



**INTEGRATED  
ANNUAL  
REPORT**

**2022**

NC QazaqGaz JSC





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# Glossary

Abbreviation	Deciphering
AGDS	Automated gas distribution station
AGFCS	Automobile gas filling compressor stations
BTGCU	Block-type gas control unit
BTU	British thermal units
Company, Group	Group of companies NC QazaqGaz JSC
CDP	Carbon Disclosure Project
CH <sub>4</sub>	Methane
CHPP	Combined heat and power plants
CIW	Construction and Installation Works
CRMS	Corporate risk management system
CS	Compressor station
DED	Design and estimate documentation
EBITDA	Earnings before interest, taxes, depreciation, and amortization
EP	Environmental protection
ES	Emergency Situation
ESG	Environmental, social, and governance
GTS	Gas transportation system
GDP	Gas-distributing plant
GPP	Gas processing plant
GPU	Gas pumping unit
GRI Standards	GRI (Global Reporting Initiative) standards for non-financial reporting in the field of sustainable development
HSE	Health and Safety and emergencies
IAS	Internal Audit Service
ICA JSC	Intergas Central Asia JSC
ICS	Internal Control System
IGTU	Integrated Gas Treatment Unit
IPO	Initial Public Offering
ISO	International Organization for Standardization
IUCN	International Union for Conservation of Nature

Abbreviation	Deciphering
JSC	Joint Stock Company
KPI	Key performance indicator
LEB	Local executive bodies
LLC	Limited Liability Company
LNG	Liquified Natural Gas
LPC	Linear production control
LTIFR	Lost Time Injury Frequency Rate
MGP	Main gas pipeline
MGPA	Main gas pipeline administration
MM	Mass Media
N <sub>2</sub> O	Nitrous oxide
NC QazaqGaz JSC	National Company QazaqGaz Joint Stock Company
NO <sub>x</sub>	Nitrogen oxides
OHSE	Occupational Health and Safety and emergencies
R&D	Research and development activities
RES	Renewable energy sources
RF	Russian Federation
RK	Republic of Kazakhstan.
RTA	Road traffic accidents
S&A	Subsidiaries and affiliates
SF	Start-Up Facility
SO <sub>x</sub>	Sulfur oxide
STC	Scientific and Technical Center
SVSP	Socially Vulnerable Segments of the Population
TAP	Tax and Accounting Policy
TCFD	Task Force on Climate-related Financial Disclosures
UGS	Underground Gas Storage
UN SDGs	United Nations Sustainable Development Goals

# Address by the Chairman of the Board of Directors

GRI 2-22

Dear colleagues, shareholders, and partners of NC QazaqGaz JSC!

I am pleased to present you the integrated annual report of NC QazaqGaz JSC for 2022. In the document you will be able to familiarize yourself with the main economic indicators of the National Company, environmental and social aspects in its work, as well as operational and corporate governance issues.

Recent events in the world and in Kazakhstan have confirmed the strategic importance of the issues of strengthening the country's energy security. In the context of climate change and agreements to reduce greenhouse gas emissions under the Paris Agreement, the gas industry is entering a new stage of development. Natural gas will have to play the role of a transit fuel in the transition to green energy sources. We see blue fuel becoming a new trend and attracting the attention of more and more investors to the industry.

As part of the pre-emptive right for exploration and production of gas and gas condensate fields, we established QazaqGaz Exploration and Production LLP based on Amangeldy Gas LLP – it had the necessary competencies for gas exploration and production. The portfolio of QazaqGaz Exploration and Production LLP will consolidate new assets aimed at expanding the resource base.

In 2022, the Exploration and Production Roadmap was approved, which envisages an increase in the resource base by more than 700 billion cubic meters of gas.

At year-end, S&P Global affirmed the Company's credit rating at "BB" and revised the outlook from "negative" to "positive". Moody's affirmed QazaqGaz's credit rating at "Baa2" with a stable outlook.

The Company's business objectives are not only to grow economic and production performance, but also to maintain sustainability in environmental, social and corporate aspects. ESG strategy is a path that will continue and transform throughout the entire period of the Company's operations.

NC QazaqGaz JSC sets ambitious goals to reduce carbon footprint in production and within the framework of implementation of "green office" concept. In 2022, QazaqGaz held the first HSE Forum (Health, Safety & Environment), where the Company's management signed personal commitments in the field of Health & Safety of Vision Zero concept.

On behalf of the Board of Directors I express my gratitude to the employees of the Group of Companies, shareholders, and partners of NC QazaqGaz JSC for mutually beneficial cooperation and dedication to the common cause.



**Berdigulov  
Ernat  
Kudaibergenovich**

Chairman of the Board of Directors  
of NC QazaqGaz JSC

# Address by the Chairman of the Management Board

In 2022, we witnessed global changes in Kazakhstan and in the world. Last year turned out to be challenging for the gas sector as well, but it was rich in events. Many of them, I am sure, will turn out to be key for the development of the industry in the years to come.

During this time, the renewed QazaqGaz team with the support of the Head of State and the Government managed to initiate many positive changes in the gas industry. I would like to summarize the results of 2022.

The assignments of the Head of State to increase gas supplies to the domestic market were fulfilled. Uninterrupted gas supply to the country was ensured.

The Government of the Republic of Kazakhstan approved the "Comprehensive Plan for the Development of the Gas Industry of the Republic of Kazakhstan for 2022-2026" by Resolution of the Government of the Republic of Kazakhstan (№ 488 dated July 18, 2022). The Company will participate in the implementation of the Comprehensive Plan, including work to increase the resource base of marketable gas, development of the domestic gas market, development of gas transit and export, gas chemistry and deep processing, investment, and operational efficiency.

The key results for 2022 are:

- QazaqGaz invested at the expense of its own funds in the economy of Kazakhstan 320 billion tenge by real projects that are being implemented throughout the country;

- Improvement of labor conditions for the production employees of the Group of companies of NC QazaqGaz JSC, including wage growth and strengthening of the HSE block;
- QazaqGaz has allocated subsidies worth 180 billion from its own funds. This is a step taken to provide affordable gas to the people of Kazakhstan;
- Amangeldy Gas LLP was rebranded. The partnership was renamed QazaqGaz Exploration and Production LLP. The work on filling the company's portfolio has started. Work is underway to expand the resource base through new exploration projects with a total potential of 1 trillion m<sup>3</sup>;
- Construction of a 1 billion m<sup>3</sup> gas processing plant at Kashagan resumed;
- The gas transportation system was audited and system decisions were made to expand capacity, and a set of measures to improve the reliability of the gas transportation infrastructure was implemented;
- The Scientific and Technical Center "QazaqGaz STC" was established, which will attract leading technical universities of Kazakhstan and the world, international gas companies for cooperation and exchange of experience;
- Scholarship for the best gas students of two leading technical universities – KBTU and Satpayev University was established for the first time.

In fulfillment of the instruction of the Head of State, the transparency and transparency of the National Company has been increased.

The strategic vision of the gas industry development is defined and the perimeter of QazaqGaz activity is outlined.

According to the results of financial and economic activity of NC QazaqGaz JSC for 2022 achieved the following results:

- trunk gas transportation amounted to 83,744 million m<sup>3</sup>, including domestic transportation – 21,956 million m<sup>3</sup>;
- gas transportation for export – 9,275 million m<sup>3</sup>;
- international transit – 52,513 million m<sup>3</sup>;
- gas sales – 22,751 million m<sup>3</sup>;
- natural gas production – 277.6 million m<sup>3</sup>;
- gas condensate production – 14.2 thousand tons;
- EBITDA – 495,2 billion tenge;
- EBITDA margin – 52%.

I thank every employee of QazaqGaz Group of companies for your valuable contribution to the development of the domestic gas industry and for not being indifferent to our common cause.

A number of initiatives positive for the industry were launched this year, but reforms are a long process. With the joint efforts of the QazaqGaz team, Samruk-Kazyna, the Ministry of Energy, the Government, and our partners, we have made a significant leap to stabilize and renew the industry.

Setting long-term goals, the QazaqGaz team works for the preservation and multiplication of the national welfare of all Kazakhstanis.



**Zharkeshov  
Sanzhar  
Serikbaevich**

Chairman of the Management Board  
of NC QazaqGaz JSC

# Company in figures

## key indicators for 2022

### Operational performance

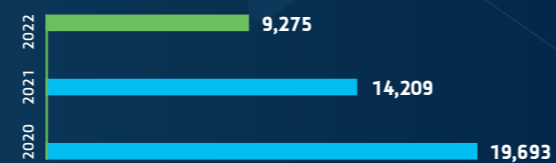
Main gas transportation, million m<sup>3</sup>



Domestic gas transportation, million m<sup>3</sup>



Gas transportation for export, million m<sup>3</sup>



International transit, million m<sup>3</sup>



Gas sales volume, million m<sup>3</sup>

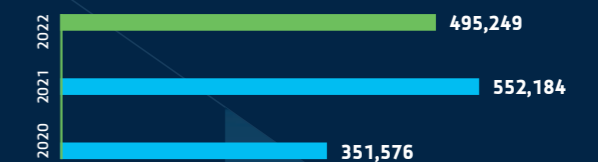


### Financial performance

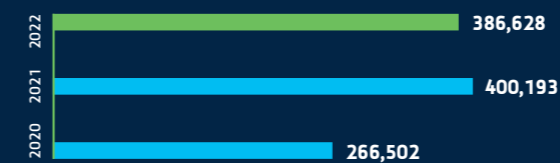
Gross profit, million tenge



EBITDA, million tenge

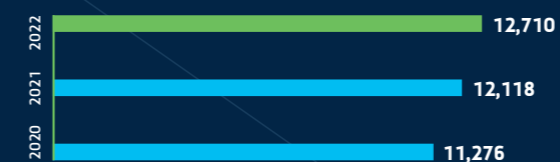


Net profit, million tenge



### Social and environmental indicators

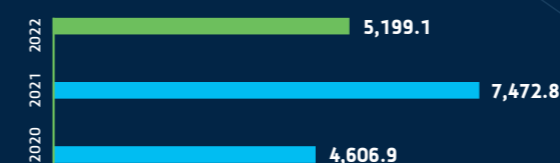
Number of employees, persons



Turnover rate, %



Volume of greenhouse gas emissions (Scope 1, 2), thousand tonnes CO<sub>2</sub>-eq.



# Key events in 2022

## 2 FEBRUARY

- February 18, 2022, the composition of the Board of Directors of NC KazTransGas JSC was changed by the decision of the Management Board of Samruk-Kazyna JSC. Yernat Berdigulov was elected as its Chairman.
- February 22, Fitch Ratings affirmed the long-term issuer default rating of NC KazTransGas JSC at "BBB-" (stable outlook).
- February 22, Sanzhar Zharkeshov was appointed acting Chairman of the Management Board of NC KazTransGas JSC by the decision of the Board of Directors of the Company in coordination with the Management Board of Samruk-Kazyna JSC.
- February 25, 2022, NC KazTransGas JSC made an early repayment of interest on the loan to VTB Bank Kazakhstan in the amount of 906.5 million Russian rubles.

## 3 MARCH

- March 3 NC KazTransGas JSC changed its name to NC QazaqGaz JSC. The changes are fixed in the certificate of state re-registration of the legal entity.
- March 15, the Management Board of NC QazaqGaz JSC was completely renewed.
- March 25, NC QazaqGaz JSC repaid interest on Eurobonds in the amount of 15,450,750 USD. Payments were made according to the established schedule.

## 8 AUGUST

- The Management Board of NC QazaqGaz JSC approved the signing of the agreement on delegated management of state property in the form of 100% participation interest in the authorized capital of GPC Investment LLP between National Wealth Fund NWF Samruk-Kazyna JSC and NC QazaqGaz JSC.
- August 18, a framework cooperation agreement was signed between NC QazaqGaz JSC and AIFC Green Finance Center Ltd.
- August 24, the State Oil Company of Azerbaijan (SOCAR) and NC QazaqGaz JSC signed a Memorandum of Understanding. The document provides for exploration and development of gas and gas condensate fields in Kazakhstan, development of gas processing and gas chemistry, modernization of the gas transportation industry, application of innovative technologies in this area, as well as the study of opportunities for cooperation in other important directions.

## 4 APRIL

- April 25, Chairman of the Management Board of NC QazaqGaz JSC spoke at the government hour in the Senate of the Parliament of the Republic of Kazakhstan and spoke about the vision of Zhanargan QazaqGaz, anti-crisis measures and plans to supply the country with natural gas.

## 5 MAY

- May 14, Order of the Minister of Energy of the Republic of Kazakhstan № 172 approved marginal wholesale prices of commodity gas on the domestic market. They are set for the period from July 1, 2022, to June 30, 2023.
- May 14, NC QazaqGaz JSC hosted a meeting of top management with employees of the Group of companies from all over the country in Town Hall format. About 500 people participated in it in offline and online modes. Among them were members of the Expert Council, of the Gas Industry Veterans Council, middle managers, as well as representatives of production branches and facilities of the gas transportation system from all regions of Kazakhstan, including engineering staff and ordinary employees. The Chairman of the Management Board of NC QazaqGaz JSC presented a new vision of the company's development and outlined key priorities.
- May 31 Beineu-Shymkent Gas Pipeline LLP took on balance compressor station (CS) Aral from Intergas Central Asia JSC under the purchase and sale agreement of three CSs.

## 9 SEPTEMBER

- Within the framework of the working trip of the Chairman of the Management Board of NC QazaqGaz JSC Sanzhar Zharkeshov to Saudi Arabia, a meeting was held with the General Director of Saudi Arabian Petrochemical Company (SABIC) Yousef Al-Benyani. The parties agreed to explore potential joint projects in the gas chemical industry.
- September 13, Chairman of the Management Board of NC QazaqGaz JSC Sanzhar Zharkeshov and Chairman of the Presidium of the National Chamber of Entrepreneurs of the Republic of Kazakhstan Atameken Raimbek Batalov signed a Cooperation Agreement. The signed document will allow the organizations to work together on the formation of the strategy of Zhanargan QazaqGaz, increase (in-country value) of Kazakhstan content in the gas sector and transparency of procurement.

## 10 OCTOBER

- October 4 in Astana was organized informational and explanatory meetings with the staff of NC QazaqGaz JSC on privatization and Initial Public Offering (IPO) of portfolio companies of Samruk-Kazyna JSC. The speakers were representatives of the Fund, NC KazMunayGas JSC, Kazpost JSC, Kazakhstan stock exchanges AIX and KASE and broker-dealer organizations.
- October 19, NC QazaqGaz JSC and Indian company Adani Petrochemicals signed a Memorandum of Understanding. The signed document will allow the implementation of potential projects in the field of petrochemicals and gas processing with a total estimated value of about 3 billion USD.

- September 16, Chairman of the Management Board of NC QazaqGaz JSC Sanzhar Zharkeshov and Chairman of the Management Board of the Union of Machine Builders of Kazakhstan Meiram Pshembayev signed a memorandum of cooperation. The document will allow organizations to jointly develop and implement investment projects in the mechanical engineering industry, as well as to increase the share of local content in the procurement of the national company. Also, to support the domestic machine building industry, the NC QazaqGaz JSC signed an offtake contract with a plant to produce anodic electrochemical protection in Akmola region.
- September 21, NC QazaqGaz JSC made repayment of interest on Eurobonds in the amount of 15,450,750 USD.

- October 20, 2022, Beineu-Shymkent Gas Pipeline LLP made early repayment of the intragroup loan to NC QazaqGaz JSC in the amount of 405.6 million USD. In addition, the Company released the guarantee of NC QazaqGaz JSC in the amount of 288 million USD. As a result of refinancing of obligations of Beineu-Shymkent Gas Pipeline LLP under the syndicated loan of MUFGBank and Bank of China in the amount of 700 million USD.
- October 22 Amangeldy Gas LLP was renamed into QazaqGaz Exploration and Production LLP.

## 11 NOVEMBER

- November 11, NC QazaqGaz JSC held the first HSE Forum (Health, Safety & Environment). Within its framework, the Chairman of the Management Board of NC QazaqGaz JSC and heads of subsidiaries and affiliates signed personal commitments in the field of Health & Safety concept Vision Zero.
- November 25, more than 78 thousand residents of Arys in Turkestan region got access to natural gas. For gasification of the town, about 43 kilometers of supply gas pipeline from Temirlan AGDS (Automated Gas Distribution Station) and 107 kilometers of intra-block gas pipelines were laid. After connecting Arys, gas will be supplied to 32 more settlements located nearby.

## 12 DECEMBER

- December 5, Intergas Central Asia JSC refinanced its obligations under the loan of the European Bank for Reconstruction and Development in the amount of 29,700 million tenge.
- December 28, a purchase, and sale agreement was concluded between Samruk-Energy JSC and NC QazaqGaz JSC for 100% participation interest of Samruk-Energy JSC in the authorized capital of Tegis Munay LLP (which includes Mangyshlak-Munay LLP).



83,744

MILLION M<sup>3</sup>

MAINLINE GAS TRANSPORTATION IN 2022

# ABOUT THE COMPANY

GRI 2-1

# 01

# History of the Company

NC QazaqGaz JSC is a vertically integrated national gas company, operating along the entire chain from exploration and production to the sale of final products.

NC QazaqGaz JSC manages the centralized infrastructure for transportation of marketable gas through trunk pipelines and gas distribution networks, provides international transit and sells gas on domestic and foreign markets, develops, finances, constructs and operates pipelines, gas storage facilities, gas, and gas condensate fields.

1993

- Establishment of the National Gas Company Gas Chemical Complex Kazakhgaz (GCC Kazakhgaz)

2003

- Commissioning of the Amangeldy gas condensate field in Jambyl region
- Signing of the KazTransGas contract with Gazprom for the transit of Turkmen and Uzbek gas through Kazakhstan

2000

- In 2000, the Government decreed to transfer the entire gas transportation system of the country into the structure of KazTransGas JSC.

2008

- Commissioning of a turbocharger shop at the Opornaya CS of the Central Asia – Center gas pipeline

2014

- Approval of the General Scheme of Gasification of the Republic of Kazakhstan for 2015-2030 and the Concept of Development of the Gas Sector of the Republic of Kazakhstan until 2030

2009

- Launch of the first string (string "A") of the Kazakhstan-China MGP

2010

- Launch of the second string (string "B") of the Kazakhstan-China MGP

2013

- Official ceremony of the beginning of gas filling of Beineu-Bozoi-Shymkent MGP
- KazTransGas JSC has entered into an agreement with all global companies operating in the field of oil production in Kazakhstan for the exclusive sale by the company of all gas produced in the country
- A subsidiary of the National Operator – KazTransGas Aimak JSC completed the stage of unification of gas distribution networks in all regions of the country, becoming a single operator in the market of gas supply to end consumers

2012

- The Government decreed that the Company is designated as a national operator in the field of gas and gas supply

2015

- Commissioning of the third string (string "C") of Kazakhstan-China MGP with the length of 1,305 kilometers

2018

- By the Resolution of the Government of the Republic of Kazakhstan, Intergas Central Asia JSC, a member of the group of companies of KazTransGas JSC, received the status of the National MGP operator
- The international agency S&P Global Ratings upgraded the long-term issuer credit rating of KazTransGas JSC and its "key" subsidiary ICA JSC to BB by S&P Global Ratings
- Commissioning of the Turkestan CS. The construction was implemented within the framework of the investment project to increase the throughput capacity of the Beineu-Bozoi-Shymkent gas pipeline from 10 billion m<sup>3</sup>/year to 15 billion m<sup>3</sup>/year

2020

- Appointment by the Government of the Republic of Kazakhstan of KazTransGas JSC as a person authorized to receive crude associated natural gas from the Kashagan field in the amount of 1 billion m<sup>3</sup>/year from the state (1st stage)
- Commissioning of CS "1A" in Baiganinsky district of Aktobe region on 155 km of Beineu-Bozoi-Shymkent MGP

2016

- Completion of construction of AGDS 300 Aktobe and commissioning of modern CS №4 and №8 of the Kazakhstan-China MGP

2017

- Upgrade of long-term foreign and local currency Issuer Default Ratings (IDRs) from BB to BBB- by international agency Fitch Ratings, as well as successful placement of Eurobonds with a maturity of 10 years

2019

- National operator KazTransGas JSC took 2nd place in the rating of fundamental (environmental and energy) efficiency among the largest companies in Kazakhstan
- Launch of the Korkyt Ata CS

2021

- Assignment of the status of National Company to KazTransGas JSC by the Resolution of the Government of the Republic of Kazakhstan
- Transaction on alienation of 100% of shares of KazTransGas JSC in favor of National Welfare Fund Samruk-Kazyna Joint Stock Company
- Assignment of subsoil use rights for new gas fields to the National Company

2022

- National Gas Company KazTransGas by the decision of the Government of the Republic of Kazakhstan renamed into NC QazaqGaz JSC
- The Comprehensive Gas Industry Development Plan was approved
- Approved pricing reform with no impact on Socially Vulnerable Segments of the Population (SVSP)
- The General Scheme of Gasification of the Republic of Kazakhstan has been updated
- NC QazaqGaz JSC received the project for construction of Kashagan gas processing plant for 1 billion m<sup>3</sup>
- A total of 178 settlements were connected to the gas supply system. For example, in Turkestan region, after many years of waiting, 22 settlements received natural gas.

# Business Model

NC QazaqGaz JSC is the main gas energy and gas transportation company of the Republic of Kazakhstan, representing the interests of the state both in the domestic and foreign gas markets.

Complex vertically integrated business model corresponds to the strategic goals of NC QazaqGaz JSC, increases efficiency of activity, promotes modernization and diversification of the gas industry.

## CAPITALS

### Financial capital



### Natural capital



### Production capital



### Intellectual capital



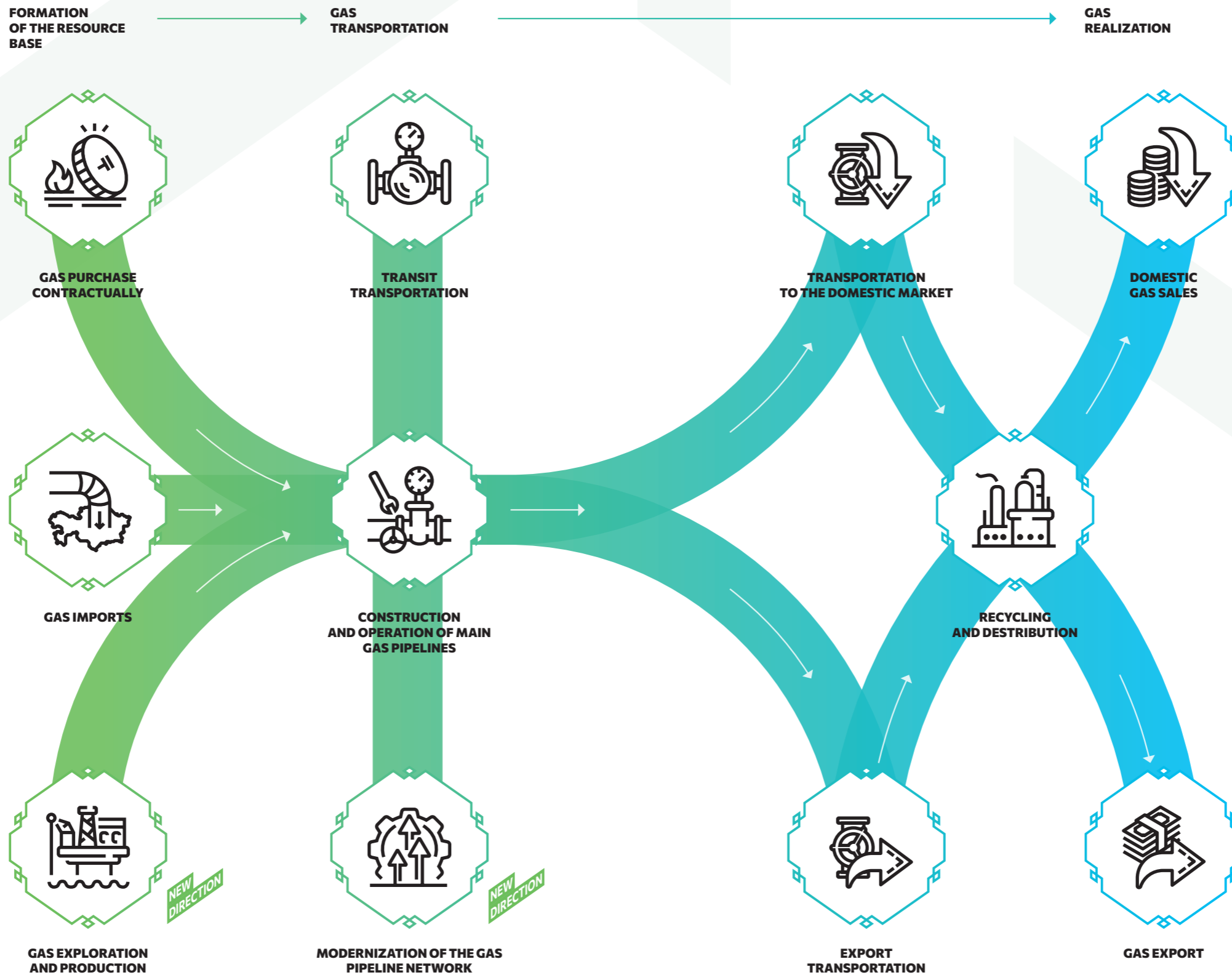
### Human capital



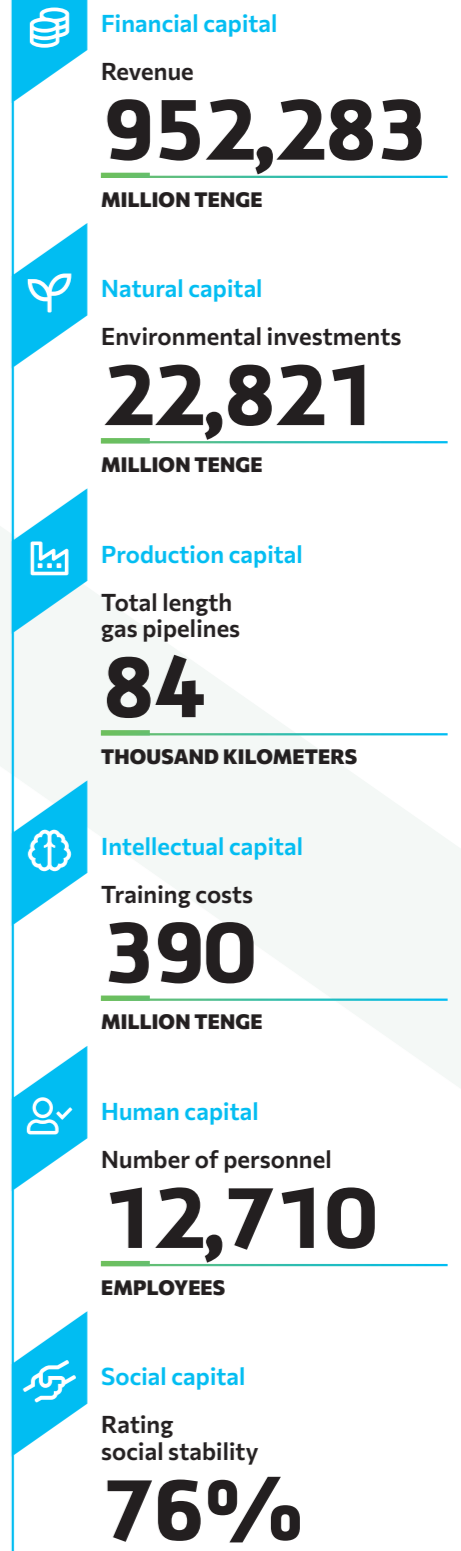
### Social capital



## OPERATING CYCLE



## VALUE CREATION



# Assets' structure

The shareholder of NC QazaqGaz JSC is joint stock company National Welfare Fund Samruk-Kazyna (hereinafter – Samruk-Kazyna JSC, the Fund) (100%). Samruk-Kazyna JSC is a sovereign fund, the Sole shareholder of which is the Government of the Republic of Kazakhstan.

In the reporting period, the Group of companies of NC QazaqGaz JSC included 11 subsidiaries and jointly controlled companies, which operate in five business areas.



# Geography and areas of activity of the Company

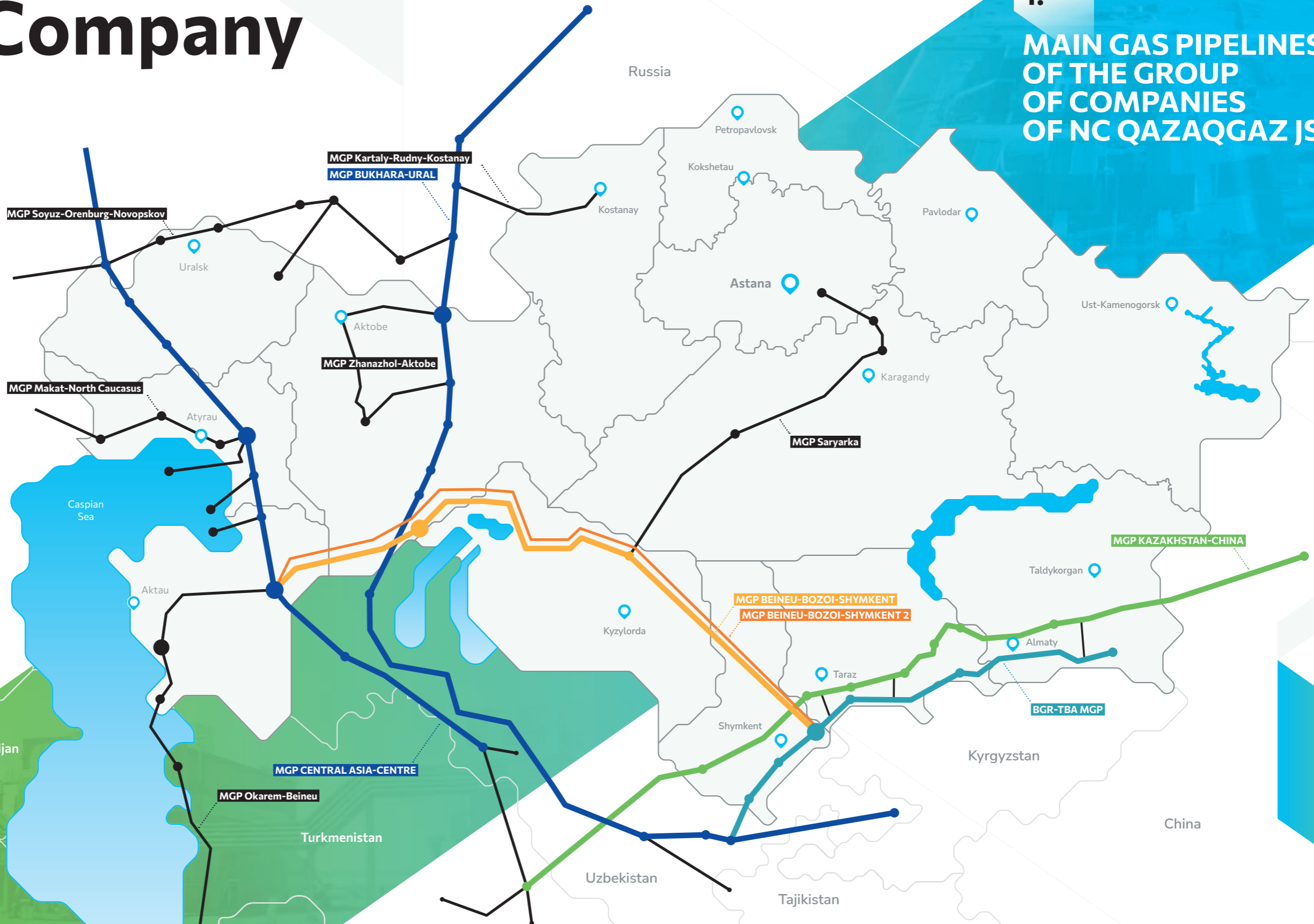
GRI 2-6

Currently, NC QazaqGaz JSC is represented in 11 regions of Kazakhstan, including Almaty, Aktope, Atyrau, East Kazakhstan, Jambyl, West Kazakhstan, Karaganda, Kostanay, Kyzylorda, Mangistau and Turkestan regions. Besides, the company is present in the cities of republican importance – Astana, Almaty and Shymkent.

The Company's extensive geographical presence emphasizes the importance of its role in the development of the national-level oil and gas industry and its contribution to the development of the country's energy sector. NC QazaqGaz JSC's strategic presence in various regions demonstrates its commitment to successful development and sustainability in the dynamic energy sector of Kazakhstan.

The activities of the Group of companies of NC QazaqGaz JSC cover various aspects of the gas industry. The key areas of the Company's activities include:

## 1. MAIN GAS PIPELINES OF THE GROUP OF COMPANIES OF NC QAZAQGAZ JSC



## Asian Gas Pipeline LLP

YEAR OF CREATION  
**2008**

Operation of compressor stations

**13**  
CS

Operation of crane units

**188**  
UNITS

Treatment plant units

**14**  
UNITS

Length

**3,915.5**  
KILOMETERS

Throughput capacity

**55**  
BILLION M<sup>3</sup> PER YEAR

Total number of employees

**1,265**  
EMPLOYEES

Operation of gas distribution stations

**6**  
GDS

Gas flow metering units

**2**  
UNITS

Gas pumping units

**42**  
GPU

Pipe diameter

**1,067/1,219**  
MILLIMETERS

Operating pressure

**9.81**  
MPa

### LOCATION (CENTRAL OFFICE)

Republic of Kazakhstan, Almaty

### OWNERSHIP STRUCTURE

Asian Gas Pipeline LLP is a joint venture company established on an equal share basis. The participants of the Partnership are NC QazaqGaz JSC (Republic of Kazakhstan) and Trans-Asia Gas Pipeline Company Limited (People's Republic of China).

### ACTIVITY

Asian Gas Pipeline LLP is the operator of the Kazakhstan-China gas pipeline construction and operation project, which supplies Turkmen and Uzbek gas to the Chinese market, as well as supplies of gas of the Kazakhstan origin to the domestic market of the Republic of Kazakhstan (consumption of southern regions) and for export to the People's Republic of China. On the territory of the Republic of Kazakhstan, the length of the gas pipeline is 3,915 kilometers (including three strings A, B and C). The gas pipeline route runs through four regions: Turkestan, Jambyl, Almaty and Zhetysay.

The Kazakhstan-China MGP is a component of the Turkmenistan-Uzbekistan-Kazakhstan-China gas pipeline with a total length of over 7,500 km. The gas pipeline consists of three parallel strings "A", "B", "C". String "A" has been put into operation since December 2009, string "B" — since October 2010, string "C" — since July 2015. The starting point of the gas pipeline is the oil and gas fields of Turkmenistan, and the end point is the southern provinces of the People's Republic of China.

## Beineu-Shymkent Gas Pipeline LLP

YEAR OF CREATION  
**2011**

Operation of compressor stations

**6**  
CS

Operation of crane units

**59**  
UNITS

Security crane units

**12**  
UNITS

Length

**1,449.503**  
KILOMETERS

Pipe diameter

**1,067**  
MILLIMETERS

Total number of employees

**208**  
EMPLOYEES

Operation of gas measuring stations

**3**  
OGMS

Linear crane units

**47**  
UNITS

Gas pumping units

**20**  
GPU

Throughput capacity

**UP TO 15**  
BILLION M<sup>3</sup> PER YEAR

Operating pressure

**7.5-9.81**  
MPa

### LOCATION (CENTRAL OFFICE)

Republic of Kazakhstan, Almaty

### OWNERSHIP STRUCTURE

Beineu-Shymkent Gas Pipeline LLP is a joint venture established on an equal share basis. The participants of the Partnership are NC QazaqGaz JSC (Republic of Kazakhstan) and Trans-Asia Gas Pipeline Company Limited (People's Republic of China).

### ACTIVITY

The Beineu-Shymkent pipeline (BSP) is the largest pipeline project in the history of independent Kazakhstan. The pipeline connects the western oil and natural gas fields with the southern regions of the country, as well as with the Bukhara Gas-bearing Region-Tashkent-Bishkek-Almaty and Gazli-Shymkent trunk pipelines and Line "C" of the Central Asia-China gas pipeline. The main purpose is to transport natural gas from fields in the northern and western part of Kazakhstan to the southern and eastern regions of the country. The BSP provides natural gas to the southern regions of the country, allows diversification of export supplies of Kazakhstan gas, ensures energy security of the country and creates a unified gas transportation system.



**Intergas  
Central Asia JSC**

YEAR OF CREATION  
**1997**

Operation of compressor stations

**28**  
CS

Gas trunkline management – production branches in the regions

**10**  
MGPA

Length of gas trunk pipelines (including 7,007 kilometers – third-party MGPs)

**20,817**  
KILOMETERS

Throughput capacity

**203.5**  
BILLION M<sup>3</sup>

Total number of employees

**8,660**  
EMPLOYEES

Operating pressure

**3-9.81**  
MPa

Operation of gas distribution stations

**248**  
GDS

Length of serviced distribution networks in 11 oblasts and 3 cities of republican significance (KTGA, LEB)

**63,253**  
KILOMETERS

Gas pumping units

**305**  
GPU

Pipe diameter

**57-1,420**  
MILLIMETERS

Gas measuring stations

**5**  
GMS

**3** UNDERGROUND GAS STORAGE FACILITIES:

**4** Bozoi BILLION M<sup>3</sup>

**0.35** Poltoratskoye BILLION M<sup>3</sup>

**0.3** Akirtobe BILLION M<sup>3</sup>

**LOCATION  
(CENTRAL OFFICE)**

Republic of Kazakhstan, Astana

**OWNERSHIP STRUCTURE**

100% subsidiary organization of NC QazaqGaz JSC

**ACTIVITY**

Intergas Central Asia JSC carries out domestic transportation and transit of natural gas in Kazakhstan through the Western and Southern pipeline networks:

- Western Pipeline Network is a network of natural gas pipelines in western Kazakhstan that serves active natural gas fields in Central Asia (includes the Central Asian System, the Urals Pipeline System and the Aktobe Pipeline System);
- Southern Pipeline Network – a network of gas pipelines in southern Kazakhstan supplying Kazakhstan and/or imported gas from the Uzbekistan-Kazakhstan border to the southern regions of the country (includes the Southern and Kyzylorda pipeline systems).

International transportation of natural gas is the main revenue generating component of ICA's business. The ICA's includes engineering and technical and scientific and technical centers.

**2. GAS DISTRIBUTION AND GASIFICATION OF REGIONS**

**KazTransGas  
Aimak JSC**

YEAR OF CREATION  
**2002**

Number of production branches (PB)

**14**  
PB

Gas pipelines under Share Participation Agreement (SPA)

**12,642**  
KILOMETERS

Other gas pipelines

**14,642**  
KILOMETERS

Gasification level

**11.6**  
MILLION PEOPLE (59.00%)

Total number of employees

**1,974**  
EMPLOYEES

Total length of gas pipelines

**63,253**  
KILOMETERS

Own distribution networks

**33,195**  
KILOMETERS

Industrial enterprises

**3.9**  
THOUSAND

Number of consumers

**2.2**  
MILLION CONSUMERS

**LOCATION  
(CENTRAL OFFICE)**

Republic of Kazakhstan, Astana

**OWNERSHIP STRUCTURE**

100% subsidiary organization of NC QazaqGaz JSC

**ACTIVITY**

KazTransGas Aimak JSC is the largest gas supply company in the Republic of Kazakhstan, operating gas distribution pipelines in all eleven gasified regions and three cities of republican significance.

The main tasks of the company are organization of marketable gas supplies, its transportation through distribution networks, and management of gas distribution assets in the regions. The main area of activity is to ensure accident-free and uninterrupted gas supply to the population, public utilities and industrial enterprises.

KazTransGas Aimak JSC is the only structural unit, whose operational activities are aimed at gasification of settlements of the country. Gasification projects of KazTransGas Aimak JSC include:

- Project "Construction of high-pressure gas pipeline and gas distribution networks in Saimasay, Kainar, Yenbekshikazakh district of Almaty region (1 and 2 SP)";
- Project "Construction of high-pressure gas pipelines from AGDS to TPP-2 and TPP-3 in Almaty";
- Project "Construction of high-pressure gas pipeline from AGDS in the area of Kuryk village to Sarsha and Rixos Aktau hotel in the resort zone "Warm Beach" with installation of 2 Block-type gas control unit (BTGCU)";
- "Taraz gas distribution network modernization" project.

Sales volume of marketable gas

**23,644**

MILLION M<sup>3</sup>

Domestic market

**17,600**

MILLION M<sup>3</sup>

Export volumes

**6,044**

MILLION M<sup>3</sup>

Domestic consumption

**10.9%**

### 3. GAS REALIZATION

NC QAZAQGAZ JSC, AS A NATIONAL OPERATOR IN THE FIELD OF GAS AND GAS SUPPLY, EXERCISES THE STATE'S PRE-EMPTIVE RIGHT TO PURCHASE RAW AND (OR) MARKETABLE GAS FROM SUBSOIL USERS/SUPPLIERS. IN ACCORDANCE WITH THE LEGISLATION, SUBSOIL USERS SEND A COMMERCIAL OFFER TO THE NATIONAL OPERATOR SPECIFYING THE VOLUME, PRICE, AND DELIVERY POINT OF RAW AND/OR MARKETABLE GAS. THE NATIONAL OPERATOR DECIDES WHETHER TO EXERCISE OR WAIVE THE STATE'S PRE-EMPTIVE RIGHT.

#### KazRosGas LLP

##### LOCATION (CENTRAL OFFICE)

Republic of Kazakhstan, Almaty

##### OWNERSHIP STRUCTURE

KazRosGas LLP – was established on a parity basis by the national company NC KazMunayGas JSC and Gazprom PJSC. KazRosGas LLP is under trust management of NC QazaqGaz JSC.

##### ACTIVITY

KazRosGas LLP is engaged in the marketing, processing, transportation and sale of Kazakhstan natural gas and its refined products in domestic and foreign markets. The activity of KazRosGas LLP is aimed at maximization of the economic value of the Company and is based on the use of new opportunities to increase the economic value of its assets. Since 2002, KazRosGas LLP has been supplying gas to the domestic market of the Republic of Kazakhstan and selling the remaining gas for export. The main volumes of processed dry Karachaganak gas are prioritized for supply to the domestic market to meet the needs of Kazakhstan consumers.

### 4. RESOURCE BASE

#### QazaqGaz Exploration and Production LLP

YEAR OF CREATION  
**2003**

Production group (residual recoverable dry gas reserves)

**15.3**

BILLION M<sup>3</sup>

Exploration group (inferred resources)

**5.3**

BILLION M<sup>3</sup>

Wells (2 observation wells)

**53**

WELLS

##### LOCATION (CENTRAL OFFICE)

Republic of Kazakhstan, Astana

##### OWNERSHIP STRUCTURE

100% subsidiary organization of NC QazaqGaz JSC

##### ACTIVITY

QazaqGaz Exploration and Production LLP is a gas production company whose main activities include gas and gas condensate production, geological exploration and surveying, exploratory drilling at the company's production facilities and wholesale of natural gas.

