

Board activities during 2023

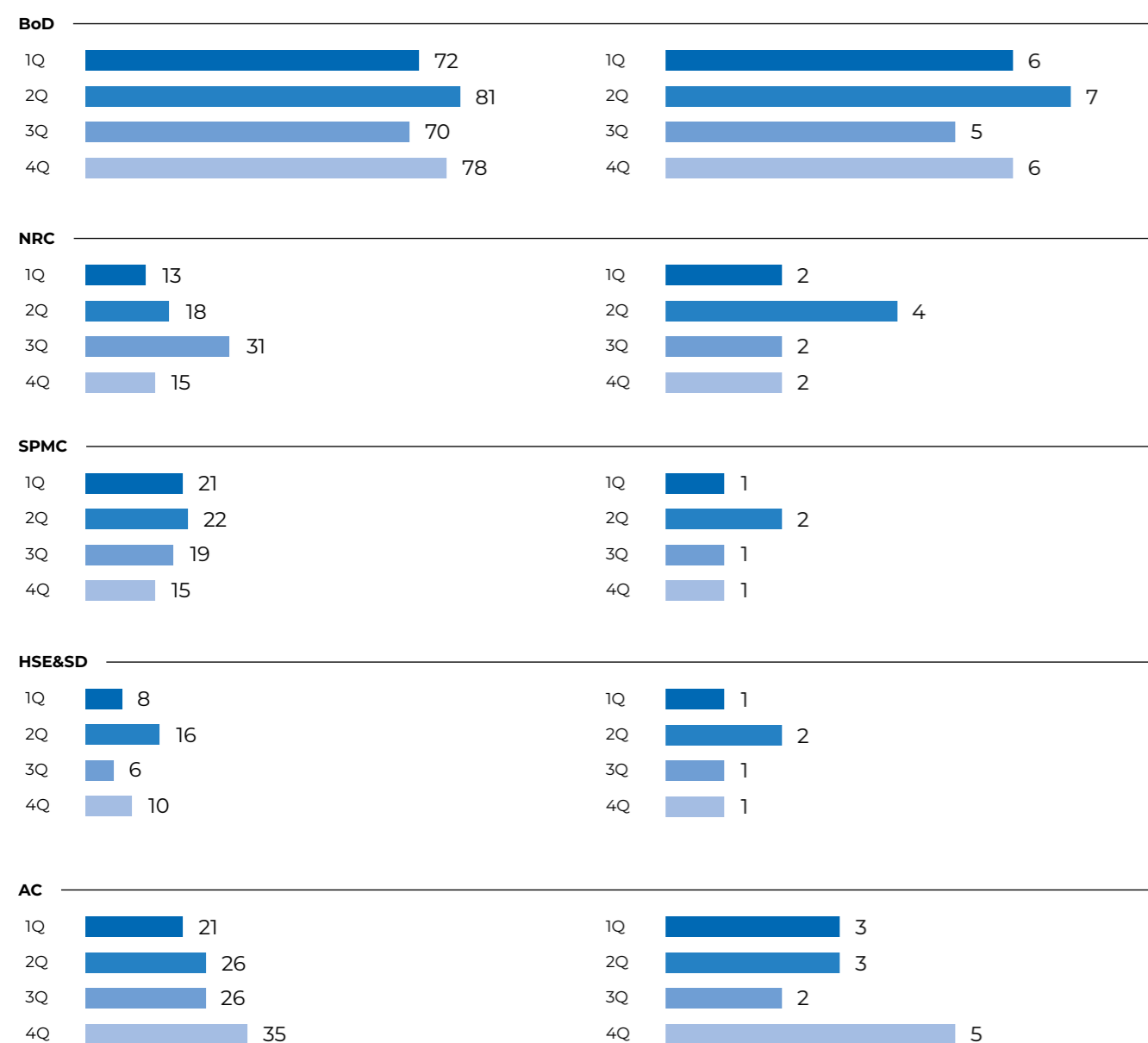
In 2023, the Board of Directors held 24 meetings and reviewed 300 matters.

