

# COMMITTEES OF THE BOARD OF DIRECTORS

Members of the Board of Directors involved in the activities of the Board committees focus on an in-depth review and analysis of allied functions, issues and areas. Committee meetings involve invited experts, business leaders, and other stakeholders. Committees make recommendations to the Board of Directors to support its decision making. They are made up of non-executive directors, and the majority of members are independent directors. The committees are chaired by independent directors.

## Roles and responsibilities of the Board committees

Committee	Responsibilities
<b>Strategy and Portfolio Management Committee</b>	The Committee assists the Board of Directors by considering and making recommendations on: <ul style="list-style-type: none"> <li>the development strategy and investment policy, including priority areas;</li> <li>improving investment appeal;</li> <li>effective financial and business planning at KMG;</li> <li>monitoring KMG's transformation</li> </ul>
<b>Nomination and Remuneration Committee</b>	The Committee assists the Board of Directors by considering and making recommendations on: <ul style="list-style-type: none"> <li>succession planning for the Board of Directors and the Management Board;</li> <li>conducting ongoing, objective performance evaluations of the Board of Directors, Management Board, Corporate Secretary, and other employees;</li> <li>pursuing effective HR, pay and remuneration policies, social support, and providing professional development and training opportunities for KMG officers and employees</li> </ul>
<b>Audit Committee</b>	The Committee assists the Board of Directors by considering and making recommendations on: <ul style="list-style-type: none"> <li>implementing effective controls over KMG's financial and business operations;</li> <li>monitoring the reliability and effectiveness of internal controls and risk management, as well as the implementation of corporate governance regulations;</li> <li>overseeing external and internal audit functions;</li> <li>reviewing the Company's annual and quarterly financial statements;</li> <li>monitoring KMG's compliance arrangements</li> </ul>
<b>Health, Safety, Environment and Sustainable Development Committee</b>	The Committee assists the Board of Directors by considering and making recommendations on: <ul style="list-style-type: none"> <li>ensuring HSE compliance;</li> <li>embedding sustainability in strategic planning and social and economic development at KMG;</li> <li>KMG's social commitments and programmes under subsoil use contracts;</li> <li>monitoring KMG's environmental performance</li> </ul>

## Nomination and Remuneration Committee

In 2023, the Nomination and Remuneration Committee held 6 meetings and reviewed 56 matters.

Members as of 31 December 2023:

- Philip Holland – Chairman of the Committee since September 2020;
- Arman Argingazin – member of the Committee since June 2023;
- Saya Mynsharipova – member of the Committee since August 2023.

Personnel management is essential to the Company's operational efficiency. The Nomination and Remuneration Committee makes recommendations to the Board of Directors on the matters within its remit relating to the appointment, remuneration, training and development of the Company employees. The key appointment principles require that candidates possess strong qualifications to perform their roles successfully and have the skills needed to pursue the Company's strategic goals in their area of responsibility.

