

Social responsibility

The Company achieves its key social responsibility objectives through the existing systems of internal communications between employers and employees, cooperation with local executive bodies and trade unions, and fair collective bargaining with employees.

KMG complies with the legal and regulatory requirements applicable in the Republic of Kazakhstan, as well as with international laws and treaties regulating oil companies, and is aware of its responsibility to shareholders, communities, and investors for the impact on the economy, environment, and society, for the creation of long-term business value, and for sustainable growth in the long run. All employees of the Company have the right to safe and healthy working conditions, recognition and fair evaluation of their contribution to the Company, assistance in enhancing their professional skills, and an open and constructive discussion of the quality and effectiveness of their work. The Company has a zero tolerance policy for discrimination by nationality, race, religion, age, gender, political beliefs or other grounds.

We promote meritocracy, fairness, and integrity while providing every employee with a workplace conducive to new achievements and assessing their respective contributions to the Company's overall success based on merit. We also foster a culture of understanding, engagement, and support among our employees at all levels.

Social stability

KMG strives to ensure social stability at its enterprises through a constructive dialogue with employee representatives and aims to prevent any protests. We make ongoing comprehensive efforts to maintain social stability, including measures implemented under the group-wide social policy. Among other things, we carry out scheduled activities to improve social stability in subsidiaries and associates, compile a Social Stability Index, leverage internal communications, engage with contractors.

To maintain social stability at our enterprises, we are implementing a 2023 action plan to enhance social stability at subsidiaries and associates.

The action plan relies on Samruk Research Services' (SRS) surveys carried out by the Social Partnership Centre at Samruk-Kazyna for all major KMG subsidiaries and associates.

In 2023, KMG's integrated index under Samruk Research Services was 75%.

Based on the results of the Samruk Research Services surveys, each enterprise develops action plans to minimise and eliminate the areas of concern identified in the course of determining the social stability indicators. The action plans set out initiatives designed to boost staff satisfaction levels, enhance confidence in the management, put in place feedback channels, and improve working, living, and catering conditions, etc.

In 2023, the Corporate Centre developed a unified form of the SRS improvement plan for all subsidiaries and associates, and introduced the practice of visiting KMG enterprises and providing assistance in drafting action plans to promote social stability.

In 2023, the Centre ensured provision of legal and administrative advice to employees, and training of 18 internal mediators to participate in conflict resolution, labour disputes, and assist the parties in finding a mutually acceptable solution. We systematised data on all enterprises with risks of labour conflicts and protest sentiment. An algorithm was developed for a timely response to any potential drivers of labour conflicts. The Company continues to monitor the situation in subsidiaries and associates and all their contractors. In 2023, 63 cases with potential risks of social tension at 55 enterprises were under special control.

Since June 2022, KMG's representative office in Aktau (the "Representative Office") has been up and running. Close cooperation was established with government authorities within the framework of interdepartmental and regional headquarters and commissions. The Representative Office participated in 38 meetings and helped 96 enterprises of the region resolve their issues. The Company established cooperation and held 25 meetings with trade unions, with 161 resolutions made based on the meetings' results, of which 125 were implemented and 36 are being implemented.

75%

In 2023, KMG's integrated index under Samruk Research Services

The Representative Office took active steps to curb 11 strikes by bringing them within the framework of the law (setting up reconciliation commissions, reaching a compromise between the employer and strikers, etc.); 52 protests were prevented from gathering momentum. To improve the social environment, we now exercise continuous control over industrial relations at KMG subsidiaries and associates' contractors. As part of this work, 11 inspections and IR screenings were carried out.

645 enquiries

received since the establishment of the Representative Office

These measures helped significantly reduce the number of oil and gas enterprises with medium labour conflict risks (January: 20 cases, December: 4 cases). At the moment, all subsidiaries and associates and their contractors are operating normally.

Since the establishment of the Representative Office, the Company has received 645 enquiries on 76 different topics (employment – 22, wage increase and debt repayment – 15, increase in the current tariff – 3, production and environmental issues – 8, bonuses – 10, improvement of social conditions – 13, IPO and acquisition of shares – 3, other issues – 2), of which 84% have been resolved and 16% are being processed.

Employee headcount

KMG Group employs around 50 thous. people across its regions of operation. The actual headcount for KMG Group at the end of 2023 was 49,710 people, of whom 46,603 were full-time employees, while 3,107 employees were outstaffed.

Actual headcount for KMG Group (consolidated), employee

'23	49,710
'22	47,526
'21	47,437



¹ Samruk Research Services is a sociological survey that reveals employees' mood, their social harmony, and the level of protest sentiment. In addition, the index helps identify matters of concern for employees of individual enterprises.

