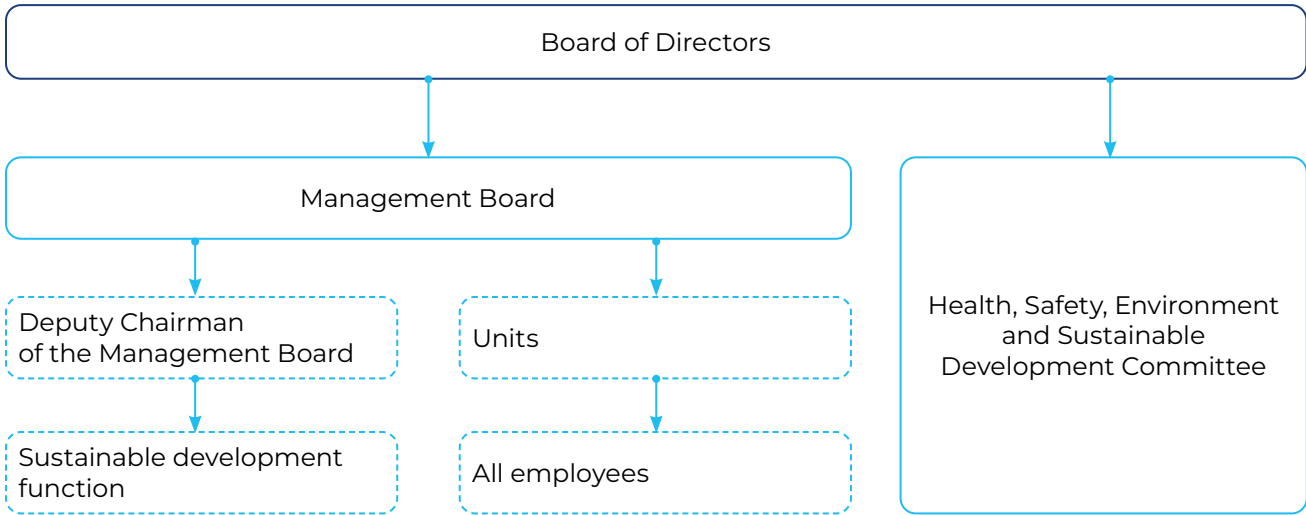


ENSURING SUSTAINABLE DEVELOPMENT

SUSTAINABILITY MANAGEMENT

In its 2022–2031 Development Strategy, KMG identifies sustainability and gradual reduction in carbon intensity of production as one of its strategic goals. To that end, all our business processes and decision-making embed sustainability principles.

Approach to sustainability management



The Board of Directors of KMG engages in strategic oversight and control over implementation of sustainable development principles. It also approves the Company's annual Sustainability Report.

The Health, Safety, Environment and Sustainable Development Committee (HSE&SD) of the Board of Directors considers and manages sustainability matters, develops recommendations on sustainability policy, annual Sustainability Report, action plans and other internal documents on sustainability that fall within the remit of the Board of Directors, implements ESG aspects of sustainable development, builds a governance system to oversee sustainability, defines sustainability goals and KPIs, monitors KMG's progress in the area of sustainability, and integrates sustainability into KMG's key processes.

The Management Board is responsible for proper execution and implementation of the Company's sustainability principles, policies, standards, and action plans. It also monitors KMG's sustainability activities and progress against goals and KPIs in this area.

Deputy Chairman of the Management Board, who is responsible for sustainable development, coordinates approaches to achieve goals and KPIs in sustainability initiatives and oversees the preparation of sustainability reports and the implementation of corporate sustainability standards.

The sustainable development function of KMG's Strategy and Portfolio Management Department is responsible for initiating, coordinating and implementing the sustainable development management system, supporting its integration into the Company's business, providing methodology support in sustainability matters, annual preparation and approval of the Sustainability Report, assisting the Company's units as needed in identifying and managing sustainability risks and in developing a stakeholder map and ways of interaction, offering training in sustainable development and engaging with rating agencies on matters related to the assignment and maintenance of the Company's ESG rating.

