

Corporate key performance indicators

To advance our strategic goals and initiatives, corporate key performance indicators (KPIs) are set annually for KMG's management. These KPIs are developed taking into account the Company's priority objectives and a need to strike a balance between production, financial, and sustainability metrics. The list of KPIs includes mandatory indicators related to industrial and occupational safety. At the end of each year, the assessment of performance against these KPIs

is used to determine the remuneration of KMG employees who are subject to the performance evaluation.

The 2023 corporate KPIs and functional KPIs of the Management Board members were aimed at successfully implementing investment projects, achieving planned production and financial targets, and fulfilling our ESG goals.

Improved efficiency across the Company's value chain

Performance under priority investment projects	80% (2022: 54.02%)
Scheduled project activities were completed as part of four out of five projects:	
<ul style="list-style-type: none"> ■ Upgrade and expansion of the Astrakhan–Mangyshlak water pipeline ■ Construction of a desalination plant in Kenderly with a daily capacity of 50,000 m³ ■ Integrated gas chemical complex construction (Phase 2 – polyethylene production) ■ Construction of a new gas processing plant in Zhanaozen 	
See the Performance under Investment Projects section	

Oil and gas condensate production	23,490¹ thous. tonnes (2022: 22,012 thous. tonnes)
This indicator measures oil and gas condensate production from operating assets and major oil and gas assets attributable to the Company.	
See the Upstream section	

EBITDA margin, excluding trading	40% (2022: 29.3%)
This indicator measures the Company's profitability and shows the percentage of revenue retained by the Company before taxes, interest on loans, and depreciation and amortisation.	
See the Financial Review section	

Total shareholder return (TSR)	43.1% (indicator introduced in 2023)
This indicator measures return on invested capital.	
43.1% = (Closing share price at the end of 2023 (29 December 2023) of KZT 11,541 – Initial share price (at IPO on 8 December 2022) of KZT 8,406 + Dividends of KZT 491.71 per share) / Initial share price (at IPO on 8 December 2022) of KZT 8,406 * 100%	
See the Shareholder and Investor Relations section	

Sustainable development and gradual reduction in carbon intensity of production

Comprehensive OHS indicator	Lost Time Incident Rate (LTIR): 0.30 (2022: 0.36%)
Identification and reporting of unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor: 12,240 Qorgau cards completed in KMG's subsidiaries and associates (indicator introduced in 2023).	
This indicator consists of two components Lost Time Incident Rate (LTIR) and Qorgau OHS card completion	
See the Health, Safety and Environment section	

Estimated KPI achievement rates. The final approval by KMG's Board of Directors of the actual values for 2023 is expected in July 2024.

Performance under investment projects

Corporate Project Management System

In 2023, to implement investment projects more efficiently, KMG continued to build its Corporate Project Management System (CPMS).

As part of these efforts, we drafted 34 template documents to facilitate decision-making in various PM areas and set detailed requirements for relevant processes.

The Company adopted a CPMS handbook describing tools and methods to manage capital projects.

In 2023, KMG Group hosted the first project management conference bringing together 150 experts in major projects from the Company and its subsidiaries and associates. Conference participants took part in an open dialogue on challenges in the planning and implementation of capital projects, looked at the key aspects of design, construction and coordination processes, reviewed lessons learned, and presented best PM practices.

