

**Performance Report of the Audit Committee of the Board of Directors
of JSC NC “KazMunayGas” for 2022**



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ADDRESS OF THE CHAIRMAN OF THE COMMITTEE



Dear Readers!

We present to your attention the annual report on the activities of the Audit Committee of the Board of Directors of JSC NC “KazMunayGas” for 2022.

2022 was not an easy year, incorporating a wide range of global macroeconomic issues, caused by military conflicts in some regions, which could not but affect the need to address more business, financial and economic issues, assessment of global, country, business risks, and building multi-stage controls to minimize them. Against this backdrop, the 2022 IPO added additional requirements and responsibilities for those charged with governance. Stable financial results demonstrated by JSC NC “KazMunayGas”

for 2022 confirm the successful work in solving the serious tasks set for the company.

In order to fulfill its primary role, the Committee’s work was carried out by assisting the Board of Directors in its oversight role in areas such as the reliability of financial reporting, the effectiveness of the risk management and internal control systems, and the consideration of ethics and compliance issues. As part of its work, the Audit Committee is responsible for evaluating the quality of the audit conducted by the external auditor, as well as the independence and objectivity of its work. The Committee also makes recommendations on the appointment or reappointment of the external auditor. In addition, the Committee oversees the performance and quality of the internal audit function, as well as the improvement of corporate governance.

In addition to the main statistical data on the Committee’s activities, this report contains information on the Committee’s key tasks in 2022 and priorities for 2023.

In 2022, the Audit Committee continued to monitor the effectiveness of the internal control and risk management system and to consider improvements to it. The Committee paid particular attention to information risk management and the effectiveness of disclosure controls and procedures. One of the important discussions, on a regular basis, the Committee considered the issues of KMG’s business continuity management system.

Traditionally, the Committee paid special attention to the issues of accounting and financial reporting, the independence of the external auditor, including the provision of non-audit services. The external auditors have a unique opportunity for horizontal and vertical access to KMG’s various internal processes, which enables the Committee to obtain information on important facts and discoveries, allowing a fresh look at the processes, systems, controls and procedures in place.

As needed, the Committee addressed issues that needed to be brought into sharper focus in the context of emerging global challenges. One such issue was the cybersecurity of the KMG group. In addition, part of the Committee’s focus was on market risk hedging for KMG and its subsidiaries and affiliates.

In the area of non-financial reporting of the Company, the Committee reviewed KMG's Annual Report for 2021. In the area of corporate governance improvement, in addition to the above, the Committee reviewed the results of the independent corporate governance diagnostics carried out at KMG in 2021 and the action plan to improve KMG's corporate governance for 2022-2023, as well as the report on compliance with the principles and provisions of the Code for 2021.

On a regular basis, the Committee interacted with the Compliance Service and reviewed reports on the results of consideration of the confidential reporting hotline, issues of anti-corruption, insider information management, sanctions compliance.

Regular meetings of the Committee were held in person, on a regular basis, in accordance with the Committee's plan for 2022 and taking into account the emerging operational needs of the Company or the external auditor, and the Committee's activities were consistent with the expectations and the list of functional responsibilities of the Audit Committee set forth in the Code, the Regulations on the Audit Committee and decisions of the Board of Directors.

The Committee worked closely with both the external auditor and management of the Company, separately and jointly, to exchange views on relevant issues.

On a quarterly basis, the Committee reviewed management and external auditor reports containing material accounting issues and decisions. The Committee discussed matters related to the improvement of the Company's corporate governance practices; in particular, the Committee actively discussed with the management the sustainability of the risk management and internal control system, as well as topical issues of testing internal controls. Separately, the Committee discussed the efficiency of internal controls during the transition to the new operating model pursuant to the Company's updated Strategy until 2031 and in light of the Company's IPO.

In 2022, the Committee focused on preparing for KMG's IPO and the Company's post-listing activities.

I would like to take this opportunity to thank all the members of the Committee for their contribution to the fruitful and active work.

I would especially like to thank Chris Walton, who has resigned from the Committee, for his efforts and wisdom in steering the Committee's activities and for his continued support in dealing with current issues.

I would also like to thank KMG's management for their openness, engagement and willingness to cooperate with the Board of Directors and the Committee. The Committee will continue to work to improve the transparency and efficiency of the Company's operations and ensure KMG's financial stability through the timely assessment of risks and evaluation of the effectiveness of internal controls to minimize them.

Assel Anuarovna Khairova
Chairman of the Audit Committee

GENERAL INFORMATION

1. Introduction

The Committee is an advisory and consultative body of the BoD and was established to consider the most important issues and prepare recommendations to the BoD and the executive body of KMG within its competence, as defined by the Regulations on the Committee. The Committee began its activities in 2012.

