























Principle 1: Businesses should support and respect the protection of internationally recognized human

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility. Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

## CORPORATE GOVERNANCE SYSTEM

KMG's corporate governance system is based on respect for the rights and legitimate interests of shareholders and key stakeholders, including the state, strategic partners, contractors, investors, employees, municipalities, local communities, and residents of the regions where the Company

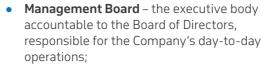
Corporate governance at KMG is continuously improving in line with Kazakhstani and international standards, as well as best practices. A key element of the system is the integration of sustainable development principles, which supports long-term value creation, effective risk management, and the consideration of environmental, social, and governance (ESG) factors in strategic and operational processes.

#### **CORPORATE GOVERNANCE STRUCTURE**

KMG's corporate governance system includes the following bodies:

- General Meeting of Shareholders the supreme governing body that determines the strategic direction of the Company;
- Board of Directors the governing body accountable to the General Meeting of Shareholders, providing overall oversight of the Company's activities;
- Committees under the Board of Directors specialized bodies that review and prepare decisions on key issues:
  - Nomination and Remuneration Committee responsible for HR policy, remuneration systems, and employee development;

- Strategy and Portfolio Management Committee – addresses strategic development, investment policy, and business transformation:
- Audit Committee oversees financial reporting, internal controls, and risk management;
- HSE and Sustainable Development Committee – ensures the integration of sustainability principles and monitors environmental and social performance;



- Internal Audit Service an independent control body reporting to the Board of Directors, evaluating the internal control system and risk management;
- Corporate Secretary an independent officer responsible for implementing and monitoring corporate governance practices;

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- Compliance Service a body reporting to the Board of Directors, ensuring compliance with anti-corruption regulations and ethical business conduct:
- **Ombudsperson** advises employees and facilitates resolution of labor and ethical issues.

#### **BOARD OF DIRECTORS COMPOSITION**

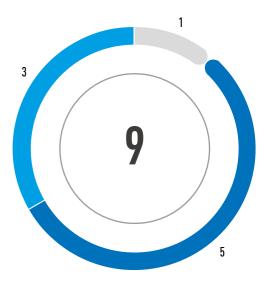
As of December 31, 2024, the members of the Board of Directors of KMG are:

- Yernat Berdigulov Chairman of the Board of Directors, representative of Samruk-Kazyna JSC
- Askhat Khassenov Executive Director, Chairman of the Management Board of KMG
- Philip Malcolm Holland Independent Non-Executive Director
- Uzakbay Karabalin Non-Executive Director, representative of Samruk-Kazyna JSC
- Yelzhas Otynshiyev Representative of Samruk-Kazyna JSC
- Armanbai Zhubayev Independent Non-Executive Director
- Arman Argingazin Independent Non-Executive Director
- Saya Mynsharipova Independent Non-Executive Director
- Askar Shakirov Independent Non-Executive Director

#### **INDEPENDENCE**

The Board of Directors complies with the requirements of the Corporate Governance Code regarding the number of independent directors, who make up more than 50% of the total composition. All Committees of the Board are chaired by independent directors, and the Chairman of the Board is a representative of Samruk-Kazyna JSC.

#### **BOARD OF DIRECTORS STRUCTURE, NUMBER OF PERSONS**



- Independent Directors
- Representatives of Samruk-Kazyna JSC
- Executive Director (Chairman of the Board)

#### **BALANCE OF COMPETENCIES**

GRI 2-17

The Board maintains a balance of competencies, experience, and professional knowledge that supports objective and effective decision-making in the interests of KMG and in alignment with sustainable development principles.

#### TERM OF OFFICE

The term of office for the Board of Directors is three years. Reappointment for a period longer than six consecutive years requires special consideration. An independent director may not serve on the Board of Directors for more than nine consecutive years. Appointment for a term of up to nine years is permitted only in exceptional cases.

#### NOMINATION AND SELECTION OF BOARD MEMBERS

#### GRI 2-10, GRI 2-11

The nomination and selection process is governed by KMG's Charter and regulatory documents, ensuring transparency, fairness, and professionalism.

Candidates are selected by the General Meeting of Shareholders together with the Board Chair and Chair of the Nomination and Remuneration Committee. They must possess the necessary knowledge, skills, and experience, contribute to the long-term development of the Company, and have an impeccable business reputation.

According to KMG's Board Succession Policy, appointments and succession plans must be merit-based and promote gender, social, and ethnic diversity, as well as cognitive and personal

The Chair and members of the Board are elected by the General Meeting of Shareholders. Independent directors are appointed in accordance with the Rules for the Formation of Boards of Directors approved by Samruk-Kazyna JSC.

According to corporate standards and legislation, the Chair of the Management Board may not serve as Chair of the Board of Directors.

#### **BOARD SKILLS DEVELOPMENT**

Board members regularly improve their professional skills, including management of economic, environmental, and social aspects. The Nomination and Remuneration Committee analyzes the balance of competencies to ensure alignment with the Company's strategic goals. Training information is published on KMG's website.

## THE HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABLE **DEVELOPMENT COMMITTEE'S PERFORMANCE IN 2024**

In 2024, the Health, Safety, Environment and Sustainable Development Committee held 10 meetings and reviewed 55 issues related to integrating sustainability into KMG's business processes.

#### **KEY ACTIVITIES INCLUDED:**

- Guiding sustainability integration into KMG's
- Overseeing ESG strategies and initiatives;

- Monitoring occupational health, industrial safety, and environmental protection;
- Developing and approving internal documentation and action plans on sustainability.

#### COMMITTEE'S KEY AGENDA ITEMS IN 2024:

- Reports on labor protection, safety, and environment:
- Implementation of KMG's Low-Carbon Development Program (2022-2031);
- ESG rating assessment and improvement plans;

- Introducing sustainability systems across business units:
- Contribution to UN Sustainable Development
- Approval of KMG's Low-Carbon Development Program to 2060:
- Analysis of significant health, safety, and industrial risk incidents.

The Committee reviewed and approved KMG's 2023 Sustainability Report.

Executives and employees of KMG regularly participated in the Committee's work, and the Board of Directors adopted the Committee's recommendations.

#### **EVALUATION OF THE BOARD OF DIRECTORS' PERFORMANCE**

GRI 2-18

The Board, its committees, and members undergo annual evaluations per KMG's Corporate Governance Code. Every three years, an external consultant is engaged.

In 2024, a self-assessment was conducted for 2023. covering composition, processes, and behavior. Results were reviewed by the Board, identifying areas for improvement, such as diversity and succession. An action plan was developed.

In December 2024, the Board decided to conduct an external evaluation in 2025 covering the Board, its committees, the Chair, members, and the Corporate Secretary. The evaluation will form part of the corporate governance diagnosis and internal audit system effectiveness review. A technical specification was prepared in Q1 2025 and reviewed by relevant committees and the Board.

#### REMUNERATION

GRI 2-19, 2-20

#### **BOARD REMUNERATION**

The remuneration of the members of the Board of Directors of KMG is determined by the decision of the General Shareholders' Meeting and is paid to independent directors and representatives of "Samruk-Kazyna" JSC. It is fixed and determined based on the Company's scale, responsibilities, and strategic goals.

The approach to remuneration is aligned with the Rules for the Formation of Boards of Directors/ Supervisory Boards of "Samruk-Kazyna" JSC companies and aims to attract and retain qualified professionals. In 2024, KMG did not engage external consultants to determine remuneration.

The Nomination and Remuneration Committee reviews remuneration matters as needed, including during Board performance evaluations.

#### MANAGEMENT BOARD REMUNERATION

The Board of Directors sets remuneration policy and performance evaluation procedures for Management Board members in accordance with the Corporate HR Management Standard of Samruk-Kazyna JSC.

