improved flexibility and shortened lead times. These in-house capabilities enable a fast response to panel specification changes, even in the later stages of the project, avoiding costly delays.

- **Optimizing operational efficiency**

The nVent Zone-2 panels can be centrally connected for real-time visibility over the heat tracing system and to help reduce the time needed for configuration, monitoring and maintenance activities. The data-driven insights allow site managers to optimize operational efficiency and safety fully.

nVent Thermal Kazakhstan – Kazakhstan Operations

nVent Thermal Kazakhstan has operated in Kazakhstan and the Caspian region since 2004, with headquarters in Atyrau and local offices in Aksai, Astana and Almaty. This enables nVent to work closely and fully support key Oil & Gas operators in the region by providing superior design & engineering solutions, project management, procurement and site services.

Since its opening, nVent has developed and significantly increased its local content. We cooperate with local producers to grow our local manufacturing (KZ-CT certified) and invest in local personnel to deliver customers' leading Electric Heat Tracing services.



RECENT AMENDMENTS TO SUBSOIL USE LEGISLATION

Joel Benjamin, Managing Partner, Kinstellar
Almas Zhaiylgan, Counsel, Kinstellar
Nurbek Zhangaliyev, Associate, Kinstellar

On 28 December 2023, a number of significant amendments were introduced to the Code “On Subsoil and Subsoil Use” (No. 125-VI ZRK) (the “Code”). Most of these amendments came into effect on 28 February 2024. This article highlights some of the amendments.

State’s priority right

When the Code was originally adopted, it specified that the state’s priority right applied only to:

1. transfer of subsoil use rights in relation to strategic fields, and
2. shares and other securities issued into circulation on the organized securities market where the underlying subsoil use contract is in respect of a strategic field.

This created uncertainty since it was unclear if the State’s priority right also applied upon transfer of objects related to subsoil use rights (i.e. direct or indirect shares / interests in companies having subsoil use rights). In other words, if one wanted to transfer shares in a subsoil user company which was a party to a contract in relation to a strategic field, technically, the State did not have a priority right.

However, in practice the position of the State was that it did have a priority right even in case of a transfer of shares in a subsoil user regardless of what the law stated. For example, in 2023 the State exercised its priority right when a major oil producer wanted to sell 100% of the shares in its subsidiary which was a party to a PSA despite the provisions of the Code.

The amendments solved this ambiguity by explicitly adding that the State’s priority right applies to a transfer of any objects related to the subsoil use rights as long as they relate to a strategic field.

Extension of the exploration period

Previously, an exploration period for non-complex¹ projects could last for up to 6 years with the possibility to extend for up to 3 years for purposes of appraisal. According to the amendments, subsoil users are now provided with the right of an additional extension for

up to 3 years other than for appraisal. Such extension however is subject to the following conditions:

1. works on seismic exploration and drilling of independent wells stipulated by the work program of the exploration period are fully completed;
2. there are no un-eliminated violations of obligations specified in the notification of the competent authority;
3. the exploration period under the contract has not previously been extended in accordance with this paragraph.

Another condition is that prior to submitting the application for extension of the exploration period, the subsoil user must place money in its bank account with a Kazakhstan second-tier bank in the amount of 750,000 times the monthly calculation index (approximately US \$6,153,333) on the terms of an escrow account.

Use of these funds is allowed exclusively for fulfilment of exploration works provided for in the work program. In case of non-fulfillment of the work program during the extension period, money placed in such a bank account is subject to transfer to the Kazakhstan budget.

The amendments stipulate that in case of granting the extension on the above basis, the overall term of the production will be reduced accordingly. In addition, the Code still provides that at the request of a subsoil user, a preparatory period, which may last for up to 3 years, may be provided. This means that overall, a subsoil user may have up to 15 years prior to commencement of full production.

Encumbrance of subsoil use rights

Encumbrance (pledge) of subsoil use rights as well as objects related to subsoil use rights in relation to hydrocarbons is still subject to consent of the competent authority. Previously, prior to encumbering, one had to apply to the competent authority for consent in the manner prescribed in article 45 of the Code which establishes the procedure for granting consent for the transfer of subsoil use rights or objects related to subsoil use rights.

This meant that prior to encumbrance one had to submit the same documents and follow the same procedure as if it was requesting consent for a transfer. The amendments finally provide for a separate (and simpler) procedure for obtaining consent for encumbrance as well as for a separate list of documents.

¹ Please note that complex projects have their own periods which are longer compared to regular projects. Under the Code, complex projects include all offshore projects as well as certain projects onshore which meet certain technical characteristics.