Units of KMG are responsible for implementing the sustainable development management system, analysing external and internal factors, identifying sustainability risks, developing a stakeholder map and ways of interaction, running sustainable development initiatives, and preparing information for the Sustainability Report as per international standards.

All employees of KMG, at their respective level, implement sustainability principles and activities by acting as role models and following respective policies and standards.

Sustainable development KPIs for the management

In order to deliver against strategic sustainability targets for 2024, the following motivational KPIs were approved for the Chairman of the Management Board (corporate KPIs) related to the introduction of the sustainable development management system:

- implementation of investments projects, including sustainability projects (a new desalination plant in Kenderly and a new gas processing plant in Zhanaozen);
- a comprehensive OHS indicator aimed at reducing LTIR, identifying unsafe workplace conditions and hazardous factors, and ensuring that this information is clearly communicated across the Group.

For Deputy Chairmen of the Management Board and heads of units, the following sustainability KPIs were approved for 2024:

- implementation of investment projects, including a number of sustainability projects;
- delivery against the Action Plan to implement the 2022–2031 Low-Carbon Development Programme for relevant domains;
- ESG rating;
- implementation of social infrastructure improvement roadmaps by KMG's subsidiaries and associates in 2024;
- development of the 2025–2028 Corporate Wellness Programme for KMG Group;
- conducting industrial relations screening to study social and living conditions at subsidiaries and associates / jointly controlled entities in accordance with Samruk-Kazyna's Corporate Standard for the Development of Industrial Relations;
- social stability index across KMG Group;
- implementation of an information system for monitoring transport availability as part of the Travel Management project;
- conducting comprehensive HSE inspections of subsidiaries and associates;
- Non-Work-Related Fatality Rate (NWRFR);
- holding HSE forums and discussions.

ESG risk rating

Since 2023, KMG's Board of Directors has been approving the ESG risk rating as one of the functional KPIs, reflecting the Company's intent to manage material ESG risks and commitment to sustainability principles in the international oil and gas market. Achievement of this KPI implies addressing the key ESG matters within KMG Group.

In 2024, Sustainalytics assessed KMG's ESG risk management at 32.8. The Company's risk of exposure to ESG factors is high. The Company received a "strong" score for its ESG risk management from Sustainalytics. At the same time, ESG risk exposure was rated as "high". According to the analysts, KMG's high exposure to ESG risks is on a par with the industry average, i.e. risks inherent in the oil and gas industry.

The key ESG challenges for KMG are reducing emissions and waste, carrying on with the Low-Carbon Development Programme, placing a stronger focus on public relations, and aligning its corporate governance system and business ethics with best global practices. Despite these challenges, KMG received a strong risk management score as regards water use, data privacy, cyber security, and stakeholder management, improved its land use and biodiversity risk management performance, and maintained a stable risk management score for human capital management, carbon operations, employee health and safety.

The action plan to improve KMG's ESG rating includes 43 measures that cover and factor in environmental and social risks for the business, as well as corporate governance risks for the Company.

- Annual measures to improve KMG's ESG risk rating:**
- provide TCFD² disclosure as part of KMG's reporting;
 - disclose information through the Carbon Disclosure Project (CDP) questionnaire;
 - disclose information on activities and risks related to climate change and its impact on the Company in KMG's reports and on the Company's website;
 - disclose information on water balance and water intensity as part of KMG's reporting;
 - calculate water intensity indicators and disclose them as part of KMG's reporting;
 - disclose APG flaring initiatives as part of KMG's reporting;
 - disclose information on the management of offshore wells in KMG's reports and on the Company's website;
 - disclose information on site closure and land reclamation across exploration sites and fields as part of KMG's reporting and on the Company's website;
 - disclose information on the development and engagement of local communities in the regions of operation as part of KMG's reporting and on the Company's website;
 - disclose information on human capital and development programmes in KMG's reports and on the Company's website;
 - disclose LTIR (for employees and contractors) and FAR;
 - as part of KMG's reporting, disclose information on the composition, independence, and diversity of the Board of Directors, including an assessment of the Board's performance and that of its committees as well as their make-up in terms of gender, nationality, citizenship, average tenure, and professional experience of Board members;
 - disclose and break down the remuneration of each member of the Board of Directors and the Chairman of the Management Board of KMG as part of KMG's reporting;
 - disclose information on corporate KPIs and their respective weights as part of KMG's reporting;
 - disclose information on taxes in accordance with the relevant GRI standard and the Country-by-Country Reporting initiative under OECD Action 13.