Breakdown by committee:

- Strategy and Portfolio Management Committee (SPMC): 5 meetings, 77 matters

- Nomination and Remuneration Committee (NRC): 10 meetings, 77 matters
- Audit Committee (AC): 13 meetings, 108 matters
- Health, Safety, Environment and Sustainable Development Committee (HSE&SD): 5 meetings, 40 matters.

Number of matters reviewed



In 2023, the Board of Directors placed particular focus on ensuring financial stability, overseeing investment project management and sustainability issues, internal audit and

risk management, developing management KPIs, as well as safety and well-being of employees.

Matters reviewed by the Board of Directors in 2023, by category

- Reports**
 - Report by the Chairman of KMG's Management Board on key changes in KMG's operations
 - Information on KMG's HSE activities
 - Information on the impact of sanctions on KMG's operations
 - Updates on KMG's interim financial and operating results
 - Information on the status of implementation of KMG Group's investment projects
 - Reports by Board committee chairs
 - Information on committees' performance in 2022
 - Financial status of KMG International and KazMunayGas Trading
 - Report on messages received via the hotline
 - Report on interested-party transactions entered into by resolution of KMG's Management Board
 - Quarterly risk and financial risk report
 - Follow-up report on resolutions/instructions of the Board of Directors
 - Information on changes in the government strategy or policy
 - 2022 Progress Report on KMG's Consolidated Development Plan for 2022–2026
- Strategic matters**
 - Transfer of subsoil use rights
 - Preliminary approval of KMG's standalone annual financial statements for 2022
 - Consolidated business plan of KMG for 2024–2028
 - Approval of KMG's corporate KPIs and their target values
 - Approval of the organisational structure of KMG's headquarters
 - KMG Development Strategy
 - FY2022 and 1H 2023 Report on the Implementation of KMG's Development Strategy for 2022–2031
 - Issues related to the implementation of investment projects
 - Approval of motivational KPI scorecards for KMG managers and KPI targets
 - Signing of oil procurement agreements and oil products sale and purchase agreements by KMG
 - KMG's bond issue and determination of its terms and conditions
 - Buyback by Coöperatieve KazMunaiGaz U.A. of 50% of shares in KMG Kashagan B.V. from Samruk-Kazyna
 - Matters related to cybersecurity
 - KMG's bond issue and determination of terms and conditions for KMG's bonds
 - Guarantees provided by KMG to secure performance of obligations
 - Early redemption (buyback) of Global Medium-Term Notes due 2025 and determination of the early redemption (buyback) price
 - KMG's bond issue and determination of terms and conditions for KMG's bonds
 - Procedure for the distribution of KMG's 2022 net profit and the amount of dividend per ordinary share of KMG
 - Approval of comprehensive measures to be taken at refineries to prevent oil product shortages in the country
 - Approval of the Roadmaps to Divest from KMG's Non-Strategic Assets, approval the List of KMG's Non-Strategic Assets
 - Relevance of KMG's Development Strategy for 2022–2031
 - Consolidated Development Plan of NC KazMunayGas for 2024–2028
- Corporate governance matters**
 - Convening of the General Meeting of Shareholders of KMG
 - Results of performance self-evaluation of the Board of Directors of KMG for 2022
 - Approval of the Board of Directors' and the committees' activity plan and the schedule of meetings of the Board of Directors and the committees
 - Composition of the Board committees
 - Shareholder queries regarding the Company's and its officers' actions in 2022 and corresponding responses
 - Approval of KMG's 2022 Annual Report
 - Approval of KMG's 2022 Sustainability Report
 - Approval of the Report on Progress against the Transformation Programme in 2018–2021
 - Approval of a new version of the KMG Charter
 - Approval of the Action Plan to Improve KMG's ESG Rating
 - Sustainable development framework and ESG risk rating of KMG
 - Progress against the Low-Carbon Development Programme
 - Approval of the professional development programme for members of KMG's Board of Directors
- Transaction matters**
 - Approval of interested-party transactions
 - Approval of major transactions