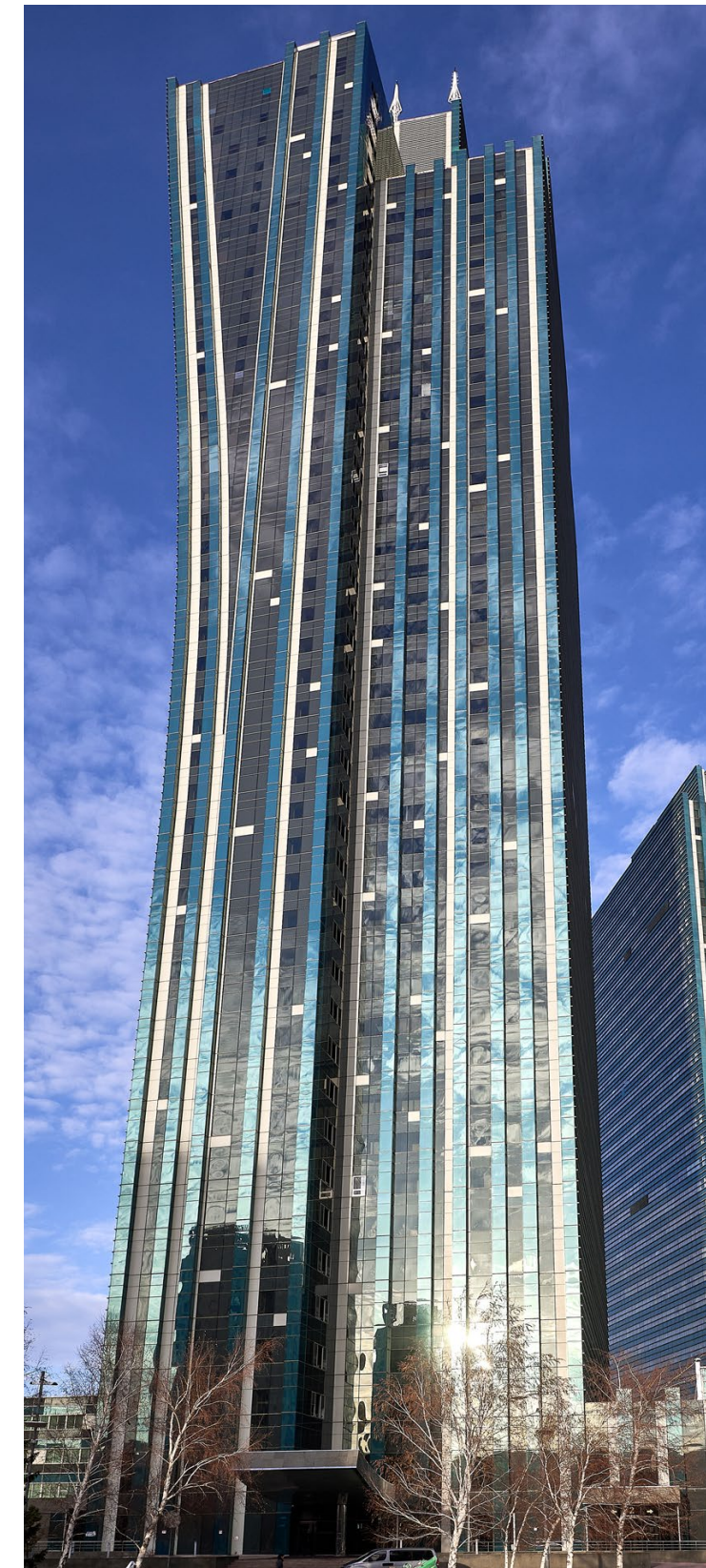
KMG together with its subsidiaries and associates takes a lot of effort to continuously improve employees' PM competences.

The reporting period saw eight internal and external training courses in various project management domains, with over 300 employees taking part, 46 certified under IPMA standards, and 17 certified under Green Project Management standards.

An in-house certification system is in place to evaluate KMG project management staff, with managers of capital projects to be tested for compliance with CPMS requirements starting from 2024.

The Company liaised with government authorities to streamline project design, approval and budgeting processes.

The next year will see further efforts to enhance procedures and tools for project assessment, decision-making and create a pool of project leaders from among KMG Group employees.



¹ In accordance with the asset list included in the calculation of target KPIs. KMG's total oil and gas condensate production was 23,532 thous. tonnes.

Investment portfolio overview

Today, KMG's investment portfolio includes projects across all areas of operations aimed at increasing the resource base, boosting efficiency across the value chain, diversifying business activities, and expanding the product offering. In line with the KMG Development Strategy for 2022–2031, the Company's investment portfolio encompasses projects both in conventional areas (exploration, transportation and refining of oil) and new realms (petrochemicals, alternative energy, and carbon

footprint reduction at KMG's existing operating assets). Sources of project financing are determined on a case-by-case basis, with the Company relying insofar as possible on its own funds and raising debt solely for certain new projects. To improve investment and financial discipline, KMG seeks to raise financing mostly at the project level with the lowest recourse to the Company.

In 2023, the investment portfolio totalled KZT 50.461 bln, including KZT 18.636 bln attributable to KMG.