¹ Non-Work-Related Fatality.

² Task Force on Climate-related Financial Disclosures.

Measures taken to improve KMG's ESG risk rating in 2024:

- approve KMG's 2060 Low-Carbon Development Programme (done);
- revise the technology loss and flaring rates set out in the production flow charts of Atyrau, Pavlodar, and Shymkent refineries and the applicable national standards to reduce these rates using the latest calculation methods (done);
- draft a Water Resource Atlas for producing green hydrogen (done);
- update and approve KMG's HR Policy (done);
- update and implement KMG Group's 2023–2027 HSE Improvement Roadmap (done);
- elect members of the Nomination and Remuneration Committee exclusively from among the independent directors of KMG (done);
- update and approve the Procedure for Assessing Performance of Executives, Managers, Head of Internal Audit, Corporate Secretary, Head of Compliance, and Ombudsman with due consideration of the sustainability KPIs (done);
- disclose the Sustainability Report of KMG in line with the new GRI 2021 standards (done);
- conduct human rights training for relevant employees (done);
- develop the Site Closure and Land Reclamation Rules for Exploration Sites and Fields of KMG;
- draft and approve the Water Resources Management Programme with measurable targets and deadlines to curtail water use;
- update the Human Rights Policy;
- update the Rules for Reporting Key Health and Safety Indicators at KMG and Its Subsidiaries and Associates as regards the selection of contractors for the purposes of LTIR and FAR calculations;
- update and approve the KMG Board of Directors' Succession Policy that supports diversity.

Measures in progress to improve KMG's ESG risk rating:

- develop a Biodiversity Programme, setting goals and action timelines related to preserving biodiversity in collaboration with local and international conservation organisations;
- set relevant emission reduction targets;
- draft a programme to bring down pollutant emissions;
- introduce the World Bank's Zero Routine Flaring by 2030 initiative;
- introduce a pilot project to deploy carbon capture, utilisation, and storage (CCUS);
- conduct a feasibility study for the production of blue hydrogen;
- conduct a feasibility study for the sustainable aviation fuel (SAF) project, including market research, analysis of the required raw materials, market outlook, identification of the most suitable technologies, and feasibility assessment;
- draft and approve the Programme for Development and Engagement of Local Communities in the Regions of Operation;
- draft the Human Rights Programme;
- carry out a human rights impact assessment;
- implement the Green Office project and roll it out across subsidiaries and associates;
- increase the share of women on the Board of Directors and the Supervisory Boards to 30% on a step-by-step basis;
- develop and approve the procedure for terminating the powers of the Chairman of the Management Board;
- complete certification audit under ST RK ISO 37001 (Anti-Bribery Management Systems – Requirements and Guidance for Use).

KMG places significant emphasis on enhancing its sustainability culture. Accordingly, regular training courses on sustainability are conducted for employees of the Company's Corporate Centre, subsidiaries, and associates.