Indicator ¹	Unit	2021	2022	2023
Male	%	82	82	81
Female	%	18	18	19
Blue-collar employees	%	92	92	92
White-collar employees	%	8	8	8
Employees aged 31 to 50, including:	%	59	59	58
▪ Male	%	81	81	81
▪ Female	%	19	19	19
Employees aged over 50, including:	%	29	30	31
▪ Male	%	81	81	81
▪ Female	%	19	19	19
Employees aged under 30, including:	%	12	11	11
▪ Male	%	86	86	88
▪ Female	%	14	14	12
Jobs created	jobs	945	88	918
Of average headcount	%	2.1	0.2	1.9
Employment terminated	Employee	2,757	3,123	2,124
Managers at all levels, including:	%	11	10	10
▪ Male	%	82	82	85
▪ Female	%	18	18	15
Turnover rate for KMG Group	%	6	6	4.5

Given that the Company operates in harsh and hazardous conditions, 81% of employees are male and 19% are female. Blue-collar employees account for 92% of the total headcount, while white-collar employees make up 8%.

In terms of age, the majority of employees (58%) are between 31 and 50 years old, and of those 81% are male and 19% are female.

Employees aged over 50 account for 31% of the total headcount; 81% of them are male and 19% are female.

The share of young people aged under 30 is 11% of the total headcount, including 88% male and 12% female employees.

In 2023, KMG created 918 jobs, which accounts for 1.9% of the average headcount. The number of employees whose employment was terminated in the reporting period is 2,124.

The percentage of employees who are managers at all levels is 10% of the total headcount, 15% (2022: 18%) of them are female and 85% (2022: 82%) are male.

The 2023 turnover rate for KMG Group was 4.5% (2022: 6%).

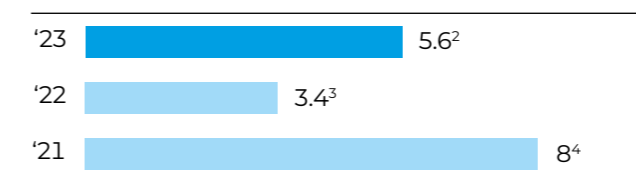
Development of the Company's regions of operation

KMG contributes to social and economic development in its regions of operation. We actively cooperate with local authorities, maintain an ongoing dialogue with key stakeholders, and focus on training and development of young skilled talent. We also run social initiatives for KMG Group's employees and are committed to supporting domestic producers through off-take agreements. Among other things, KMG Group companies invest in the development of socially important facilities, construction of sports complexes, and regional social and economic development under subsoil use contracts and the Comprehensive Development Plan.

The subsoil use contracts signed by KMG subsidiaries provide for significant investment in developing the regions of operation and social support to vulnerable population groups. The Company's subsidiaries and associates also provide funds to local executive bodies, which are further distributed in line with the needs of local communities under agreements and memoranda concluded with the akimats of the respective regions.

- OMG allocated KZT 1.7 bln to finance the development of social infrastructure in Zhanaozen and the Karakiya District of the Mangistau Region.
- EMG contributed KZT 783 mln for the construction of a kindergarten for 280 children in Bisekty, Atyrau Region.
- MMG transferred KZT 140 mln to the Mangistau Region's akimat to support the development of the regional social and economic infrastructure.
- KGM allocated KZT 2.3 bln to finance the construction of a Schoolchildren Palace for 350 people in the Kyzylorda Region.
- KBM contributed KZT 230 mln for the development of infrastructure in the Mangistau Region.
- KOA contributed KZT 206 mln to the social, economic, and infrastructure development of the Aktobe Region, with another KZT 189 mln coming from KTM; KZT 85 mln were donated to sponsor the development of the Mangistau Region.

Funds transferred to local executive bodies (under subsoil use contracts), KZT bln



North Caspian Operating Company N.V. (as part of the North Caspian Project) sponsors the following ongoing social projects worth about KZT 30 bln:

- construction of a Schoolchildren Palace in Aktau worth KZT 12 bln (the project timeframe is 15 March 2021–14 May 2024);
- construction of a 100-bed dormitory in Fort-Shevchenko (Tupkaragan District, Mangistau Region) for the amount of KZT 1.9 bln (the project timeframe is 1 June 2023–31 May 2024);
- construction of a vocational guidance and arts school for 260 students in Fort-Shevchenko (Tupkaragan District, Mangistau Region) for the amount of KZT 1.3 bln (the project timeframe is 26 May 2023–25 November 2024);
- construction of a secondary school for 100 students in Beki (Mangistau Region) for KZT 699.7 mln (the project timeframe is 26 April 2023–25 April 2024);
- construction of a 50-bed family outpatient clinic in the Bereke microdistrict, Atyrau for KZT 591.2 mln (the project timeframe is 21 February 2022–20 August 2023);
- construction of a kindergarten for 160 children in the Orleu residential area (Taskala-2) in Atyrau for KZT 625.2 mln (the project timeframe is 15 September 2022–14 June 2024);
- construction of an 80-bed annex to the regional children rehabilitation centre in Atyrau worth KZT 512.8 mln (the project timeframe is 15 September 2022–14 June 2024);
- construction of three-storey 60-apartment blocks of flats in Makhambet for KZT 1.1 bln (the project timeframe is 1 December 2022–31 May 2024);
- construction of a three-storey 60-apartment block of flats in Akkystau for KZT 1.1 bln (the project timeframe is 1 December 2022–31 May 2024);
- construction of a three-storey 60-apartment block of flats in Miyaly for KZT 1.5 bln (the project timeframe is 15 September 2022–14 March 2024);
- construction of a three-storey 60-apartment block of flats in Dossor for KZT 1.4 bln (the project timeframe is 17 August 2023–6 February 2025);
- construction of a three-storey 60-apartment block of flats in Kadyrka (Kurmangazy District) for KZT 1.3 bln (the project timeframe is 7 August 2023–6 February 2025);
- construction of a KZT 6.1 bln park in Atyrau (the project timeframe is 10 November 2023–9 February 2025).

² Excluding funds from Kashagan.

³ Including funds under subsoil use contracts of KMG's subsidiaries and associates and excluding more than KZT 8 bn transferred by North Caspian Operating Company N.V. (Kashagan) to finance social projects. Respective figure in KMG's 2022 Annual Report was KZT 11.7 bn, as it included Kashagan funds.

⁴ This amount includes KZT 5 bln transferred to local executive bodies and KZT 3 bln allocated under the Zhanaozen Comprehensive Development Plan

¹ Includes employees from consolidated companies with an ownership interest of 51% or above.

Working conditions for employees

The Company makes a continuous effort to improve employees' working and leisure conditions. KMG's subsidiaries and associates have employees' living and catering conditions reflected in their plans to improve social stability. They developed their own road maps for five years (2023–2027) to improve employees' working and leisure conditions. In 2023, KMG subsidiaries and associates plan to build over 40 social infrastructure facilities (canteens, administrative and production buildings, accommodation camps, etc.) and overhaul 115 social infrastructure facilities.

Charity and sponsorship

Samruk-Kazyna Trust Social Development Foundation, Samruk-Kazyna Group's unified charity operator, is responsible for the Company's charitable and sponsorship activities.

Samruk-Kazyna Trust's charitable initiatives focus on assisting people and communities in the social and medical sectors, developing media and cultural communities, fostering human resources, enhancing labour and inter-ethnic relations, investing in sustainable development, and supporting regional business initiatives.

The 2023 budget covered 46 projects totalling KZT 7.2 bln, of which four projects were completed taking into account KMG's needs:

1. IQanat Educational Foundation – an IQanat-Zharkyn Bolashak project totalling KZT 300 mln; 50 students of Zhanaozen's schools received educational grants to study at IQanat High School Burabai;
2. Bilim Foundation – a Zharkyn Bolashak project worth KZT 378.3 mln; 177 students from Zhanaozen received educational grants to study in colleges across the country; two graduates of the project were employed;
3. Mangistau Local Initiatives Centre – a project to upgrade the infrastructure and equipment of the outpatient clinic in Akshukur (Tupkaragan District, Mangistau Region) by purchasing an X-ray machine worth KZT 36.5 mln;
4. Construction of 21 children's sports grounds in Zhetybai and Zhanaozen (Mangistau Region) in 2022 and 2023 for KZT 1 bln.

In addition, KMG subsidiaries, namely, OMG, KBM, MMG, KOA, KGM, Pavlodar Refinery, and PKOP provided charitable assistance to local communities in the Atyrau, Mangistau, Aktobe, Kyzylorda, Turkestan, and Pavlodar regions for a total amount of KZT 1.1 bln.

In 2023, KMG, through Ak Su KMG, started construction of a KZT 19.3 bln multifunctional sports and recreation complex in Uralsk in furtherance of the order from Kazakhstan's President. The construction is slated for completion in December 2024.