Matters related to subsidiaries and associates	<ul style="list-style-type: none"> Election and termination of powers of managers, members of supervisory boards of subsidiaries and associates Participation of NMSC Kazmortransflot in the incorporation of Caspian Integrated Maritime Solutions Ltd with a 49% share in the authorised capital (jointly with International Maritime Investments Ltd) Incorporation of Kalamkas-Khazar Operating Limited Liability Partnership Incorporation of privately owned Karaton Operating Ltd. Amending articles of associations of subsidiaries and associates Approval of subsidiaries and associates' corporate KPIs Acquisition and disposal of stakes in subsidiaries and associates Information on root causes of interruptions in the operation of Atyrau Refinery amid power supply disruptions Lessons learned from the implementation of the KPI project and their applicability to the KLPE project, commissioning progress at KPI The financial and operating performance of Ozenmunaigas in the replacement of tubing, sucker rod pumps and rods, progress made in this respect by other production companies of the Group Lending to Atyrau Refinery, Ozenmunaigas Ad hoc audit of Karazhanbasmunai's contractors conducted by the Internal Audit Service and the Management Board of KMG
Approval of internal regulations	<ul style="list-style-type: none"> Approval of amendments to the Rules for Rendering Social Support to the Managers and Employees of the Internal Audit Service, Corporate Secretary Office, Compliance Service and Ombudsman Office of NC KazMunayGas Approval of KMG's internal documents, including approval of the Regulations on the Management Board, approval and revocation of KMG's Internal Control Rules for Granting Access Rights to Insider Information and Preventing Information Misuse by Insiders, amendments to the Rules for Rendering Social Support to the Managers and Employees of the Internal Audit Service, Corporate Secretary Office, Compliance Service and Ombudsman Office of NC KazMunayGas, NC KazMunayGas Internal Control System Policy, the Internal Control System Regulations of NC KazMunayGas, the Rules on Preparing and Submitting Materials for the Meetings of the KMG Board of Directors and/or its Committees, and the Regulations on the Board of Directors of NC KazMunayGas
Appointments and compensation	<ul style="list-style-type: none"> Approval of KMG's headcount Early termination of powers and election of members of KMG's Management Board, determining the salaries payable to members of KMG's Management Board, remuneration terms, bonuses and social benefits Determination of the salary, remuneration terms, bonuses and social benefits payable to the Chairman of KMG's Management Board Imposition and lifting of disciplinary actions against the Chairman of the Management Board and the Deputy Chairman of the Management Board
Matters related to divisions of the Board of Directors	<ul style="list-style-type: none"> Reports by the Corporate Secretary Office, Compliance Service, Internal Audit Service and the Ombudsman HR matters of the Corporate Secretary Office, Compliance Service, Internal Audit Service and the Ombudsman Consideration and approval of the 2023–2025 Strategy for KMG's Internal Audit Service Approval of the 2023 compliance programme and activity plan for the Compliance Office Review of proposals to take a tougher approach to violations identified as part of audits conducted by KMG's Internal Audit Service Review of information on the operations and role of the centralised Internal Audit Service of KMG Approval of the 2024 Activity Plan for the Compliance Office and Ombudsman of KMG

Follow-up on KMG's key matters

To oversee the implementation of KMG's strategic initiatives and ensure timely corrective actions, KMG's Board of Directors requires that the Chairman of KMG's Management Board report regularly on key changes in the Group's operations and give other updates on HSE matters, interim financial and operating results, interested-party transactions approved by the Management Board, progress on the implementation of the Group's strategy, KPIs achievement, investment projects implementation,

as well as follow-up reports on KMG's consolidated Development Plan, reports from the Board committee chairs, follow-up reports on resolutions of the Board of Directors, and performance reports submitted by units reporting to the Board of Directors.

