



Sustainable development KPIs of KMG's management

To meet the 2023 strategic sustainability objectives and ensure sustainable development and gradual reduction in carbon intensity of production, the Board of Directors approved motivational KPIs for the Chairman of the Management Board (corporate KPIs), Management Board members, heads of units and chief executive officers of subsidiaries and associates. These KPIs include:

- corporate KPIs linked to investment projects, including in the realm of sustainable development, a comprehensive OHS indicator aimed at reducing LTIR, and identifying and communicating, among other things, unsafe working conditions and potential hazards throughout the Group;
- KPIs for the Management Board linked to investment projects, including in the realm of sustainable development, performance under the Low-Carbon Development Programme Action Plan for 2022–2031, and the ESG rating;
- a carbon footprint monitoring and reduction KPI for chief executive officers at subsidiaries and associates;
- KPIs for implementing the Company's sustainability goals for the heads of units, including:
 - reduction of associated petroleum gas flaring;
 - recovery of historical oil wastes;
 - automation of industrial safety and labour protection management;
 - development of Water Resources Management Programme;
 - implementation of the Employee Health Management Action Plan for 2023–2025;
 - income from the sale of carbon credits;
 - development of KMG's internal carbon pricing mechanism;
 - targeted audit of process furnaces and boiler equipment for identifying technically and economically feasible opportunities for improving fuel and natural gas utilisation efficiency at producing subsidiaries and associates;
 - preparation for initial TCFD disclosure;
 - screening of CO₂ emission sources and reservoirs suitable for CO₂ injection at KMG's assets (CCS/CCUS pilot);
 - conducting industrial relations screening to study social and living conditions at subsidiaries and associates / jointly controlled entities in accordance with Samruk-Kazyna's Corporate Standard for the Development of Industrial Relations.

Low-Carbon Development Programme

Global energy transition driven by decarbonisation, technical upgrade and ESG-based corporate governance lies at the heart of updated long-term economic growth strategies in both developed countries and EMDEs.

Today, to be more competitive, governments need to assess the potential for decarbonisation and the use of low-carbon technologies, while also taking steps to identify barriers and challenges to be addressed with the aim of reducing emissions.

The analysis of global carbon markets shows that in the coming decades low-carbon development aimed at reducing climate impact and boosting energy efficiency will be the backbone of advanced economies. Oil and gas companies will play a key role in accelerating energy transition by investing in energy systems of the future such as renewable energy sources, low-carbon fuel, carbon capture, utilisation and storage (CCUS), low-emission hydrogen and other emission-cutting technologies. Considering the importance of the climate agenda and supporting national goals to achieve carbon neutrality by 2060 and reduce GHG emissions by 15% from the 1990 level, KazMunayGas intends to focus on a moderate,

balanced, and consistent decarbonisation of its operations. To pursue this objective, KMG adopted the 2022–2031 Low-Carbon Development Programme (LCDP) in November 2021, and approved a relevant Action Plan for 2022–2031 (the "Action Plan"). The Action Plan includes a number of initiatives aimed at reducing GHG emissions and focused on four areas: energy efficiency, renewable energy, methane monitoring, and organisational measures. These initiatives will help achieve the goal of reducing KMG's GHG emissions by 15% by 2031 set out in the Company's Low-Carbon Development Programme.

Within its remit, the **Board of Directors** helps build and implement the required sustainability framework, while the Company's officers and employees at all levels contribute to low-carbon development.

The Board of Directors approves climate-related policy and strategy together with goals in energy transition and combatting climate change. In 2023, the Board held several annual meetings to discuss sustainability issues, progress under the Low-Carbon Development Programme, TCFD disclosures and new financial reporting standards at KazMunayGas.