

Report on payments to government bodies made by JSC NC KazMunayGas in 2021

Introduction

In an effort to comply with best international practices, JSC National Company KazMunayGas (KMG, the Company) publishes a report that provides a summary of payments made to government bodies by KMG in 2021, including its subsidiaries.

The report has been developed in accordance with the 2014 United Kingdom (UK) Rules for reporting on payments to governments (as amended in December 2015). These Rules are based on the provisions of Chapter 10 of the Act “On reports on payments to governments” of the Reporting Guidelines 2013, as amended. According to these Rules, oil, gas, mining and forestry companies registered in the UK must disclose annual information on payments to governments by countries and by projects.

About Company

JSC National Company KazMunayGas is Kazakhstan’s leading vertically integrated oil and gas company, operating assets across the entire production cycle from exploration and production of hydrocarbons to transportation, refining and provision of services. Established in 2002, the Company represents the interests of the Republic of Kazakhstan in the national oil and gas industry.

As at the end of 2021, KMG is owned by Sovereign Wealth Fund Samruk-Kazyna Joint-Stock Company (“Samruk-Kazyna”, the “Fund”) (90.42%) and the National Bank of Kazakhstan (“NBK”) (9.58%), which transferred its shares to the trust management of the Fund on 12 October 2015.

In 2021, the Company retained its leading position in terms of oil production, transportation and refining in Kazakhstan.

KMG, realising that its activities are directly related to the use of natural resources, recognizes its responsibility to society for the rational use of these resources and the preservation of a favorable environment.

Reporting companies

This report includes information on payments to government made by the Company and by its Subsidiaries.

Reporting period and report coverage

The reporting period is 2021.

The use of the reporting system makes it possible to reflect information on contributions to governments, is aimed at increasing the transparency of the Company in the field of payments to governments, strengthening the responsibility of mining companies in matters of income from the sector, increasing public awareness of the Company's activities in the regions, and also makes it possible to compare the Company's reports with reports leading international companies in the oil and gas industry.

For the first time, the Company publishes this report on allocations to governments in accordance with best disclosure practices.

The report examines the activities of the Company and its subsidiaries involved in the extraction, transportation, processing of hydrocarbons, as well as oilfield services.

Government/State

For the purposes of the Report, the term "Government" means any authority authorized to collect taxes, budgetary and other payments in accordance with the applicable law in force at the time the contribution or payment falls due. In the context of this Report, governments also include organisations, businesses and other legal entities that are authorised to collect taxes, fees and other payments to the governments.

Companies

Companies are understood to mean companies, the data on cash contributions of which are contained.

Payments categories

The types of payments are categorised as follows:

Taxes

All taxes except mineral extraction tax.

Mineral extraction tax

The mineral extraction tax is a compulsory payment made by subsoil users separately for each type of mineral raw materials, oil, groundwater and therapeutic mud extracted.

The object of taxation on the extraction of minerals is the physical volume of crude oil, gas condensate and natural gas produced by the subsoil user during the tax period.

Commercial discovery bonus

The commercial discovery bonus is paid by the subsoil user under contracts for the extraction of minerals and (or) for combined exploration and production for each commercial discovery of minerals in the contract area, including for discovery during additional exploration of deposits.

The object of taxation with the commercial discovery bonus is the physical volume of mineral reserves, which is approved by the state body authorised for these purposes.

Other payments

Other payments include all other payments to governments, including export customs duty.

Currency

This report is presented in Kazakhstani Tenge, which is the functional and presentation currency of the Company's financial statements. Transactions in foreign currencies are recorded in the functional currency at the prevailing exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted to the functional currency at exchange rates effective at the reporting date.

Contact details

This report, along with additional information on the Company's activities, can be found on the corporate website at www.kmg.kz

Questions or comments related to the information provided in this report should be sent to: Investor relations, 8 Konayev Street, Nur-Sultan, the Republic of Kazakhstan, Z05H9E8.

Tel: +7 7172 78 63 43

E-mail: ir@kmg.kz

Report by countries and companies in 2021 (in millions of tenge)

Country/Company	Taxes	Mineral extraction tax	Commercial discovery bonus	Other	Total
Kazakhstan	460,789	75,230	530	119,782	656,332
JSC OzenMunaiGas	134,845	54,050	-	73,971	262,867
JSC Embamunaigas	52,572	18,504	7	29,144	100,227
JSC KazTransOil	37,041	1	-	203	37,245
Pavlodar Refinery	60,660	-	-	368	61,028
Atyrau Refinery	76,118	-	-	530	76,648
Others	99,553	2,674	524	15,566	118,317
Romania	748,469	-	-	4,622	753,091
KMG International N.V.	748,469	-	-	4 622	753,091
Bulgaria	47,163	-	-	1	47,164
KMG International N.V.	47,163	-	-	1	47,164
Moldova	45,433	-	-	642	46,075
KMG International N.V.	45,433	-	-	642	46,075
Georgia	43,390	-	-	-	43,390
KMG International N.V.	42,167	-	-	-	42,167
JSC KazTransOil	1,222	-	-	-	1,222
Switzerland	1,461	-	-	-	1,461
KMG International N.V.	1,461	-	-	-	1,461
Netherlands	2,751	-	-	-	2,751
KMG International N.V.	2,751	-	-	-	2,751
Great Britain	499	-	-	-	499
Kazmortransflot (KMTF)	499	-	-	-	499
Azerbaijan	87	-	-	63	150
KMG Drilling & Services LLP	87	-	-	63	150
Russian Federation	4	-	-	-	4
KMG Systems & Services LLP	4	-	-	-	4
TOTAL	1,350,047	75,230	530	125,110	1,550,918