### Key matters reviewed by the Committee in 2023

<b>Succession planning</b>	<ul style="list-style-type: none"> <li>Efforts targeting employees included in the Succession Plan for Key Positions within KMG Group (talent pools for A, B and C levels) (MANSAP)</li> <li>Status of candidates to CEO-1 positions</li> <li>Appointment of the Deputy Chairman of KMG's Management Board</li> <li>Appointment of the Director of Health, Safety, and Environment Department of KMG</li> <li>Election of members of the Supervisory Board of NMSC Kazmortransflot</li> <li>Approval of appointment (election) of the CEO (Chairman of the Management Board) of KMG Engineering</li> <li>Early termination of office and election of the chairman and members to KMG Engineering's Supervisory Board</li> <li>Early termination of office and election of members to KMG Engineering's Supervisory Board</li> <li>Election of members to KMG Karachaganak's Supervisory Board</li> <li>Considering the option of drafting a diversity policy for KMG's Board of Directors and potential inclusion of women to the senior management of KMG, including the Board of Directors of KMG</li> <li>Considering the advisability of removing the shareholder's representatives and increasing the number of independent directors on the Nomination and Remuneration Committee of KMG's Board of Directors</li> <li>Meeting with the most promising employees included in the talent pool (not more than five people)</li> <li>Approval of a new version of the job description of the Head of the Compliance Service of KMG</li> </ul>
<b>Ongoing and effective performance evaluation</b>	<ul style="list-style-type: none"> <li>Results of the self-evaluation of KMG's Board of Directors in 2022</li> <li>Procedure for establishing and reviewing employee salaries at KMG</li> <li>Actual performance against KPIs and motivational KPI scorecards for KMG executives for 2022</li> <li>Remuneration payment to KMG executives for 2022</li> <li>Monitoring of performance against corporate KPIs and motivational KPI scorecards for KMG executives</li> <li>KMG's adjusted corporate KPIs as well as motivational KPI scorecards and KPI targets for KMG's executives for 2023</li> <li>Approval of KMG's corporate KPIs as well as motivational KPI scorecards and KPI targets for KMG's executives for 2024</li> <li>Approval of an updated 2024 motivational KPI scorecard and targets for the Ombudsman</li> </ul>

<b>Maintenance of an effective HR policy and an effective pay and remuneration framework</b>	■ Approval of the organisational structure of KMG's headquarters
	■ Progress in implementing the grading system at KMG Group
	■ Determining the salary of members of KMG's Management Board
	■ Appointment of the Ombudsman – Head of KMG's Ombudsman Office
	■ Considering the possibility of disclosing remuneration of each member of the Board of Directors and Chairman of the Management Board of KMG with detailed breakdown
■ Determining the salary of members of KMG's Management Board	
■ Approval of the professional development programme for members of KMG's Board of Directors for 2023–2024	

**Attendance of the Committee's meetings by its members in 2023**

Meeting No. and date	1/2023 31.01	2/2023 13.02	3/2023 04.04	4/2023 25.07	5/2023 03.10	6/2023 05.12	Participation, %
Length of meeting	11:00–12:11 (71 minutes)	16:00–17:40 (100 minutes)	11:05–12:06 (61 minutes)	11:04–13:00 (116 minutes)	11:00–11:56 (56 minutes)	11:00–12:55 (115 minutes)	
Committee member							
Philip Malcolm Holland	+	+	+	+	+	+	100
Christopher Walton	+	+	+	+	Resigned from the Committee		
Gibrat Auganov	+	+	-	Resigned from the Committee			
Assel Khairova	+	+	+	Resigned from the Committee			
Yernat Berdigulov				-	Resigned from the Committee		
Arman Argingazin				+	+	+	100
Saya Mynsharipova					+	+	100

## Strategy and Portfolio Management Committee

In 2023, the Strategy and Portfolio Management Committee held five meetings and reviewed 63 matters.

Members as of 31 December 2023:

1. Armanbai Zhubayev – member of the Committee since June 2023, Chairman of the Committee since August 2023;
2. Philip Holland – member of the Committee since June 2022;
3. Uzakbay Karabalin – member of the Committee since August 2017;
4. Yelzhas Otyynshiyev – member of the Committee since July 2023;
5. Saya Mynsharipova – member of the Committee since August 2023.