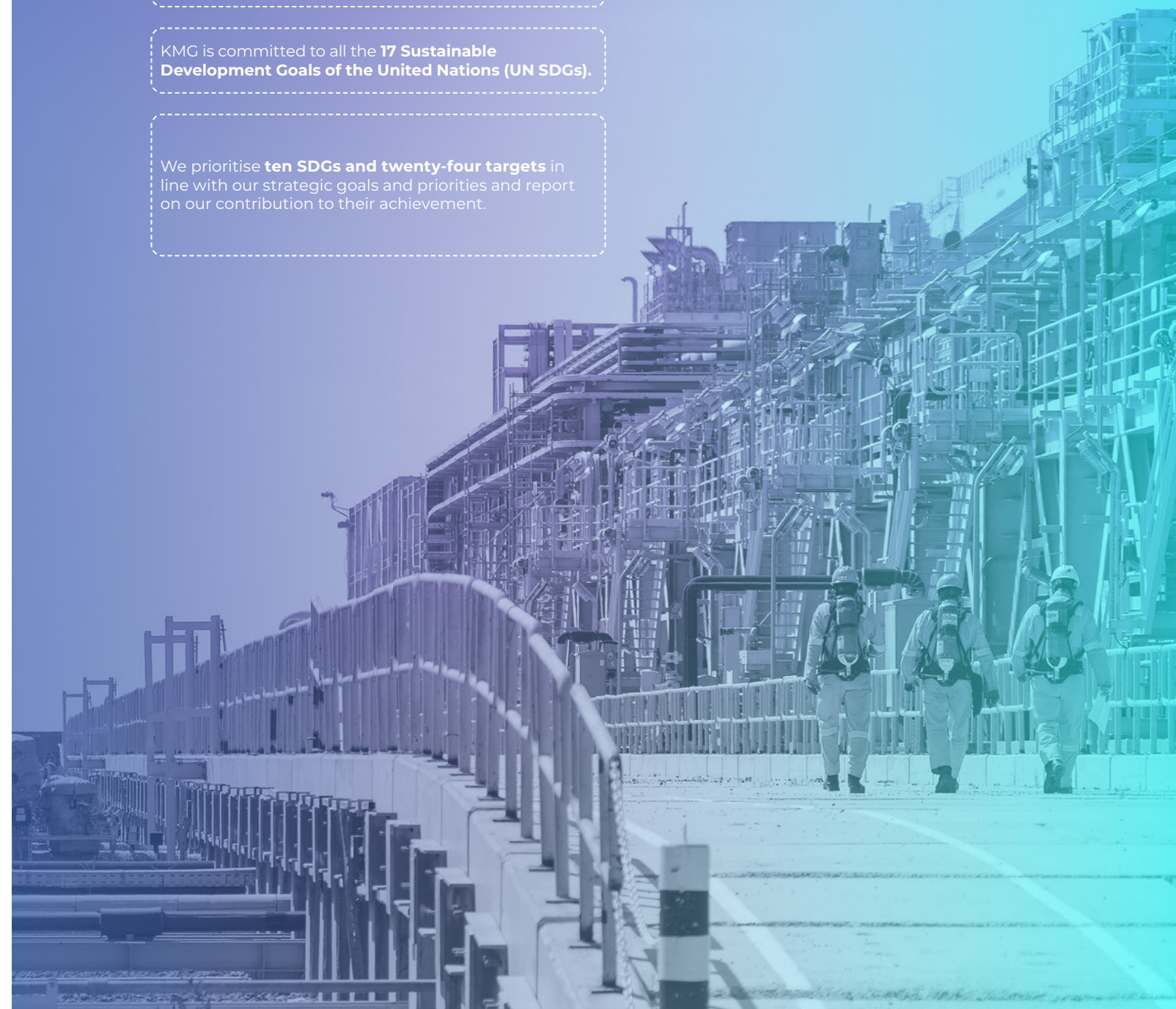
COMMITMENT TO UN GLOBAL COMPACT PRINCIPLES AND THE COMPANY'S CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

KMG's approach to sustainable development is based on aligning the Company's interests and plans with the basic principles of the UN, universal human values, global trends, and development priorities in Kazakhstan

KMG reiterates its commitment to all the **ten principles of the UN Global Compact**.

KMG is committed to all the **17 Sustainable Development Goals of the United Nations (UN SDGs)**.

We prioritise **ten SDGs and twenty-four targets** in line with our strategic goals and priorities and report on our contribution to their achievement.