In addition, according to the amendments, now persons who wish to participate in an auction for sale of the subsoil use rights/objects related to subsoil use rights within the foreclosure process are no longer required to obtain the prior consent of the competent authority for participation in the auction. Instead, under the current wording of the Code, the winner of the auction must obtain the competent authority's consent for transfer of subsoil use rights/objects related to subsoil use rights. Previously all participants of the auction had to obtain consent of the competent authority simply for participation in the auction.

Share of a national company under a contract for large hydrocarbon fields

A national company in the sphere of hydrocarbons has the right to obtain contracts for exploration and production of hydrocarbons on the basis of direct negotiations. Such contracts may be concluded only with the national company or jointly with its strategic partner. Previously the Code did not specify the minimum share of the national company in such contracts, except for offshore projects where the national company's share had to be not less than 50%. The amendments introduced a condition that a national company must have a minimum 50% share participation in any contract with respect to large hydrocarbon fields.

As a reminder, subsoil use rights granted to a national company on the basis of direct negotiations cannot be transferred within 2 years, except for cases when the rights are transferred to a legal entity where 50% and more of voting shares/interests directly or indirectly belong to the national company ("**affiliate**"). In this regard, the amendments specify that a reduction in the amount of share participation of a national company or an affiliate in a subsoil use contract for large hydrocarbon fields is possible provided that a national company or the affiliate will retain their control over the decision-making by subsoil users under the relevant subsoil use contracts.

Disclosure of information about controlling entities

Under the Code, a person interested in obtaining subsoil use rights for hydrocarbons must submit to the competent authority an application for participation in the auction for granting of subsoil use rights for hydrocarbons. As for the application, under the amendments, now the applicant must provide information about the persons, states, international organizations *controlling the applicant*, as well as about persons, states, international organizations

that are *not controlling persons* but which own shares/interest in the applicant, with disclosure of information about the share and type of ownership of each shareholder/participant.

It is interesting to note that when a person acquires subsoil use rights from another subsoil user, acquirer applies for consent of the competent authority and also submits an application. In this application, the acquirer must provide information about persons, organizations and states which have the right to *directly or indirectly determine the decisions* of the applicant.

Thus, it appears that the Code uses slightly different criteria when it comes to information about the shareholders/participants of the applicant. In case of an auction, the applicant must disclose information about controlling and non-controlling persons, whereas in case of a transfer, the acquirer must disclose information about persons which directly or indirectly determine the decisions (i.e. exercise control) of the applicant.

In accordance with article 47 of the Code, subsoil users are obliged to notify the competent authority about a change of persons/ organisations that directly or indirectly control the activities of the subsoil user within 30 calendar days of such change. For purposes of this requirement, control means at least one of the following:

1. ownership of more than 25% of interests/shares and other forms of equity participation, as well as securities confirming the ownership right or convertible into shares in a legal entity or other organisation;
2. the right to more than 25% of all votes in the highest management body of an organisation;
3. receipt of more than 25% of distributable net profits of the subsoil user; and
4. the right to determine the decisions of another organisation based on an agreement or Kazakhstan legislation.

Conclusion

As can be seen from the above, a number of important amendments have been introduced to the Code at the end of February 2024. This article mentions only some of the amendments. We recommend subsoil users to carefully study all of the changes to the Code as the subsoil use legislation is constantly evolving and may impact operations as well as transactions carried out by the subsoil users and/or their shareholders.

BECHTEL: 125 YEARS OF ENGINEERING EXCELLENCE AND INNOVATION

by **Svetlana Ibrayeva**
Business Development/ Marketing Manager
Bechtel International Kazakhstan

Bechtel stands at a pivotal juncture, celebrating more than 125 years of engineering excellence, innovation, and a legacy that has shaped the infrastructure of our world. From laying the foundational rail tracks for the Western Pacific Railroad to pioneering state-of-the-art transit lines, LNG facilities, and semiconductor fabrication plants, Bechtel's journey is a testament to the spirit of progress and the relentless pursuit of excellence.

Founded in 1898, Bechtel has evolved from a modest beginning into a global leader in engineering, procurement, construction, and project management. This transformation has been driven by the ingenuity and dedication of generations of Bechtel colleagues, whose contributions have propelled the company forward, project by project, milestone by milestone. Their efforts have advanced the company's capabilities and forged lasting partnerships with customers around the globe, delivering projects that make a significant impact on economies, communities, and the environment.

