

**Development strategy of the
Kazakhstan Association of Oil and Gas and Energy Complex Organizations
“KAZENERGY” ALE
for 2021-2025**

Goal

Sustainable and balanced development of the energy (oil and gas and electric power) industry of the Republic of Kazakhstan in the context of changing priorities in energy and environmental policy in the world and the Republic of Kazakhstan

Development vision

The Association is a competent partner of the Government, authorized state bodies, Atameken National Chamber of Entrepreneurs of the Republic of Kazakhstan, which ensures their constructive and professional dialogue with companies in the industry

Mission

Representing the interests of companies in the industry to take them into account in the development of the state regulatory policy in areas affecting the activities of oil and gas and energy enterprises

Principles

1. Protection of the legitimate interests of the members of the Association
2. Independence, use of all rights granted by the legislation of the Republic of Kazakhstan for the Association
3. Transparency of the Association and accountability to member companies
4. Communicativeness of the Association with its members, the priorities of the Association's work are specific (systemic and targeted) problems of concern to the members of the Association
5. Involvement of the members of the Association in solving specific problems of the industry and the activities of the Association
6. Professionalism of personnel, high expert and analytical skills, effective project management of the Association, rotation of specialists and managers
7. Social responsibility
8. The value of the Association for member companies through representing their interests in the process of improving the state regulatory policy in the energy sector

Strategic priorities

1. Sustainable development of companies in the oil and gas and electrical power sectors in the process of “energy transition” and increasing environmental requirements (low-carbon development, decarbonization, implementation of BAT).
2. Development of green energy projects (renewable and alternative sources).
3. Development of petrochemical and coal chemistry projects.
4. Development of gas projects.
5. Supporting new investments in geological exploration and removing regulatory barriers in the activities of oil and gas companies.
6. Favorable conditions for tariff and other regulation, elimination of regulatory barriers in the activities of electric power enterprises.
7. Conditions of supranational regulation (common markets for oil, gas, oil products, and electric power industry of the EAEU), taking into account the interests of domestic enterprises.
8. Development of human capital.
9. Strengthening the positive image of the domestic oil and gas and energy industry at the international level.

Key issues and areas of activity within the strategic priorities

1. Sustainable development of companies in the oil and gas and electric power sectors in the process of “energy transition” and increasing environmental requirements (low-carbon development, decarbonization, implementation of BAT)

- account of the interests of sustainable development of energy enterprises in the process of adapting the regulatory policy of the Republic of Kazakhstan (system of quotas and trading in quotas, other measures) to:
- accepted international obligations of Kazakhstan on low-carbon development and decarbonization (achieving carbon neutrality by 2060);
- European and other foreign systems of emissions regulation, quotas and trading in quotas for greenhouse gas emissions, carbon equalization mechanisms, and cross-border (carbon) taxes;
- participation in elaboration and implementation of the concept of low-carbon development of the Republic of Kazakhstan;
- assistance to energy companies in achieving the UN Sustainable Development Goals by developing modern technologies, expanding the use of best corporate practices and dialogue with stakeholders;
- determination of the list of the most promising technologies that ensure the reduction of the carbon footprint in the products manufactured by energy enterprises (including technologies for capturing, storing, utilizing carbon, producing low-carbon hydrogen from natural gas, etc.), and implementing

measures of fiscal and regulatory support by the state of introducing such technologies;

- determination of technological possibilities for enterprises of the energy industry, allowing for reduction of emissions of other (along with CO₂) ozone-depleting agents, and implementation of measures of their fiscal and regulatory support by the state;
- technological audit of enterprises, a compilation of BAT reference books, adequate measures of economic incentives for the implementation of BAT;
- stimulation of increasing energy efficiency, energy-saving, reducing the generation and efficient disposal of waste in the activities of enterprises in the energy sector;

2. Development of green energy projects (renewable and alternative sources)

- taking into account the interests of sustainable development of “traditional” enterprises of the electric power industry in the process of improving the regulatory policy of the Republic of Kazakhstan for the development of renewable energy projects;
- coordination of the discussion of cross-sectoral issues, as well as removing regulatory barriers to the development of hybrid and other renewable energy projects initiated by large companies in the oil and gas sector;
- development of energy storage technologies;
- development of domestic content (including scientific, staffing) in green energy projects.

3. Development of petrochemical and coal chemistry projects

- use of the synergy effect due to the concentration of production in one place, namely, in a special petrochemical zone in the Atyrau region, with the completion of the construction of its infrastructure;
- with the involvement of central authorized bodies, local executive bodies, business, and entrepreneurial associations, determination of the needs of the domestic market for polymer products in the medium and long term, taking into account all sectors of the economy;
- development of mechanisms for providing special conditions for the production and export of oil and gas for companies investing in petrochemical projects (investment agreements);
- development of transparent market mechanisms for providing oil and gas chemical enterprises with long-term gas supplies;
- determination of technological capabilities of enterprises, development, and implementation of measures of fiscal and regulatory support for enterprises implementing projects in the field of coal chemistry.