Annual remuneration is paid based on performance evaluations to motivate achievement of strategic and priority goals, expressed through measurable and interconnected KPI maps. These include corporate and functional KPIs.

A Nomination and Remuneration Committee under the Board reviews remuneration matters to ensure an effective and transparent system.

#### MANAGEMENT BOARD COMPOSITION

#### AS OF THE END OF 2024, THE MEMBERS OF KMG'S MANAGEMENT BOARD WERE:

A.G. Khassenov	Chairman of the Management Board
K.O. Iskaziyev	First Deputy Chairman of the Management Board
S.A. Brekeshev	Deputy Chairman of the Management Board (Gas Projects and Low-Carbon Development)
B.K. Abaiyldanov	Deputy Chairman of the Management Board (Exploration and Production)
R.A. Balykbayev	Deputy Chairman of the Management Board (Major Oil and Gas Projects)
A.M. Magauov	Deputy Chairman of the Management Board (Oil Refining and Petrochemicals)
B.K. Zakirov	Deputy Chairman of the Management Board (Oil Transportation and International Projects)
D.E. Abdulgafarov	Deputy Chairman of the Management Board (Strategy, Investments and Business Development)
D.A. Aryssova	Deputy Chairman of the Management Board (Economy and Finance)
V.S. Lavrenov	Deputy Chairman of the Management Board (Legal Affairs and Corporate Security)

## NOTIFICATION OF THE BOARD OF DIRECTORS ON CRITICAL **ISSUES**

GRI 2-16

The Board of Directors of KMG receives regular reports on the Company's activities, covering key strategic, financial, and operational aspects, as well as updates on critical matters. These include:

- Report from the Chairman of the Management Board – on major changes and the overall performance of the Company;
- Financial and operational reports on preliminary results, investment projects, and strategy implementation;
- Reports on occupational safety and environmental protection - including

information on significant incidents and preventive measures;

• Risk and corporate governance reports – tracking implementation of Board decisions, committee reports, and corporate transaction analyses.

In the event of urgent issues, including financial indicators, critical incidents, or operational matters, the Board of Directors is notified immediately.

### **CONFLICT OF INTEREST**

GRI 2-15

Conflict of interest management at KMG is regulated by the Conflict of Interest Policy and the Code of Business Ethics, both approved by the Board of Directors.

Every employee and officer is responsible for complying with the requirements of this policy. Upon hiring, appointment, or transfer to a new position, mandatory disclosure of potential conflicts of interest is required, including:

- Ownership of shares in KMG counterparties or competitors;
- Participation in governing bodies of counterparties or competitors;
- Interactions with KMG counterparties;
- Intent to acquire KMG assets or securities.

The verification process includes an analysis of potential affiliated relationships and ensures compliance with anti-corruption legislation.





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#### STAKEHOLDER ENGAGEMENT

GRI 2-25, GRI 2-26

KMG's highest corporate governance bodies maintain ongoing dialogue with stakeholders on economic, environmental, and social matters.

Consultations are conducted through various channels, including the official website, the Press Office, and the annual Sustainability Report, which serves as a key tool for disclosure and engagement with both internal and external stakeholders.

Additionally, KMG uses specialized platforms for targeted interaction:

• For investors – a <u>portal</u> with up-to-date information:

- For employment inquiries <u>a job vacancies</u> portal;
- For reporting labor rights violations hotline: nysana@cscc.kz;
- Confidential reporting system online portal;
- Functional contact areas:
- Ombudsperson: ombudsman@kmg.kz;
- Occupational health and environment: hse@kmg.kz;
- Sustainable development: sustainability@kmg.kz.

These mechanisms ensure transparency, information accessibility, and effective stakeholder engagement.

#### **COMPLIANCE WITH LEGISLATION**

GRI 2-27

#### ANTI-COMPETITIVE BEHAVIOR

During the reporting period, 4 administrative cases were initiated against KMG and its Group companies for violations of antimonopoly legislation (1 case involving KMG and 3 involving subsidiaries). Three of these cases were resolved unfavorably for KMG and its subsidiaries by the courts, while one was settled through mediation.

Additionally, two civil cases related to antimonopoly laws were reviewed by the courts

(one ruled in favor of the subsidiary; in the other, the claim was withdrawn by the subsidiary).

#### SOCIO-ECONOMIC COMPLIANCE

No civil or administrative cases were recorded concerning violations or disputes related to legal or regulatory acts in the field of social and economic regulation, or disputes with local communities.

However, 29 labor-related lawsuits were filed with the courts, in which subsidiaries were defendants in 24 cases and plaintiffs in 5 cases.

#### **ANTI-CORRUPTION**

GRI 2-15, 3-3, 205-1, 205-2, 205-3

KMG conducts its operations based on the principles of legality, integrity, and ethical conduct. The Company strictly adheres to human rights standards, takes all necessary measures to prevent corruption, and strives to maintain an impeccable reputation by integrating international ethical standards into its business processes.

The Compliance Service, an independent division within the Company, is responsible for minimizing corruption risks in the workplace. This service is fully integrated into the operations of all business units at KMG.

In 2024, a number of internal documents were updated, including the Anti-Corruption Policy and the Regulations on Handling Reports of Violations related to the laws of the Republic of Kazakhstan and KMG's internal regulations on anti-corruption activities. These updates are aimed at aligning the Company's practices with high standards of ethical business conduct.

The Compliance Service also monitors the use of insider information and conducts due diligence checks on the Company's counterparties.

This helps minimize the risk of entering into agreements with unreliable partners, thereby reducing the likelihood of non-delivery of goods,

failure to perform work, or failure to provide services.

Candidate screenings are conducted for positions involving administrative or managerial responsibilities. These include mandatory psychological assessments and polygraph tests, especially for roles involving procurement activities.

One of the key areas of focus is the internal analysis of corruption risks, which helps identify factors contributing to corruption and weaknesses in business processes. In 2024, such assessments were conducted in 35 subsidiaries and dependent entities, as well as within the Company's Central Office. Based on the results, recommendations and action plans were developed to address the findings.

During the reporting period, six confirmed cases of corruption were recorded. All six cases resulted in the dismissal or punishment of employees for corrupt actions. Nevertheless, KMG continues to strengthen its anti-corruption culture, including engaging top management in awareness-raising initiatives for employees and counterparties to emphasize the unacceptability of corrupt practices. In 2024, the number of employees who underwent anti-corruption training was 5,753.



#### TAX POLICY AND PAYMENTS TO THE STATE

#### APPROACH TO TAXATION

NC KazMunayGas JSC has adopted a Corporate Tax Accounting Policy (Corporate TAP) aimed at standardizing tax accounting practices across the KMG Group organizations. The document is based on the tax legislation of the Republic of Kazakhstan (RoK), International Financial Reporting Standards (IFRS), and KMG's internal regulations.

The Corporate TAP is guided by the following principles:

- Obligation to Pay Taxes KMG and its subsidiaries pay taxes to the RoK budget fully and on time:
- Fairness of Taxation double taxation of the same object within the same period is not
- Good Faith obtaining benefits through illegal actions aimed at tax avoidance is not acceptable.

KMG's approach to taxation takes into account the specifics of the Group's commercial activities and their social impact. The tax policy is fully aligned with the KMG Development Strategy for 2022-2031.

The Corporate TAP is followed by all subsidiaries, except for:

- Entities engaged in subsoil use operations under production sharing agreements that provide for a special stable tax regime;
- Entities registered outside of Kazakhstan, including branches of KMG and its subsidiaries incorporated outside of Kazakhstan.

Based on Corporate TAP, KMG and all its subsidiaries have developed and implemented individual Tax Accounting Policies that consider the specific characteristics of their industry operations.

Information on tax payments to governments is published annually on KMG's corporate website: https://www.kmg.kz/en/investors/reporting//.