At every meeting, the Board of Directors' Strategy and Portfolio Management Committee considers and discusses progress reports on major oil and gas projects (Kashagan, Karachaganak and Tengiz), as well as on transformation and privatisation programmes.

Actual attendance by Board members at Board and committee meetings in 2023¹

Member of the Board of Directors	Board and committee meetings in 2023				
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Strategy and Portfolio Management Committee	Health, Safety, Environment and Sustainable Development Committee
Christopher Walton	17/17		4/4	3/3	3/3
Uzakbay Karabalin	24/24			5/5	5/5
Magzum Myrzagaliev	24/24				
Philip Holland	23/24	12/12	6/6	5/5	
Timothy Miller ²	12/12	5/5		2/2	2/2
Assel Khairova ³	7/7	4/4	3/3		2/2
Gibrat Auganov ⁴	5/6		2/3		
Yernar Zhanadil ⁵	13/13			2/2	
Yernat Berdigulov ⁶	16/17		0/1		
Armanbai Zhubayev ⁷	17/17	8/8		3/3	3/3
Arman Argingazin ⁸	8/12	7/7	3/3		3/3
Yelzhas Otynshiyev ⁹	10/11			0/3	
Saya Mynsharipova ¹⁰	5/5	3/4	2/2	2/2	
Askar Shakirov ¹¹	2/2				

Strategic session in 2023

As part of the scheduled session held on 26 June 2023, the Board of Directors reviewed relevance of the KMG Development Strategy for 2022–2031, analysis of external factors and the status of KMG's strategy with respect to major oil and gas assets.

Board of Directors' meeting on sustainability

On 6 October 2023, the Board of Directors held its annual meeting on sustainable development and discussed the following important matters:

- the sustainable development framework and ESG risk rating of KMG;
- TCFD disclosures and new financial reporting standards at KMG;
- progress update of the Low-Carbon Development Programme of KMG.

¹ The first figure shows the number of meetings attended by a member of the Board of Directors, and the second figure is the total number of meetings they were entitled to attend.

² Stepped down from KMG's Board of Directors on 30 May 2023.

³ Stepped down from KMG's Board of Directors on 6 April 2023.

⁴ Stepped down from KMG's Board of Directors on 6 April 2023.

⁵ Stepped down from KMG's Board of Directors on 27 June 2023.

⁶ Elected to KMG's Board of Directors on 6 April 2023.

⁷ Elected to KMG's Board of Directors on 6 April 2023.

⁸ Elected to KMG's Board of Directors on 30 May 2023.

⁹ Elected to KMG's Board of Directors on 27 June 2023.

¹⁰ Elected to KMG's Board of Directors on 14 August 2023.

¹¹ Elected to KMG's Board of Directors on 6 November 2023.

Performance evaluation of the Board of Directors

In accordance with the Code, the Board of Directors, its committees and members of the Board of Directors should be evaluated every year as part of a structured process approved by the Board of Directors. This process needs to be in line with Samruk-Kazyna's relevant methodology. In addition, at least once every three years the performance evaluation process is run with the involvement of an independent professional organisation.

In 2021, eleven portfolio companies of Samruk-Kazyna, including KMG, were subject to an independent corporate governance review for the period from 1 January 2020 to 31 May 2021 conducted by PricewaterhouseCoopers LLP. The review assessed corporate governance in the following five areas: performance of the Board of Directors and the executive body; risk management, internal control and audit; sustainable development; shareholders' rights; and transparency. For this reason, no separate independent evaluation of the Board of Directors' performance was conducted in 2022.

In accordance with the Code's requirements, in 2023, members of the Board of Directors conducted a self-evaluation through questionnaires about their performance in 2022. The self-evaluation questionnaire was developed by the Chairman of the Nomination and Remuneration Committee in cooperation with the Chairman of the Board of Directors. The questionnaire comprised two sections (Composition and Processes, Behaviour and Actions) and featured 30 questions. The self-evaluation results were previewed by the Nomination and Remuneration Committee, which recommended that the Chairman of the Board of Directors together with the Chairman of the Nomination and Remuneration Committee review the following aspects as part of the Board of Directors meeting when discussing the results of the self-evaluation of the Board of Directors' performance in 2022:

- diversity in all aspects;
- succession plan and procedure for electing members of the Board of Directors;
- KMG's strategy;
- professional development and training.