4. Development of gas projects

- analysis and proposals for a long-term gas strategy and development of the gas market in the country;
- expanding the gas resource base, supporting gas projects through the development of fiscal and regulatory measures to stimulate investments in the exploration and development of oil and gas fields (improved model contracts for subsoil use);
- assistance in developing the balance of production, processing, transportation, and consumption of gas;
- elaboration of strategic proposals for promising areas of associated gas use, including re-injection to maintain reservoir pressure at fields, consumption by the population, petrochemical enterprises, reduction of coal generation;
- participation in the work for stimulating the involvement of gas caps in the development of oil and gas fields;
- support for investment preferences for investments in the construction and modernization of the gas transmission system.

5. Support of new investments in geological exploration and removing regulatory barriers in the activities of oil and gas companies

- support for new investments in hydrocarbon exploration and production projects through the development of a package of fiscal and regulatory incentives for investors based on an improved model subsoil use contract;
- participation in the development and implementation of a new model of agreements for geological study of subsurface resources, aimed at increasing the investment attractiveness of geological study of oil and gas content of the subsoil in poorly studied and unpromising sedimentary basins;
- analysis and proposals for the concept of development of the geological industry of the Republic of Kazakhstan for 2021–2025 and the corresponding national project of the Republic of Kazakhstan;
- analysis of the financial and economic condition of enterprises to prepare recommendations for improving legislation;
- solving current and systemic problems in law enforcement practice, ensuring a stable, balanced and non-discriminatory approach to environmental, tax, customs legislation, transfer pricing legislation, regulation of natural monopolies, subsoil and subsoil use, transportation, processing of hydrocarbons, and circulation of petroleum products;
- development of digitalization in the activities of oil and gas producing enterprises, as well as analysis and proposals for a digitalization strategy for the fuel and energy complex of the Republic of Kazakhstan for 2021–2025;
- technology transfer and technological modernization of oil and gas producing enterprises;

- collection, transfer, and adaptation of knowledge and technologies that meet the best world business practice (scientific and technical council of the Association);
- assistance in the development of the international center for oil and gas engineering;
- creation and organization of work of expert platforms for professional dialogue with the participation of experts, companies, and regulators on the development of large oil and gas projects;
- support of domestic content in the procurement and activities of subsoil users and companies involved in the development of significant projects in the oil and gas complex; unification of standards and requirements for domestic suppliers of goods, works, and services in the oil and gas industry;
- ensuring the work of specialized technical committees for standardization, the base organization of which is the Association (TK No. 88 “Oil, oil products and lubricants”, No. 89 “Technique and technology for exploration and production of oil and gas” and No. 90 “Natural and liquefied gas”);
- elaboration of new, improvement of existing technical regulations and standards, the introduction of positive practices that meet the requirements of modern production processes at enterprises of the oil and gas and energy industries;

6. Favorable conditions for tariff and other regulation, elimination of regulatory barriers in the activities of electric power enterprises

- participation in the development and implementation of a national project for the development of the electric power industry, as well as a long-term strategy for the development of the electric power industry;
- participation in the formation and updating of the energy balance of the Republic of Kazakhstan, providing an increase in flexible capacities, renewable energy sources, taking into account the development of a unified energy system;
- improvement of tariff, antimonopoly and other regulation of the activities of enterprises in the electric power industry, stimulating the investment attractiveness of the industry;
- participation in the development of the legislative framework for heat supply;
- collection, transfer, development of scientific and technological innovations in the field of the electric power industry, including through innovative transformation of energy systems through modern digital solutions;
- promoting sustainable development of the nuclear industry through improving the regulatory environment;

- taking measures to create technical committees for standardization in the energy industry based on the Association;

7. Conditions of supranational regulation (common markets for oil, gas, oil products, and electric power industry of the EAEU), taking into account the interests of domestic enterprises

- representing the interests of enterprises in the energy sector of Kazakhstan on the development of regulation at the supranational level on the formation of common markets for oil, gas and oil products, as well as the common electric power market of the EAEU;
- assistance in ensuring the protection of life and health of humans, animals and plants, the environment, prevention of actions that mislead consumers regarding the purpose of products, safety and energy efficiency within the framework of work carried out in the EAEU;
- assistance in expanding and strengthening the role of Kazakhstani branch technical committees for standardization in the activities of international and interstate technical committees for standardization.