#### TAX ADMINISTRATION AND CONTROL

KMG's tax risk management approach is integrated into its Corporate Risk Management System (CRMS). As part of its monitoring activities, KMG analyzes the application of tax legislation and proposes improvements where needed.

#### STAKEHOLDER ENGAGEMENT

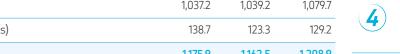
KMG is included in the list of large taxpayers subject to tax monitoring. In its interaction with government authorities, the Company:

- Initiates amendments to tax legislation to foster a favorable tax environment for KMG operations:
- Engages in dialogue with shareholders, industry associations, and government agencies. Reviews and provides opinions on draft regulatory legal acts;
- Advocates for the interests of the KMG Group by supporting improvements in tax and customs legislation.

KMG's tax policy is aimed at ensuring transparency in tax administration, compliance with national legislation, and effective collaboration with regulatory authorities to enhance the overall tax environment.

#### TAX PAYMENT INDICATORS, KZT BILLION

INDICATOR	2022	2023	2024
Tax payments to the RoK budget	1,037.2	1,039.2	1,079.7
RoK share under PSAs (Production Sharing Agreements)	138.7	123.3	129.2
Total	1,175.9	1,162.5	1,208.9



















































Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.



Principle 2: Business should make sure that they are not complicit in human rights abuses.



Principle 4: Business should uphold the elimination of all forms of forced and compulsory labour.



Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation.



Principle 8: Business should undertake initiatives to promote greater environmental responsibility.



Principle 10: Business should work against corruption in all its forms, including extortion and bribery.









## **COMPANY APPROACH TO SUSTAINABLE DEVELOPMENT**

GRI 2-22

NC KazMunayGas JSC recognizes its impact on the economy, the environment, and society and strives to ensure the long-term sustainability of its operations by integrating sustainable development principles into its core business processes. The Company manages sustainable development in accordance with international standards, particularly the UN Global Compact, as well as the Corporate Governance Code of Samruk-Kazyna JSC and KMG's own Sustainable Development Concept. KMG also supports the UN Sustainable Development Goals (SDGs) and incorporates them into its strategic planning and operational activities.

KMG's Development Strategy for 2022–2031 identifies sustainable development as one of its core strategic priorities. Within this framework, the Company is committed to engaging effectively with stakeholders, integrating ESG factors into decision-making processes, and achieving target performance indicators in the area of sustainable development.

#### SUSTAINABLE DEVELOPMENT MANAGEMENT SYSTEM

KMG's sustainability management system includes the following key elements:

- Strategy, Policy, and Goals establishing a long-term vision for sustainability and integrating sustainability principles into corporate governance and operations;
- Risk and Opportunity Management including ESG risks in the corporate risk management system and assessing sustainability-related opportunities;
- Integration into Business Processes embedding sustainable development principles into strategic and operational planning, investment activities, human resource management, and the supply chain;

- Stakeholder Engagement maintaining ongoing dialogue with key stakeholders and considering their expectations and interests in decision-making:
- Reporting and Monitoring preparing an annual sustainability report aligned with international standards and conducting independent verification of non-financial disclosures:
- Corporate Culture and Competency **Development** – implementing training programs, developing ESG competencies, and fostering a corporate culture based on sustainability principles.

### **ROLE OF GOVERNANCE BODIES IN SUSTAINABLE DEVELOPMENT**

GRI 2-12, GRI 2-13, GRI 2-14

The Board of Directors of KMG holds strategic responsibility for sustainability management, including the approval of corporate policies and the consolidated sustainability report.

ESG-related topics and initiatives are regularly discussed at Board meetings, a dedicated annual sustainability session of the Board, and meetings of the Health, Safety, Environment and Sustainable Development Committee.

This Committee coordinates sustainability processes, establishes key performance indicators (KPIs), and monitors their implementation.

The Board also reviews and approves KMG's sustainable development reporting.

Other roles involved in sustainable development management include:

- Management Board ensures implementation of sustainability principles, monitors progress toward goals and KPIs, and evaluates performance on sustainable development initiatives:
- Deputy Chairman of the Management Board for Sustainable Development – coordinates the achievement of goals and KPIs, oversees implementation of corporate standards, and supervises sustainable development reportina:
- Dedicated Sustainable Development **Unit** – initiates, coordinates, and implements the sustainability management system, provides methodological support, and coordinates sustainable development reporting and ESG risk management;
- Relevant Business Units execute sustainable development initiatives, participate in risk and opportunity assessments, engage with stakeholders, and contribute to reporting.

### **SELECTION AND IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT INITIATIVES**

KMG develops sustainable development initiatives based on risk analysis, stakeholder expectations, and strategic business goals. The main steps for selecting and implementing initiatives include:

- Identifying material topics considering economic, environmental, and social risks and opportunities:
- Determining priority initiatives in line with stakeholder input;

- Evaluating the economic feasibility and technological viability of initiatives;
- Developing and executing implementation plans, including defining objectives, KPIs, timelines, and responsibilities;
- Monitoring and evaluating initiative effectiveness, including adjustments to strategies and activities as needed.

#### MEASURING SUSTAINABLE DEVELOPMENT PERFORMANCE

KMG regularly monitors and assesses the effectiveness of its sustainability initiatives using key performance indicators (KPIs), which cover economic, environmental, and social dimensions. These KPIs are developed in alignment with the Company's strategic goals.

## MONITORING AND IMPROVING THE SUSTAINABLE **DEVELOPMENT MANAGEMENT SYSTEM**

KMG performs regular analysis of its sustainable development management system, including:

- Monitoring the achievement of target indicators:
- Conducting management reviews;
- Performing internal and external audits of sustainability reporting;
- Assessing the maturity level of the sustainable development management system;
- Identifying areas for improvement and developing corrective actions.

The results of this analysis are used to refine strategic priorities, enhance the sustainability management system, and develop new initiatives.



## MATERIALITY ASSESSMENT

GRI 3-1, GRI 3-2

#### **APPROACH TO DETERMINING MATERIAL TOPICS**

The identification of material topics is a key stage in the preparation of the Sustainable Development Report of NC KazMunayGas JSC and is carried out in accordance with the requirements of the GRI Standards (including the sectorspecific standard GRI 11: Oil and Gas Sector 2021). This process enables the Company to identify and disclose topics that have the greatest impact on its activities, stakeholders, and sustainable development as a whole.

#### STAGES OF THE MATERIALITY ASSESSMENT PROCESS

#### 1. TOPIC IDENTIFICATION

The first stage involves analyzing internal and external factors affecting KMG, including:

- Regulatory requirements and international standards:
- The Company's development strategy;
- Stakeholder expectations and demands;
- Industry trends and best practices;
- ESG risk and opportunity analysis.

#### 2. ASSESSMENT OF TOPIC SIGNIFICANCE

Identified topics are assessed from two perspectives:

- Impact on the economy, environment, and society - the scale and nature of KMG's impact on sustainable development is considered;
- Relevance to stakeholders priority issues for shareholders, partners, employees, local communities, and other stakeholder groups are analyzed.

This assessment is conducted through stakeholder surveys.

#### 3. TOPIC PRIORITIZATION

Based on the evaluation, a materiality matrix is developed, ranking topics according to their level of importance. The most material topics are included in the report and serve as a basis for further strategic actions by the Company.

#### 4. VERIFICATION AND APPROVAL

The results of the analysis are discussed with KMG's management to ensure the completeness and accuracy of topic selection. Members of the HSE and Sustainable Development Committee are informed about the material topics to be disclosed in the Sustainability Report.

#### **REGULAR REVIEW**

The materiality assessment process is dynamic and subject to regular review. This allows KMG to reflect changes in the external environment, Company strategy, and stakeholder expectations. It ensures the relevance of information and reinforces transparent engagement with society.

