

Minutes of

Consultation Meeting on the Future Growth Project – Wellhead Pressure Management Project, Tengizchevroil LLP

Venue: School #3, Shokpartogai Village, Zhylyoi Region, Atyrau Oblast

Date and time: 8 November 2016

10:00 - 11:30

Welcoming remarks

Y. Yeleusinov, Akim of Kara-Arna Rural District opened the meeting and welcomed the residents, he informed that “Tengizchevroil” LLP (TCO) will provide an information on Future Growth Project - Wellhead Pressure Management Project (FGP-WPMP).

R. Artygaliev (TCO) stated the objective of the Consultation Meeting, which was to present an overview of the TCO FGP-WPMP and to answer questions from members of the public and hear their opinions about the project. He also noted that the meeting was not a public hearing. Then, R. Artygaliev informed the attendees that these consultations meetings will become regular and this was not a last chance to discuss with TCO questions related to FGP-WPMP.

Next on the agenda was a presentation by Nurtas Kenganov, FGP-WPMP Operational Excellence / Health, Environment & Safety Deputy Manager, with an overview of TCO and FGP-WPMP.

After the presentation, R. Artygaliev provided more detailed information about social projects implemented by TCO in Atyrau Oblast under “Egilik” Social Infrastructure Program:

- In Atyrau, in 2015-2016 completed 280-seat kindergarten and 320-seat National gymnasium for gifted kids. Currently ongoing projects: Retro Park (completion - 3Q 2017) and 624-seat Secondary Technical Gymnasium (STG) (completion - 4Q 2017). In approved plans: 624-seat secondary school in “Zhuldyz” district and Flagpole
- In Kulsary there are 2 ongoing projects: 290-seat kindergarten #1 (completion - 4Q 2017) and 290-seat kindergarten #2 (completion - 4Q 2017)
- In Koschagyl, in 2015-2016 completed Park irrigation system and Reconstruction of Technical water, currently ongoing project of 160-seat kindergarten construction with completion at the end of 2016. In approved plans: Health & Fitness center.
- Approved construction of 100-seat kindergarten and Health & Fitness center in Maikumgen.
- At the moment construction of 280-seat kindergarten is ongoing in Zhana Karaton, completion - 4Q 2016.
- In Turgyzba, ongoing project is 160-seat kindergarten (completion - end of 2016) and planned construction of Health & Fitness center.
- In Akkiiztogai in 2015-2016 completed construction of 160-seat kindergarten and currently finishing Health & Fitness center (completion - 1Q 2017).

- In Shokpartogai, in 2015-2016 completed construction of 160-seat kindergarten and currently finishing Health & Fitness center (completion - 1Q 2017).

Then, R. Artygaliev provided information about the Community Investment Program with US\$1 mln annual budget. R. Artygaliev mentioned new “Zharkyra” program to be implemented in Atyrau and Zhylyoi Region in 2016-2017 by Eurasia Foundation of Central Asia (EFCA) with financial support from TCO. The purpose of the program is to facilitate development of social entrepreneurship in the communities of Atyrau and Zhylyoi Region. He also added that out of 75 projects 6 have been approved: 4 – in Zhylyoi Region and 2 – in Atyrau.

Then, R. Artygaliev made a report on the action plan from the previous Consultation Meeting.

Questions and Answers Session

M. Zhenys: Along with government requirement it became clear that knowledge of English language is required as Russian and Kazakh languages. Rural schools provide English lessons, but not in deep. There are schools in Kulsary that provide English language lessons. There are some children in the village studying in Kulsary, but most of them cannot afford to go there. Is there possibility to open English courses in the village?

G. Aitzhanova (TCO): In order to teach children English it is necessary to raise the qualification level of English teachers. 3-4 years ago Eurasian Fund Central Asia (EFCA) had conducted English language courses for teachers of English where village teachers participated at. Regarding the question to open English language courses in the village, TCO accepted and studying the applications of social and educational projects for 2017. If there is English course project among the applications, then these courses will probably be opened in Kulsary.

K. Yensegenov (TCO): TCO also has English language volunteering program. Once a week native English speaking specialists of TCO visit the regional schools to practice verbal speech with school students.

R. Artygaliev (TCO): First-priority task is to raise the qualification of teachers and provide methodology guides.

Zh. Baizhanov: Earlier TCO allocated funds for interest-free loans in the amount of US\$ 25 000. How about allocating such fund to agricultural sector?

