

ESG RISK RATING

An ESG risk rating was approved by KMG's Board of Directors as a corporate KPI for 2022, reflecting the Company's intent to manage material ESG risks and commitment to sustainability principles in the international oil and gas market. Achievement of the corporate KPI includes addressing the key ESG matters within KMG Group.

Sustainalytics assessed KMG's ESG risk management at 28.4. The Company's risk of exposure to ESG factors is medium. KMG maintained the rating despite materialised occupational health risks. The Company got high praise from experts for its engagement with local communities in the regions of operation, tax transparency, and commitment to preserving the environment and biodiversity. Moreover, the expert report recognised KMG Group's corporate governance and adherence to high standards of business ethics.

KMG will keep streamlining its activities to meet the highest sustainability standards. We will take steps to prevent and eliminate workplace accidents, consistently reduce GHG emissions, and work more to improve social and environmental conditions across our footprint. KMG has developed and approved an action plan to improve its ESG rating, which includes 65 measures that cover and factor in environmental and social risks for the business, as well as corporate governance risks for the Company. In 2023, KMG intends to update the plan based on measures already implemented.

Particular attention is paid to enhancing the sustainability culture. Sustainability training courses are held on a regular basis for employees of the Corporate centre and subsidiaries and associates.

In 2022, KMG did the following to improve its ESG rating:

- approved an Action Plan to implement the Low-Carbon Development Programme for 2022–2031;
- approved KMG's Sustainable Development Policy;
- approved KMG's Human Rights and Public Relations Policy;
- put in place and run an accessible complaint review mechanism;
- conducted tax reporting under GRI 207 and BEPS Action 13;
- disclosed the Report on Payments to Government Bodies for public access on the corporate website;
- improved gender balance in the Board of Directors by adding an independent director Assel Khairova;
- disclosed information on fatalities involving contractors in the 2021 Sustainability Report.

Action plan to improve KMG's ESG rating for 2023:

- develop and approve a strategic document on sustainable development;
- approve KMG's Water Resources Management Programme;
- complete the Tazalyq project;
- finish the upgrade and expansion of the Astrakhan–Mangyshlak water pipeline;
- take measures to eliminate historical oil waste and remediate oil-contaminated lands;



28.4

ESG risk rating from Sustainalytics

- conduct tax reporting under GRI 207 and BEPS Action 13;
- disclose the Report on Payments to Government Bodies for public access on the corporate website;
- disclose the accomplishments under the Comprehensive Plan of Socio-economic Development of Mangistau Region for 2021–2025 in the Sustainability Report;
- develop and approve an internal document on area closure and remediation;
- prepare for initial TCFD disclosure;
- develop and approve a Charity Policy for KMG and its subsidiaries and associates;
- keep disclosing information in the Sustainability Report under GRI 2021.

COMMITMENT TO UN GLOBAL COMPACT PRINCIPLES AND 17 SUSTAINABLE DEVELOPMENT GOALS



KMG's approach to sustainable development is based on aligning the Company's interests and plans with the basic principles of the UN, universal human values, global trends, and development priorities in Kazakhstan.

KMG reiterates its commitment to all the ten principles of the UN Global Compact.

- **Principle 1.** Businesses should support and respect the protection of the internationally proclaimed human rights.
- **Principle 2.** Businesses should make sure that they are not complicit in human rights abuses.
- **Principle 3.** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

- **Principle 4.** Businesses should uphold the elimination of all forms of forced and compulsory labour.
- **Principle 5.** Businesses should uphold the effective abolition of child labour.
- **Principle 6.** Businesses should uphold the elimination of discrimination in respect of employment and occupation.
- **Principle 7.** Businesses should support a precautionary approach to environmental challenges.

- **Principle 8.** Businesses should undertake initiatives to promote greater environmental responsibility.
- **Principle 9.** Businesses should encourage the development and diffusion of environmentally friendly technologies.
- **Principle 10.** Businesses should work against corruption in all its forms, including extortion and bribery.



KMG is committed to all the **17 Sustainable Development Goals of the United Nations (UN SDGs)**.

We prioritise six SDGs and fourteen targets in line with our strategic goals and priorities and report on our contribution to their achievement.

They are aligned with strategic and business initiatives implemented by KMG.