YEAR OF CREATION  
**2001**



## 5. GAS-FUELED INFRASTRUCTURE

### KazTransGas Onimderi LLP

YEAR OF CREATION  
**2001**

Units of equipment  
**1,569**  
UNITS

Automobile gas filling compressor stations

**10**  
AGFCS

AGFCS  
**11**  
PLANNED

Number employees  
**1,765**  
EMPLOYEES

AGFCS  
**4**  
UNDER CONSTRUCTION

LNG plants  
**2**  
PLANNED

#### LOCATION (CENTRAL OFFICE)

Republic of Kazakhstan, Astana

#### OWNERSHIP STRUCTURE

100% subsidiary organization of NC QazaqGaz JSC

#### ACTIVITY

The main activity of KazTransGas Onimderi LLP is provision of transportation services, construction and installation works, sale of compressed natural gas.

The Partnership promotes the development of the methane gas motor fuel market.

Technology and advantages of CNG (compressed natural gas) and LNG (liquefied natural gas).

### Road transportation works

As part of the expansion of activities, on July 29, 2016, the KazTransGas Onimderi LLP obtained a license to perform construction and installation works for the following activities:

- erection of bearing and (or) enclosing structures of buildings and structures, including capital repair and reconstruction of facilities, including installation of metal structures;
- special construction and installation works for laying linear structures, including field and main oil pipeline networks, as well as main oil product pipeline networks;
- construction of roads and railroads, including major repairs and reconstruction, including bases and pavements, protective structures and arrangement of roads of III, IV and V technical categories, as well as carriageways of settlements that are not trunk roads.

KazTransGas Onimderi LLP takes an active part in construction of in-field roads of oil and gas fields, long-distance roads of MGP, in arrangement of sites for drilling wells of the Group of companies of NC QazaqGaz JSC and other companies.

To perform the above-mentioned works, a road service is organized, staffed with qualified personnel, special and road equipment.

Since obtaining the license, the Company has carried out construction of main gas pipelines' long-distance roads, intra-field roads, construction of drilling equipment sites for more than 1.5 billion tenge.

In addition, the Partnership's specialists provide technical assistance in the design and construction of AGFCS in the Republic of Kazakhstan.





9,275

MILLION M<sup>3</sup>

GAS TRANSPORTATION  
FOR EXPORT IN 2022

# STRATEGIC REPORT

# 02

# Strategy NC QazaqGaz JSC

Currently, the gas industry of the Republic of Kazakhstan represents a significant sector of the economy, ensuring sustainable growth of the country in the long term. Natural gas plays a key role in the transition to new energy and green economy.

Expected level of gasification of the country

**~70%**

BILLION M<sup>3</sup>

Expected level of resource base

**9**

BILLION M<sup>3</sup>

The end of 2021 was a time of meaningful change in natural gas infrastructure.

By the order of the Head of State, the gas transportation company KazTransGas, engaged in the development and maintenance of gas transportation and distribution systems, was transformed into a national gas company NC QazaqGaz JSC on March 3, 2022. The new company became an active participant of the entire gas industry chain: from geological exploration to delivery of final products to consumers.

NC QazaqGaz JSC plans to enter the IPO in 2025, according to the amendments to the Resolution of the Government of the Republic of Kazakhstan (RGRK) No. 908, introduced by the RGRK dated 02.08.2022 No. 523. In this regard, the Company has developed a Development Strategy until 2032, which became part of the preparation for an initial public offering (IPO) on the Kazakhstan and/or foreign stock market using ESG standards as a basic priority.

In response to the challenges and tasks to ensure energy security and long-term economic development, NC QazaqGaz JSC has formed a mission and vision.

## Company's Mission



In accordance with the Development Strategy of NC QazaqGaz JSC for 2022-2032 in the context of global challenges faced by the gas industry, the Company on a long-term basis seeks to ensure stable and cost-effective gas supplies to improve the quality of life of the population, to strengthen energy security and energy transition for sustainable development of the economy of the Republic of Kazakhstan.

## Company's Vision



NC QazaqGaz JSC – is a highly efficient participant in a stable gas market, contributing to maximizing the investment attractiveness of Kazakhstan's gas industry and unlocking the country's gas potential for the development of social welfare.

In accordance with the approved strategic targets, the Company's vision will transform the gas transportation industry in the Republic of Kazakhstan in terms of ensuring healthy competition, attracting investment, balancing, and eliminating dependence on imported gas, supply chain profitability, diversification of international gas flow routes and the Company's active participation in determining the future of the country's gas industry for the better.

According to the Development Strategy of NC QazaqGaz JSC expects a forecasted increase in the resource base due to the exploration of new fields, development of GPP capacities, phased reform of pricing and diversification of supply routes to international markets. In addition, it is expected to achieve the level of gasification of the country up to ~70%.

### UNIT 1

#### BUILDING A SUSTAINABLE GAS MARKET AND DEMAND MANAGEMENT:

- Stimulating change to optimize demand;
- Fair tariffs and prices to stimulate gas development and energy efficiency and structural changes leading the gas market towards gradual liberalization.

### UNIT 2

#### VALUE CHAIN:

- Geological exploration and mining – ensuring growth and diversification of the resource base;
- Processing (GPP) – ensuring timely capacity expansion of key gas processing projects;
- Trading operations – ensuring the balance of gas in the country at the optimal price;
- GTS and UGS – ensuring uninterrupted supply and maximizing the country's export and transit potential;
- GDP and "Last mile" – provision of infrastructure for gasification of the country and reduction of losses;
- Downstream – supplying possible future gas chemical industry projects with raw materials (gas).

### UNIT 3

#### CROSS-CUTTING AREAS OF DEVELOPMENT OF NC QAZAQGAZ JSC:

- Improvement of operating and investment activities;
- Developing competencies in the gas industry and building a highly competent organization (including, STC);
- Improving organizational effectiveness through the use of digital tools;
- Preparing the Company for a successful IPO (including reaching the target level of ESG rating).

Based on the Comprehensive Development Plan of the gas industry approved by the Resolution of the Government of the Republic of Kazakhstan dated July 18, 2022 No. 488, the Long-term strategy of Samruk-Kazyna JSC, to achieve the Vision and Mission, and considering the high degree of diversification of the Company's activities, NC QazaqGaz JSC has identified initiatives in 12 areas of development, which in turn consist of 66 projects.

<sup>2</sup> last gas connection site.

## UNIT 1

## BUILDING A SUSTAINABLE GAS MARKET AND DEMAND MANAGEMENT

## STRATEGIC DIRECTIONS

1. Stimulating changes to optimize demand;
2. Fair tariffs and prices to stimulate gas development and energy efficiency and structural changes leading the gas market towards gradual liberalization;

## MEASURES TO IMPLEMENT THE STRATEGY IN 2022

1. **On April 1, 2022**, a pilot project was launched in Jambyl and West Kazakhstan regions, where retail prices for commodity gas for socially vulnerable segments of the population were reduced by 20%. From July 1, retail prices for marketable gas were reduced by 20% across the country.
2. **May 14, 2022** approved wholesale prices with an average increase of 7.6% in the country for the period from 01.07.2022 to 30.06.2023.
3. **On December 30, 2022**, the Law "On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Implementation of Certain Orders of the Head of State" was signed, which provides for the following initiatives:
  - Introduction of two new categories of gas consumers (large commercial consumers and miners);
  - Changing the pricing mechanism for commodity gas for consumers on the power plant list from a 10-year price approval period to a 5-year period;
  - Changes in approved tariffs for transportation of marketable gas when property is taken into balance sheet or trust management;
  - Approval of wholesale commodity gas prices for a long-term period of 5 years with the possibility of annual adjustment;
  - Application of incentive formula for gas purchase price from subsoil users.

## OBJECTIVES UNTIL 2032

- Implementation of pricing and tariff reforms:
- Introducing a new price for large commercial enterprises;
  - Inclusion of all costs of the operator – GTS in the transportation tariff;
  - Inclusion of all costs of GDS operators in the distribution tariff;
  - Promotion of normative consumption system.

## UNIT 2

## VALUE CHAIN

## STRATEGIC DIRECTIONS

1. Exploration and Production – ensuring growth and diversification of the resource base;
2. Processing (GPP) – ensuring timely capacity expansion of key gas processing projects;
3. Trading operations – ensuring the balance of gas in the country at the optimal price;
4. GTS and UGS – ensuring uninterrupted supply and maximizing the country's export and transit potential;
5. GDP and "Last mile" – provision of infrastructure for gasification of the country and reduction of losses;
6. Downstream – supplying possible future gas chemical projects with feedstock (gas).

## MEASURES TO IMPLEMENT THE STRATEGY IN 2022

## EXPLORATION AND PRODUCTION

1. Commissioning of development of the Anabai, Barkhannaya (Amangeldy group) and Pridorozhnoye fields:
  - Gas reserves of the Barkhannaya field have been accepted on the balance sheet of the State Committee of Reserves of the Republic of Kazakhstan (Protocol No. 2495-22-U dated 19.12.2022);
  - December 28, 2022 NC QazaqGaz JSC concluded a sale and purchase transaction for the Pridorozhnoye field in Turkestan region.
2. Return and conduct geological exploration works (geological study of subsoil) in the Maldybay area (Amangeldy group);
3. Assessment of coalbed methane development potential;
4. Identification of new promising areas:
  - A license for geological exploration of subsoil at the Akkuduk site was obtained;
  - Jointly with NC KazMunayGas JSC signed "Agreement on basic conditions of cooperation between NC KazMunayGas JSC and NC QazaqGaz JSC in the field of subsoil use".
5. The Zhalibek area is included in the list of PMSSF (Assignment to the National Company) by the Order of the Ministry of Industry and Construction of the Republic of Kazakhstan No. 461 dated 19.08.2022.

## PROCESSING (GPP)

Currently, the Company is constructing the first stage of the Kashagan GPP with a capacity of 1 billion m<sup>3</sup> as a result of the transfer of GPC Investment LLP, the operator of the Kashagan gas processing plant (GPP) project to NC QazaqGaz JSC, into trust management.

A comprehensive audit and adjustment of design and estimate documentation (DED) was carried out. All deficiencies in terms of equipment reliability and safety were considered when adjusting the DED, taking into account international experience for similar projects.

Process equipment and technological processes were optimized with a focus on the quality of products, as well as reducing atmospheric emissions and energy consumption.

The German company TUV Rheinland was engaged to control the quality of the equipment. The French company Technip Energies, one of the world leaders in the field of engineering, was engaged to strengthen project management and engineering support of the project.

## UNIT 2

## VALUE CHAIN

## MEASURES TO IMPLEMENT THE STRATEGY IN 2022

## TRADING OPERATIONS

- 1. September 13, 2022** between KazTransGas Onimderi LLP and National Maritime Shipping Company Kazmortransflot LLP signed an Agreement on cooperation in the field of application of liquefied natural gas (LNG) on Kazmortransflot vessels.
- Secured gas purchase agreements with local subsoil users subject to the state's pre-emptive right:
  - about 2.5 billion m<sup>3</sup> of Tengizchevroil (TCO) gas destined for export was diverted to the domestic market;
- concluded an emergency contract for the purchase of 0.4 billion m<sup>3</sup> of Turkmen gas.

## DEVELOPMENT OF GTS AND UGS INFRASTRUCTURE

- A technical audit of the GTS was conducted;
- Implementation of major projects on construction/modernization/increase of MGP capacities (Construction of the second string Beineu-Zhanaozen, Looping Makat-North Caucasus, MG Kashagan-North Caucasus, etc.) has been started;
- 3. On September 5, 2022** the Government together with NC QazaqGaz JSC, NGEK KazGeology JSC held a meeting, following the results of which the Committee of Geology together with NC QazaqGaz JSC was instructed to identify promising sites for the creation of UGS. As promising objects for the creation of NC QazaqGaz JSC UGS studied as follows:
  - Structures for UGS near the "Saryarka" MGP;
- Issues of UGS creation on the territory of South Kazakhstan. In addition, NC QazaqGaz JSC analyzes the materials of earlier works on the creation of UGS in the Republic of Kazakhstan, in the funds of RCGI Kazgeoinform LLP.
- 4. On October 20, 2022**, a draft Roadmap for expansion of existing and creation of new underground gas storage facilities of the Republic of Kazakhstan was developed and sent to the Ministry of Energy of the Republic of Kazakhstan.

## GDP AND "LAST MILE"

- 1. On November 25, 2022**, more than 78 thousand residents of Arys in Turkestan region got access to natural gas. About 43 kilometers of supply gas pipeline from Temirlan AGDS and 107 kilometers of intra-block gas pipelines were laid for gasification of Arys.
- To increase the level of gasification, the Company reduced the list of documents for obtaining technical conditions for connection from 8 to 4 documents, and the list of documents of executive and technical documentation was reduced from 14 to 9 documents.
- Within the framework of determining the mechanism for channeling budgetary funds for the implementation of the General Gasification Scheme to NC QazaqGaz JSC, several meetings of the working group under the Ministry of Energy of the Republic of Kazakhstan were held in 2022 and as a result the Transfer Scheme was approved, which involves partial transfer of functions of LEBs for the construction of gas supply systems to NC QazaqGaz JSC. It should be noted that the new scheme of interaction in gasification will apply only to new gasification facilities.
- In 2022, there was an unreasonably high cost of connection of consumers. The total cost of connection of consumers/gasification amounted to 596 thousand tenge at KazTransGas Aimak JSC, against 918 thousand tenge in the competitive market. To stimulate competition and fair pricing in the market in the period from September to December 2022 KazTransGas Aimak JSC provided connection services in Astana and Karaganda region at prices close to the cost of services. At the end of 2022, KazTransGas Aimak JSC managed to carry out construction and installation works (CIW) of about 566 residential buildings or 9% of the total number of newly gasified residential buildings (6,301, of which Astana – 5,286, Karaganda region-1,015).

At the same time, KazTransGas Aimak JSC conducted these CIW with zero margin.

## OBJECTIVES UNTIL 2032

- Promoting the development of unconventional gas sources;
- Facilitating the removal of barriers to GPP projects;
- Realization of own GPP projects:
  - Construction and start-up of the 2nd stage of the Kashagan GPP (2-4 billion m<sup>3</sup>);
  - Construction and start-up of the 3rd stage of the Kashagan gas processing plant (6 billion m<sup>3</sup>);
  - Maximization of processing volumes of the Orenburg GPP.
- Securing imported gas volumes at an optimal price;
- Implementation of GTS and UGS projects on time and on budget:
  - Development of the Feasibility Study of the project "Increase of capacity of "Beineu-Bozoy-Shymkent" MGP;
  - Construction of distribution gas pipeline to "Sarsha" locality and "Warm Beach" resort zone in Mangystau region;
  - Construction of looping of "Makat-North Caucasus" MGP;
  - Construction of the 2nd string of the "Beineu-Zhanaozen" MGP;
  - Construction of gas infrastructure for gasification of the combined heat and power plants (CHPP) in Almaty.
- Accepting the construction function from the LEB, and then implementing the projects on time and on budget:
  - Final calculation of benchmark connection costs, promotion of the new law;
  - Revision of the work agreement with the billing company;
  - Insourcing the billing function for residential and commercial segments.



## UNIT 3

## CROSS-CUTTING AREAS OF DEVELOPMENT OF NC QAZAQGAZ JSC

### STRATEGIC DIRECTIONS

1. Improvement of operating and investment activities;
2. Development of competencies in the gas industry and building a highly competent organization (including, STC);
3. Improving organizational effectiveness through the use of digital tools;
4. Preparing the Company for a successful IPO (including reaching the target level of ESG rating).

### MEASURES TO IMPLEMENT THE STRATEGY IN 2022

- 1) In the reporting year, the Company worked on the creation and development of the Scientific and Technical Center (STC) – a center of competence in the gas industry based on the existing training and engineering centers in NC QazaqGaz JSC. Within the framework of this direction, the Company transformed the branch of ICA “Training and Course Combine” into “Scientific and Technical Center” to create conditions for commercialization of the results of scientific and scientific-technical activity, localization of service and repair of international leaders of gas industry, support of domestic machine building, as well as professional training and retraining of young specialists – trainees based on graduate courses.
- 2) Within the framework of realization of the Company's initiatives in the field of formation of the Company's image as an ESG leader in the gas industry, the ESG system of the Group of companies of NC QazaqGaz JSC was diagnosed for compliance with international requirements in the field of sustainable development. Based on the results of the diagnostics on July 5, 2022, a Roadmap of recommendations to improve the ESG system of NC QazaqGaz JSC was developed. In accordance with the adopted Roadmap at the end of 2022 by the decision of the Board of Directors was approved “Comprehensive plan for improvement of ESG system of NC QazaqGaz JSC for 2022-2025”.
3. In 2022, the Company formed a list of measures aimed at reducing carbon footprint and improving energy efficiency of production of NC QazaqGaz JSC, which were included in the Concept of low-carbon development of Samruk-Kazyna JSC in accordance with the Strategy for achieving carbon neutrality by 2060. Subsequently, it was decided to form a project office on ESG to implement, control and execute measures of NC QazaqGaz JSC on implementation of the Company's strategy in the field of sustainable development, including the development of the Low Carbon Development Program.
4. In 2022, together with the association of legal entities “National Union of Sustainable Development”, the Company formed a “pool” of projects to attract “green” investments. The Company formed a “pool” of projects to attract “green” investments. Within the framework of implementation of these projects and ensuring attraction of borrowed green financing on August 18, 2022 between NC QazaqGaz JSC and AIFC Green Finance Centre Ltd. was signed a framework cooperation agreement.
5. Preparatory work has been started to provide data under the Climate Questionnaire to the international rating agency CDP (Carbon Disclosure Project) to ensure transparency of climate data provision.
6. On November 11, 2022 NC QazaqGaz JSC held the first HSE Forum (Health, Safety & Environment) for the purpose of commitment to leadership in the field of industrial safety. Based on the results of the forum, the Company joined the international concept of “zero injuries” and adopted 7 Golden Rules “Vision Zero”.
7. In order to ensure social stability in the Group of companies of NC QazaqGaz JSC improved working conditions for production workers increased wages by about 30% and resolved issues with labor collectives in Mangystau and Aktobe regions.
8. In 2022, to improve the efficiency of NC QazaqGaz JSC carried out works on digitalization of periodic analytical reports of the Company in the field of HSE. In addition, work continues the development of HSE platform modules and their further integration into the digital solutions of NC QazaqGaz JSC.
9. In the course of modernization of the operating model, the Company implemented the Privatization Program of NC QazaqGaz JSC within the framework of implementation of the Comprehensive Privatization Plan for 2021-2025 approved by the Resolution of the Government of the Republic of Kazakhstan for the purpose of IPO of NC QazaqGaz JSC. Also, to ensure a transparent and successful entry of the Company to the IPO, three S&A of NC QazaqGaz JSC were included in this perimeter: KazTransGas Aimak JSC, KazTransGas Onimderi LLP, AvtoGazAlmaty LLP.
10. Activities on realization of 100% stake in KazMunayGas – Service NS JSC (golf club in Shchuchinsk) continue until the end of 2022. On December 30, 2022, by the protocol of the meeting of the State Commission on modernization of the economy of the Republic of Kazakhstan, the implementation period was extended until the end of 2023.

### OBJECTIVES UNTIL 2032

1. Development of competencies;
2. IPO;
3. Development and implementation of the Digitalization Strategy.

# System of performance indicators

The performance evaluation system is one of the tools of strategic and operational management of the Company, which ensures consistency of business processes of NC QazaqGaz JSC with the strategic goals of the Company. The system of performance indicators is based on compliance with the following principles:

1.

Balance of key performance indicators (KPIs), which provides for the inclusion, along with production and financial and economic indicators, of indicators in the areas of sustainable development, corporate governance, social and environmental development.

2.

Lists and target values of KPIs of members of the Management Board of NC QazaqGaz JSC are approved annually by the Board of Directors. Assessment of KPI performance for bonus purposes is carried out after summarizing financial and economic results of the Company's activity for the reporting year.

3.

Establishing top-down KPIs, which consists of decomposing strategic KPIs into operational KPIs, and cascading strategic KPIs down the organizational structure and across activities.

4.

Corporate KPIs are unified for all employees of NC QazaqGaz JSC and are formed considering the Company's priorities for the reporting period.

5.

Functional KPIs are individual for the members of the Management Board of NC QazaqGaz JSC and are formed based on strategic objectives facing a particular manager.

**THE CORPORATE KPIS FOR 2022 HAVE BEEN DEVELOPED CONSIDERING THE CONTINUING NEED FOR MANAGEMENT TO FOCUS ON IMPROVING OPERATIONAL EFFICIENCY, AS WELL AS ON ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE ASPECTS OF NC QAZAQGAZ JSC.**

The key corporate KPIs for 2022 for which targets have been set are as follows:

- Volume of gas sales for export;
- ROACE;
- Financial sustainability indicator;
- Lost Time Injury Frequency Rate (LTIF);
- Ensuring the implementation of investment projects in accordance with the approved timelines and parameters.

As part of the social aspect, the Company has set goals for 2023 to reduce work-related injuries with the objective of achieving ESG leader status in occupational health and safety. In this regard, the Company has set a target LTIF (Lost Time Injury Frequency Rate) of 0.18.



52,513

MILLION M<sup>3</sup>

INTERNATIONAL TRANSIT OF GAS IN 2022

# TRANSFORMATION

# 03





NC QAZAQGAZ JSC IS A NATIONAL LEADER IN THE OIL AND GAS SECTOR OF KAZAKHSTAN, PLAYING AN IMPORTANT ROLE IN THE DEVELOPMENT OF THE COUNTRY'S ENERGY SECTOR. CURRENTLY, THE COMPANY IS ON THE WAY OF SERIOUS CHANGES. AS PART OF THE DEVELOPMENT STRATEGY OF NC QAZAQGAZ JSC AND DETERMINATION OF KEY STRATEGIC DIRECTIONS, THE CONSTRAINTS OF THE COMPANY'S DEVELOPMENT IN THE GAS INDUSTRY WERE IDENTIFIED. IN RESPONSE TO GLOBAL CHALLENGES AND OBSTACLES, IT WAS DECIDED TO TRANSFORM THE COMPANY TO INCREASE ITS SUSTAINABILITY IN TODAY'S CHANGING WORLD. THE COMPANY HAS ALREADY EMBARKED ON REFORMS IN VARIOUS OPERATIONAL AREAS OF THE BUSINESS.

The date of December 28, 2022 became a significant event in the history of the Company. On this day, a sale and purchase agreement were concluded between Samruk-Energy JSC and NC QazaqGaz JSC for 100% of the participation interest of Samruk-Energy JSC in the authorized capital of Tegis Munay LLP, which also includes Mangyshlak-Munay LLP (Pridorozhnoye field).

As part of the ongoing reforms in the Group, an operational efficiency project was developed to improve business processes. This project involves the following types of work:

- Implementation of the process approach (BPM);
- Implementation of continuous improvement (Lean);
- Investments in infrastructure modernization;
- Improvement of procurement planning process.



# Improvement of the operational structure

First, several reforms were carried out in the organizational structure. Thus, it was decided to eliminate the position of advisors in the Central Office and S&A, and the structure of the Central Office was revised and approved with a total number of 170 employees.

The transformation also affected the requirements for hiring and organizing the work of CEO-1 and CEO-2 where 50% or more of the stock/ownership interest is owned directly or indirectly by portfolio companies overseeing or involved in procurement matters. The following items were included in the requirements:

- Specialized polygraph examination using psychological profiling for resistance to corruption risks;
- Conducting an appropriate review of the Compliance Service and the Corporate Security Department;
- Testing for knowledge of the Law of the Republic of Kazakhstan "Anti-corruption law";
- Testing for knowledge of the Sole Shareholder Procurement Procedure and aptitude tests (analysis of verbal and numerical information).

According to the amendments made to the Procedure for procurement of Samruk-Kazyna JSC (Protocol No. 193 dated March 03, 2022), the grounds for procurement from a single source were reduced, which significantly reduced the share of such transactions. As a result, the procedures for selecting a potential supplier were accelerated, as evidenced by the volume of execution of the Procurement Plan, which amounted to 97.84% for the Group of companies of NC QazaqGaz JSC. In addition, the principle of efficient spending of the Customer's funds was realized. The savings effect on the Group of companies of NC QazaqGaz JSC amounted to 3.08% (on goods 4.63%, on services 0.99%, on works 4.17%).

The volume of execution of the Procurement Plan in 2022

## 97.84%

The savings effect on the Group of companies of NC QazaqGaz JSC

## 3.08%

↓ on goods  
**4.63%**

↓ on services  
**0.99%**

↓ on works  
**4.17%**

# Digitalization of the industry

In 2022, work was carried out to analyze the digital maturity of NC QazaqGaz JSC. Digital capabilities were considered, efficiency of digital resources utilization, industry standards, and the Company's readiness to change were analyzed.

Based on the obtained data, a concept was formed to develop a digitalization strategy, which will identify priority areas for the introduction of new technologies, development of digital culture, training of employees and changes in business processes in NC QazaqGaz JSC. In addition, subscribers in Shymkent city were digitized as part of digitalization of production.

The process of digitalization is a dynamic process, therefore NC QazaqGaz JSC regularly conducts updates and adaptations in accordance with changes in the technological environment and business.



# Assets portfolio development

Transformation changes also affected some S&A.

Within the framework of building up exploration assets, QazaqGaz Exploration and Production LLP was rebranded by transforming Amangeldy Gas LLP for further consolidation of all new production assets in its structure. To create conditions for commercialization of the results of scientific and scientific-technical activities, as well as for professional training in 2022, the branch of ICA "Training and Course Combine" was transformed into "Scientific and Technical Center".

# Integration with the Fund's Roadmap

As a key player in Kazakhstan's energy arena, the Group of companies of NC QazaqGaz JSC supports the intention to transform the Fund of Samruk-Kazyna JSC and its portfolio companies.

To introduce new approaches of management and reform, the Management Board of the Fund approved an expanded Roadmap of February 24, 2022. This document is designed to implement systemic measures for changes in personnel policy, procurement system, initiatives to improve corporate social responsibility, business support, improving the processes of compliance service, new approaches to dividend and investment policy, privatization of assets and human capital development. The Roadmap contains specific measures to reform business processes and corporate governance practices in portfolio companies. To meet the requirements of the Fund and expectations from investors and all stakeholders, NC QazaqGaz JSC supports the implementation of the approved Roadmap in its activities.

22,751

MILLION M<sup>3</sup>

GAS SALES IN 2022

# OPERATING AND FINANCIAL RESULTS

04



# Overview of the global gas market

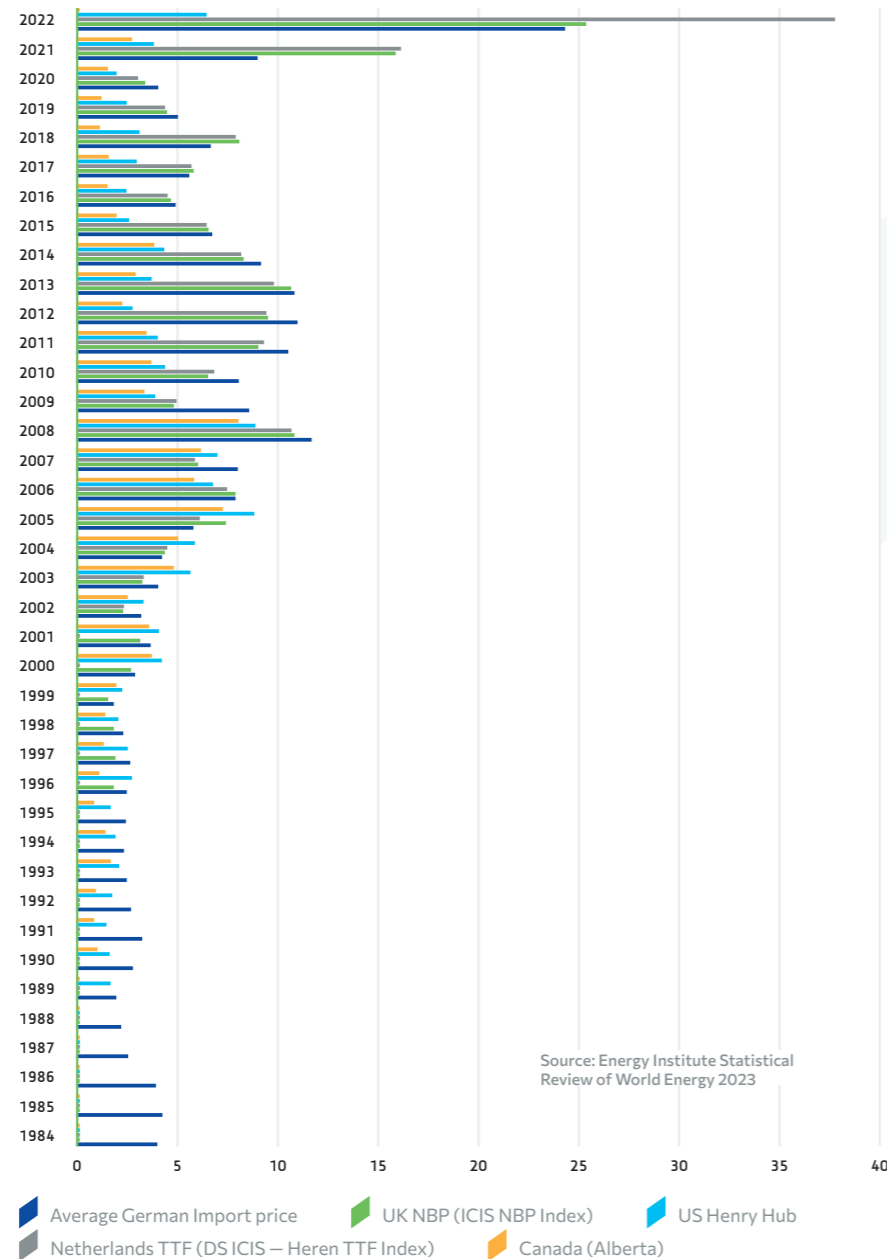
In the context of the global transition to “green” energy sources, gas consumption is becoming more and more widespread and practically an alternative transit energy resource.

The 2022 gas season was characterized by supply uncertainty caused by Russia's significant reduction of gas transport volumes through pipelines to Europe. This period resulted in extremely high levels of natural gas prices and volatility. During 2022, natural gas prices in Europe and Asia reached historic highs, increasing nearly threefold on average in Europe (TTF (Title Transfer Facility) averaging 37 USD per million BTU (British Thermal Units)) and doubling in the Asian LNG market (JKM (Japan Korea Marker) averaging 34 USD per million BTU). In the U.S., gas prices rose more than 50 percent to average 6.5 USD per million BTU, the highest level since 2008, according to the Gas Distribution Center (Henry Hub).

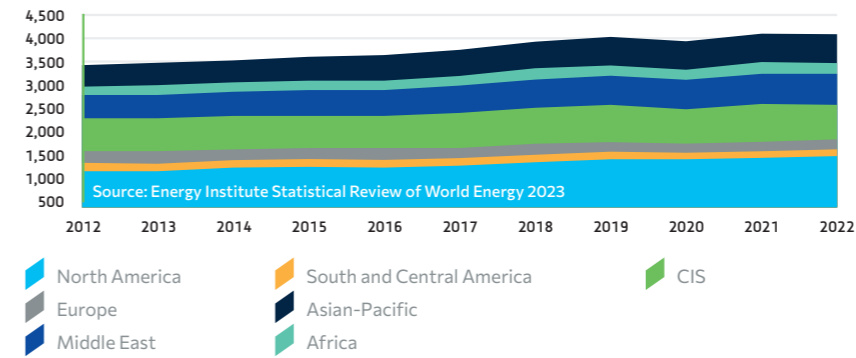
Total pipeline gas trade volume in 2022

**78**  
BILLION M<sup>3</sup> 15%

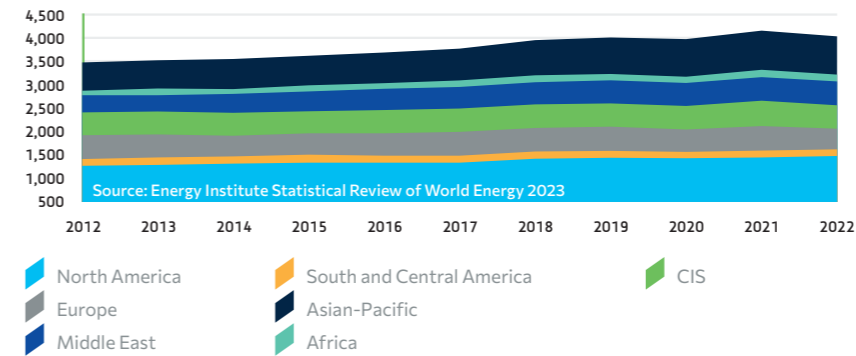
Natural gas prices for the period 1984-2022, US dollars per million BTU



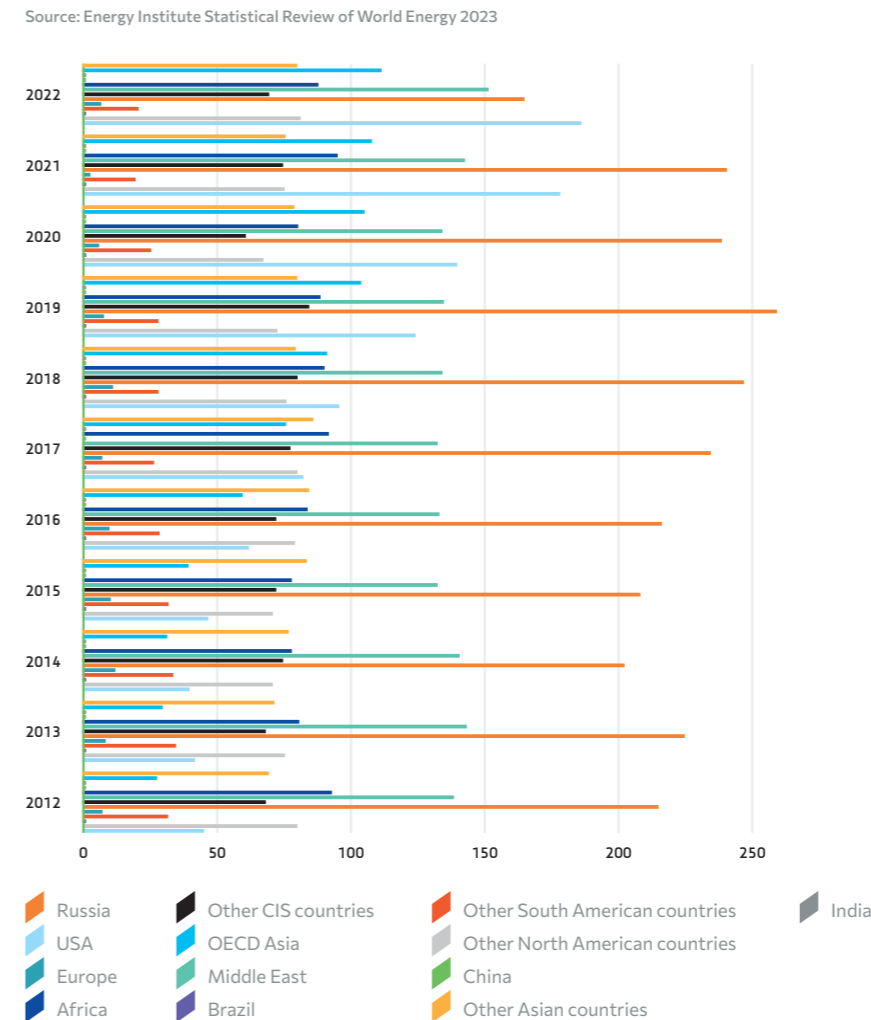
Natural gas production for the period 2012-2022, billion m<sup>3</sup>



Natural gas consumption for the period 2012-2022, billion m<sup>3</sup>



Gas exports by pipeline and LNG for the period 2012-2022, billion m<sup>3</sup>



Global natural gas production remained largely unchanged compared to 2021. However, high prices and limited supply capacity led to lower natural gas consumption in most regions.

In 2022, global demand continued to decline, declining by 3% and falling slightly below the 4,000 billion m<sup>3</sup> mark first reached in 2021. The share of natural gas in primary energy declined to 24% in 2022, down from 25% in 2021.

In 2022, total natural gas trade via pipelines decreased by 15% (78 billion m<sup>3</sup>) and is characterized by multidirectional dynamics. While European pipeline imports decreased by 35% (82 billion m<sup>3</sup>), mainly due to reduced supplies from Russia. Middle Eastern countries increased pipeline exports by 12% and China increased pipeline imports by 5 billion m<sup>3</sup>.

Geopolitical unrest in 2022 has triggered a gas crisis that has impacted several market parameters. European buyers increased LNG purchases, leading to market tightening and lower demand in various importing regions. LNG supplies grew by 5% (26 billion m<sup>3</sup>) year-on-year to 542 billion m<sup>3</sup> in 2021. North America (10 billion m<sup>3</sup>) and Asia-Pacific (8 billion m<sup>3</sup>) accounted for most of the growth. All other regions contributed positively to LNG supply growth in 2022 in the amount of 8 billion m<sup>3</sup>. Europe (62 billion m<sup>3</sup>) was the main driver of LNG demand growth during 2022. This had a negative impact on LNG availability for the remaining importing countries. Thus, Asia-Pacific countries reduced their LNG imports by 24 billion m<sup>3</sup>, and South and Central American countries reduced their LNG imports by 11 billion m<sup>3</sup>.

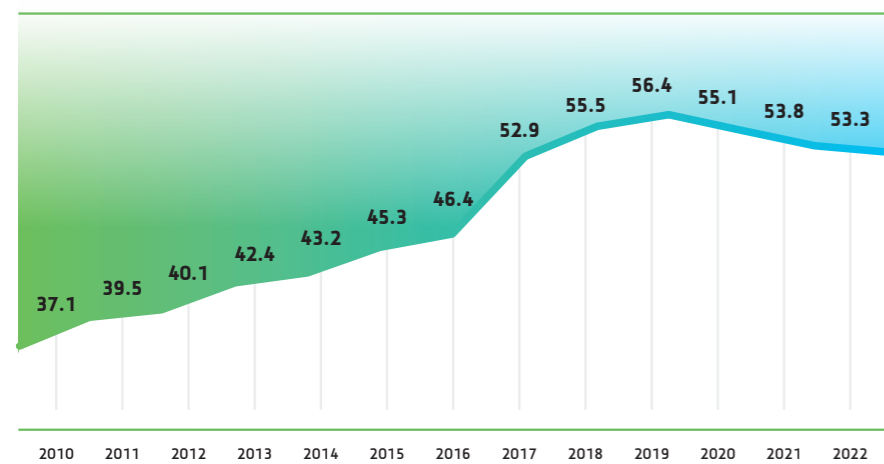
In 2022, Japan has emerged as the largest LNG importer, surpassing China, and owns about 60% of the global LNG demand growth. This is not only due to high prices, but also due to China's strict “zero tolerance” COVID-19 policy (according to IEA, I. (2022). Gas Market Report Q4 2022 Including Global Gas Security Review 2022).

The Asia-Pacific region is still the largest consumer of LNG, accounting for 65% of total global demand. Nevertheless, its volume decreased by 6.5% year-on-year.

# Overview of the internal gas market

In 2022, most of the world's economies faced various crisis situations, making it a year of transition for the global economy. Geopolitical unrest and post-Covid economic crisis, along with the transition period, also significantly affected the gas market in Kazakhstan.

Natural gas production in Kazakhstan in 2010-2022, billion m<sup>3</sup>/per year



Gas exports in Kazakhstan in 2021-2022, billion m<sup>3</sup>/per year



Production of commercial gas in 2022



In 2022, gas production in Kazakhstan increased by 3.1% to 53.3 billion m<sup>3</sup>. However, marketable gas production decreased by 5.4% to 27.8 billion m<sup>3</sup>, which corresponds to 94% of the planned figures. This slight divergence from the 100% plan was due to unscheduled maintenance work at the Tengiz and Kashagan fields, as well as restrictions on the receipt of Karachaganak gas at the Orenburg gas processing plant.

Domestic consumption of marketable gas in the reporting period amounted to 19.3 billion m<sup>3</sup>, exceeding the targets by 7.2%. It should be noted that domestic gas consumption increased significantly compared to 2020 and increased by more than 2 billion m<sup>3</sup>.

In 2022, the volume of gas exports from Kazakhstan reached 4.6 billion m<sup>3</sup>, which is 85.1% of the planned plan. The decrease in gas exports allowed to meet the growing domestic consumption.

During the reporting period, the Government continued to strive to develop and implement systematic measures, including increasing the resource base and gas processing, to generate export earnings and fully meet domestic demand.

Legislative amendments were made in 2022 to incentivize gas extraction and production. These changes included:

- introduction of two new categories of gas consumers (large commercial consumers and miners);
- changing the pricing mechanism of commodity gas for consumers included in the list of power plants from a 10-year price approval period to a 5-year period.

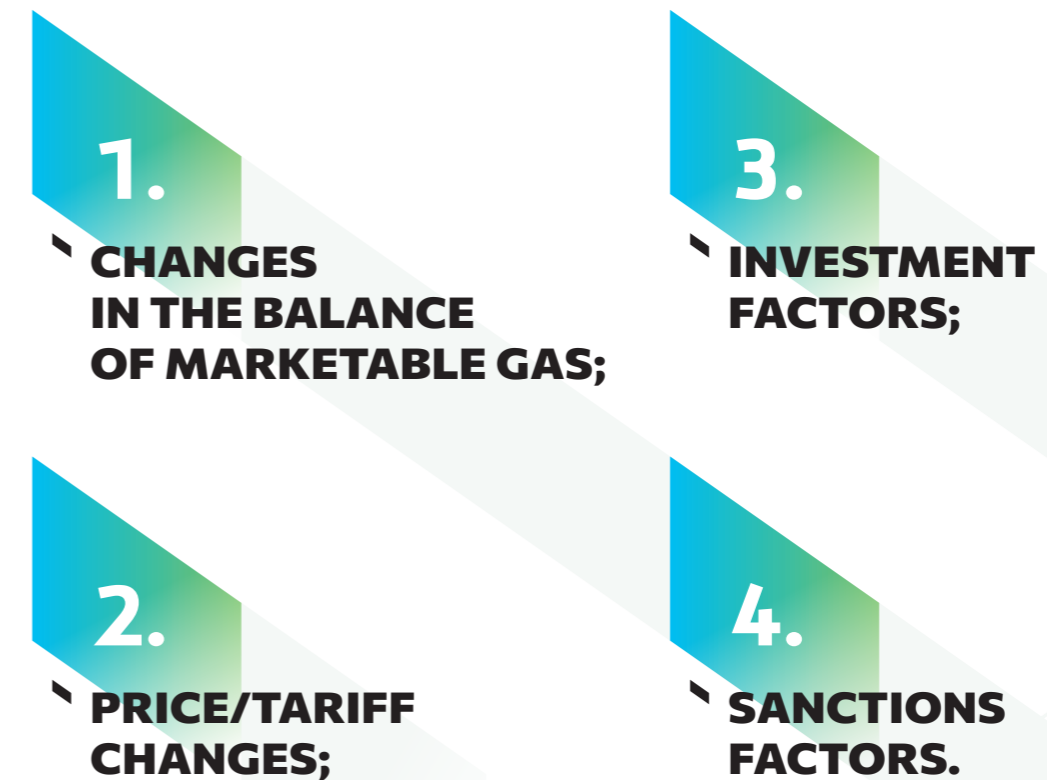
On July 18, 2022, the Government approved the Comprehensive Development Plan

for the Gas Industry of the Republic of Kazakhstan for the period from 2022 to 2026. This strategic document includes analysis of the current situation, internal and external factors affecting the process of gasification of the country, management of demand for gas as a valuable and strategic resource, including its domestic consumption, as well as supplying the world markets with this energy resource through existing and potential transportation routes.