In accordance with the Regulations on the Committee, the Committee shall regularly, but at least once a year, report to the BoD on its activities.

This Report is prepared in accordance with the Regulations on the Committee and the requirements of the Code. In addition to the main information about the Committee's activities, this Report also contains information about the main issues considered by the Committee during the reporting period and a description of how the Committee performed its duties assigned to it by the Regulations and the BoD.

2. Composition of the Committee

The Committee is formed from members of the BoD and experts with the necessary professional knowledge to serve on the Committee. The Committee shall consist of at least three members, and all Committee members shall be independent directors. The composition of the Committee is elected by the BoD, with an independent director being elected as the Committee Chairman.

The current composition of the Committee was re-elected by the BoD on 15 June 2022 (Minutes No.11/2022, item No.8) due to changes in the composition of the BoD: to ensure compliance with best practices, C.J. Walton was removed from the Committee and A.A. Khairova was elected as the Committee Chairman.

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

Committee members (as of 31 December 2022):

Committee member	Position	Country	Election date
Assel Anuarovna Khairova	Committee Chairman	Kazakhstan	15 June 2022
Timothy Glen Miller	Committee member	USA	3 September 2020
Philip Malcolm Holland	Committee member	Great Britain	3 September 2020

Assel Anuarovna Khairova – Chairman of the Committee, member of the BoD - independent director. A.A. Khairova is a chartered auditor of Maine, USA (“US CPA”), as well as a certified auditor and a member of the Chamber of Auditors of the Republic of Kazakhstan.



A.A. Khairova has more than 25 years of experience of working with companies in certain jurisdictions.

She has extensive experience in providing professional services to major Kazakhstan and foreign companies on audit, transaction support, risk management, corporate governance, valuation and consulting on capital expenditures for companies in various industries. She is also Chairman of the Audit Committee of Kazakhmys Corporation.

Holland Philip Malcolm – member of the Committee, member of the BoD - independent director.



P.M. Holland has extensive experience in managing major oil and gas projects around the world for companies such as Bechtel Corporation since 1980; he joined Shell Corporation in 2004 and was Executive Vice President of Projects at Shell Global Solutions. In 2009, P.M. Holland became Executive Vice President of Downstream Projects for Shell's

newly formed projects and technology business, and in 2010 he was appointed as Director of the Kashagan Phase 2 project in Kazakhstan. Since 2013, he has worked as an independent project management consultant.

P.M. Holland is also Chairman of the Safety and Risk Committee at Enquest plc.

Miller Timothy Glen – member of the Committee, member of the BoD - independent director.



T.G. Miller is a well-experienced senior executive in oil and gas management and operations with more than 39 years of global experience. He has had a long career in various divisions of Chevron Corporation around the world, where he served as country manager, senior Vice President, Managing Director and advisor to the President.

Since 2019, he has been executive and senior advisor for global operations at Integrated Global Services (IGS). He also has a track record of developing and implementing strategies, improving efficiencies, and pursuing new business opportunities

Thus, Committee members have a sufficient combination of academic, managerial, and operationa; experience and expertise to work effectively on the Committee.

Participation of Committee members in meetings in 2022

Committee meeting No./date		1/ 2022 31.01	2/ 2022 03.03	3/ 2022 25.03	4/ 2022 04.04	5/ 2022 30.05	6/ 2022 13.06	7/ 2022 12.08	8/ 2022 05.09	9/ 2022 04.10	10/ 2022 31.10	11/ 2022 10.11	12/ 2022 17.11	13/ 2022 12.12
Duration		16:00- 18:45 (165 min)	17:00 -17:48 (48 min)	17:00- 18:00 (60 min)	16.00 –18.12 (132 min)	17:00- 18.00 (60 min)	13:28-15.20 (112 min)	16.00 – 17.00 (60 min)	13.00 – 17.12 (252 min)	17.00- 18.00 (60 min)	13.00- 17.22 (262 min)	16.00- 17.00 (60 min)	16.00-17.00 (60 min)	16.00 -17.00 (60 min)
No. of items		15	3	3	12	2	12	2	24	2	23	4	2	4
Full name of Committee	C.J. Walton	•	•	•	+	•	+	Out of the Committee						
	A.A. Khairova	Not on the Committee						•	+	•	+	•	•	•
	P.M. Holland	•	•	•	•	•	+	•	+	•	+	•	•	•
	T.G. Miller	•	•	•	•	•	+	•	+	•	+	•	•	•

+ *in-person participation by personal attendance*

• *in-person participation via audiovisual communication*

3. Objectives of the Committee

The Committee acts in the interests of KMG's shareholders, and its work is aimed at assisting the BoD by developing recommendations on:

1) establishing an effective system of control over KMG's financial and economic activities (including the completeness and accuracy of financial statements);

2) control over the reliability and efficiency of internal control and risk management systems, as well as the implementation of corporate governance documents;

3) control over independence of external and internal audit, as well as over the process of ensuring compliance with the legislation of the Republic of Kazakhstan;

4) other issues in accordance with the requirements of the Regulations of the AC and the best practices.