Thus, KMG's approach to materiality assessment aligns with leading international practices and enhances the quality of reporting,

strengthening stakeholder trust and contributing to the Company's long-term sustainability.

#### **MATERIAL TOPICS**

The 2024 Sustainability Report includes 12 material topics, consistent with those disclosed in the previous report.

Nº	Material Topics	3===	(S)	( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( )			Alder I	(X)	(a)	SI.
1	11.1. Greenhouse Gas Emissions								0	
2	11.2. Climate Adaptation, Resilience, Sustainability and the Transition Periodansition			0	0	0		0	0	
3	11.3. Atmospheric Emissions	0					0		0	0
4	11.5. Waste	0						0		0
5	11.6. Water and Wastewater							0		0
6	11.7. Closure and Rehabilitation	0			0		0			0
7	11.8. Asset Integrity and Critical Incident Management						0			
8	11.9. Occupational Health and Safety	0			0					
9	11.10. Employment Practice		0		0					
10	11.11. Non-discrimination and Equal Opportunities		0		0					
11	11.14. Economic Impacts		0		0	0				
12	11.20. Anti-corruption							0		



## STAKEHOLDER ENGAGEMENT

GRI 2-29

#### APPROACH TO STAKEHOLDER ENGAGEMENT

NC KazMunayGas JSC views effective engagement with stakeholders as one of the key components of its sustainable development efforts. The Company recognizes the importance of dialogue with government representatives, investors, employees, partners, local communities, and other stakeholders, as their involvement and support contribute to the achievement of KMG's strategic goals. Stakeholder engagement is carried out in accordance with international standards, including the AA1000 Stakeholder Engagement Standard (2015) and the GRI Standards, as well as KMG's internal regulations, such as the Stakeholder Map of KMG.

#### PRINCIPLES OF ENGAGEMENT

KMG adheres to the following key principles when engaging with stakeholders:

- Respect and consideration of interests –
   The Company takes into account the opinions, expectations, and preferences of stakeholders in decision-making;
- Openness and transparency KMG regularly discloses information about its activities, plans, and sustainability initiatives;
- Accountability and commitment –
   The Company strives to fully meet its commitments to stakeholders;

- Engagement and dialogue KMG maintains open communication with key stakeholders, ensuring their participation in the discussion of significant issues;
- Adaptability and continuous improvement Stakeholder engagement is treated as a cyclical process involving regular evaluation and adjustment.

#### STAGES OF STAKEHOLDER ENGAGEMENT

The stakeholder engagement process at KMG includes five main stages:

- Identification of stakeholders and material issues
- Developing and regularly updating the KMG Stakeholder Map, which includes a list of stakeholders, interaction methods, and engagement formats;
- Assessing stakeholders' contributions to the Company's activities and understanding their key expectations.
- Classification and prioritization of stakeholders
- Evaluating stakeholder influence and significance to the Company;
- Identifying priority stakeholder groups for deeper dialogue.
- Planning engagement
- Designing engagement activities at various levels (consultation, negotiation, collaboration, integration into decisionmaking);

- Determining engagement frequency and methods (meetings, surveys, public consultations, partnership initiatives, etc.).
- Implementation of activities
- Carrying out planned activities and initiatives focused on stakeholder engagement;
- Maintaining continuous dialogue and information exchange.
- Evaluating and improving engagement

 Analyzing the effectiveness of activities, capturing lessons learned, and adjusting approaches;

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 Developing two-way feedback mechanisms and incorporating stakeholder input into the Company's future strategies.

KMG regularly assesses the effectiveness of its stakeholder engagement and improves the process in line with international best practices and evolving public expectations.



#### **RESULTS OF STAKEHOLDER ENGAGEMENT**

KMG actively engages with its stakeholders, aiming to reflect their expectations and ensure constructive dialogue. In 2024, the Company continued implementing its sustainable

development strategy, introducing advanced corporate governance practices, enhancing environmental responsibility, and strengthening social partnerships.



#### Shareholders

Communication Methods: publication of reports, disclosure of information on the corporate website, shareholder meetings, reporting via the Kazakhstan Stock Exchange.

#### Interests and Expectations:

financial stability, adherence to corporate governance principles, return on investment, improved operational performance, integration of sustainability principles.

#### What We Do

The Company consistently improves its operational and financial performance, ensuring stability and value growth for shareholders. In 2024, KMG successfully implemented strategic initiatives aimed at modernizing production facilities and enhancing operational efficiency.

A key milestone was the development of a new Low-Carbon Development Program through 2060, aimed at reducing environmental impact and supporting the sustainable transformation of the business.

In addition, the Company remains committed to high standards of corporate governance, ensuring transparency in reporting and the protection of shareholder rights.



#### Investors

Communication Methods: Roadshows, financial reporting, engagement with analysts, press releases.

#### Interests and Expectations:

ESG practices, transparent risk management, return on investment, integration of leading ESG reporting standards.

#### What We Do

The Company aims to maintain open and transparent dialogue with investors by providing timely updates on its strategic initiatives and outlook. A key focus is the development of ESG reporting in line with international standards, including GRI Standards, TCFD, and the OGMP 2.0 initiative, enabling investors to better assess KMG's environmental, social, and governance impacts.

In 2024, KMG continued implementing low-carbon development and energy efficiency projects, attracting the attention of sustainability-focused investors and international rating agencies.



#### **Government Authorities**

#### **Communication Methods:**

Consultations, participation in working groups, reporting, official meetings.

#### Interests and Expectations:

Compliance with legislation, tax payments, fulfillment of social obligations.

#### What We Do

The Company strictly complies with all legal requirements and actively participates in the development of regulations governing the oil and gas sector and sustainable development. KMG responsibly pays taxes and other mandatory contributions to the state budget. The Company continues to invest in projects aimed at regional development, improvement of social infrastructure, and environmental protection, thereby contributing to long-term economic growth.



#### **Employees and Trade Unions**

#### **Communication Methods:**

Management meetings with teams, trainings, internal communication channels.

#### Interests and Expectations:

Occupational safety, career development, fair wages, improved working conditions.

#### What We Do

The Company places great emphasis on creating safe and comfortable working conditions for its employees. In 2024, additional measures were taken to modernize workplaces and implement health protection programs. KMG creates new opportunities for staff through training and skills development. Fair compensation, transparent hiring processes, and a clear professional growth system help attract and retain top talent in the industry. To strengthen corporate culture and employee engagement, KMG actively develops internal communication channels and maintains ongoing dialogue with trade unions.



#### Local Communities and the Public

## Communication Methods: Public hearings, charitable programs,

feedback via hotlines.

#### Interests and Expectations:

Job creation, social investment, environmental responsibility.

#### What We Do

The Company acknowledges its responsibility to society and actively contributes to improving the quality of life in the regions where it operates. In 2024, KMG continued to allocate significant resources to support education, healthcare, and social well-being of local communities. Special attention is given to environmental initiatives, including emissions reduction, water resource management, and land restoration. Corporate social responsibility programs help develop local infrastructure and create favorable living conditions for the population.



#### **Clients and Partners**

**Communication Methods:** Business meetings, contracts, joint projects.

Interests and Expectations: Stable supply, product and service quality, procurement transparency.

#### What We Do

The Company ensures uninterrupted supply of petroleum products and services while maintaining high standards of quality and reliability. It continues to optimize logistics and supply chain management. An open approach to partner engagement, adherence to corporate governance best practices, and commitment to fair competition help build trust and long-term relationships with clients.



#### **Contractors**

Communication Methods: Tenders, conferences, working meetings.

#### Interests and Expectations:

Procurement transparency, fair collaboration terms, safety at worksites

#### What We Do

The Company strives for transparency and efficiency in procurement by implementing automated supplier selection systems. Efforts continue to strengthen safety measures for contractors at worksites, including training on industrial safety and occupational health standards. Developing partnerships based on mutual trust enhances service quality and reduces operational risks.