Project type	Total investment portfolio, KZT bln		Share of investment portfolio attributable to KMG, KZT bln	
	2022	2023	2022	2023
Oil and gas exploration and production	44.448	41.857	14.609	12.713
ESG projects	237	965	219	420
Service projects	182	178	182	178
Oil transportation	424	419	163	155
Refining and marketing of oil products	314	797	265	732
Petrochemicals	5.581	6.131	2.960	4.329
Other	125	114	119	109
Total	51.312	50.461	18.516	18.636



Oil and gas exploration and production

In 2022, in order to strengthen the investment case for the oil and gas industry, the Government of Kazakhstan together with foreign investors and KMG developed Enhance Contract Model offering a number of regulatory and fiscal benefits for complex projects that require additional support (new complex onshore, offshore and gas projects). In December 2022, the President of Kazakhstan signed a relevant set of amendments to the national Code on Subsoil and Subsoil Use and Tax Code. These amendments impact several KMG's projects, helping intensify work both on the Caspian Sea shelf and on a number of complex and gas projects onshore.

In 2023, thanks to the introduction of the Enhance Contract Model, significant progress was made in advancing complex and capital-intensive projects such as Kalamkas-Sea-Khazar, Karaton Subsalt, and Urikhtau, with respective contracts signed.

In 2022, the Company obtained subsoil exploration licences for five blocks: Mugodzhary, Berezovsky, Zharkyn, Bolashak, and Northern Ozen. In 2023, we conducted pro-active seismic surveying as part of the subsoil exploration programme, carrying it out ahead of schedule. Field seismic surveying was completed at three blocks in the Mangistau and West Kazakhstan regions and is underway at the Mugodzhary block in the Aktobe Region. Reprocessing and reinterpretation of historical data for the Bolashak block, as well processing and interpretation of seismic data for the Northern Ozen, Zharkyn, and Berezovsky blocks are nearing completion. In 2024 and 2025, pro-active seismic surveying is planned to be finalised, followed by processing and interpretation of results to reduce geological risks and obtain input data for geological evaluation and feasibility study.

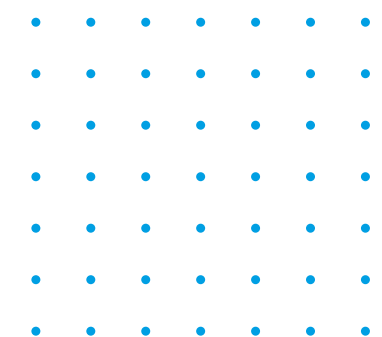
In 2023, contracts were secured for the Karaton Subsalt and Kalamkas-Sea-Khazar blocks, with operator companies established and strategic partners engaged for each project. In 2024, the drilling of the first 5,500 m prospecting well is planned for the Karaton Subsalt block, funded by a strategic partner, with testing expected to be completed in 2025.

In 2023, KMG and LUKOIL signed a number of agreements as part of the Kalamkas-Sea-Khazar-Auezov project in Kazakhstan's part of the Caspian Sea. The water depth is approximately 8 m. Their recoverable reserves include 86 mln tonnes of oil and 22 bln m³ of gas. In 2024, plans are underway to conduct design work for the development of these fields.

On 4 December 2023, the East Urikhtau project commenced its production operations. The launch of this field is of utmost importance in terms of enhancing the nation's energy security by expanding its hydrocarbon resources. As part of the ongoing development of the East Urikhtau field, there are plans to additionally drill nine production wells. This is expected to increase oil production to 200 thous. tonnes per year, while also boosting associated gas production to 100 mln m³ per year.

On 21 December 2023, Ural Oil and Gas LLP, in which KMG holds a 50% stake, successfully put the Rozhkovskoye gas condensate field in the West Kazakhstan Region into commercial operation. The field is anticipated to achieve a peak production level of around 1 bln m³ of gas and over 500 thous. tonnes of condensate, as well as over 150 thous. tonnes of liquefied petroleum gas annually. The extracted raw gas will be transported to gas processing facilities, and the resulting marketable gas will be supplied to domestic market consumers.

