APPENDICES

REPORT ON COMPLIANCE / NON-COMPLIANCE WITH THE PRINCIPLES AND PROVISIONS OF THE CORPORATE GOVERNANCE CODE OF JSC SAMRUK-KAZYNA[1]

This report is developed in furtherance of item 6 of the Code, and covers information on KMG's compliance / non-compliance with the principles and provisions of the Code.

In general, at year-end 2022, KMG was in compliance with the provisions and principles of the Code, taking into account the following aspects:

1. **In line with item 2 of Chapter 1 of Section 2 of the Code** "It is recommended to provide the optimal asset structure for the Fund's Organisations. The parent company can be established in the form of a joint stock company in the Holding company. Other organisations are recommended to be established in the form of limited liability partnerships. In the Organisations that have been already established in the form of a joint stock company, it is recommended to consider the possibility of reorganisation in the form of a limited liability company with account of economic, legal and other aspects and interests of the Fund Group. When creating new Organisations, the preferred legal form is a limited liability partnership. Creation of new Organisations in the form of a joint stock company is allowed in exceptional cases, such as planned in the future transfer of the Organisation's shares to the Stock Exchange Market."

These requirements of the Code were generally complied with in KMG during the reporting period. KMG takes a consistent effort to optimise its asset structure. KMG's preferred form for new legal entities is a limited liability partnership as recommended by the Code. In 2022, the Company did not create joint stock companies or reorganise existing joint stock companies into limited liability partnerships. At the same time, the work on optimisation of the structure of KMG group assets will continue in accordance with the approved plans/programmes.

Under the privatisation and divestment programmes, KMG Group is reducing the number of its legal entities. On 29 December 2020, the Government of the Republic of Kazakhstan approved a Comprehensive Privatisation Plan for 2021–2025 covering 51 KMG Group companies, including 22 within the IPO perimeter (Resolution No. 908).

On 11 November 2022, the Board of Directors' resolution approved KMG's list of non-strategic assets (the "Non-Strategic Asset List"). This resolution also cancelled the Non-Strategic Asset List approved by the Board of Directors on 4 November 2021 and amended on 9 December 2021.

The Government of the Republic of Kazakhstan, by its Resolution No. 44 dated 2 February 2022 «On amending Resolution No. 908 of the Government of the Republic of Kazakhstan On Certain 2021–2025 Privatisation Matters dated 29 December 2020" (the "Government Resolution"), amended the Comprehensive Privatisation Plan for 2021–2025 (Resolution No. 523 dated 2 August 2022) approved by Government Resolution No. 908 dated 29 December 2020 with due consideration of the Key Criteria (Principles) approved by Government Resolution No. 44.

As a result, some of KMG Group's assets were included in Government Resolution No. 908.

2. **In line with item 14 of Chapter 1 of Section 2 of the Code** "Boards of Directors of the Fund and Organisations ensure the implementation of these standards and their observation. All officials and employees of the Fund and the Organisations must sign a statement confirming their familiarisation with the Code of Business Ethics and regularly reaffirm their knowledge of the Code."

These requirements of the Code were generally complied with at KMG as of 31 December 2022. KMG conducts its business in a fair, honest and transparent manner while also paying special attention to the observance of these principles by our colleagues and partners. To this effect, KMG approved the Code of Business Ethics, Anti-Corruption Policy, Conflict of Interest Policy for Employees and Officials, and the Counterparty Due Diligence Policy.

Every year, the Company conducts training for new hires and existing employees as regards compliance with ethical standards, commitments and conduct of employees. On top of that, employees provide a written statement of their commitment to observe the Code of Business Ethics and the Anti-Corruption Policy. At the same time, the Company takes a consistent effort to collect written acknowledgements from all its employees that they have read and understood the Code of Business Ethics.

3. **In line with item 5 of Chapter 3 of Section 2 of the Code** "Sustainable development should be integrated in:
   - management system;
   - development strategy;
   - key processes, including risk management, planning (long-term (strategy), medium-term (5-year development plan) and short-term (annual budget) periods), accountability, risk management, HR management, investments, operational activities and other as well as in the decision-making process at all levels – from bodies (General Meeting of Shareholders (the Sole Shareholder), Board of Directors, Executive Body), to ordinary employees."

This requirement of the Code was generally complied with in KMG during the reporting period. In 2020, KMG's Board of Directors adopted a resolution to approve the Sustainability Management System Guidelines, which include a description of the stakeholder engagement process, integration of sustainability principles into key processes and monitoring, annual reporting on sustainable development, implementation of priority areas (initiatives) in the field of sustainable development, enhancement and maintenance of a sustainability culture, risk identification and assessment, documentation management, and measurements of performance in the area of sustainable development. At the same time, the work continues to integrate sustainable development into key processes.

