

Address by the Chairman of the Board of Directors

GRI 102-14, 102-44



Dear readers!

As you know, in September 2015, the leaders of 193 countries approved an ambitious comprehensive program named “Transformation of our World: 2030 Agenda for Sustainability” or “Sustainable Development Goals”. The Program is aimed to help the world community work together to create a better future. The scale of the goals suggests the need for a universal effort for their successful implementation. It is worth noting that business plays a significant role in this. Combating climate change and transforming the energy system are key challenges to a sustainable future for business, society and the environment. The Paris Agreement sent a strong and global message that the beginning of the transition to a low-carbon economy is inevitable.

As a major national oil and gas producer in Kazakhstan, we are aware of our impact on economic growth in the country and are responsible for implementation of our production and environmental programs. As one of the key national companies and stakeholders in the development of environmental legislation, KazMunayGas contributes to the fulfillment of Kazakhstan’s obligations under the Paris Agreement.

One of the areas in the field of sustainability where the Company has achieved significant results is the reduction of flaring associated petroleum gas (APG).

In 2018, the highest level of APG utilization in the history of the KMG Group of Companies was reached – 93 %. The gas flaring rate is 6 tons per 1,000 tons of produced RHM, which is almost 50% lower than the IOGP global average (International Association of Oil and Gas Producers). We continue to implement the World Bank Initiative “Complete Cessation of Regular APG Flaring by 2030” and intend to stop the practice of regular APG flaring no later than 2030.

In 2018, we announced our participation in the initiative, The Carbon Disclosure Project (CDP) – an international community of investors for disclosure of information about direct and indirect greenhouse gas emissions and the risks associated with climate change, and began estimation of the carbon footprint of commercial products from the wellhead to end-use.

As a member of the UN Global Compact, we reaffirm our commitment to the principles of sustainability, support the sustainable development goals, paying special attention

to climate change, prevention of negative impacts on the environment, social responsibility and ensuring the economic growth of the Company.

Effective implementation of the sustainability principles into the main activity and strategy of the Company requires a high degree of involvement of all of us. All KazMunayGas employees should know that sustainability is of great importance. To do this, we need to focus on ambitious goals, adjust our policies, procedures and long-term strategies, train and motivate staff, implement the principles of sustainability into the management system and business processes, and ensure transparency in our reporting on efforts made and results achieved. Sustainability development requires a long-term vision and a willingness to make constant efforts to achieve positive results and to keep pace with a rapidly changing world.

**With respect,
Christopher John Walton**