In 2023, a decision was made to discontinue further exploration at the Zhenis block. The drilling of a prospecting and exploration well at the Zhenis structure confirmed the absence of hydrocarbons in the trap. The exploration was funded by a strategic partner, so the latter bore the risks of non-discovery.





Tengiz, Kashagan and Karachaganak megaprojects

KMG partners with strategic investors in projects at large fields: Tengiz (20%), Kashagan (16.87%) and Karachaganak (10%).

- The implementation of the Future Growth Project (FGP) and the Wellhead Pressure Management Project (WPMP) at the Tengiz field is nearing completion. By now, the mechanical works have been fully completed, with system preparation and pre-commissioning efforts currently underway. As at the end of 2023, the total cost of FGP-WPMP was USD 45.6 bln, with the overall project progress at 99.3%. Under the updated 2023 schedule, the launch of the WPMP and FGP facilities is slated for 2Q 2024 and 2Q 2025 respectively. The projects are expected to boost oil production from the Tengiz field by 12 mln tonnes per year.
- Projects to maintain production plateau at the Karachaganak field are ongoing. In 2023, a concept was developed for the construction of a gas processing plant with a capacity to produce 4 bln m³ of marketable gas per year. This project will provide the Karachaganak field with opportunities to monetise its raw gas and its by-products. The installation of the 5th injection compressor (SICP) project is scheduled for completion in 2024. The 6th injection compressor project is now in the active construction phase (with completion progress at 43%).

- Oil production at the Kashagan field is currently underway as part of Phase 1 development. Currently, projects are being considered for Phase 2 development aimed at increasing crude oil and condensate output by a total of ca. 710 thous. bbl per day (ca. 89.5 thous. tonnes per day) over the next ten years. Phase 2A involves increasing oil production at Kashagan to 63 thous. tonnes per day (with the overall production at the field reaching 500 thous. bbl per day) by supplying raw gas to the projected own gas processing plant (GPP) with a capacity of 2.5 bln m³ per year. The GPP construction project is currently at the pre-FEED stage. Phase 2B involves increasing oil production to 710 thous. bbl per day by supplying 6 bln m³ of associated gas per year. The Operator has completed a pre-FEED for the option implying the supply of raw gas to a third party plant. Due to uncertainties regarding the raw gas recipient, the FEED stage was postponed.

Oil transportation

As part of the debottlenecking project, the CPC oil pipeline system geared up to transport up to 81.5 mln tonnes of oil per year, including up to 72.5 mln tonnes of oil per year in Kazakhstan.

Additionally, in 2023, a joint project between Kazmortransflot and International Maritime Investments Ltd was completed, involving the acquisition of two 8,000-tonne deadweight oil tankers. The vessels were constructed at the shipyard of the Dutch shipbuilder Damen. The tankers have a length of 140 m, a width of 16.7 m, a draft of 4.2 m, and a speed of 10 knots. They are fitted with state-of-the-art control systems and advanced equipment with superior technical characteristics, ensuring their reliability and efficiency in compliance with international safety and environmental standards. This project was carried out in furtherance of the directive of the Republic of Kazakhstan's President to develop alternative oil export routes. The tankers, named Taraz and Liwa, will fully cover the Kazakh party's commitment to transporting 750 thous. tonnes of oil annually via the Aktau-Baku route. Oil shipments via the Aktau-Baku-Tbilisi-Ceyhan route began in March 2023. In 2023, a total of 1,057 thous. tonnes of oil was shipped from the Port of Aktau.

Refining and marketing of oil products

One of KMG's key objectives in the coming years is to ensure the supply of locally refined oil products to Kazakhstan's domestic market to meet the expected consumption growth, which necessitates the expansion of refining capacities. To achieve this, comprehensive measures need to be taken to improve equipment reliability, allowing the refineries to operate without interruption for three years. In pursuit of this objective, KMG has initiated projects to increase the time between repairs at its Atyrau, Pavlodar, and Shymkent refineries to three years.

To boost the production of light oil products, an efficiency enhancement project is planned to be implemented at

Atyrau Refinery. The project includes eight sub-projects to remove bottlenecks and boost light oil product output. In 2025, the Tengiz Oil Refining sub-project is planned for implementation. Upon its completion, Atyrau Refinery will have the capacity to process up to 1 mln tonnes of Tengiz oil, with the surplus capacity utilised for refining semi-finished products acquired from the market. The refining of semi-finished products such as naphtha and kerosene / gas oil fraction presents the opportunity to increase the production of light oil products.

