
**REPORT
ON PERFORMANCE OF THE
NOMINATIONS AND REMUNERATIONS COMMITTEE OF THE BOARD
OF DIRECTORS OF JSC NC “KAZMUNAYGAS” FOR THE YEAR 2022**

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ADDRESS OF THE CHAIRMAN OF THE COMMITTEE



Dear readers,

We are pleased to present annual report on the activities of the Nominations and Remunerations Committee of the Board of Directors of JSC NC “KazMunayGas” for 2022.

This report, in addition to basic information on the Committee's activities of a statistical nature, also contains information on the key areas of the Committee's activities.

In 2022, the Committee's activities were aimed at ensuring an effective HR policy, succession planning, remuneration and compensation system, social support and bringing the Company to a unified corporate culture. The Committee on an ongoing basis considered issues on the status of implementation of the project “MANSAP” for the formation and updating of the Succession Plan for key positions of KMG group of companies.

As part of the discussion of KMG's new Strategy for 2022-2031, it became clear that the structure of KMG's activities is changing and activities are more focused on the development of renewable energy sources, which in turn dictates the need to make changes not only in the structure of the Company, but also in the corporate culture. In this regard, the focus should be directed to the formation of a pool of employees who will not only perform their duties effectively, but will adequately respond to external challenges. The goal is to move from a resource state to human capital.

In addition, during the reporting period the Committee actively interacted with the Company's management to discuss social issues, including restructuring, remuneration and compensation, as well as minimizing the Company's reputational risks. The meetings touched upon issues of social tension in the regions and options for resolving them. Among other things, the Committee took part in discussions of the HR block, namely the effective HR management system, the headcount management program, contractor relations and the succession plan.

The Committee is committed to making consistent and balanced decisions in order to maintain social stability within the Company, which remains the Committee's primary focus.

With respect,

Philip Malcolm Holland

Chairman of the Committee

GENERAL INFORMATION

1. Introduction

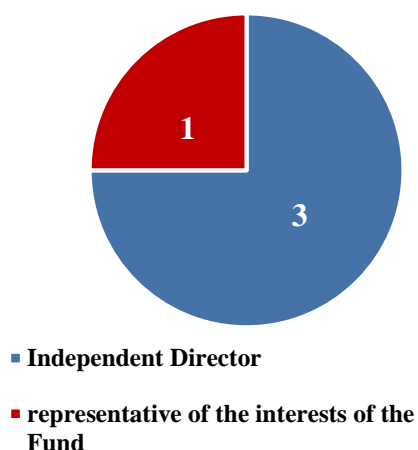
The Committee is a consultative-deliberative body of the BoD; it is formed to review the most important issues and provide recommendations to the BoD and to the executive body of KMG within its competence defined by the Regulation on the Committee.

The Regulation on the Committee was approved by the resolution of the BoD dated June 25, 2014 (Minutes No. 8/2014, item 3), the Committee has been operating since 2012.

The functions of the Secretary of the Committee are performed by the Corporate Secretary of KMG.

2. Composition of the Committee

The Committee is formed from members of the BoD and experts who have the necessary professional knowledge to serve on the Committee. The Committee consists of at least three members, most of whom must be independent directors.



The composition of the Committee is elected by the BoD, with the Independent Director being the Chairman of the Committee. The composition of the Committee was re-elected by the resolution of the BoD of 15 June 2022 (Minutes No.11/2022) due to changes in the composition of the BoD.

No experts were elected to the Committee in the reporting period.

Members of the Committee (as of December 31, 2022):

Member of the Committee	Position	Date	Country
Philip Malcolm Holland	Chairman	September 3, 2020	Great Britain
Christopher John Walton	member	September 24, 2014	Great Britain
Assel Anuarovna Khairova	member	June 15, 2022	Republic of Kazakhstan
Gibrat Kairatovich Auganov	member	April 6, 2022	Republic of Kazakhstan



Philip Malcolm Holland – Chairman of the Committee – member of the BoD – Independent Director. Ph.M. Holland managed major oil and gas projects for Bechtel Corporation around the world. Holland Ph.M. also held the position of executive Vice President for Shell Global Solutions projects, downstream in Shell's newly formed projects and technology business. Ph.M. Holland was appointed as a Director of the Kashagan Phase 2 project in Kazakhstan in 2010. He then went on to work at the Shell\QP Al-Qaraan petrochemical project. Since 2013, he worked as an independent project management consultant. Currently, in addition to his membership of the Board of Directors and the Committee, Ph.M. Holland serves as Chairman of Velocys plc and as a non-executive director and Chairman of the Safety and Risk Committee of EnQuest plc.