The tasks, functions and powers of the Committee are disclosed in more detail in the Regulation on the Committee available on KMG's website, which was approved by the resolution of the BoD of 8 May 2019 (Minutes No. 7/2019, item No. 21).

In 2022, the Committee reviewed the Regulations on the Committee, taking into account relevant changes in the regulatory framework and recommended best practices, and recommended to the BoD a number of amendments to the Regulations on the Committee, namely:

1) in terms of expanding the Committee's competence taking into account the amendments and additions made to KMG's Charter;

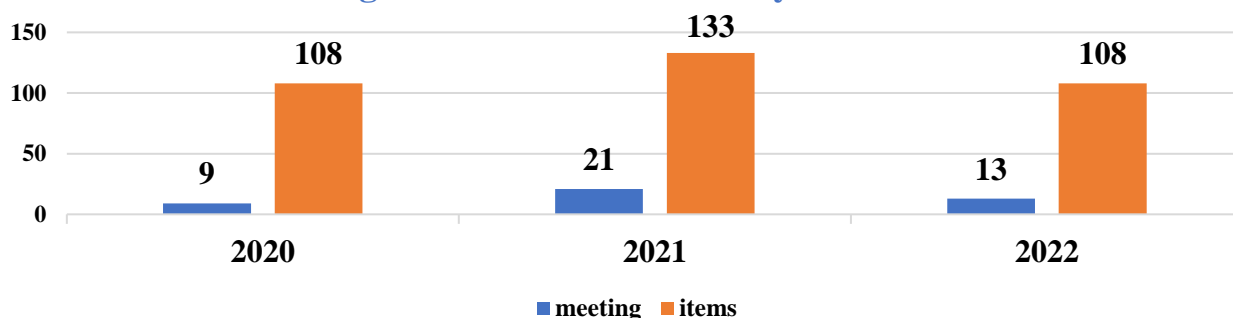
2) taking into account KMG's IPO.

MAIN ACTIVITIES OF THE COMMITTEE IN 2022

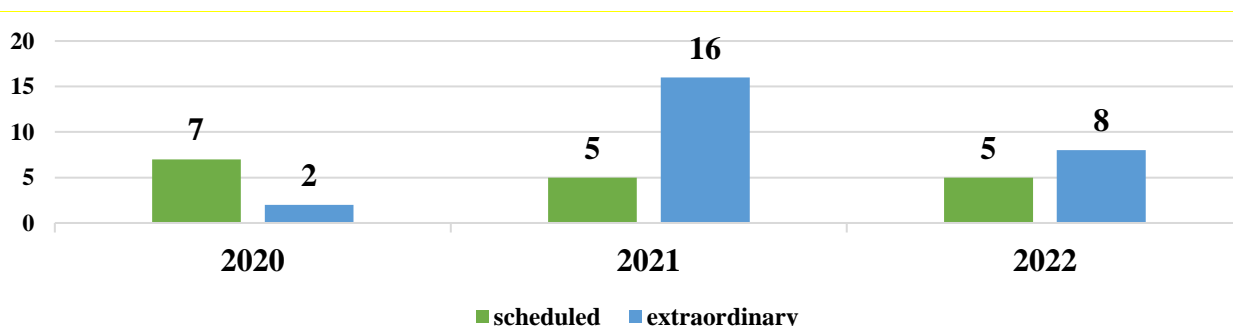
1. Committee's activity in figures.

In total, the Committee held **13** meetings in 2022, at which **108** issues were considered. **Five** scheduled and **eight** extraordinary meetings of the Committee were held.

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



Number of scheduled and extraordinary meetings of the Committee for the period 2020-2022



In 2022 the number of meetings of the Committee decreased compared to 2021 from 21 to 13; the number of extraordinary meetings decreased from 16 to 8; the number of items considered decreased from 133 to 108.