KMG continues to strengthen its engagement with all stakeholders by adopting international best practices and enhancing corporate governance. Open dialogue, consideration of stakeholder interests, and the implementation of strategic

sustainability initiatives enable the Company to achieve its long-term goals and ensure a positive impact on the economy, society, and the environment.

## **ESG RISK MANAGEMENT**

The risk management system at NC KazMunayGas JSC is a key component of corporate governance, aimed at the timely identification, assessment, and mitigation of potential events that may affect the achievement of the Company's strategic and operational objectives. Risk management is carried out at all organizational levels, covering both the parent company and its subsidiaries and affiliates.

KMG adheres to recognized international risk management standards, particularly the "Three Lines of Defense" model embedded in the corporate risk management framework. This model ensures a clear distribution of roles and responsibilities among operational units, risk management functions, and internal audit, creating a reliable system of control and risk prevention.

Sustainable development is one of KMG's strategic goals, as outlined in the Company's Development Strategy through 2031. ESG risk management is fully integrated into the overall risk management system and serves as a tool to enhance the Company's adaptability to external changes, minimize potential negative impacts, and ensure long-term growth aligned with stakeholder interests.

In 2024, KMG updated its consolidated Risk Register, incorporating factors that influence the sustainable development of the Group. The effective use of risk information in managerial decision-making helps reduce uncertainty, build a resilient operating model, and ensure business stability in the face of dynamic economic, environmental, and social challenges.



#### **ESG RISKS**

Trend (over the year)

#### **Risk Description**

#### **Mitigation Measures**

#### **ENVIRONMENTAL ASPECT**

#### Climate risks and low-carbon development



Climate risks for KMG are associated with the transition to a low-carbon economy and the physical impacts of climate change These include:

Transition risks – tightening regulatory requirements, changes in technology, market risks, and reputational risks;

Physical climate risks - extreme weather events (floods, droughts) and chronic climate changes (water stress, rising temperatures). In 2024, floods in KMG's regions

of operation, including Atyrau, Aktobe, and West Kazakhstan regions, led to a state of emergency, requiring urgent measures to minimize damage.

#### Potential Impact

Climate risks may lead to increased costs, reduced profitability, limited market opportunities, deterioration of employee health, and a higher likelihood of injuries. They may also impact demand for the Company's products and the long-term sustainability of the business.

KMG is actively working to reduce climate risks, including:

- Implementing the Low-Carbon Development Program
- Monitoring energy consumption and greenhouse gas emissions, and launching projects to reduce methane
- Conducting guarterly monitoring of subsidiaries' action plans for the implementation of the Low-Carbon Development Program at the Corporate Center level;
- Purchasing international renewable energy certificates
- Exploring opportunities for carbon capture, utilization, and storage (CCUS);
- Developing hydrogen energy by assessing the potential for low-carbon hydrogen production;
- Analyzing the prospects for sustainable aviation fuel (SAF) production and the implementation of forest-climate projects;
- Developing measures to prepare for spring floods and prevent flooding of vulnerable areas (e.g., road erosion, damage to power lines, flooding of wells)

KMG continues to improve its climate adaptation measures, reducing the impact of climate risks on the Company's operations.

#### **Risk of Negative Environmental Impact**



KMG is exposed to the risk of negative environmental impact, including emissions of pollutants into the air, water and soil contamination, as well as increasing environmental regulatory requirements. Noncompliance with environmental standards may lead to stricter sanctions, additional financial costs, and damage to the Company's reputation.

#### Potential Impact

The realization of environmental risk may lead to fines, excess payments, environmental remediation costs, and legal liability. Furthermore, a decline in environmental performance may negatively impact investment attractiveness and the long-term sustainability of the business.

To minimize environmental impact, KMG implements a comprehensive set of actions:

- Management of air emissions and reduction of flaring of raw
- Implementation of water and waste management projects; Environmental monitoring and land reclamation;
- Application of best available techniques and automated emission monitoring systems;
- Preventive management of significant environmental impacts and engagement with stakeholders on environmental issues;
- In 2024, KMG developed and approved a Waste Management Standard and updated its Corporate Standard for Environmental Impact Assessment.

KMG continues to improve environmental protection measures, ensuring compliance with environmental requirements and reducing the impact of its operations on the environment.

Trend over the year)

#### **Risk Description**

#### **Mitigation Measures**

#### Risk of Oil Spills During Offshore Operations



Oil spills may occur due to violations of technological procedures, pipeline accidents, equipment failures, and challenging natural conditions in the Caspian Sea. Risk factors include shallow waters, high reservoir pressure at fields, the presence of hydrogen sulfide, and seasonal surface freezing.

#### **Potential Impact**

Oil spills can cause severe environmental damage, halt production processes, and result in significant financial costs for response and compensation efforts.

To minimize the risk of oil spills, KMG implements a range of preventive measures:

- Continuous monitoring of technological processes and equipment condition;
- Scheduled preventive maintenance of pipelines and equipment;
- Personnel training and oil spill response drills;
- Effective operation of the North Caspian Environmental Response Base;
- Monitoring of abandoned wells;
- Participation in working groups on accident prevention.

KMG continues to improve its oil spill prevention and response system, reducing potential environmental and financial risks.

#### Risk of Industrial Accidents and Technogenic Disasters at Production Facilities



KMG's production activities involve a high level of hazard, creating the risk of accidents, explosions, fires, and other industrial disasters. Potential causes include equipment wear and tear, violations of technological processes, human error, and adverse external

#### **Potential Impact**

Accidents at production facilities may result in injuries or fatalities, destruction of equipment and infrastructure, significant financial recovery costs, and environmental damage.

To prevent accidents, KMG implements a comprehensive set of measures:

- Preventive actions during well drilling operations;
- Regular maintenance and diagnostics of equipment;
- Industrial safety assessments and identification of potential hazards;
- Personnel briefings and training on safe equipment
- Monitoring the implementation of industrial safety enhancement measures:
- Property insurance contracts to cover potential damages.

KMG continues to improve its systems for preventing and responding to technogenic risks, ensuring robust protection of personnel, equipment, and the environment.



Trend the year)

#### **Risk Description**

#### **Mitigation Measures**

#### **SOCIAL ASPECT**

#### **Occupational Injury Risk**



The risk of occupational injuries is associated with non-compliance with occupational safety rules, violations of workplace discipline, and exposure to hazardous and harmful production factors. This may lead to accidents, loss of working capacity, and threats to employee life.

#### Potential Impact

- Occupational injuries may result in serious consequences, including:
- Deterioration of employee health, temporary or permanent disability;
- Reduced production efficiency and unplanned downtime;
- Financial losses related to compensation, fines, and legal claims;
- Reputational risks for the Company.

To prevent workplace injuries, KMG implements a systematic approach to occupational health and safety:

- Ensuring safe working conditions and introducing new
- Conducting regular safety briefings and training;
- Implementing behavior-based safety observation programs:
- Internal monitoring of compliance with occupational safety
- Rolling out a near-miss reporting program through the "Qorgau" card system.

KMG is committed to reducing injury rates by ensuring safe working conditions and fostering a strong safety culture among employees.

#### Risk of Occupational Diseases and Threat of Emerging Strains and Viruses



KMG's production activities involve exposure to adverse factors such as intoxication, pollution, vibration, noise, and significant physical strain. Prolonged exposure to these factors can lead to occupational diseases. There is also a threat of infectious disease outbreaks, including new virus strains, which may impact employee health and the stability of production processes.

#### Potential Impact

- Development of occupational diseases, temporary or permanent loss of employee work capacity;
- Increased illness rates and higher healthcare costs:
- Potential workforce reduction and decreased production efficiency;
- Risk of infectious disease spread affecting operational activities.

