

**APPROVED**

**by the resolution  
of the Board of Directors  
of JSC NC “KazMunayGas”  
dated 12 December 2021,  
Minutes No. 19/2018, annex No.2 to  
the item No.27 of the agenda**

**REGULATION  
ON HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABLE DEVELOPMENT  
COMMITTEE  
OF THE BOARD OF DIRECTORS OF JSC NC “KAZMUNAYGAS”**

**Astana, 2018**

## **1. General provisions**

This Regulation on Health, Safety, Environment and Sustainable Development Committee (**Regulation**) of the Board of Directors of JSC NC “KazMunayGas” (**KMG**) has been developed in line with the current laws of the Republic of Kazakhstan, KMG Charter, the Code of Corporate Governance of KMG approved by the resolution of the Sole shareholder of KMG, minutes of the Management Board of “Samruk-Kazyna” JSC dated May 27, 2015 No. 22/15 (**Code**), and the best international practice of corporate governance; it shall define the main tasks, functions, and authorities of the Health, Safety, Environment and Sustainable Development Committee of the Board of Directors of KMG (**Committee**), and also the structure of the Committee, the procedure of its forming, functioning, and interaction with KMG bodies.

The Committee shall be a consultative-deliberative body under the Board of Directors of KMG. All resolutions of the Committee shall represent recommendations to be submitted for consideration of KMG Board of Directors (hereinafter – the Board of Directors).

The Committee shall be accountable to the Board of Directors and shall act within the framework of competence provided by the Board of Directors and the present Regulation.

## **2. Objectives of the Committee**

The Committee shall be formed and act to render assistance to the Board of Directors by means of development and provision of recommendations and/or binding resolutions on the following issues:

- 1.1. ensuring health, safety and environment;
- 1.2. implementation of sustainable development principles into strategic planning and social and economic development of KMG;
- 1.3. social commitment and programs of KMG within the signed subsoil use contracts;
- 1.4. ensuring continuity of business of KMG;
- 1.5. ensuring environment effectiveness of KMG.

## **3. The Committee’s Functions**

Committee’s functions are as follows:

2.1. Preparation of recommendations to the Board of Directors on the following issues:

2.1.1. determination of main trends of KMG policies in the field of health, safety and environment and initiatives aimed at improvement of management system in health, safety and environment;

2.1.2. elaboration and approval of health, safety and environment program documents;

2.1.3. application of new, environmentally friendly, energy-efficient or withdrawal of the current technologies, and use of the other opportunities to expand KMG operation, increase its economic efficiency and operation quality

2.1.4. elaboration and approval of guidelines for health, safety and environment management system;

2.1.5. monitoring of key performance indicators of KMG in health, safety and environment;

2.1.6. approval of sustainable development policy, annual Report on sustainable development of KMG, action plans and other internal documents for sustainable development, approval of which falls within the competence of the Board of Directors;

2.1.7. introduction of social, economic and environmental components of sustainable development except for the components linked with “Financial issues” into KMG activity in accordance with the Code and the best international practice;

2.1.8. formation of management system in sustainable development with three areas: economic, environmental and social;

2.1.9. determination of sustainable development targets and KPIs;

2.1.10. monitoring of sustainable development in KMG including through monitoring of sustainable development KPIs performance, taking corrective measures, implementation of constant improvements culture;

2.1.11. analysis of internal and external environment in three areas: economic, environmental and social;

2.1.12. integration of sustainable development into key processes of KMG, including risk management, planning, human resources management, investments, reporting and others, as well as into the Development strategy of KMG and decision-making processes.

2.2. Formation and improvement of health, safety, environment and sustainable development culture.

2.3. In line with the Committee’s objectives, carrying out control over efficient implementation of KMG program documents on health, safety, environment and sustainable development and implementation of resolutions of KMG’s Board of Directors.

2.4. Monitoring and assessment of activities in health, safety, environment and sustainable development.

2.5. Analysis of fatalities investigation and large technological emergencies, as well as preparation of recommendations for measure to be taken.

2.6. Coordination of activities of KMG officials and structural subdivisions to ensure implementation of the Committee’s objectives.

2.7. Providing of KMG Board of Directors with the information on innovative trends in the oil and gas sector in the field of health, safety, environment and sustainable development.

2.8. Annual review of performance in health, safety, environment and sustainable development of main operating organizations.

2.9. Regular visits to operating companies of KMG group to assess health, safety and environment programs and practices.

2.10. In line with the Committee's objectives, monitoring over the efficiency of KMG Ombudsman in assisting to resolve social and labor disputes, conflicts, problems, and in observance of business ethics principles by KMG employees.