Implementation of sustainable development goals at KMG

SDGs	Priority targets	KMG's contribution
3 GOOD HEALTH AND WELL-BEING  Ensure healthy lives and promote well-being for all at all ages	3.6. Reduce the number of deaths and injuries from road traffic accidents	Travel Management project In order to improve transport safety and foster a safe driving culture, KMG is conducting a phased rollout of the Travel Management project across its subsidiaries and associates: - analysing the maturity of processes in subsidiaries and associates with account of the level of automation and availability of GPS trackers; - preparing individual programmes to develop transport management processes in each subsidiary and associate; - introducing the transport management system in phases with a focus on road safety. 2024 highlights The following activities were completed as part of the Travel Management project rollout: - a review of transport management processes was conducted across seven KMG subsidiaries and associates, resulting in approved project rollout road maps; 3,837 employees of subsidiaries and associates and 2,106 contractor employees received training in the Defensive Driving course; - To raise awareness about seat belt use and reduce road accident injuries, 18,265 employees of subsidiaries and associates and 1,490 contractor employees participated in the practical demonstration of the Convincer crash simulator.
	3.8. Achieve health coverage, including access to quality essential healthcare services, and access to safe, effective, quality, and affordable essential medicines and vaccines	Action plan for the 2025–2027 Corporate Wellness Programme for employees at KMG Group The Company developed an employee health improvement programme for 2025–2027, which focuses on: - prevention of occupational diseases and risk factors, employee health monitoring; - comprehensive health improvement measures; - measures to improve working conditions; - initiatives to raise awareness about sanitary rules. Health insurance Medical examinations and vaccination of employees are carried out on a regular basis. 2024 highlights 100% of KMG's employees are covered by health insurance
	3.9. Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	Leadership initiatives The Company is implementing the Code of Employees' HSE Leadership and Commitment. Qorgau Card The Qorgau Card programme is aimed at identifying and reporting unsafe conditions / unsafe behaviour / unsafe actions / hazardous factors.
5 GENDER EQUALITY  Achieve gender equality and empower all women and girls	5.1. End all forms of discrimination against all women and girls everywhere	Increasing the share of women on the Board of Directors and Supervisory Boards across KMG Group to 30% by 2030.
	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	Promoting WEPs established by UN Women and the UN Global Compact Within this initiative, the following steps are planned: - Signing the CEO Statement of Support for the Women's Empowerment Principles; - Conducting a self-assessment using the WEPs Gender Gap Analysis Tool to evaluate our strategic approach to gender equality, identify gaps and opportunities for continuous improvement, and help set goals and objectives; - Disclosing gender-disaggregated data in sustainability reports to communicate our progress to stakeholders. KMG staunchly upholds the requirements of labour legislation in the Republic of Kazakhstan, ensuring compliance with its provisions, which prohibit any forms of labour discrimination against individuals based on their origin, social status, position, wealth, gender, race, nationality, language, religion, beliefs, place of residence, age, physical disabilities, or affiliation with public associations. Our recruitment processes are conducted without any restrictions or biases related to gender, age, or any other characteristics. A unified system of remuneration and social benefits is established for all. 2024 highlights The share of women on Boards of Directors and Supervisory Boards: 2024 – 13%, including 11% on KMG's Board of Directors (one out of nine), and 16% on Boards of Directors and Supervisory Boards of KMG's subsidiaries and associates (33 out of 196)