The report on self-evaluation of the Board of Directors' performance in 2022 (the "2022 Report") was presented and discussed at a closed meeting of the Board of Directors attended only by members of the Board of Directors and the Corporate Secretary. The discussion included an analysis of the Board members' self-evaluation results and a review of the skills and competencies scored below four points (out of a maximum of five) (the "areas for improvement"). Furthermore, the Board of Directors developed a Plan to Improve the Board of Directors' Performance (the "Plan") to enhance the quality of its work across the areas for improvement and reviewed progress in implementing the previously adopted Plan.

In December 2023, the Board of Directors reviewed the matter of the Board of Directors' 2023 performance evaluation. Following the discussion, the KMG Board of Directors decided to evaluate its 2023 performance through self-evaluation with a view to identifying aspects of the Board's activities that require improvement and comparing the results with the self-evaluation scores obtained earlier. Furthermore, the Board of Directors decided to add new questions to the questionnaire to cover the Action Plan to Improve KMG's ESG rating, for example: 1) The Board of Directors takes decisions based on their alignment with: KMG's Strategy; the UN Sustainable Development Goals that were classified by KMG as priority ones; KMG's KPIs, including in the ESG area; 2) The composition of the Board committees is sufficiently balanced to allow for the submission of objective and unbiased recommendations to the Board of Directors and protect them from the influence of the majority shareholder or KMG's management.

The self-evaluation of the Board of Directors' performance in 2023 was completed in 1Q 2024 in line with the above methodology. The report on self-evaluation of the Board of Directors' performance in 2023 (the "2023 Report") containing both the self-evaluation results for 2023 compared to those for 2022 and the plan to improve the same across the areas for improvement so identified was previewed by the Nomination and Remuneration Committee. The 2023 Report was then discussed at a meeting of the Board of Directors attended only by members of the Board of Directors and the Corporate Secretary. With this in mind, the KMG Board of Directors will further discuss improvements to its activities.

Corporate Secretary

The Corporate Secretary's main role is ensuring regular communication between KMG and its shareholders as well as between shareholders and the Board of Directors, the Internal Audit Service, the Compliance Service, the Ombudsman, the Management Board and other bodies within KMG.

The Corporate Secretary's responsibilities include providing full support to the Board of Directors and its committees,

assisting shareholders in making timely, high-quality corporate decisions; acting as an adviser to the Board members on any matter related to their roles or the applicability of the Code's provisions, and monitoring the implementation of the Code. The Corporate Secretary is responsible for improving corporate governance practices at KMG. The Corporate Secretary is a Company employee acting independently and reporting to the Board of Directors.



DAMIR SHARIPOV

Nationality: Republic of Kazakhstan

Date of birth: 22 January 1980

Education:

- Al-Farabi Kazakh National University (International Relations Department), majoring in international law;
- Russian Presidential Academy of National Economy and Public Administration, MBA programme, majoring in Management;
- Certified Corporate Secretary, certified trainer in corporate governance for corporate secretaries, trainer at Samruk Business Academy

Experience

- Between 2001 and 2007, he held various jobs working at the Tengiz field in the Atyrau Region. From 2007 to 2012, he worked at Development Bank of Kazakhstan, and from 2012 to 2014, he served in different capacities at KMG and KazTransGas.
- Since 5 January 2015, he has been Corporate Secretary at KMG.
- On 1 February 2019, Damir Sharipov was elected to the Corporate Secretaries Committee of the National Council for Corporate Governance at the Presidium of the National Chamber of Entrepreneurs of the Republic of Kazakhstan Atameken