

SUSTAINABLE DEVELOPMENT KPIs OF KMG'S MANAGEMENT

LOW-CARBON DEVELOPMENT PROGRAMME



Reducing our carbon footprint is key to KMG's future sustainability

In order to deliver against strategic sustainability targets for 2022, the following motivational KPIs were approved for the Chairman of the Management Board (corporate KPIs) related to the introduction of the sustainable development management system:

Implementation of investment projects, including the Tazalyq sustainability project, a new desalination plant in Kenderly, a new gas processing plant in Zhanaozen, along with the upgrade and expansion of the Astrakhan–Mangyshlak water pipeline.

- Lost Time Incident Rate (LTIR),
- ESG risk rating.

Corporate sustainability KPIs for 2023 are more ambitious than those set for 2022:

- A comprehensive OHS indicator aimed at reducing LTIR, and identifying and communicating, among other things, unsafe workplace conditions and hazardous factors across the Group.

- Carbon footprint reflecting the evolution of KMG's GHG emissions in the reporting year relative to the baseline year of 2021.

For deputy Chairmen of the Management Board, the following sustainability KPIs are planned for 2023:

- implementation of investment projects, including a number of sustainability projects;
- delivery against the Action Plan to implement the 2022–2031 Low-Carbon Development Programme for relevant domains;
- an ESG rating at 29.



Today, decarbonisation of industry as part of climate change mitigation has solid positions on global political, investment and trade agenda.

Reducing the carbon footprint is the critical factor in fighting global warming.

The sustainability and long-term horizon of decarbonisation are set forth by the Paris Agreement on climate change, which sets a global goal to hold temperature increase to 1.5 °C by 2100 and achieve a reduction of CO2 emissions of 25% by 2030, 70% by 2050, and 100% by 2070 (full decarbonisation).

Kazakhstan in turn supports international initiatives to step up efforts and enhance ambitions towards achieving the Paris Agreement goals, taking on voluntary commitment to have greenhouse gas emissions reduced by 15% by 2030 from the 1990 level.

In November 2020, President of the Republic of Kazakhstan Kassym-Jomart Tokayev spoke at a climate change conference and announced that Kazakhstan is ready to take action on climate change and achieve carbon neutrality by 2060. To that end, a Doctrine for Carbon Neutrality of Kazakhstan by 2060 was drafted in 2022.

KMG developed a Low-Carbon Development Programme for 2022–2031 as a single low-carbon development agenda that streamlines the Company's efforts in the realm of carbon footprint reduction.

As part of implementing KMG's 2022–2031 Low-Carbon Development Programme approved in November 2021, the Company developed and approved an Action Plan for 2022–2031.

The Action Plan includes a number of initiatives aimed at reducing GHG emissions and focused on four areas: energy efficiency, renewable energy, methane monitoring, and organisational measures. Implementation of these initiatives will help achieve the goal of reducing KMG's GHG emissions by 15% by 2031 set out in the Company's Low-Carbon Development Programme.

As part of the Action Plan implementation, a GHG Emission Monitoring and Reporting Methodology and the Internal Carbon Pricing (ICP) Programme have been developed.

The methodology defines key approaches to the recording and monitoring of GHG emissions across KMG subsidiaries and associates and provides a unified methodological basis for measuring GHG emissions across KMG subsidiaries and associates.