

Minutes of

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

Venue: “Karat” LLP Cinema (former “Chemimontazh” Cinema), Rotational Village, Tengiz

Date and time: 26 October 2016
10:00 - 12:00

Welcoming remarks

R. Artygaliev (TCO) welcomed the audience and 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\$ 1mln 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 addressed to Contractor representatives and informed that the project had been developing mechanism of hiring employees by contractor organizations as requested by RoK Government, RoK Ministry of Energy and RoK Ministry of Public Health and Social Development. The aim is to make the job seekers aware of where and how to apply for a job, to make the project employment process transparent and accessible. The contractors would be provided with the detailed information on this mechanism work as soon as it had been agreed with the above mentioned state authorities.

Questions and Answers Session

A. Ibatullin (Sicim): As far as I understand some of the work scope would be performed in Mangystau Oblast. Will the social investments program be implemented there?

R. Artygaliev (TCO): The project's main contractor in Mangystau oblast is ERSAL Company which would be involved in fabrication. Approximately 2,200 jobs based on rotational schedule will be created there. TCO will not implement social projects in Mangystau oblast. TCO executes social projects in Atyrau oblast where the oil field is located and the company's main business operations are focused. However the scope of social projects expands geographically and covers not only Atyrau and Zhylyoi Region, but also other regions of oblast.

A. Ibatullin (Sicim): Will you please provide more detailed information on the local small business support program implemented by TCO jointly with EBRD?

A. Irmagambetov (TCO): TCO concluded the contract valued at \$500 thousand with EBRD. Pursuant to contract terms and provisions EBRD shall assist the local companies to upgrade their management and procurement services to internationally recognized standards.

R. Artygaliev (TCO): As it has previously been said the Eurasia Central Asia Fund with the financial support from TCO also provides support to small businesses. The program started this year and will continue through the next year.

A. Umirzakov (Kulsary citizen): Where can we get the local public health survey results, to be exactly the information about TCO operations' non-impact on people from the nearby communities?

R. Artygaliev (TCO): The third party survey was done by the Public Health Institute. In addition there was established Interdepartmental Coordination Council for long-term sulphur storage including 5 ministries, KMG and TCO. One of the surveys covered the public health condition in Zhylyoi Region. The survey outcome was provided at the public hearing. The main issues identified during the survey included the social aspects, i.e. water shortage. As part of the "Egilik" Program TCO made a commitment to repair the water supply system in Kulsary and completed this scope of work valued at \$65 million within 3 years. The requested public health survey results should be available at Akimat and Aarhus Center websites.

A. Kalelova (TCO): In 2012-2014 TCO started the nearby communities survey project. This project included the ambient air condition studies in Kulsary and Zhana Karaton. The studies were done

by the third party company and the project outcome showed no TCO operations impact on these communities. The survey findings showed the ambient air impact made by the large enterprises/plants of Kulsary and the motor vehicles.

A. Umirzakov (Kulsary citizen): I would like to thank TCO for financing social projects.

D. Powers (Senimdi Kurylys): Will TCO, FGP in particular, take measures to address the water supply issue in Rotational Village? We very often, especially during turnaround, encounter difficulties with water supply.

S. Sekkin (TCO): Last 6-7 months we have been repairing the water supply system, to be exactly 21 km pipeline section in Rotational Village. Also work is progressing on construction of new water treatment plant. The project is expected to be completed in 2017 and Senimdi Kurylys as well as other contractors will be connected to new system. The last breakdowns were caused by the increased traffic on the roads resulting in the existing steel pipeline leaks.

D. Powers (Senimdi Kurylys): My question refers to water supplied from Kulsary to Rotational Village. Also will the next turnaround be as extensive as the one of this year? And will there be expected another breakdowns in water supply?

R. Artygaliev (TCO): The water supply issue exist as water is supplied via Kigach – Novyi Uzen line under the contract concluded with “KazTransOil” JSC. The issue is also related to TCO plant as in summer time the volume of water consumption for cooling purpose increases. TCO has recently launched the Water Recycling Facility Project which allows treating approximately 28% water and reusing it as technical water for plant process needs. This will allow using the clean water for human needs. It should be noted that the water volume supplied by “KazTransOil” JSC will remain unchanged. As for turnaround, perhaps, next year the turnaround will not be as extensive as the one we had this year, but it is an annual process and technical specialists are working on the plans.

E. Nikol (Fircroft): What percentage of expat and local manpower is expected to work at Future Growth Project?

R. Artygaliev (TCO): In total TCO's local employees make 86%, 76% manager and supervisor positions are occupied by local specialists. As for FGP personnel, local and expat employees will make 90% and 10% respectively. If required for the project purposes, TCO can change this percentage pursuant to terms and provisions of Memorandum of Understanding signed with RoK Government.

A. Ibatullin (Sicim): In 5 years from now how many FGP personnel will work directly for TCO?

R. Artygaliev (TCO): Following the project start up TCO will hire 600 to 800 employees to operate the plant.

D. Kapizov (CCEP): Will you please provide detailed information on roads repair in Rotational Village? Do you plan Atyrau-Tengiz road construction?

R. Artygaliev (TCO): Atyrau-Tengiz road will not be built. This project was considered for the option allowing for modules delivery through Atyrau port. However due to a number of reasons this transportation option was not approved.

S. Sekkin (TCO): 7.4 km road repair will start next year. Rotational Village Upgrade project provides for construction of bypass road between RV and FGP sites. 80% road repair work will be performed in 2017 and total completion is expected in August 2018.

D. Powers (Senimdi Kurylys): Who is the owner of Rotational Village: TCO or Akimat?

R. Artygaliev (TCO): Pursuant to Project Agreement the Rotational Village, particularly micro-districts 1, 2, 4, 5, 6, industrial base, and a number of utility facilities like boiler house are in shared use by RoK Government and Tengizchevroil JV. The land is owned by Akimat and rented by TCO based on land easement. It means that if somebody plans on facility construction on this territory, he should agree it with land easement holder, i.e. TCO. The remainder of land was purchased by private persons.

A. Ibatullin (Sicim): Does TCO plan to provide security service in Rotational Village?

R. Artygaliev (TCO): There is a police station in Rotational Village therefore no additional perimeter-based security is required. Next year TCO plans to complete the construction of separate building for police department. The construction of building for fire service and office building to be occupied by state authorities like Akimat is also progressing.

A. Umirzakov (Kulsary rezident): Does TCO plan full repair of Tengiz – Kulsary road?

R. Artygaliev (TCO): TCO does not plan full repair of the road as it is owned by Akimat of Zhylyoi Region. However TCO will continue to maintain the road in good order by patching up holes.

D. Kapizov (CCEP): Can subcontractor employees use Atyrau - Kulsary train service?

R. Artygaliev (TCO): We will consider this question, the answer will be provided later via email or phone.

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 attendees at the meeting in Rotational Village:

- Social projects in Mangystau oblast;
- Small business support;
- TCO operations impact on nearby communities;
- Water supply to Rotational Village;
- Employment statistics during project execution and upon completion;
- Rotational Village roads and Kulsary - Tengiz road repairs;
- Atyrau - Tengiz road construction;
- Rotational Village status;
- Security service in Rotational Village;
- Kulsary - Atyrau train use.