Christopher John Walton – member of the Committee, Chairman of the BoD – Independent Director. C.J. Walton also served as CFO of EasyJet Plc, where he successfully led the company's IPO. In various years, C.J. Walton worked for major companies such as BP Australia, Qantas Airways, Air New Zealand, Australia Post and Australian Airlines.



Assel Anuarovna Khairova – member of the Committee, member of the BoD – Independent Director. A.A. Khairova has a Master's degree in Public Administration and has more than 25 years of experience in global international companies Century Integration AG and KPMG with strong business relationships in selected jurisdictions. In the course of her professional activities Assel Anuarovna has experience in diversified territories of Kazakhstan, UK, Spain, Hungary, India, Russia, Kyrgyzstan, Tajikistan and Uzbekistan. She has a unique management experience requiring a search for specific business recipes in a combination of best practices from international experience and best practices of doing business in individual country contexts.



Gibrat Kairatovich Auganov – member of the Committee, member of the BoD, representative of the interests of the Fund. G.K. Auganov previously held managerial positions in the field of human resource management, remuneration and labor regulation in KMG, as well as in the Private Institution "Corporate University "Samruk-Kazyna", JSC "Embamunaygas", JSC "Karazhanbasmunay", JSC "Samruk-Kazyna". At the moment, G.K. Auganov is responsible for HR and labor protection in the Fund.

Thus, Committee members have a sufficient combination of academic and practical knowledge, industrial and managerial experience and skills to make a balanced contribution to the effective operation of the Committee, taking into account the interests of different parties.

Committee members' attendance at meetings in 2022

Number and date of the Committee meeting	1/2022 01.02	2/2022 05.03	3/2022 01.04	4/2022 29.04	5/2022 20.05	6/2022 14.06	7/2022 15.07	8/2022 06.09	9/2022 01.11	10/2022 22.11.22	Participation rate %
Duration	14:02 - 15:06 (64 minutes)	13:56 - 15:23 (79 minutes)	14:10 - 15:59 (169 minutes)	13:59 - 15:15 (64 minutes)	16:00 - 16:30 (30 minutes)	14:02 - 15:53 (111 minutes)	14:00 - 15:00 (60 minutes)	10:00 - 11:39 (99 minutes)	14:02 - 15:53 (111 minutes)	15:00 - 15:47 (47 minutes)	
Ph.M. Holland	•	•	•	•	•	•	•	+	+	•	100
C.J. Walton	•	•	•	•	•	•	•	+	+	•	100
U.S. Karabalin	•	•	•	•	Derived from the Committee						
G.K.Auganov	Was not a member			-	•	•	•	•	+	•	86
A.A. Khairova	Was not a member						•	•	+	+	100

+ in-person participation by personal presence

• in-person participation via audiovisual communication

- non-participation

3. Objectives of the Committee

The Committee provides recommendations on the following issues:

- succession planning of the BoD and the Management Board of KMG;
- remuneration of the Management Board members;
- motivational key performance indicators of the members of the Management Board;
- a regular and unbiased assessment of the performance of the BoD, the Management Board, the Corporate Secretary, and certain employees of KMG; and
- an effective HR Policy, the systems of compensation and bonus payment, social support, professional growth and training of officers and employees of KMG.

The Committee's objectives, functions and powers are disclosed in more detail in the Regulations on the Committee (available on the KMG website).