A. Irmagambetov (TCO): TCO is not directly providing loans so far. Currently, TCO and European Bank of Reconstruction and Development (EBRD) made an agreement on loan for small and medium business. You need to apply to EBRD so they can help you with loan and consult on developing business plan in order to meet TCO requirements.

R. Artygaliev (TCO): Earlier TCO used to provide interest-free loans for medium and small business in the amount from US\$1 000 to 250 000. However TCO is a production company, not a financial organization, and issuing loans requires licensing. Therefore TCO does not have a right to directly issue loans and currently working through partner banks as EBRD. In its turn, the bank reviews business plans to provide a loan.

Zh. Bizhanov: How much percent does the bank add to the loan?

A. Irmagambetov (TCO): Minimum is 4%, and maximum is 8%. Earlier small and medium business entities could not get a loan at banks even for 15-20%, because they were not able to provide the collateral. EBRD is a world bank and the most valuable thing in the operation of this

bank is consulting. Having a global experience the bank is able to consult on different issues of business development.

R. Artygaliev (TCO): TCO also supports “Zharkyra” program which provides grants for small business. This grant is provided through Eurasian Fund Central Asia.

Zh. Baizhanov: Why does it constantly flare at TCO plant facilities?

A. Zholumbayev (TCO): As you know, a lot of work had been done in Tengiz in order to improve production operation and minimize environmental impact. Incineration at standby flares is the safety requirement, because in case of failure of facilities, gas will be flared in order to avoid pollutant transfer into the air.

R. Artygaliev (TCO): The main purpose for using of flare is the safety of people. TCO has an operating process to refine oil in accordance with project of facilities. As per the requirement standby flare should always incinerate. In case of failure in plant equipment due to technical reasons or due to human factor it is mandatory to have a standby flare stack in order to prevent dangerously explosive situations due to the gas inside the equipment. Gas flaring during the emergency situation enables to conduct necessary repair works at plants. There are such technologies appearing in world practice which allows putting off the flare and automatically put it on during the emergency cases, however they are still not reliable.

Zh. Baizhanov: Please tell us about layout planning and equipping of a new sport and recreation center.

K. Ulkanov (TCO): As you know a sport and recreation center is currently under construction in Shokpartotgay. It has soccer, basketball, tennis and mini soccer grounds inside; there is boxing and wrestling area at the second floor. Trainer rooms, first aid rooms and shower rooms are provided as well. Sport and recreation center will be fully equipped with sport gears.

R. Artygaliev (TCO): TCO will construct and equip sport and recreation building as planned, further this building will be transferred to ownership of Shokpartotgai Akimat.

Zh. Baizhanov: We would like TCO to fully equip sport and recreation building with all necessary staff and village residents should be responsible to maintain and preserve equipment of the building.

Z. Nurganova: The village needs gym for adults and children and swimming pool.

K. Ulkanov (TCO): If there are any additional demands, then such request should be addressed to TCO via Regional and Oblast Akimats.

Y. Yeleusinov (Akimat): The project of sport and recreation center was received from “AtyrauStroyProekt” LLP. It is nice to hear that such equipment as boxing ring and etc. is provided. As it was mentioned before, a nice territory was assigned for the construction of this building; soccer, basketball and tennis grounds, as well as boxing ring on the second floor and judo mat for sparring were provided. Some local residents are participating in the construction of sport and recreation center. Unskilled labor required as well. They will be recruited via employment and social protection division.

R. Artygaliev (TCO): According to the information of Akimat 45 employees are needed to work in kindergarten, and for sport and recreation center 49 employees are required to work. In total two facilities requires about 100 employees.

R. Yesengozhina: On behalf of village residents and retirees we would like to extend our gratitude to TCO team for visiting Shokpartotgai village and providing information about TCO activity.

Especially we are happy to hear the numbers on nationalization of TCO staff which achieved 86% and also information about 1500 companies passing through prequalification procedure. Residents, particularly children are visiting with great pleasure social facilities constructed by TCO. Is that possible to arrange English courses in the village, as it is difficult and unsafe to send children far to the city, at least couple a week and even for fee?

R. Artygaliev (TCO): The question will be considered.

Closing

R. Artygaliev (TCO) thanked the attendees for participation and informed that Consultation Meetings will be held until the project completion.

Summary of the Requests

Based on the Consultation Meeting and the questions submitted by the Question Forms following is the summary of the issues / questions raised by Shokpartogai residents:

- Social projects;
- Agriculture support;
- Gas flaring.