Today, as we face new challenges and opportunities that are reshaping the world's economic, commercial, social, environmental, and security landscapes, the demand for world-class engineering and construction solutions has never been greater. The complexities of modern projects require not only technical expertise but also a commitment to innovation, sustainability, and collaboration. Bechtel's response to these demands will not only define the company's next 125 years but will also influence the future of the engineering and construction industry at large.

Bechtel takes immense pride in our enduring legacy in Kazakhstan, where we have been delivering projects for our customers since 1993 with technical expertise spanning sectors in the energy industry.

Bechtel and ENKA's Strategic Alliance in Kazakhstan

Bechtel's joint venture with *ENKA* through *Senimdi Kurylys (SK)*, established in 2000 as a fully incorporated Kazakh entity, is at the forefront of executing some of the most complex and significant construction projects in the region.

SK's expertise spans a comprehensive suite of services, including engineering, procurement, and construction (*EPC*), and has been instrumental in the development of major projects such as the Tengizchevroil expansions, the Karachaganak Expansion Phase 2, and the pioneering construction of artificial islands for the Kashagan field.

Since its inception in 1993, the *Bechtel-ENKA* partnership has been synonymous with construction and engineering excellence, consistently delivering projects that drive progress and economic growth in Kazakhstan and beyond.



Supporting Our Communities

Bechtel is committed to leaving behind a positive legacy in communities around the world where we live and work. We live this mission through our partnerships and stewardship efforts, by creating educational and career opportunities, and with the projects we choose to take on.

Bechtel is an active community member, creating jobs, providing training opportunities, doing business with local suppliers, and supporting civic and charitable organizations. Our presence has enabled many local businesses to expand their operations to meet the growing demand for goods and services. In addition to our substantial spending through local purchasing and hiring, we build and enhance the capacity of local workers and companies, stimulating long-term economic development.

The foundation of any thriving industry lies in its ability to cultivate a skilled and knowledgeable workforce. This principle is especially true for the construction industry, which has seen remarkable growth over the past three decades in Kazakhstan, creating tens of thousands of lucrative employment opportunities. Transitioning from a reliance on natural resources such as coal, oil, and gas towards a more diversified economy necessitates a significant investment in human capital and expertise.

At the heart of this transformation is SK, which has been instrumental in training workers and specialists at the *Tengiz Field*. SK's approach to training transcends theoretical knowledge, emphasizing the practical application of skills in an industrial setting to enhance project productivity and safety.

In the last three years, SK's project specialists have dedicated over 100,000 hours to skills training, complemented by more than 19,000 hours of competency assessments to gauge the effectiveness of these training programs. Recognizing the diverse needs across the company, SK ensures comprehensive training for all employees, covering areas such as *Construction Supervision and Management, Quality Control and Assurance, Contracting and Administration, Project Control, Payroll and Accounting, Safety, Purchasing, Ethics, and Compliance*.

Moreover, SK's commitment to supporting local communities and economies is evident in its procurement practices, with annual purchases of fittings and sets of personal protective equipment, all sourced from Kazakhstani producers.

In response to the increasing need for skilled tradespeople, SK has inaugurated a state-of-the-art *Craft Training Center*. This newly established facility is designed to equip Kazakh nationals with essential skills in critical construction disciplines, including pipe fabrication, welding, concreting, insulation, and instrument installation.



Over the years, SK has employed tens of thousands of Kazakh personnel, offering extensive training and development opportunities. This initiative has successfully integrated Kazakh nationals into every major operational department within the company, boasting impressive employment figures across various sectors like *Accounting, Contracts, Human Resources, Information Technology, Procurement* etc.



This diverse workforce has maintained a consistent SK Kazakh employment rate of over 90%, contributing significantly to the company's success in executing some of Kazakhstan's largest and most complex construction projects. These projects are not only ambitious in scope but also adhere strictly to safety standards and timelines.

To further support these endeavours, SK has made substantial investments in new construction equipment and facilities. Workshops have been upgraded with advanced technology, such as plasma cutters and automatic welding machines, to enhance the quality and efficiency of work. Over the past three years, SK has expanded its training infrastructure to include specialized classrooms and practical training areas, alongside improved living quarters, recreational facilities, and catering services capable of serving over 20,000 hot meals daily.

These advancements underscore SK's commitment to fostering a skilled workforce and ensuring the well-being and development of employees and subcontractors, more than half of whom are permanently stationed on-site. As project requirements evolve from civil works to mechanical and piping, and eventually to electrical, instrumentation, and commissioning support, SK remains dedicated to meeting these changing needs with a well-trained and versatile team.