By the end of 2022, the level of gasification in the country reached the value of 59%. In various regions, 142 projects in the gas sector with a total cost of 96.1 billion tenge were successfully implemented. These activities contributed to providing access to natural gas for 285 thousand citizens in 107 rural-type settlements.

# Significant factors affecting the Group's performance

Based on the constantly changing environment in the world and Kazakhstan, within the framework of which NC QazaqGaz JSC operates, the Company monitors the main factors that may affect the results of operations and sustainable development. According to the analysis of external and internal factors, NC QazaqGaz JSC is exposed to several them:



# Key financial and operating indicators

NC QazaqGaz JSC plays a key role in supplying the domestic market of the Republic of Kazakhstan with gas, providing more than half of the country's population with this resource. NC QazaqGaz JSC manages the largest network of MGP in the Republic of Kazakhstan with a total length of 20,817 km.

Over the past few years, the Company has been actively carrying out extensive work to upgrade and expand gas transportation infrastructure and distribution networks in various regions of the country. In the reporting year, major infrastructure projects were implemented to expand MGP in the western and southern regions.

Volume of gas transportation via main gas pipelines amounted

## 83,744

MILLION M<sup>3</sup>

Income from sales of products and services

## 952,283

+ 6%

MILLION M<sup>3</sup>

### Main production indicators of NC QazaqGaz JSC, units

Indicator	2020	2021	2022
Gas sales, million m <sup>3</sup> including	23,841	23,644	22,751
- export	7,852	6,044	4,333
- domestic market	15,989	17,600	18,419
Mainline transportation, million m <sup>3</sup> including	86,590	95,422	83,744
- domestic gas transportation	20,165	21,146	21,956
- international transit	46,732	60,067	52,513
- gas transportation for export	19,693	14,209	9,275
Commodity transportation work, billion m <sup>3</sup> *km	49,886	55,927	48,661
Gas production, million m <sup>3</sup>	325.75	278.182	277.555

### Mainline transportation by the Group of companies of NC QazaqGaz JSC, million m<sup>3</sup>

Indicator	2021	2022
<b>Domestic gas transportation</b>	<b>21,146</b>	<b>21,956</b>
Intergas Central Asia JSC	15,810	16,835
Asian Gas Pipeline LLP	899	1,361
KazTransGas Aimak JSC	816	-
Beineu-Shymkent Gas Pipeline LLP	3,620	3,761
<b>International transit</b>	<b>60,067</b>	<b>52,513</b>
Intergas Central Asia JSC	40,842	32,887
Asian Gas Pipeline LLP	19,226	19,440
Beineu-Shymkent Gas Pipeline LLP	-	186
<b>Gas transportation for export</b>	<b>14,209</b>	<b>9,275</b>
Intergas Central Asia JSC	8,517	4,942
Asian Gas Pipeline LLP	2,854	2,166
Beineu-Shymkent Gas Pipeline LLP	2,838	2,167

Compared to the indicator of domestic gas transportation volumes of the previous reporting period, there is an increase, which is associated with an increase in gas consumption in the domestic market of the Republic of Kazakhstan. The volumes of gas transportation for export decreased due to a decrease in gas transportation to China and the Russian Federation.

Operating income for the reporting period increased by 6% compared to the previous reporting year. The growth was due to an increase in gas sales volumes due to new consumers and growth in residential consumption, higher export prices for gas, and changes in the exchange rate. At the same time, about 87% of the Company's total revenues are from gas sales.

### Financial indicators of NC QazaqGaz JSC, million tenge

Indicator	2020	2021	2022	Change
Income from sales of products and services	945,520	896,255	952,283	6%
Cost price	836,212	704,327	806,657	15%
Gross profit	109,309	191,928	145,626	-24%
Total profit	266,502	400,193	386,628	-3%
Return on Average Capital Employed (ROACE)	16.3%	20.3%	16.3%	-20%
Profitability	11.6%	21.4%	15.3%	-29%
Income	973,557	938,510	1,042,126	11%
Expenses	916,407	790,048	955,984	21%

## Overview of investment programs

In accordance with the main strategic priorities and business directions, the long-term Investment Program of NC QazaqGaz JSC is focused on solving the following tasks:

- implementation of the program for additional exploration and commissioning of new gas fields, inert gas commercialization project;
- ensuring balanced, reliable and uninterrupted provision of gas transportation services to end consumers;
- modernization of the main gas pipelines system to improve its reliability, safety and efficient operation by optimizing its production and technological potential;
- expansion of the domestic gas supply market through gasification of settlements of the Republic of Kazakhstan;
- development of transit and export potential of the Republic of Kazakhstan.
- resource base expansion;
- creating a competitive gas chemical industry.

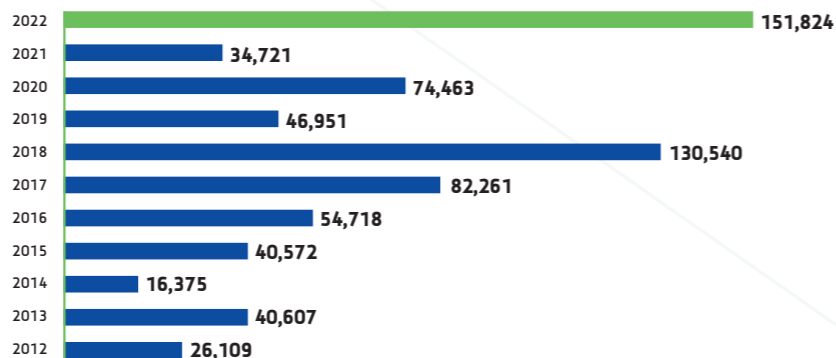
4. Operating and financial results

In 2022, the total amount of capital investments for the implementation of investment projects of NC QazaqGaz JSC and its subsidiaries amounted to 151,824 million tenge. The growth of investments in the reporting period compared to the same indicator of the previous period is due to the implementation of investment projects:

- "Construction of a main pipeline from the Kashagan Comprehensive gas treatment unit (CGTU) to the Makat-North Caucasus Main Pipeline";
- "Construction of the Makat-North Caucasus looping" MGP;
- "Construction of Zhetybai-Kuryk MGP with installation of Automated gas distribution station-80 in the village of Kuryk".

Capital investments in new investment projects for 2012-2022, million tenge, excluding VAT

excluding the projects of jointly controlled entities – Asian Gas Pipeline LLP and Beineu-Shymkent Gas Pipeline LLP



Information about investments, units<sup>3</sup>

MAINLINE TRANSPORTATION



Year	PROJECTS
2021-2024	Construction of high-pressure gas supply pipelines from AGDS to CHPP-2 and CHPP-3 in Almaty
2023	Feasibility Study for "Construction of the second string of the main pipeline "Beineu-Bozoy-Shymkent"
2011-2024	Construction of Beineu-Bozoy-Shymkent gas pipeline
2020-2023	Construction of a main pipeline from the Kashagan CGTU to the Makat-North Caucasus Main Pipeline
2021-2024	Reconstruction of the gas transportation system in Mangystau region
2021-2023	Construction of looping on the Makat-North Caucasus <sup>3</sup> MGP

COST, MILLION TENGE, EXCLUDING VAT

81,377

2,104

882,560

71,948

203,862

87,695

REGIONAL TRANSPORTATION



2021-2023	Gasification of 3 settlements (Zhitikara town, Tobol village, Bolshaya Churakovka village) of Kostanay region
2021-2023	Construction of gas pipeline from AGDS to Sarsha locality with installation of 2 BTGCU <sup>3</sup>
2022-2023	Construction of gas pipelines from AGDS to CHPP-2 and CHPP-3 in Almaty city

2,872

7,411

4,011

GAS PRODUCTION



COST, MILLION TENGE, EXCLUDING VAT

2012-2031 Production group of the project "Development of the Amangeldy group of gas fields"

78,178

2022-2027 Pridorozhnoye field

102,080

GAS PROCESSING



2021-2025 Construction of a gas processing plant at the Kashagan field

365,819

GAS-FUELED INFRASTRUCTURE



2022-2024 Construction of 2 AGFCS in Almaty city

2,011

<sup>3</sup> The cost of projects varies depending on the currency of investment.

# Tax policy

## Approach to fulfillment of tax liabilities

GRI 207-1

### NC QazaqGaz JSC treats tax liabilities with high responsibility and considers tax payments as the most important contribution of the National Operator to the economic growth and social development of the state.

The tax accounting procedure in NC QazaqGaz JSC is established by the Tax Accounting Policy (hereinafter – TAP), which was approved by the Board of Directors of NC QazaqGaz JSC in 2019. The TAP complies with the requirements of the Code of the Republic of Kazakhstan “On Taxes and Other Obligatory Payments to the Budget (Tax Code)”.

Compliance with tax legislation is a key principle of Company's activities. An integral aspect of the Company's tax policy is openness and transparency with respect to tax liabilities, maintaining a dialogue with tax authorities, minimizing the risks of tax disputes.

NC QazaqGaz JSC on a voluntary basis, having concluded an Agreement on interaction with the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan, has been a participant of the pilot project on implementation of Horizontal Monitoring since April 14, 2022. The Company's participation in Horizontal Monitoring reduces tax risks in the framework of tax control, as well as increases the business reputation and investment attractiveness of the Company.

## Management of tax risks and controls

GRI 207-2

The Company has implemented an effective procedure for identifying and eliminating tax risks managed in accordance with the Rules for Identification and Assessment of Risks, Selection of Risk Management Methods and the Rules for Organization of the Process of Management of Production and Non-Production Risks. The Deputy Chairman of the Management Board for Economics and Finance is responsible for tax issues and delegates responsibilities for resolving day-to-day

tax issues to the Tax Reporting Sector of the Central Accounting Office. The Central Accounting Department of the Company reports to the Deputy Chairman of the Management Board for Economics and Finance.

The tax accounting sector is staffed by experienced, qualified professionals who perform most of the taxation and tax accounting activities. The tax risk register is regularly updated and discussed with

the participation of management supervising economic and financial issues. Tax information is reviewed by independent auditors as part of the financial statement audit.

NC QazaqGaz JSC operates the Hotline of Samruk-Kazyna JSC, which applies to the Company, and in case of detection of a violation in the field of taxation, all employees of the Company have the opportunity to address the Hotline on this issue.

## Stakeholder engagement in the field of taxation

GRI 207-3

Engagement of the parties is based on the principles of cooperation, reasonable trust, integrity, legality, transparency and enhanced information interaction. The Roadmap on realization of measures within the framework of work on Horizontal Monitoring to the Agreement on Cooperation was signed with the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan.

The Company is a responsible taxpayer, seeks to minimize tax risks and builds business relationships based on sound commercial principles and in accordance with Kazakhstan tax legislation. NC QazaqGaz JSC conducts continuous training of the employees of the Central Accounting Department to keep abreast of current trends and changes in tax legislation, additionally engages external consultants to address various operational issues.

Employees of the Central Accounting Department regularly receive information about changes in tax legislation, the position of tax authorities on emerging taxation issues, the introduction of new technologies of administration, pilot projects from various specialized sources, including mailings of the Association of Taxpayers of Kazakhstan, of which the Company is a member. The employees of the Central Accounting Department also actively participate in working groups, round tables, working meetings held by government agencies and associations.

## Plans for 2023 and medium-term perspective

- Updating the Tax Accounting Policy and Tax Accounting Instructions;
- Implementation of the project on horizontal monitoring implementation and fulfillment of activities under the Roadmap for Horizontal Monitoring Implementation.



# Financial obligations

At the end of 2022, S&P Global affirmed the credit rating of the National Company at “BB” and revised the outlook from “negative” to “positive”. Moody’s affirmed the credit rating of NC QazaqGaz JSC at the level of “Baa2”, stable outlook.

In 2022, work was carried out to improve the terms of financing under the loan documentation of the Group of companies of NC QazaqGaz JSC, namely:

- February 2022, the loan from VTB Kazakhstan Bank in the amount of 906.5 million Russian rubles was partially repaid before maturity due to a sharp increase in the interest rate as a result of the increase in the key rate of the Central Bank of the Russian Federation;
- in October 2022 refinanced liabilities of Beineu-Shymkent Gas Pipeline LLP in the amount of 700 million USD under the syndicated loan of MUFG Bank and Bank of China, which allowed to release the guarantee of NC QazaqGaz JSC in the amount of 288 million USD and allowed Beineu-Shymkent Gas Pipeline LLP to make early repayment of intragroup loan to NC QazaqGaz JSC in the amount of 405.6 million USD;
- in November 2022 KazTransGas Aimak JSC carried out a partial early redemption of its coupon bonds in the amount of 5,600 million tenge, which improved the indicators of financial covenants and generally had a positive impact on the financial stability of KazTransGas Aimak JSC;
- in December 2022 refinanced obligations of Intergas Central Asia JSC in the amount of 29,700 million tenge under the loan from the European Bank for Reconstruction and Development, because of which loan servicing costs were reduced.

## Financial obligations

Rating agency	Date of confirmation / change of rating	Rating	Outlook
Standard & Poor's	22.09.2022	BB	Positive
FitchRatings	24.02.2022	BBB-	Stable
Moody's	19.12.2022	Baa2	Stable

## Total permanent debt of NC QazaqGaz JSC as of December 31, 2022

Debt, million tenge	2019	2020	2021	2022
Total debt	628,440	644,835	683,940	606,102
Cash and cash equivalents	114,165	246,300	382,704	577,122
Net debt	514	399	301	29

## Financial covenants of NC QazaqGaz JSC

Covenants <sup>4</sup>	2019	2020	2021	2022
Debt/Equity ≤1.4	0.45	0.46	0.38	0.28
Debt /EBITDA ≤3,8	1.42	1.83	1.24	1.21
EBITDA / Interest expenses ≥3,0	13.76	12.72	13.06	7.99

The Board of Directors is responsible to the Sole Shareholder for effective management and proper control over the activities of NC QazaqGaz JSC and acts in accordance with the approved decision-making procedure. Important functions of the Board of Directors along with other essential issues are determination of priority directions of activity of NC QazaqGaz JSC and decision making on conclusion of major transactions.

<sup>4</sup> Financial stability coefficients according to the Debt and Financial Stability Management Policy of Samruk-Kazyna JSC

# On payment of dividends based on the results of 2022

On April 26, 2023, the Sole Shareholder approved the amount of dividends for 2022 in the amount of 7% of consolidated net income of NC QazaqGaz JSC for 2022 in the amount of 27,065,363,553 (twenty-seven billion sixty-five million three hundred sixty-three thousand five hundred fifty-three) tenge on common shares. Effective management of the Company in 2022 for the first time in 10 years provided the Sole Shareholder with payment of dividends.

# Forecast indicators for 2023

In accordance with the forecast of macroeconomic indicators in the gas industry of NC QazaqGaz JSC in 2023, the volume of natural gas production is expected at the level of 300 million m<sup>3</sup>, and the volume of natural gas sales – 24,888 million m<sup>3</sup>. In terms of financial and economic activities, the Company's revenues are expected to increase by 228,385 million tenge compared to 2022.

## Plans for 2023 and medium-term perspective

- Continuation of the construction of the 2nd section of the main gas pipeline “Beineu-Zhanaozen”;
- Implementation of the Almaty gas supply project: construction of the TIP-04 “Kairat” jumper between the Kazakhstan-China MGP and the Almaty-Baiserke-Talgar MGP, construction of the 2nd string of the Almaty-Baiserke-Talgar MGP, construction of AGDS for CHPP-2 and AGDS for CHPP-3, construction of supply gas pipelines from AGDS to CHPP-2 and CHPP-3;
- Further development of the Amangeldy group of fields;
- Study of the basins of the Republic of Kazakhstan to identify priority regions in terms of gas content and to acquire new areas for the purpose of geological subsurface studies and geological exploration;
- Carry out geological studies and geological exploration of promising areas;
- Attracting strategic partners for joint projects to attract investment for relevant geological exploration work.

Expected gas production volume in 2023

**300**

MILLION M<sup>3</sup>

Expected natural gas sales

**24,888**

MILLION M<sup>3</sup>

Expected growth of Company's income

**228,385**

MILLION TENGE

277.6

MILLION M<sup>3</sup>

NATURAL GAS PRODUCTION

# SUSTAINABLE DEVELOPMENT MANAGEMENT

# 05



# Approach to sustainable development management

GRI 3-3, GRI 2-24

**NC QazaqGaz JSC recognizes the importance of responsible business conduct. Following ESG principles and high corporate governance standards is an integral part of successful Company development. Compliance with ESG principles plays an important role in ensuring the long-term and successful operation of NC QazaqGaz JSC in the competitive market.**

The Company is guided by international standards and initiatives in the field of sustainable development and world best practices in this area. The Company continuously works in the field of environmental protection, ensuring safe and decent working conditions, human capital development, as well as adherence to the principles of business ethics. The Company recognizes the importance of its contribution to a sustainable future by creating and enhancing long-term economic, social, and environmental benefits for present and future generations.

NC QazaqGaz JSC sustainable development management is based on a systematic approach. In 2022, the Company continued to develop its corporate sustainability management practices by creating and implementing internal policies that regulate various aspects of sustainable development, including the sustainable development Policy of NC QazaqGaz JSC.

Key milestones for shaping the sustainable development system in 2022:

- framework cooperation agreement was signed between NC QazaqGaz JSC and AIFC Green Finance Centre Ltd;
- the Policy in the field of industrial safety and labor protection was approved;
- environmental Policy was approved;
- the first HSE Forum (Health, Safety & Environment) was held;
- 7 Golden Rules "VISION ZERO" were adopted;
- the Comprehensive Plan for improvement of ESG system of NC QazaqGaz JSC for 2022-2025;
- the "Action Plan for implementation of GRI, TCFD, ISSB standards" was approved. It will improve the quality and increase the availability of information in public reporting.

In addition, an energy management system that meets the requirements of the ISO 50001 international standard has been implemented in all Group of companies. Energy audits are now carried out regularly at Group of companies.

## The internal regulatory documents of the Company in the field of sustainable development

The Company has established corporate documents that govern its internal practices in sustainable development and ESG risk management. Typically, each aspect of sustainable development is regulated by its own document. NC QazaqGaz JSC is continuously enhancing its operations by formalizing current procedures in implementing sustainable development actions, whilst regularly approving new internal policies and standards. Thus, in 2023, the Company intends to create and ratify 25 internal regulatory documentation pertaining to ESG.

GRI 2-23

The most important corporate documents that regulate the issues of sustainable development in the company are as follows:

- Environmental Policy (approved by resolution of the Board of Directors);
- Corporate governance Code;
- Anti-corruption Policy (approved by resolution of the Board of Directors);
- Conflict of interest Policy for employees and officers of the Company (approved by the Board of Directors);
- Rules for checking the reliability of business partners (approved by resolution of the Management Board);
- Personnel policy;
- Code of business ethics (approved by the Board of Directors);
- Rules for training and development of employees (approved by the Management Board);

- Rules for the formation and training of the talent pool (approved by the Management Board);
- Rules on remuneration of employees;
- Rules on remuneration of management and administrative staff (approved by the Management Board);
- Staff training and development policy;
- Health, work and safety Policy (approved by the Board of Directors);
- Rules for the training of young professionals;
- Collective agreement;
- Personnel search and selection rules;
- Policy on the Company's risk management system, etc.

## Sustainability management structure

GRI 2-9, GRI 2-12, GRI 2-13, GRI 2-14

The Company aims to enhance its sustainable development management and acknowledges the crucial influence of sustainable development principles and values on NC QazaqGaz JSC operations, therefore, the Company demonstrates its dedication to sustainable development principles throughout all management levels.

The Board of Directors of NC QazaqGaz JSC is responsible for creating and implementing a sustainable development system at all levels, including reporting on sustainable development in the Integrated Annual Report of NC QazaqGaz JSC. They actively manage issues related to sustainable development and interact with stakeholders.

In 2022, based on the results of work in the field of sustainable development, the Board of Directors of NC QazaqGaz JSC reviewed the Company's Development Strategy for 2022-2032, as well as approved key internal regulatory documents on aspects of sustainable development ("Sustainability Policy", "Environmental Policy", "Health, Labor and Occupational Safety Policy", etc.). In addition, in the reporting year, the Board of Directors identified key areas in the field of sustainable development in accordance with the adopted "Comprehensive Plan to improve the ESG system of NC QazaqGaz JSC for the period of 2022-2025".

At the executive level, the Management Board of NC QazaqGaz JSC oversees strategic development initiatives, programs, and activities, monitors the achievement of goals and KPIs in sustainable development, and approves material topics for the preparation of non-financial reports of NC QazaqGaz JSC.

An ESG project office has been formed for the purpose of implementing, monitoring and executing the activities of NC QazaqGaz JSC to implement the Company's strategy in the field of sustainable development, including the development of a Low-Carbon Development Program. The composition of the Project Office is approved by order of the Chairman of the Board of NC QazaqGaz JSC. Chairman of the Project Office - Deputy Chairman of the Board for Strategy and Investment. The project office includes employees of NC QazaqGaz JSC and its subsidiaries and affiliates. The Chairman of the Project Office organizes the work of the Project Office, approves the meeting date, agenda and topic of the meeting, presides over meetings of the Project Office, and exercises general control over the implementation of decisions made by the Project Office. During the reporting period, issues of the formation of the Low-Carbon Development Program, the implementation of the Roadmap for improving ESG, preparation for obtaining an ESG rating, etc. were considered.

At the operational level, the Department of strategy and sustainable development oversees sustainability management issues. The department regularly analyses internal regulations, practices and the internal control system and promotes the implementation of practices and the Company's sustainable development principles for timely updating and identification of areas for improvement.

Management of certain sustainable development issues is carried out by structural subdivisions of NC QazaqGaz JSC. Thus, NC QazaqGaz JSC has the HSE (health, safety & environment) department, which is responsible for occupational health and safety management, the human resources management and remuneration department, which is responsible for social and personnel management, and the production and technical department, which is responsible for environmental management. Each structural unit plays an important role, within its remit, in coordinating the management of sustainable development practices and in realizing the Company's contribution to the UN SDGs.

## Events in the reporting period

GRI 2-17

### JOINING THE ESG CLUB OF KAZAKHSTAN

In 2022, Company became a member of the National ESG Club of Kazakhstan – a platform for sharing knowledge, experience, and best practices in sustainable development amongst business, government, and the public. The membership in the ESG Club showcases the dedication and ambition of Company to promoting ESG practices, developing new business opportunities, and establishing environmental and social leadership.

### JOINING THE VISION ZERO CONCEPT

In the reporting year, NC QazaqGaz JSC also joined the Vision Zero concept. In November 2022, the Company held the first HSE Forum, during which the Chairman of the Management Board of NC QazaqGaz JSC and heads of subsidiaries and affiliates signed personal commitments in the field of Health & Safety of the Vision Zero concept. The Company aims to improve labor conditions and environmental protection, as people, their health and safe working conditions are the most important priorities of NC QazaqGaz JSC.

To deepen skills and competences in the field of non-financial reporting and low-carbon development, employees of NC QazaqGaz JSC underwent the following types of training in 2022:

- Low carbon development – training took place on 20 May 2022.
- Certification training “GRI Standards: Sustainability Reporting” – training took place on 21-22 June 2022.

## Plans for 2023 and medium-term perspective

The Company aims to implement the following sustainability activities:

- obtain an international climate rating from the Carbon Disclosure Project (CDP);
- obtaining an independent ESG rating in accordance with the functional ESG efficiency (35-30) of NC QazaqGaz JSC;
- implementation of the comprehensive plan for improvement of the ESG system of NC QazaqGaz JSC;
- holding events for employees of the Group of companies to raise awareness and popularize adherence to ESG principles;

- develop a plan to achieve carbon neutrality;
- developing a strategy and roadmap for decarbonization;
- developing and implementing internal regulatory documents in the area of sustainable development, including in accordance with the requirements of international rating agencies;
- implementation of ESG risk and opportunity assessment practices as part of the recommendations of the TCFD working group on climate change-related financial disclosure in 2024-2025;

- implementation of recommendations based on the results of the internal audit of the Company's corporate governance system.
- approval of the Sustainability Policy;
- approval of the document “Rules of preparation of the Integrated Annual Report of NC QazaqGaz JSC”.



# Company's reporting

NC QazaqGaz JSC releases current and dependable data regarding the outcomes of its operations in line with optimal corporate governance standards, the Company's Information Policy Regulations, and sustainability reporting criteria set by the Global Reporting Initiative (GRI).

The Company has been publishing sustainability reports within its Annual Reports for a decade (since 2012). In 2022, the Company's Integrated Annual Report was compiled for the first time following the latest Global Reporting Initiative (GRI Standards) 2021 reporting standards, in addition to the industry standard for oil and gas businesses GRI 11: Oil and Gas Sector 2021. The list of material topics considered in the Report was determined based on the updated GRI methodology.


The basic principles that guide the company in the implementation of the information policy are as follows:



# Priority Sustainable Development Goals of the United Nations (UN SDGs)

NC QazaqGaz JSC acknowledges the significance of all 17 UN Sustainable Development Goals and actively contributes to their achievement through its operations. As per the company's mission, business profile, and goals, NC QazaqGaz JSC has identified seven priority SDGs that it contributes to the most. The table presents a concise overview of the Company's actions related to priority goals and corresponding sustainable development issues.

## UN SDGs and material topics of sustainable development in NC QazaqGaz JSC

 <p><b>E: Environmental aspect</b></p> <p><b>SDG 13. Take urgent action to combat climate change and its impacts</b></p> <p><b>MATERIAL TOPICS</b></p> <p><b>EMISSIONS OF POLLUTANTS</b></p> <p><b>SDG OBJECTIVES</b></p> <ul style="list-style-type: none"> <li>13.3 Improve education, information dissemination and the capacity of people and institutions for climate change mitigation, adaptation and early warning;</li> <li>13.5 Promote mechanisms to strengthen climate change planning and management capacities in least developed countries and small island developing States, with a particular focus on women, youth and local and marginalized communities.</li> </ul> <p><b>OBJECTIVES, PROJECTS, AND RESULTS</b></p> <ul style="list-style-type: none"> <li>operation of the dry suppression system for the emission of pollutants (SoLoNOx);</li> <li>operation of compressor stations with gas compressor units and dry emission suppression system in the NC QazaqGaz JSC Group of companies;</li> <li>operation of units with low emission combustion system;</li> <li>regulating the operation modes of boiler units at night, weekends, and holidays in the administrative and production premises of the subsidiaries.</li> </ul>	 <p><b>E: Environmental aspect</b></p> <p><b>SDG 7. Ensure access to affordable, reliable, sustainable, and modern energy for all</b></p> <p><b>MATERIAL TOPICS</b></p> <p><b>ENERGY MANAGEMENT</b></p> <p><b>SDG OBJECTIVES</b></p> <ul style="list-style-type: none"> <li>7.2 By 2030, significantly increase the share of energy from renewable sources in the global energy mix;</li> <li>7.a By 2030, strengthen international cooperation to facilitate access to clean energy research and technologies, including renewable energy, energy efficiency and advanced and cleaner fossil fuel technologies, and promote investment in energy infrastructure and clean energy technologies;</li> <li>7.b By 2030, expand infrastructure and upgrade technologies for modern and sustainable energy in all developing countries, least developed countries, small island developing States and landlocked developing countries, taking into account their respective assistance programs.</li> </ul> <p><b>OBJECTIVES, PROJECTS, AND RESULTS</b></p> <ul style="list-style-type: none"> <li>increasing the share of RES in total energy consumption;</li> <li>generation of heat and electricity from RES for own consumption;</li> <li>replacing inefficient cathodic protection stations with new generation stations at gas pipeline facilities;</li> <li>replacement of existing outdoor industrial lighting with energy-efficient LED analogues at compressor stations.</li> </ul>	 <p><b>S: Social aspect</b></p> <p><b>SDG 3. Ensure healthy lives and promote well-being for all at all ages</b></p> <p><b>MATERIAL TOPICS</b></p> <p><b>OCCUPATIONAL HEALTH AND SAFETY AND EMERGENCY PREPAREDNESS</b></p> <p><b>SDG OBJECTIVES</b></p> <ul style="list-style-type: none"> <li>3.12 Substantially increase health financing and the recruitment, development, training and retention of health workers in developing countries, particularly in the least developed countries and small island developing states;</li> <li>3.13 Strengthen the capacity of all countries, particularly developing countries, for early warning, risk reduction and management of national and global health risks.</li> </ul> <p><b>OBJECTIVES, PROJECTS, AND RESULTS</b></p> <ul style="list-style-type: none"> <li>0.29 — lost time injury frequency rate (LTIFR);</li> <li>13,325 people received HSE training.</li> </ul>	 <p><b>S: Social aspect</b></p> <p><b>SDG 5. Achieve gender equality and empower all women and girls</b></p> <p><b>MATERIAL TOPICS</b></p> <p><b>ANTI-DISCRIMINATION, EQUAL OPPORTUNITIES, AND RESPECT FOR HUMAN RIGHTS</b></p> <p><b>SDG OBJECTIVES</b></p> <ul style="list-style-type: none"> <li>5.1 Eliminate all forms of discrimination against all women and girls everywhere;</li> <li>5.5 Ensure women's full and meaningful participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.</li> </ul> <p><b>OBJECTIVES, PROJECTS, AND RESULTS</b></p> <ul style="list-style-type: none"> <li>the share of women among employees is 18%;</li> <li>no cases of discrimination were recorded in 2022.</li> </ul>
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UN SDGs and material topics of sustainable development in NC QazaqGaz JSC



S: Social aspect

**SDG 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**

MATERIAL TOPICS

**INNOVATION AND SCIENCE**

SDG OBJECTIVES

- **9.1** Develop quality, reliable, resilient and sustainable infrastructure, including regional and cross-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all;
- **9.4** By 2030, modernize infrastructure and retrofit industries to make them sustainable through improved resource efficiency and the increased use of clean and environmentally sound technologies and industrial processes, involving all countries according to their individual capabilities;
- **9.5** Enhance research, build the technological capabilities of industrial sectors in all countries, especially developing countries, including by fostering innovation and significantly increasing the number of research and development (R&D) workers per 1 million people and public and private expenditure on R&D by 2030.

OBJECTIVES, PROJECTS, AND RESULTS

- continued implementation of infrastructure projects for gasification of the country in accordance with the General Scheme of Gasification of the Republic of Kazakhstan for 2022-2030.



S: Social aspect

**SDG 11. Make cities and human settlements inclusive, safe, resilient, and sustainable**

MATERIAL TOPICS

**LOCAL COMMUNITIES**

SDG OBJECTIVES

- **11.a.** Promote positive economic, social, and environmental linkages between urban, peri-urban, and rural areas through improved national and regional development planning.

OBJECTIVES, PROJECTS, AND RESULTS

- construction of a gas processing plant using raw materials from the Kashagan field;
- construction of the Beineu-Bozoi-Shymkent gas pipeline;
- gasification of the Sarsha area and the Warm Beach resort zone;
- operation of feedback mechanisms.



G: Corporate governance aspect

**SDG 8. Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all**

MATERIAL TOPICS

**HUMAN RESOURCES MANAGEMENT AND SOCIAL POLICY**

SDG OBJECTIVES

- **8.5** Achieve, by 2030, full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value;
- **8.8** Protect labor rights and promote safe and secure working conditions for all workers, including migrant workers, especially migrant women, and those in vulnerable employment.

OBJECTIVES, PROJECTS, AND RESULTS

- social stability rating (within the Samruk Research Services platform) – 76%;
- turnover rate – 6.7%.



# Connection of the activities of the Group of companies of NC QazaqGaz JSC with national or international sustainable development programs

The implementation of QazaqGaz's long-term goals can also contribute to a number of the country's national priorities, including issues of energy security and decarbonization.



1.

GREEN KAZAKHSTAN (NATIONAL PROJECT APPROVED BY DECREE OF THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN DATED OCTOBER 12, 2021 NO. 731):

**CREATING A FAVORABLE LIVING ENVIRONMENT FOR THE POPULATION AND IMPROVING THE ENVIRONMENTAL SITUATION**

Target gasification level

**70%**

2.

LAW ON INDUSTRIAL POLICY, SPIID (LAW OF THE REPUBLIC OF KAZAKHSTAN DATED DECEMBER 27, 2021 NO. 86-VII ZR):

**INCREASING THE COMPETITIVENESS OF INDUSTRIAL PRODUCTION**

Commercial gas production in the Republic of Kazakhstan

**+35**

BILLION M<sup>3</sup>

3.

STRONG REGIONS ARE THE DRIVER OF THE COUNTRY'S DEVELOPMENT (APPROVED BY DECREE OF THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN DATED OCTOBER 12, 2021 NO. 729):

**ENSURING EQUAL ACCESS OF THE POPULATION TO BASIC SERVICES AND SOCIAL WELL-BEING**

Target gasification level

**70%**

4.

SUSTAINABLE ECONOMIC GROWTH (RESOLUTION OF THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN DATED OCTOBER 12, 2021 NO. 730 NATIONAL PROJECT):

**BUILDING A DIVERSIFIED AND INNOVATIVE ECONOMY**

Annual GDP growth due to investment and gas growth

**+1.5%**

# Stakeholder engagement

GRI 2-29

**Competitive and successful development of the Company's activities largely depends on open, quality, and long-term interaction with stakeholders, as their expectations and interests directly influence the formation of goals, values, and strategies of NC QazaqGaz JSC. Identifying stakeholders and working with them is one of the tools that allows increasing the Company's business reputation, as well as establishing effective and balanced relations with all stakeholders.**

The Company identifies key groups of stakeholders based on the analysis of their influence on the current activities and strategic development of the Company, as well as considering established practices of interaction with them.

NC QazaqGaz JSC has developed the following corporate documents that reflect key aspects of the Company's interaction with stakeholders:

- Stakeholder map;
- Anti-corruption policy;
- Rules for checking counterparties for reliability;
- Code of Business Ethics, etc.

The company's stakeholder engagement is based on the following principles:

- respecting and taking into account the interests, opinions and preferences of stakeholders;
- providing timely and regular information to stakeholders;
- responsible fulfilment of commitments made.

One of the key documents of the Company on interaction with stakeholders is the stakeholder map, which shows the degree of support/opposition of stakeholders, as well as assessments of the strength of their influence on NC QazaqGaz JSC and parameters of the importance of stakeholders. As a result of these assessments, the Company develops a strategy of interaction with all stakeholders.

The strategy of interaction with each stakeholder, as well as instruments of influence, are determined independently by structural divisions of the Company, depending on the specifics of the activity.





List of stakeholders



**SHAREHOLDER**

**MECHANISMS OF INTERACTION**

- decisions of the Board of Directors of the Company;
- the holding of meetings, negotiations and appointments;
- internal corporate communication channels.

**COMPANY ACTIONS**

- providing timely and complete information on the Company's activities;
- ensuring the protection of the rights and legally protected interests of the sole shareholder and the shareholders of subsidiaries and affiliates.



**STATE AUTHORITIES**

**MECHANISMS OF INTERACTION**

- Company reporting;
- checking compliance with the legislation of the Republic of Kazakhstan;
- conducting meetings, negotiations, appointments;
- direct interaction via e-mail.

**COMPANY ACTIONS**

- signing of social partnership agreements;
- ensuring transparency in the payment of taxes and disclosure of tax information.



**MEDIA**

**MECHANISMS OF INTERACTION**

- publishing press releases, information messages, articles on the Company's website and in the media;
- organizing press conferences, press tours, forums, and other media events.

**COMPANY ACTIONS**

- organizing and conducting press conferences, interviews, meetings;
- visiting production facilities;
- issuing press releases;
- organization of corporate events;
- placement of information on the websites of NC QazaqGaz JSC and its subsidiaries and affiliates.



**TRADE UNIONS**

**MECHANISMS OF INTERACTION**

- Company reporting;
- public hearings;
- signing of contracts and co-operation agreements.

**COMPANY ACTIONS**

- compliance with labor safety and personnel management standards;
- compliance with the terms and conditions of contracts and agreements.



**ASSOCIATIONS AND ALLIANCES**

**MECHANISMS OF INTERACTION**

- signing of contracts and co-operation agreements;
- Company reporting;
- meetings;
- participation in events.

**COMPANY ACTIONS**

- Company's participation in the improvement of the country's industrial business;
- helping to promote the Company's legislative initiatives.



**CLIENTS**

**MECHANISMS OF INTERACTION**

- feedback system;
- meetings and negotiations;
- Company reporting;
- signing of contracts and agreements.

**COMPANY ACTIONS**

- compliance with the terms and conditions of contracts and agreements;
- compliance with the Code of Business Ethics.



**SUBSIDIARIES AND AFFILIATES**

**MECHANISMS OF INTERACTION**

- decisions of the Board of Directors of the Company;
- Company reporting;
- conducting meetings, negotiations, appointments;
- entering into contracts, memorandums, agreements;
- giving directions and instructions to the Company;
- the Company's website.

**COMPANY ACTIONS**

- ensuring stable financial development, profitability, increasing investment attractiveness of NC QazaqGaz JSC and subsidiaries and affiliates;
- ensuring the protection of the rights and legally protected interests of the Sole Shareholder and the shareholders of subsidiaries and affiliates;
- harmonization of relations between the Sole Shareholder, officials and employees of the Company and subsidiaries and affiliates, taking systematic measures to prevent conflicts between them and within these groups;
- development and implementation of effective strategy and investment policy of NC QazaqGaz JSC and subsidiaries and affiliates.



**POPULATION IN REGIONS OF OPERATION**

**MECHANISMS OF INTERACTION**

- feedback channels;
- press conferences;
- public hearings;
- Company reporting;
- website, social networks.

**COMPANY ACTIONS**

- support for socially disadvantaged groups;
- development of projects in the Company's priority areas of business, implementation of significant charitable projects in the social, cultural and educational area;
- participation in socially significant events;
- participation of the Management Board in conferences, forums, round tables dedicated to the development of the Kazakhstan economy;
- ensuring the functioning of feedback mechanisms.



**EMPLOYEES**

**MECHANISMS OF INTERACTION**

- feedback channels;
- meetings and face-to-face meetings with management;
- employee performance evaluations;
- Company reporting.

**COMPANY ACTIONS**

- provide a favorable working environment;
- providing conditions for education and training;
- providing equal opportunities for employees to develop their potential in the course of their work;
- evaluate employee performance;
- selecting and developing employees solely on the basis of their professional skills, knowledge and abilities;
- holding annual and quarterly management meetings with the work collectives;
- publication of information on social policy and social responsibility in the company's activities;
- ensure the operation of feedback mechanisms.



**SUPPLIERS AND CONTRACTORS**

**MECHANISMS OF INTERACTION**

- conducting meetings;
- business correspondence;
- signing contracts and agreements;
- Company's website;
- Company reporting.

**COMPANY ACTIONS**

- compliance with the principles of openness, honesty;
- compliance with the interests of mutual benefit, understanding of full responsibility for the undertaken obligations;
- compliance with all terms and conditions of contractual relationships;
- showing respect and integrity in relationships in accordance with the Code of business ethics and the Code of corporate governance.



**PARTNERS**

**MECHANISMS OF INTERACTION**

- meetings, negotiations, business correspondence;
- Company reporting;
- Company's website.

**COMPANY ACTIONS**

- compliance with the principles of business ethics;
- risk management.

# Participation in associations and following international principles

GRI 2-28

NC QazaqGaz JSC participates in national associations, joining efforts based on common goals and interests on the way to quick and effective achievement of set tasks on development of best practices.

Membership in associations is one of the key elements of the Company's activity, which promotes the exchange of experience, establishment of partnership relations, improvement of the Company's status and reputation in the international and national arenas. NC QazaqGaz JSC adheres to the principles of openness, constructive interaction and responsibility when working with government agencies and other stakeholders, which in turn is the basis for creating economic value for the Company and promoting the principles of sustainable development.

## Key events in 2022

As part of the joint work with the Kazakhstan Council of Foreign Investors to improve the investment attractiveness of the industry, options for incentive approaches to reduce reinjection and flaring of associated gas were discussed, and proposals from NC QazaqGaz JSC to develop a new gas pricing mechanism were reviewed and subsequently approved by the authorities and approved by the authorized bodies.

### MEMBERSHIP OF NC QAZAQGAZ JSC AND ITS SUBSIDIARIES AND AFFILIATES IN ASSOCIATIONS AND ALLIANCES

ORGANISATIONS	ASSOCIATION/ALLIANCE
<ul style="list-style-type: none"> <li>• NC QazaqGaz JSC</li> <li>• Intergas Central Asia JSC</li> <li>• KazTransGas Aimak JSC</li> <li>• KazRosGas LLP</li> <li>• Asian Gas Pipeline LLP</li> <li>• Beineu-Shymkent Gas Pipeline LLP</li> <li>• QazaqGaz Exploration and Production LLP</li> <li>• KazTransGas Onimderi LLP</li> </ul>	<p>Association of legal entities (hereinafter referred to as the ALE) <b>KAZENERGY</b> is a non-profit association that comprises legal entities from the oil, gas, and energy industries, including companies involved in production, transport, services, geophysics, uranium mining, and other multinational corporations. Its main objective is to support the sustainable development of Kazakhstan's oil, gas, and energy industries.</p>
<ul style="list-style-type: none"> <li>• NC QazaqGaz JSC</li> <li>• Intergas Central Asia JSC</li> <li>• KazTransGas Aimak JSC</li> <li>• KazRosGas LLP</li> <li>• Asian Gas Pipeline LLP</li> <li>• Beineu-Shymkent Gas Pipeline LLP</li> <li>• QazaqGaz Exploration and Production LLP</li> <li>• KazTransGas Onimderi LLP</li> </ul>	<p><b>The National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken"</b> is a non-profit organization established to enhance businesses' negotiating power with the Government of the Republic of Kazakhstan and state authorities.</p>
<ul style="list-style-type: none"> <li>• Intergas Central Asia JSC</li> </ul>	<p><b>Association of legal entities Kazakhstan Taxpayers Association</b> is a non-profit association established to protect the legal rights and interests of taxpayers, to improve their understanding of taxation, and to promote timely and voluntary payment of taxes.</p>
<ul style="list-style-type: none"> <li>• Intergas Central Asia JSC</li> </ul>	<p><b>The Kazakhstan Welding Association "KazWeld"</b> is the official accrediting body in Kazakhstan for training centers that provide welding specialist education and training, ranging from worker to engineer levels, under the International Institute of Welding (IIW).</p>
<ul style="list-style-type: none"> <li>• Intergas Central Asia JSC</li> </ul>	<p><b>Power Engineers Union of the Republic of Kazakhstan</b> brings together scientific, design, and educational institutes in the field of energy, as well as energy service providers for industrial enterprises and manufacturers of energy equipment. Its mission is to address energy supply challenges for industrial enterprises, provide advanced training for energy services employees, and offer access to regulatory and technical documentation in Kazakhstan.</p>
<ul style="list-style-type: none"> <li>• Intergas Central Asia JSC</li> </ul>	<p><b>The National Business Association IRIS</b> is a non-profit organization that brings together representatives from Republic of Kazakhstan business circles to protect the legal rights and interests of entrepreneurs and promote entrepreneurship development in Republic of Kazakhstan. It stimulates the engagement of government agencies and governing bodies in the advancement of enterprise, enabling all Association members to articulate and safeguard their concerns, among other benefits.</p>

644.7

MILLION TENGE

ENVIRONMENTAL PROTECTION COSTS IN 2022

# ENVIRONMENTAL ASPECT (E)

06



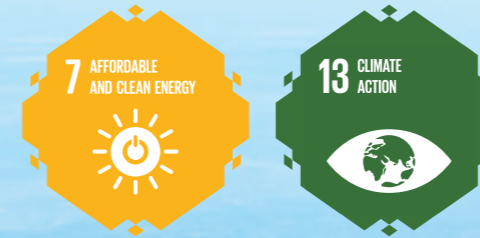
**MATERIAL TOPICS**

- Environmental Management System;
- Water resources;
- Emissions of pollutants;
- Waste Management;
- Biodiversity;
- Climate Change;
- Energy Management.

