



A RESPONSIBLE ALTERNATIVE TO GAS FLARING

CompactGTL ESG Policy Statement

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CompactGTL is the leading global small scale GTL company, designed from inception to focus exclusively on the oil and gas industry providing an alternative to flaring of associated gas. CompactGTL's approach brings together proven technologies with robust economics and a diverse and highly skilled team who have experience of safe and responsible project delivery and operations around the world.

In March 2014 CompactGTL signed a breakthrough memorandum with the Ministry of Oil and Gas of the Republic of Kazakhstan for development of the world's first small scale GTL plant. CompactGTL expects to have this first fully functioning small-scale GTL plant in operation in 2018. In addition to the first project in Kazakhstan CompactGTL has a robust pipeline of potential projects and is currently developing other opportunities in Kazakhstan, the CIS and globally.

CompactGTL is committed to ensuring that all of its business activities, projects and operations are conducted in an environmentally sustainable and socially responsible way. These environmental, social and governance (ESG) issues are integral to our business.

At CompactGTL one of our most valuable assets are our partnerships, whether these are our global strategic partners or local partners for the delivery of specific projects. Ensuring alignment between all these stakeholders is critical to achieving a successful and sustainable business.

This policy statement sets out the principles which are core to our business.



Dr. Tony Hayward
Chairman, CompactGTL Ltd

“Global developments in the Oil and Gas Industry place an increased responsibility on organisations to ensure that the principles of safe and responsible operations are adopted across the board. These fundamental principles are at the heart of CompactGTLs culture and we are committed to conduct all of our business activities in an environmentally and socially responsible manner. This is exemplified by our activities in Kazakhstan where we are working closely with the local authorities and other stakeholders to ensure that our projects are developed in a socially and environmentally sound manner providing benefit to the local economy and community”

Environmental

An alternative to flaring

CompactGTL operates in a market niche created by the difficulties of dealing with associated gas in remote and deepwater applications. Often this unwanted gas is burnt off or flared into the atmosphere. Flaring represents a massive resource waste and is also a considerable environmental problem, representing some 400 million tons of annual CO₂ emissions. CompactGTL offers an alternative solution for utilisation of this wasted resource.

Cleaner burning fuels

The CompactGTL technology converts the problematic associated gas into ultra clean liquid products, including LPG, Naphtha and GTL diesel. The GTL diesel is cleaner-burning than conventional diesel, reducing emissions of particulates, nitrogen oxides, carbon monoxide and other pollutants.

Protecting the local environment

In implementing its projects CompactGTL will use all reasonable measure to minimise the potential environmental impact through the responsible use of natural resources. The company is committed to working with regional stakeholders and organisations to develop of appropriate solutions to the project-specific environmental challenges and to consider the opportunities offered by the project. Particular areas of focus will include:

- Waste and by-product management (Air, Water, Solids)
- Water make-up and management
- Electrical power generation

In each case project specific health, safety and environmental standards will be developed and rigorously applied. As a minimum, these standards will comply with all applicable local, national and international legislation and regulation.

Social

Health and Safety

At CompactGTL we are firmly committed to avoiding accidents and ill-health and to building a positive health and safety culture in the organisation. We also recognise the link between good safety, health and environmental (SHE) performance and commercial success, so treat it as a responsibility at least equivalent to other business issues.

Local content & job creation

In delivering projects and plants globally CompactGTL will aim to utilise local resources:

- Aiming to set up local company branches, staffed predominantly with local people
- Sourcing support services from local companies
- Tendering the main construction contract with significant emphasis placed on the requirement to maximise where possible use of local people and companies
- Providing training to local people will also be an obligation under the terms of the main construction contract
- Providing a skilled and highly trained permanent workforce to operate the plant, with positions filled predominantly by local personnel

For a typical plant it is anticipated that a labour force of up to 1,000 people would be required to complete construction of the facility. For long term operation it is expected that in excess of 100 permanent jobs will be created.

In addition projects of this size will require extensive support providing many employment opportunities within the local area, in particular during the construction phase. Accommodation, logistic, transport, equipment plant hire and administrative services will be sourced where possible through the local market providing significant benefits to the local economy.

Creation of fuel for local use

The output from the CompactGTL process is an ultra clean synthetic crude oil (sometimes referred to as “syncrude”). This syncrude may then be converted to diesel blendstock or premium fuel products for local use. In Kazakhstan the recently announced CompactGTL projects will contribute to President Nazarbayev’s “Strategy of innovative development of Kazakhstan until 2020” by creating a local high technology industry that processes associated gas to produce fuels for local consumption.

“Kazakhstan is very interested in attracting innovative and high technology businesses into its oil and gas industry in order to implement the decision of the President of Kazakhstan to expedite industrial development of the country. I believe that this innovative project will both help solve a number of social and environmental issues in the Republic of Kazakhstan and be mutually commercially beneficial for the parties.”

Kanatbek Safinov, Executive Secretary, Ministry of Oil and Gas of the Republic of Kazakhstan

Governance

CompactGTL is a company incorporated and resident in the United Kingdom. CompactGTL undertakes to maintain the same standards and best practises in its operations around the world as it does in the UK.

CompactGTL is committed to ensuring that integrity, transparency and accountability are part of the company culture. To support this CompactGTL has introduced a rigorous anti-corruption and bribery policy.

Anti-Corruption and Bribery

It is our Company Policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.