#### **4. Rights and obligations of the Committee:**

3.1 the Committee shall be entitled:

3.1.1 to demand provision of information, official documents, and explanations, required to the Committee for implementation of its objectives and fulfillment of functions, from the Management Board, officials, the head of the Internal Audit Service, the Corporate Secretary, Ombudsman, and other officials and employees of KMG;

3.1.2 to consider inquiries of the Sole Shareholder, the Board of Directors, officials, and employees of KMG, as well as the third parties, on issues referred to the competence of the Committee;

3.1.3 to involve KMG officials and employees, as well as the third parties, at its own discretion, in the work of the Committee, without granting a voting right to them;

3.1.4 to enjoy other rights required for implementation of its functions and objectives.

3.2 the Committee shall be obliged:

3.2.1 to be governed in its activities by provisions of the current laws of the Republic of Kazakhstan, the Charter, the Code and other internal documents of KMG;

3.2.2 to act for the benefit of KMG and its shareholders;

3.2.3 to eliminate influence of a conflict of interests of the Committee's members on its activities;

3.2.4 to report on the Committee's activities at request of the Board of Directors;

3.2.5 to submit a performance report of the Committee for consideration of the Board of Directors.

#### **5. Forming of the Committee:**

5.1 The Committee shall be formed out of members of the Board of Directors and duly qualified and competent experts (if necessary); the Committee shall consist of at least three members; Independent Directors shall comprise the majority of members of the Committee. The Chairman of KMG Management Board cannot be elected as a member of the Committee.

5.2 The Chairman and members of the Committee shall be elected by the Board of Directors in the procedure established by the Charter of KMG. Moreover, the Chairman of the Committee shall be elected from among Independent Directors.

5.3 Terms of powers of the Committee's members shall coincide with the terms of their powers as members of the Board of Directors.

5.4 Experts of the Committee shall attend meetings of the Committees, without voting right. The Committee's experts shall be entitled to initiate meetings of the Committee, and to terminate own powers unilaterally ahead of schedule by means of a written notification of the Committee via the Committee's Secretary.

## **6. The Chairman of the Committee**

The Chairman of the Committee shall:

- 6.1 arrange the activity of the Committee;
- 6.2 convene meetings of the Committee and take the chair at meetings;
- 6.3 approve the agenda of a meeting of the Committee;
- 6.4 arrange efficient resolution of issues at meetings of the Committee;
- 6.5 ensure development of the plan of meetings of the Committee;
- 6.6 ensure development of performance reports of the Committee.

## **7. Rules of the Committee's procedures:**

7.1 The Committee shall work via in-person meetings, with minutes keeping. In order to promote efficiency, to create favorable conditions for participation of all Committee members and to reduce the cost of holding the Committee meetings it is allowed to attend the Committee by its members through technical communication facilities on issues not related to considering the results of fatalities investigation and large technological emergencies.

7.2 The Corporate Secretary of KMG shall perform functions of the Secretary of the Committee.

7.3 The Secretary of the Committee shall ensure arrangement and holding of the Committee's meetings, collection and systematization of materials for meetings, timely delivery of notifications, agenda of a meeting, and materials on issues of the agenda to members of the Committee and invitees, keeping minutes of meetings, monitoring of implementation of resolutions and instructions of the Committee and relevant reports, development of draft resolutions of the Committee, and further storage of all the materials.

7.4 The Secretary shall ensure timely provision of members of the Committee with all the required materials and documents.

7.5 Meetings of the Committee may be held both in line with the plan approved by the Chairman of the Committee, and as and when necessary, but not less than four meetings a year.

7.6 A resolution on convening a regular meeting of the Committee, date, time, and place of a meeting, as well as its agenda, and the list of invitees for a meeting of the Committee, shall be made by the Chairman of the Committee

7.7 An extraordinary meeting of the Committee shall be held by resolution of the Chairman of the Committee, and may be initiated by any member of the Committee, the Board of Directors, the Management Board, or the entity holding all voting shares of KMG.

7.8 A notice on holding of a meeting of the Committee including its agenda shall be sent to persons participating in a meeting not later than three working days before the date of the Committee's meeting.

7.9 The third parties may attend meetings of the Committee at the invitation of the Committee's Chairman; however such invitees shall not be entitled to vote on issues of the agenda of a meeting.

7.10 The Committee shall take decisions by simple majority of votes of the total number of the Committee's members. The quorum for making a decision by the Committee shall make at least 3/4 of the total number of the Committee's members. In case of an equality of votes, the vote of the Committee's Chairman shall be the decisive.

7.11 Each member of the Committee shall have the right to give a dissenting opinion, which shall be enclosed to the Minutes of the Committee's meeting. In cases when decisions on certain issues cannot be made due to interests of the Committee's members in them, such fact shall be recorded in the Minutes of the Committee's meeting.

7.12 The minutes of the Committee's meeting shall be drawn up in one original and signed by the Chairman and the Secretary of the Committee.

7.13 The minutes of the Committee's meeting shall contain titles of the issues and decisions taken, as well as opinions made by the Committee members and proposed to be included into the minutes by them.

## **8. Procedure of amending of the Regulation**

All supplements and amendments to the present Regulation shall be approved by a resolution of the Board of Directors.