To reduce this risk, KMG implements the following measures:

- Regular workplace certification on working conditions;
- Mandatory medical examinations for employees;
- Occupational sanitary control and improvement of working
- Implementation of a health protection action plan for employees.

KMG continues to enhance its occupational health and safety system, minimizing the risks of occupational diseases and infectious threats.

Trend over the year)

#### **Risk Description**

#### **Mitigation Measures**

#### **Shortage of Qualified Personnel**



This risk is associated with employee turnover, a shortage of specialists with the required competencies, and potential challenges in attracting and retaining qualified personnel. The shortage may be driven by a competitive labor market, workforce migration, and evolving professional requirements.

#### Potential Impact

Decreased efficiency and productivity of the Company;

Increased workload on existing staff, risking process disruptions;

Delays in the implementation of strategic projects;

Higher costs for recruitment, training, and onboarding of new employees.

KMG implements a comprehensive approach to attract, develop, and retain talent:

- Regular monitoring of turnover reasons and exit surveys;
- Employee satisfaction surveys on working conditions;
- Implementation of the "MANSAP" program;
- Improvement of incentive programs and working conditions;
- Creation of career opportunities and professional development programs.

KMG is actively addressing personnel risks by creating attractive conditions for employee growth and development.

#### **Terrorism Risk**



This risk is associated with the possibility of terrorist and other violent acts targeting the Company's personnel, contractors, and assets. KMG operates in regions where there may be security threats, necessitating measures to protect employees and facilities.

#### **Potential Impact**

Threats to the life and health of employees;

Disruption of operations and damage to Company assets;

Increased costs for security and infrastructure restoration;

Reputational and legal risks.

KMG implements a comprehensive set of safety measures:

- Inspection of security systems and updating of evacuation plans;
- Personnel training on anti-terrorism protection;
- Cooperation with law enforcement agencies;
- Emergency response drills and training;
- Monitoring of video surveillance systems and access control;
- Certification of facilities vulnerable to terrorism, in accordance with counterterrorism legislation.

KMG continues to enhance its employee and facility protection measures, reducing terrorism-related risks.



Trend the year)

#### **Risk Description**

#### **Mitigation Measures**

#### **Social Climate in Regions of Operation**



This risk is associated with the potential for social tensions, unauthorized strikes, and protest actions in regions where KMG operates. The main causes include employee demands for higher wages, improved social conditions, and stronger labor guarantees.

In 2024, 17 strikes were recorded in the Mangystau region, 11 of which involved compliance with its obligations to employees, social discontent remains a risk factor.

#### Potential Impact

Reputational risks and reduced public trust in the Company;

Potential disruptions to operations;

Increased operating costs related to resolving labor disputes;

Impact on the Company's investment attractiveness.

KMG is taking a comprehensive approach to stabilize the social

- Implementation of Roadmaps to improve working and living conditions in subsidiaries:
- Monitoring of social infrastructure and elimination of deficiencies;
- Support for healthcare workers and development of the social sector in the regions;
- KMG's contractors. Despite the Company's full Oversight of labor conditions in contractor organizations:
  - Support for the socio-cultural development of the city of Zhanaozen:
  - Development of transparent employment tools;
  - Automation of the contractor database for real-time monitoring.

KMG continues to engage with employees and stakeholders to ensure social stability in the regions of operation.

#### **CORPORATE GOVERNANCE**

#### **Compliance Risks**



Compliance risks are associated with potential instances of corruption, violations of legislation, and internal regulatory documents, which may result in financial losses, reputational damage, and legal consequences. Ensuring transparency in business processes and adherence to ethical standards is a key priority for KMG.

#### Potential Impact

Financial losses and fines;

Erosion of trust from investors and partners;

Legal liability for the Company and its employees;

Reputational risks affecting the sustainable development of the business.

KMG implements a range of measures to prevent compliance risks:

- Conducting internal analyses of corruption risks and developing corrective actions;
- Regular anti-corruption monitoring and compliance audits;
- Review and update of internal regulatory documents;
- Promoting an anti-corruption culture among employees through training and awareness programs.

KMG continues to improve its compliance control system, ensuring transparency of business processes and minimizing the risk of legal violations.

# **КазМунайГаз**

### **ESG RATINGS**

32.8 SUSTAINALYTICS ASSESSMENT





In November 2024, the international rating agency Sustainalytics assigned an ESG Risk Rating of 32.8 to NC KazMunayGas JSC. The Company ranked 49th out of 300 organizations assessed in the oil and gas sector.

The agency rated KMG's ESG risk management at 67.3 points ("strong"), maintaining a stable level compared to 2023 (67.2). The Company's exposure to ESG risks was assessed at 77 ("high"), slightly increasing from 2023 (74.0) due to methodological changes.

The Company achieved progress in several key areas. Notably, improvements in water resource management had a positive impact on the rating, confirmed by more detailed data disclosure, including water intensity indicators and new water efficiency initiatives. Significant progress was also made in corporate governance – an expanded list of assessment indicators enabled the Company to demonstrate transparency and a high level

of governance practices. The development of lowcarbon products and services, particularly through enhanced greenhouse gas disclosures in the CDP questionnaire, also contributed significantly to strengthening the Company's standing.

At the same time, there is room for further improvement, particularly in community engagement, disclosure of lobbying activities, and more detailed reporting on payments to government bodies. Additionally, methodological changes impacted the emissions and waste category, leading to a lower score due to the addition of new indicators reflecting stricter expectations for emissions intensity.

Detailed information on the Sustainalytics rating is available at the following link.

https://www.sustainalytics.com/ esg-rating/national%20companykazmunaygasjsc/1028382256

## MORNINGSTAR SUSTAINALYTICS

#### INTERNATIONAL RATING AGENCY SUSTAINALYTICS (AMSTERDAM, NETHERLANDS)

Sustainalytics is a globally recognized independent provider of environmental, social, and governance (ESG) research, ratings, and analytics, that helps investors around the world develop and implement responsible investment strategies.

#### SUSTAINALYTICS ASSESSMENT METHODOLOGY

The ESG Risk Rating is based on an analysis of a company's exposure to material ESG risks and its effectiveness in managing those risks. The rating is on a scale from 0 to 100, with "0" indicating negligible risk. In 2024, the methodology was updated, resulting in a redistribution of indicator weights and the addition of new parameters.

#### MSCI RATING



According to MSCI, NC KazMunayGas JSC maintained its ESG rating of "BBB" in 2024, which corresponds to an average level within the industry. This reflects balanced management of environmental, social, and governance risks.

The Company shows steady progress in managing carbon emissions, biodiversity, and land resources. Notably, carbon management scores improved by 1.2 points due to lower operational and regulatory risks in this area compared to peers. The Company's efforts to prevent adverse ecosystem impacts, land reclamation initiatives, and the use of oil waste recycling technologies were viewed positively.

KMG's Low-Carbon Development Program (2022-2031), which targets a 15% reduction in Scope 1 and Scope 2 emissions by 2031 (from a 2019 baseline), also received a favorable evaluation.

In terms of social responsibility, KMG performs at an average level globally, due to the sectoral impact of operations on local ecosystems and communities. However, its strong certification in employee health and safety systems aligns with industry standards.

#### INTERNATIONAL RATING AGENCY MSCI (NEW YORK. USA)

MSCI Inc. is an American financial services company that provides global equity, bond, and real estate indexes, ESG and climate products, and portfolio analytics. It helps investors worldwide make informed decisions by offering data and tools to evaluate risks and opportunities across asset classes.

#### MSCI ASSESSMENT METHODOLOGY

MSCI's ESG rating is a sector-relative measure of a company's management of financially relevant ESG risks and opportunities. It is assessed on a seven-point scale from AAA (highest) to CCC (lowest), based on the company's exposure to and management of ESG factors.