Student and young talent engagement

KMG actively works and cooperates with young specialists and students. The Company runs dual training and internship programmes for students aimed at engaging and supporting young specialists.

Dual training programmes are implemented annually in KBM, EMG, KPI Inc., Pavlodar Refinery, and Atyrau Refinery.

In addition, MMG continues to run an educational programme featuring intensive training. Launched jointly with Yessenov State Engineering and Technology University, it seeks to ensure the stability of social, labour, and economic relations and to achieve KMG's strategic goals and objectives in sustainable development, namely, to reduce unemployment in the Mangistau Region. The programme is aimed at preparing candidates for vacant positions. It was successfully completed by 194 candidates from vulnerable population groups of the Mangistau Region.

During the Development Day, KMG Engineering held a workshop for young specialists titled "New Life of Mature Fields". The talent pool also received a hands-on training in kaizen fundamentals.

Production training was arranged at KMGE School for 18 students participating in a programme of KMG Engineering to train the most in-demand specialists.

In addition, KMG Group cooperates with Kazakhstan's universities and vocational schools to organise and conduct field and pre-graduation internships for students.

Unified internal communications system

KMG places a special focus on the internal community-oriented programmes. Their primary goal is to create favourable conditions for the Company's personnel. These include financial incentives, retention and professional development initiatives, labour safety measures. Special attention is paid to the prevention of social tension, labour disputes and conflicts.

To this end, there is an ongoing dialogue with employees and their representatives. The unified internal communications system is set to increase the feedback efficiency. All enterprises hold mandatory scheduled meetings between the management and employees to discuss social, day-to-day, and operational matters.

The internal communications system serves to timely inform employees about goals and objectives of activities carried out at subsidiaries and associates, communicate the current situation in the organisation to the staff, and to listen to employees and their needs.

All KMG's production assets have internal documents in place enabling each employee to address their questions to the management and receive a timely response via internal communication tools (biannual reporting meetings of subsidiaries' CEOs with personnel). At the meetings, CEOs inform employees about the current situation as regards economics, work scopes, production targets, occupational health and safety, HR, and social issues, and answer their questions. 2023 saw 101 reporting meetings covering 14,000 employees of KMG's subsidiaries and associates with over 500 questions asked. Common questions raised by employees at the meetings were wage increases, the employment of personnel's children, specific questions on health care, and those related to improving working conditions, including the need to repair or construct buildings and facilities. All questions were answered and relevant decisions were made.

In addition, to create and maintain effective mechanisms for direct communications between employers and employees in subsidiaries and associates, timely inform employees about the goals and objectives of the company's operations, communicate the current situation in the enterprise to employees, create a positive

image of the company among employees, and monitor the corporate social and psychological climate, subsidiaries' CEOs hold meetings with employees on personal matters; each subsidiary and associate has in place a CEO blog, corporate information website, screen for video announcements in order to inform employees about corporate updates. Information boards are used for ad-hoc messages and announcements.

On a quarterly basis, management meets with the trade union of subsidiaries and associates to discuss the most pressing issues related to the implementation of the collective bargaining agreement, labour discipline, employees' requests, occupational health and safety issues, social benefits and compensations, and other socially important issues.

Trade unions

The Company interacts with trade unions on the basis of social partnership principles governed by labour laws at the industry and regional levels. At the industry level, interaction areas are defined in the Industry Agreement in the Oil and Gas, Oil Refining and Petrochemical Sectors of Kazakhstan developed jointly with representatives of KMG and its enterprises. These areas comprise social guarantees, labour management, remuneration, employment, gender and youth policy, occupational health and safety, prevention and resolution of labour conflicts, etc.

There are 42 trade unions at KMG protecting the interests of 44,430 employees.

At the regional level, there are regional social partnership commissions; in addition to regional employment and health and safety issues, they also consider specific collective labour disputes. All KMG companies have reconciliation commissions up and running.

KMG together with its subsidiaries and associates is an active member of the Industry Commission for Social Partnership and Regulation of Social and Labour Relations in the Oil and Gas, Oil Refining and Petrochemical Sectors. The commission tackles issues related to companies'

working climate, HR development in the oil and gas, oil refining and petrochemical industries, creates industry qualification frameworks and professional standards. In its activities, KMG is compliant with the Industry Agreement in the Oil and Gas, Oil Refining and Petrochemical Industries for 2023–2025.

The Company complies with the key provisions of the Agreement on improving employees' social protection, enhancing the role of trade unions, ensuring safe working conditions, health and safety, etc. As far as industry-specific remuneration principles are concerned, KMG's subsidiaries and associates established minimal coefficients between different working categories and a minimal monthly wage rate for a first-class worker.

