

APPENDIX

Report on Compliance / Non-Compliance With The Principles and Provisions of the Corporate Governance Code of JSC NC Kazmunaygas

This report is prepared in furtherance of item 6 of the Code and covers information on KMG's compliance / non-compliance with the principles and provisions of the Code.

In general, at year-end 2023, KMG was in compliance with the provisions and principles of the Code, taking into account the following aspects:

1. In line with item 6.1, Chapter 5, Section 1 of the KMG Code, "the Chairman of the Board of Directors is elected by a decision of the sole shareholder; if the Chairman of the Board of Directors is elected from among the Fund's representatives, the Board of Directors elects a senior independent director from among the independent directors."

This requirement of the Code was not complied with in KMG during the reporting period. A Board of Directors member representing the majority shareholder (the Fund) was elected as the Chairman of the Board of Directors by the resolution of the General Meeting of Shareholders of KMG dated 14 August 2023 (Minutes No. 4/2023); however, the senior independent director was not elected from among the independent directors of the Board of Directors.

At the same time, in order to fulfil this requirement of the Code, the Company's Corporate Governance Improvement Plan for 2024–2025 (the "Plan") provides for the election of a senior independent director from among the independent directors of the Board of Directors.

2. In line with item 2, Chapter 1, Section 2 of the Code,

"It is recommended to provide an optimal asset structure for the Fund's Organisations. In a Holding company, the parent company can be established in the form of a joint stock company. Other organisations are recommended to be established in the form of limited liability partnerships. In Organisations already established in the form of a joint stock company, it is recommended to consider the possibility of reorganisation into the form of a limited liability partnership, taking into account economic, legal and other aspects and ensuring the interests of the Fund group. When establishing new Organisations, the preferred organisational and legal form is a limited liability partnership. The establishment of new Organisations in the form of a joint stock company is permitted in exceptional cases, such as the planned future sale of the Organisation's shares on the stock market."

These requirements of the Code were generally complied with in KMG during the reporting period. KMG takes a consistent effort to optimise its asset structure. KMG's preferred form for new legal entities is a limited liability partnership as recommended by the Code. In 2023, the Company neither created joint stock companies nor reorganised existing joint stock companies into limited liability partnerships. Still, the work on optimising the KMG Group asset structure will continue in accordance with the approved plans / programmes¹.

3. In line with item 14, Chapter 1, Section 2 of the Code

"The Boards of Directors of the Fund and Organisations shall ensure the implementation of the standards of business ethics and their observation. All officials and employees of the Fund and Organisations shall sign a statement confirming their familiarisation with the Code of Business Ethics and regularly reaffirm their knowledge of the Code.

Training of officials and employees that is aimed at understanding of the Code of Business ethics, the role of the Ombudsman and the availability of the whistleblowing system shall be organised on a regular basis in the Fund and Organisations."

These requirements of the Code were generally complied with in KMG as of 31 December 2023. KMG conducts its business in a fair, honest and transparent manner while also paying special attention to the observance of these principles by our colleagues and partners. To this effect, KMG approved the Code of Business Ethics, Anti-Corruption Policy, Conflict of Interest Policy for Employees and Officials, and the Counterparty Due Diligence Policy.

Every year, the Company conducts training for new hires and existing employees as regards compliance with ethical standards, commitments and conduct of employees. On top of that, employees provide a written statement of their commitment to observe the Code of Business Ethics and the Anti-Corruption Policy. At the same time, the Company takes a consistent effort to collect written acknowledgements from all its employees that they have read and understood the Code of Business Ethics.

Furthermore, KMG's Compliance Service conducts annual anti-corruption training. On 28 September 2023, a workshop on effective corruption countering, with the participation of a representative of the Anti-Corruption Agency of the Republic of Kazakhstan, was held for the middle and top management, and on 6 November 2023, a conflict of interest training course was held for all employees. However, no assessment of knowledge of the Code of Business Ethics was conducted in 2023.