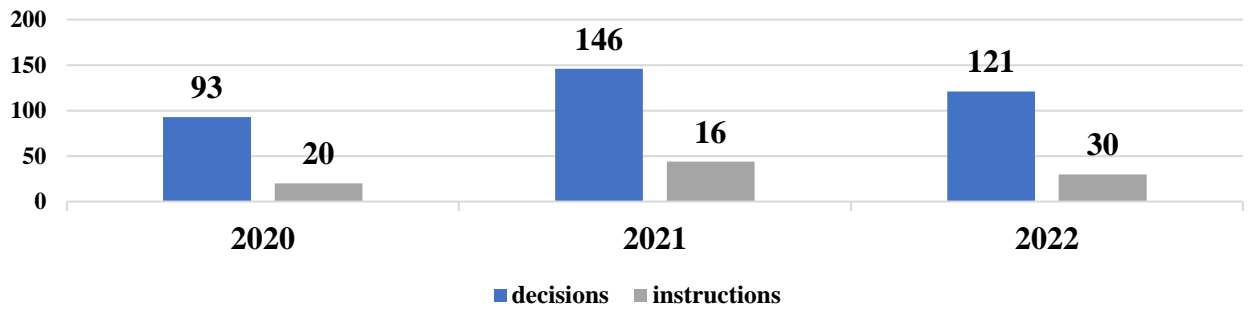
In 2022, extraordinary meetings were generally conditioned by the need to consider issues in order to meet the deadlines for the preparation of consolidated financial statements and disclosure of information on consolidated statements in the public domain, as well as amendments to KMG's internal documents. At that, the following categories of issues were considered at such meetings: accounting and external audit, internal audit, corporate governance and other issues.

Number of Committee decisions and instructions

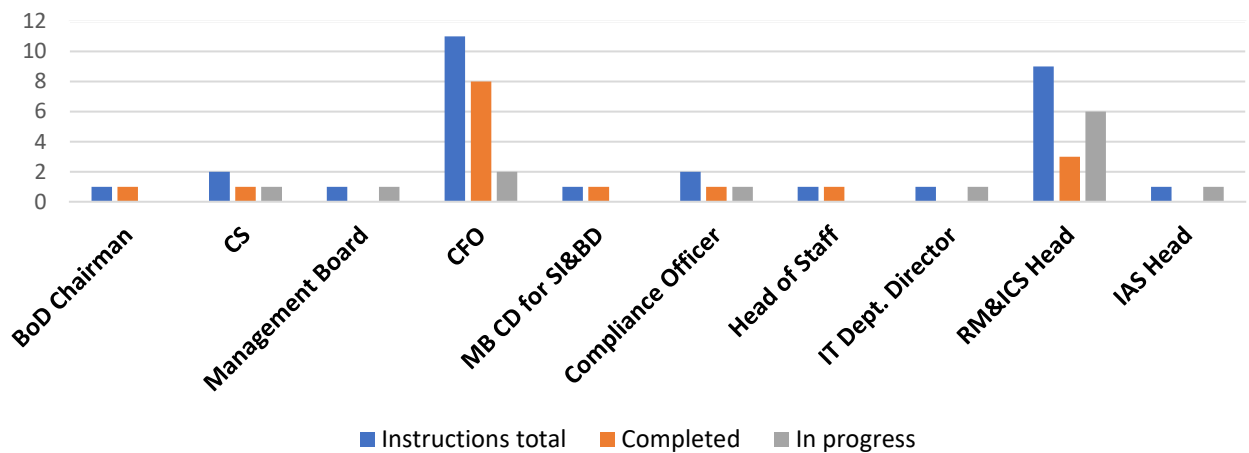
The Secretary of the Committee regularly monitors execution of the Committee's instructions and the relevant reports are submitted to each meeting of the Committee.

In 2022, the Committee gave **30** instructions, **17** of which have been executed, **13** instructions are under execution.

Number of Committee decisions and instructions

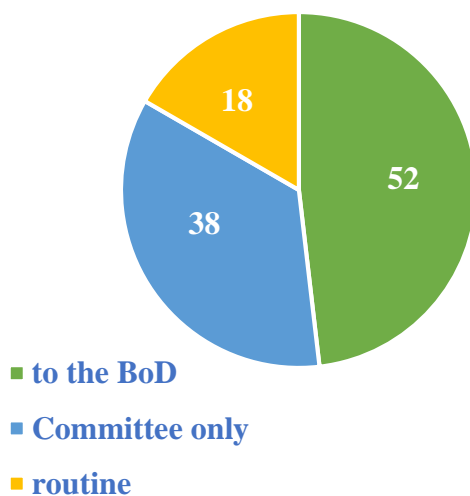


Status of execution of the Committee's instructions



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

Consideration of issues by the BOD and the Committee

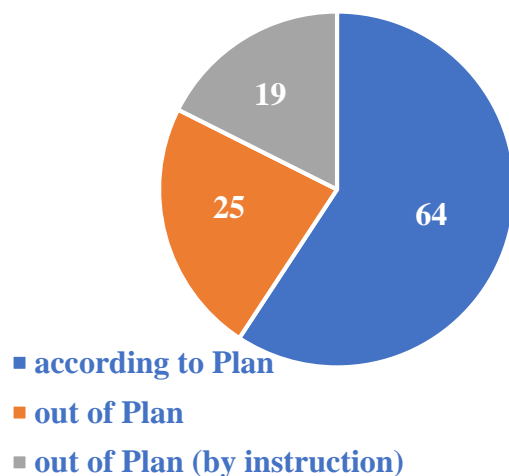


Of the **108** issues considered in 2022, **52** issues were further submitted to the BoD, with all Committee recommendations taken into account by the BoD.