This dedication to workforce development and local engagement is a testament to Bechtel's promise to leave a lasting, positive impact on the communities where we live and work. By fostering educational and career opportunities, engaging with local suppliers, and supporting civic initiatives, we not only contribute to immediate project needs but also stimulate sustainable economic growth and development in the regions we serve.

BORUSAN CAT KAZAKHSTAN – ATYRAU COMPONENT REBUILD CENTER

Borusan Cat Kazakhstan company is the Cat® authorized dealer in Kazakhstan. The company offers a wide range of services connected with components rebuilding and manufacture and equipment service maintenance.

The Borusan Cat Kazakhstan company was established in Almaty in June 1999. Nowadays the company's activities are carried out in over 20 branches, 23 warehouses, 4 repair shops and 2 *Component Rebuild Centers (CRC)* in Kazakhstan. One of the *CRC* is located in Atyrau, the center of West Kazakhstan. *CRC Atyrau* offers a variety of services to its customers – from components rebuilding to individual technical consultations. Equipment rebuilding and support provided by qualified specialists at all stages of work help the owners of Cat equipment and generators to improve business processes in all industries, including the oil and gas industry.

The *Component Rebuild Center* offers services to repair diesel and gas engines, as well as rebuilding cylinder block, cylinder head, connecting rods, gear wheels and valve rebuilding. The *CRC* offers different repair options based on the Customer's needs and preferences. Rebuilding by dealer is one of the most flexible options in which the Customer can change the scope of repair. The Components exchange program is an option with minimal waiting time. When customers hand over components that have an expired service life, repair is cheaper and repair time is reduced, and the repair process is performed in accordance with all the procedures. As a result, all necessary updates are made.

Borusan Cat Exchange Program

The *Borusan Cat Exchange Program* comprises a range of integrated solutions that have been developed based on Customer needs for general and special purposes. It is designed to save time due to reduction of major overhaul time and increased efficiency of special purpose machinery. Under the *Cat Exchange Program* components are given a new life, making it possible to reduce the amount of waste, reduce the total cost of ownership, and increase profitability of investment in the product.

When the Customer hands over used Cat components to us, they are given a new economic life. Specialists rebuild and recondition used components based on the most up-to-date technologies. As a result, the *Borusan Cat Exchange Program* restores initial quality and efficiency of components.



Currently available options under the Program:

- Oil pumps for G3516/G3512,
- Water pump coolers G3500,
- Water pump cooling jackets G3500,
- Cylinder heads 3512/3516.

The *Borusan Cat Exchange Program* enables reduced equipment downtime many times over due to use of quality-renovated components at lower prices in exchange for used components. The *Component Rebuild Center* in Atyrau performs quality repair of components within the shortest time-frames.

The objective of the *CRC* and each specialist is to ensure maximal service life of Cat equipment using the most up-to-date rebuilding methods. Borusan Cat Kazakhstan offers guaranteed reduction of the Customer's operating costs due to rebuilding of used components. Repair is performed by highly qualified and skilled specialists using the most up to date technologies and equipment. For this reason, Customers can be sure that repair will be performed with proper quality.

The *Atyrau Component Rebuild Center* offers an excellent opportunity to extend Cat equipment and component service life under certified dealer programs for repair and rebuilding. An integrated approach and unique solutions to ensure reliable and fault free operation of equipment are always ensured by *CRC*. Borusan Cat Kazakhstan's shops are modern sites where all the equipment and highly qualified specialists necessary are available to provide necessary repair and rebuilding services to the Customer.

ATYRAU MARCH SUNDOWNER RENAISSANCE ATYRAU HOTEL



After a length absence from the Caspian region, AmCham held a Sundowner for our Caspian oil industry members in Atyrau on Friday evening, 15 March. Sponsored by Bertling Logistics, a German company founded over 150 years ago with a prominent presence in Atyrau and the Caspian region, the Sundowner was well-attended with the support of *Bertling Director Aliya Zhaksylykova*, *SLB Managing Director Marina Trinca Vespan*, who also serves as *AmCham Regional Representative*, and the new *Renaissance Atyrau Hotel General Manager Medet Abdreshov*.

Aliya Zhaksylykova welcomed the guests and delivered a brief overview and history of Bertling. Founded in Germany over 150 years ago, with

an international network today of 50 offices in 30 countries and dedicated partners plus 700 logistics professionals, Bertling's service range is tailored to meet its customers' requirements regardless of the specifics. With the support of its state-of-the-art transport management software – *BLU* – developed by its in-house IT company, *BESITEC*, Bertling always delivers projects reliably and safely. Its services are targeted for the oil and gas, mining and construction, power generation, renewables, and petrochemical industries.