**Key matters reviewed by the Committee in 2023**

<b>Development strategy, including priority areas</b>	<ul style="list-style-type: none"> <li>■ The 2022 Progress Report on JSC NC KazMunayGas Development Strategy for 2022–2031</li> <li>■ The 1H 2023 Progress Report on JSC NC KazMunayGas Development Strategy for 2022–2031</li> </ul>
<b>Improving investment appeal</b>	<ul style="list-style-type: none"> <li>■ Progress in implementing KMG Group's investment projects in 2022</li> <li>■ Approval of Silleno's transactions resulting in the (potential) disposal of property with a value exceeding one hundred ten million US dollars (USD 110,000,000) denominated in tenge at the exchange rate set in the macroeconomic forecast (baseline scenario) for the relevant period: offtake agreement (CIS) between Silleno and SIBUR Holding, offtake agreement between Silleno, SIBUR International GmbH and SIBUR Holding, and offtake agreement between Silleno, Sibur International Trading (Shanghai) Co., Ltd and SIBUR Holding</li> <li>■ Incorporation by KMG of privately owned Karaton Operating Ltd.</li> <li>■ Approval of KMG's entering into an interested-party transaction: joint venture agreement between KMG, Samruk-Kazyna, Total Eren S.A. and Aktas Energy</li> </ul>
<b>Effective financial and business planning</b>	<ul style="list-style-type: none"> <li>■ Progress in implementing the privatisation and divestment programme across KMG Group</li> <li>■ Entering into interested-party transactions: agreement on assignment of rights and obligations under a compensation agreement between KMG, Samruk-Kazyna and Tengizchevroil; agreement on assignment of rights and acceptance of obligations between KMG, Samruk-Kazyna and Tatneft</li> <li>■ Transfer of subsoil use rights under Contract No. 5238-UVS-SP dated 21 June 2023 for exploration and production of hydrocarbons at Karaton Subsalt in the Atyrau and Mangistau regions, signed between Kazakhstan's Ministry of Energy and KMG for the benefit of the privately-held Karaton Operating Ltd.; amendments to said Contract by entering into Addendum No. 1 thereto; KMG's entering into an interested-party transaction; approval the acquisition by Karaton Operating Ltd. of subsoil use rights under Contract No. 5238-UVS-SP dated 21 June 2023 for exploration and production of hydrocarbons at Karaton Subsalt</li> <li>■ Specific proposals to bring oil production at Ozenmunaigas back to target levels</li> </ul>

**Attendance of the Committee's meetings by its members in 2023**

Meeting No. and date	1/2023 31.01	2/2023 04.04	3/2023 25.07	4/2023 03.10	5/2023 05.12	Participation, %
Length of meeting	13:06–15:41 (155 minutes)	13:04–14:45 (101 minutes)	13:04–16:47 (223 minutes)	13:00–16:00 (180 minutes)	13:15–17:15 (240 minutes)	
Committee member						
Christopher Walton	+	+	+	Resigned from the Committee		
Philip Malcolm Holland	+	+	+	+	+	100
Timothy Miller	+	+	Resigned from the Committee			
Uzakbay Karabalin	+	+	+	+	+	100
Yernar Zhanadil	+	+	Resigned from the Committee			
Armanbai Zhubayev			+	+	+	100
Yelzhas Otyynshiyev			-	-	-	0
Saya Mynsharipova				+	+	100

## Audit Committee

In 2023, the Audit Committee held 12 meetings and reviewed 111 matters.

Members as of 31 December 2023:

1. Arman Argingazin – Chairman of the Committee since June 2023;
2. Philip Holland – member of the Committee since September 2020;
3. Armanbai Zhubayev – member of the Committee since May 2023;
4. Saya Mynsharipova – member of the Committee since August 2023.

### Key matters reviewed by the Committee in 2023

- Internal audit**
- Approval of the 2023–2025 Strategy for KMG's Internal Audit Service
  - Ensuring the independence of KMG's Internal Audit Service when establishing its budget, and alignment of the budgeting process with the process of developing the budget and Development Plan of KMG in general
  - Review and preliminary approval of quarterly reports on the Internal Audit Service's performance
  - Designation of Internal Audit Service officers to take part in a pre-trial investigation of Ozenmunaigas
  - Review of the report on the execution of the Internal Audit Service's budget for 2022
  - Review of the Internal Audit Service's performance report for 2022 and the list of KMG companies that failed to fulfil post-audit recommendations from the Internal Audit Service
  - Amendments to the Annual Audit Plan of the Internal Audit Service for 2023
  - Review of information on the operations and role of the centralised Internal Audit Service of KMG;
  - Review of information on ad hoc audits by the Internal Audit Service in 2023
  - Approval of the 2022 actual performance of the Head of the Internal Audit Service against motivational KPIs
  - Determining the 2022 salary of the Head of the Internal Audit Service
  - Review of proposals to take a tougher approach to violations identified as part of audits conducted by KMG's Internal Audit Service
  - Determining the salary of the Internal Audit Service employees
  - Establishing additional pay to the Internal Audit Service employees for filling in for temporarily absent team members
  - Early termination of powers of the Internal Audit Service staff
  - Ad hoc audit of Karazhanbasmunai's contractors conducted by the Internal Audit Service and the Management Board of KMG
  - Approval of the Annual Audit Plan of the Internal Audit Service for 2024
  - Approval of the Internal Audit Service's budget for 2024
  - Approval of KPIs for the Head of the Internal Audit Service for 2024