SDGs	Priority targets	KMG's contribution
7 AFFORDABLE AND CLEAN ENERGY  Ensure access to affordable, reliable, sustainable and modern energy for all Improve energy efficiency of operations Increase the share of renewable energy	7.1. Ensure access to affordable, reliable and modern energy services	KMG Group's key strategic energy saving and energy efficiency initiatives include process equipment upgrades, deployment of energy saving technologies, optimisation of heat generation and consumption, and the development of the Group's own generation assets, including RES-based ones. The Company approved the 2060 Low-Carbon Development Programme, Energy Policy, and Regulations on Energy Saving and Efficiency in KMG Group. The action plan is being updated, while the focus areas for energy efficiency improvement have been identified. 2024 highlights Measures to reduce energy consumption - For more details, see p. 142 Sustainable aviation fuel (SAF) - For more details, see p. 138
	7.b. Expand infrastructure and upgrade technology for supplying modern and sustainable energy services	The Company implements renewable energy initiatives. For more details, see p. 136
8 DECENT WORK AND ECONOMIC GROWTH  Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.5. Achieve full and productive employment and decent work for women and men, including for young people and persons with disabilities, and equal pay for work of equal value	KMG employs more than 49,000 people across its regions of operation, including 81% of men and 19% of women. For more details, see p. 155
	8.6. Substantially reduce the proportion of youth not in employment, education or training	The Company implements recruitment and development programmes for young professionals skilled in production occupations. For more details, see p. 163
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  Build resilient infrastructure, promote sustainable industrialisation and foster innovation	8.8. Protect labour rights and promote safe and secure working environments for all workers	KMG Group provides social benefits to its employees in line with collective bargaining agreements and internal regulations. Collective bargaining agreements are in place at 21 KMG's subsidiaries and associates. The social package offered by them encompasses over 50 types of social benefits. Currently, all terms and conditions outlined in the collective bargaining agreements and internal regulations are fully adhered to across all KMG enterprises.
	9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being	Development of the ABAI Information System Under the project, all production data of KMG Group will be centralised in a single Big Data database and will be processed and analysed using AI and machine learning. The ABAI information system will comprise 17 standalone modules, each designed to tackle specific operating issues. Digital Citizen A training course designed to enhance digital literacy of KMG employees. 2024 highlights Six ABAI modules were implemented (Database, Map Builder, Technological Mode, Selection of Downhole Pumping Equipment, Production Planning and Monitoring, and Selection and Performance Analysis for Well Interventions). Effects achieved: - automated data collection and production reports exporting were sped up by around 2+ times; - production increased thanks to more efficient process operations at Ozenmunaigas and Kazgermunai; - number of well services reduced owing to reduced number failures of downhole pumping equipment at Ozenmunaigas and Mangistaumunaigaz; - production increased thanks to more efficient well selection at Ozenmunaigas.
	9.4. 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	The 2060 Low-Carbon Development Programme was approved, the action plan is being updated, the focus areas for energy efficiency improvement have been identified: For more details, see p. 134

SDGs	Priority targets	KMG's contribution
 Make cities and human settlements inclusive, safe, resilient and sustainable	11.2. By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons 11.6. By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	EV charging infrastructure development KMG is exploring the possibility of implementing a project to develop electric vehicle charging infrastructure in the Republic of Kazakhstan. The project is currently in the early stages, with a feasibility study already completed by KMG Engineering. Implementation of the best available technologies aimed at gradual reduction of environmental impact In 2024, several companies within KMG Group developed draft programmes aimed at improving their environmental performance based on national industry-specific guidelines on best available technologies and applied for a comprehensive environmental approval of the Ministry of Ecology, Geology, and Natural Resources of the Republic of Kazakhstan. Drafting a programme to bring down pollutant emissions For more details, see p. 141, 149 Implementation of the World Bank's Zero Routine Flaring by 2030 initiative For more details, see p. 141 Green Belt tree planting initiatives In 2021–2023, around 100,000 trees were planted across KMG Group, while in 2024 alone this figure exceeded 97,000. Taza Qazaqstan environmental campaign The Taza Qazaqstan national campaign initiated by President Kassym-Jomart Tokayev aims to improve the environment in Kazakhstan through mass clean-ups, garbage disposal, tree planting, public education, etc. KMG has developed an action plan to implement the campaign across the Group. For more details, see p. 148
 Ensure sustainable consumption and production patterns	12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment 12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse 12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Carbon Disclosure Project The Company calculates its water footprint and posts its Corporate Questionnaire on the CDP website. Waste management standard The Company has approved a waste management standard for KMG Group. For more details, see p. 149 Water Resources Management Programme In order to establish measurable goals for reducing water intake and increasing water reuse, KMG Group has developed long-term Water Resources Management Programme. Programme to dispose of legacy oil waste For more details, see p. 149 Tazalyq Atyrau Refinery implements an ambitious Tazalyq project, which aims to bring about significant environmental improvements. Green Office Company-wide green initiatives are being actively promoted, and the Green Office principles, including the introduction of separate waste collection, and water and energy saving in the office, are being gradually implemented. For more details, see p. 148