8. Development of human capital

- development of the national and sectoral system of qualifications through participation in the formation of a national body for qualifications, elaboration of bills “On Professional Qualifications”, the Concept for the Development of the Labor Market until 2025, the Social Code of the Republic of Kazakhstan, the Concept of Lifelong Learning and other bills in the field of social labor relations and education;
- cooperation with educational institutions, members of the Association, Atameken National Chamber of Entrepreneurs, participants in social partnership to implement the “Atlas of new professions” in the industry, development of professional standards, taking into account environmentally friendly, “green” jobs;
- assistance in the training of personnel and personnel of enterprises in the industry on improving energy efficiency and updating educational programs in demand in the industry, with the participation of members of the Association and taking into account foreign experience;
- development of systemic proposals for the development and transfer of competencies in the industry jointly with all stakeholders, including for solving the problems of transition to a new “green” direction in the industry;
- organizing events to involve young people in innovative projects and programs with an emphasis on greening the economy and digitalizing production;

- participation in the implementation of the activities of the Sectoral Agreement in the oil and gas, oil refining and petrochemical industries of the Republic of Kazakhstan for 2020-2022 and the General Agreement between the Government of the Republic of Kazakhstan, republican associations (associations, unions) of employers and republican associations (associations, unions) of trade unions for 2021-2023 to develop the social partnership, participation in the work on the ratification of the conventions of the International Labor Organization provided by the General Agreement;
- development of gender policy and sharing best practices from oil, gas, and energy companies to empower women in the industry.

9. Strengthening the positive image of the domestic oil and gas and energy industry at the international level

- cooperation with key international organizations in the industry (World Petroleum Council, World Energy Council, International Renewable Energy Agency, etc.), for dialogue, exchange of experience, the attraction of investments and new technologies, formation of a sustainable positive image of Kazakhstan as an industry leader in the region;
- joining specialized organizations in the areas of the Association's work (in the field of energy, ecology, resource and reserve management, etc.) as agreed with the members of the Association;
- increasing the substantive level of holding the Kazakhstan Energy Week/ KAZENERGY Eurasian Forum to maintain the status of the most authoritative thematic platform in the industry;
- holding other international events together with key international organizations in the Republic of Kazakhstan and abroad;
- attraction and participation in grant and other projects of international organizations and donors on sustainable development, decarbonization, low-carbon development;
- conducting joint research and reports with international organizations on the energy development of the Republic of Kazakhstan and attracting investments;
- interaction with government bodies and organizations of the Republic of Kazakhstan to promote the image of the Republic of Kazakhstan abroad and organize a platform for attracting foreign investment in the Republic of Kazakhstan (Ministry of Foreign Affairs of the Republic of Kazakhstan, NC Kazakh Invest JSC and others);
- organization and participation in internships in international organizations to increase competence and potential;
- Participation in the implementation of the Extractive Industries Transparency Initiative.

Resources and mechanisms for the implementation of this Strategy

1. Strengthening partnership with Atameken National Chamber of Entrepreneurs, other specialized associations and organizations, the Ministries of Energy, Ecology, Geology and Natural Resources, National Economy, Finance of the Republic of Kazakhstan, other state bodies and organizations.

2. Participation in new platforms being formed to consider problematic issues of investors in the industry (one-shop-stop for investors, etc.) and new organizations designed to carry out activities in the field of advanced training and professional self-regulation in the industry (if created).

3. Promotion of cooperation between subsoil users and leading industry higher and secondary specialized educational institutions, to create “centers of competence”, training for the industry personnel and industry research and development.

4. Collaboration with leading sectoral higher education institutions to jointly implement projects, programs, and work assignments.

5. Cooperation with project offices of oil and gas companies on sustainable development and digitalization.

6. Obtaining sectoral production and other statistics and analytics on an ongoing basis from the Ministry of Energy of the Republic of Kazakhstan.

7. Preparation of analytical products of the Association (National Energy Report, Review of Corporate Social Responsibility, etc.).

8. Implementation of target projects of the Association for solving tasks of improving regulatory policy in the oil and gas and energy industries.

9. Constant communications with member companies to verify and update the work plans of the Association with specific problematic issues of members.

10. Support for the transparency of the Association’s work to member companies.

11. Rational use of the Association’s funds, directing them to priority areas and issues.

12. Specific, consistent and systemic measures to increase the value of membership in the Association for companies, including building expertise in key regulatory areas (subsoil use, environmental, fiscal, technical regulation, etc.).

13. Attracting new companies to participate in the work of the Association.

14. Strengthening the financial stability of the Association, competitive participation of the Association in grants and other projects to finance expert and analytical work, consistent with the statutory goals and the subject of the Association.

15. Competitive selection and attractive working conditions for the most qualified expert personnel in the areas of the Association's activities.

16. Informing members and partners of the Association about its activities (website, KAZENERGY magazine).

17. Media coverage of the initiatives and work of the Association and its members, promotion of a positive image of the Association and member companies in society.