- Accounting and external audit**
- Progress of the audit of financial statements for the year ended 31 December 2022 of KMG and its subsidiaries
  - Review and preliminary approval of KMG's interim financial statements
  - Action plan (approved by order of the Chairman of the Management Board No. 121 dated 24 May 2023) to fulfil recommendations issued by KMG's independent auditor EY following the audit of the Company's consolidated and standalone financial statements for 2022
  - Approval of consolidated financial statements for the year ended 31 December 2022 of KMG and its subsidiaries
  - Approval of the information about audit and non-audit services rendered by EY and Ernst & Young Global Limited companies to KMG and its subsidiaries in 2022 and non-audit services which Ernst & Young Global Limited can render and rendered to KMG and its subsidiaries without obtaining consent from the Audit Committee in 2022
  - Approval of the list of KMG Group companies to take part jointly with KMG and Samruk-Kazyna in choosing a single auditor for 2025–2027
  - Discussion of the EY report on the management letter prepared following the audit of KMG's consolidated financial statements for 2022 (issue date: 24 March 2023)
  - External auditor's report on the progress of review of KMG's financial statements for 2Q 2023
  - Approval of non-audit services provided by KMG Group's external auditor
  - Progress against recommendations issued by KMG's external auditor EY following the audit of the Company's consolidated financial statements for 2022 as of 30 June 2023
  - Report for planning the audit of KMG's consolidated financial statements for the year ended 31 December 2023

### Internal control and risk management

- Progress in implementing internal controls and a business continuity management system at KMG and its subsidiaries (on a quarterly basis)
- Approval of the Joint Internal Control Improvement Plan for KMG
- Approval of KMG's risk appetite statement, risk register and risk management action plan, risk map, risk tolerance levels, and register of key risk indicators for 2023
- Approval of KMG's quarterly risk reports
- Approval of KMG's financial risk reports
- Review of a report by the Head of the Risk Management and Internal Control Service on performance of internal controls of KMG and its subsidiaries
- Information to include additional KMG Group companies into the scope of the internal control system
- Approval of KMG's risk appetite statement, risk register and risk management action plan, risk map, risk tolerance levels, and register of key risk indicators for 2024
- Setting KMG's internal limits on balance sheet and off balance sheet liabilities for partner banks for 2024

### Corporate governance

- Approval of the report on compliance with the principles and provisions of KMG's Corporate Governance Code for 2022
- Update on the preparation for KMG's annual General Meeting of Shareholders
- Preliminary approval of KMG's 2022 Annual Report
- The Audit Committee's performance report for 2022
- Amendments to the Rules on Preparing and Submitting Materials for the Meetings of the KMG Board of Directors and/or its Committees
- Review of the report on progress under item 2.1 (IT architecture) of the Action Plan on Risks and Recommendations Based on Comprehensive IT Review of KMG
- Determining qualification requirements for the Head of the Compliance Service
- Report on KMG's cyber security efforts to date
- Approval of the Audit Committee's activity plan for 2024
- Review of information on IT expenditure across KMG Group

### Compliance

- Performance report of the Compliance Service for 2022
- Quarterly reports on submissions received via the hotline
- Approval of the compliance programme and activity plan of the Compliance Service for 2023
- Approval of the activity plan of the Compliance Service for 2024
- Approval of a motivational KPI scorecard and targets for 2024 for the Head of the Compliance Service