56 issues were considered only within the Committee, of which **18** were routine issues (approval of the agenda and consideration of the minutes of previous meetings).

Committee's Activity Plan in 2022

Implementation of the AC Activity Plan in 2022



In 2022, **44** issues were submitted for consideration by the Committee out of the Activity Plan, of which:

19 issues were submitted by the instructions of the Committee, the BoD and the Fund. These are issues on amendments to the KMG Risk Tolerance Levels for 2022; on optimization of the competence of the BoD; on consideration of the Action Plan for improvement of management and response to cyber-attacks in relation to KMG's autonomous subsidiaries, etc.

25 items were submitted by the Company's structural subdivisions on the following issues: improvement of KMG's corporate governance; improving the quality of materials submitted to the BoD meetings and proposed measures to improve the BoD's activity; on determining legal entities in respect of which decisions on issues of activity related to the exclusive competence of the General Meeting of Shareholders (Participants) will be taken by the BoD; on setting internal limits for KMG on and off balance sheet liabilities on counterparty banks for 2022; on KMG's level of operational risk tolerance; on consideration of including regular reviews of insider and sensitive information management processes and assessing their effectiveness in work plans; on consideration of the need to amend KMG's Liability Assurance Map and Risk Assurance Map; on insurance coverage for officers and directors liability (D&O) and liability in Public Offering (POSI); scheme for submitting draft financial statements for the Committee's approval; on the possibility of revising the process for selecting an auditing organization that audits KMG's financial statements; on the implementation of measures on the Register of KMG companies that allowed non-compliance with the recommendations issued on the results of KMG IAS audits in 2019-2021; on extending the powers and determining the salary of the IAS Head; on discussing the comments of BoD members on KMG IAS report for Q2 2022; on preliminary approval of additions to the Confidential Reporting Policy; on preliminary approval of additions to the Anti-Corruption Policy of KMG and its subsidiaries and affiliates; on preliminary approval of the Policy on Transactions with Securities of KMG.

In general, during the reporting period, the Committee considered all issues under the approved activity plan of the AC for 2022, with the exception of the following:

Issue	Reasons
On approval of KMG's Comprehensive Business Continuity Plan	The need for additional time to analyze the information, its clarification and coordination, as well as the need to integrate the Comprehensive Business Continuity Plan with the IT Disaster Recovery Plan, as well as additional activities related to the HR block, changes in the methodology for the business continuity management system. The issue is planned to be introduced in April 2023.
Report on the status of implementation of the external auditor's recommendations for 2021.	In the report of Ernst & Young LLP on the status of implementation of the Plan based on the results of the audit review for the 1 st half of 2022, it is stated that the implementation will be checked only during the annual audit. At the same time, the action plan on implementation of recommendations of independent auditor of KMG - Ernst & Young LLP on the results of the audit of consolidated and separate financial statements of KMG for 2021 was considered at the meeting of the AC dated 13.06.2022 (Minutes No.6/2022, item No.5), with a request to submit by 15 May 202, the Report on Implementation of the Action Plan to implement the recommendations of Ernst & Young LLP, independent auditor of KMG on the results of the conducted audit of KMG's consolidated and separate financial statements for 2021.
Report on the activities of the IAS at the end of the 1 st quarter of 2022	The issue was considered at the BoD meeting dated 03.05.2022 (Minutes No.7/2022, item No.24).
Approval of the IAS Strategy for 2023-2025	The issue was considered at the AC meeting dated 30.01.2023 (Minutes No.1/2023, item No.3).
On shareholders' appeals against the actions of KMG and its officials in 2021 and the results of their consideration	The issue was considered at the BoD meeting dated 01.03.2022 (Minutes No.4/2022, item No.12).
On approval of the Compliance Service activity plan for 2023	The issue was considered at the AC meeting dated 30.01.2023 (Minutes No.1/2023, item No.9).
On approval of the map of motivational KPIs of the Compliance Officer and their target values for 2023	The issue will be submitted after the appointment of the Compliance Officer.

External auditors were invited to the AC meetings to present the annual audit plan, discuss quarterly unaudited financial results and annual audited financial statements, as well as other relevant issues.

Also, on a regular basis the CFO, Head of the IAS, Head of the RM&ICS, Compliance Officer were invited to the AC meetings.

Other members of KMG's management participated in the AC meetings at the request of the Committee on specific issues. Outside formal meetings of the Committee, the Chairman and members of the Committee met regularly with the external auditor, the Chairman of the Management Board of KMG, as well as with other interested heads of structural divisions.