As always, the Renaissance served a sumptuous buffet dinner in its luxurious Ballroom setting where everyone networked and socialized with their colleagues from the oil industry and oilfield service industries.



MEMBER NEWS



Karachaganak Petroleum Operating (KPO) Announces Key Leadership Transition

AKSAI, West Kazakhstan Oblast, 22 January 2024 — Karachaganak Petroleum Operating B.V. (KPO) announces a recent new senior management appointment. Marco Marsili succeeded Giancarlo Ruiiu as the new KPO General Director in March 2024. Having completed his assignment at KPO, Giancarlo Ruiiu transitioned to another appointment in Kazakhstan.

Giancarlo Ruiiu joined KPO in June 2021 with over twenty years of widespread experience in oil & gas fields management, both in Kazakhstan and internationally. During his assignment, KPO achieved notable results, including outstanding performances in the HSE improvement program, environmental protection and efficiency, and record production figures in both liquid and gas.

The initiation of new injection projects reflects a continuous focus on operational and project efficiency, coupled with a transformative vision for the long-term sustainability of the Karachaganak field and a strong emphasis on people and local content. In 2023 a remarkable 98% local content in professional and technical positions and 63.2% local content in Works/Service/Goods were achieved together with a record number of social projects implemented in West Kazakhstan Oblast, including several schools in remote areas.

Marco Marsili has over twenty-five years of extensive experience in the oil and gas industry, cultivating a robust technical and operational background alongside versatile commercial and management skills through diverse global assignments. Since 2002, Marco has been a valuable asset within the Shell organization, undertaking managerial responsibilities across various projects spanning the Netherlands, Italy, the UK, Iraq, the US, Canada, Mexico, Argentina, and Brazil.

Prior to his appointment as KPO General Director, Marco Marsili was Managing Director and President of the Board for Shell's Upstream operations in Italy. Before this, he spent nearly 5 years in the US, initially as Vice President of New Business Development for North America and Brazil, followed by a role as Vice President of Commercial New Basins within the Shales operations.

KPO extends its gratitude to Giancarlo Ruiiu for his dedicated service and welcomes Marco Marsili to steer the company towards new heights of achievement.

MEMBER NEWS

Life Is On

Schneider
Electric



Edgard Edmond Bou-Chahine Appointed General Manager for Schneider Electric, Central Asia & the Caucasus

Edgard Bou-Chahine began his career as Schneider Electric Financial Controller and worked his way up to Chief Financial Officer for the Middle East and Africa. He was appointed Country President for Schneider Electric operations in Iran, then General Manager for Algeria & Tunisia until February 2022. In March 2022, he became General Manager for Central Asia. In July 2023 he was appointed Schneider Electric CEO for Central Asia and the Caucasus.

Schneider Electric is now creating a central hub in Kazakhstan to support the work of the entire region. Edgard Bou-Chahine describes the Schneider Electric mission in the following terms:

"Our mission is to be digital partner for our customers in achieving efficiency and sustainability. Central Asia and the Caucasus are interesting regions with great potential for Schneider Electric."

"The importance of the Proximity Center hub in Almaty is that we will be very close to our customers without a language or cultural barrier. Through the region's ambition for digital transformation and energy transition, Schneider Electric can play a major role in terms of energy digitization to help our partners and customers improve efficiency in their operations. Moreover, Schneider Electric can help both private and public sectors on their journey to carbon neutrality with our digital solutions".

Edgard Bou-Chahine graduated from USEK Business School in Lebanon, afterwards receiving an Executive MBA from ESSEC Business School in France and Mannheim Business School in Germany in 2010.

R
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Medet Abdrashov Appointed Hotel Manager of the Renaissance Atyrau Hotel

Medet Abdrashov has navigated a dynamic career path for over 18 years in the hospitality industry. His journey began in 2007 as Food and Beverage Supervisor at the Astana Park Hotel during the pre-opening phase. He further progressed from Room Service Supervisor at the Rixos President Astana Hotel to positions in Guest Relations and Room Service Management.

Continuing his pursuit of serving guest satisfaction, Medet Abdrashov joined the pre-opening team at the Rixos Burabai Hotel in 2012 as an Assistant Food and Beverage Manager. Together with a strong team, he successfully launched the property, setting the stage for the Hotel's future success.

In 2013, Medet assumed the position of Food and Beverage Manager at the Astana Marriott Hotel. His focus on operational efficiency led him to join the opening team of The Ritz-Carlton Astana Hotel as Banquet Manager. Through unwavering commitment, he achieved outstanding results during countdown of the Hotel's launch.