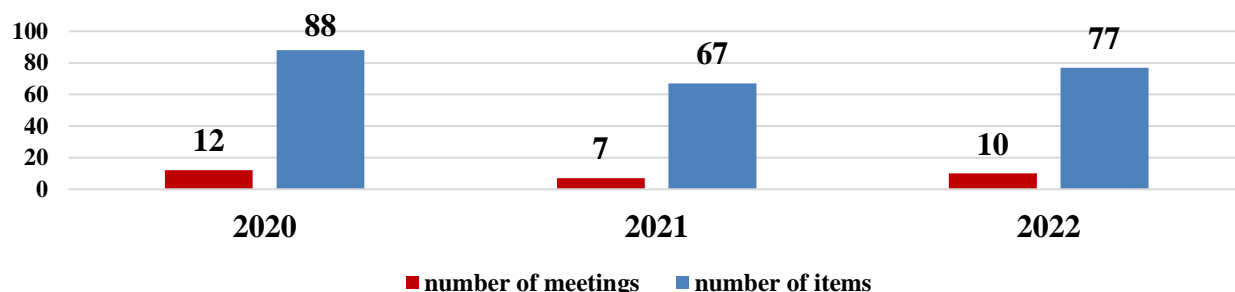
MAIN ACTIVITIES OF THE COMMITTEE IN 2022

1. Committee's activity in figures

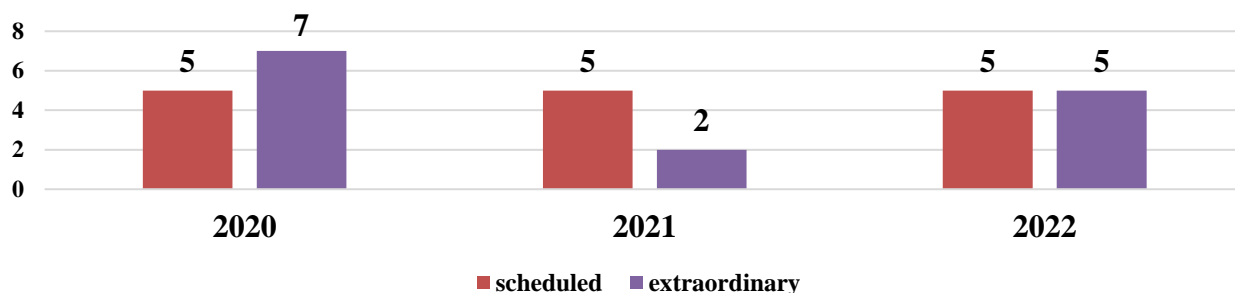
In 2022, the scheduled number of Committee meetings (**10**) was held, which corresponds to the number of meetings in the year.

In 2022, the number of meetings of the Committee increased compared to 2021 from **7** to **10**, as well as the number of issues considered from **67** to **77**.

Number of meetings and items considered by the Committee in 2020-2022

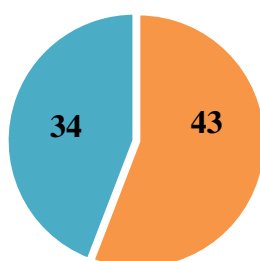


Number of scheduled and extraordinary meetings of the Committee in 2020-2022



Number of items submitted after the Committee to the BoD, and number of items considered only within the Committee

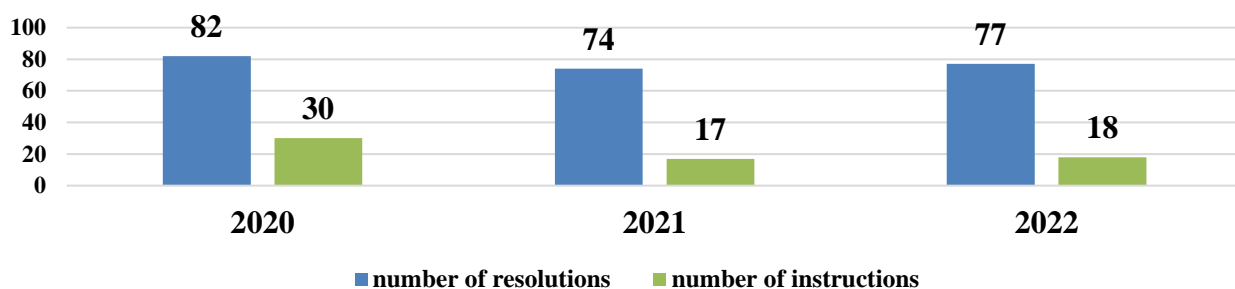
Consideration of the items on BoD and Committee



BoD Committee

Out of **77** items, **43** were further tabled at BoD meetings, and **34** were considered only within the Committee.

Number of resolutions and instructions of the Committee in 2020-2022



As a result of meetings of the Committee in 2022, **77** resolutions were made and **18** instructions were formed, **12** of which have been executed and **6** are executed on an ongoing basis.

