

BOARD OF DIRECTORS

The Board of Directors is responsible for general supervision of KMG's activities. Resolutions of the Board of Directors are adopted in line with the procedure set forth in the applicable laws and KMG's Charter. Even though the applicable laws and KMG's Charter allow the Board of Directors to adopt resolutions as long as a quorum is achieved and a certain majority of votes is cast in favour, KMG endeavours to have the most important resolutions adopted at meetings held in person and to have all Board members take part in the voting. KMG makes every effort to prepare and coordinate resolutions in such a way that the opinions of all Board members are taken into account.

In addition, the Board of Directors determines KMG's business priorities and approves its development strategy; considers and makes resolutions on potential acquisitions and other significant financial issues, including the terms of bonds and derivatives issued by KMG; approves major and interested-party transactions; approves acquisitions and transfers (assignments) of subsoil use rights; approves conclusion of partnership contracts (agreements) with strategic partners for joint implementation of subsoil use projects; approves investment projects funded by KMG or its subsidiaries; oversees the effectiveness of the Company's corporate governance practices.

The Board of Directors reports the Company's results to shareholders. At the annual General Meeting of Shareholders, the Chairman of the Board of Directors presents the shareholders (members) with the report on the performance of the Board of Directors and its committees in the reporting period, including measures taken by the Board to increase long-term business value and sustainability, key risk drivers, material events, items considered, the number, format and attendance of meetings, along with other relevant data. The Board's report is part of the Company's Annual Report.

The Company's Board of Directors is guided by the Company's Charter, Corporate Governance Code and Regulations on the Board of Directors and follows the annual activity plan and meeting schedule, taking a rational and efficient approach. The Board of Directors can also review matters beyond its activity plan, if necessary.

Chairman of the Board of Directors and his role

Chairman of the Board of Directors is responsible for providing overall leadership for the Board of Directors, ensuring that the Board of Directors fully and effectively fulfils its main roles and builds a constructive dialogue between Board members, major shareholders and the Management Board. The Chairman of the Board of Directors is a representative of the Fund.

Independent directors and their role

Independent directors play a significant part in the activities of the Board of Directors – they represent the majority of Board committee members and chair the committees. Independent directors meet all statutory independence criteria, as well as the requirements of the Guidelines on Forming Boards of Directors at Companies of Samruk-Kazyna and the Code.

According to the Corporate Governance Code, an independent director is a person with professional expertise and independence sufficient to have their own opinions and make fair unbiased judgements that are not influenced by the Company's shareholders, executive body or other stakeholders. Independent directors shall take active part in discussions of issues involving potential conflicts of interest (preparing financial and non-financial reporting, making interested-party transactions, nominating candidates to the executive body, setting remuneration for members of the executive body). An independent director shall monitor any circumstances which may lead to a potential loss of their independence and notify the Chairman of the Board of Directors in advance if they arise. If any circumstances affecting the independence of a member of the Board of Directors arise, the Chairman of the Board of Directors shall immediately inform the shareholders accordingly in order to make a relevant decision.

In line with global best practices, the Company seeks to ensure that its independent directors meet high standards, and thereby declares that there are no other circumstances which are likely to impair, or could appear to impair, its directors' independence.

Succession planning for the Board of Directors, induction and development

The Company developed and adopted the Succession Policy and Succession Plan for Members of KMG's Board of Directors. Following the corporate governance review performed at KMG in 2021, the independent consultant PricewaterhouseCoopers LLP issued a number of recommendations regarding the succession planning and terms of office for members of KMG's Board of Directors, which were implemented in 2023. The Corporate Governance Improvement Plan for KMG presented by PwC includes the following recommendations:

- consider extending the term of shareholder representatives and independent directors on the Company's Board of Directors and discussing it with shareholders. It is necessary to look into aligning the term of shareholder representatives on the Board of Directors with the Company's strategy horizon to secure the Company's advantages associated with the continuity of corporate memory and the Company's reputation amongst the investment community, if the Company has plans to be listed on international stock exchanges;
- consider developing a formalised succession plan for the Board of Directors, including a list of candidates, their expertise, potential interest in appointment, preferred remuneration and potential tenure based on the tenure of current directors and the required skills matrix.

KMG has in place an Induction Programme for New Members of the Board of Directors (the "Programme") approved by the Board of Directors in 2017. In June 2020, the Board of Directors resolved to supplement the Programme with the requirement to hold meetings with heads of the Company's functional units, as well as meetings with Board committee chairs. The Corporate Secretary monitors the Programme implementation, i.e. the actual completion of all relevant procedures by new members of the Board of Directors. The Programme regulations are updated on an ongoing basis. In 2023, newly elected members of KMG's Board of Directors Armanbai Zhubayev, Yernat Berdigulov, Arman Argingazin, Yelzhas Otyynshiyev, Saya Mynsharipova and Askar Shakirov completed the induction course under the Programme.

By its resolution dated 6 April 2022 (Minutes No. 6/2022, agenda item 16), the Board of Directors approved amendments to the Succession Plan for Members of KMG's Board of Directors for 2021–2024, approved by resolution of the Board of Directors dated 8 April 2021 (Minutes No. 5/2021, agenda item 20). Furthermore, members of the Board of Directors continuously improve their qualifications and provide information about completed trainings to be posted on the Company's website.

Term of office

Members of the Board of Directors are elected for a three-year term. Through a special consideration procedure, a member of the Board of Directors with a six-year continuous tenure may be re-elected for a new term, in each case considering the need for the Board to be effectively refreshed. As an exception, a member of the Board of Directors with a nine-year tenure may be re-elected (for independent directors, a detailed and compelling case needs to be prepared, to be disclosed by the Company to all stakeholders).

Following an independent corporate governance review conducted in 2021, the Company received a recommendation to consider extending the term of shareholder representatives and independent directors on the Company's Board of Directors and discussing this with the shareholders. Another recommendation was to look into aligning the term of shareholder representatives on the Board of Directors with the Company's strategy horizon. In view of the independent consultant, these steps would benefit the Company, with individual directors' tenure of five to six years and their rotation in different years ensuring continuity of knowledge over the Company's operations and its corporate governance processes. Longer tenure on the Board of Directors helps to improve directors' performance and accountability for the Company's progress against its strategy.