4. In line with item 5, Chapter 3, Section 2 of the Code,

"Sustainable development shall be integrated in:

1. management system;
2. development strategy;
3. key processes, including risk management, planning (long-term (strategy), medium-term (5-year development plan) and short-term (annual budget) periods), accountability, risk management, HR management, investments, operational activities and other as well as in the decision-making process at all levels – from bodies (General Meeting of Shareholders (the Sole Shareholder), Board of Directors, Executive Body), to ordinary employees."

This requirement of the Code was generally complied with in KMG during the reporting period. In 2020, KMG's Board of Directors adopted a resolution to approve the Sustainability Management System Guidelines, which include a description of the stakeholder engagement process, integration of sustainability principles into key

processes and monitoring, annual reporting on sustainable development, implementation of priority areas (initiatives) in the field of sustainable development, enhancement and maintenance of a sustainability culture, risk identification and assessment, documentation management, and measurements of performance in the area of sustainable development. At the same time, the work continues to integrate sustainable development into key processes.

5. In line with item 3.6, Chapter 5, Section 2 of the Code

"Members of the Board of Directors shall fulfil their responsibilities and adhere to the following principles in their activities:
act with due diligence, skill and prudence – members of the Board of Directors are recommended to continuously improve their knowledge in areas relevant to the Board of Directors' competencies and the performance of their duties on the Board of Directors and its committees, including such areas as legislation, corporate governance, risk management, finance and audit, sustainable development, knowledge of the industry and the specifics of the organisation's activities; in order to understand the current issues related to the organisation's operations, members of the Board of Directors shall regularly visit the key facilities of the organisation and hold meetings with employees."

This requirement of the Code was generally complied with in KMG during the reporting period. The Chairman of KMG's Management Board regularly visited the Company's key facilities, however all members of the Board of Directors did not visit the Company's key facilities.

At the same time, in order to fulfil this requirement of the Code, the Plan provides for visits of the Board of Directors' members to KMG's key facilities and meetings with employees.

6. In line with item 6, Chapter 5, Section 2 of the Code

"The process of selecting members of the Board of Directors shall be transparent and carried out with the involvement of the Board of Directors of the Fund (in relation to Boards of Directors of the companies) and the organisation.", "In organisations with several shareholders, the process of electing members of the Board of Directors and the Chairman of the Board of Directors shall be carried out in accordance with the Law of the Republic of Kazakhstan On Joint Stock Companies and the organisation's charter. In these organisations, it is recommended that the Nomination and Remuneration Committee of the organisation's Board of Directors be involved in determining the composition and required skills and competencies of the Board of Directors and candidates for the Board of Directors."

This requirement of the Code was generally not complied with in KMG during the reporting period. When updating the composition of the Board of Directors in 2023, neither the Board of Directors nor the Nomination and Remuneration Committee were involved in this process; the Board of Directors of the Fund was represented by the Chairman of the Management Board of the Fund,

¹ KMG Group is reducing the number of its legal entities as part of the privatisation and divestment programmes. On 29 December 2020, the Government of the Republic of Kazakhstan approved the Comprehensive Privatisation Plan for 2021–2025 covering 51 KMG Group companies, including 22 within the IPO perimeter (Decree No. 908).

On 1 November 2023, the Board of Directors passed a resolution to approve the Non-Strategic Asset (NSA) List (Minutes No. 22/2023, item 7). The same Board of Directors' resolution declared void the NSA List approved by the Board of Directors' resolution dated 11 November 2022.

The Government of the Republic of Kazakhstan, by its Resolution No. 44 dated 2 February 2022 On Amending Resolution No. 908 of the Government of the Republic of Kazakhstan On Certain 2021–2025 Privatisation Matters dated 29 December 2020, amended the Comprehensive Privatisation Plan for 2021–2025 (Resolution No. 523 dated 2 August 2022) approved by Government Resolution No. 908 dated 29 December 2020 with due consideration of the Key Criteria (Principles) approved by Government Resolution No. 44. As a result, some of KMG Group's assets were included in Government Resolution No. 908.