**GRI INDICATORS**

GRI 3-3, GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4, GRI 303-5, GRI 305-7, GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5, GRI 304-1, GRI 304-2, GRI 304-3, GRI 304-4, GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-5, GRI 302-1, GRI 302-5

**RELEVANT UNSDGS**



**KEY INDICATORS FOR 2022**

Energy consumption from renewable sources

**3,076.2**

GJ

Environmental protection costs

**644.7**

MILLION TENGE

Total volume of waste generated

**6,015**

TONS

# Environmental management system

## Management approach

**GRI 3-3**

NC QazaqGaz JSC, as a representative of the oil and gas industry, recognizes its significant responsibility for environmental protection and climate change issues due to the nature of its operations.

6. Environmental aspect (E)

To minimize the adverse impact on the environment, the Company is proactively enhancing its practices and strategies for managing environmental aspects in line with the Environmental Policy approved by the Board of Directors. This document presents the key regulations that govern the Company's environmental protection measures. These include adherence to environmental legislation, evaluation of environmental impact, maintaining safe operations, promoting energy efficiency during production, and more.

NC QazaqGaz JSC has a Health, Labor and Occupational Safety Policy that reflects the Company's principles for minimizing its environmental impact. The company adheres to the main principles of this policy, which focus on preventing negative environmental impact and improving energy efficiency in production processes to reduce emissions of pollutants and greenhouse gases.

In the reporting year, the Company implemented a long-term Policy for the Development of the Management System for Occupational Health, Safety and Environmental Protection (HSE). This document outlines the principles and approaches for developing these areas.

The Group prepares an individual industrial environmental control Program for each production site. This document provides general information about the enterprise, as well as details on organized sources of emissions, wastewater discharges, and their impact on atmospheric air and soil cover. Additionally, the document includes information about production and consumption waste. The Company monitors environmental performance and implements environmental protection measures based on this Program:

- CONTROL OVER COMPLIANCE WITH THE ESTABLISHED EMISSION STANDARDS AT POLLUTION SOURCES;
- CONTROL OVER THE IMPACT ON THE ATMOSPHERIC AIR AT THE SANITARY PROTECTION ZONE BOUNDARY, GROUNDWATER, SOIL;
- CONTROL OVER WASTE ACCUMULATION.

In compliance with environmental legislation, all divisions of NC QazaqGaz JSC report to the relevant state authorities. The Company submits regular reports to the tax register on its payments for environmental emissions and publishes reports on the implementation of the Industrial environmental control program on ecoportal.kz every quarter. These documents are prepared and submitted to the relevant state authorities on an annual basis:

- report on the implementation of the environmental action Plan;
- report for maintaining the state pollutant transfer register (SPTR);
- register of Polychlorinated biphenyls (PCB)-containing equipment;
- report on waste inventory;
- form 2-TP air by districts, form 4-OS;
- report on inventory of greenhouse gas emissions.

The Company provides information upon request from the Departments of Ecology and other stakeholders.

NC QazaqGaz JSC's Integrated Management System (IMS) is based on international standards ISO 9001, ISO 14001, ISO 45001, ISO/IEC 27001, ISO 50001, as well as state standards ST of the Republic of Kazakhstan ISO 9001, ST of the Republic of Kazakhstan ISO 14001, and ST of the Republic of Kazakhstan ISO 45001. The IMS department of the company has operated since 2006 with a focus on improving

existing business processes. To achieve continuous improvement, the department utilizes the "Lean Production KaiZen/Lean" tool and the "5 WHY, 5S" methodology to improve the quality of services provided and optimize activities. The Business Process Management Department and management systems departments at all subsidiaries and affiliates coordinate the maintenance and development of the IMS. The integrated management system undergoes annual internal and external surveillance/recertification audits to verify its conformity to international standards.

The Integrated Management System applies to all activities and all divisions of the Company. The areas of application of the IMS include:

- management of natural gas transport;
- provision of natural gas transportation services;
- operation of main gas pipelines and underground gas storage facilities of the Republic of Kazakhstan transferred to the Company for operation under a concession agreement;
- operation/maintenance and ongoing repair of main gas pipelines;
- provision of services for operation/maintenance and ongoing repair of gas distribution networks;
- provision of gas storage services in underground gas storage facilities;
- provision of services for other activities.

**AS PART OF THE ENVIRONMENTAL MANAGEMENT SYSTEM FOR THE GROUP OF COMPANIES TAKES MEASURES TO SET OBJECTIVES IN THE FIELD OF ENVIRONMENTAL PROTECTION. FOR EXAMPLE, IN THE INTERGAS CENTRAL ASIA JSC, THE MAIN INDICATORS FOR THE ACHIEVEMENT OF ENVIRONMENTAL GOALS IN THE REPORTING PERIOD ARE AS FOLLOWS:**

reduce the environmental impact of subsidiaries and affiliates activities by

**20%**

compared to the permits issued for air emissions

avoidance of exceedance of the set limits for the discharge of pollutants into wastewater –

**80**

TONS

**THE ENVIRONMENTAL PERFORMANCE OF THE PROCESS IS MONITORED ON A QUARTERLY BASIS, THE INDICATORS OF WHICH HAVE A QUALITATIVE ASSESSMENT AND ARE 100% MET.**

GRI 413-1

An environmental impact assessment (EIA) or a simplified procedure for the environmental assessment of project documentation is carried out when preparing design and costing documentation for the construction of new facilities as part of the Company's production activities.

As part of environmental management, each of the Company's production units develops and approves an environmental action Plan for the period 2022-2030. This document describes activities that will contribute to compliance with regulatory values.

NC QazaqGaz JSC contributes to the professional development of its employees by providing them with the opportunity to attend training sessions on various topics. In 2022, 6 people received training on waste management, 7 on water management and one on greenhouse gas management. For the first time in 2022, the company conducted training on low-carbon development for the heads of structural departments and the deputy Chairman of the Management Board. Subsidiaries conduct annual in-house training on environmental protection. During the reporting period, a total of 38 employees NC QazaqGaz JSC received training in environmental protection and all its components.

Total number of employees trained and upgraded in environmental protection and all its components

**38**

PEOPLE

Amounts allocated for the implementation of environmental protection measures in 2022

**644.7**

MILLION TENGE

**Management structure and tools**

GRI 3-3

In NC QazaqGaz JSC environmental management is assigned to the HSE Service, which was established in 2022. The head of this service reports to the Chairman of the Management Board. The main functions of this service are environmental protection, occupational safety, and climate change management.

At the subsidiary level, departments, production control, occupational health and safety and environmental protection services have been set up to oversee, among other things, environmental protection issues for each S&A. The head of the structural unit is responsible for environmental issues and activities.

**Investments and environmental payments**

NC QazaqGaz JSC carries out annual activities and initiatives to reduce its negative impact on the environment. The Company's subsidiaries and affiliates review their plans for environmental protection activities, including protection, energy saving and efficiency, annually when obtaining environmental permits. In the reporting year, 644.7 million tenge was allocated for environmental protection activities, representing a 7% increase from 2021.

Between 2018 and 2022, the Company has incurred six fines for exceeding emissions limits. Additionally, fines were paid on time for delayed receipt of environmental permits during the reporting year.

No gas transportation emergencies occurred during this same period. Plans are in place to establish, approve and implement The Rules for the development of Plans aimed at preventing and eliminating chemical and oily substance spills in NC QazaqGaz JSC and its S&A.

Environmental protection expenses, million tenge

Indicator	2020	2021	2022
Current environmental expenditure	392.9	602.6	644.7
Investments in environmental protection activities	1,261.6	1,079.3	3,215.4
Negative environmental impact payments	332.4	556.2	498.9
Funds received to compensate for damage caused by non-compliance with environmental regulations (excluding fines paid for negative environmental impact)	-	-	0.3

# Water resources

## Management approach

GRI 3-3

NC QazaqGaz JSC pays great attention to the management of water resources and is aware of its responsibility for their rational use. The Company extracts water in accordance with the legislation.

The branches of Intergas Central Asia JSC have approved the action Plan for 2020-2024 on possible reduction of freshwater consumption, reduction of discharges of normatively treated water through measures to reduce water losses during transport. In addition, these subsidiaries and affiliates signed a declaration of commitment to the rational management of water resources **"8 Water Principles"**.

GRI 303-1

The Company does not have a notable adverse impact on any water bodies, aside from utilizing water intake for drinking, domestic, industrial, and technical requirements. The supply of water to the facilities is sourced through the municipal water supply company, under a contractual agreement. The Company does not establish objectives to lessen water consumption due to the insignificant effect on water resources.

The main sources of water resources are surface water bodies and underground sources. The Company does not extract water from marine sources. The branches of Intergas Central Asia JSC extract water from underground sources for the following production units CS-11, CS-14, Aktobe MGPA, CS-5, Akirtobe UGS, Taraz MGPA, Poltoratskoye UGS, CS-Samsonovka, Shymkent MGPA, Ural Linear Production Department (LPD), Chizhinskoe LPD Uralsk MGPA. Dzhangala CS and Uralsk MGPA are supplied with water from the Pyatimar reservoir. Water is supplied to other facilities by water supply companies on a contractual basis.

GRI 303-2

During the year the Company's wastewater did not exceed the threshold of the maximum permissible discharge standards approved by the legislation of the Republic of Kazakhstan. The chemical composition of the wastewater does not contain elevated concentrations of heavy metals and other pollutants. Domestic wastewater undergoes a multi-stage treatment process. First, the wastewater is discharged to treatment plants where it undergoes biological treatment. The treated water is then sent to filtration fields or evaporation ponds. The Company continuously monitors wastewater discharge and treatment. The monitoring of the treatment plants is carried out to determine the efficiency of the operation, which is characterized by a comparative analysis of the quality of the wastewater when it enters the treatment plants and when it leaves them.

GRI 303-5

In the reporting year, the volume of water withdrawal of NC QazaqGaz JSC was

**885**

MEGALITERS

The volume of water discharge

**285**

MEGALITERS

The total volume of water consumption of the Group of companies was

**600**

MEGALITERS

### Total water withdrawal by sources for 2022, megaliters

GRI 303-3

Indicator	from all regions	from water-scarce regions
Surface water	1.100	-
- Fresh water	1.100	-
- Other water	-	-
Groundwater	382.400	-
- Fresh water	382.400	-
- Other water	-	-
Seawater	-	-
- Fresh water	-	-
- Other water	-	-
Produced water	-	-
- Fresh water	-	-
- Other water	-	-
Third-party water	501.366	-
- Fresh water	138.366	0.413
- Other water	363	-
<b>Total water withdrawal</b>	<b>884.866</b>	<b>0.413</b>

### Total water discharge by destination for 2022, megaliters

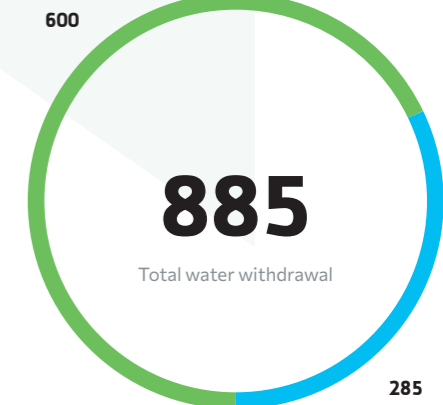
GRI 303-4

Indicator	from all regions	from water-scarce regions
Surface water	-	-
Groundwater	170.120	-
Seawater	-	-
Third-party water (total)	115.153	-
Water supplied by third parties for the use of other organizations	115.153	0.097
<b>Total water discharge, including:</b>	<b>285.273</b>	<b>0.097</b>
- Fresh water	285.273	0.097
- Other water	-	-

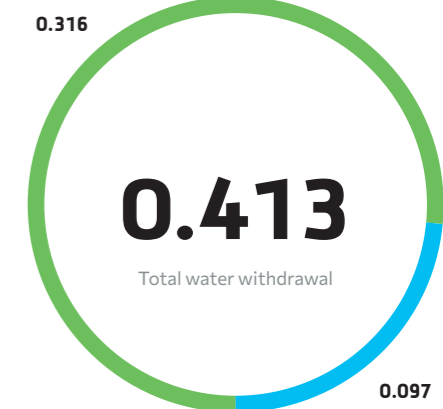
### Water consumption, megaliters

GRI 303-5

From all regions



From water-scarce regions



Total water consumption  
Total water discharge

## Plans for 2023 and medium-term perspective

- set targets for water consumption;
- receive a CDP climate change rating and submit a water security questionnaire in 2024;
- formation of the Standard on rational use of water resources.

# Emissions of pollutants

## Management approach

GRI 3-3

As a result of the operation of the gas transmission system facilities of NC QazaqGaz JSC, about 47 types of pollutants are emitted into the atmosphere. At the same time, the emission of pollutants by the Company's enterprises does not exceed the standards established by the legislation of the Republic of Kazakhstan.

Pollutants are emitted mainly because of the operation of the following types of equipment: gas piston plant (GPP), GPU, boiler houses, wastewater boiler, various pipe stands (separators, fuel gas discharge, filters, and regulators, etc.), drainage tanks, receivers, tanks for receiving and storing diesel fuel.

In addition, there are fugitive and shotgun emissions from various installations: welding machines, purging and natural gas venting torches and technical utilities, as well as excavation, painting, and general construction work. Natural gas emissions from accidents, which are of a short-term nature, have a major

impact. In addition to accidents, there are sources of permanent releases of natural gas to the atmosphere, including leaks from equipment at loading, unloading or storage sites.

For the Group of companies NC QazaqGaz JSC has developed and implemented Emissions Management Policy, the main objective of which is to minimize the impact on the atmospheric air.

Within the framework of this document, the company defines the following main objectives to reduce the emission of pollutants into the atmosphere:

- the policy defines the principles of the emissions management approach and is intended to be mandatory throughout the Company;
- reduce emissions of pollutants into the atmosphere;
- improving the environmental safety of production, reducing emissions;
- rational use of natural resources and prevention of leakages.

As part of the Group of companies Environmental Action Plans for the period 2022-2030, measures to comply with the standards of permissible emissions of pollutants have been identified. In order to control pollutant emissions from stationary sources, the Group adheres to the standards set out in the draft standards of permissible emissions (SPE). Subsidiary organizations, within the framework of the above Plan, have set the task of annual tree planting both at production facilities and at the territory of shift camps.

The Group of companies regularly monitors and assesses pollutant emissions as part of the Industrial environmental control Program. According to this program, air monitoring is carried out 4 times a year at the boundary of the sanitary protection zone (SPZ) and at emission sources. Monitoring is carried out by an accredited laboratory using instrumental methods.

In the reporting year, emissions of pollutants, including nitrogen oxides (NOx) and sulfur oxides (SOx), totaled

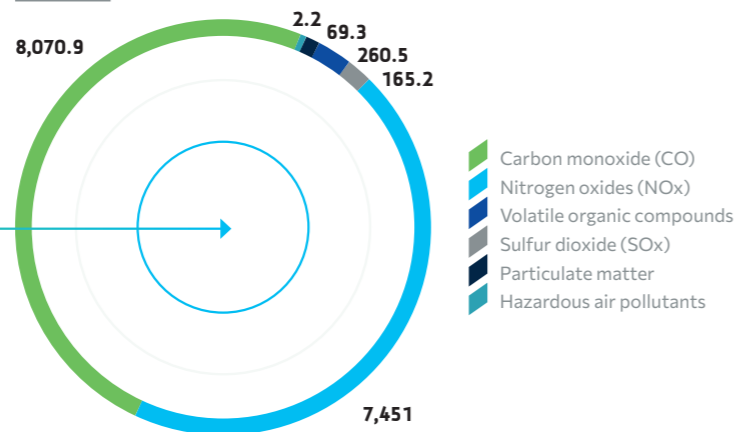
# 16,019.07

TONS

Particulate matter and carbon monoxide are not included.

Volume of air pollutant emissions, tons

GRI 305-7



# Waste management

## Management approach

GRI 3-3

The economic activity of NC QazaqGaz JSC is inextricably linked to the generation of waste. Waste management in the Company is carried out in accordance with environmental legislation of the Republic of Kazakhstan, requirements of international standards, as well as regulated by internal regulatory documents adopted at the level of subsidiaries and affiliates. As part of the transition to the new Environmental Code of the Republic of Kazakhstan, which was introduced on 1 July 2021, there are stricter requirements for waste management.

Waste management in the Company is organized based on the following principles:

- organizing the separate collection and recycling of recyclable waste fractions;
- organizing the regular transport of waste to temporary storage and recycling sites and its disposal in landfills;
- encourage separate collection of organic waste and its recycling;
- organizing the compulsory separation of construction waste from other types of waste directly on the construction site or in a special place;

- preventing the mixing of construction waste with other waste
- prohibiting the mixing of one type of waste with other types of waste or special additives;
- prevent the unauthorized incineration of waste;
- create conditions for subsidiary and affiliated organizations to transfer their waste disposal obligations to the owners of facilities that process such waste through the timely conclusion of contracts with specialized companies;
- organizing a system for the timely provision of reliable information on waste management to the competent environmental authority.

The company carries out waste management activities on an ongoing basis: collection, transport and disposal of production and consumption waste and transfer of secondary raw materials for recycling (paper, cardboard, PET packaging, batteries, ferrous and non-ferrous metal scrap). At Central office level, a Green Office concept has also been developed, which includes measures to reduce the amount of waste generated in offices.

The Group of companies develops a waste management program for each subsidiaries and affiliates to reduce the production and consumption of waste and to minimize its negative impact on the environment. According to these programs, the main types of waste generated by subsidiaries and affiliates facilities are as follows:

- Oil sludge;
- Oily drilling waste (sludge);
- Drilling mud;
- Lead accumulators;
- Waste filters;
- Waste mercury vapour lamps;
- Waste LED lamps;
- Medical waste;
- Waste oils;
- Ferrous and non-ferrous metals;
- Waste electrical and electronic equipment;
- Construction waste.

During the year the Company generated

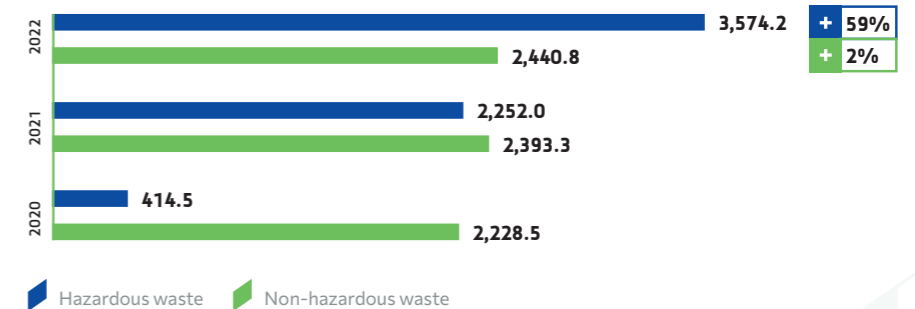
# 6,015

TONS OF WASTE

The increase in both hazardous and non-hazardous waste is due to an increase in the Company's production capacity.

Volume of waste generated broken down into hazardous and non-hazardous waste, tonnes

GRI 306-3



6. Environmental aspect (E)

GRI 306-1, GRI 306-2

The main part of waste of NC QazaqGaz JSC enterprises is generated because of the following production processes: operation of GPP, GPU, gas cleaning in separators, gas passing through the main gas pipeline, cleaning of the gas pipeline cavity, repair works on the equipment of the main gas pipelines, spillage of oil products.

HAZARDOUS WASTE:

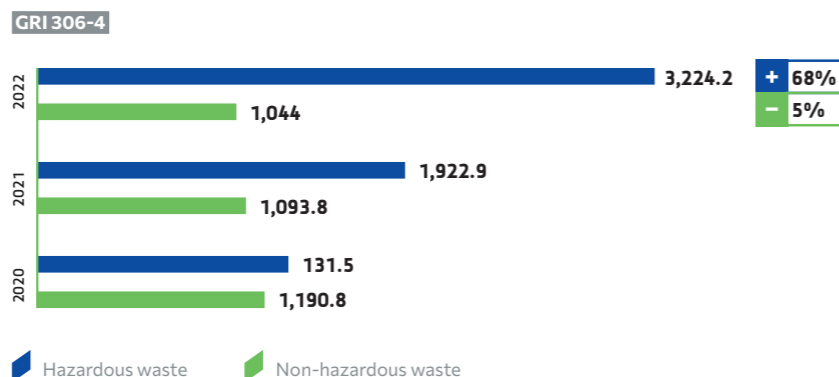
- waste fluorescent lamps. Before being transferred for demercurisation, they are placed in their factory packaging in a storage room of a size that allows temporary accumulation of this waste for a maximum of 6 months;
- waste batteries. The process that generates this type of waste is the operation of diesel engines. They are temporarily stored on racks in a designated temporary waste storage area. As they accumulate, they are removed under contract with a specialist company;
- paint and varnish containers, oil containers, chemical reagents are transferred for disposal under a contract;
- condensate is produced because of gas purification in separators before entering gas compressor units, as well as when passing through the main gas pipeline from dripping condensate and moisture. The system of collecting, transporting, and storing gas condensate is as follows: gas condensate formed in separators is periodically blown into the buffer zone and, as it accumulates, is automatically discharged into gas condensate storage tanks (condensate collectors). Gas condensate formed in the gas pipeline is removed by a cleaning device during cavity cleaning and discharged into condensate receivers. Temporary storage of gas condensate is provided in condensate receivers. As waste accumulates, it is removed for further disposal under contract with a specialized organization;
- oil sludge – transferred under contract;
- used oil is stored in closed, hermetically sealed metal containers, with further transfer under the contract;
- oily wiping cloths and used oil filters are first stored in specially designed containers;
- oil-impregnated soil is created when oil products are spilled on a concrete surface, and the contaminated area is removed by backfilling with sand and subsequent cleaning. As waste accumulates, it is removed for disposal under contract with a specialist organization.

NON-HAZARDOUS WASTE:

- solid domestic waste is stored in containers on the concrete paved area, with further transfer according to the contract;
- small scrap metal, welding electrode shavings – initially collected in a metal box in the mechanical workshop, then transferred to a common large bunker located on the temporary waste storage area, from where they are removed as they accumulate;
- insulation waste – generated during emergency and scheduled repair work at GPU and MGP, temporarily stored in a metal container and, as it accumulates, removed for further disposal under an agreement with a specialized organization;
- waste wood, i.e. wooden products that are not suitable for use; as soon as they are generated, they are removed under contract with a specialized company;
- used office equipment, generated by the replacement of old equipment with new, is stored in the premises of the administration building and, as it accumulates, is removed under contract with a specialized company;
- construction waste – transported under a contract.

Contracts are signed annually for the removal and disposal of all production and consumption waste.

Volume of waste transferred to third-party organizations for disposal by hazardous and non-hazardous wastes, tons



Volume of waste transferred to third-party organizations for disposal and neutralization by hazard class, tons



Plans for 2023 and medium-term perspective

- formation of the Industrial Waste Utilization Policy;
- development, approval, and implementation of the "Working Instructions on Waste Management Plan in NC QazaqGaz JSC and S&A".

# Biodiversity

## Management approach

GRI 3-3

NC QazaqGaz JSC, due to its industry specifics, has insignificant impact on the biodiversity of animals, plants, and their habitats. However, since the main gas pipelines and gas distribution networks of the Company are located throughout the territory of the Republic of Kazakhstan, one of the important priorities in terms of environmental protection for the Company is the preservation of biodiversity of local ecosystems.

GRI 304-1

Intergas Central Asia JSC is the only S&A of the Company located within a specially protected natural area, as well as on lands adjacent to such areas. The S&A is in the territory of the state Syrdarya-Turkestan Regional Nature Park. A 69-kilometer-long section of the "Bukhara-Ural" gas trunkline is adjacent to the Mikhailovsky State Natural Zoological Reserve in Karabalyk district.

GRI 304-2

In the reporting year, Intergas Central Asia JSC carried out research work on the impact of production facilities

on the state of biodiversity. The purpose of the biodiversity work was to assess the state of fauna and flora in the areas where production facilities are located. It was planned to obtain objective data on the current state of biodiversity in the areas adjacent to the enterprise and to assess the anthropogenic impact of production facilities on fauna and flora in the areas where the production facilities are located. In parallel with the biodiversity assessment, the environmental impact of the Company's operations was assessed in terms of the impact of harmful and polluting substances. The most typical harmful factors, substances and their impact on soil cover, surface water, atmospheric air, flora, and fauna were identified.



Costs of abatement of pollution by biotechnological methods

800

MILLION TENGE



Disturbed lands were reclaimed, total

**4.18**

KM<sup>2</sup>

The research work shows that the Company's production facilities do not have a negative impact on human health, flora and fauna, on the adjacent territory and its landscape, and the formation of an ecologically sustainable system of green plantings with a balanced composition of its elements, ensuring their connectivity within the territory of the sanitary protection zone, creates a natural framework that has significant ecological capabilities that ensure the stable functioning of environmental components. The requirements for biodiversity assessment in the territories adjacent to the Company's production facilities are set out in the Ecological Code of the Republic of Kazakhstan.

When carrying out overhaul works along high voltage transmission lines, measures are taken to prevent birds and other wildlife from collisions and electrocution from

contact with wires, support elements and other parts of electrical installations. Identification and investigation of areas characterized by increased danger of electrical installations for birds is carried out during special studies or within the framework of industrial environmental control.

**GRI 304-3**

The Group of companies of NC QazaqGaz JSC carried out work on reclamation of disturbed lands, which was completed in the reporting year. The lands of Kyzylkoginskiy, Makatskiy, Makhambetskiy districts of Atyrau region, Karakiyanskiy and Munailinskiy districts of Mangistau region and Khromtau, Mugalzhar, Shalkar districts of Aktobe region were reclaimed. A total of 4.18 km<sup>2</sup> of disturbed lands were reclaimed.

**Total number of IUCN Red Listed species and National List of Protected Species occurring in the areas of the organization's operations**

**GRI 304-4**

**ENDANGERED SPECIES**

**2 SPECIES:**

Steppe eagle *Aquila nipalensis* (Hodgson, 1833); White-headed duck *Oxyura leucocephala* (Scopoli, 1769)

**VULNERABLE**

**5 SPECIES:**

Goitered gazelle *Gazella subgutturosa* (Güldenstaedt, 1780); steppe tortoise *Testudo horsfieldii* (Gray, 1844); Dalmatian pelican *Pelecanus crispus* (Bruch, 1832); Bolivarina brachyptera (Pallas, 1773); Little bustard *Tetrax tetrax* (Linnaeus, 1758)

**POTENTIALLY VULNERABLE**

**2 SPECIES:**

Beautiful demoiselle *Calopteryx virgo* (Linnaeus, 1758); European pond turtle *Emys orbicularis* (Linnaeus, 1758)

**HAVING MINIMAL RISK OF DISAPPEARANCE**

**6 SPECIES:**

Ladybug *Stethorus punctillum* (Weise, 1891); Bug arma alder *Arma custos* (Fabricius, 1794); Tree mantis *Hierodula tenuidentata* (Saussure, 1869); Whooper swan *Cygnus cygnus* (Linnaeus, 1758); white-bellied sandgrouse *Pterocles alchata* (Linnaeus, 1766); Koranus short-winged *Coranus subapterus* (De Geer, 1773)

**Plans for 2023 and medium-term perspective**

Annual reclamation of disturbed land, including restoration of the terrain, soil and vegetation cover in order to reduce the negative consequences of the Company's operations.

# Climate change

## Management approach

**GRI 3-3**

Combating climate change is a global challenge for the world community. In 2016, the Republic of Kazakhstan ratified the Paris Agreement, which is part of the international climate agenda, thereby supporting the global goal to curb the increase in global average temperature to no more than 1.5°C. As part of this agreement, the country assumed voluntary commitments to reduce greenhouse gas emissions. To achieve the set goals and commitments, Kazakhstan is actively updating its regulatory framework.

NC QazaqGaz JSC, being the largest representative of the gas industry, supports the country's goal of reducing greenhouse gas emissions. Issues of decarbonization and low-carbon development in the Company are supervised by the Chairman of the Board of Directors. The Board of Directors of NC QazaqGaz JSC within its competence ensures the formation of an appropriate system in the field of sustainable development and its implementation at all levels, is responsible for overseeing and ensuring the proper functioning of the corporate risk management system, which includes responsibility for risks associated with climate change. The Board of Directors is responsible for overseeing the setting of corporate goals, reviewing, and guiding the risk management process, including climate change-related risks. In accordance with the Regulations on the Board of Directors, Board meetings are scheduled in accordance with

the approved work plan prior to the beginning of each calendar year. At these meetings, as well as at meetings of the Board of Directors' Committees, issues of importance and strategic nature are considered.

The HSE Service, established in the reporting year, is the Company's responsible unit for all climate change-related issues. Also, in May 2022, the HSE Service established the Occupational Health, Safety and Environment Committee, whose members include the heads of all S&As. The Committee oversees issues and problems related to climate change.

The main part of greenhouse gas emissions of NC QazaqGaz JSC is formed due to gas combustion at compressor stations and gas transportation through the main and distribution networks.

In 2022, the share of NC QazaqGaz JSC for the group of portfolio companies of Samruk-Kazyna JSC was 10.1% for Scope 1 greenhouse gas emissions and 0.6% for Scope 2. The Company's share of greenhouse gas emissions in 2021 was ~2% of total greenhouse gas emissions in the Republic of Kazakhstan.

The Company is developing a plan to achieve carbon neutrality, including energy efficiency projects and investments in green technologies. In developing decarbonization targets, the goals

at the level of Samruk-Kazyna JSC within the framework of the Low Carbon Development Concept were considered, according to which the Fund sets a strategic goal to reduce emissions by 10% by 2032 compared to 2021 and aims to achieve carbon neutrality by 2060 under the "Deep Decarbonization" scenario.

NC QazaqGaz JSC, in turn, has defined for itself the following strategic objectives: reduction of greenhouse gas emissions by 10% by 2032 from the level of 2019 and reduction of emissions under Scope 1 to 12%.

The environmental legislation of the Republic of Kazakhstan stipulates mandatory procedures in terms of greenhouse gas emissions: monitoring, reporting and verification of emissions. In accordance with the Ecological Code of the Republic of Kazakhstan dated January 2, 2021, № 400-VI Law of the Republic of Kazakhstan, the Company performs all the necessary procedures.

On an annual basis, a report on the inventory of greenhouse gas emissions (Scope 1) in accordance with the Ecological Code of the Republic of Kazakhstan is developed for the Group of companies and verified by verifiers, and indirect emissions are calculated (Scope 2). Intergas Central Asia JSC conducted research work to determine the potential for reducing greenhouse gas emissions in the process of production activities of this S&A. The purpose of research work is to obtain objective data on greenhouse gas emissions in the process of the enterprise's operations and determine the potential for their reduction.

In addition to greenhouse gas emissions, in accordance with ISO 14065 standard, the Company also verifies all quota installations covering the following S&As: Intergas Central Asia JSC, Asian Gas Pipeline LLP, Beineu-Shymkent Gas Pipeline LLP. Information on greenhouse gas emissions of the Company is recorded in the state carbonic land cadaster. Emissions of the Company's S&A are monitored based on the approved methods using the balance method.

**Gross greenhouse gas emissions (Scope 1, 2) by Company, thousand tons CO<sub>2</sub>-eq**

**GRI 305-1, GRI 305-2**

Indicator	2020	2021	2022*	Change, %
Direct emissions (Scope 1) of greenhouse gases, incl.	4,509.2	7,375.2	5,137.7	-30 %
- Carbon dioxide (CO <sub>2</sub> )	1,962.9	2,598.6	2,241.8	-14%
- Methane (CH <sub>4</sub> )	2,535.7	4,758.6	2,884.1	-39 %
- Nitrous oxide (N <sub>2</sub> O)	10.6	18	11.8	-34%
Indirect energy emissions (Scope 2) of greenhouse gases	97.72	97.69	61.4	-38 %
<b>Total greenhouse gas emissions</b>	<b>4,606.9</b>	<b>7,472.8</b>	<b>5,199.1</b>	<b>-30 %</b>

\* The volume of direct greenhouse gas emissions for 2022 is given for Intergas Central Asia JSC, KazTransGas Aimak JSC, Asian Gas Pipeline LLP, Beineu-Shymkent Gas Pipeline LLP, QazaqGaz Exploration and Production LLP.

## 6. Environmental aspect (E)

The Company has no biogenic greenhouse gas emissions from biomass combustion or decomposition. Scope 1 and 2 emissions are calculated based on the following methodologies:

- IPCC Guidelines for National Greenhouse Gas Inventories, 2006;
- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition);
- The Greenhouse Gas Protocol: Scope 2 Guidance;
- Standard ST of the Republic of Kazakhstan ISO 14064-1-2019 "Greenhouse gases. Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals";
- National Methodology "On Approval of Methods for Calculation of Greenhouse Gas Emissions and Sinking".

In the reporting year, the volume of direct greenhouse gas emissions (Scope 1) amounted to 5,137.7 thousand tons of CO<sub>2</sub> equivalent, which is 30% less compared to 2021. This is due to a change in the approach to calculating methane emissions due to changes in emission factors in the national methodological guidelines for calculating greenhouse gas

### Global warming potential for greenhouse gases

GRI 305-1

Coefficient	Unit of measurement	2022
Methane (CH <sub>4</sub> )	tons CO <sub>2</sub> -eq/t CH <sub>4</sub>	25
Nitrous oxide (N <sub>2</sub> O)	tons CO <sub>2</sub> -eq/t N <sub>2</sub> O	298

### Specific greenhouse gas emissions (carbon intensity)

GRI 305-4

Indicator	Unit of measurement	2020	2021	2022	Change, %
Total GHG emissions (Scope 1 and 2)	thousand tons CO <sub>2</sub> -eq	4,607	7,473	5199.1	-30%
Specific greenhouse gas emissions (Scope 1 and 2)	thousand tons CO <sub>2</sub> -eq / thousand tenge	3.4	4.7	4.1	-14%
Revenue	million tenge	1,367,225	1,583,257	1,491,319	-6%

emissions. When translating the values of methane and nitrous oxide into tons of CO<sub>2</sub> equivalent, the current values of global emission factors (methane – 25, nitrous oxide – 298) adopted in accordance with Annex III to Conference of the Parties decision 24/CP.19 of November 10, 2013, sent to the Company by the Ministry of Ecology and Natural Resources by official letter were used.

Greenhouse gas emissions (Scope 2) for the reporting period amounted to 61.4 thousand tons of CO<sub>2</sub>-eq and decreased by 38% year-on-year in the Company. This result was achieved due to increased domestic gas transportation (direct impact on the Company's own power generation), expansion of gas transmission pipelines, and efficiently planned maintenance works.

Of the planned activities for 2022 in terms of climate change, the following were implemented:

- diagnostics of the system of information disclosure on the Company's sustainable development activities;
- detailed inventory of greenhouse gas emissions under Scope 1 and Scope 2.

In 2022, due to decarbonization measures, Group of companies reduced its Scope 1 emissions by

# 8%

compared to the previous similar reporting period.

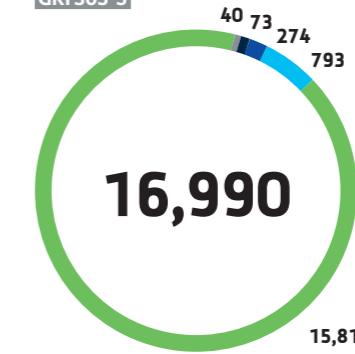
### GHG emission reductions from measures, t CO<sub>2</sub>-eq

GRI 305-5

Indicator	2020	2021	2022	Change, %
Coverage 1 (direct)	11,860	15,766	16,990	8%
Total GHG emission reductions	11,860	15,766	16,990	8%

### Volume of gas emission reductions by measures, t CO<sub>2</sub>-eq

GRI 305-5



- Optimization of compressor station loading (with gas turbine and electric drive)
- Lowering the temperature at night, weekends and holidays in administrative and production facilities
- Reconstruction of boiler house of Aktobe UMG automobile depot
- Replacement of insulation of pipelines of heat networks of Aktau LLPU of Aktau UMPG
- Replacement of heat network pipelines insulation for Shalkar LPU of Aktobe branch of Aktobe UMG KS-12

## Adaptation to climate change

GRI 305-5

NC QazaqGaz JSC identifies risks and opportunities associated with climate change in the short, medium, and long term. The Company has identified the key physical climate risk – temperature variability. In the long term, temperature changes will lead to several unfavorable climatic events, the scale of which is currently increasing from year to year. Heat waves and heavy precipitation have become more frequent and intense over much of Kazakhstan. Extreme temperature events require measures to modernize equipment and increase the frequency of repairs. The Company has identified the following transient climate risks: current regulation, technological and market risks.

According to the decarbonization strategy NC QazaqGaz JSC will reduce its carbon footprint according to three scenarios:

- The business as "Usual scenario" assumes that current trends in the Company's operations continue without a low carbon focus, and that government policy, technology and social preferences continue to evolve at the same pace.

- "Decarbonization" scenario assumes GHG emissions reduction while maintaining the current asset operation structure through energy efficiency programs, reduction of leaks and gas flaring, as well as use of low-carbon energy through renewable energy projects. Given current carbon prices, this scenario has been selected as the most promising for the period to 2031. It is planned to achieve about 2% reduction in direct emissions from gas combustion (CO<sub>2</sub> emissions) compared to 2023 levels. In addition, a 33% reduction in indirect emissions is expected.
- "Deep Decarbonization" scenario is based on the activities of the decarbonization scenario, including biomethane and hydrogen production projects, carbon capture and storage, and active development of climate projects. In addition, the scenario envisages modernization of centrifugal compressors through the use of dry seals and valves. As a result of these measures, it is planned to achieve a reduction in direct emissions from fuel combustion (CO<sub>2</sub> emissions) of about 12% compared to 2019 levels, corresponding to a 33% reduction in indirect emissions.

Beineu-Shymkent Gas Pipeline LLP conducted an energy audit at Bozoi compressor station in 2021. According to the recommendation of the licensed company, the transition from mercury lamps to light emitting diode lamps is carried out.

According to the document "Action Plan for Energy Saving and Energy Efficiency Improvement of Intergas Central Asia JSC for 2021-2025", starting from 2021, measures will be implemented which will result in reduction of greenhouse gas emissions by 19.4% in Uralsk MGPA, by 4.2% in Kyzylorda MGPA and by 5.4% in Shymkent MGPA. This reduction will be achieved through the following actions by the Company:

- optimization of CS loading (with gas turbine drive);
- lowering the temperature at night, weekends and holidays in administrative and production premises;
- implementation of the axial compressor cleaning system for gas compressor units T-750-6 N<sup>o</sup>3 and N<sup>o</sup>4 TCS-1 at CS Opornaya of Aktau MGPA;
- optimization of operation mode of electric-driven gas pumping units at compressor stations Taraz and Samsonovka;
- optimization of loading of gas turbine-driven compressor stations.

## Methane leakage

Methane emissions at gas transportation system facilities are caused by production technology. During operation of compressor stations, gas distribution stations and linear part of gas main pipelines, natural gas leaks may occur, which reduce the efficiency of operation, increase the consumption of energy resources, and increase the risk of explosion hazards.

NC QazaqGaz JSC carries out control, diagnostics, monitoring, collection, and processing of information on a regular basis in order to reduce methane emissions into the atmosphere at the Company's facilities. Leak detection surveys are

carried out by different methods: airborne survey, automobile survey and pedestrian method.

For example, the airborne option uses an Mi-8 helicopter, in the technological hatch of which the optical unit of the remote laser methane detector DLS-PERGAM-ALMA is installed. The operating principle of the device is based on diode-laser spectroscopy. In case of automobile version of detection, the optical methane detector OMD is attached to the front part of the vehicle, which determines the presence of methane in the air while driving. The action of the device is based on the property of methane to absorb

infrared (IR) radiation. It can detect gas leaks up to 1 part per million (PPM).

A remote laser methane detector is used to pinpoint leakage locations at crane assemblies or when other detection options are not available.

In the period from 2016 to 2022, no incidents and accidental environmental pollution on the main gas pipelines were recorded.

## Plans for 2023 and medium-term perspective

The Company plans to implement the following measures to combat climate change:

- Risk assessment in accordance with TCFD;
- Approval of the next KPI target – reduction of carbon footprint by 1.5% across the Group;
- Development of a Low Carbon Development Program that will include decarbonization activities;

- scenario analysis of risks;
- climate strategy development;
- inventory of greenhouse gas emissions under Scopes 2 and 3;
- Completing the CDP questionnaire and obtaining a rating;
- systematization of work on collection and analysis of data on the results of greenhouse gas inventory from subsidiaries of NC QazaqGaz JSC;

- Identification of the most significant contributors to the Company's greenhouse gas emissions;
- development of the Policy on Climate Change and Greenhouse Gas Emissions Management;
- Development of a Decarbonization Strategy and Roadmap by 2023.

# Energy management

The Company expresses its commitment to the principles of sustainable development by continuously improving energy performance and reducing the energy intensity of its assets. NC QazaqGaz JSC is both a supplier and a consumer of fuel and energy resources and recognizes the need for their rational use and improvement of energy efficiency. The main directions of the Company's development in terms of energy management are introduction of energy-saving attitude and energy-efficient behavior to the main priorities of its activities.

The Group of companies of NC QazaqGaz JSC is interested in responsible energy management and, focusing on economic feasibility, intends to practice implementation of the best available technologies and administrative solutions aimed at energy saving and energy efficiency improvement within the framework of applicable legal and legislative requirements of the Republic of Kazakhstan.

## Management approach

GRI 3-3

One of the Company's development priorities is to improve the energy efficiency of production processes. At the level of all S&A, energy management is regulated by developed internal documents. Internal regulatory documents are developed to define the methodology of energy consumption accounting, use of energy-efficient technologies, as well as to introduce a system of personnel motivation for energy saving.

For example, Asian Gas Pipeline LLP approved the document "Energy Management Manual", which describes the functioning of the energy management system in accordance with the requirements of the international standard ISO 50001:2011 and ST of the Republic of Kazakhstan ISO 50001:2012. This document provides for annual increase

of energy parameters and improvement of the energy management system.

Intergas Central Asia JSC has approved the Energy Efficiency Policy and is aimed at conducting periodic energy audits to identify the company's potential for energy saving and energy efficiency improvement, setting energy efficiency indicators, regular monitoring, development, and implementation of plans for investment, organizational, technical, and technological measures for systematic improvement of its energy indicators.

NC QazaqGaz JSC has an energy consumption monitoring system as part of energy management. This system includes monthly control of electricity and heat consumption volumes through recording of information by metering devices. Monitoring is carried out

by the state power and water supply services (PWS) of compressor stations. Each production enterprise takes meter readings and reports to both local authorities and the Central Office. Reports on fuel and energy resources (FER) consumption are developed based on the readings. Electricity metering and monitoring is carried out in accordance with the requirements of the current regulatory and technical documents of the Republic of Kazakhstan.