#### FOR REFERENCE

An ESG rating (Environmental, Social, and Governance) is an assessment of a company's exposure to environmental, social, and governance risks and how effectively these are being managed. ESG ratings serve as a strategic tool for investors in making informed investment decisions and help identify both risks and opportunities, offering insight into a company's long-term sustainability and resilience.



## **UN GLOBAL COMPACT**

Since 2006, KMG has been a member and active participant of the United Nations Global Compact. The Company's annual Sustainability Report serves as its Communication on Progress, demonstrating the implementation of the UN Global Compact principles in its operations.

Area	Principle
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.
	2. Businesses should make sure that they are not complicit in human rights abuses.
Labor	<b>3.</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
	4. Businesses should uphold the elimination of all forms of forced and compulsory labor.
	5. Businesses should uphold the effective abolition of child labor.
	<b>6.</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation.
Environment	7. Businesses should support a precautionary approach to environmental challenges.
	<b>8.</b> Businesses should undertake initiatives to promote greater environmental responsibility.
	<b>9.</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	<b>10.</b> Businesses should work against corruption in all its forms, including extortion and bribery.

These principles serve as the foundation for KMG's strategic initiatives aimed at sustainable development and long-term value creation for stakeholders.





https://unglobalcompact.org/ what-is-qc/participants/6810

## CONTRIBUTION TO THE UN SUSTAINABLE **DEVELOPMENT GOALS (SDGs)**



























NC KazMunayGas JSC strives to contribute to sustainable development by integrating the core principles of the United Nations, global trends, Kazakhstan's development priorities, and universal values into its business strategy. The Company adheres to all 17 UN Sustainable Development Goals and actively supports their implementation.

Taking into account strategic priorities and key objectives, KMG focuses on contributing to 10 priority SDGs and 24 relevant targets. These goals are pursued through strategic initiatives aimed at enhancing operational efficiency, improving working conditions, creating opportunities for employees, supporting local communities, protecting the environment, and fostering innovation.

Engagement with stakeholders and adherence to international standards enable the Company to consistently move toward a sustainable future.

**Targets** 

**KMG's Contribution** 



#### **GOOD HEALTH AND WELL-BEING**

3.6 Reduce the number of deaths and injuries from road traffic accidents.

3.8 Achieve universal health coverage, including access to quality essential health-care services and access to safe. effective, quality, and affordable essential medicines and vaccines.

**3.9** Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination.

#### Priority

Ensure healthy lives and promote well-being for all at all ages.

#### 2024 Results:

- Transport management diagnostics were carried out in 7 KMG subsidiaries, and roadmaps for scaling the "Trip Management" project were approved;
- 3837 KMG subsidiary employees and 2106 contractor employees completed the "Defensive Driving" training course.
- 18,265 employees of KMG subsidiaries and 1,490 employees of contracting organizations participated in a practical demonstration of the use of seat belts;
- 100% of KMG employees were covered by a medical insurance program.

#### **Key Initiatives:**

- "Trip Management" Project implementation of a transport management system with a focus on traffic safety;
- Employee Wellness Program (2024–2028) health monitoring for employees with chronic conditions, preventive measures, innovative pre-shift health screenings, improved accessibility and quality of medical care;
- Medical Insurance regular medical checkups and employee vaccinations;
- Leadership and Employee Commitment Code promoting adherence to industrial
- "Qorgau" Safety Card identification and prevention of unsafe working conditions.







**КазМунайГаз** 

Targets



#### **GENDER EQUALITY**

**5.1** Eliminate all forms of discrimination against all women Ensuring gender equality and empowering all women and girls. and girls everywhere.

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.

#### **Priority**

#### Results in 2024:

**KMG's Contribution** 

- Recruitment procedures are free from discrimination;
- Women's representation on the KMG Board of Directors and Supervisory Boards reached 13% in 2024 (target: 30% by 2030).

#### Key initiatives:

- Increase the share of women in top management positions across KMG Group to 30% by 2030;
- Implementation of the Women's Empowerment Principles (WEPs), including a gender gap self-assessment and public disclosure of gender composition data;
- Strict adherence to the labor legislation of Kazakhstan to prevent any form of discrimination.



#### AFFORDABLE AND CLEAN ENERGY

7.1 Ensure access to affordable, reliable, and modern energy services for all.

**7.b** Expand infrastructure and upgrade technology for supplying modern and sustainable energy services.

#### Priority

- Improving production energy efficiency;
- Increasing the share of clean energy.

- 70 energy-saving initiatives implemented, resulting in savings of 2.36 million GJ (81.6 thousand toe) of fuel and energy resources - equivalent to a reduction of 174.9 thousand tonnes of CO<sub>2</sub> emissions;
- Energy audits conducted for technological equipment;
- 20,000 I-REC green certificates purchased in 2023–2024;
- KMG Group approved its Energy Policy and Regulations on Energy Saving and Efficiency Management.

#### **Key Initiatives:**

- Enhancing energy efficiency through equipment modernization
- and the implementation of automated metering systems; Development of renewable energy sources: 1 GW wind power project with Total Eren
- and a 247 MW hybrid power plant with Eni; Purchasing green electricity (target: 15% of total consumption by 2031);
- Development of sustainable aviation fuel (SAF) based on ethanol.

**Targets** 



#### **DECENT WORK AND ECONOMIC GROWTH**

**KMG's Contribution** 

**8.5** Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

- 8.6 Substantially reduce the proportion of youth not in employment, education, or training.
- 8.8 Protect labor rights and promote safe and secure working environments for all workers.

#### Priority

Promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

#### 2024 Results:

- KMG provides employment to over 49.000 people:
- The Company is implementing youth development programs such as Zhas Maman, Dual Education, Intern, and KMGE School.

#### **Key Initiatives:**

- Youth engagement programs, graduate training and employment, preparation of specialized professionals, and internship opportunities;
- Social support for employees through collective agreements (50+ types of benefits).



#### INDUSTRY, INNOVATION AND INFRASTRUCTURE

9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development on affordable and equitable access for all.

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.

Development of sustainable infrastructure, promotion of inclusive and sustainable industrialization and innovation.

#### Results in 2024:

- and human well-being, with a focus Six ABAI information system modules were implemented to improve data and production process management;
  - Implemented solutions resulted in additional oil production and a reduction in the number of well workovers;
  - A "Digital Citizen" training course was developed.

#### **Kev initiatives:**

- Development and implementation of the ABAI information system to centralize all production data of the KMG group and process it using artificial intelligence and machine learning:
- "Digital Citizen" program to enhance employees' digital literacy;
- Optimization of energy consumption and modernization of technological equipment.

Targets

**11.6** Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

#### **Priority**

Ensure inclusive, safe, resilient, and sustainable cities and human settlements

#### 2024 Results:

- Participation in the "Taza Kazakhstan" environmental campaign:
- 75 clean-up and improvement events held;
- 235 community clean-ups with over 10,000 participants, collecting 240 tonnes
- 60 events for whitewashing green plantings—around 170,000 trees.
- Installation of automated pollutant emission monitoring systems;
- Since 2021, approximately 200,000 trees have been planted across the KMG Group, including more than 97,000 in 2024.

#### Key Initiatives:

- Development of charging infrastructure for electric vehicles;
- Implementation of Best Available Techniques (BAT) to reduce environmental impacts step-by-step;
- Development of a pollutant emission reduction program;
- Implementation of the World Bank's "Zero Routine Flaring by 2030" Initiative;
- Creation of a "green belt" through landscaping and tree planting projects;
- Participation in the "Taza Kazakhstan" initiative to improve environmental conditions.



#### RESPONSIBLE CONSUMPTION AND PRODUCTION

**12.4** Achieve environmentally sound management of chemicals and all wastes throughout their life cycle in accordance with agreed international frameworks and significantly reduce their release into the air, water, and soil to minimize their adverse impacts on human health and the environment.