Later Medet assumed the position of Food and Beverage Manager at the Hilton Astana Hotel. In 2019 he moved to the Sheraton Astana Hotel, initially as Food and Beverage Director during the pre-opening stage. He later took on the role of Acting Director of Operations before assuming his current role as Hotel Manager at the Renaissance Atyrau Hotel.

Medet Abdrashov remains eager to drive operational excellence, enhance guest experiences, and lead a dedicated team toward continued success.

ADVOCACY UPDATE: JANUARY – APRIL 2024

OBSTACLES TO INVESTMENT: A NEW AGENDA

With the appointment of a new Prime Minister, Olzhas Bektenov, to launch 2024, AmCham was informed that the *Prime Minister's Council to Improve the Investment Climate* would continue as a valuable source of commentary and reform recommendations for the government. AmCham decided to design the first Council meeting to address Prime Minister Olzhas Bektenov's priorities as he took up his new government position. As one of the Prime Minister's previous positions had been heading Kazakhstan's *Anti-Corruption Agency*, AmCham invited three OECD Speakers on this topic to open the meeting.

Anti-Corruption was particularly relevant in that the OECD Anti-Corruption Network and *OECD Business Integrity Program*, both of which include AmCham as a member, will conduct a four-day *Monitoring Session* together with Kazakhstan's *Anti-Corruption Agency* in Astana between April 8-12. The Prime Minister is expected to participate, and so the agenda for the first Council session this year focused on Anti-Corruption, a systemic problem for Kazakhstan.



Another long-standing problem area included in the Council Agenda was *Fair Competition*, ie frequent obstacles to fair competition that discourage companies from seeking new business initiatives. This is often linked to corruption, giving preference to 'insider' competitors that are not necessarily the most competent businesses or suppliers. Preference may be given to weaker local companies as opposed to foreign companies with extensive experience.

The third topic on the Council Agenda was *Tax Reform* and the long-awaited new *Tax Code* developed last year but now undergoing extensive consultation and subject to revision for both corporate and personal income taxes. The new *Tax Code* has not yet been announced to the public but rumor has indicated positive changes in both tax categories along with a number of other changes. Taxes have always been

an on-going subject for discussion at the Council but have not always been implemented. In fact, some questionable taxes such as royalties and double taxation have been addressed but not resolved since the very first Council meeting in 2009.

These three inter-related topics thus constituted the Agenda for the new Prime Minister's first Council session under the general title of *Obstacles to Investment*. As is customary, the Prime Minister's primary assignment from the President is to encourage new foreign investment in support of Kazakhstan's economic development. The three topics outlined above will set a good beginning to attract investors seeking the best countries in which they can operate.

In addition to the three OECD Speakers, the chosen Council Speakers were a varied group with diverse points of departure for each of the topics, but all were in agreement on the need to pursue strong reform positions in order to create a positive investment climate:

- 3 Ambassadors spoke on behalf of *Canada*, the *United Kingdom*, and the *European Union*.
- 3 AmCham CEOs spoke on behalf of *EY* (addressing the new Tax Code), *Beeline* (addressing regulation of frequencies and royalties), and *Johnson & Johnson* (addressing pharmaceutical patent protection and introduction of VAT on medicines).

In the past, it was often customary to establish pre-meetings between the AmCham Speakers and Ministers responsible for the portfolio to be addressed by the Speakers at the Council. These meetings were always productive in that the two sides acquired a better understanding of the topics on both sides and enabled a productive exchange of opinions at the Council Meeting. There were two such meetings with Ministers prior to the March Council session:

- ***Healthcare Ministerial Meeting:*** A meeting with the CEO of Johnson & Johnson was held at the invitation of the new Minister of Health to discuss the healthcare reform topics to be addressed at the Council.
- ***Digitalization Ministerial Meeting:*** A meeting was held at the request of the Microsoft, Google, and Apple CEOs with the Minister of Digitalization, looking ahead to a future Council session devoted to the new Digitalization Code still in the course of development.

WORKING GROUPS UPDATE

MARCH 2024

Innovation & Technology Working Group Meeting - March 5, 2023

The recent meeting of the Technology and Innovation Working Group, held on Tuesday, March 5 on the Microsoft Teams platform, was chaired by Sergey Leschenko, Microsoft's Country Manager. The agenda covered a diverse range of topics, fostering meaningful discussions on pressing matters within the technology and innovation landscape. It marked the first meeting of the Group this year, during which dates and potential topics/speakers for meetings until June were decided, ensuring a comprehensive and strategic approach to addressing industry challenges.