In 2023, more than 166 reports from employees of KMG's subsidiaries and associates and citizens were considered. The Mangistau Region was responsible for a sizeable chunk of requests from those asking for employment at KMG. Special attention was paid to reports on the violation of KMG Group employees' rights. They were carefully reviewed by the HR Management Department, with verifying if the decisions made were substantiated and compliant with the country's laws and internal documents of the enterprise in question. Those submitting reports were provided with appropriate answers, while enterprises were given practical recommendations on HR and social management.

Social support for employees

KMG Group has a Standard Collective Bargaining Agreement Form for Group companies that defines the types of social support for employees of KMG subsidiaries and associates and rules for providing it.

In 2023, collective bargaining agreements were in place at 25 enterprises of KMG Group. The number of employees covered by collective bargaining agreements was 50,163, or 96% of the actual headcount. These agreements guarantee safe working conditions, recreation, and health resort treatment.

KMG offers its employees a guaranteed social package: health improvement benefits paid together with annual leave, pregnancy and childbirth payments, monthly payments to employees on maternity leave, compensation upon employment termination in case of inability to transfer to another job, compensation due to general inability to work or disability, one-time payment in connection with the death of an employee (for funeral arrangements), one-time payment to the family of an employee deceased as a result of a workplace accident.

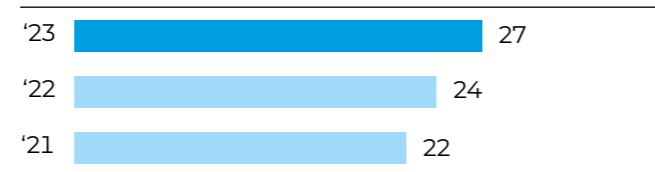
The Company also provides social guarantees for voluntary medical insurance in case of employees' illness, as well for recreation of employees and their children. Financial assistance is also rendered in the form of anniversary / retirement age benefits, in case of marriage, short-term leave upon marriage, childbirth, death of relatives (with the same wage level guaranteed), medical treatment / surgery, to disabled employees, employees' disabled children, employees in special need, to those buying school supplies for the start of the school year, etc.

According to KMG Group collective bargaining agreements, there are more than 50 types of key social benefits. In the reporting period, all the terms and conditions of collective bargaining agreements were met and maintained across all KMG enterprises, regardless of their financial and economic situation.

In 2023, the collective bargaining agreements of MMG, KTO, Caspi Bitum, Oil Services Company, Pavlodar Refinery, and KOA were updated to include increased social benefits as per the current standards for KMG Group.

In the reporting year, a new collective bargaining agreement was signed for the first time between the management and employees of Kazakhstan Petrochemical Industries, Inc. and KMG-Security. In 2023, KMG Group companies spent approximately KZT 27 bln on social support for their employees.

Social support for employees, KZT bln



Distribution of social support for employees of KMG Group, %



In 2023, 1,396 employees of KMG received state, departmental and other awards and benefits as part of significant dates' celebrations, including 626 employees to mark the Day of Kazakhstan Oil and Gas Industry Workers. A quota of 311 awards to commemorate the Day of the Republic of Kazakhstan was approved.

KMG Group developed and approved the Corporate Standard on Mandatory Medical Examinations. It was forwarded to KMG's subsidiaries and associates for implementation. The standard governs compulsory medical examinations and control over employees with chronic diseases, and sets out uniform requirements for medical service providers. A meeting was held with subsidiaries and associates of the Mangistau Region to discuss the launch of the corporate standard, implementation issues, and medical services for employees as a whole. The Company collected and consolidated data received from all subsidiaries and associates as regards the standard implementation status and analysed the distribution of medical support services for employees across each enterprise. We kicked off a project to draft a Corporate Wellness Programme at KMG Group.

Subsidiary and associate interaction with contractors

KMG approved regulations on interactions with contractors to ensure labour guarantees for their employees.

To make contractors deliver on their labour commitments, 21 KMG subsidiaries and associates included the regulations' requirements in their contractual obligations

In 2023, a special group of employees of KMG, KMG Representative Office in Aktau, OMG, MMG, KBM, as well as specialists from oilfield service subsidiaries of the Mangistau Region (a total of 60 people) embarked on its mission in Zhanaozen. The group is tasked with inspecting and analysing the operations of contractors engaged by OMG and KMG's oilfield service subsidiaries (Water Production and Transportation Department, Ken-Kurylys-Service, OzenMunayService, KMG EP-Catering).

43 contractors were inspected, including 29 engaged by OMG and 14 by KMG's oilfield service subsidiaries.