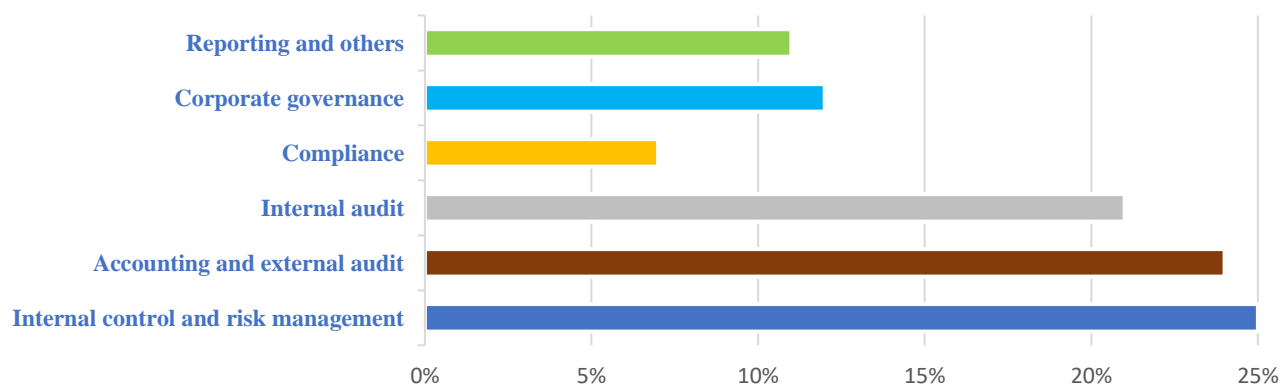
After leaving the Committee, the Chairman of the BoD was regularly invited to the meetings of the Committee and participated in the discussions.

All discussions at the AC meetings, including the issues brought up for discussion and the rationale for the decisions taken, were duly recorded. Minutes of the AC meetings were submitted for review at the next scheduled AC meeting. After each scheduled meeting of the Committee, a report on significant issues discussed at the AC meeting was submitted by the AC Chairman to the BoD meeting.

2. Issues reviewed by the Committee

In 2022, the Committee's time allocated to reviewing categories of issues under the 2022 Committee Activity Plan is as follows (see chart below).

Time allocated by the Committee to categories of issues



As part of consideration of these categories of issues, the Committee carried out, among other things, the following work.

Internal Control and Risk Management

(25%)

Control over the reliability and effectiveness of internal control and risk management systems was one of the Committee's priorities in 2022, during which time the Committee and management discussed KMG's overall approach to risk management and internal controls, including compliance, information risk management, and the adequacy of disclosure controls and procedures. The Committee also received information on investigations by the RoK government agencies into KMG subsidiaries or their employees

activity	frequency
Review of reports on the status of implementation of the internal control system and the business continuity management system in KMG and its subsidiaries	R
Consideration of materiality limits by business processes for the purposes of reporting on the effectiveness of internal controls of the KMG group of companies	A
Review of reports on the results of testing of KMG's Comprehensive Business Continuity Plan and the roadmap for improvement of KMG's Comprehensive Business Continuity Plan, as well as reports on risks and financial risks	Q
Approval of KMG's overall risk appetite, KMG's Risk Register and Risk Map, action plan for critical risk management and tolerance levels in relation to each of KMG's key risks and setting limits to limit the level of accepted risks and setting KMG's Internal limits for balance sheet and off-balance sheet liabilities on counterparty banks	A
KMG Risk Reports	Q

Периодичность:

Q	quarterly
A	annually
R	regularly

Also, in 2022 the Committee paid attention to the issues of hedging market risks of KMG group companies. As a result, the Company developed, reviewed by the Committee and subsequently approved by the Board of Directors the Market Risk Hedging Policy for KMG and its subsidiaries and affiliates. In addition, in light of the Russian-Ukrainian conflict, the Committee focused on KMG's strict compliance with sanctions, which resulted in the development, review by the Committee and approval by the Board of Directors of KMG's Sanctions Policy.

In preparation for KMG's IPO, the Committee considered the issue of insurance coverage for officers and directors liability (D&O) and liability in the Public Offering of Securities (POSI).

KMG has integrated the Corporate Risk Management System (CRMS) into key business processes. CRMS is a key component of the corporate governance system aimed at timely identification, assessment, monitoring and mitigation of potential risks which may adversely affect the achievement of strategic and operational objectives of KMG and its subsidiaries and affiliates.

The Policy on the Corporate Risk Management System of KMG and its subsidiaries and affiliates determines the terminology, scope, objectives, main principles of organization and functioning of the CRMS, the organizational structure of the CRMS for KMG group of companies, and is aimed at timely identification, assessment and monitoring of all significant risks, as well as at taking timely and adequate measures to reduce the level of risks.

