

ESG risk rating

An ESG risk rating was approved by KMG’s Board of Directors as a functional KPI for 2023, reflecting the Company’s intent to manage material ESG risks and commitment to sustainability principles in the international oil and gas market. Achievement of the above KPI includes addressing the key ESG matters within KMG Group.

In 2023, Sustainalytics assessed KMG’s ESG risk management at 32.3. The Company’s risk of exposure to ESG factors is high. The Company received a “strong” score for its ESG risk management from Sustainalytics. At the same time, ESG risk exposure was rated as “high”. According to the analysts, KMG’s high exposure to ESG risks is on a par with the industry average, i.e. risks inherent in the oil and gas industry.

The key ESG challenges for KMG are reducing emissions and waste, carrying on with the Low-Carbon Development Programme, placing a stronger focus on the health and safety of employees, and aligning its corporate governance system with best global practices. Even so, KMG received a strong risk management score as regards anti-corruption, improved its performance around human capital management, and maintained a stable risk management score for resource utilisation, biodiversity and business ethics.

MORNINGSTAR SUSTAINALYTICS

32.3

Sustainalytics assessed KMG’s ESG risk management

KMG will keep streamlining its activities to meet the highest sustainability standards. We will take steps to prevent and eliminate workplace accidents, consistently reduce GHG emissions, and work more to improve social and environmental conditions across our footprint. KMG has developed and approved an action plan to improve its ESG risk rating, which includes 43 measures that cover and factor in environmental and social risks for the business, as well as corporate governance risks for the Company.

Particular attention is paid to enhancing the sustainability culture. Sustainability training courses are held on a regular basis for employees of the Corporate centre and subsidiaries and associates.



KMG did the following to improve its ESG rating:

		Approved an Action Plan to implement the Low-Carbon Development Programme for 2022–2031	
			Put in place and run an accessible complaint review mechanism
			Conducted tax reporting under GRI 207 and BEPS Action 13
		Disclosed the Report on Payments to Government Bodies for public access on the corporate website	
		Improved gender balance on the Board of Directors by adding independent director Saya Mynsharipova and on the Management Board by adding Diana Aryssova	
		Approved the Site Closure and Land Reclamation Policy for Exploration Sites and Fields of JSC NC KazMunayGas	
		Disclosed information on contractors’ injury and fatality rates by publishing the Company’s reports	
		Disclosed the annual Sustainability Report in line with the new GRI 2021 standards	
			Conducted human rights training for relevant employees
		Obtained ISO 14001, ISO 9001 and ISO 45001 certificates for the corporate management of oil operations	

Action plan to improve KMG's ESG rating:

		Approve KMG's 2060 Low-Carbon Development Programme and related Action Plan (2024–2025)		
		Provide TCFD disclosure as part of KMG's reporting (2024–2025)		
		Disclose information in line with CDP's Climate Change questionnaire (on an annual basis)		
		Disclose information on activities and risks related to climate change and its impact on the Company (2024–2025)		
			Disclose information in line with CDP's Water Security questionnaire (on an annual basis)	
				Develop a programme to bring down pollutant emissions (2024)
				Implement the World Bank's Zero Routine Flaring by 2030 initiative (2030)
		Create the Biodiversity Programme (2025)		
			Develop and approve the Programme for Development and Engagement of Local Communities in the Regions of Operation (2024–2025)	
			Develop the Human Rights Programme and carry out a human rights impact assessment (2025)	
			Update and approve KMG's HR Policy (2024)	
		Implement the Green Office project (2024–2026)		

		On a step-by-step basis, increase the share of women on the Board of Directors and Supervisory Boards to 30% (2023–2030)		
		Update and approve the KMG Board of Directors' Succession Policy that supports diversity (2024)		
				Approve KMG's Water Resources Management Programme (2024)
			Introduce a pilot project to deploy carbon capture, utilisation and storage (CCUS) (2025)	

Commitment to UN Global Compact principles and 17 Sustainable Development Goals

KMG's approach to sustainable development is based on aligning the Company's interests and plans with the basic principles of the UN, universal human values, global trends, and development priorities in Kazakhstan.

KMG reiterates its commitment to all the **ten principles of the UN Global Compact**.

- Principle 1. Businesses should support and respect the protection of the internationally proclaimed human rights.
- Principle 2. Businesses should make sure that they are not complicit in human rights abuses.
- Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.
- Principle 5. Businesses should uphold the effective abolition of child labour.

- Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.
- Principle 7. Businesses should support a precautionary approach to environmental challenges.
- Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.
- Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.
- Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.



KMG is committed to all the **17 Sustainable Development Goals of the United Nations (UN SDGs)**.

We prioritise ten SDGs and twenty-four targets in line with our strategic goals and priorities and report on our contribution to their achievement.