The inspection covered two key areas:

- 1) compliance with labour law requirements, working, sanitary and living conditions, occupational health and safety, and medical care. Particular attention was paid to internal communications between the company's management and its employees (meetings of the managers with the staff, consideration of employees' reports and personal issues);
- 2) delivery of contractual obligations, including targeted use of funds allocated under the contract (payment of production bonuses, year-end bonuses, one-time holiday bonuses, health improvement benefits paid together with annual leave, guaranteed minimum benefits package).

The inspections revealed 572 violations. OMG and KMG's oilfield service subsidiaries were recommended to send instructions to the contractors for them to eliminate the identified violations within the deadline specified.

Company-wide events

KMG Group holds various events every year. For example, we organise a corporate sports competition and the Uzdyk Maman competition to promote a healthy lifestyle and professional development.

Uzdyk Maman professional skills competition

KMG Group has been holding the Uzdyk Maman professional skills competition at the company-wide level since 2016.

In the reporting year, it took place from 13 to 17 September in Aktau, at KBM's production site. The competition involved some 300 people representing 20 subsidiaries and associates of KMG and specialising in 17 areas: oil and gas production operators, well testing operators, reservoir pressure maintenance operators, oil treatment operators, well workover and servicing teams, process equipment repair and maintenance technicians, electric and gas welders, electricians, chemical analysis laboratory technicians, process plant operators, compressor operators, lathe operators, TsA-320 cementing truck operators, motor-vehicle drivers, instrumentation and control technicians, process pump operators.

The competition consisted of two stages: the first stage was held at the level of KMG subsidiaries and associates and involved 2,470 employees. The second stage of the competition at the company-wide level involved 157 people from 19 KMG enterprises who won first places during the first stage. First, the contestants took an online theory test organised by Samruk Business Academy. Then, the participants got their practical skills tested at the competition sites of the Karazhanbas field. The closing ceremony took place in Rixos Water World, where the winners were awarded medals, diplomas, and enjoyed a special show staged by employees of KMG's subsidiaries and associates. A representative of KGM also won the Uzdyk Maman 2023 competition run by Samruk-Kazyna.

In addition, representatives of Pavlodar Refinery were invited by Gazpromneft to participate in the Best in Profession 2023 competition in the Process Plant Operator and Compressor Operator categories. The contest hosted by Gazpromneft-ONPZ took place from 28 to 30 August 2023 in Omsk. Representatives of various companies participated in the competition, including Gazpromneft-ONPZ, Slavneft-YANOS, Gazpromneft-MNPZ, NIS, Poliom, Atyrau Refinery, SIBUR, etc. Contestants were given various tasks: they completed professional tests, demonstrated their knowledge of HSE guidelines, dealt with a practical case study on computer simulators, performed gas hazardous works, carried out first aid, solved practical professional tasks, and competed in a firefighter relay race. Representatives of the teams performed in pairs, but there was a personal scoring. Despite the lack of experience with this kind of competition, our team performed well, just a little behind its rivals, and took fourth place in each nomination.

In August 2023, KTO entered the Best in Profession international professional skills competition among representatives of Transneft and Gomeltransneft Druzhba's key professions. These included production operators, line pipefitters, electric and gas welders, chemical analysis laboratory technicians, process equipment (plants) repair technicians, control and automation technicians, electricians; oil pumping station operators.

KMG sports competition

In 2023, KMG Group held its annual corporate sports competition for team building purposes.

This year, the event took place from 10 to 14 July 2023 and was dedicated to the 60th anniversary of MMG. Over 500 employees from more than 20 KMG subsidiaries and

associates participated in the competition. All of them had previously passed the qualifying stage featuring eight groups with some 3,000 employees from over 30 KMG's subsidiaries and associates. Contestants competed for awards in 11 categories: minifootball, volleyball, football, chess, table tennis, swimming, arm wrestling, Toguz Kumalak, Arkan Tartu, Assyk Atu, cyber sports.

From 18 to 20 August 2023 Astana served as a venue for the superfinal of the 8th Spartakiad among employees of Samruk-Kazyna enterprises; this year, it was timed to coincide with the Fund's 15th anniversary. This major event totalled 845 participants in 11 individual and team sports.

KMG got the first place in the team event. The Super Cup of the Spartakiad among the Fund's portfolio companies was awarded to KMG for the second year in a row.

One Team – One Goal motto is a reflection of the event's core message, that is, fostering corporate culture and strengthening team ties, encouraging all participants to work as one to achieve superior results.

