

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’ Meeting¹.

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