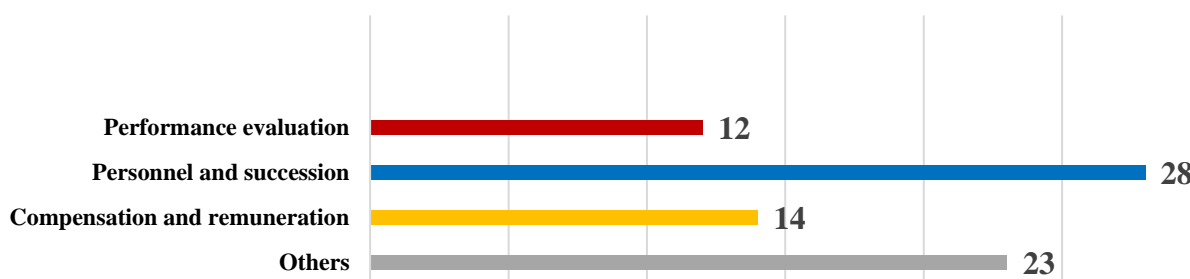
The Secretary of the Committee regularly monitors execution of the Committee's instructions and the relevant reports are provided at each meeting of the Committee.

Officials and employees of KMG were regularly invited to participate in the Committee's meetings without the right to vote.

2. Items addressed by the Committee

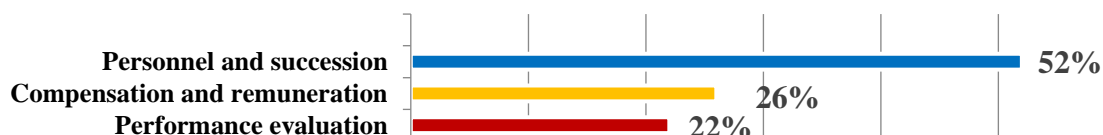
Items considered by the Committee in 2022 can be roughly divided into the following categories:

Number of items by categories



Time devoted by the Committee to the above categories of items (excluding others) is shown in the chart below

Time devoted to the categories of items



As part of the Committee's consideration of these areas, among other things, the following work was carried out.

Personnel and succession (52%)

In order to carry out the Committee's objectives in the area of succession planning, the following issues, among others, were considered at the Committee's meetings during the reporting period:

As part of the issue **"On the results of the project to form the Succession Plan of the group of companies of JSC NC "KazMunayGas" on the 3 pools (A, B, C)"**, the Committee considered the information on the changes that occurred in pools A and B since the approval of the Succession Plan.

The issues **"On amendments and additions to the Rules for search and selection of candidates for the positions of CEO-1 of JSC NC "KazMunayGas", approved by the Board of Directors of JSC NC "KazMunayGas" dated April 02, 2020 (Minutes No. 4/2020)"** and **"On approval of the Rules for search, selection and selection of personnel for the Internal Audit Service, Compliance, Corporate Secretary and Ombudsman of JSC NC "KazMunayGas" and addition of the List of documents, governing the internal activities of JSC NC "KazMunayGas"'"** were considered by the Committee within the execution of Clause 8 of the Extended Road Map for the execution of the instructions of the President of the Republic of Kazakhstan on the reform of the Fund, approved by the Board of the Fund on February 24, 2022 (Minutes № 13/22).

Issues related to appointments and early termination of powers of the members of KMG's Management Board and appointment of CEO-1 level managers, as well as personnel issues of the services accountable to the Board of Directors (Internal Audit Service, Ombudsman Service, Compliance Service, Corporate Secretary Service).

Issues regarding the membership of the Supervisory Boards of KMG subsidiaries.

Approval of the organisational structure of the Company.

Special attention was paid by the Committee to the issue of bringing all KMG group companies to a single culture, this work will continue in 2023.

Traditionally, special attention was paid to the activities of the BoD, including the following items.

The issue of changes and additions to the BoD Succession Plan for the period 2021-2024 with regard to the list of candidates. As a result, the Committee's recommendation was accepted by the BoD and the BoD Succession Plan was supplemented.

Approval of the Committee's activity report and the Committee's work plan.

Issue on the composition of BoD Committees.