Most subsidiaries and associates of KMG Group created conditions for employees to do sports (rent of halls, availability of gyms at the fields, etc.), which yields positive results. Intra- and inter-workshop sports competitions are held on a regular basis.

Environmental campaign

14 October 2023 saw a corporate environmental campaign to plant trees in the capital of Kazakhstan. KMG supported the initiative of President Kassym-Jomart Tokayev to plant 2 bln trees within five years.

The event was attended by Chairman of KMG's Management Board Magzum Mirzagaliyev, Astana Akim Zhenis Kassymbek and Vice Minister of Ecology and Natural Resources Nurken Sharbiyev. The event's idea was to promote environmental responsibility and care for the environment, as well as to make the city greener.

Today, the World Cleanup Day is an environmental initiative that takes place all over the world. Millions of people come together to care for nature by cleaning up waste.

Volunteers of KMG Group, including Kumkol, KTO and KMG Corporate Centre, stepped in to clean up Borovoye.

As part of the event, KMG volunteers collected rubbish, installed bins and information signs.

Corporate culture development

In 2023, the Company embarked on a mission to update and develop its corporate culture. The corporate culture was analysed using three methods: online survey, in-depth interviews with top management, and focus group discussions. Based on the results, the current and target corporate culture profile was determined, employee engagement and commitment to the Company and its values were assessed, and feedback on improving business processes was collected. Based on the obtained data and feedback from employees, recommendations were given on the development of corporate culture and a plan of measures for 2023 and 2024 for the transition from the current to the target culture profile.

To establish a feedback mechanism within the Company, the management met with the employees of the Corporate Centre to discuss the strategy implementation and development of the corporate culture; work is underway to implement changes in the corporate environment, create favourable working conditions, and establish internal communications. A strategic session was held with the Company's top management on the implementation of the corporate culture, as well as a series of strategic sessions on the Company's values. As a result, four values (safety, efficiency, responsibility, team) were proposed and are being agreed upon by the Company's management. All these initiatives are aimed at increasing employee engagement in activities pertaining to the Company's development and driving efficiency in achieving its strategic goals.

In 2024, we plan to acquaint our employees with the Company's values and behaviour patterns, as well as run a pilot project to promote corporate culture in OMG and EMG.

Priority areas of our social policy

Personnel development is key for KMG Group's success.

The main objective of the Company's personnel development and training programmes is to ensure the progressive success of KMG by promoting employee efficiency improvements based on the knowledge, skills and competencies that fully meet corporate needs and contribute to the Company's strategic goals.

Training and professional development programmes

KMG promotes professional development in line with international standards. In 2023, for employees to obtain international qualifications and certifications under DipIFR, ACCA, IPMA, CIMA, PMP, CFA, CIA and other certification programmes, we trained 61 employees of KMG Corporate Centre and 188 employees of subsidiaries and associates.

In 2023, KMG teamed up with Samruk-Kazyna to run module training in PR School, HR School and IR for 96 employees of KMG Group.

Leadership Training Programme

The Company is proceeding with its MANSAP project to develop the Succession Plan for Key Positions within KMG Group.

The development programmes for A and B pool positions were implemented.

In 2023, the Leaders School development programme for C pool positions was developed and launched. The programme features seven different modules and four inter-module master classes, with three of them carried out in 2023: Effective Communication, Safety Culture, Planning and Resource Allocation. Budgeting, as well as an inter-module master class on feedback culture.

In 2023, a mentor training and development programme Succession in Action was drafted and launched for those enlisted in the talent pool for C pool positions to learn from the unique leadership experience of employees included in the talent pool for A and B pool positions.

Mandatory safety training

Safety is one of the pillars of the Company's sustainable operations.

To this end, our employees undertake continuous mandatory training in industrial safety, occupational health and safety, fire safety basics, well blowout safety, RoSPA defensive driving, counter-terrorist security, H₂S gas safety, radiation safety at enterprises, etc.

In 2023, based on Vision Zero, a global zero accident concept to which KMG adheres, we rolled out training in safety culture with the aim of creating and nourishing a culture of workplace safety. The training was attended by more than 16 thous. employees. In 2023 and 2024, it is planned to train each and every KMG Group's blue-collar worker.

Sustainability training

KMG pays special attention to meeting ISO requirements in such areas as quality, environment, health and safety, energy efficiency, sustainable development, and management systems.

For example, training sessions titled “Internal Auditor of Integrated Management System in accordance with ISO 9001, ISO 14001, ISO 145001 and OHSAS” were attended by 12 employees of the Corporate Centre and 271 employees of subsidiaries and associates. We also held training sessions on risk assessment skills for 51 employees of the Corporate Centre and 1,175 employees of subsidiaries and associates.