To ensure energy security of Kazakhstan's northern and eastern regions, KMG implements projects at Pavlodar Refinery to remove sulphur compounds from liquefied petroleum gas and make winter diesel fuel. The project units are scheduled for launch in 2024 and 2025, respectively.

Currently, we are exploring options to expand Caspi Bitum's oil refining capacity from 1 mln tonnes to 1.5 mln tonnes per year, along with the production of 750 thous. tonnes of road bitumen annually. This project will ensure continuous supply of bitumen for the country's road industry (including as part of construction and installation for the project), enable import substitution, and bolster the country's export potential. This is to be achieved through the upgrade of the existing EDD-AVDU-3 primary oil refining unit. The project timeframe is 2023-2024.

In 2023, as part of our oil marketing efforts, KMG's investment portfolio was expanded to include projects implemented by the Company's subsidiary, KazMunayGas-Aero, operating in the country's jet fuel supply market since mid-2014. Since 2018, KazMunayGas-Aero, in collaboration with international partners, has been conducting assessments of the fuel infrastructure's condition and operational readiness, as well as the fulfilment of requirements for a successful transition to Jet A1 fuel. Agreements have been signed with prominent global industry players, entailing joint activities to prepare domestic airports. The projects involve investments in the construction and/or upgrade of refuelling facilities at the country's key airports, enabling the Jet A-1 and RT/TS-1 storage and refuelling, directly serving domestic and international airlines without intermediaries.



Petrochemicals

In 2023, KMG actively worked to complete Phase 1 (polypropylene production) of the Atyrau petrochemical complex, engage strategic partners, and source financing for petrochemical projects. Since its launch, the facility has produced over 210 thous. tonnes of polypropylene, catering to both the domestic market and global consumers in Europe, China, Russia, and Turkey. In 2023, the Company successfully dealt with the scarcity of five most popular polypropylene grades in the domestic polymer industry, with the launch of two new grades anticipated in February 2024.

On 8 November 2022, we launched a polypropylene plant with a capacity of 500 thous. tonnes per year. On 7 November 2022, Samruk-Kazyna, KMG, and SIBUR signed binding documents providing for SIBUR's joining the polypropylene plant and polyethylene projects. In 2022, 32.3 thous. tonnes of polypropylene was manufactured. Currently, KPI Inc. together with the contractor, CNCEC, and the licensor, Lummus Technology, conducts comprehensive testing of process equipment/units to bring the whole Complex to stable process parameters and identify bottlenecks in the operation of process units, as well as carries out performance guarantee tests to verify that the design parameters have been reached. A petrochemical cluster is expected to be established in Kazakhstan to manufacture petrochemical products using feedstock from the Tengiz field, including export-oriented products with high added value. The project is planned to be commissioned after the completion of performance guarantee tests in 2024.

KMG is also implementing a project to build a polyethylene (PE) plant with a capacity of 1,250 thous. tonnes per year. To date, we have completed a feasibility study. The project to produce polyethylene and sell petrochemicals is run in strategic partnership with SIBUR Holding and SINOPEC. The estimated cost of the polyethylene project is USD 7.7 bln. By the end of 2023 the project's ownership structure involves KMG with a 49.9% stake, SIBUR with 40%, and KMG PetroChem with 10.1%. The target ownership structure aims for KMG to hold 29.9%, SIBUR and SINOPEC each 30%, and KMG PetroChem 10.1%. The pattern of the PE project financing is under development and involves a combination of borrowings and the Company's own funds. Design work is underway, and KMG is simultaneously progressing with the construction of a gas separation unit for ethane and propane trunklines to secure the required resources and infrastructure for the polyethylene plant. The polyethylene project and related infrastructure projects are scheduled to be completed in 2028.