The responsible unit dealing with energy management issues is the Production and Technical Department of NC QazaqGaz JSC, which controls the work processes in the field of energy saving and energy efficiency, as well as conducts monthly monitoring, ensuring timely and effective control.

## Consumption of energy resources

Main consumers of electricity in the Group of companies of NC QazaqGaz JSC:

- electric-driven gas compressor units;
- cooling of natural gas at compressor stations by air cooling devices;
- electric drives of oil pumps, supply and exhaust fans, pumping stations of water supply systems, heat supply systems, external and internal lighting of facilities.

Boiler units and standby power plants for auxiliary needs are operated at compressor stations. These units operate mainly on natural gas, generating electric and thermal energy, which is necessary to supply electricity to process equipment, electrochemical protection equipment, etc. A large share of energy resources is spent to ensure the protection of underground pipelines from corrosion by means of electrochemical protection equipment. A large share of energy resources is spent to ensure protection of underground

pipelines from corrosion by means of electrochemical protection means.

In addition to traditional energy sources, the Company effectively utilizes renewable energy sources that were put into operation in previous years:

- Gas pumping unit with low emission combustion system DLE (Dry low emission technology);
- monocrystalline solar panels (batteries);
- thermoelectric generators (Closed cycle vapor turbogenerator) operating in autonomous mode;
- integrated automatic energy accounting system (AEAS).

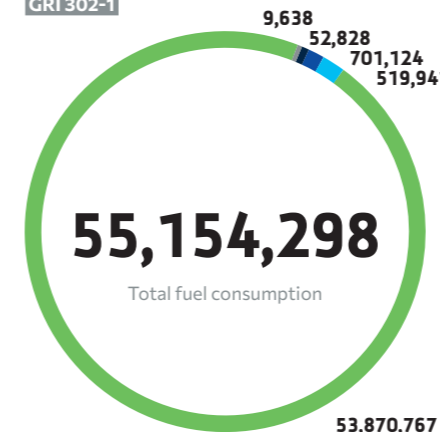
NC QazaqGaz JSC is aimed at improving the energy efficiency of production, therefore, on an annual basis, it implements measures that are developed and approved as part of the action plans for energy saving and energy efficiency

improvement. Such measures include: replacement of existing outdoor lighting fixtures with energy-efficient light emitting diode analogs at all production facilities, replacement of indoor lighting with light emitting diode lighting, replacement of transformers with low load factor with transformers based on actual capacity, replacement of outdated boilers with modern energy-efficient boilers, replacement of uninsulated pipelines, installation of gas pressure regulators, overhaul of the gas turbine engine, purchase of ultrasonic meters, and replacement of obsolete cathodic protection stations with new ones with higher coefficient of efficiency.

In the reporting year, the Company's energy consumption amounted to 55,157,374 GJ, with the amount of energy obtained from renewable sources totaling 3,076 GJ.

### Fuel consumption from non-renewable sources by fuel type, GJ

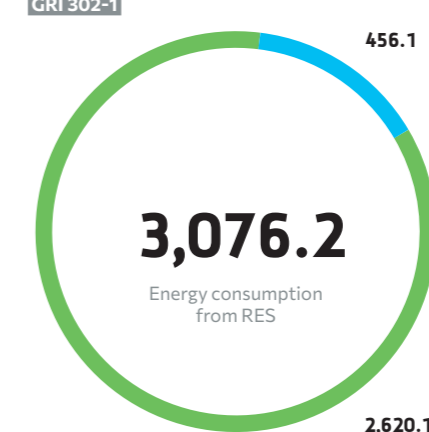
GRI 302-1



- Natural gas
- Electricity
- Heat energy
- Gasoline
- Diesel fuel

### Energy consumption from renewable energy sources by type of energy, GJ

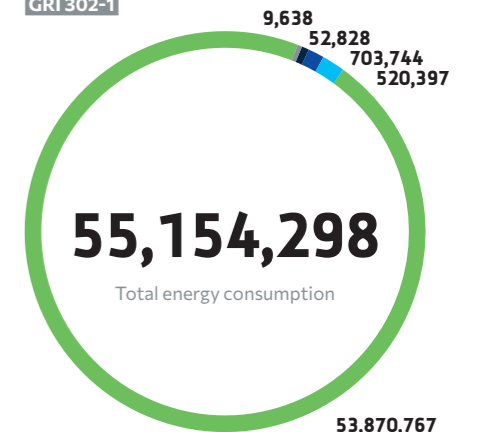
GRI 302-1



- Heat energy
- Electricity

### Energy consumption of the Company, GJ

GRI 302-1



- Natural gas
- Electricity
- Heat energy
- Gasoline
- Diesel fuel

## Plans for 2023 and medium-term perspective

- development of the Company's Energy Policy;
- development and implementation of energy efficient technologies for energy saving;
- setting energy consumption targets;
- development of energy efficient measures and projects for further implementation;
- increasing the share of RES in total energy consumption;
- generation of heat and electricity from RES for own needs.

# 12,710

**PEOPLE**

NUMBER OF EMPLOYEES IN 2022

## SOCIAL ASPECT (S)

# 07



RELEVANT TOPICS

- Occupational health, safety and emergency preparedness;
- Human resources management and social policy;
- Anti-discrimination and equal opportunities;
- Local communities

GRI INDICATORS

GRI 2-7, GRI 2-8, GRI 2-26, GRI 2-30, GRI 202-2, GRI 203-1, GRI 203-2, GRI 401-1, GRI 401-2, GRI 401-3, GRI 402-1, GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-8, GRI 403-9, GRI 403-10, GRI 404-1, GRI 404-2, GRI 405-1, GRI 405-2, GRI 406-1, GRI 413-1, GRI 413-2

RELEVANT UN SDGS



KEY INDICATORS FOR 2022

Number of employees

**12,710**

PEOPLE

Staff turnover rate

**6.7%**

Average annual number of training hours per female employee

**7.4**

HOURS

Number of employees covered by the occupational health and safety management system

**12,710**

PEOPLE

Average annual number of training hours per male employee

**25.8**

HOURS

Percentage of employees covered by regular performance evaluation programs related to career development

**81%**

Lost Time Injury Frequency Rate (LTIFR)

**0.29**

# Occupational health, safety and emergency preparedness

## Management approach

GRI 3-3

Occupational health, safety and labor protection are at the core of NC QazaqGaz JSC activities. Adherence to high standards in the field of labor safety of employees is one of the priorities. The Company highly values the health and life of each employee and pays close attention to ensuring safe working conditions.

Specifics of the Company's activity directly relate to works with a high level of risks in the field of labor protection and industrial safety. To prevent negative incidents, NC QazaqGaz JSC strives to improve transportation, industrial safety and HSE management system, pays attention to improving safety culture among employees and competence of line managers highly values the health and life of each employee and pays close attention to ensuring safe working conditions.

In 2022, due to the transition of NC QazaqGaz JSC under the management of Samruk-Kazyna JSC, the Unified Labor Protection Management System according to the standards of NC KazMunayGas JSC ceased to operate in the Company. In this regard, NC QazaqGaz JSC is actively working on the development of the Unified Labor Protection Management System according to the standards of Samruk-Kazyna JSC. In addition, in 2022 the Company developed and approved by the decision of the Board of Directors of NC QazaqGaz JSC (Minutes №17 dated September 05, 2022) Policy in the field of health, labor and industrial safety. In its daily operations, the Company is guided by the main principles of this Policy, based on an understanding of the value of human resources in relation to ensuring the safety and health of its employees in the workplace, as well as minimizing, investigating accidents, traffic accidents and responding to emergency situations (ES).

In 2022, the occupational health and safety management system in the Company's S&A remained unchanged. The Unified Occupational Health and Safety Management System (UOHSMS) and Unified Occupational Safety and Health Management System (UOSHMS) occupational health and safety standards continued to apply in each individual S&A.

In the reporting year, NC QazaqGaz JSC set goals for the implementation of occupational health and safety management system.

### NC QazaqGaz JSC HSE objectives in 2022



In 2022, due to the Company's reorganization, the following internal HSE documents were developed and updated:

- Policy on development of HSE management system of NC QazaqGaz JSC (approved by the Decision of the Board of Directors №17 dated September 5, 2022);
- Regulations on Health, Safety and Environment Committee NC QazaqGaz JSC (approved by the Decision of the Management Board №23 dated July 5, 2022);
- Traffic Policy (approved by the Decision of the Board of Directors №17 dated September 5, 2022);
- Documented Procedure "Incentives and Consequences Management Program of NC QazaqGaz JSC (approved by the Decision of the Board of Directors №23 dated July 5, 2022);

- Documented procedure "Identification of hazardous harmful production factors, risk assessment and establishment of management measures" (approved by the Decision of the Board of Directors №3 dated January 27, 2023).

Internal documents and guidelines in the field of occupational health and safety for the Group of companies and S&As operate in accordance with the internal regulations of each individual S&A, irrespective of the Central Office. Internal documents are revised and updated in accordance with the requirements of documented procedure DP-02 "Document Management".

- development and updating of short-term and long-term goals and objectives of the Policy, as well as HSE targets;
- analyzing and evaluating the effectiveness of the corporate HSE management system of NC QazaqGaz JSC, providing recommendations for improvement;
- review and approval of corporate regulatory documents in the field of HSE of NC QazaqGaz JSC, developed in accordance with the requirements of international standards, including ISO 14001 and ISO 45001;
- consideration and approval of proposals on introduction of mechanisms to stimulate employees to perform work safely and improve the culture of safe behavior in the Company;
- ensuring exchange of information on achievements and best practices in the field of HSE in the Company.

The composition of the Committee is approved by the order of the Chairman of the Management Board of NC QazaqGaz JSC. It consists of the following:

- Chairman of the Committee – Chairman of the Management Board of NC QazaqGaz JSC;
- Co-Chairman of the Committee – Head of HSE Service of NC QazaqGaz JSC;
- representative of the trade union of employees of NC QazaqGaz JSC;
- other members of the Committee – heads of activity directions, business directions, structural subdivisions, services, HSE departments of NC QazaqGaz JSC, heads of S&A and heads of HSE structural subdivisions of S&A (upon agreement with the Chairman of the Management Board of NC QazaqGaz JSC).

Organization of the Committee's activities shall be carried out by the Chairperson of the Committee. In the absence of the Committee Chair, the functions of the Committee Chair shall be performed by the Co-Chair. In the absence of the Committee Chairman and Co-Chairman, no Committee meeting shall be held.

The Chairman of the Committee may create working groups under the Committee from among the employees of NC QazaqGaz JSC and S&As to consult with them in the development, implementation, and improvement of the HSE management system. In addition, employees of the Group of companies of NC QazaqGaz JSC may make their proposals to improve the HSE management system.

The Committee shall hold in-person meetings at least once a year and extraordinary meetings as necessary. Prior to the meeting, a list of issues is compiled, defining proposals on the agenda. Subsequently, the proposals shall be formalized in the form of a memo addressed to the Chairperson of the Committee.

The Company takes all available measures to improve HSE practices. In 2022, the Documented Procedure "Incentive and Consequence Management Program" was approved to develop the practice of employee participation in creating safe working conditions at workplaces. According to this program, any employee who has ensured minimization of accidents, provided pre-hospital medical care, suggested effective ideas to improve occupational health and safety is entitled to claim material rewards and incentives. In the opposite situation, in case of violation of the Company's fundamental HSE principles, the employee will be subject to disciplinary penalties.

In 2022 NC QazaqGaz JSC continued to implement the concept of "Plan – Do – Check – Act", which is the main vector of development of HSE practices.

In NC QazaqGaz JSC there are 11 Industrial Councils on labor protection (hereinafter – the Councils), including in the Central Office. The Councils include technical inspectors on labor protection, as well as all members of the Trade Union. Labor Safety Councils of NC QazaqGaz JSC are vested with the following powers:

- realization of the constitutional right of employees to protect their life and health in the course of labor activity, to safe and healthy working conditions, regulation of relations between the employer and the Company's employees and their representatives on issues of occupational safety and health, occupational health and industrial environment;
- preparation of decisions for the employer and the Company's employees on the prevention of occupational injuries and occupational diseases;
- uniting the efforts of the employer, trade union and the Company's employees to take measures to ensure safe production of work and health at workplaces, development of unified teamwork in the field of occupational health and safety;
- coordination of organizational and other measures on occupational safety and health issues;
- development of prospective and current plans for measures to ensure compliance with state normative requirements for labor protection, prevention of occupational injuries and occupational diseases.

Each head of the HSE structural subdivision ensures control over internal and external audits of production processes at their management level. In the reporting period, under the leadership of Samruk-Kazyna JSC, on-site internal audits were conducted in Turkestan region. Representatives of NC QazaqGaz JSC conducted field audits in accordance with the plans-schedules of field audits. A protocol is drawn up on the results of each audit. In the reporting year, external audit in the field of labor protection and industrial safety in the Group of companies of NC QazaqGaz JSC was not conducted.

## Management structure and tools

In the reporting year, there were changes in the organizational structure of occupational health, safety, and emergency (HSE) management. Until March 2022, the Production and Technical Department of the Company supervised HSE issues. In March 2022, the Management Board of NC QazaqGaz JSC decided to create a separate structural unit – Health, Safety & Environment Service (HSE Service), directly reporting to the Chairman of the Management Board.

Responsibility for the fulfillment of HSE functions and tasks lies with the Head of the HSE Service and the employees of the structural divisions who head their structural divisions in this area in S&A. In addition, each employee of the Company is personally responsible for compliance with HSE requirements within the framework of their job descriptions.

### GRI 403-4

In 2022, the Company established the Health, Safety and Environment Committee under the Management Board of NC QazaqGaz JSC to coordinate and control the implementation of occupational health and safety measures. In accordance with the Regulations on the HSE Committee, its main functions are defined as follows:

### GRI 403-1

## Compliance of the management system with international standards

### QUALITY POLICY OF NC QAZAQGAZ JSC

The Company strives to meet international requirements of corporate governance and advanced management technologies by maintaining and developing the management system in the field of quality, environmental protection, health, and safety. In 2022, the Company confirmed the compliance of the management system with the national standard of the Republic of Kazakhstan "ST of the Republic of Kazakhstan ISO 45001-2019", valid from 12.07.2021 to 11.07.2024. The national standard is an analog of the international standard ISO 45001 and fully complies with its requirements in the field of occupational health and safety NC QazaqGaz JSC.

In addition, the Company had certificates in force:

- ISO 9001:2015 «Quality management system» – from 30.03.2020 to 25.12.2022;
- ISO 14001:2015 «Environmental management system» – from 30.03.2020 to 25.12.2022.

NC QazaqGaz JSC strives to improve IMS in accordance with the best international “practices” through the clear organization of business processes, monitoring and control of current activities, strict compliance with legal requirements, distribution of responsibility and authority of personnel at all levels for effective management of processes. The main management principles are as follows:

- continuous improvement of performance efficiency by analyzing business processes, continuous monitoring, implementation of process automation and their re-engineering;
- making managerial decisions based on the analysis of objective data on current activities, compliance of decisions and production activities of NC QazaqGaz JSC both to the interests of shareholders and Kazakhstani society as a whole, and to the goals of sustainable and economic development;
- striving to prevent emerging problems and their causes by improving the internal control and risk management system;
- implementation of targeted marketing research to determine the current and future state of the market, requirements of the main consumers and assessment of their satisfaction;
- introduction of a system of free exchange of information and innovative ideas between employees, encouragement and stimulation of personnel to improve quality, providing opportunities to propose and develop new ideas, development of commitment of employees of NC QazaqGaz JSC to the principles of quality management;
- making requirements for organizations supplying goods, works and services to comply with the quality standards adopted in NC QazaqGaz JSC and within the framework of the legislation of the Republic of Kazakhstan;
- continuous improvement of professional qualification, competence and awareness of employees of NC QazaqGaz JSC in the field of quality, encouraging them to actively participate in the improvement of production activities, corporate governance system, sustainable development and asset protection;
- information openness of NC QazaqGaz JSC before state authorities, shareholders, partners, employees, the public and other interested parties on the issues of its activity. The Company’s management is responsible for the implementation of the Quality Policy and undertakes to create the necessary conditions for the functioning and improvement of IMS, allocate appropriate resources for these purposes, ensure their effective use.

## Risk assessment

GRI 403-2, GRI 403-3

### NC QazaqGaz JSC considers the peculiarities of its activities and realizes the degree of risks associated with occupational health and safety.

The Company’s risk identification processes are based on the requirements of national, industry and international standards in the field of safety, such as “ST of the Republic of Kazakhstan ISO 45001:2019” and all-Union State Standard 12.0.003-2015 System of labor safety standards “Hazardous and harmful production factors. Classification”. In addition, the Company has developed and operates the document “Documented procedure “Identification of hazardous and harmful production factors, risk assessment and establishment of management measures” regulating the issues of risk management in NC QazaqGaz JSC.

In accordance with ST of the Republic of Kazakhstan 1.56-2005 “Risk Management. Reliability management system. Risk analysis of technological systems”, the risk management process is regulated through identification of hazardous production processes, analysis and assessment of operational risks and proposals to eliminate or reduce the degree of risk.

In accordance with the requirements of the documented procedure “Document Management” (DP-02), the responsibility for the risk management process lies with the HSE Service in terms of making additions and changes, and the Business Process Management Department in terms of control.

The risk management system applies to all employees of NC QazaqGaz JSC. Training on health and safety policies in terms of risk management is available to all employees.

In case of significant changes in HSE, the Group initiates the process of hazard identification and assessment of occupational risks based on the following factors:

- changes in regulatory documentation, legislation of the Republic of Kazakhstan;
- results of analysis of accidents that occurred;
- identified discrepancies during internal/ external audits;
- modernization or replacement of equipment;
- results of analysis of emergency situations.

The results of the process of identification of hazards and assessment of occupational risks are analyzed for making management decisions by the management of NC QazaqGaz JSC. As a result, the management applies operational controls to prevent threats to occupational safety in the occupational risk management system to all activities and production processes associated with hazards. The main means of operational controls of the hierarchy include:

- changes in the design of equipment or technology, aimed at preventing the occurrence of the hazard or its elimination;
- application of means of signaling (warning) about the existence of danger;
- application of organizational and training control measures; use of personal protective equipment (PPE).

In NC QazaqGaz JSC based on identified project risks makes proposals to eliminate or reduce the degree of risk. On the basis of these proposals on an annual basis update the list of risk management measures to eliminate, prevent and reduce risks on the basis of workout options and corrective actions according to the document “Consolidated list of risks of exposure to hazardous and harmful production factors”. Within the framework of this document, it was identified that risks related to ecology and occupational injuries have a significant level of significance according to the results of the risk assessment conducted in 2022.

When identifying and assessing hazardous harmful production factors, the daily activities of employees of the structural unit in work performance, technological processes, machinery/equipment, the state of the operated equipment, possible emergency situations or accidents, human factor, as well as possible external hazards identified outside the area of work performance are considered.

In 2022, the total number of contractor employees covered by the health and safety management system was

**5,639**

PEOPLE

of which

**2,040**

PEOPLE

were covered by the health and safety management system, which passed the internal audit procedure

The number of outsourcers covered by the health and safety management system that passed the internal audit procedure is

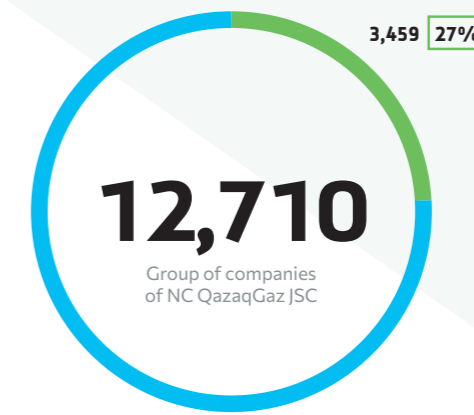
**232**

100%

PEOPLE

### Company employees<sup>5</sup> covered by the occupational health and safety management system\*, people

GRI 403-8



Number of people covered by the occupational health and safety system that has undergone an internal audit procedure

\* In the reporting period, the occupational health and safety system did not undergo an independent third-party audit procedure.

### Total number of persons<sup>6</sup> who are not Company employees covered by the health and safety management system, people

GRI 403-8



Number of employees covered by the occupational health and safety system that has undergone an internal audit procedure



Number of persons covered by the occupational health and safety system that has undergone an internal audit procedure

<sup>5</sup> The above HSE data covers employees of the following S&A of the Company included in the boundary of external independent assurance of non-financial statements: NC QazaqGaz JSC, KazTransGas Aimak JSC, Intergas Central Asia JSC, KazTransGas Onimderi LLP, QazaqGaz Exploration and Production LLP and corresponds to the list of personnel by a third party.

The total headcount of the entire Group of Companies of NC QazaqGaz JSC is 14,274 people and includes the following S&A: NC QazaqGaz JSC, KazTransGas Aimak JSC, Intergas Central Asia JSC, KazTransGas Onimderi LLP, QazaqGaz Exploration and Production LLP, Asian Gas Pipeline LLP, Beineu-Shymkent Gas Pipeline LLP, KazRosGas LLP, Qazaq Gas Qurylyys LLP, KazMunayGas – Service NS JSC.

<sup>6</sup> These data cover 100% of persons (contractors and outsourcing) who are not employees. No categories of employees were excluded from these statistics.

## Industrial safety

NC QazaqGaz JSC ensures strict requirements in terms of industrial safety management at the Company's production facilities. The Company's management holds extended meetings on labor protection and industrial safety issues twice a quarter.

All implemented stages of maintaining occupational safety are carried out in accordance with the Policy in the field of health protection, occupational health, and safety. In 2022, within the framework of improvement of safety culture at work, the following activities were implemented for the Group of companies of NC QazaqGaz JSC:

- establishment of the HSE Service;
- the first HSE Forum for the heads of S&A with participation of the Company's top management (Chairman and members of the Management Board) was held in the Group of companies of NC QazaqGaz JSC;
- holding extended meetings with the participation of members of the Management Board on occupational health and safety issues on a quarterly basis – 2 times a quarter.

## Employee health

GRI 403-6, GRI 403-7, GRI 403-8

Taking care of employees' health is one of the key priorities of NC QazaqGaz JSC.

In accordance with the requirements of the labor legislation of the Republic of Kazakhstan in the field of labor protection, employees are provided with a social package, workwear, accident insurance, medical and pre-shift examination, emergency, ambulance, and pre-hospital medical care. A medical officer is permanently assigned to the Central Office during working hours.

Employees of contracting organizations engaged by NC QazaqGaz JSC for works associated with increased danger, machines, and mechanisms, undergo mandatory pre- and post-shift medical examinations.

The social package of employees includes full medical insurance in accordance with the Medical Insurance Agreement between the employee and the Company. In addition, under the terms of the Collective Agreement, the Company provides programs to support physical health, such as contracts with sports centers. Social package and support programs apply to all employees who have signed the Collective Agreement of NC QazaqGaz JSC, as well as to outsourced employees. Employees who have not signed the Collective Agreement are provided with all the above support measures at will, in accordance with the labor legislation of the Republic of Kazakhstan. In addition, all employees of the Group are insured against accidents.



NC QazaqGaz JSC

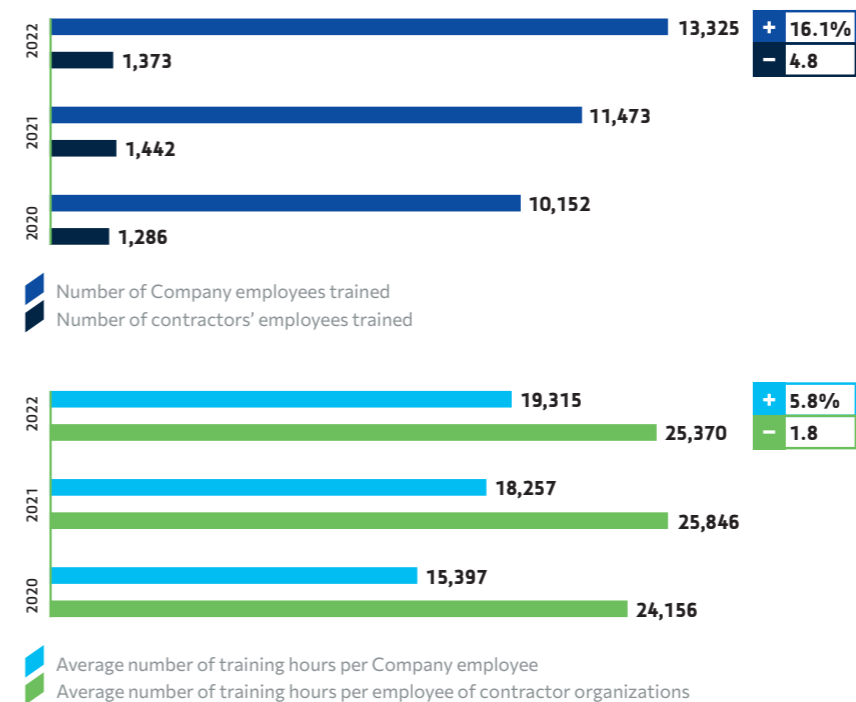
## Training and briefing of employees

GRI 403-4, GRI 403-5

Training of employees is a priority aspect for NC QazaqGaz JSC in the field of compliance of the management system with national, industry and international norms and standards in the field of occupational health and safety. Every year the Company carries out comprehensive work on development of safe work culture to increase the level of knowledge and competence of employees to comply with HSE requirements in accordance with the leading international practices.

Average number of training hours per employee

GRI 403-5



The indicator of the average number of training hours per employee among the Company's employees was

**19,315**

HOURS

The indicator of the average number of training hours among employees of contractors

**25,370**

HOURS

GRI 403-5

Every year NC QazaqGaz JSC to improve the competence, knowledge and awareness of employees organizes programs on professional training and advanced training of employees in HSE. In the reporting year, the Company's employees underwent training on the following types of HSE issues:

- basic training programs – **all employees;**
- Initial, refresher, unscheduled and targeted briefings – **all employees;**
- comprehensive, mandatory training programs – **all employees;**
- first aid skills development program – **all employees;**
- industrial safety issues at hazardous production facilities – **all employees;**
- safety issues during particularly hazardous work: gas hazardous work, excavation work, work at height, fireworks – **all employees;**
- issues related to the use of PPE, analysis of accidents at the Company's facilities;
- questions on fire technical minimum – **all employees;**
- Low Carbon Development training program – **HSE management;**
- NEBOSH IGC (International Occupational Health and Safety Certificate) – **employees of the Central Office and S&A of NC QazaqGaz JSC;**
- IOSH Managing Safely (International certificate of safe organization of works) – **employees of the Central Office and S&A of NC QazaqGaz JSC;**
- training on safety culture and safety management systems under the guidance of Samruk-Kazyna JSC – **CEO and CEO-1 of NC QazaqGaz JSC;**
- Vision Zero program – **HSE employees.**

In the reporting period, a total of 13,325 employees of NC QazaqGaz JSC were trained in the field of labor protection and industrial safety.

Number of employees of NC QazaqGaz JSC trained in the field of labor protection and industrial safety in 2022

**13,325**

PEOPLE



## Working with contractors

NC QazaqGaz JSC strives to ensure a responsible approach when working with contractors, based on respect and interaction of both parties in terms of managing HSE aspects. When concluding a contract for the provision of goods, works and services (hereinafter – GWS), contractors are subject to HSE requirements.

In accordance with the established labor relations, contractors performing works at the facilities of NC QazaqGaz JSC are obliged to comply with the requirements of the legislation of the Republic of Kazakhstan, standards, and norms of the Company in the field of HSE.

Where applicable, contractors are obliged to develop a plan to ensure safe working conditions at the workplace to prevent and minimize risks depending on the work performed. At the same time, contractors independently monitor compliance with health and safety requirements.

## Transport safety

In 2022, in accordance with the corporate standards of Samruk-Kazyna JSC, the Road Safety Policy of NC QazaqGaz JSC, aimed at prevention, avoidance and minimization of road traffic accidents (hereinafter – RTA) vehicles of the Company, was developed and approved.

To ensure safe driving, the Company relies on the following principles of the Policy:

- compliance with the requirements of the Traffic Rules and business processes of NC QazaqGaz JSC;
- development and continuous improvement of the system of planning, organization of travel management, identification of risks and precautions in hazardous road conditions;
- release on the line of vehicles that have passed technical inspection;
- compulsory pre-trip medical examination of each vehicle driver;
- engaging drivers with appropriate qualifications, health and experience to drive the vehicle;
- inadmissibility of actions, instructions or creation of conditions forcing drivers to violate traffic rules by managers and passengers.

In the reporting period, the Company recorded incidents related to RTA vehicles of KazTransGas Onimderi LLP. Within the framework of the RTA, regardless of the fault of the Company's representative, NC QazaqGaz JSC conducted a proper investigation and took corrective measures to prevent and minimize such incidents in the future.

The Company has the following traffic regulations in place to minimize and prevent RTA within and outside the production facilities:

- Availability of safety systems in vehicles;
- monitoring the behavior and condition of drivers, compliance with the rules on the use and stay in service vehicles;
- conducting inspections and checks of vehicles by the driver and control mechanic before going on the line;
- timely maintenance and repair of vehicles and refusing to use a vehicle if its technical condition does not allow the vehicle to be operated;
- careful selection of employees for positions involving driving a vehicle.

It is worth noting the statistical data of RTA, in which the risk of an accident often arises for reasons beyond the control of the Company. Two key causes of RTA are characteristic for NC QazaqGaz JSC:

- the number of the Company's vehicle fleet;
- geographical remoteness of the regions where the Company operates.

## Injury rate

GRI 403-7

NC QazaqGaz JSC realizes the extent of its responsibility to its employees for ensuring measures to reduce injuries in the workplace.

The Company regularly maintains statistics on key injury indicators for all structural subdivisions. According to the Health, Labor and Industrial Safety Policy, the management of NC QazaqGaz JSC, in case of incidents, immediately investigates and records the incidents in accordance with the current legislation of the Republic of Kazakhstan. Based on the results of the investigation, the Company develops a list of measures to prevent them.

In addition, on a weekly basis, the Chairman of the Management Board of NC QazaqGaz JSC holds staff meetings with the first heads of S&A, where first, the issues of compliance with the requirements for labor protection and health of employees, including issues of occupational injuries, are discussed.

In the reporting year, the Chairman of the Management Board of NC QazaqGaz JSC issued Order №84 "On granting each employee of the Group of companies of NC QazaqGaz JSC "Right to stop work" in the presence of dangerous and harmful working conditions, production factors and dangerous situations for human life. If there is a potential threat to safety, any employee is vested with the right to suspend work until the elimination of potentially dangerous situation or working conditions.

The Company adheres to the principle of "zero injuries". The management of NC QazaqGaz JSC strives to minimize all incidents, including severe accidents to reduce severe injuries and deaths to zero. In 2022, the Company officially joined the global program "Vision Zero"

on the initiative of Samruk-Kazyna JSC and signed the relevant commitments at the HSE Forum of the heads of S&A with the participation of the Company's top management. As a result, it was decided to adapt and implement seven "Vision Zero" Golden Rules and nine Life Supporting Rules in the Group of companies of NC QazaqGaz JSC. Implementation of the Rules will ensure due attention to the basic safety rules and increase the level of labor safety knowledge and production culture of the personnel.

In 2022, the LTIFR (Lost Time Injury Frequency Rate) was 0.29, while the FAR (Fatal Injury Frequency Rate) was 0. At the end of 2022, the number of work-related injuries and the number of work-related injuries with severe consequences compared to 2021 increased by 67% relative to 2021.

### Injury rates among the Company's employees<sup>7</sup>

GRI 403-9

Indicator	2020	2021	2022	Change, %
1.1. Number of fatalities related to the Company's operations (units)	0	1	0	-100
1.2. Fatality rate related to the Company's operations (%)	0	4.5	0	-100
2.1. Number of severe injuries related to the Company's operations (units)	0	3	5	66.7
2.2. Lost Time Injury Rate related to the Company's operations (LTIR)	0	0.18	0.21	16.7
3.1. Number of occupational injuries (units)	0	4	7	42.8
3.2. Lost Time Injury Frequency Rate (LTIFR) <sup>8</sup>	0	0.18	0.29	61.1
4. Total number of working hours, man-hours	21,987,815	22,154,349	24,195,796	8.4

LTIFR in 2022

0.29

FAR in 2022

0

Increase in the number of occupational injuries in 2022

66.7%

<sup>7</sup> These data cover 100% of employees. No categories of employees were excluded from these statistics.

<sup>8</sup> Ratios are based on 1,000,000 hours worked.

In 2022, employees in the Group of companies of NC QazaqGaz JSC received the following types of injuries:

- burn – Intergas Central Asia JSC;
- fracture – KazTransGas Onimderi LLP;
- closed fracture – Intergas Central Asia JSC;
- severe trauma – Asian Gas Pipeline LLP.

In other S&A of the Company there were no cases of injuries among employees.

There were no deaths among employees who are not regular employees (contract employees), but whose work and/or workplace is controlled by the Company.

In accordance with the internal documents of NC QazaqGaz JSC the investigation process is carried out in case of accidents. By the decision of the first head of S&A a commission for internal investigation is established, the chairman of the commission is appointed an official / managerial employee or employee depending on the level of the incident. This commission implements the process of internal investigation of incidents, determines root causes, analyzes the causes of the incident and develops corrective actions to be put into operation at the facilities in the structural units where the incident occurred.

In 2022, the following preventive actions were implemented based on the corrective actions taken:

- explanatory talks and briefings on the topics of incidents that occurred were conducted;
- training was conducted to prevent incidents.

**GRI 403-10**

In the reporting year, no cases of occupational diseases were recorded in the Group of companies of NC QazaqGaz JSC.

NC QazaqGaz JSC on an annual basis conducts activities to prevent incidents among employees. In 2022, the Company continued to work "Program of identification and assessment of behavioral factors".

**Objectives of the program to identify and assess behavioral factors in the Company**



The fundamental document regulating behavioral factors in the Company is the "Rules of Behavioral Observation on Safety", which establishes the procedure for observation and assessment of behavioral factors in employees. This assessment helps to warn and prevent accidents at work and while driving land transport vehicles and aims to identify repeated signs of dangerous actions and dangerous conditions by the Company's employees.

NC QazaqGaz JSC imposes strict requirements of occupational health and safety in accordance with the legislation of the Republic of Kazakhstan and internal norms, standards of the Company for employees of contracting organizations in terms of prevention and reduction of injury rate. On a monthly basis, contracting organizations submit reporting forms to record injury rates in each S&A.

**Injury rates for all persons who are not employees of the Company, but whose work and/or workplace is controlled by the Company<sup>9</sup>**

**GRI 403-9**

Indicator	2020	2021	2022
1.1. Number of fatalities related to the Company's operations (units)	0	0	0
1.2. Fatality rate related to the Company's operations (%)	0	0	0
2.1. Number of severe injuries related to the Company's operations (units)	0	0	0
2.2. Lost Time Injury Rate related to the Company's operations (LTIR)	0	0	0
3.1. Number of occupational injuries (units)	0	0	0
3.2. Lost Time Injury Frequency Rate (LTIFR) <sup>10</sup>	0	0	0
4. Total number of working hours, man-hours	3,903,250	4,286,723	10,562,672

In 2022, there were no cases of injuries and accidents among non-employees of the Company (contractors and outsourced persons).

**Prevention of emergencies**

**The process of emergency preparedness and response in NC QazaqGaz JSC is carried out in accordance with the legislative requirements and internal regulatory documents.**

The key documents regulating the activity of the Group of companies of NC QazaqGaz JSC in the field of emergency response include:

- Policy in the field of health, labor and industrial safety;
- Documented procedure "Identification of hazardous harmful production factors, risk assessment and establishment of management measures";
- Documented procedure "Emergency Preparedness and Response";
- DP-23-2022 "Investigation of accidents, incidents and accidents related to labor activity";
- Incident response Plan.

In accordance with the Occupational health and safety Policy, the Company ensures that personnel are prepared to always respond to emergencies. Management responsibility for emergency response rests with the Board of Directors of NC QazaqGaz JSC.

The Group of companies of NC QazaqGaz JSC has an order "On the operational commission for natural and man-made emergencies, accidents, incidents and incidents at the facilities of NC QazaqGaz JSC and S&A". According to the order, when an emergency occurs, information is immediately transferred

to the Chairman of the Commission to take urgent measures to localize and eliminate the emergency situation according to the approved – Incident response Plan, developed for each individual S&A in accordance with the specifics of the activities of NC QazaqGaz JSC. The operations commission controls the situation centrally with the Corporate Centre of NC QazaqGaz JSC, as well as at the sites of emergencies by authorized members of the commission.

Subsequently, information about the occurred emergency is brought to the attention of external parties to organizations and authorized bodies of the Republic of Kazakhstan in accordance with the current legislation "On Civil Protection" dated April 11, 2014 № 188-M and the Order of the Minister of Emergency of the Republic of Kazakhstan dated 06.24.21 "Rules of industrial safety in the operation of trunk pipelines".

The emergency response plan is approved by the head of S&A and coordinated with professional emergency rescue services and/or voluntary formations. The document provides for measures to rescue people, actions of managers and employees of emergency rescue services and voluntary formations to stop/prevent

the impact of harmful and hazardous factors. Considering the specifics of the Company's activities in the gas industry, natural gas transportation belongs to hazard class 4 (low hazardous substances), which can be disposed of. According to this provision, to reduce the negative impact on the environment, the elimination of emergency situations shall be ensured as soon as possible.

Risk assessment in the field of emergency response is regulated by the Documented procedure "Identification of hazardous production factors, risk assessment and establishment of management measures". According to the document, the Company identifies and assesses emergency risks based on three approaches:

- using relevant operational data from the Company's facilities to determine the frequency with which these events have occurred in the past and, based on this, make estimates of the frequency with which they will occur in the future;
- predicting event frequencies using techniques such as analyzing a diagram of all possible consequences of a system malfunction or failure ("fault tree") and analyzing a diagram of possible consequences of a given event ("event tree");
- use of expert opinion.

<sup>9</sup> These data cover 100% of persons (contractors and outsourcing) who are not employees. No categories of employees were excluded from these statistics.

<sup>10</sup> Ratios are based on 1,000,000 hours worked.

In accordance with the - Incident response Plan, NC QazaqGaz JSC has a three-tiered incident response structure:

1.

**INCIDENT/ENVIRONMENTAL POLLUTION, THE CONSEQUENCES OF WHICH ARE ELIMINATED AT THE SITE OR FACILITY BY THE RESPONSIBLE LINE MANAGER THROUGH HIS OWN RESOURCES;**

2.

**INCIDENT/ENVIRONMENTAL POLLUTION, THE IMPACT OF WHICH IS LIMITED TO THE SITE, BUT THERE IS A THREAT OF SPREADING THE IMPACT BEYOND THE SITE, IS ELIMINATED BY THE EMPLOYEES OF NC QAZAQGAZ JSC OR BY ATTRACTING ADDITIONAL SUPPORT RESOURCES;**

3.

**INCIDENT/ENVIRONMENTAL POLLUTION, FOR ELIMINATION OF THE CONSEQUENCES OF WHICH THE COMPANY'S RESOURCES ARE INSUFFICIENT AND REQUIRES ACTIVATION OF THE EMERGENCY MANAGEMENT TEAM TO INVOLVE PUBLIC AND PRIVATE EMERGENCY SERVICES.**

In 2022, the Company continued its commitments in the field of emergency preparedness by training the Company's employees in the prevention and avoidance of accidents at the facilities and main gas pipelines of NC QazaqGaz JSC. In this regard, employees are regularly trained in the areas of "Occupational health and safety, industrial safety, Basics of fire safety" and "Electrical safety", as well as memos and brochures on safety measures relating to hazardous factors are sent via corporate mail and information-portal to raise awareness among the Company's employees.

On an annual basis, systematic explanatory work and training in accordance with the established HSE requirements is carried out, including among contractors in order to introduce HSE management methods into the activities of contractors.

**IN 2022, IN ACCORDANCE WITH THE APPROVED SCHEDULES, TRAINING SESSIONS, COMPREHENSIVE DRILLS AND EXERCISES WERE CONDUCTED TO PRACTICALLY PRACTICE EMERGENCY RESPONSE. VARIOUS SCENARIOS OF POSSIBLE EMERGENCIES WERE ALSO PRACTICED, WHICH IMPROVED THE EFFICIENCY AND COHERENCE OF EMERGENCY RESPONSE ACTIVITIES IN KEY AREAS:**

**KEY AREA**

**EMERGENCY**

**MEASURE**

- emergency drills;
- fire and tactical drills;
- Civil defense training.

**KEY AREA**

**FIRE-PREVENTION**

**MEASURE**

- fireproofing treatment of wooden structures of facilities;
- repair, certification and recharging of fire extinguishers;
- training in fire safety measures and instructing personnel;
- installation of automatic fire extinguishing and signaling systems;
- maintenance of fire automation systems;
- installation and repair of fire-fighting water supply;
- conclusion of contracts for protection of facilities against fires.

In addition, QazaqGaz Exploration and Production LLP held a command and staff exercise at the Amangeldy field to improve the practical skills of civil defense and emergency management bodies of S&A, contractors, and other territorial formations. Exercises included dealing with spills and fires in the contract area, as well as providing first aid to injured people.

In 2022 in NC QazaqGaz JSC there were no cases of natural and man-made emergencies.

## Plans for 2023 and mid-term perspective

- Transformation of the organizational structure at the level of committees in the field of industrial safety – creation of the Managing Committee on safety of NC QazaqGaz JSC;
- Assigning responsibilities and duties to the Board of Directors of NC QazaqGaz JSC on issues of labor protection, health, industrial safety and environmental protection within a separate committee under the Board of Directors of NC QazaqGaz JSC, or amending the Regulations of one of the existing committees under the Board of Directors of NC QazaqGaz JSC;
- Development of UOHSMS/UOSHMS standard of NC QazaqGaz JSC;
- Approval of the document "Documented procedure: registration, investigation and analysis of accidents and incidents";
- Certification audit of TÜV Rheinland Kazakhstan;
- Recertification of IMS certificates – ISO 9001:2015, ISO 14001:2015, ISO 45001:2018;
- Approval of the document "Unified corporate standard on provision of special clothing, special footwear, personal protective equipment to employees of NC QazaqGaz JSC";
- Carrying out internal audit in the field of HSE;
- Development of internal training process in the field of occupational health and safety – training of trainers;
- Conducting a training program "Identification of hazardous and harmful production factors and risk assessment in the workplace";
- Introduction of an automated HSE performance reporting management system;
- Development of the internal regulations in terms of contractors' management;
- Preparation of a safety management system diagnostic report on 12 elements defining safety culture and behavioral risk management.



# Human resources management and social policy

## Management approach

GRI 3-3

Our employees are one of the main values of NC QazaqGaz JSC, and their well-being is a key condition for the Company's success. Therefore, employees are provided with comfortable and decent working conditions, affordable medical services, improves the processes of human resources development, works on training and skills development processes and creates an inclusive working environment based on the principle of equal opportunities.

The main internal documents regulating the activities of NC QazaqGaz JSC in the field of personnel management are:

- Personnel Policy (approved by the decision of the Board of Directors);
- Code of Business Ethics (approved by the decision of the Board of Directors);
- Rules of training and development of employees (approved by the decision of the Management Board on April 25, 2013);
- Rules for the formation and training of the talent pool (approved by the decision of the Management Board dated April 14, 2016);
- Rules for remuneration of management and administrative personnel (approved by a decision of the Management Board dated January 21, 2016);
- Rules for the training of young specialists (approved by the Management Board);
- Collective agreement (Additional agreement dated February 23, 2023).