Today, one of the main strategic goals of KMG is to reduce emissions and save energy. To deliver on this goal, our employees are actively trained in this area. In 2023, 80 employees of the Corporate Centre and subsidiaries and associates received training in methane emissions in the oil and gas sector; energy saving, renewable energy sources, and low-carbon development.

New Procurement and Supply Management Procedures at Samruk-Kazyna and E-Procurement IT System 2.0

As part of its transparency policy, the Company pays special attention to procurement activities. To enhance the competencies of procurement professionals at KMG Group's Corporate Centre and subsidiaries, we launched

a dedicated programme – New Procurement and Supply Management Procedures at Samruk-Kazyna and E-Procurement IT System 2.0.

So far, the programme has covered over 594 employees from 28 KMG companies.

Electronic library of production equipment and process documents

To create a unified database of technically sophisticated devices and equipment and provide information support, we delivered a joint project together with KMG Engineering to put in place an electronic QR-code-based library of production equipment and process documents. Our employees can now benefit from free remote access to the database of sophisticated devices and their specifications through the use of QR codes, which are scanned by image processing devices to obtain the necessary information on the availability of equipment at enterprises. One can easily generate a QR code to get information on technically sophisticated devices at enterprises in no time without making enquiries to the dedicated divisions of KMG's subsidiaries and associates.

For more details on employee training, see [KMG's Sustainability Report](#)

Supplier relations

Procurement system

Ensuring efficient procurement while striving to comply with sustainability principles is an integral part of KMG's activities, which contributes to the achievement of strategic and operational goals.

The key principles of KMG Group's procurement activities include compliance with laws and internal requirements, transparency of procurement procedures, promotion of fair competition, and provision of equal opportunities for counterparties. At the same time, KMG implements a number of initiatives in procurement to support domestic manufacturers as part of the Programme to Promote the Modernisation of Existing and Creation of New Production Facilities.

Procurement management at KMG companies is governed by two documents:

- Law of the Republic of Kazakhstan No. 47-VII ZRK On Procurement by Certain Quasi-Public Sector Entities dated 8 June 2021 (the “Law”), which became effective on 1 January 2022. The Law sets out the key principles and conditions of procuring goods, works, and services required for the business and statutory operations of companies from the quasi-public sector, including those owned by Samruk-Kazyna;
- Procedure for Carrying out Procurements by Joint-Stock Company Sovereign Wealth Fund Samruk-Kazyna and Companies Where JSC Samruk-Kazyna Directly or Indirectly Holds Fifty or More Percent of Voting Stock (Equity Stake) on the Right of Ownership or Trust Management (the “Procedure”), approved by Resolution of the Fund's Board of Directors No. 193 dated 3 March 2022. The Procedure was developed in furtherance of the Law's Article 14 and sets out key procurement principles and approaches, the general procurement management procedure, procurement management competence of the Fund and the Fund's operator for procurement, main requirements for procurement processes, the definition of applicable procurement methods, and grounds for the application of single-source procurement, while also specifying the procurement processes¹ related to procurement category management, procurement planning, supplier selection and management, and management of supply contracts.

To maintain and enhance transparency and efficiency in line with the most advanced international procurement standards and technologies, KMG Group uses the E-Procurement IT System portal (the “E-Procurement IT System”) providing unhindered access (with certain exceptions, primarily related to state secrets) to procurement information to all stakeholders and ensuring equal opportunities for all participants in the procurement process.

The E-Procurement IT System enables automation and standardisation of all procedures within the procurement cycle (from planning to contract management) to cut the time needed to perform relevant tasks and reduce human factor. E-procurement facilitates market access and thus contributes to improved efficiency, increased competition and reduced administrative burden and operating expenses.

In addition to the public dissemination of information on procurement procedures and procurement contracts, including details of invitations to bid and the terms and conditions of contracts, the E-Procurement IT System envisages the advance establishment of requirements for participation in a competitive procurement, including selection criteria, bidding rules and publication thereof, while ensuring an efficient internal control system, including challenging the results of procurement in case of non-compliance with the rules or procedures established by regulations.

Sustainable procurement

KMG's sustainability principles are reflected in its interactions with counterparties based on legitimacy and transparency, compliance with contract terms, incorruptibility, and intolerance of corruption in any form, and selection of counterparties based on a mix of factors: best price, quality and terms, as well as the counterparty's business reputation.



¹ Among other things, the specifications include applicable terms and requirements for the applicable documents and procedures.