Within the framework of the CRMS, the Committee on an annual basis reviews and approves KMG's overall risk appetite for the year, the Risk Register and the Risk

Map of KMG, the action plan for critical risk management and tolerance levels for each key risk of KMG, and sets limits to limit the level of accepted risks, as well as sets the Internal limits of KMG on balance and off-balance sheet liabilities for counterparty banks. The Risk Management Report is heard by the Committee at each meeting with appropriate recommendations on risk identification, ranking and mitigation, taking into account the comments of the BoD, Committees and Management Board, including, if necessary, adding new risks, removing or changing risks, etc. In 2022, the Committee's attention in this complex matter was focused on improving the identification and management of risks in the "green zone" of the risk map, i.e. risks that the Company is more likely to prevent, or is able to manage in terms of minimizing potential adverse effects.

Accounting and external audit (24%)

Financial reporting has traditionally been high on the Committee's agenda and 2022 was no exception. The Committee received detailed reports from KMG's management and the external auditor on quarterly financial reporting, accounting policies and significant reporting issues.

activity	frequency
Review of KMG's external auditor, Ernst & Young LLP, reports on the status of KMG's audit	R
Review of the results of interim audits and interim financial reports of KMG	Q
Consideration and preliminary approval of KMG's 2021 consolidated financial statements	A
Consideration and preliminary approval of KMG's separate financial statements for 2021	A
Review and approval of related services provided by the external auditor of KMG and its subsidiaries and affiliates	R
Consideration and approval of the action plan for implementation of recommendations of the independent auditor of KMG on the results of the audit of KMG's consolidated and separate financial statements for 2021	A
Consideration of the report on planning the audit of KMG consolidated financial statements for 2022	A
Review and approval of non-audit services provided by the external auditor to the KMG group of companies	R

In the process of preparing KMG's audited consolidated and separate financial statements for 2021, the Committee interacted on a regular basis with KMG's external auditor, Ernst & Young, and KMG's management represented by the CFO and the Chief Accountant through their joint participation in the Committee meetings and participation, separately, in the Committee meetings on individual agenda items. In the same way, the Committee considered the interim consolidated financial statements of KMG for 3, 6 and 9 months of 2022.

The Committee also considered the possibility of revising the process for selecting an audit firm to audit KMG's financial statements.

Non-audit services of the external auditor. In the reporting period, the Committee paid particular attention to the independence and objectivity of the external auditor, in particular, when considering non-audit services. The Committee adheres to the Policy on Involvement of the External Auditor's Services approved by the BoD. The policy aims to ensure that the external auditor maintains independence in providing audit and non-audit services to KMG, avoids conflicts of interest, and implements uniform procedures for engaging the external auditor to provide non-audit services. It includes rules for the provision of audit services, audit-related services and other non-audit services, and determines which services require specific prior approval from the Committee and which require the external auditor to inform the Committee.

In accordance with the Policy, the Committee regularly reviews the approval of non-audit services provided by Ernst & Young to KMG group companies, and also reviews information on audit and non-audit services provided by Ernst & Young LLP and other companies, which are the part of Ernst & Young Global Limited to KMG and its subsidiaries for 2021 and information on non-audit services permitted to be provided by Ernst & Young Global Limited to KMG and its subsidiaries and provided by Ernst & Young Global Limited without the Committee's approval in 2021.

The Committee reviews management's quarterly reports on audit and non-audit services reported under the Policy or for which specific prior authorization of the Committee is requested.

Internal audit

(21%)

activity	frequency
Review of reports on the IAS activities	Q
Personnel issues of the IAS and KPIs of IAS employees	R
Approval of the IAS budget for the coming year and its execution for the previous year	A
Consideration of reports on the execution of the IAS budget at the end of the year	A
Approval of the IAS annual audit plan	A

As part of the task of making recommendations to monitor the independence of the external and internal audit, the Committee hears quarterly reports on the activities of the IAS. Although each report is classified as a single agenda item, each report usually covers several issues and activities. The Committee reviews these issues and monitors the implementation of corrective actions.

The Committee also determines the responsibility and scope of the internal audit function and approves the IAS annual activity plan.

In addition, in 2022, the Committee reviewed the 2021 IAS annual performance report; pre-approved the 2023 IAS budget; approved the actual performance totals of IAS employee motivational KPIs for the first half of 2020, and the 2021 IAS budget performance report.

At the initiative of the Committee, the IAS and the Management Board of KMG keep a register of KMG group companies that allowed a prolonged failure to implement the recommendations issued based on the results of audits carried out by KMG IAS in previous years, and the status of implementation of these recommendations is regularly updated and submitted to the AC in the form of a register for consideration. The Committee heard information on the implementation of measures on the register of KMG companies that allowed the failure to implement the recommendations issued on the results of audits conducted by IAS KMG in 2019-2021.