A key focus of the meeting involved revisiting the letter addressed to the Ministry of Digital Development concerning the Digital Code and Public Cloud, originally sent on December 22, 2023. During this discussion, members actively participated in an extensive dialogue, sharing valuable insights and recommendations to contribute to the formulation of policies in these pivotal areas.

The Ministry responded promptly on December 26, 2023, expressing a willingness to cooperate, and demonstrating openness to further discussions. Plans to invite the Minister's Advisor to future meetings were discussed, thus reflecting the Working Group's commitment to actively engage with key stakeholders and policymakers, aiming to positively shape the technological landscape.

Tax Working Group Meeting - March 11, 2024

The Combined Tax Working Group convened in a virtual format between 5 cities on March 11, 2024, in the AmCham Boardroom. Deloitte Partner Yeldos Syzdykov presented key tax law changes in Kazakhstan, emphasizing amendments to Article 96, which streamline procedures by removing mandatory document submission for medium-risk violations. A new provision enhances evidence presentation for high-risk violations during desk control. Amendments to Article 118 redefine the suspension of expenditure transactions, now occurring on the next business day after the notice period's expiration, with non-execution recognition no longer leading to transaction suspension.

Deloitte Speaker Malika Dosmurzayeva discussed proposed changes to Transfer Pricing legislation, focusing on refining the definition of "international business transactions" and introducing criteria for controlled transactions. The amendments also adjust methods for determining market prices, define interconnectedness criteria, and introduce a section on local reporting, linking requirements to revenue and establishing deadlines for the Master File.

Igor Kolupayev from Baker McKenzie presented updates on recent tax cases reviewed by the Supreme Court covering topics such as tax residency, permanent establishment, royalties, and tax audit procedures.

The court has the authority for Exceptional Cassation Review, allowing reconsideration of any tax case without time limitations, often based on a breach of court practice uniformity. A notable case involved a BVI company claiming a Russian tax residency that applies a treaty rate on dividends supported by the court.

The meeting concluded with an open discussion on recent tax trends among AmCham members. Members questioned the time limitations under Exceptional Cassation, the broad inclusion of technical support and consultation in royalties, and the Special Tax Regime for individuals working at Amway and Herbalife.

Innovation & Technology Working Group Meeting - March 26, 2024

The monthly meeting of the Technology and Innovation Working Group took place on Tuesday, March 26, at 12 pm via the Microsoft Teams platform, chaired by Sergey Leschenko, Microsoft's Country Manager. The agenda included a presentation on advanced data management architectures by two prominent companies, DataArt and DIS Group.

The presentation by DIS Group delved into the transformative potential of technologies such as Data Fabric, Data Mesh, and Smart Data Catalogs. These innovative technologies offer opportunities to accelerate decision-making processes, enhance data quality, and reduce operational costs in today's dynamic business landscape. By leveraging these tools, businesses can gain a competitive edge, adapt to changing market conditions more effectively, and drive innovation across their operations.

Data Art, on the other hand, emphasized the importance of utilizing participation in organizations like Astana Hub Technopark and MFCA for the benefit of Kazakhstan's IT industry. They highlighted efforts to attract highly qualified workers to the country, thereby contributing to the development of digital education and making Kazakhstan more attractive for business.





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AMERICAN CHAMBER OF COMMERCE IN KAZAKHSTAN

MEMBERSHIP APPLICATION

ABOUT AMCHAM

Registered in Kazakhstan as a non-profit organization in March of 1999 with 36 charter members, the American Chamber of Commerce in Kazakhstan currently represents over 200 member companies including US, multinational, and local businesses in 30 industry sectors. Their collective investment in Kazakhstan's economy is several billion USD. The American Chamber in Kazakhstan is a member of the US American Chamber of Commerce in Washington D.C. and has working relationships with many regional business associations.