Sustainable development projects

As a national company, KMG runs projects that are aimed at:

- addressing water supply issues in the country's western regions, such as an upgrade and expansion of the Astrakhan–Mangyshlak water pipeline, construction of a water pipeline for a gas treatment unit at the Kashagan field, and construction of a desalination plant in Kenderly with a daily capacity of 50,000 m³. The project to upgrade and expand the Astrakhan–Mangyshlak water pipeline was completed in December 2023, one year ahead of schedule. It involved enhancing the pipeline's throughput capacity and modernising the equipment to ensure a reliable water supply for the population, agricultural producers, oil and gas companies, and other industrial consumers. On 13 December 2023, an inauguration ceremony was held in the Atyrau Region to mark the launch of the project. With a workforce of over 500 people involved in the construction, the project successfully increased the pipeline's daily throughput capacity from 110 thous. m³ to 170 thous. m³. The construction of a water pipeline at the Kashagan field in the Atyrau Region was carried out to ensure stable water supply for the associated gas processing plant at the field. The pipeline has a throughput capacity of 3,408 m³ per day, or 815,000 m³ per year, and spans a total length of 25.15 km. Following the construction and installation completion, the facility was officially commissioned on 31 August 2023. The Kenderly project to build a desalination plant with a daily capacity of 50,000 m³ saw the design and estimate documentation for its infrastructure successfully completed and approved in December 2023. The infrastructure construction and installation works have commenced. Surveys are being conducted, and the design of the water intake plant and auxiliary facilities is underway. The expected completion date for the desalination plant's design and estimate documentation is March 2024.
- at reducing the carbon footprint through the generation of environmentally friendly electricity: A project to construct a 120 MW hybrid renewable energy power plant was initiated in the spring of 2023 in collaboration with Eni S.p.A. as a strategic partner. It aims to provide stable electricity supply to Ozenmunaigas and KazGPZ, while also reducing the carbon footprint of the Republic of Kazakhstan. The project seeks to ensure electricity generation by harnessing renewable energy sources such as wind and sunlight, along with a gas power station. At this stage, wind and solar potential assessments, project site selection, and a feasibility study have been completed. Construction of the project facilities is scheduled

to commence in 2024, with full-fledged commissioning expected in 2025. The project cost is estimated at ca. USD 306 mln, with 49%, or USD 105 mln, attributable to KMG. Additionally, the 1 GW Mirny wind power plant project with a 300 MW/600 MWh electricity storage system undertaken by KMG in collaboration with Samruk-Kazyna and Total Eren, was initiated in the summer of 2023. The plant will be located near the village of Mirny (Moynkum District, Zhambyl Region). The Mirny project aims to establish major electricity generation capacities in the southern region of the Republic of Kazakhstan, while simultaneously reducing CO₂ emissions and generating offset credits as part of KMG's Low-Carbon Development Programme. Currently, the feasibility study preparation is underway, including an assessment of wind potential in the region and the identification of the site for the wind power plant. The project cost is estimated at ca. USD 1,173 mln, with 20%, or USD 235 mln, attributable to KMG. It is expected to be implemented in two phases, with an initial capacity of 300 MW followed by an additional 700 MW. To mitigate the intermittent nature of wind generation and ensure network stability, the wind power plant will feature an electricity storage system.

- addressing the issues of wastewater treatment from oil products at Atyrau Refinery. Phase 2 of the closed-loop mechanical treatment plants upgrade is currently underway as part of the Tazalyq project. This phase involves the construction of equalisation tanks, pump

stations, self-cleaning filter installations, and flotation units. The commissioning activities are scheduled to begin in early 2024. Upon completion of Phase 1, the revamped facilities have been treating an average of 12 thous. m³ of oil sludge every month. In 2023, the efficiency of wastewater treatment from oil products reached 83%. Additionally, the efficiency of suspended solids removal improved by 20%. Thanks to the consistent treatment of oil sludge, an average of 3,280 tonnes of oil is being forwarded for further processing each month. As a result, a total of 38,994 tonnes of commercial oil products was successfully recovered and sent for processing in 2023. Under the Tazalyq project, Atyrau Refinery is also undertaking the reclamation of evaporation fields and the reconstruction of an open-type channel for wastewater treated to standard quality. As of today, the refinery has completed the laying of discharge pipelines to the main sewage pumping station and the sewage treatment plant, as well as reclamation works for sectors 1–2 of the evaporation fields. Works on draining and reclaiming sectors 3–4 will commence once the permits for the discharge of wastewater from Atyrau Refinery via the sewage treatment plant in Atyrau are obtained.