NC QazaqGaz JSC takes a responsible approach to risk management, including social risks, which are directly related to the issues of realization of labor rights of employees. To prevent negative consequences of potential risk events, in the reporting period the Company identified a key list of social risks and mitigation actions.

Personnel management in NC QazaqGaz JSC is based on the implementation of the basic principles of the Personnel Policy. In the conditions of the Company's transformation, the management of NC QazaqGaz JSC realizes the degree of its responsibility in fulfilling its obligations to employees in terms of human resources management and observance of their rights. The key areas of the Company's activities in terms of human resources management include:



## Social risks of the Company in 2022

RISKS	MEASURES TAKEN TO MITIGATE RISKS
<b>LOW (INSUFFICIENT) QUALIFICATION OF PERSONNEL</b>	Highly qualified employees are recruited and hired exclusively through the QSamruk portal. Training and development needs are analyzed and determined, a training and development calendar and budget is created. Based on the analysis, a development plan or an adjustment plan is prepared for the employee, the amount of remuneration is changed, promotion/demotion is carried out. In order to prevent accidents at work, timely training and knowledge checks are carried out.
<b>INSUFFICIENT MOTIVATION OF PERSONNEL</b>	Corporate sports and cultural events are held to increase the activity, motivation and involvement of employees in the Company's life. Work is underway to introduce a grading system (job evaluation). Measures are taken to increase personnel motivation and create a favorable psychological climate in the team: recognition programs (professional skills contests "Yzdik Maman" aimed at increasing the prestige of working professions and IT specialists).
<b>UNAUTHORIZED STRIKES</b>	Explanatory work is carried out in labor collectives, including reporting meetings of the management directly with representatives of labor collectives and trade unions. A system of unified youth policy is being developed, which provides for the formation of an active life position among young employees and the involvement of young people in the social and production life of the enterprises. Based on the results of the social stability rating study, action plans are developed to minimize the areas of concern and increase the level of social stability. The Nysana Call Center's proactive information hotline is in operation.
<b>LACK OF EMPLOYEE SATISFACTION WITH THE REMUNERATION POLICY</b>	NC QazaqGaz JSC applies transparent approaches to the issues of material and non-material remuneration of employees. Remuneration of labor and bonuses to employees is regulated by the Company's internal regulatory documents and the Collective Bargaining Agreement, which was developed taking into account the proposals of all employees of the Company. The amount of remuneration depends on the achievement of goals and objectives by the Company as a whole and by individual employees, as well as on the financial and economic capabilities of the Company.

## Management structure and tools

The Department of human resources management and labor remuneration is responsible for managing the issues of human resources and social policies, as well as issues related to labor remuneration in the Group of companies of NC QazaqGaz JSC. In the reporting year, the Department had goals and objectives within the framework of transformation of the Company's organizational structure in connection with the transition to the ownership of Samruk-Kazyna JSC.

### Organizational structure on social and labor relations



# Employees and employment

GRI 2-4, GRI 2-7

As of December 31, 2022, the headcount of employees of NC QazaqGaz JSC amounted to 12,710 people<sup>11</sup>. Compared to 2021, the share of the headcount of employees increased by 4.8% due to the reorganization of the Company's structure. In 2022, most of the employees were employed on the basis of a permanent contract and full-time employment<sup>12</sup>.

As of the end of December 31, 2022, the number of employees was 12,710, including 2,226 women, which is 18% of the total number of employees. The low proportion of women is due to the peculiarities of the production process in the gas industry, which mainly involves men.

As of the end of December 31, 2022, the number of employees was

# 12,710

PEOPLE

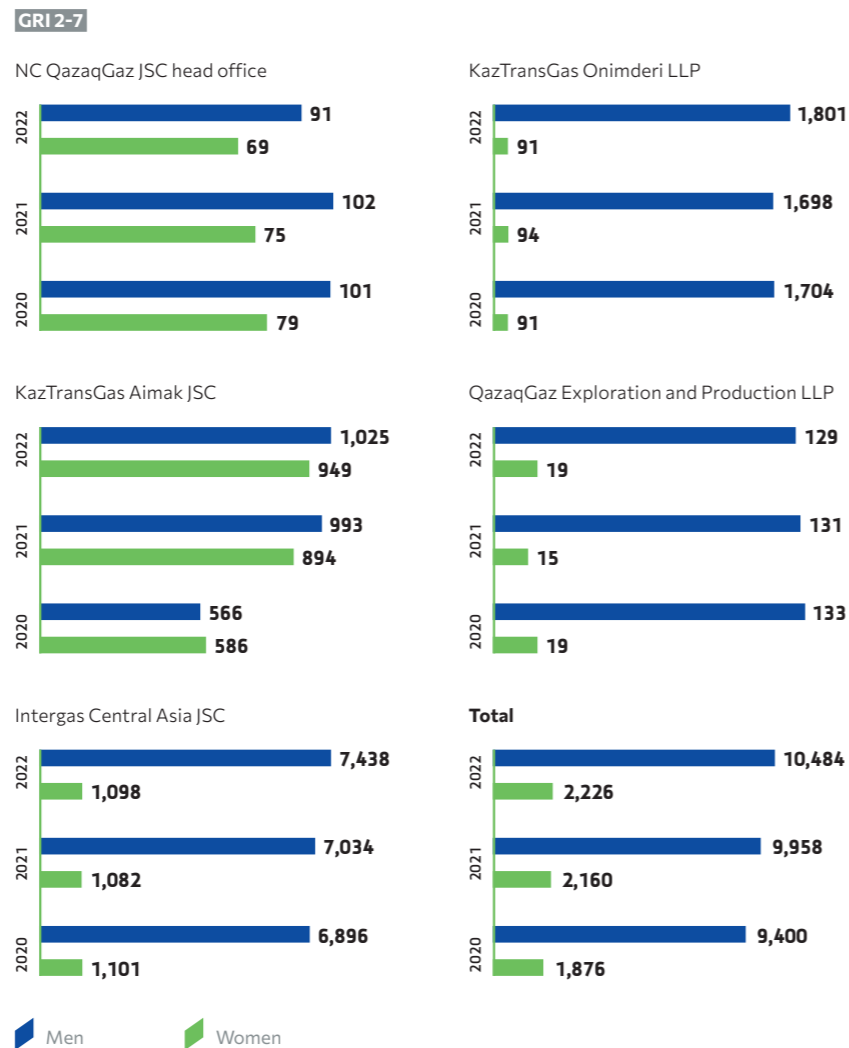
Share of women from the total number of employees

# 18%

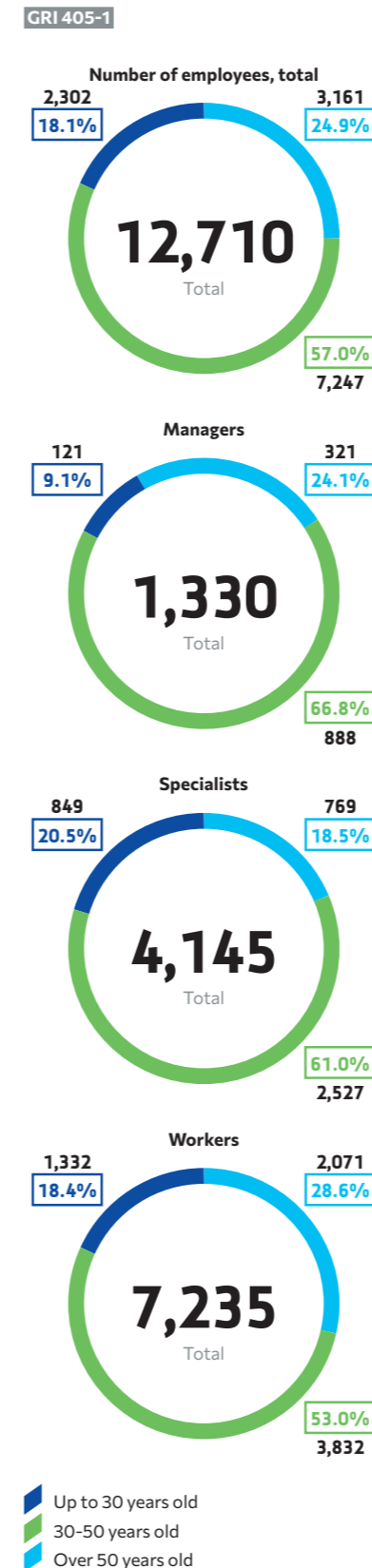
## Dynamics of the number of employees as of December 31, 2022, people



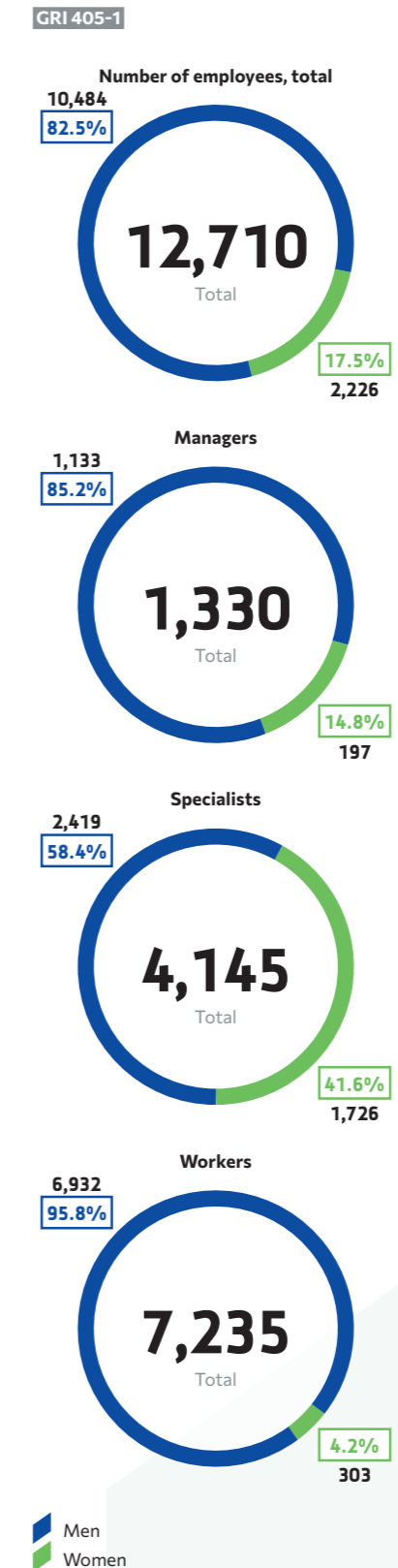
## Number of employees by enterprises and gender as of December 31, 2022, people



## Number of employees by category and age group as of December 31, 2022, people



## Number of employees by category and gender groups as of December 31, 2022, people



At the end of December 31, 2022, the majority of employees are between 30 and 50 years of age – 57.0%. Compared to 2021, no significant changes were recorded. The share of employees over 50 years of age is 24.9%, employees under 30 years of age – 18.1%.

Share of employees between 30 and 50 years of age

# 57%

Share of employees over 50 years old

# 24.9%

Share of employees under 30 years of age

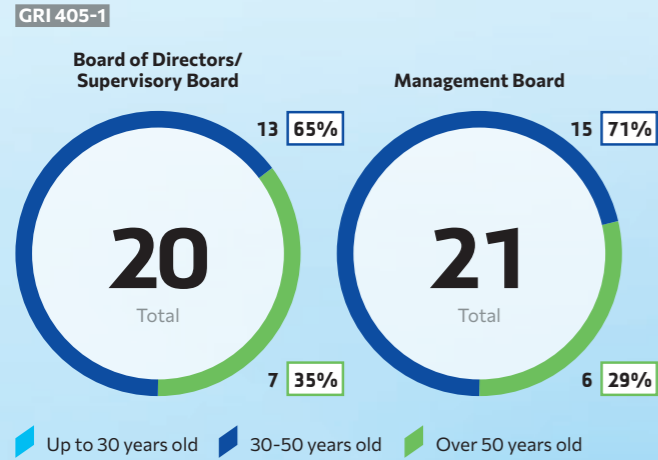
# 18.1%

<sup>11</sup> Hereinafter the personnel data cover employees of the following S&A of the Company included in the scope of external independent assurance of non-financial statements: NC QazaqGaz JSC, KazTransGas Aimak JSC, Intergas Central Asia JSC, KazTransGas Onimderi LLP, QazaqGaz Exploration and Production LLP.

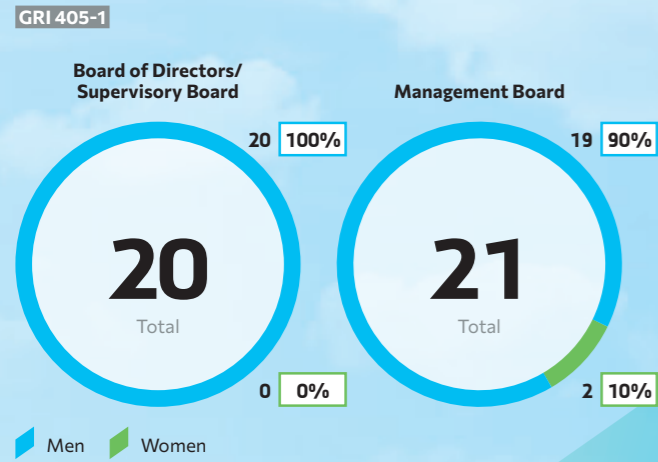
The total headcount of the entire Group of companies of NC QazaqGaz JSC is 14,274 people and includes the following S&A: NC QazaqGaz JSC, KazTransGas Aimak JSC, Intergas Central Asia JSC, KazTransGas Onimderi LLP, QazaqGaz Exploration and Production LLP, Asian Gas Pipeline LLP, Beineu-Shymkent Gas Pipeline LLP, KazRosGas LLP, Qazaq Gas Qurylys LLP, KazMunayGas – NS Service JSC.

<sup>12</sup> Statistical data on quantitative indicators were obtained by collecting data collection forms for the Group of companies of NC QazaqGaz JSC.

Number of employees of governing bodies by age group as of December 31, 2022, **people**



Number of employees of governing bodies by gender groups as of December 31, 2022, **people**



The total number of employees in the composition of the Board of Directors / Supervisory Board for the Group of companies of NC QazaqGaz JSC is 20 people among which 100% are men. Most of the employees in this category are between 30 and 50 years of age – 65%.

The total number of employees in the Management Board of the Group of companies of NC QazaqGaz JSC is 21 people, among which 19 men and 2 women. Most of the employees in this category are between 30 and 50 years of age – 71%.

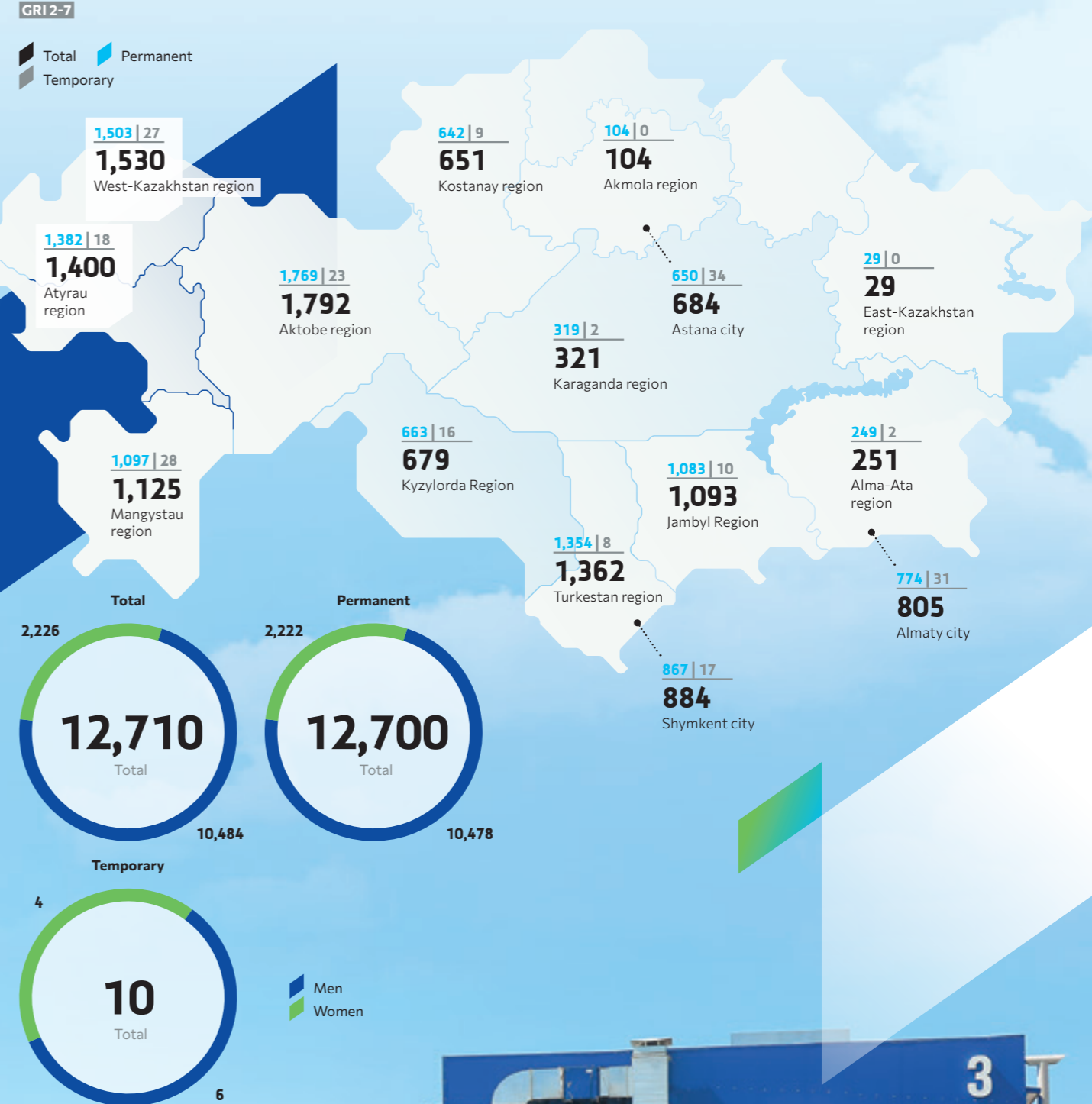
Number of employees by category as of December 31, 2022, **people**



At the end of December 31, 2022, the majority of employees are represented in the worker category, totaling



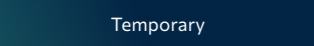
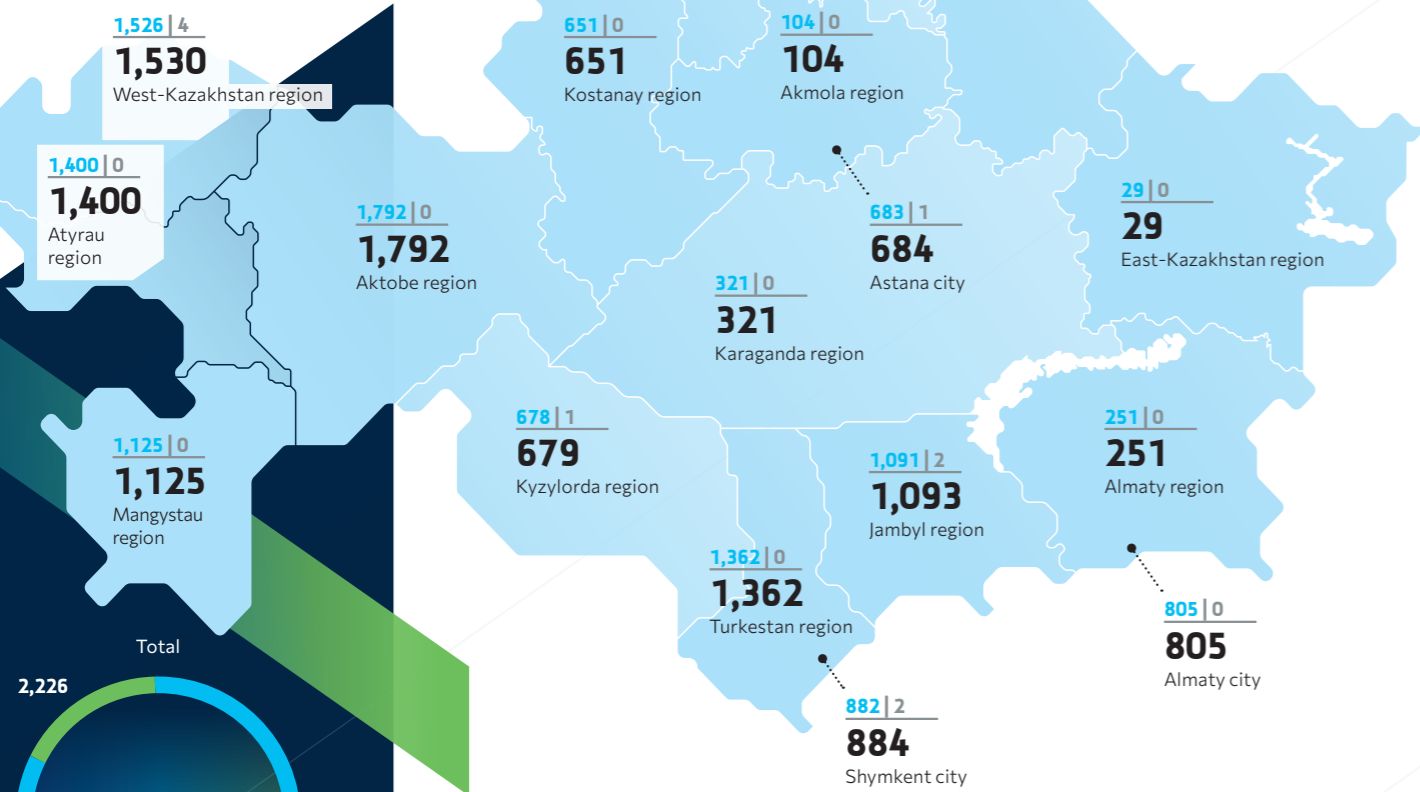
Number of permanent and temporary employees by regions as of December 31, 2022, **people**



Number of employees in permanent and temporary employment by regions as of December 31, 2022, people

GRI 2-7

Total Permanent Temporary

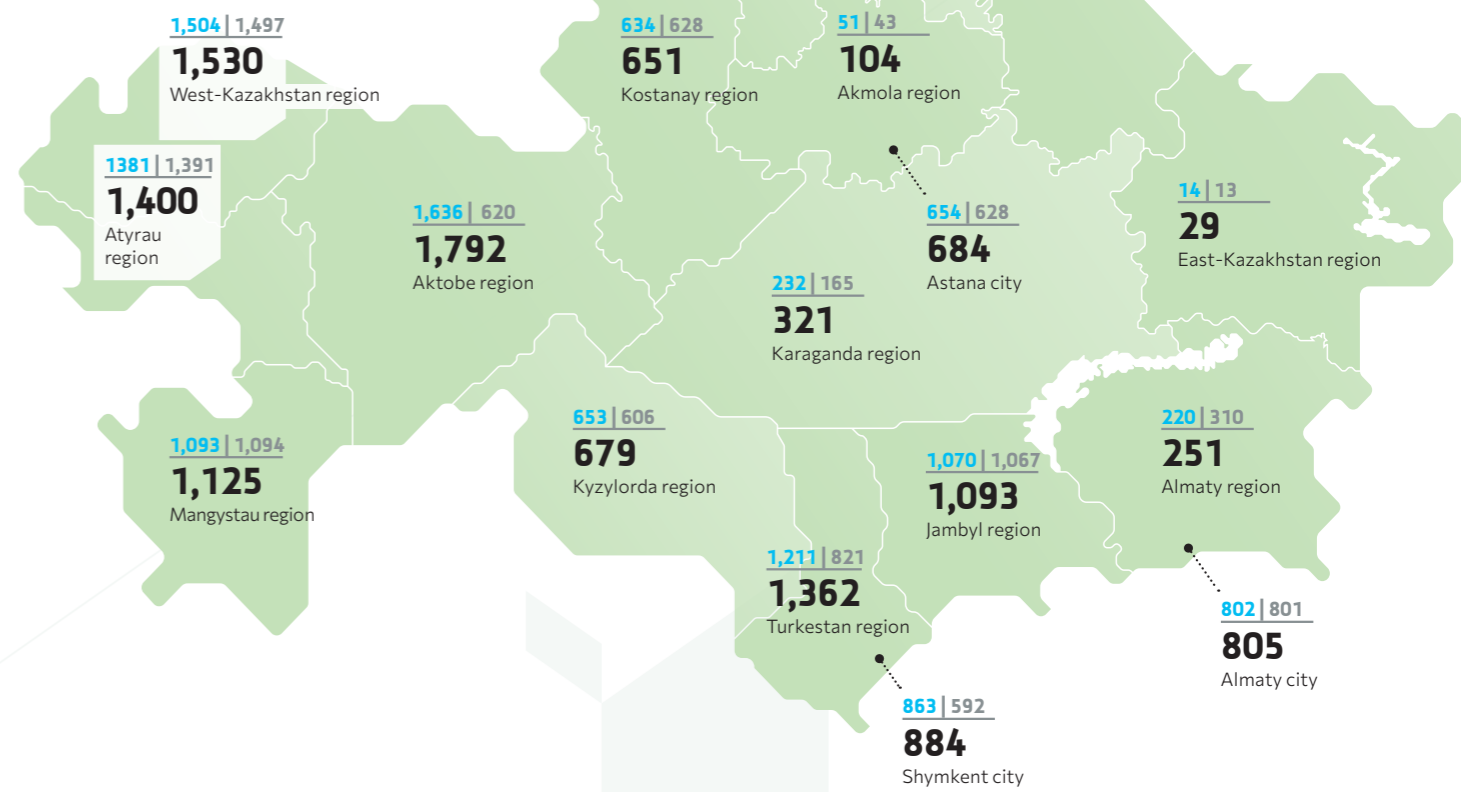


Men Women

Number of employees by region for 2020-2022 as of December 31, 2022, people

GRI 2-7

2020 2021 2022



GRI 401-2

- personnel record keeping (from conclusion of labor contracts to their termination/termination, execution of personnel orders, business trips, processing of certificates of incapacity for work, etc.);
- administration of social support programs (conclusion of contracts for medical care, execution of orders for payment of financial aid and other incentives);
- ensuring occupational health and safety measures (concluding contracts for training, accommodation, catering, procurement of protective clothing and PPE);
- calculation and payment of wages and remuneration, withholding and remittance of taxes and other obligatory deductions;
- interaction with state authorities – on issues of military registration, statistical reporting on labor, reporting on employment;
- contact center service for interaction with the provided personnel within the framework of labor relations.

The Company has the following types of benefits provided to employees:

- life insurance;
- health resort treatment and recreation;
- disability and incapacity payments (provided for by the legislation of the Republic of Kazakhstan);
- child care leave (provided for by the legislation of the Republic of Kazakhstan);
- payments upon dismissal in excess of those stipulated by the legislation of the Republic of Kazakhstan;
- material assistance (provided for by the legislation of the Republic of Kazakhstan);
- medical care (for more details see the Employee Health section on page 121).

These benefits apply to both full-time and part-time employees.

Number of persons engaged to work in NC QazaqGaz JSC, but are not employees



Number of NC QazaqGaz JSC employees working full-time employees in 2022



PEOPLE

In 2022, the number of employees of NC QazaqGaz JSC working on a full-time basis amounted to 12,700 people from the total number of personnel, with the number of male employees amounted to 10,478 people, female employees – 2,222 people. In the reporting period, the Company employed 10 people on a part-time basis, including 6 men and 4 women.

On a part-time basis during the reporting period, the Company worked



PEOPLE

The number of persons engaged to work at NC QazaqGaz JSC, but who are not employees of the Company, in 2022 was 39 persons. The Company regularly engages persons to work on the terms of outstaffing practice by searching for employees through the Private institution “Samruk Business Academy” (hereinafter – “Samruk Business Academy”).

The relationship between NC QazaqGaz JSC and outstaffing employees is governed by the provisions of the Civil Code, the Labor Code and other regulations of the Republic of Kazakhstan. According to the service agreement, outstaffing employees perform the following types of work:

# Staff turnover

In 2022, the rate of staff turnover amounted to 6.7%. A total of 848 labor contracts were terminated in 2022, the requirements of the Labor Law of the Republic of Kazakhstan were complied with when terminating the contracts.

Number of men with whom labor relations were terminated in 2022

**706**

PEOPLE

Number of women with whom labor relations were terminated in 2022

**142**

PEOPLE

Employee turnover rate Company's male employees in 2022

**6.7%** + 86.1%

PEOPLE

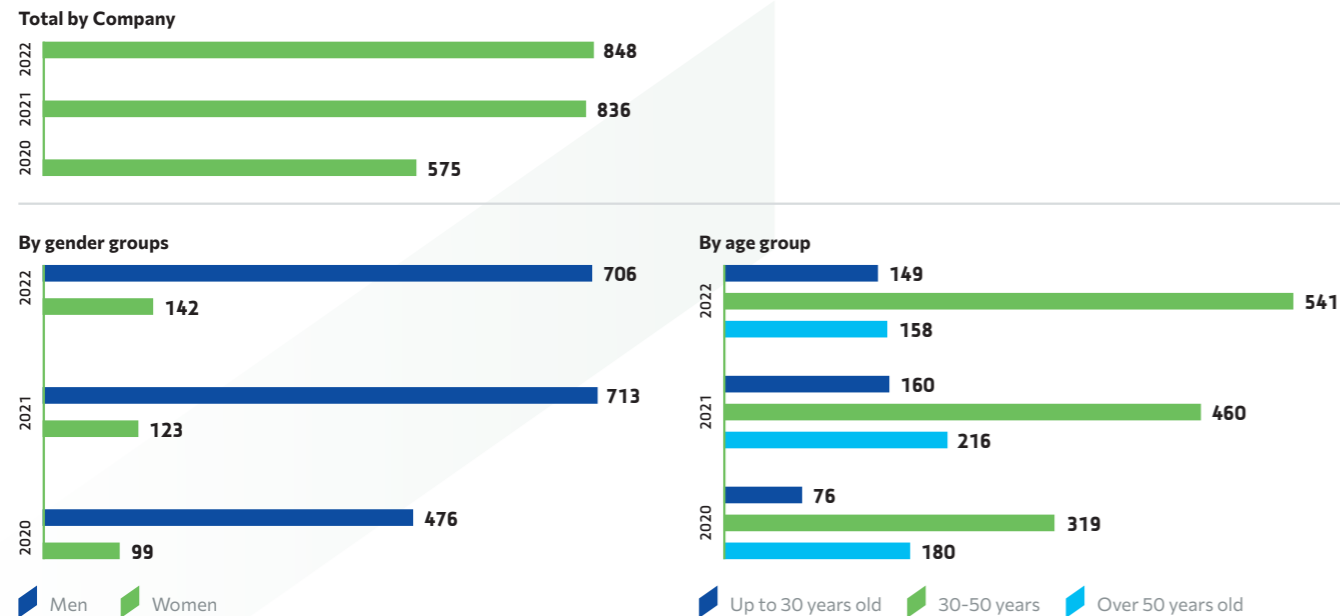
Employee turnover rate Company's female employees in 2022

**5.5%** - 20.3%

PEOPLE

Total number of employees with whom labor relations were terminated, by gender and age in 2020-2022, persons\*

GRI 401-1



\* Quantitative data disaggregated by gender and age groups for 2020 and 2021 have not been independently validated.

Total number of employees with whom labor relations were terminated, by gender, age and region as of December 31 of the reporting year, persons

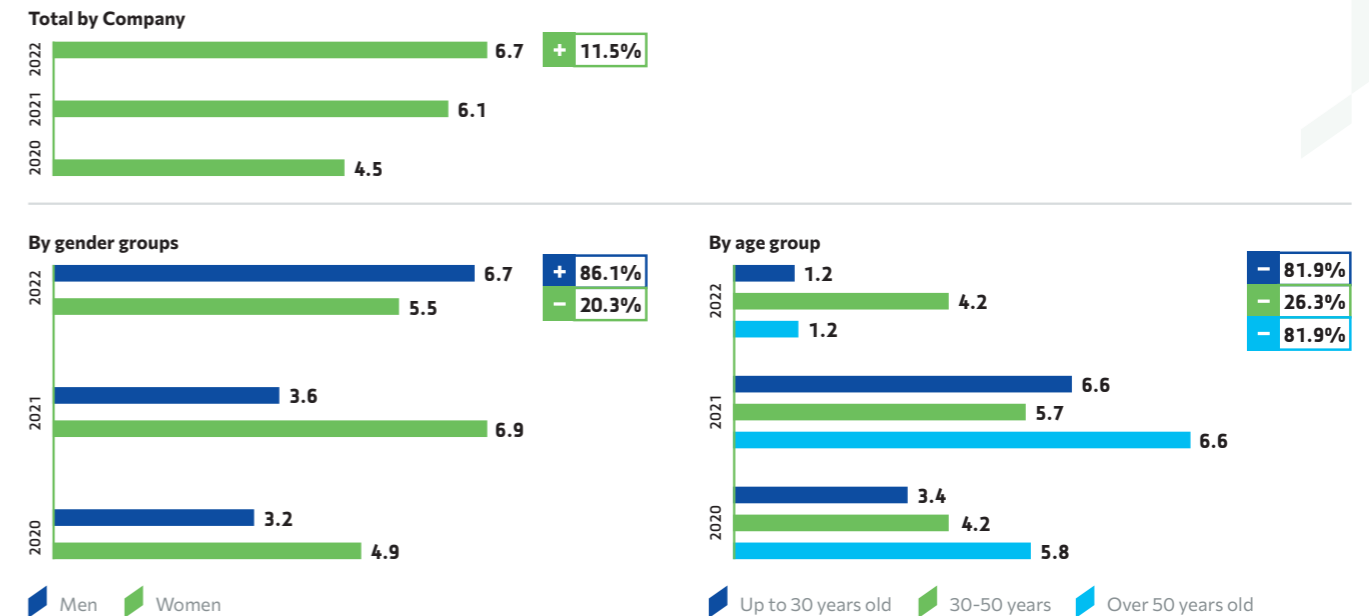
GRI 401-1

Region*	Up to 30 years old		30-50 years		Over 50 years old	
	Men	Women	Men	Women	Men	Women
Astana city	8	4	97	41	18	4
Almaty city	9	4	29	8	8	0
Shymkent city	2	2	16	2	6	3
Aktobe region	3	0	30	1	7	3
Atyrau region	11	1	23	2	20	1
Akmola region	0	0	0	0	0	0
Alma-Ata region	6	0	9	0	1	0
East-Kazakhstan region	1	0	0	0	0	0
Jambyl region	9	0	23	2	11	1
West-Kazakhstan region	34	4	84	13	44	2
Karaganda region	3	2	15	2	1	0
Kostanay region	3	0	16	0	1	4
Kyzylorda region	4	0	8	1	0	0
Mangystau region	6	0	13	1	5	0
Turkestan region	5	0	10	0	3	1
North Kazakhstan	0	0	2	0	1	0
South Kazakhstan	22	6	62	24	11	2
Central Kazakhstan	0	0	6	1	0	0
<b>Total</b>	<b>126</b>	<b>23</b>	<b>443</b>	<b>98</b>	<b>137</b>	<b>21</b>

\* Region means the region of the Company's presence in the territorial units of the Republic of Kazakhstan.

Staff turnover rate of employees as of December 31, 2022\*, %

GRI 401-1



\* Staff turnover rate is defined as the ratio of the number of employees with whom labor relations were terminated, by agreement of the parties and/or for negative reasons, to the Company's headcount for the year.



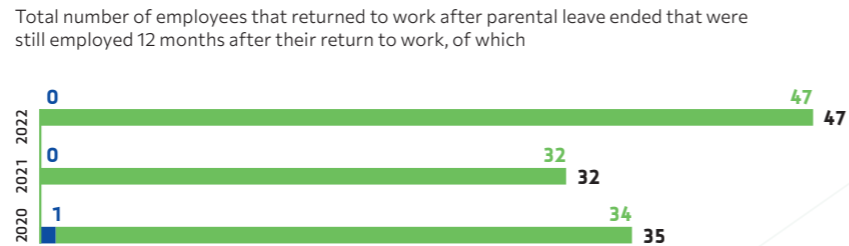
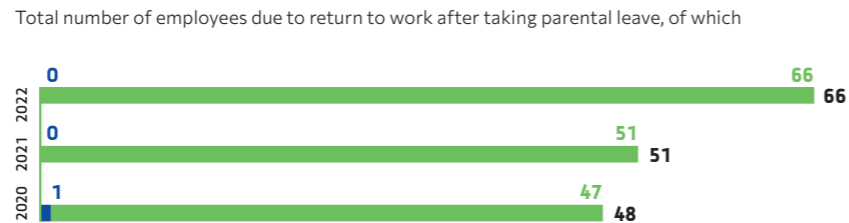
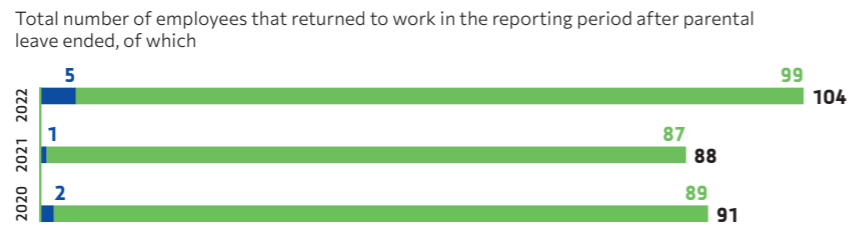
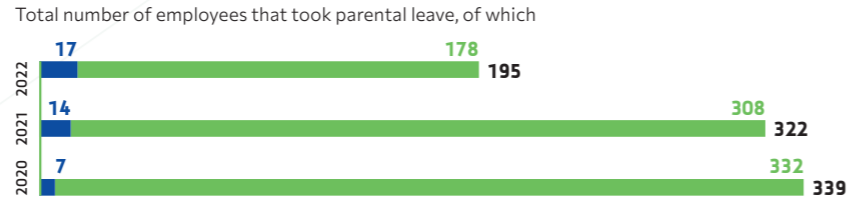
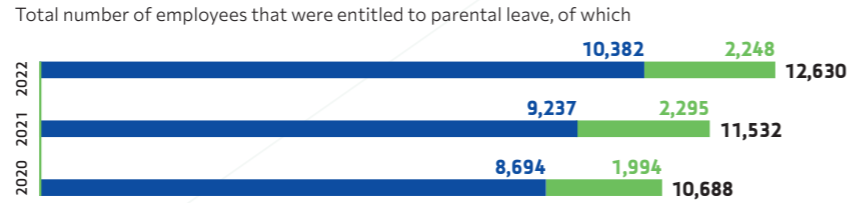
GRI 402-1

The minimum notice period for employees in case of termination of employment contracts due to staff reduction in accordance with the Labor Code of the Republic of Kazakhstan is one month (30 calendar days). Forthcoming changes in the terms and conditions of the employment contract due to changes in organizational or technological working conditions in accordance with the Collective agreement comply with the requirements of the Labor Code of the Republic of Kazakhstan. In 2022, there were no cases of filing lawsuits on non-compliance with this requirement by the Company's employees.



Employees who took parental leave in 2020-2022, persons

GRI 401-3



Men Women

Remuneration and motivation

REMUNERATION

The NC QazaqGaz JSC system is based on the principles of fairness and competitiveness, which helps to attract and retain professionals and to achieve the strategic goals of the Company.

As a responsible employer, the Company strives to provide its employees with decent wages. Material motivation of personnel is regulated by the Regulations on Remuneration of Labor, which includes the which includes "Rules of remuneration of managerial and administrative personnel" and "Rules of remuneration of industrial personnel".

The Department of human resources management and labor remuneration is responsible for planning, monitoring and control of labor remuneration expenditures, for calculating remuneration amounts based on the results of KPI motivation charts, as well as for drawing up and submitting to the Central Accounting the Acts on payment of remuneration.

Administrative employees are evaluated on a quarterly basis (quarterly objective fulfillment). Managerial and supervisory employees are assessed for KPI performance at the end of the year.

NC QazaqGaz JSC also carries out annual assessment of employees for further construction of individual development plans. Employees of the Company undergo attestation to check compliance with their position once in three years. No external consultants are involved in determining bonuses and KPI payments; all calculations are performed by the Department of human resources management and labor remuneration. In accordance with the Collective agreements and the internal regulations governing the remuneration of employees, NC QazaqGaz JSC sets uniform salary, monthly rates, and surcharges.

When recruiting employees, the minimum salary for the respective position is set. The salary may be changed at least once a year. The salary may be increased with promotion, as well as in connection with the application of the direct manager with the approval of the Management Board.

When terminating a contract with an employee, the Company is guided by the Labor Code of the Republic of Kazakhstan, regardless of the position of specialists. Termination indemnities are calculated individually for each specialist, on the basis of the concluded contract.

Monthly surcharges depend on the location of work (the environmental coefficient for work in the Aral Sea region varies from 20% to 50%) and the results of training (assessments and tests up to 20%).

MOTIVATION

In 2022, the Company followed a unified approach to staff motivation. Staff motivation is based on the principles of ensuring a decent level of remuneration, transparency and respect for the rights of employees in their labor relations.

NC QazaqGaz JSC realizes material and non-material motivation of employees. As part of material motivation, the Company pays one-time bonuses and incentives of the following types:

- proposals aimed at improving the quality of work and reducing the Company's costs;
- to holidays for all staff, regardless of the level of their position (Nauryz meiramy, Oil and Gas Workers' Day, Independence Day of the Republic of Kazakhstan).

NC QazaqGaz JSC provides its employees with a package of social services, including medical insurance, compensation, and financial aid, including medical treatment and recovery for employees during work leave and many others. Based on Collective agreements and Rules of social support, the following main types of material assistance were paid to NC QazaqGaz JSC employees in 2022:

- financial aid for health leave;
- at the birth of a child;
- in case of the death of an employee / employee's family members;
- social benefits for pregnancy and childbirth, who adopted and adopted newborns;
- other payments (upon marriage, upon retirement, on anniversaries, etc.).

For non-material motivation purposes, NC QazaqGaz JSC budgets annually allocate funds for voluntary medical insurance, which includes a wide range of medical services in the best clinics in Kazakhstan. In addition, the Company works to prevent diseases among employees, as well as to treat and rehabilitate them during vacations.

## Talent pool

NC QazaqGaz JSC in 2022 continued the practice of formation of talent pool with the objective of training managers, executives and highly qualified employees to hold managerial and professional positions in the Group of companies.

The main document regulating the issues of the talent pool is the document "Rules of formation of the talent pool".

Every year by January 31, the Department of human resources management and labor remuneration analyzes the need for managerial and administrative positions to form a talent pool based on the quantitative and qualitative analysis of human resources of NC QazaqGaz JSC.

Based on the obtained data, the process of formation of the talent pool is represented by the following stages:

- analyzing the need in the talent pool;
- study and preliminary selection of candidates;
- assessment of their professional, business and personal qualities;
- selecting the most deserving and promising candidates and enrolling them in the talent pool.

As a result of the analysis of the need for human resources needs the talent pool of NC QazaqGaz JSC is formed based on the total number of employees of the Central Office and all S&A.

After all the above steps, an ICDP (Individual Career Development Plan) is signed with the reservist based on the results of the selection process. The ICDP is drawn up for a certain period, in accordance with the timeframe for filling the position.