On determining the profile of skills, knowledge and experience for candidates to the BoD.

Compensation and remuneration (26%)

To ensure an effective human resources policy, pay and remuneration system, the Committee considered, among other things, the following issues:

The issue **"On consideration of some issues of improvement of corporate governance in JSC NC "KazMunayGas" related to the competence of the Nominations and Remunerations Committee of the Board of Directors of JSC NC "KazMunayGas"** was considered by the Committee to form the position of the Committee on a number of measures provided by the Action Plan for improvement of corporate governance approved in KMG.

The Committee considered the issues of remuneration of the services accountable to the BoD.

Also, a separate focus was placed on the duty instructions of the Chairman and members of the Management Board, remuneration of the members of the Management Board.

The Committee also considered the issues of improving the internal regulatory environment in the area of remuneration and performance assessment, including amendments and additions to the Rules of performance assessment of executive and managerial employees, Head of Internal Audit Service and Corporate Secretary, Head of Compliance, Ombudsman - Head of KMG Ombudsman Service; amendments to the Rules of remuneration of KMG executive employees; additions and amendments to the Rules of remuneration of internal and external service employees.

Once again, at the request of the Fund, the Committee considered the expediency of retaining the position of the General Director of KMG-Engineering LLP in the list of key positions of KMG and/or its subsidiaries and affiliates, occupation of which provides for establishment of qualification requirements, approval of appointment, evaluation of their performance by the BoD (subparagraph 53 of paragraph 98 of KMG's Charter). At the same time, once again, the Committee maintained its position that the BoD should pay sufficient attention to this organization in the KMG group of companies.

Performance evaluation (22%)

In order to ensure continuous and effective evaluation of KMG's performance, the Nominations and Remunerations Committee considered, among other issues, the following issues.

Assessment of the performance within the framework of the approved functional key performance indicators (KPIs) of the Company (Chairman of the Management Board) and motivational key performance indicators (KPIs) of the Management Board members.

Approval of the Company's functional KPIs and management's motivational KPIs.

Monitoring of performance within the approved functional KPIs of the Company (Chairman of the Management Board) and motivational KPIs of the members of the Management Board.

Approval of the key performance indicators of KMG Engineering LLP being the motivational key performance indicators of the General Director (Chairman of the Management Board) of KMG Engineering LLP.

The Committee also considered the possibility of including an assessment of the contribution of each member of the Board of Directors and the Corporate Secretary in the annual self-assessment of KMG's BoD.

Significant efforts of the Committee were aimed at assessing the performance of the BoD and forming a plan to improve corporate governance in KMG based on the results of the relevant activities.

CONCLUSION

During 2022 the Committee:

- in its work was guided by the provisions of KMG's Charter, KMG's Corporate Governance Code and KMG's internal documents;
- assisted in the work of the Board of Directors and the KMG Management Board; and
- fully met its goals and objectives.

The goals and objectives of the Committee are combined with the strategic and business initiatives stipulated by the KMG Development Strategy for 2022-2031.

It should be noted that the members of the Committee have significant experience, high professional reputation and knowledge, which positively affects the adoption of consistent and balanced decisions.

Priorities for 2023

During 2022 the Committee:

- in its work was guided by the provisions of KMG's Charter, KMG's Corporate Governance Code and KMG's internal documents;
- assisted in the work of the BoD and the KMG Management Board; and
- fully met its goals and objectives.

The goals and objectives of the Committee are combined with the strategic and business initiatives stipulated by the KMG Development Strategy for 2022-2031.

It should be noted that the members of the Committee have significant experience, high professional reputation and knowledge, which positively affects the adoption of consistent and balanced decisions.

Chairman of the Committee

Ph.M. Holland

Abbreviations:

BoD	Board of Directors;
Committee	Nominations and Remunerations committee of the board of directors of JSC NC “KazMunayGas”;
Fund	JSC “Samruk-Kazyna”;
KMG/Company	JSC NC “KazMunayGas”;
KPI	key performance indicators;
KPMG	audit company «Klynveld Peat Marwick Goerdeler»;
CEO	Chief Executive Officer;
CFO	Chief Financial Officer;
HR	Human resources;
IPO	Initial Public Offer;
RoK	Republic of Kazakhstan;
LLP	Limited Liability Partnership;
UK	United Kingdom.