At the same time, the Committee considered personnel issues of the IAS, proposals on the structure, number of staff, terms of appointment of the head of the IAS and employees, termination of contracts.

Corporate Governance (12%)

As part of the task of improving corporate governance, in addition to those mentioned in other sections of this Report, the Committee considered, among other things, the following issues.

On a regular basis, the maturity of KMG's corporate governance is assessed by an independent party, PricewaterhouseCoopers, based on the appropriate methodology. Such audit was conducted in 2021 and its results were reviewed in detail by the Committee. Based on the results of the audit, the Company formed an Action Plan to improve KMG's corporate governance for 2022-2023, which was also reviewed by the Committee and subsequently approved by the BoD.

Every year the Company prepares a report on compliance with the principles and provisions of the Corporate Governance Code; the report for 2021 was also considered by the Committee.

The Committee also paid considerable attention to KMG's non-financial reporting by reviewing KMG's Annual Report for 2021.

The Committee also considered the following issues:

- on shareholders' appeals against the actions of KMG and its officials in 2020 and the results of their consideration;
- on the results of the evaluation of KMG's corporate website;
- optimization of the competence of the BoD;
- Regulations on KMG's General Meeting of Shareholders;
- recommendations of the majority shareholder - Samruk-Kazyna JSC (**the Fund**) regarding the development of a structured and unified procedure for holding meetings of the Boards of Directors and Supervisory Boards of the Fund's portfolio companies;
- information on the quality of materials provided for the meetings of the BoD and proposed measures to improve the work of the BoD.

Compliance (7%)

In 2022, the Committee reviewed reports on the activities of the Compliance Service, regularly heard reports on the results of consideration of appeals received by the confidential reporting hotline, as well as monitored the implementation of appropriate corrective measures and made proposals on the procedure for considering and responding to appeals.

activity	frequency
Review of hotline reports	Q
Review of the report on the activities of the Compliance Service	A
Pre-approval of internal policies and supplements thereto	R

In addition to the issues stipulated by the Committee's Activity Plan for 2022, the Compliance Service submitted for the Committee's consideration the issues of preliminary approval of additions to KMG's Confidential Reporting Policy, preliminary approval of additions to the Policy on Anti-Corruption of KMG and its subsidiaries and affiliates, and preliminary approval of the Policy on Transactions with KMG's Securities.

Reporting and others (11%)

The Committee focused particularly on information technology and cybersecurity. Among other things, the Committee in 2022 considered the following issues:

- report on the results of the information technology due diligence at KMG;
- action plan to improve management and response to cyber-attacks with respect to KMG's autonomous subsidiaries;
- report on the work done in the field of information security for KMG group of companies for 2-3 quarters of 2022;

In addition, the Committee paid attention to the issues of combating corruption in KMG group, for which purpose it heard information on investigations and (or) checks carried out in relation to KMG subsidiaries and (or) affiliates and (or) their employees by state bodies in connection with corruption offenses and (or) crimes.

CONCLUSION

During 2022 the Committee:

- was guided in its work by the provisions of the KMG Charter, the CGC, and KMG's internal documents;
- assisted in the work of the BoD; 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.

All 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

In 2023, the Committee will continue a number of activities carried out in 2022 to ensure control over the independence and processes of external and internal audit, internal control and risk management processes in place at KMG.

Particular attention will be placed on the following areas of work:

- improving internal controls;
- improvement of risk management process;
- cyber-security.

Committee Chairman

A.A. Khairova

Abbreviations used in the Report:

AC/Committee	Audit Committee of the Board of Directors of JSC NC “KazMunayGas”;
BoD	Board of Directors of JSC NC “KazMunayGas”;
Compliance Service	Compliance Service of JSC NC “KazMunayGas”;
Code/CGC	Code of Corporate Governance of JSC NC “KazMunayGas”;
CRMS	Corporate Risk Management System;
CS	Corporate Secretary of JSC NC “KazMunayGas”;
Fund	Samruk-Kazyna JSC.
HR	Human Resources;
IAS	Internal Audit Service of JSC NC “KazMunayGas”;
IT	Information technologies
IT Department	Information Technology Department of JSC NC “KazMunayGas” (as of the date of issue of the Report - Department of Digital Development);
KMG	JSC NC “KazMunayGas”;
KPIs	Key Performance Indicators;
MB CD for SI&BD	Deputy Chairman of the Management Board of JSC NC “KazMunayGas” for Strategy, Investments and Business Development;
Report	Performance Report of the Audit Committee of the Board of Directors of JSC NC “KazMunayGas” for 2022;
RoK	The Republic of Kazakhstan;
RM&ICS	Risk Management and Internal Control Service of JSC NC “KazMunayGas”;
S&As	Subsidiaries and affiliates of JSC NC “KazMunayGas”;
US CPA	United States Certified Public Accountant;