4. **In line with item 6 of Chapter 5 of Section 2 of the Code** "In companies in which 100% of shares are owned by the Fund, the following search and election process of a member of the Board of Directors exists:
   - the Fund, together with the Chairman of the Board of Directors, the Chairman of the Nomination and Remuneration Committee performs preparation and planning: analysis and definition of a set of the required competencies and skills in the Board of Directors, taking into account the tasks of the Organisation;
   - specifies the search channel of the candidates on their own or with the assistance of the recruiting organisation;
   - searches for candidates;
   - selects the candidate: assessment, interview and preparing the proposals for candidates (candidates for the Board of Directors of the Company are discussed with at least one member of the Nomination and Remuneration Committee of the Board of Directors of the Fund;
   - the decision of the Sole Shareholder;
   - publishing information on the Internet resource of the Organisation press release.

Holding companies can use this process in the Group."

This requirement of the Code was generally complied with in KMG during the reporting period. KMG Group companies have put in place a similar document regulating the search and selection of candidates for the Board of Directors at KMG's subsidiaries and associates, with no involvement of the Nomination and Remuneration Committee of KMG's Board of Directors required. This is due to KMG's adoption of a new 2022–2031 Development Strategy, which provides for managing the assets by means of a less centralised model.

1 — The Corporate Governance Code (the "Code") of JSC NC KazMunayGas ("KMG") is identical to that of JSC Samruk-Kazyna (the "Fund") and approved by the Fund's resolution dated 27 May 2015 (Minutes No. 22/15).
2 — Under the privatisation and divestment programmes, KMG Group is reducing the number of its legal entities. On 29 December 2020, the Government of the Republic of Kazakhstan approved a Comprehensive Privatisation Plan for 2021–2025 covering 51 KMG Group companies, including 22 within the IPO perimeter (Decree No. 908).

5. **In line with item 7 of Chapter 5 of Section 2 of the Code** "The Board of Directors approves the induction programme for newly elected members of the Board of Directors and a professional development programme for each member of the Board of Directors."

This requirement of the Code was generally complied with in KMG during the reporting period. An induction programme is in place for the newly elected members of the Board of Directors. Professional development programmes for the Board of Directors will be approved as necessary.

6. **In line with item 10 of Chapter 5 of Section 2 of the Code** "The establishment of the remuneration for a member of the Board of Directors should be made in accordance with the methodology developed by the Fund. Additionally, the expected positive effect to the Organisation of participation in the Board of Directors of particular member should be taken into account."

This requirement of the Code was generally complied with in KMG during the reporting period, as the Fund established remuneration for members of the Board of Directors in accordance with its approved methodology.

7. **7. In line with item 12 of Chapter 5 of Section 2 of the Code** "The recommended frequency of meetings of the Board of Directors is 8–12 meetings per year."

This requirement of the Code was generally complied with in KMG during the reporting period, with 12 meetings scheduled and held in 2022. The Board of Directors also held 9 extraordinary meetings.

8. **In line with item 15 of Chapter 5 of Section 2 of the Code** "With respect to the Corporate Secretary, the Organisation develops a programme of induction and succession planning."

This requirement of the Code was generally complied with in KMG during the reporting period. The Corporate Secretary and the Chairman of the Board of Directors regularly discuss relevant succession planning matters. Induction and succession planning programmes in relation to the Corporate Secretary will be approved in the first half of 2023.

9. **In line with item 3 of Chapter 6 of Section 2 of the Code** "The chief supervising the function of risk management and internal control is recommended not to be a risk owner, which provides for his independence and objectiveness. Combination of the functions on risk management and internal control with the functions associated with economic planning, corporate finance, treasury, taking investment decisions is prohibited. Combination with other functions is permissible, if there is no material conflict of interest."

This requirement of the Code was generally complied with in KMG during the reporting period. In line with KMG's current organisational structure, the Risk Management and Internal Control Service (the "RMICS") reports directly to the Deputy Chairman of the Management Board for Strategy, Investment and Business Development (position title as of 31 December 2022). The RMICS Head does not own any risk, which means there is no conflict of interest. Moreover, the RMICS Head is an independent participant of the Executive Body's Committees and has full voting right as a representative of the risk management unit.

MAJOR AND INTERESTED-PARTY TRANSACTIONS

Major transactions

In the reporting period, no transactions recognised as major transactions under the Law of the Republic of Kazakhstan On Joint Stock Companies and KMG's internal documents were made by the Board of Directors or the General Shareholders' Meeting[1].

Interested-party transactions

On 15 September 2022, the Company repurchased 50% of shares in KMG Kashagan B.V. from Samruk-Kazyna for USD 3.8 bln. The buyback is disclosed as an interested-party transaction and also as a transaction involving the acquisition or disposal of property, the value of which is 10% or more of the total book value of KMG's assets. KMG exercised its call option as part of the 2015 share option agreement to buy back 50% of KMG Kashagan B.V. from Samruk-Kazyna. KMG Kashagan B.V. owns 16.88% of the North Caspian Production Sharing Agreement (Kashagan project).

1 — In accordance with the Law On Joint-Stock Companies of the Republic of Kazakhstan, a major transaction is a transaction or a series of interrelated transactions resulting in the (potential) acquisition or disposal of property by a company, the value of which amounts to 25% or more of the total book value of such company's assets