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling,

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and integrate sustainability information into their reporting cycle.

#### **Priority**

Facilitating the transition to responsible consumption and production models.

#### 2024 Results:

- 4.5 million tonnes of historical oil waste recycled from 2018 to 2024;
- Ongoing implementation of water resource management measures.

#### **Key Initiatives:**

- Historical oil waste disposal program;
- "Tazalyk" project at Atyrau Refinery for wastewater treatment;
- Implementation of a waste management standard;
- Water resource management program;
- Development of "green" offices and separate waste collection systems.



#### **KMG's Contribution**



**Targets** 

#### **CLIMATE ACTION**

13.2 Integrate climate change measures into national policies, strategies, and planning.

13.3 Improve education, awareness- 2024 Results: capacity on climate change mitigation, adaptation, impact reduction, and early warning.

Take urgent action to combat climate change and its impacts.

- raising, and human and institutional KMG's Low-Carbon Development Program through 2060 was approved;
  - Corporate methodology for GHG emissions monitoring and reporting was updated to include Scope 1, 2, and 3 emissions and approaches to inventorying, accounting, and disclosure;
  - A Hydrogen Atlas was developed; a green hydrogen pilot project is underway, and lab samples of iron and titanium alloys for hydrogen storage were obtained;
  - A feasibility study on SAF (Sustainable Aviation Fuel) production in Kazakhstan was completed with Air Astana and EBRD support;
  - Sites in Pavlodar Region were identified for a forest-climate project, including a carbon sequestration assessment and working plan for green space development;
  - First methane emissions report submitted to UNEP under OGMP 2.0 initiative;
  - KMG specialists trained in methane leak management; field measurements conducted at two subsidiaries;
  - Instruction for methane emissions management across the KMG Group was adopted;
  - At COP28, KMG joined the Oil and Gas Decarbonization Charter.

- Implementation of internal carbon pricing;
- Participation in the Carbon Disclosure Project and disclosure of climate risks
- Methane emissions management in cooperation with Carbon Limits, IFC, and Tetra Tech Inc;
- Participant in UNEP OGMP 2.0 methane initiative;
- Signatory to the Oil and Gas; Decarbonization Charter;
- Forest-climate offset project in partnership with Chevron in Pavlodar Region.



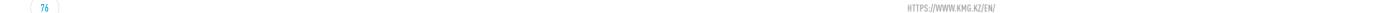






ORATE AND ESG GOVERNANCE

77



**KMG's Contribution** Targets



#### **LIFE ON LAND**

**15.3** Combat desertification, restore **Priority:** degraded land and soil, including land affected by desertification, drought, and floods, and strive to achieve a land degradationneutral world.

**15.5** Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity, and ensure the conservation and protection of threatened species.

Protection and restoration of terrestrial ecosystems, promotion of their sustainable use, sustainable forest management, combating desertification, halting and reversing land degradation, and halting biodiversity loss.

#### 2024 Results:

- 4.5 million saxaul seedlings planted across 15,000 hectares on the dried seabed of the Aral Sea;
- Implementation of a project to reconstruct wastewater channels and reclaim evaporation fields at the Atyrau Refinery;
- Ongoing efforts to restore contaminated lands and reduce pollutant discharges.

#### **Key Initiatives:**

- Construction of a desalination plant in Kenderli with a capacity of 50,000 m<sup>3</sup> of water
- Land rehabilitation initiatives;
- Development of a biodiversity conservation program and cooperation with environmental organizations;
- Implementation of the mitigation hierarchy: avoidance, minimization, restoration, and offsetting of environmental impacts;
- Execution of the "Tazalyk" environmental project aimed at improving environmental

#### **Targets**

#### **KMG's Contribution**



#### **PARTNERSHIPS FOR THE GOALS**

**17.1** Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.

17.16 Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology, and financial resources to support the achievement of the Sustainable Development Goals in all countries, particularly developing countries.

17.17 Encourage and promote effective public, public-private, and civil society partnerships, building on the experience and resourcing strategies of partnerships.

Enhancing engagement within the Global Partnership for Sustainable Development.

- KMG annually discloses information on taxes and government payments, adhering to leading transparency standards:
- The Company actively collaborates with international agencies and intergovernmental organizations in implementing sustainable development

#### **Key Initiatives:**

- Disclosure of tax reports in line with GRI standards and the OECD Action 13 Countryby-Country initiative;
- Participation in international initiatives on sustainable development, environmental protection, and emissions reduction;
- Strengthening transparency in corporate governance.



# KMG'S MEMBERSHIP AND PARTICIPATION IN INITIATIVES AND ASSOCIATIONS

GRI 2-28

NC KazMunayGas JSC actively participates in international and national initiatives aimed at sustainable development, environmental

protection, reducing environmental impact, and enhancing safety standards.

#### **CLIMATE AND ENVIRONMENTAL INITIATIVES**





Global Methane Initiative (GMI)

Since 2017, KMG has participated in the GMI network, implementing methane reduction and utilization projects.





Caspian Environmental **Protection Initiative (CEPI)** 

Participating since 2020 to support environmental protection in the Caspian region.





Oil and Gas Decarbonisation Charter

Participating since 2023 following accession at COP28, to support carbon footprint reduction in the sector.

## SAFETY, EMERGENCY PREPAREDNESS, AND OIL SPILL **RESPONSE**



Oil Spill Preparedness Regional Initiative (OSPRI)

**Engagement with IPIECA and** the International Maritime Organization to prevent and respond to oil spills.



Oil Spill Response Limited

ҚазМұнайГаз

Member of the global oil spill response organization.

#### NATIONAL AND INTERNATIONAL ASSOCIATIONS



**National Chamber of Entrepreneurs** "Atameken

> Cooperation on legal and regulatory matters.



**KAZENERGY** 

Active in committees and working groups; chairs the Coordination Council on Ecology and Social Responsibility.



**UN Global Compact** 

A signatory since 2006; KMG annually publishes its Communication on Progress.



International Association of Oil and Gas Producers (IOGP)

Member since 2018, implementing international safety standards.



KazWeld - Kazakhstan Welding Association

> Promotes development of welding technologies and specialist training to international standards.



**New Kazakhstan Taxpayers**' **Association** 

Focuses on improving tax legislation and corporate tax





Supports the engineering sector and promotes industrial collaboration.



Association of Producers and Consumers of Petrochemical Products

Promotes sustainable development of Kazakhstan's petrochemical sector.



E

Qazaq Green – Association for Renewable Energy

Advances renewable energy competencies.



Member of the association for regional environmental initiatives since 2021.

Ecoje

### SOCIAL AND PROFESSIONAL INITIATIVES

Collaboration with the NGO Veterans of the Oil and Gas Sector

Since 2021, KMG has worked with the expert council of industry veterans to facilitate knowledge transfer and advisory support.



### **INFORMATION DISCLOSURE**



PwC Kazakhstan top 50 for Non-Financial Disclosure

KMG consistently ranks in the top 5 for ESG information disclosure in corporate reports.





The ESG Disclosure Rating, conducted by PwC Kazakhstan, is an annual analysis of the quality and completeness of sustainable development disclosures by Kazakhstani companies. The Rating evaluates annual reports and sustainability reports, including integrated and social reports, with the aim of identifying leaders and providing recommendations for improving disclosure practices.

The assessment is conducted across the following key areas: Sustainable Development Strategy, Corporate Governance, Social Policy and Human Resource Management, Environmental Impacts and Their Management, Reporting Practices and Compliance with International Standards. Companies are evaluated based on 76 criteria.

The goal of the rating is to support the development of ESG reporting in Kazakhstan and contribute to improving the quality of sustainable development management in the country.

KMG continues to foster partnerships and integrate global best practices in sustainability, environmental stewardship, and safety.