SDGs	Priority targets	KMG's contribution
13 CLIMATE ACTION  Take urgent action to combat climate change and its impacts	13.2. Integrate climate change measures into policies, strategies and planning	Reduction of methane emissions For more details, see p. 137 Joining Oil and Gas Methane Partnership 2.0 For more details, see p. 47 Joining Oil and Gas Decarbonisation Charter For more details, see p. 32 Forest-climate projects For more details, see p. 138 Internal carbon pricing framework KMG developed internal carbon pricing mechanisms with a view to implementing carbon footprint reduction planning and ensuring relevant action by subsidiaries and associates as well as fully assessing the impact of carbon-related regulations on its financial and economic performance. Currently, efforts are underway to integrate these mechanisms into business processes across KMG Group. The Company calculates its carbon footprint and posts its Corporate Questionnaire on the Carbon Disclosure Project website. KMG discloses its climate-related risks in line with TCFD recommendations. For more details, see p. 145
	13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	
15 LIFE ON LAND  Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss	15.3. Combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world	KMG implements projects and initiatives aimed at curbing discharges and reducing fresh water withdrawal from natural sources: Carbon Disclosure Project The Company calculates its water footprint and posts its Corporate Questionnaire on the CDP website. Tazalyq Atyrau Refinery is actively implementing an ambitious Tazalyq project, which aims to bring about significant environmental improvements. Construction of a desalination plant in Kenderly with a daily capacity of 50 thous. m³ This project will solve the problem of drinking water shortage for the residents of Zhanaozen, while also having a multiplier effect on the development of tourism, business, and agriculture. Land remediation The Company works to ensure recovery of historical oil wastes and oil-contaminated soil treatment. Mitigation hierarchy to manage biodiversity risks In its planning and operations, the Company relies on mitigation hierarchy to manage biodiversity risks, with four key steps in place: avoidance, minimisation, rehabilitation/restoration, and offset. 2024 highlights Tazalyq We successfully completed phase 2 of the project to upgrade closed-loop mechanical treatment plants.
	15.5. Take significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species	Biodiversity Conservation Programme We plan to develop a Biodiversity Conservation Programme, setting goals and action timelines related to preserving biodiversity in collaboration with local and international conservation organisations. 2024 highlights 4.5 mln saxaul seedlings were planted across a land plot of over 15 thous. ha on the dried seabed of the Aral Sea.

SDGs	Priority targets	KMG's contribution
17 PARTNERSHIPS FOR THE GOALS Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development	17.1. Strengthen domestic resource mobilisation, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection	KMG makes tax disclosures in accordance with the relevant GRI standard and the Country-by-Country Reporting initiative under OECD Action 13. Payments to governments The Company issues annual reports on payments to governments with regard to the following types of payments: Taxes All taxes other than the mineral extraction tax. MET The mineral extraction tax (MET) is a mandatory tax payable by a subsoil user for each type of extracted mineral resources (such as crude oil), underground waters, and therapeutic mud. The tax amount is calculated based on the physical volume of resources (e.g. crude oil, gas condensate, or natural gas) extracted over the tax period. Signature bonus The signature bonus is a one-off payment made by a subsoil user upon either acquiring a subsoil use right for a particular territory (subsoil area) or in case of its enlargement, in accordance with the legislation of the Republic of Kazakhstan. Other payments This category encompasses all other payments to governments, including export customs duties. In pursuit of the UN Sustainable Development Goals, KMG actively collaborates with industry peers and international agencies and participates in intergovernmental organisations that focus on energy conservation, occupational health and safety, environmental protection, combating climate change, reducing emissions, and promoting sustainable green energy and similar initiatives. KMG follows best global practices designed to improve transparency in government payments, enhance accountability for mining revenue management, and promote public awareness of the mining companies' activities in the regions where they operate. For more details on KMG's tax payments to the budget of Kazakhstan and the Report on Payments to Governments, see KMG's website

For more details on KMG's contribution to the UN SDGs, see our annual Sustainability Report published in line with GRI standards. KMG's Sustainability Reports are available on [the Company's website](#)

The Company's annual Sustainability Report also serves as Communication on Progress for [the UN Global Compact](#)