Report on contributions to governments in 2021 (in millions of tenge)

Country/Company	Taxes	Mineral extraction tax	Commercial discovery bonus	Other	Total
Kazakhstan	460,789	75,230	530	119,782	656,332
National Fund of the Republic of Kazakhstan	164,497	75,230	530	-	240,258
Republican budget of the Republic of Kazakhstan	112,740	-	-	112,020	224,760
Local budgets of the Republic of Kazakhstan	183,552	-	-	7,762	191,314
Romania	748,469	-	-	4,622	753,091

Country/Company	Taxes	Mineral extraction tax	Commercial discovery bonus	Other	Total
State budget	748,469	-	-	4,622	753,091
State social insurance budget	-	-	-	-	-
Budget of administrative-territorial units	-	-	-	-	-
Bulgaria	47,163	-	-	1	47,164
State budget	46,864	-	-	-	46,864
State social insurance budget	249	-	-	-	249
Budget of administrative-territorial units	50	-	-	1	51
Moldova	45,433	-	-	642	46,075
State budget	44,212	-	-	-	44,212
State social insurance budget	1,221	-	-	-	1,221
Budget of administrative-territorial units	-	-	-	642	642
Georgia	43,390	-	-	-	43,390
State budget	43,127	-	-	-	43,127
State social insurance budget	262	-	-	-	262
Budget of administrative-territorial units	-	-	-	-	-
Switzerland	1,461	-	-	-	1,461
Federal budget	1,461	-	-	-	1,461
Cantonal budget	-	-	-	-	-
Municipal budget	-	-	-	-	-
The budget of private institutions (regulated by federal law)	-	-	-	-	-
Netherlands	2,751	-	-	-	2,751
State budget	2,653	-	-	-	2,653
Non-state pension fund	98	-	-	-	98
Budget of administrative-territorial units	-	-	-	-	-
Great Britain	499	-	-	-	499
Her Majesty's Income and Customs	499	-	-	-	499
Azerbaijan	87	-	-	63	150
General state budget	87	-	-	63	150
Russian Federation	4	-	-	-	4
Federal budget	4	-	-	-	4
Subject budgets	-	-	-	-	-
Local budgets	-	-	-	-	-
TOTAL	1,350,047	75,230	530	125,111	1,550,918

Country Report for 2021, according to OECD requirements (BEPS Action 13 Country-by-Country reporting) and GRI 207: Tax (in millions of tenge)

Tax jurisdiction	Number of employees	The amount of income from transactions with third parties	Amount of income from transactions with related parties and intra-group transactions	The amount of profit / loss before tax	Total assets, excluding intangible assets and cash and cash equivalents	Income tax paid (cash basis from the cash flow statement)	Amount of accrued income tax, CIT amount	Authorized capital	Accumulated profit / loss
Kazakhstan	38,105	2,228,545	2,018,162	1,357,630	3,260,847	111,644	-168,527	2,692,659	645,169
Netherlands	20	1,291,602	2,637	-260,042	-	2,000	-526	2,919,640	-1,781,185
Romania	3,357	1,717,034	1,091,817	-14,799	738,126	2,162	-2,898	605,393	-689,692
Bulgaria	79	124,516	-	-1,044	24,327	-	-	17,107	-14,406
Moldova	1,043	113,226	-	302	7,599	-	-81	623	9,376
Georgia	1,993	94,606	1,464	1,168	52,475	-	-	2,844	11,805
Great Britain	8	-	1,025	-21	4	6	0	4,992	-5,520
United Arab Emirates	14	3,860	-	253	19	-	-74	25,610	-14,648
Turkey	5	43	139	-	3,727	-	-	2,591	-3,643
Marshall Islands	2	-	3,849	515	27,155	-	-	0	7,689
Azerbaijan	-	6,393	-	537	323	-	-	-	-3,744
Russia	-	-	-	-12	684	-	-	-	-
Isle Of Man	1	2,777	31,608	-2,519	409	-	-	1	-2,025
Bermuda	1	321	-	188	-	-	-	-	7,476
Libya	1	470	-	166	-	-	-	-	-
Switzerland	21	1,993,562	1,147,480	9,220	140	856	-963	373	54,985
TOTAL	44 650	7,576,956	4,298,181	1,091,541	4,115,835	116,668	-173,070	6,271,834	-1,778,364