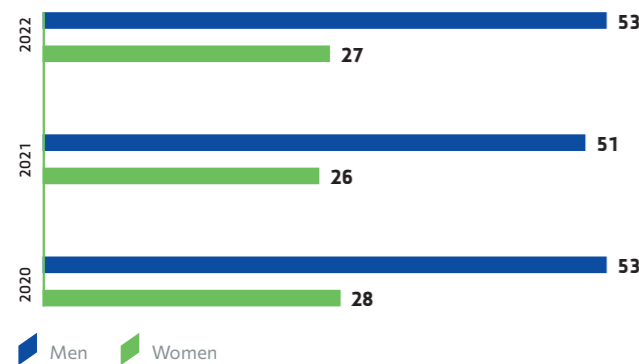
### Percentage of employees covered by regular performance evaluation programs related to career development, %

GRI 404-3

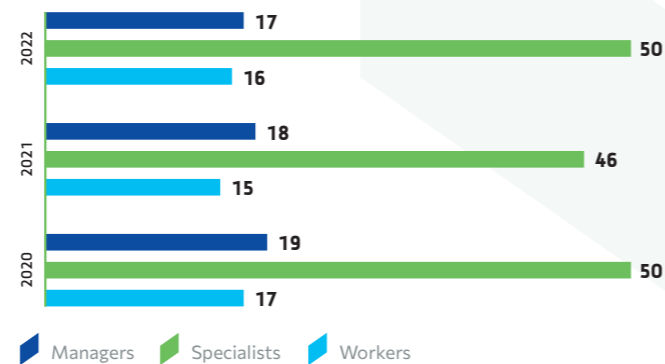
Total by Company



By gender groups



By employee category



## Personnel training and development

GRI 404-2

Annually NC QazaqGaz JSC sets itself the task of providing employees with quality education. The Company realizes several educational programs, trainings for administrative, managerial and production staff of the Company, aimed at training and professional development. In addition, professional training and development of working staff is one

of the long-term and priority areas of the Company's personnel policy since the professional level of working staff is the most important factor in improving the efficiency of safe production, increasing labor productivity, and improving the quality of work. Each year, the budget of NC QazaqGaz JSC allocates funds for staff training and professional

development. During the period under review, the Company's employees underwent training and professional development in accordance with the best practices in the field of knowledge and skills of employees in their daily activities, both based on training organizations and in training centers of the Republic of Kazakhstan.

In NC QazaqGaz JSC in accordance with the Rules of technical operation of main gas pipelines technical facilities of main gas pipelines should be operated by specially trained staff. Staff servicing high-risk facilities should be trained (retrained) at courses specially created by enterprises under programs agreed with local state supervision authorities.

NC QazaqGaz JSC has programs aimed at staff development, such as "Training and Professional Development", and developed a "Young Specialist" program. "Training and professional development" is a permanent program on staff development.

Apart from the permanent programs, in 2022 NC QazaqGaz JSC implemented training programs for the following structural subdivisions:

DEPARTMENT	COURSE TITLE
<b>DEPARTMENT OF STRATEGY AND SUSTAINABLE DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>• Certification training "GRI Standards: Sustainability Reporting".</li> </ul>
<b>DEPARTMENT OF CENTRAL ACCOUNTING</b>	<ul style="list-style-type: none"> <li>• Changes in IFRS, 1C: "Professional Accountant of the Republic of Kazakhstan";</li> <li>• "DipIFR ACCA".</li> </ul>
<b>DEPARTMENT OF HUMAN RESOURCES MANAGEMENT AND LABOR REMUNERATION AND DEPARTMENT OF LEGAL</b>	<ul style="list-style-type: none"> <li>• Professional development within the established requirements under the Labor Law of the Republic of Kazakhstan.</li> </ul>
<b>DEPARTMENT OF PROCUREMENT AND LOCAL CONTENT</b>	<ul style="list-style-type: none"> <li>• Annual webinar "Procurement Procedures".</li> </ul>
<b>DEPARTMENT OF BUSINESS PROCESSES MANAGEMENT</b>	<ul style="list-style-type: none"> <li>• "Building business processes" with the objective to further conduct trainings for the Group of companies of NC QazaqGaz JSC on "Implementation of process approach and methods of continuous improvement".</li> </ul>
<b>HSE SERVICE</b>	<ul style="list-style-type: none"> <li>• Low-carbon development;</li> <li>• Training on the international occupational safety and health standard "IOSH".</li> </ul>

Employees of the Group of companies of NC QazaqGaz JSC are trained on an annual basis at advanced training courses, seminars, internships, and trainings both based on "Samruk Business Academy" in Astana and based on other training centers of the Republic of Kazakhstan, near and far abroad countries.

In addition to the employees themselves, NC QazaqGaz JSC also provides education to the children of employees of the Group of companies in higher education institutions of Kazakhstan and abroad at the expense of S&A and NC QazaqGaz JSC, who will return to work in the gas transportation industry after completing their education.

In the reporting year, the Company continued the practice of distance learning introduced in 2020 on the basis of the Information System "Unified platform for assessment, training and development of staff oStudy".

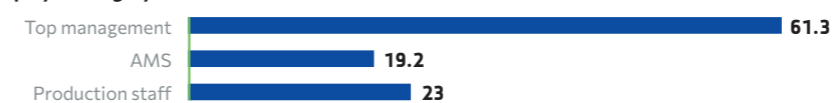
### Average hours of training per year per employee, hour

GRI 404-1

By gender groups



By employee category



Conditions during the training period

GRI 404-2

TYPE OF PROGRAM/ASSISTANCE PROVIDED	NAME OF THE PROGRAM	BRIEF INFORMATION ABOUT THE PROGRAM
FINANCIAL SUPPORT FOR EXTERNAL TRAINING OR EDUCATION	“EMPLOYEE TRAINING AND DEVELOPMENT CALENDAR”	To create and maintain the necessary level of qualification of employees, taking into account the requirements and development prospects of the NC QazaqGaz JSC Group of companies, a training plan is developed and approved every year, in which short-term training programs (training courses, seminars, etc.) are planned. Training activities are carried out at the expense of the Company’s budget.
FINANCIAL SUPPORT FOR EXTERNAL TRAINING OR EDUCATION	“YOUNG SPECIALIST”	As part of the program, employees can get higher education, gain knowledge and experience within the Company through a system of mentoring. In addition, with the right skills, the Company attracts young employees to participate in industry scientific and practical conferences, including international.

GRI 404-2

According to the Collective agreement, the Company offers support programs during the transition period.

Training of young professionals

For systematic filling of vacancies, as well as for the formation of a group of young specialists capable of operational management activity, meeting the requirements of the position of this or that direction, in some S&A of NC QazaqGaz JSC were developed and approved “Rules of training young specialists”. This document describes the procedure for determining

the need for training young specialists, recruiting candidates, sending them for training in educational institutions of the Republic of Kazakhstan, near and far abroad.

In 2022 NC QazaqGaz JSC concluded Memorandums of Understanding with the Rector of Satbayev University and

the Rector of Kazakhstan-British Technical University with the objective of nurturing young specialists for the gas industry. As part of this direction, the Company will invite graduate students for internships at production facilities. The best students will be assisted in finding employment in production positions in the Group of Companies.

Social policy

NC QazaqGaz JSC respects the honor and dignity of employees and maintains a working environment between employees and the Company. In addition, the Company adheres to the following key principles in building relationships with employees, as well as:

- recognizes the rights of employees to freedom of assembly and association, freedom of opinion and expression;
- does not allow any form of discrimination against any person

on the basis of age, gender, ethnicity, religion, disability, nationality, social status, sexual orientation or other characteristics unrelated to individual performance;

- aims for socio-cultural diversity among employees at all organizational levels;
- recognizes equal opportunities for women and men, equal pay for equal work;
- does not tolerate child, forced or compulsory labor;
- does not tolerate any form of violence

- in the workplace;
- provides a safe and healthy workplace environment for all its employees;
- respects the rights of local communities in the regions where it operates.

An integral part of NC QazaqGaz JSC is the social policy aimed at social support of employees, their family members, as well as retiring employees through a set of social programs. Ensuring the social security of employees is a never-changing position of the Company’s management.

GRI 2-30

NC QazaqGaz JSC strictly respects the right of employees to freedom of association and collective bargaining agreements. The basic document regulating the provisions of social support in the Company is the Collective agreement of NC QazaqGaz JSC. The percentage of employees in the Group covered by the Collective Bargaining Agreement as of December 31, 2022

was 98%. Trade unions operate within each S&A, and collective bargaining agreements are concluded with employees. As of the end of 2022, collective bargaining agreements were in force at the following enterprises: KazTransGas Aimak JSC, Intergas Central Asia JSC, KazTransGas Onimderi LLP, Asian Gas Pipeline LLP, Beineu-Shymkent Gas Pipeline LLP, KazRosGas LLP.

Recruitment

NC QazaqGaz JSC complies with the requirements of the Labor Law of the Republic of Kazakhstan, the Collective agreement of the Company and internal documents in terms of staff recruitment procedures. The Company works on forming a staff of highly qualified employees, whose potential and abilities are used most effectively. NC QazaqGaz JSC continuously improves internal recruitment procedures with the objective of attracting the best personnel.

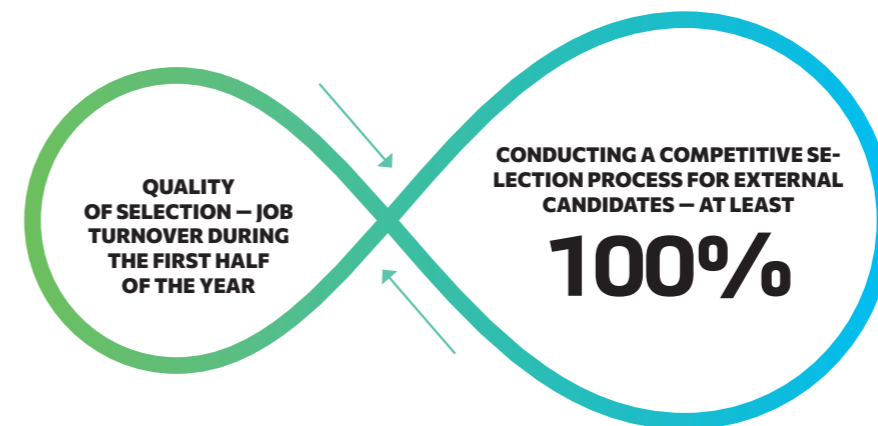
In the reporting year, the Company continued the practice of publishing vacancy announcements on the websites of NC QazaqGaz JSC and S&A, as well as in the mass media. On an annual basis, specialists of the Human Resources Management and Labor Remuneration Department improve their skills and knowledge to improve recruitment practices.

In connection with the transition under 100% ownership of Samruk-Kazyna JSC in 2022, there were changes in the internal documents of NC QazaqGaz JSC in terms of practices and approaches to recruitment of personnel. In accordance with the “Rules of search, selection and adaptation of administrative employees of Samruk-Kazyna JSC”, the search and selection of candidates for internal selection are carried out by placing vacancies on internal corporate resources in the Group of companies of NC QazaqGaz JSC. In addition, the search for candidates is carried out on external selection by placing vacancies on the official website of the Fund (www.qsamruk.kz). When hiring employees NC QazaqGaz JSC complies with the principles of meritocracy, human rights and the norms of the Labor Law of the Republic of Kazakhstan.

The introduction of experience in the remote format of the recruitment process in 2020 has shown its effectiveness in the reporting period. This approach provides greater flexibility both to applicants when passing the stages of testing and knowledge assessment without leaving home, and to the organization when conducting interviews in the online format by HR employees and line managers of NC QazaqGaz JSC and S&A.

In addition, NC QazaqGaz JSC conducts adaptation activities for new employees to effectively enter the position, reduce psychological tension in the new team, develop satisfaction and increase motivation, to form a positive image of the Company.

Key performance indicators of the personnel selection and recruitment system



Number of employees hired in NC QazaqGaz JSC in 2022

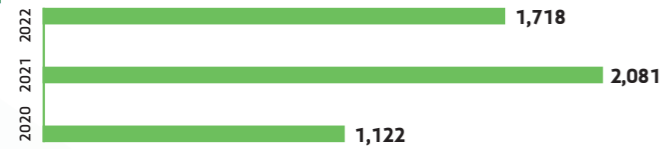
1,718 PEOPLE

In 2022, NC QazaqGaz JSC employed 1,718 people, among them 1,441 men and 277 women. Most of the hired employees are between 30 and 50 years of age.

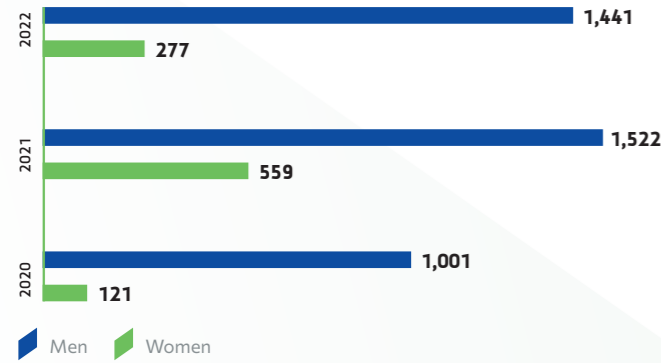
Number of hired employees by gender and age in 2020-2022, persons\*

GRI 401-1

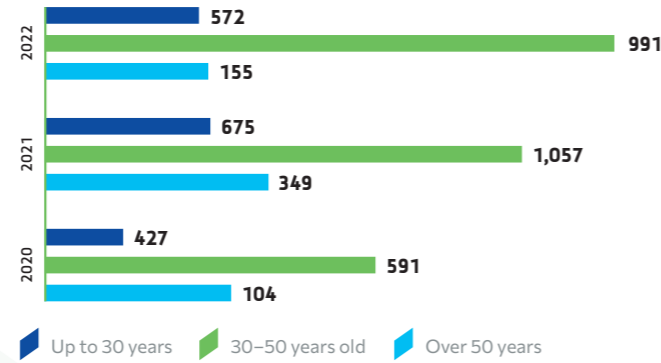
Total by the Company



By gender group



By age group



\* Quantitative data disaggregated by gender and age groups for 2020 and 2021 have not been independently validated.

Number of hired employees by gender, age and region as of December 31, 2022, persons

GRI 401-1

Region*	Less than 30 years		30-50 years old		Over 50 years	
	Men	Women	Men	Women	Men	Women
Astana city	13	21	113	49	28	5
Almaty city	7	3	34	3	9	1
Shymkent city	12	0	16	1	6	1
Aktobe region	76	0	116	1	18	1
Atyrau region	37	3	64	6	13	0
Akmola region	20	0	30	2	10	0
Alma-Ata region	10	1	11	3	1	1
East-Kazakhstan region	0	0	1	0	0	0
Jambyl region	30	1	53	7	7	0
West-Kazakhstan region	77	7	149	19	13	2
Karaganda region	18	4	16	2	3	0
Kostanay region	7	1	2	14	4	0
Kyzylorda region	20	1	15	1	1	0
Mangystau region	44	2	39	5	7	0
Turkestan region	79	2	69	0	1	1
North Kazakhstan	2		4	3	0	0
South Kazakhstan	48	20	73	52	7	14
Central Kazakhstan	1	5	7	11	0	1
<b>Total</b>	<b>501</b>	<b>71</b>	<b>812</b>	<b>179</b>	<b>128</b>	<b>27</b>

\* Region means the region of the Company's presence in the territorial units of the Republic of Kazakhstan.

Social stability

GRI 2-26

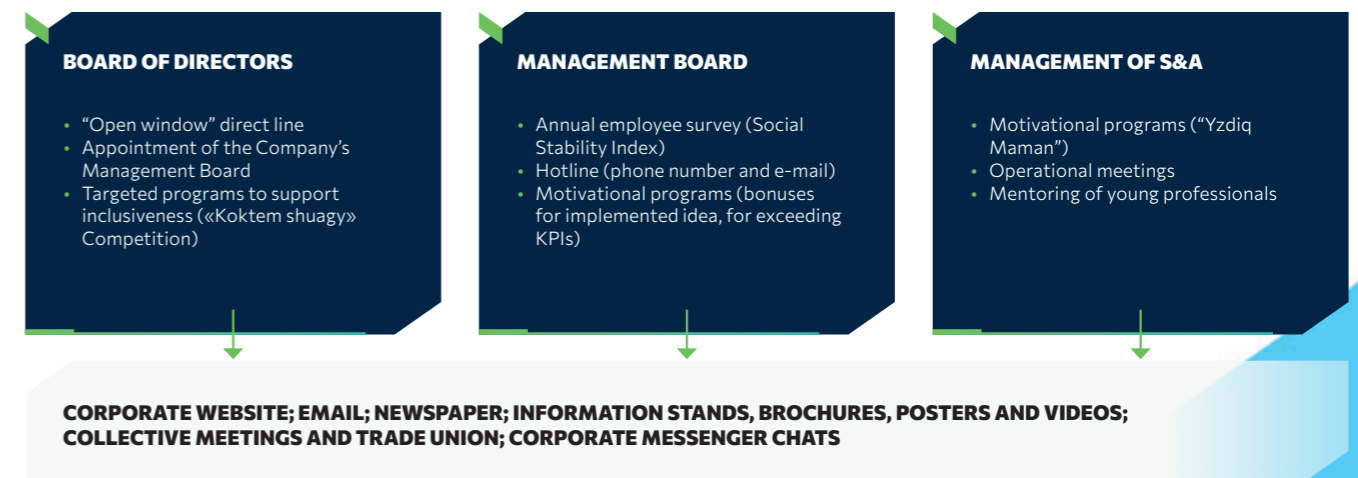
In 2022, the Company continued to work on ensuring social stability. NC QazaqGaz JSC has functioning internal communication channels, reporting meetings of managers with labor collectives and trade union are held on a regular basis.

The mechanism of feedback with managers allows all employees to ask questions of interest in terms of remuneration, education, professional development, training and retraining of employees of working profes-

- Compliance Service hotline;
- hotline of Samruk-Kazyna JSC;
- interactive resource "Open Window".

The results of interaction with the Company's directors and management are disseminated via phone call or e-mail, and the summarized data are presented by the Compliance Service to the Board of Directors.

Interaction of management with employees



## Changes in the social stability index

Samruk-Kazyna JSC monitors the social situation on an annual basis in order to timely respond to social tension among the personnel. In 2022, the “Center for Social Interaction and Communications” private institution conducted a study of social stability index of Samruk Research Services (SRS) by the Group of companies of NC QazaqGaz JSC.

Value of social stability index for 2020–2022 years as of December 31, 2022, %



### SRS action plan for 2022 results

DIRECTION	DESCRIPTION
<b>FINANCIAL WELL-BEING OF EMPLOYEES</b>	Revision of tariff rates/ official salaries to production and administrative staff of production branches according to macroeconomic indicators of the Republic of Kazakhstan
<b>INVOLVEMENT</b>	Holding holidays, contests, spartakiades
<b>INDUSTRIAL RELATIONS – IR</b>	Modular training for IR specialists, IR screening of social and living conditions
<b>CONDITIONS OF EMPLOYMENT AND TRANSPARENT PERSONNEL POLICY</b>	Rotation of employees of production units between branches; formation of succession plan (talent pool)
<b>PROFESSIONAL DEVELOPMENT</b>	Professional development of conciliation commissions, pool of mediators, training of line managers in negotiation skills and internal communications
<b>DEVELOPMENT OF INTERNAL COMMUNICATIONS</b>	Organization of off-site meetings of the management with employees of the companies; conducting outreach work in S&A to prevent and suppress corruption offenses, fraud, violation of corporate ethics, procurement procedures; creation and active promotion of pages in social networks, where posts about the companies' activities and other useful information for users will be published; implementation of projects to develop youth policy

NC QazaqGaz JSC Social Stability Index at the end of 2022

# 76%

In the reporting year, a decrease in the level of social stability (SRS), which amounted to 76%, was observed in the labor collectives of the Group of companies of NC QazaqGaz JSC. The largest decrease is noted in Mangistau, West Kazakhstan and Atyrau regions, which is associated with the transition to a market pricing mechanism and a sharp increase in prices for liquefied gas. The decrease in SRS was influenced by the decrease in the Engagement Index (deterioration occurred in the direction of the level of employee loyalty) and Social Wellbeing Index (deterioration occurred in the direction of satisfaction with the social package and the level of basic salary, resulting from the increase in inflation in the Republic of Kazakhstan, which amounted to 20% according to the National Bank of the Republic of Kazakhstan for 2022). The policy of openness, reality and transparency in NC QazaqGaz JSC conducted since 2022 was the result of objective and independent assessment of employees. There has been an increase in salary levels across the Group of Companies from January 2022 to improve the well-being and total income of employees. Based on the results of the study, NC QazaqGaz JSC has developed a comprehensive action plan to ensure social stability.

## Trade union activities

Relations between NC QazaqGaz JSC and Trade Unions are regulated by the norms of the Code on Corporate Governance, the Company's Charter, the Labor Law of the Republic of Kazakhstan and internal documents of the Company.

Within the framework of realization of social policy and to strengthen the corporate spirit, the Trade Unions of the Group of Companies of NC QazaqGaz JSC hold a number of events for the Company's employees on an annual basis.

In the reporting period the following events were organized and held:

- summer Spartakiade;
- a concert for the Oil and Gas Workers' Day;
- “Road to School” campaign;
- Day of Trade Unions of the Republic of Kazakhstan;
- Day of the Kazakh language (competition for knowledge of the state language), etc.

In addition, trade unions and employees of the Group of companies of NC QazaqGaz JSC sent gifts to children from low-income families and children with disabilities.

## Plans for 2023 and medium-term perspective

- Formulation of development strategy in the field of HR management of NC QazaqGaz JSC;
- Development of grading program;
- Updating the Personnel Policy of NC QazaqGaz JSC;
- Updating the Labour Remuneration Policy based on the employee's KPI in accordance with the corporate standards of Samruk-Kazyna JSC;
- Change of personnel recruitment practices at the positions of CEO, CEO-1;
- Organization of events for holidays, raising the spirits of “Youth of QazaqGaz” employees;
- Preparation for the marathon of healthy lifestyle;
- Formation of a questionnaire for employees to assess their immediate supervisor in the Group of companies of NC QazaqGaz JSC;
- Continuation of work on implementation of mechanisms for calculation and publication of indicators reflecting the employee evaluation system;
- By 2025, consideration of at least two countries for training in engineering specialties for the gas industry (e.g., USA, England, Canada – top training in oil and gas engineering);
- Training of 20 employees by 2026 in environmental specialties, including renewable energy, green technology, geology, exploration, seismology.



# Anti-discrimination and equal opportunities

## Management approach

GRI 3-3

NC QazaqGaz JSC, as a national operator in the field of gas production and transportation in the Republic of Kazakhstan, understands the value of respecting fundamental human rights and freedoms in the field of labor. According to the Code of Business Ethics, the Company provides the right to freedom of association, collective bargaining and the right to health protection. NC QazaqGaz JSC supports the fundamental principles established in the Universal Declaration of Human Rights, Convention for the Protection of Human Rights and Fundamental Freedoms, Declarations and Conventions of the International Labor Organization and other recognized international documents in the field of human rights, as well as arising from the Constitution and legislation of the Republic of Kazakhstan.

## Equal opportunities

The Company strives to ensure equal opportunities for all employees and does not tolerate conditions for gender inequality and any kind of discrimination. According to the Code of Business Ethics, the Company does not accept any form of discrimination, including discrimination on religious, racial, ethnic, gender, age and other grounds. In addition, NC QazaqGaz JSC prohibits any form of behavior that is offensive, aggressive, or hostile.

In the reporting year, the Company worked on the development of the "Diversity and Inclusion Policy" based on universally recognized principles of non-discrimination.

The document regulates the Company's obligations to ensure equal opportunities and inclusiveness, as well as respect for human rights. In 2022, NC QazaqGaz JSC continued to implement measures to promote equal opportunities and inclusiveness in the workplace.

GRI 405-1

NC QazaqGaz JSC provides jobs for people with disabilities. In 2022, the number of employees with disabilities amounted to 183 people, which is 30 more than in 2021. The share of employees with disabilities in 2022 amounted to 1.4% of the list of employees.

Number of employees with disabilities in 2022

**183**

PEOPLE

Share of employees with disabilities in 2022

**1.4%**

Headcount of employees with disabilities in 2020-2022, persons



## Gender composition

GRI 405-2

The predominance of men in the personnel structure is related to the specifics of the Company's production activities. At the same time, NC QazaqGaz JSC supports the principle of gender equality and actively attracts women to administrative and service positions. In this regard, in 2022, the Company continued the initiative to increase the diversity of human resources by participating in the Women's

Energy Club (WEC) under the "Kazakhstan Association of Oil, Gas and Energy Complex Organizations "KAZENERGY".

The share of women among the employees of the Group of companies of NC QazaqGaz JSC in 2022 amounted to 18%. Salary conditions in the Company are based on the principle of gender equality, including in the ratio of basic salary by employee category.

NC QazaqGaz JSC recognizes and appreciates the diversity of views and cultural values of employees. No form of discrimination, including discrimination on the grounds of race, gender, religion, disability, or political opinion, is tolerated. When advertising vacancies and selecting candidates, experience and qualification requirements are clearly defined to avoid any bias in the recruitment process. The amount of remuneration depends only on the candidate's professional qualities.

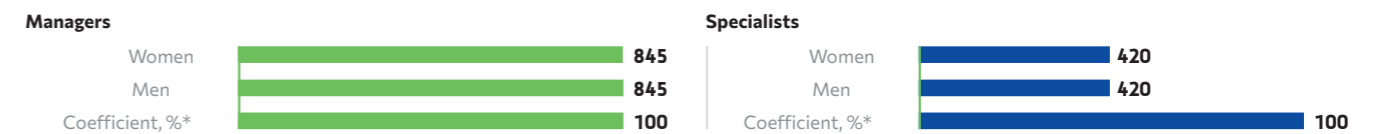
Ratio of basic salary of men and women by employee category as of December 31, 2022, thousand tenge

GRI 405-2

Indicator	Managers		Specialists		Workers	
	Men	Women	Men	Women	Men	Women
KazTransGas Aimak JSC	307	338	172	189	165	153
Intergas Central Asia JSC	248	329	147	147	114	147
KazTransGas Onimderi LLP	527	527	152	152	83	-
QazaqGaz Exploration and Production LLP	936	936	477	526	270	310

Ratio of basic salary of men and women by categories of employees of NC QazaqGaz JSC as of December 31, 2022

GRI 405-2



\* Ratio of basic salary of women and men by categories of employees of NC QazaqGaz JSC.

Ratio of remuneration\* of men and women by employee category as of December 31, 2022, thousand tenge

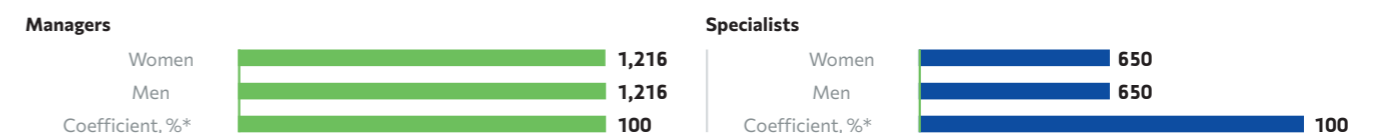
GRI 405-2

Indicator	Managers		Specialists		Workers	
	Men	Women	Men	Women	Men	Women
KazTransGas Aimak JSC	613	693	388	429	352	337
Intergas Central Asia JSC	472	638	313	350	261	350
KazTransGas Onimderi LLP	719	719	173	173	118	-
QazaqGaz Exploration and Production LLP	1,548	1,480	833	723	509	490

\*Remuneration (basic salary + bonuses).

Ratio of remuneration of men and women by categories of employees of NC QazaqGaz JSC as of December 31, 2022

GRI 405-2



\* Ratio of remuneration (basic salary + bonuses) of women to men by employee category NC QazaqGaz JSC.

NC QazaqGaz JSC follows the best international practices in the field of respect for human rights in the workplace and considers respect for human rights as its responsibility to ensure sustainable development. In 2022, the Company worked on the development of a key document in this area, the Human Rights Policy, which regulates the key commitments and principles in the Group of companies. Issues of equal opportunities and inclusiveness are considered at the meetings of the Nomination and Remuneration Committee of NC QazaqGaz JSC.

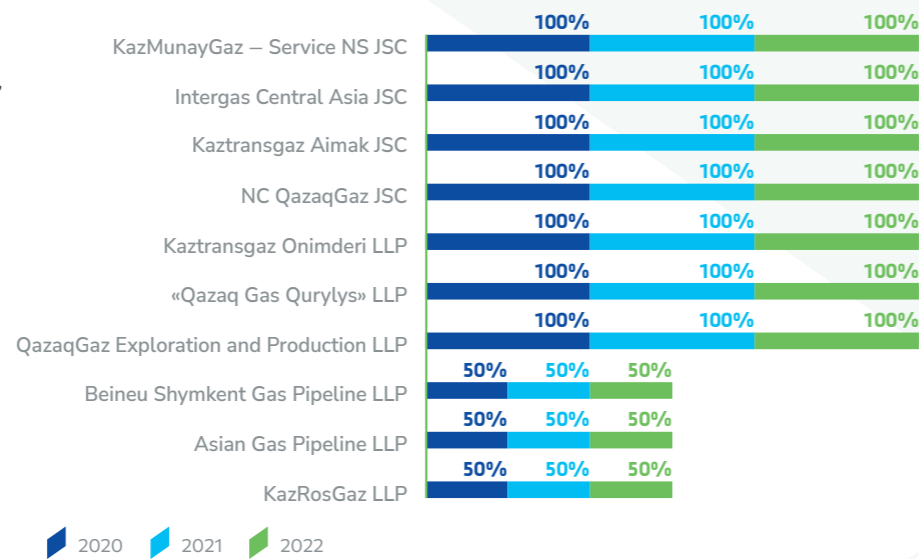
## Compliance with social standards by suppliers

In accordance with the Code of Business Ethics when working with suppliers, NC QazaqGaz JSC expects them to strive to ensure health and safety of employees, non-use of child labor, non-discrimination, fair treatment of its employees and compliance with other labor laws of the Republic of Kazakhstan (minimum living salary and maximum working hours, freedom of association and the right to collective bargaining).

**GRI 202-2**

In NC QazaqGaz JSC the share of members of senior management from the local community is 100%, including both men and women. At the same time, the share of senior management from the local population in Beineu-Shymkent Gas Pipeline LLP, Asian Gas Pipeline LLP, KazRosGaz LLP is 50%.

Share of local residents among senior managers, %



## Respect for human rights

**GRI 2-23**

Observance of human rights in the Group of companies of NC QazaqGaz JSC is one of the key principles of the relationship between employees and management of the Company. The fundamental document regulating the Company's approach to respect for human rights is the Human Rights Policy of NC QazaqGaz JSC, developed in 2022 and pre-approved by the Management Board of the Company. The Department of Human Resources Management and Labor Remuneration is the responsible structural subdivision in terms of management of issues related to compliance and implementation of this Policy. The Policy applies to all structural subdivisions of the Company and is binding on all employees of NC QazaqGaz JSC. The development of this document was based on international principles in the field of human rights, such as the Universal Declaration of Human Rights, the UN Global Compact Principles, the International Labor Organization Conventions and the best international practices.

## Anti-discrimination

**GRI 406-1**

In 2022, there were no cases of discrimination in the workplace in the Company. Each employee is obliged to pay attention with due diligence to signs of any indecent or inappropriate behavior in the workplace and any violations or potential violations of the labor laws of the Republic of Kazakhstan. At the same time, the Company guarantees that employees' rights will not be infringed and their anonymity will not be violated when contacted. In case of detection of such cases, investigations of these circumstances are immediately initiated. The Compliance Service of NC QazaqGaz JSC is the key decision-making body in terms of non-discrimination in the workplace. Based on the results of investigation of incidents, the Compliance Service develops recommendations and appropriate corrective measures.

### PRINCIPLES OF FAIR COMPETITION

NC QazaqGaz JSC supports the key cultural values of the Group by ensuring fair, transparent and honest business practices of sustainable development and growth, as well as compliance with international principles of fair competition. One of the important aspects of QazaqGaz procurement activities is the reduction of single-source procurement and increase in the share of competitive procurement over the last three years, which is evidence of NC QazaqGaz JSC commitment to fair competition and the goals of sustainable development.

# Local communities

## Management approach

**GRI 3-3**

NC QazaqGaz JSC understands the importance of development of regions of presence and constantly interacts with stakeholders – with authorities at all levels, public organizations and locals. In 2022, the Company actively interacted with representatives of mass media and set the following goals and objectives:

- dissemination of information about the Company's events;
- establishment of public relations and formation of a positive image;
- support and promotion of the brand of NC QazaqGaz JSC;
- crisis management and reputation protection;
- receiving feedback from the public.

The main document governing community communication activities is the Documented Procedure "Community Communication" and the Community Engagement Policy.

**GRI 203-1**

NC QazaqGaz JSC strives to make a positive economic impact in the regions where it operates to support the locals and improve life in the Republic of Kazakhstan. Implementation of programs and socially significant projects is in line with national and international industry initiatives, such as the UN Sustainable Development Goals, namely SDG 8 "Decent Work and Economic Growth", SDG 9 "Industry, Innovation and Infrastructure", as well as the Comprehensive Development Plan for the gas industry of the Republic of Kazakhstan.

To support the population and improve living conditions in Kazakhstan, NC QazaqGaz JSC implements socially significant projects in the regions of its presence. The implementation of the Company's activities is of high social and strategic importance for the regions of its presence:

- ensuring energy security, reliable and uninterrupted gas supply;
- conversion of industrial facilities and business entities to natural gas.

Socially significant projects of the Company provide many economic opportunities, including the development of small and medium-sized businesses in the area and will contribute to the emergence of new industrial enterprises and, consequently, new jobs. Thus, in April 2022, NC QazaqGaz JSC solved the issue of gas supply to the population of the southern region, which was expected for 10 years.

The Group of companies of NC QazaqGaz JSC does not invest and finance social infrastructure in the regions of presence. In accordance with the Charity Policy of Samruk-Kazyna JSC, all charitable and sponsorship activities of the Group of Companies of Samruk-Kazyna JSC are carried out by the Fund for Development of Social Projects Samruk-Kazyna Trust, which implements infrastructure projects by selection on a competitive basis.

The Group of companies conducts public hearings as part of public participation in the adoption of state and management decisions affecting environmental protection and sustainable development of the Republic of Kazakhstan through open meetings, public discussions on the Unified Environmental Portal:

- On January 20, 2022, public hearings were held on the project "Development of 5 production wells at Amangeldy field";
- On March 18, 2022, public hearings were held on the projects "Ayrakty field development project" and "SAE, EMP, IEC projects for Ayrakty field" on impact issues on the territory of Zhambyl region, Talas area, Oyyk district, Oyyk village;
- On March 24, 2022, public hearings were held on the project "Section "Environmental Protection" to the WP: "Overhaul of the evaporation pond of Akbulak LPU in Sairam district of Turkestan region";

- In May 2022, public hearings were held on EPP to WP "Performance of complex works on III, IV, V stages of dispatching of automated information collection system" (Kashagan GPP project). The meeting discussed the possible environmental impact of the Kashagan gas processing plant project. The hearings were attended by district residents, republican public environmental organizations and representatives of local executive bodies. The minutes of the public hearings are posted on the portal ecoportal.kz;
- On November 24, 2022 at the public hearing was considered the draft standards of permissible emissions (SAE) of pollutants into the environment for the branch of the Karaganda Main Gas Pipeline Department of Intergas Central Asia JSC – Temirtau Line-Production Department for 2023-2032 years.

**GRI 203-2**

The Company monitors and evaluates its investment activities, including in terms of "green investments", meaning investments in alternative energy and environmentally friendly technologies. The key S&A of the Company, which implements investment activities in the direction of "green" investments, is KazTransGas Onimderi LLP. The competence of this S&A includes implementation of such investment projects as "Construction of 2 AGFCS in Almaty", "Construction of LNG plant in Rudnyy" and "Construction of LNG plant in Taraz", "Development of a network of automobile gas filling compressor stations on the highways of the Republic of Kazakhstan".

In 2022, the Company continued implementation of infrastructure projects on gasification of the country in accordance with the General Scheme of Gasification of the Republic of Kazakhstan for 2022-2030.

## Major infrastructure projects of NC QazaqGaz JSC

1.

### GASIFICATION OF THE SARSHA AREA AND THE “WARM BEACH” RESORT AREA

Total cost:

29,679

MILLION TENGE

**PROJECT TIMEFRAME:**

Years 2021-2023.

**PROJECT GOAL:**

Gasification of Sarsha locality, supply of commodity gas to newly established business entities in Mangistau region.

**PROJECT STATUS IN 2022:**

Implementation of the project is ongoing. Completion is planned for April 2023.

2.

### RECONSTRUCTION OF THE GAS TRANSPORTATION SYSTEM IN MANGISTAU REGION

Total cost:

203,861.7

MILLION TENGE

**PROJECT TIMEFRAME:**

Years 2021-2024.

**PROJECT GOAL:**

Increasing energy security of the region, ensuring stable gas supply to settlements, large enterprises of Mangistau region, as well as the main enterprise of the region Mangistau Nuclear Power Plant -Kazatomprom LLP.

**PROJECT STATUS IN 2022:**

The project realization is going on. Completion of construction of the 2nd string of Beineu-Zhanaozen main gas pipeline and overhaul of the 3rd string of Zhanaozen-Aktau main gas pipeline is planned for 2023.

3.

### CONSTRUCTION OF LOOPING ON THE MAKAT – NORTH CAUCASUS GAS TRUNKLINE

Total cost:

87,695

MILLION TENGE

**PROJECT TIMEFRAME:**

Years 2021-2023.

**PROJECT GOAL:**

Provision of reliable gas supply to the population and large industrial enterprises of Atyrau city and Atyrau region, prevention of emergencies associated with the shutdown of the single-line gas pipeline, taking into account the unsatisfactory technical condition of the main gas pipeline “Makat-North Caucasus” according to the results of intelligent pigging, as well as uninterrupted gas supply for the “National Industrial Petrochemical Technopark” special economic zone in Atyrau region for power generation and supply of production facilities of the object.

**PROJECT STATUS IN 2022:**

Implementation of the project is ongoing. Completion is planned for 2023.

4.

### CONSTRUCTION OF HIGH PRESSURE GAS SUPPLY PIPELINES FROM AGDS TO CHPP-2 AND CHPP-3 IN ALMATY CITY

Total cost:

4,011

MILLION TENGE

**PROJECT TIMEFRAME:**

Years 2021-2023.

**PROJECT GOAL:**

Construction of high pressure gas supply pipelines from AGDS to CHPP-2 and CHPP-3 in Almaty city.

**PROJECT STATUS IN 2022:**

Design and estimate documentation is being developed.

5.

### GASIFICATION OF THREE SETTLEMENTS (ZHITIKARA TOWN, TOBOL SETTLEMENT, BOLSHAYA CHURAKOVKA VILLAGE) IN KOSTANAY REGION

Total cost:

2,872.3

MILLION TENGE

**PROJECT TIMEFRAME:**

Years 2021-2023.

**PROJECT GOAL:**

Gasification of Vostochny micro-district of Zhitikara of Kostanay region, Tobol settlement, Beimbet Mailin district of Kostanay region, Bolshaya Churakovka of Altynsarinsky district of Kostanay region. Improvement of ecological situation in the settlements, connection of 3,275 new subscribers with average annual consumption of 12.7 million m<sup>3</sup> of gas.

**PROJECT STATUS IN 2022:**

52.42 km have been constructed, 3 gas regulator unit and 1 local gas distribution center in Zhitikara city have been installed. It is planned to complete the project in 2023.

6.

### CONSTRUCTION OF HIGH PRESSURE GAS PIPELINE AND GAS DISTRIBUTION NETWORKS IN SAIMASAY, KAINAR, YENBEKSHIKAZAKH DISTRICT OF ALMATY REGION (1 AND 2 SFS)

Total cost:

2,045.5

MILLION TENGE

**PROJECT TIMEFRAME:**

Years 2021-2023.

**PROJECT GOAL:**

Construction of a high-pressure gas pipeline and gas distribution networks for the purpose of gasification of Saimasai settlement and Kainar settlement of Yenbekshikazakh district of Almaty region with the prospect of further connection of nearby 25 settlements of Yenbekshikazakh district. Improvement of environmental situation in the settlements, connection of 13,618 new subscribers.

**PROJECT STATUS IN 2022:**

90 km have been constructed against the plan of 89.79 km. The works have been completed.



7.

**CONSTRUCTION OF BEINEU – BOZOI – SHYMKENT GAS PIPELINE**

Total cost:

**882,560**

MILLION TENGE

**PROJECT TIMEFRAME:**

Years 2021-2023.

**PROJECT GOAL:**

Stable supply of gas needs of the southern regions of the Republic of Kazakhstan, reducing dependence on imported gas and ensuring energy security of the Republic of Kazakhstan.

**PROJECT STATUS IN 2022:**

Construction of a long-distance road on the Beineu-Bozoi section, a telecommunications system was completed and work began on the expansion of the Bozoi compressor station and the Beineu gas metering station.

**GRI 413-1**

NC QazaqGaz JSC strives to improve living conditions in the regions of its presence within the framework of providing gas supply services to the residents of the Republic of Kazakhstan. The Company actively carries out media promotion in mass media at all levels, as well as in social networks. In addition, the Company conducts consultations and explanatory work with the local population on the safe use of domestic gas in the home.

In the reporting year, NC QazaqGaz JSC considered complaints and wishes of local residents on the issues of gas connection and obtaining technical conditions. All questions were promptly forwarded and solved by competent specialists of the Company in order to ensure social welfare of the local population. Activity of NC QazaqGaz JSC on improvement of quality of services in the sphere of gas supply in the regions of presence extends to 100% of the Company's subdivisions.

**GRI 413-2**

The Company operates in all regions of Kazakhstan and is a major employer and taxpayer. Tax payments are made in full, on time and with a high level of transparency.

**Socially fair pricing reform**

**In 2022, within the framework of the developed set of measures on socially fair pricing reform, the Company managed to push back the shortage of marketable gas on the domestic market by one year without having a negative effect on socially vulnerable segments of the population. The main results for 2022 in accordance with this reform include:**

**Increase in the number of registered subscribers of NC QazaqGaz JSC up to**

**2.2**

MILLION PEOPLE

**Increase in the length of main gas pipelines up to**

**20.6**

THOUSAND KILOMETERS

**Increasing the length of distribution gas pipelines 3 times to**

**63.2**

THOUSAND KILOMETERS

**On April 1, 2022, a pilot project was launched in Jambyl and West Kazakhstan regions, where retail prices for commodity gas were reduced by 20% for socially vulnerable segments of the population. Since July 1, retail prices for marketable gas have been reduced by**

**20%**

THROUGHOUT THE COUNTRY

**The technical possibility of supplying Kazakh gas from western groups of fields to consumers in the southern and northern regions was ensured.**

Thus, in 2022, through the implementation of measures on socially fair pricing reform, stability was ensured for socially vulnerable segments of the population in the Republic of Kazakhstan.



98.8%

SHARE OF LOCAL SUPPLIERS

# CORPORATE GOVERNANCE ASPECT (G)

08

**MATERIAL TOP**

- Anti-corruption;
- Procurement management;
- Compliance with anti-competitive behavior;
- Economic performance.