### Review of the reports of local authorities (including tax authorities), external auditors and KMG's management on compliance with laws

Information on investigations and/or checks of KMG's subsidiaries and/or associates and/or their employees initiated by government agencies with respect to corruption offences and/or crimes



Attendance of the Committee's meetings by its members in 2023

Meeting No. and date	1/2023 30.01	2/2023 20.02	3/2023 06.03	4/2023 03.04	5/2023 19.05	6/2023 24.07	7/2023 18.08	8/2023 31.08	9/2023 02.10	10/2023 30.10	11/2023 17.11	12/2023 04.12	Participation, %
Length of meeting	13:30–17:23 (233 min)	15:00–16:00 (60 min)	15:00–16:03 (63 min)	13:30–16:14 (164 min)	15:00–16:00 (60 min)	13:23–15:33 (130 min)	16:00–17:00 (60 min)	16:00–17:08 (68 min)	13:00–15:15 (135 min)	15:05–17:37 (152 min)	16:30–16:58 (28 min)	13:35–16:10 (155 min)	
Committee member	13:30–17:23 (233 min)	15:00–16:00 (60 min)	15:00–16:03 (63 min)	13:30–16:14 (164 min)	15:00–16:00 (60 min)	13:23–15:33 (130 min)	16:00–17:00 (60 min)	16:00–17:08 (68 min)	13:00–15:15 (135 min)	15:05–17:37 (152 min)	16:30–16:58 (28 min)	13:35–16:10 (155 min)	
Assel Khairova	+	+	+	+	Resigned from the Committee								
Philip Malcolm Holland	+	+	+	+	+	+	+	+	+	+	+	+	100
Timothy Miller	+	+	+	+	Resigned from the Committee								
Armanbai Zhubayev					+	+	+	+	+	+	+	+	100
Arman Argingazin						+	+	+	+	+	+	+	100
Saya Mynsharipova									+	+	-	+	75

# Health, Safety, Environment and Sustainable Development Committee

In 2023, the Health, Safety, Environment and Sustainable Development Committee held five meetings and reviewed 31 issues.

Members as of 31 December 2023:

1. Armanbai Zhubayev – Chairman of the Committee since June 2023;
2. Uzakbay Karabalin – member of the Committee since May 2019;
3. Arman Argingazin – member of the Committee since June 2023.

Key matters reviewed by the Committee in 2023

<b>Health, Safety and Environment</b>	<ul style="list-style-type: none"> <li>Health, safety and environment report</li> <li>Progress against activities under KMG's Low-Carbon Development Programme for 2022–2031</li> </ul>
<b>Sustainable development and ESG ratings</b>	<ul style="list-style-type: none"> <li>KMG's ESG (Environmental, Social, Governance) score</li> <li>Approval of an action plan to improve KMG's ESG rating</li> <li>Progress report on implementing a sustainability system and including relevant principles in KMG's key business processes</li> <li>KMG's contribution to the achievement of sustainable development goals</li> <li>Progress against the project to develop and action plan for corporate climate governance and disclosure aligned with the TCFD recommendations</li> </ul>



Attendance of the Committee's meetings by its members in 2023

Meeting No. and date	1/2023 30.01	2/2023 03.04	3/2023 24.07	4/2023 02.10	5/2022 04.12	Participation, %	
Length of meeting	11:00–12:30 (90 min)	11:07–12:32 (85 min)	11:04–12:32 (88 min)	11:00–12:17 (77 min)	11:00–13:28 (148 min)		
Committee member	11:00–12:30 (90 min)	11:07–12:32 (85 min)	11:04–12:32 (88 min)	11:00–12:17 (77 min)	11:00–13:28 (148 min)		
Timothy Miller		+	Resigned from the Committee				
Christopher Walton	+	+	+	Resigned from the Committee			
Uzakbay Karabalin	+	+	+	+	+	100	
Assel Khairova	+	+	Resigned from the Committee				
Armanbai Zhubayev			+	+	+	100	
Arman Argingazin			+	+	+	100	