BENEFITS OF MEMBERSHIP

- ✓ AmCham members participate in an organization existing solely to serve members
- ✓ AmCham actively advocates for reform of the business environment with the Kazakhstan Government at senior levels
- ✓ AmCham members may attend 20 Working Groups in 5 cities plus 3 Inter-Ministerial Working Groups
- ✓ Monthly speaker luncheons with senior government and business leaders are reserved for AmCham members
- ✓ Seminars, conferences, and monthly social networking events are organized for AmCham members
- ✓ AmCham membership contact lists are available exclusively to AmCham members
- ✓ Economic, political, legal, social, and business development information is distributed to AmCham members
- ✓ Member companies provide exclusive discounts on products and services to other AmCham members
- ✓ Access to the Members' Only section on the AmCham Website
- ✓ Publishing opportunities are available in *Investors' Voice*, the *Annual Membership Directory*, and Special Publications

MEMBERSHIP APPLICATION

Company Name:

Industry Area:

CEO Name, Signature, Email:

Contact Individual:

Title(s):

Address:

Tel.: Fax: E-mail:

Please include us in the following Working Groups:

Almaty (7)

- ☐ Foreign Investment
- ☐ Human Resources
- ☐ Tax
- ☐ Technology and Innovation
- ☐ Corporate Social Responsibility

Atyrau (4)

- ☐ Healthcare Reform
- ☐ Trade and Customs
- ☐ Tax
- ☐ Human Resources
- ☐ Trade and Customs
- ☐ Corporate Social Responsibility

Aktau (3)

- ☐ Human Resources
- ☐ Tax
- ☐ Trade and Customs

Astana (4)

- ☐ Foreign Investment
- ☐ Tax
- ☐ Trade and Customs
- ☐ Human Resources

Shymkent (1)

- ☐ Foreign Investment

AMCHAM WORKING GROUPS

Working Groups made up of representatives from AmCham member companies provide comment, discussion and submission of positions and represent the united interests of the business community in Kazakhstan by identifying challenges faced by investors and proactively addressing them. Each group meets regularly, providing a forum for networking and the exchange of information. Groups are formed on an as-needed basis at the request of the AmCham membership.

GOVERNANCE

The AmCham is governed by a Board of Directors elected annually from and by the membership. Directors currently and in the past have included individuals from the following company members:

AES	HSBC
AIG Insurance	Hyatt Hotel
Baker & McKenzie	Honeywell
BASF Central Asia	Inditex
Beeline	Intercontinental Hotel
BG Group	KIMEP
Bracewell and Giuliani	KPMG
Capital Bank	LeBoeuf, Lamb, Greene
Chevron	Nestle
Citibank	Pfizer
Conoco Phillips	Philip Morris Kazakhstan
Coca-Cola	Philips Kazakhstan
Dechert	PricewaterhouseCoopers
Deloitte	Procter & Gamble
EBRD	Raytheon
EY	Scot Holland CBRE
GE International	Tengizchevroil
Halliburton	Visor Capital
	White & Case

OFFICE

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Almaty Kazakhstan
Tel.: +7 (727) 330 92 50
www.amcham.kz

Doris Bradbury
Executive Director
Doris.Bradbury@amcham.kz

Aliya Abenova
Finance Director
Aliya.Abenova@amcham.kz

Dana Kabytkanova
Accountant
Dana.Kabytkanova@amcham.kz

Zhanel Suleimenova
Government Relations /
Working Groups
Zhanel.Suleimenova@amcham.kz

Madiya Orazkhan
Publications Coordinator
Madiya.Orazkhan@amcham.kz

Aminat Akhmatova
Events Coordinator
Aminat.Akhmatova@amcham.kz
info@amcham.kz

Sergey Nikulin
Technical Support

REGIONAL REPRESENTATIVES

Bela Ferenczi
CEO General Electric CIS
Resident Representative, Astana
Bela.Ferenczi@ge.com

Marina Trinca Vespan
Managing Director, SLB
Resident Representative, Atyrau and Aktau
MVespan@slb.com

MEMBERSHIP CATEGORIES AND ANNUAL FEES

Corporate A	(Worldwide revenues in excess of 100 million USD)	\$5,500 USD
Corporate B	(Worldwide revenues between 2-100 million USD)	\$4,000 USD
Corporate C	(Worldwide revenues not exceeding 2 million USD)	\$3,000 USD
Non-Profit		\$1,800 USD
Individual**		\$500 USD

***Individual memberships are available only under special circumstances for persons not associated with a company.*

Corporate membership entitles a company to delegate 3 individuals as AmCham voting members. The number of persons from each company participating in working groups, forums, and business roundtables is usually not limited.

All applications for membership must be approved by the Board of Directors of the American Chamber of Commerce in Kazakhstan. For further information about membership benefits, the application process, or Investors' Voice magazine, please contact: info@amcham.kz

ПРОСТОЕ РЕШЕНИЕ СЛОЖНОЙ СИТУАЦИИ

ОНЛАЙН-ВЫПЛАТЫ ПРИ ДТП



Быстрые выплаты

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Общее количество выплат

1250

Сумма выплат

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№2.1.16. 24.11.2022
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