**GRI INDICATORS**

GRI 3-3, GRI 201-1, GRI 204-1, GRI 206-1, GRI 205-1, GRI 205-2, GRI 205-3

**RELEVANT UN SDGS**



**KEY INDICATORS FOR 2022**

Share of local suppliers

**98.80%**

Cases of non-compliance with antimonopoly legislation

**0**  
CASES

The amount of purchases from local suppliers

**98.34%**

Counterparties were informed about the Company's anti-corruption documents

# Anti-corruption

## Management approach

**GRI 3-3**

NC QazaqGaz JSC takes all available measures to combat corruption and works to minimize the factors contributing to corruption.

8. Corporate governance aspect (G)

NC QazaqGaz JSC takes all available measures to combat corruption and works to minimize the factors contributing to corruption. The Company's actions in this area include:

- establishing organizational and legal mechanisms to ensure accountability, controllability and transparency of decision-making procedures;
- observing the principles of fair trading;
- prevention of conflicts of interest;
- adopting and complying with business ethics standards;
- taking measures to foster an anti-corruption culture;
- interaction with state bodies and other organizations on corruption prevention issues.

The Compliance Service ensures that the Company and its employees comply with regulatory requirements on anti-corruption issues, implement the Compliance Program, define the anti-corruption policy, and monitor the implementation of anti-corruption measures, including the assessment of corruption risks

in the Company and its S&A. In addition, the Compliance Service is responsible for implementing mechanisms to prevent corruption risks in accordance with the anti-corruption legislation of the Republic of Kazakhstan and international best practices in combating corruption.

In accordance with the requirements of the anti-corruption legislation of the Republic of Kazakhstan and best practices in this area, from April 2022, the Compliance Service is an independent structural unit, organizationally subordinate and functionally accountable to the Board of Directors of the NC QazaqGaz JSC.

GRI 2-23

The Company's key internal regulatory documents governing anti-corruption issues include:

- Anti-corruption policy approved by the Board of Directors' resolution in 2021 (amended in April 2022);

- Rules for proactive informing, approved by the decision of the Management Board in 2021 (amended in 2022);
- Policy on Settlement of Conflict of Interest of the Company's Employees and Officials, approved by the decision of the Board of Directors in 2021;
- Rules of counterparty due diligence approved by the Management Board in 2021;
- Code of Business Ethics approved by the decision of the Board of Directors in 2021;
- Anti-corruption standard approved by the Order of the Chairman of the Management Board in 2017;
- Rules for anti-corruption monitoring and internal analysis of corruption risks, approved by the decision of the Management Board in 2017;
- Regulations on the Compliance Service, approved by the decision of the Board of Directors in 2022.

To foster an anti-corruption culture among employees and stakeholders, the Company's Anti-Corruption Policy sets out the Company's basic principles in the area of anti-corruption, which include:

The infographic displays 12 principles of the Anti-Corruption Policy, arranged in a 3x4 grid. Each principle is represented by a hexagonal icon with a white symbol on a green-to-blue gradient background, and a corresponding text label below it.

- ZERO TOLERANCE FOR ANY MANIFESTATION OF CORRUPTION** (Icon: target with a slash)
- TOP MANAGEMENT COMMITMENT AND SETTING THE "TONE FROM THE TOP"** (Icon: person at a desk)
- ENGAGEMENT OF OFFICIALS AND EMPLOYEES** (Icon: three people silhouettes)
- INEVITABILITY OF PUNISHMENT** (Icon: hand holding a scale)
- LEGALITY AND COMPLIANCE OF THE POLICY WITH THE CURRENT LEGISLATION** (Icon: scales of justice)
- PROPORTIONALITY OF PREVENTION AND COUNTERACTION PROCEDURES** (Icon: document with a checkmark)
- EFFECTIVENESS OF ANTI-CORRUPTION PROCEDURES** (Icon: target with arrows)
- MONITORING AND CONTROL** (Icon: magnifying glass over a document)
- AVOIDANCE OF CONFLICTS OF INTEREST** (Icon: two hands shaking)
- DUE DILIGENCE** (Icon: binoculars)
- LEADERSHIP AND COORDINATION** (Icon: person leading a group)

## Implemented measures aimed at combating corruption in the reporting year

GRI 205-2

As part of continuous anti-corruption activities during the reporting period, the Company focused on the development of anti-corruption culture, training, updating of internal documents in this area, as well as identification of corruption risks.

On November 2, 2022, the Compliance Service with the participation of the Head of the Prevention Service of the Anti-Corruption Agency of the Republic of Kazakhstan, the Chairman of the Management Board of NC QazaqGaz JSC, the Head of the Compliance Service of the Fund, members of the Management Board and the Board of Directors of NC QazaqGaz JSC, as well as heads of S&A of NC QazaqGaz JSC, an extended training seminar on "Sanctions Law and Compliance" was held, which was attended by more than 200 representatives of the Group of companies of NC QazaqGaz JSC. The first part of the event was devoted to the development of anti-corruption compliance in the Group of companies of NC QazaqGaz JSC. The second and main part of the event was devoted to familiarization with the concept of sanctions law and organization of the sanctions compliance service.

Anti-corruption culture is an integral part of the Company's corporate culture, as well as a requirement stipulated by Article 9 of the Law of the Republic of Kazakhstan "On Combating Corruption".

The Compliance Service carries out activities aimed at the formation and development of anti-corruption culture, which implies a system of values reflecting intolerance to corruption, including in-person training and informational events for the Company's employees, visual materials on the requirements of the Company's anti-corruption policy are placed in publicly accessible places, and joint events with the Anti-Corruption Service and the Compliance Service of the Fund are held. In addition, consultations of the Company's employees and managers, meetings with the management of the entire Group of companies on anti-corruption issues are held on an ongoing basis, and information mailings on the requirements of the legislation are sent.

In November 2022, the Board of Directors of NC QazaqGaz JSC approved the Activity Plan of the Compliance Service of the Company for the IV quarter of 2022

and for 2023. The Plan provides for the following activities:

- analyzing the environment and compliance risks;
- updating policies and procedures;
- carrying out a set of measures as part of proactive reporting;
- carrying out audits and investigations;
- development of a company-wide culture of ethical business conduct and rejection of corruption;
- interaction with third parties;
- automation of processes and procedures for managing and settling conflicts of interest;
- implementation of ISO 3001 "Anti-Bribery Management System" and ISO 37301 "Compliance Management System" into the Company's processes for further certification;
- advanced training of Compliance Service employees;
- automation of compliance processes and acquisition of access to counterparty verification databases;
- review of materials of the Management Board and the Board of Directors of the Company about compliance risks.

On December 7, 2022, to coordinate efforts to combat corruption and to increase the transparency of the Group of companies of NC QazaqGaz JSC, a joint Action Plan was signed between the Agency of the Republic of Kazakhstan on Combating Corruption (Anti-Corruption Service) and the Chairman of the Management Board of NC QazaqGaz JSC.

The Plan is an important step of the Group of companies of NC QazaqGaz JSC to effective cooperation with the Anti-Corruption Service to form an anti-corruption culture, identify systemic corruption risks in companies and take effective measures to eliminate the causes and conditions conducive to corruption.

This document provides for such measures as internal and external analysis of corruption risks in all companies of NC QazaqGaz JSC, strengthening the role of public and expert councils in the prevention of corruption, promotion of tools for proactive reporting of corruption facts among employees of the Group of companies, including by informing about committed and pending corruption offenses in accordance with Article 24 of the Law of the Republic of Kazakhstan "On Combating Corruption".

In the reporting year, in fulfillment of the requirement of Article 16 of the Law of the Republic of Kazakhstan "On Combating Corruption" for the Group of companies of NC QazaqGaz JSC, compliance services were established in Intergas Central Asia JSC and KazTransGas Aimak JSC. Compliance officers were appointed in some organizations without formation of a subdivision, including KazTransGas Onimderi LLP, Beineu-Shymkent Gas Pipeline LLP, Asian Gas Pipeline LLP, QazaqGaz Exploration and Production LLP. In KazRosGas LLP the compliance function was assigned to the leading specialist of the secretariat of KazRosGas LLP.

To combat corruption in the reporting period, the Company used various tools and mechanisms. In the fourth quarter of 2022, the Compliance Service checked

33 candidates for positions at various levels. Within the framework of checking candidates for positions at various levels, a new function of the Compliance Service was defined in accordance with the changes introduced in the standards of Samruk-Kazyna JSC in 2022.

The Compliance Service is also responsible for screening candidates for conflict of interest, affiliation, and other compliance risks up to the level of CEO-1 and CEO-2, including those supervising procurement issues.

Any pre-approval of candidates to the Management Board is submitted to the Board of Directors of NC QazaqGaz JSC and is automatically subject to review by the Company's Compliance Service.

8. Corporate governance aspect (G)

GRI 2-15

The Company has a procedure for disclosure of conflict of interest information. The procedure and methods of conflict of interest disclosure are defined in the Company's Conflict of Interest Policy for Employees and Officials. In addition, initial disclosure of conflict of interest information is made upon hiring, transfer to a higher position in another structural unit, change of functions, etc. The Company's employees and officers are required to disclose their conflicts of interest in accordance with the Conflict of Interest Policy.

GRI 205-1, GRI 205-3

For the period 2021-2022, the Company conducted an internal analysis of corruption risks provided for under the Action Plan with the Anti-Corruption Agency. Based on the results of the analysis, corruption risks were identified in the processes of personnel management, in the processes of procurement of goods, works and services and in the processes of interaction with third parties as part of the verification of counterparties. Individual risks identified in the analytical report are risks inherent in the entire Group of Samruk-Kazyna JSC in end-to-end processes in accordance with the unified List of corruption risks inherent in the activities of the Fund and portfolio companies.

In accordance with the Methodological Recommendations of the Anti-Corruption Agency of the Republic of Kazakhstan, an Action Plan was developed to eliminate the causes and conditions contributing to the occurrence of the identified corruption risks, and measures were taken to assess the identified risks for their inclusion in the general Risk Map of the Company.

Internal analysis of corruption risks was conducted simultaneously in a number of companies of NC QazaqGaz JSC: Beineu-Shymkent Gas Pipeline LLP, Exploration and Production QazaqGaz LLP, Asian Gas Pipeline LLP, KazRosGaz LLP. In Intergas Central Asia JSC, KazTransGas Aimak JSC, KazTransGas Onimderi LLP the analysis is scheduled for 2023.

During the reporting period, no confirmed cases of corruption in the Company and S&A were registered. No punishment of employees for committing corruption offenses, including termination of employment contracts and initiation of criminal proceedings, was carried out.

Total number and percentage of structural units assessed for risks related to corruption

GRI 205-1

Organization	2020		2021		2022	
	pcs	%	pcs	%	pcs	%
NC QazaqGaz JSC	0	-	23	100	22	100
Exploration and Production QazaqGaz LLP	0	-	0	-	9	100
KazMunayGas – Service NS JSC	0	-	0	-	0	-
KazTransGas Aimak JSC	0	-	0	-	4	40
KazTransGas Onimderi LLP	0	-	0	-	4	40
KazRosGaz LLP	0	-	8	100	8	100
Beineu-Shymkent Gas Pipeline LLP	0	-	0	-	19	100
Intergas Central Asia JSC	0	-	0	-	4	40

Divisions/business processes for which risks related to corruption have been identified

GRI 205-1

ORGANIZATION

NC QAZAQGAZ JSC

- Human Resource Management;
- Procurement;
- Interaction with third parties (verification of business partners).

EXPLORATION AND PRODUCTION QAZAQGAZ LLP

- Training of specialists;
- Procurement of goods, works and services;
- Work with accounts receivable;
- Marketing research.

KAZTRANSYGAS AIMAK JSC

- Human Resource management and conflict of interest management;
- Provision of services on disconnection (connection) of existing facilities of gas consumption systems;
- Gas metering.

KAZTRANSYGAS ONIMDERI LLP

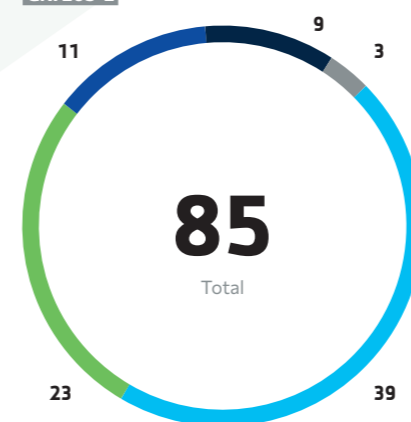
- Procurement;
- Interaction with Samruk-Kazyna JSC (list of unreliable suppliers).

INTERGAS CENTRAL ASIA JSC

- Housing allocation (concessional financing);
- Procurement.

Number of governance body members that the Company's anti-corruption documents have been communicated to, broken down by organization, persons

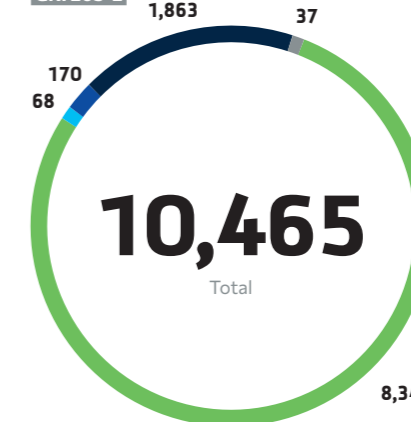
GRI 205-2



- Intergas Central Asia JSC
- KazTransGas Onimderi LLP
- NC QazaqGaz JSC
- KazTransGas Aimak JSC
- Exploration and Production QazaqGaz LLP

Number of employees that the Company's anti-corruption documents have been communicated to, broken down by organization, persons

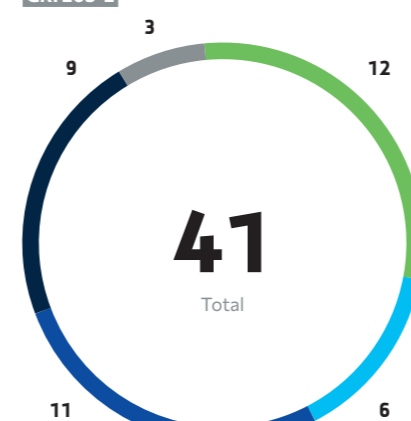
GRI 205-2



- Intergas Central Asia JSC
- KazTransGas Onimderi LLP
- NC QazaqGaz JSC
- KazTransGas Aimak JSC
- Exploration and Production QazaqGaz LLP

Number of governance body members that have received training on anti-corruption, broken down by organization, persons

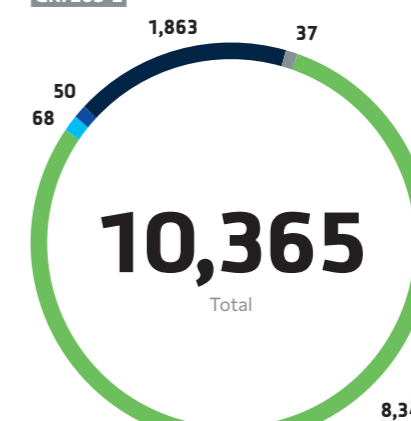
GRI 205-2



- Intergas Central Asia JSC
- KazTransGas Onimderi LLP
- NC QazaqGaz JSC
- KazTransGas Aimak JSC
- Exploration and Production QazaqGaz LLP

Number of employees that have received training on anti-corruption, broken down by organization, persons

GRI 205-2



- Intergas Central Asia JSC
- KazTransGas Onimderi LLP
- NC QazaqGaz JSC
- KazTransGas Aimak JSC
- Exploration and Production QazaqGaz LLP

## Interaction with counterparties

In the process of interaction with counterparties, the Company pays special attention to the issues of ensuring that counterparties comply with the principles of honesty and integrity in their business relations, care for their reputation, as well as their commitment to high ethical standards and anti-corruption measures implemented by counterparties.

In IV quarter of 2022, the Compliance Service carried out an audit of

# 51

COUNTERPARTIES

The Company makes significant efforts to minimize corruption risks in interaction with counterparties. NC QazaqGaz JSC regularly assesses the reliability of counterparties, including analysis of their own anti-corruption policies and procedures, as well as their willingness to comply with the Company's policies and interact with it in the framework of ensuring ethical business conduct and corruption prevention.

The Company has developed a Counterparty Due Diligence Policy to assist in making decisions about assessing potential risks when entering a business relationship with a particular customer, consultant, agent or other potential counterparty. The Company also utilizes a counterparty questionnaire that must be completed in conjunction with providing consent to disclose personal data.

In IV quarter of 2022, the Compliance Service carried out an audit of 51 counterparties. A number of systemic risks were identified, recommendations were given to fulfill the requirements of the Fund's Procurement Procedure, strengthen the structure of contracts and additional analysis of counterparties' activities in terms of their compliance with the principles of ethics and fair business conduct.

### GRI 205-2

In the reporting period, counterparties were informed about the Company's anti-corruption documents, within the section on anti-corruption terms included in contracts with counterparties.



## Hotline

GRI 2-16, GRI 2-25, GRI 2-26

NC QazaqGaz JSC has a centralized Hotline of Samruk-Kazyna JSC, which covers the Company and its S&A and is maintained by an independent operator – KPMG.

The Hotline guarantees confidentiality and anonymity (at the request of the contacted person), as well as registration and processing of 100% of appeals with subsequent submission to responsible persons. Appeals to the Hotline are accepted in three languages – Kazakh, Russian and English.

The Hotline is a channel for reporting suspected violations of legislation and/or the Code of Business Ethics, cases of corruption, fraud, as well as unauthorized disclosure of confidential and insider information. All requests received by the Hotline are recorded in an electronic log.

The process of registering incoming appeals and providing responses to the applicant is fully automated, and all appeals from the Hotline operator are received by the Group's compliance officers in real time. The system also allows you to independently create appeals, send them to compliance officers for execution, specify statuses and comments, attach files and upload analytics. The compliance service has the ability to analyze the quality of consideration of appeals by the compliance services of S&A.

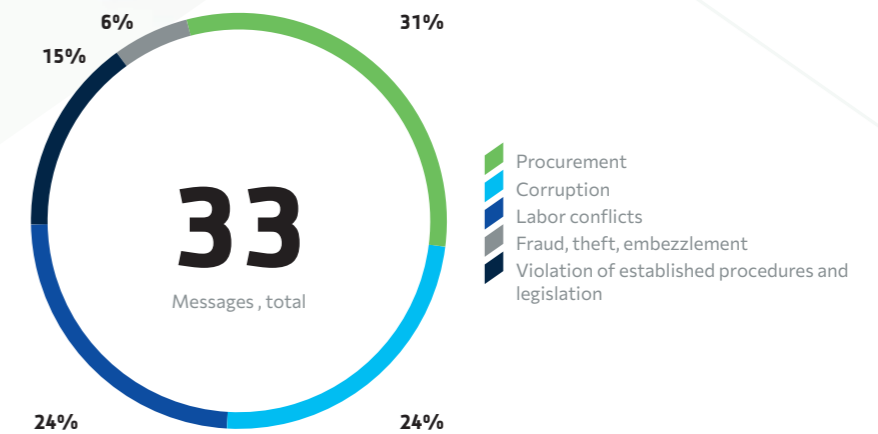
Informing about violations and appeals to the address of NC QazaqGaz JSC from stakeholders are carried out through the following communication channels of the Hotline of Samruk-Kazyna JSC:

- by phone number 8-800-080-47-47;
- by email mail@sk-hotline.kz;
- through an online portal www.sk-hotline.kz;
- via WhatsApp Messenger with the number 8-771-191-88-16.

In 2022, 33 messages were received by the Group of companies of NC QazaqGaz JSC through the Hotline. By subject matter, the largest number of appeals received since the beginning of 2022 is related to procurement, corruption and labor conflicts. Based on the results of inspections, the Company takes disciplinary measures and eliminates prerequisites for corrupt practices.



### Topics of appeals received by the Hotline in 2022



## Plans for 2023 and medium-term perspective

The Company plans to implement the following anti-corruption measures:

- external analysis of corruption risks in the activities of NC QazaqGaz JSC and its S&A;
- conducting a sociological survey to determine the effectiveness of anti-corruption measures in the Group of companies of NC QazaqGaz JSC;
- organization of events to promote the principles of integrity in the team;
- annual assessment by the Board of Directors of NC QazaqGaz JSC of the results of anti-corruption compliance services on a consolidated basis;
- implementation of measures within the framework of the Compliance Service Activity Plan;
- implementation of the ISO 37001 anti-corruption quality management system and obtaining primary certification.

# Procurement management

## Management approach

GRI 3-3

Effective management of the procurement process is a key aspect of doing business. It contributes to the achievement of the Company's strategic goals, as well as affects the efficient and quality performance of operations with timely and transparent procurement procedures.

NC QazaqGaz JSC adheres to the principles of transparency and competitive nature of procurement procedures. Compliance with these principles helps to reduce corruption risks, ensure fair trading and achieve high results in terms of price, quality and delivery time.

GRI 2-23

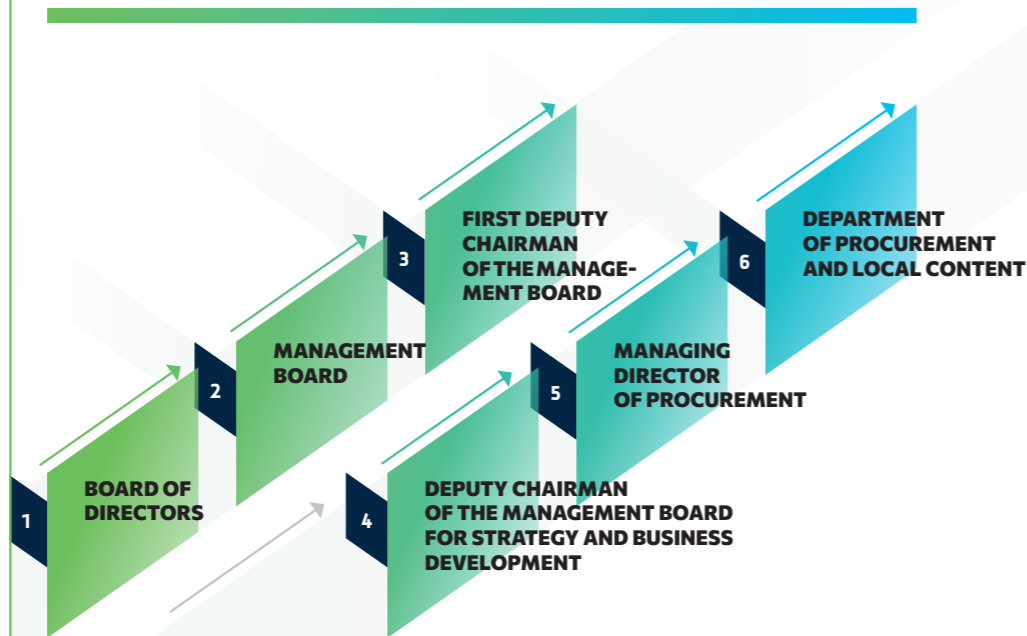
The Company is guided by the following procurement process documents:

- Procedure for procurement by the joint-stock company National Welfare Fund "Samruk-Kazyna" and legal entities, fifty and more percent of voting shares (participatory interest) of which are directly or indirectly owned by Samruk-Kazyna JSC on the right of ownership or trust management, approved by the decision of the Board of Directors of Samruk-Kazyna JSC dated March 3, 2022 № 193 (hereinafter – the Procedure);
- Rules for management of procurement activities of NC QazaqGaz JSC, approved by the decision of the Management Board of NC QazaqGaz JSC dated October 29, 2022 № 34;
- Rules of preparation, coordination, conclusion, execution and monitoring of contracts in KazTransGas JSC, approved by the decision of the Management Board of NC QazaqGaz JSC dated April 26, 2017 № 15.

In the Group of companies of NC QazaqGaz JSC there is an agreement between S&A and NC QazaqGaz JSC, within the framework of which joint regulation of procurement issues is carried out to standardize and unify approaches of procurement activities throughout the Group of companies. When changes are made in the procurement processes, the responsible structural units of the Company timely notify representatives of all S&A about it.

Responsibility for the 2022 procurement process has been allocated as follows:

### Procurement management structure



The Company has a Department of procurement and local content, which is the main structural subdivision of NC QazaqGaz JSC supporting the procurement process. The functions of the Department of procurement and local content include:

- formation of procurement plans;
- organization and conduct of procurement procedures of NC QazaqGaz JSC and subsidiaries and affiliates;
- control and monitoring, reporting on procurement procedures of NC QazaqGaz JSC and subsidiaries and affiliates;
- development, improvement, and implementation of internal regulatory documents of NC QazaqGaz JSC.

To implement the procurement process, the Company uses the e-procurement Portal of Samruk-Kazyna JSC, which contains information on monitoring of local suppliers<sup>13</sup> and transparently displays the entire procurement process.

### Total amount of goods, works and services and share of local content, in billions of tenge, excluding VAT

GRI 204-1

Indicator	2020	2021	2022
<b>Goods:</b>			
Purchase amount, billion tenge	6.03	8.60	138.74
Share of local content, %	96	97	98
<b>Works and services:</b>			
Purchase amount, billion tenge	57.96	102.31	159.87
Share of local content, %	79	86	88
<b>Total:</b>			
Purchase amount, billion tenge	63.99	110.91	298.61
Share of local content, %	85	90	92

## Development of local content

To support local suppliers<sup>14</sup> The Company annually increases the number of purchases made directly from domestic manufacturers.

The share of local content for the group of companies of NC QazaqGaz JSC in the total volume of purchases for 2022 is 92%, of which for purchased goods – 98%, performed works and rendered services – 88%.

To calculate the share of local maintenance in the procurement of goods, works and services, the Unified methodology for calculation of local content in the procurement of goods and services by organizations is applied and approved by the Order No. 260 of the Minister of investment and development of the Republic of Kazakhstan dated April 20, 2018.

GRI 203-2

Under the program of Samruk-Kazyna JSC to support the modernization of existing production facilities and the creation of new ones for the period 2014-2022, eight purchase agreements<sup>15</sup> were concluded with private business entities within the Group of companies of NC QazaqGaz JSC during the reporting period. The guaranteed direct purchase mechanism is the main support instrument of the program.

In addition, to support small businesses, the Company implements the program "Economy of Simple Things". To meet the needs of the population, NC QazaqGaz JSC purchases goods produced by suppliers participating in this program. Most of the purchases are goods of light, furniture, food, chemical, pulp, and paper industries, as well as construction materials.

<sup>13</sup> The geographical definition of "local" and the main place of activity of NC QazaqGaz JSC implies the country of the Company's presence – the Republic of Kazakhstan.

<sup>14</sup> Suppliers of the Republic of Kazakhstan.

<sup>15</sup> An agreement to sell/purchase goods that have not yet been produced.

In 2022, the Company implemented procurement procedures for 366 billion tenge, and continued to monitor compliance with the procurement process through the e-procurement web portal of Samruk-Kazyna JSC. Continuous monitoring of the timely and diligent fulfilment of contract requirements is initiated when a contract is signed with a supplier. In case of non-fulfillment of obligations to the Company by the supplier, representatives of NC QazaqGaz JSC file a claim to the judicial authorities.

Within the framework of the Procurement Procedure for portfolio companies of "Samruk-Kazyna" JSC, the List of Unreliable Potential Suppliers of the Fund is maintained. If a potential supplier is included in the List of Unreliable Potential Suppliers of the Fund, the system automatically rejects this supplier from procurement procedures.

When selecting the Company's supplier, an important aspect is to conduct procurement procedures in strict compliance with the Procedure. This indicator is included in the Map of key performance indicators for executives of NC QazaqGaz JSC and its subsidiaries and affiliates.

In 2022, the Company implemented procedures on procurement for

# 366

BILLION TENGE

The share of local content for the group of companies of NC QazaqGaz JSC in the total volume of purchases for 2022

# 92%

Share of local content purchases for goods

# 98%

Share of local content procurement for work performed and services provided

# 88%

To support domestic business in the development of production, working groups have been established in the Group of companies of NC QazaqGaz JSC, which regularly make working visits to factories and enterprises to conduct a preliminary visual assessment of production in terms of equipment, suitability and efficiency of equipment for the manufacture of potentially interesting products of NC QazaqGaz JSC. Representatives of NC QazaqGaz JSC regularly participate in meetings, round tables held by the Fund, the National Chamber of Entrepreneurs of Kazakhstan "Atameken" and the "Union of Machine Builders of Kazakhstan" on the issues of local content, as well as import substitution.

To fulfill the obligation to report on the share of local content, contracts with suppliers stipulate the supplier's responsibility for failure to provide accurate information on local content.

The Company is authorized to approve the procurement Plans of its S&A. Thus, the market of goods is monitored to prioritize purchases exclusively among domestic commodity producers. Information databases of Samruk-Kazyna JSC, including the Register of commodity producers

of the Fund, as well as relevant information databases of the authorized state body containing information on domestic commodity producers and goods produced by them are used for monitoring.

As part of the implementation of the instructions of the Management Board of the Company and in order to increase the share of local content in purchases, letters were sent to major manufacturers with a proposal to consider the possibility of localization of production in Kazakhstan, with a complex of performance of services, overhaul, requiring implementation in factory conditions, etc. The above issues were discussed at the meeting with representatives of Siemens Energy LLP, Solar Turbines CIS LLC, and MAN Energy Solutions SE.

Within the framework of increasing the level of transparency, the approach to the development of Tender documents in terms of qualification requirements for potential suppliers was revised. Thus, according to paragraph 4 of Annex No. 5 to the Procedure, the right of the Customer is to establish requirements that provide for the potential supplier's experience in the last 5 (five) years, in the market of procured homogeneous works, services

or in a certain industry, the total volume of which should be one contract, in each year not less than 75 million tenge. These requirements can be established only for purchases over 75 million tenge. At the same time, the establishment of work experience exceeding 5 years is not allowed. As a result, the approach to the development of tender documentation was changed:

- the number of years required in terms of work experience of potential suppliers was reduced from 5 to 3 years;
- in procurement of technical supervision services, given the non-specific nature of the services and the permissive nature of the services, providing for the availability of the relevant Certificate of Accreditation for technical supervision and technical inspection of the reliability and stability of buildings – requirement for work experience, stipulated in paragraph 4 of Annex No. 5 to the Procedure, was excluded;
- the requirements for the availability of the potential supplier's specialists, stipulated by clause 5 of the Annex to the Procedure, are minimized. These requirements are established individually in respect of each procurement in case of objective necessity and reasonableness.

# Compliance with anti-competitive behavior

GRI 3-3, GRI 2-27, GRI 206-1

To ensure strict compliance with antimonopoly legislation, NC QazaqGaz JSC uses a comprehensive approach that includes legal, ethical, and strategic management measures.

In the reporting period, the Company had no confirmed cases of violation of antimonopoly legislation. No legal actions were taken against the Company due to obstruction of competition.

# Economic performance

## Plans for 2023 and mid-term perspective

- Inclusion of sustainability requirements in the Procedure for payment of tax assessments;
- Updating of the Agreement on interaction between NC QazaqGaz JSC and S&A on procurement procedures;
- Introduction of the procedure for justification of purchases from a single source by publishing relevant information on the web portal of e-procurement of Samruk-Kazyna JSC;
- Supporting local producers through procurement procedures.

## Management approach

GRI 3-3

The economic influence exerted by the Company on the economy of the regions of presence is an integral part of the activities of NC QazaqGaz JSC. The Company is constantly working to improve its approach to ensuring economic and social development of regions in which it operates, as well as the developing a strategic direction for the modernization and diversification of the country's economy and development of local content.

NC QazaqGaz JSC aims to improve the quality of life in the Republic of Kazakhstan by implementing projects that are of key social and strategic importance. Implementation of such projects is a priority for NC QazaqGaz JSC, as the Company aims to actively participate in creating favorable conditions for the development of the country and improving the lives of citizens. One of the major implemented projects, which have a huge impact on the socio-economic situation in the regions

of presence, are the Amangeldi group of fields and the Kashagan oil and gas field. Since 2001, when these fields began to be developed, millions of US dollars in revenues from the sale of services have generated significant direct and indirect economic impacts, including the construction, development and maintenance of socially significant infrastructure for the operations and communities in the regions where they are located.

To maintain an active dialog with local communities, the Company has a Press service of NC QazaqGaz JSC, which interacts with the press and other media, and each S&A appoints a media officer.

The developed Policy on interaction with local communities defines the unified principles of the Group of companies of NC QazaqGaz JSC on management of interaction with regional authorities, public organizations, and local communities in the regions of the Group's

presence and is aimed at maintaining favorable constructive relations with them. The Policy applies to all employees of the Group. In its activities on interaction with local communities NC QazaqGaz JSC adheres to the following key principles:

- understanding of social risks and impacts, especially on local communities living near the Group of companies operations, and striving to minimize them;
- establishing and maintaining favorable constructive relations with local communities;
- creating new jobs in the regions where the Company operates, and promoting the development of related industries;
- improvement of the quality of life of the local population and socio-economic development of the regions of operation, taking into account the real needs and significance;
- minimizing the resettlement of local residents during the implementation of economic activities;
- respect for human rights.



## Direct economic value generated and distributed

GRI 2-6, GRI 201-1

Indicator	Units of measurement	2022
<b>1. Direct economic value created</b>	<b>million tenge</b>	<b>1,328,360</b>
Revenue from contracts with customers	million tenge	952,283
Income from financial investments (finance income)	million tenge	36,103
Share in profit of joint ventures	million tenge	327,581
Foreign exchange gain, net	million tenge	8,904
Other income (Other operating income)	million tenge	3,488
<b>2. Distributed economic value</b>	<b>million tenge</b>	<b>- 941,732</b>
<b>Operating expenses</b>	<b>million tenge</b>	<b>- 740,479</b>
- Cost of sales (excluding salaries, taxes)	million tenge	- 716,715
- General and administrative expenses (Excluding salaries, taxes)	million tenge	- 11,751
- Accrual of allowance for expected credit losses, net	million tenge	- 3,314
- Other operating expenses	million tenge	- 8,699
- Foreign exchange loss (net)	million tenge	-
<b>Salaries, other payments, and benefits to employees</b>	<b>million tenge</b>	<b>- 98,161</b>
- including salaries	million tenge	- 98,161
- including other payments and benefits to employees	million tenge	-
<b>Payments to capital providers</b>	<b>million tenge</b>	<b>- 62,553</b>
- including dividends paid	million tenge	-
- including finance costs	million tenge	- 62,553
<b>Payments to the state</b>	<b>million tenge</b>	<b>- 40,540</b>
- Other taxes, except income tax	million tenge	- 13,445
- including income tax (CIT expenses)	million tenge	- 27,095
<b>Investing in local communities</b>	<b>million tenge</b>	<b>-</b>
<b>3. Undistributed economic value</b>	<b>million tenge</b>	<b>386,628</b>

# Information security

The Company is included in the list of critical infrastructure facilities, based on which it constantly monitors compliance with information security requirements and strives to develop an information security management system in accordance with the requirements of the legislation of the Republic of Kazakhstan and the international standard ISO/IEC 27001. Management responsibility for ensuring compliance with information security principles and practices rests with the Company's structural units – the Department of information technology and the Department of corporate security.

NC QazaqGaz JSC continuously develops key practices in the field of cyber security provides regular training to employees, conducts internal security audits, performs vulnerability assessments and penetration tests of the Company's systems, products and practices that affect the security and protection of user data. To comply with these practices, the Company has established and operates information security operations center that monitors and responds to data breaches and cyber-attacks on a 24/7 basis.

NC QazaqGaz JSC's information security development plans for 2023 include obtain-

ing international certification of compliance with the requirements of the ISO/IEC 27001 standard. In addition, the Company intends to continue the practice of monitoring compliance with information security requirements in all existing and developing IT systems, conducting activities to improve the level of cybersecurity, information security awareness and protection of confidential information, as well as developing and approving regulations and policies in accordance with the Law "On Informatization", unified requirements in the field of information and communication technologies and ensuring information security.

**386,628**

**MILLION TENGE**

NET PROFIT IN 2022

# CORPORATE GOVERNANCE

**09**

As the main gas operator of the Republic of Kazakhstan, NC QazaqGaz JSC attaches great importance to compliance with the principles of corporate governance and sustainable development and pays special attention to ensuring the financial stability of the Company. Improving the efficiency of corporate governance is one of the key strategic priorities in the activities of NC QazaqGaz JSC.

The corporate governance system of NC QazaqGaz JSC is a complex mechanism to ensure the effective functioning and achievement of the company's goals. This system, among other things, includes management of strategic and operational processes, finances, risks, and relationships with stakeholders.

GRI 2-9

The main internal documents in corporate governance are the following:

- Company's Charter
- Corporate Governance Code;
- Policy on corporate risk management system;
- Policy of internal control system of NC QazaqGaz JSC;
- Regulations on the Board of Directors;
- Regulations on the Management Board;
- Regulations on the Risk Committee;
- Regulations on the Audit Committee;

- Regulations on the Nomination and Remuneration Committee;
- Regulations on the Strategy Committee.

In 2015, the Sole Shareholder decided to approve the Corporate Governance Code of the Fund, which, in turn, also applies to the activities of NC QazaqGaz JSC. The main purpose of this Code is to improve corporate governance practices in the Fund and organizations owned by the Fund. The Code is aimed at ensuring transparency

of management and confirmation of the obligation of the Fund and its Organizations to follow high standards of corporate governance. The Company carefully monitors compliance with the principles of corporate governance presented in the Code. According to the results of the analysis of compliance with the principles and provisions of the corporate governance Code, in the reporting year, no serious violations of the Corporate Governance Code were identified in the activities of NC QazaqGaz JSC.

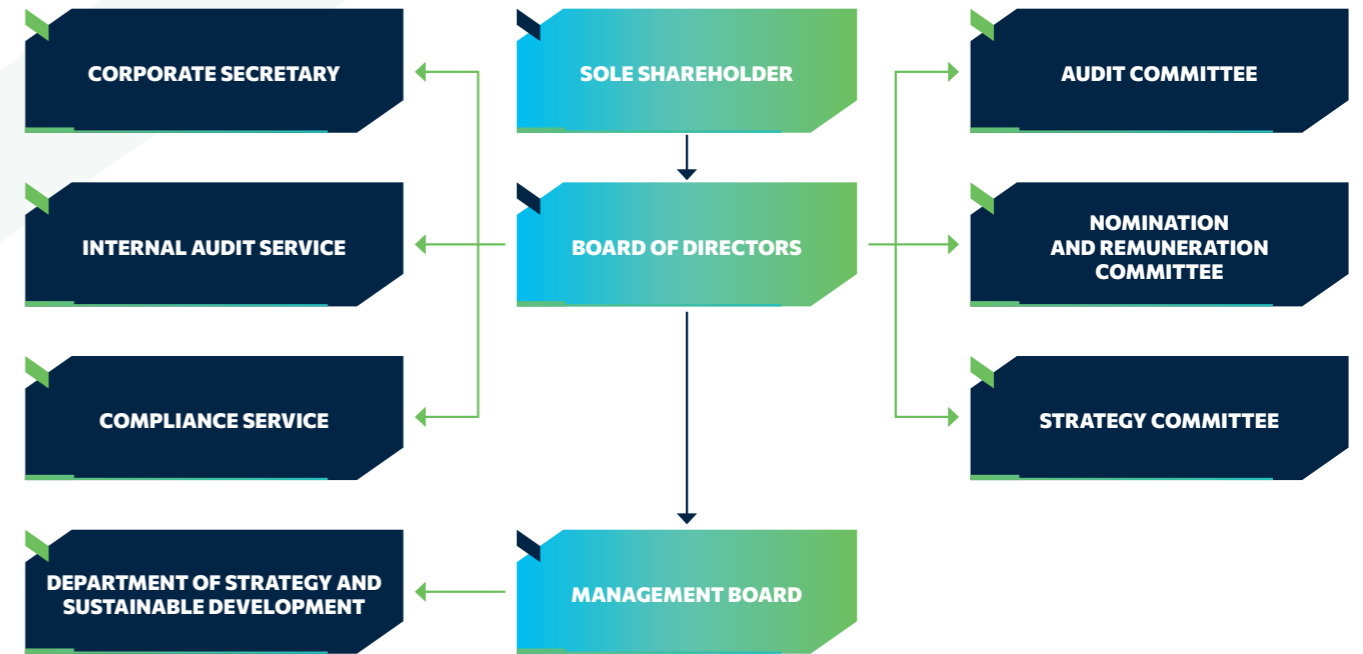
# Corporate governance structure

The corporate governance structure of NC QazaqGaz JSC is an organized and efficient system that ensures transparency and accountability within the company. It consists of the following key elements:

- The Sole Shareholder of NC QazaqGaz JSC is National Welfare Fund Samruk- Kazyna JSC, whose functions are defined by the Company's Charter, is the supreme governing body;
- The Board of Directors performs general management of the Company's activities and determines the priority areas of the Company's activities;

- The Management Board as a collegial executive body manages the Company's day-to-day operations in order to fulfill the Company's objectives and implement the Company's strategy;
- At the operational level, the Department of strategy and sustainable development oversees corporate governance issues. The Department regularly analyzes internal regulatory documents, practices, and promotes the implementation of practices and compliance with the Company's corporate governance principles for timely updates and identification of areas for improvement.

## Corporate governance structure



NC QazaqGaz JSC ensures that all participants of corporate relations understand their powers, scope of responsibility, accountability, rights, and duties, as well as clear consolidation of these aspects in the Company Charter. This reduces the risk of conflict of interest and creates a common vision of the principles and structure of corporate governance.

In 2022, the Company took a few important actions to improve its corporate governance system, aimed at improving efficiency, transparency, and management in this area. Key events included:

- updating the HSE Policy, Personnel Policy;

- compliance with the disclosure requirements of the listing rules in preparing the annual report;
- carrying out a comparative analysis of international corporate governance standards, the Charter of NAC Kazatomprom JSC with the Charter of NC QazaqGaz JSC;
- implementation of a number of personnel training activities, including training of managers of HR and S&A.

## Board of Directors

The Board of Directors is a management body of NC QazaqGaz JSC, which is responsible to the Sole Shareholder for effective management and proper control over the Company's activities and acts in accordance with the approved decision-making procedure. Important functions of the Board of Directors along with other essential issues are determination of priority directions of activity of NC QazaqGaz JSC and decision making on conclusion of major transactions.

The activity of the Board of Directors is based on the following principles:

- professionalism;
- reason;
- discretion;
- honesty;
- efficiency;
- objectivity;
- responsibility.

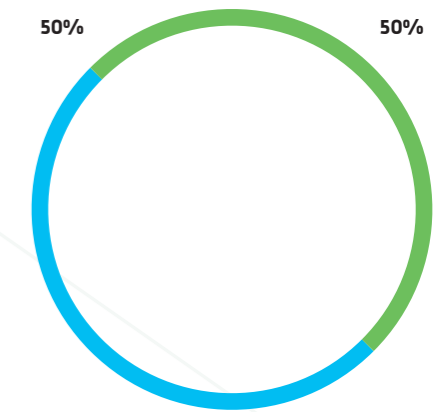
### COMPOSITION OF THE BOARD OF DIRECTORS

The quantitative composition of the Board of Directors is determined by the Sole Shareholder of the Company. According to the Regulations on the Board of Directors of NC QazaqGaz JSC, at least one third of the members of the Board of Directors should be independent directors. This requirement contributes to a more objective and

reliable management of the company, balancing the interests of all stakeholders, while increasing transparency in the decision-making process.

As of December 31, 2022, the Board of Directors consisted of six members, 3 of whom were independent, representing 50% of the total number of directors.

### Independence of the Board of Directors as of December 31, 2022, %



- Independent members of the Board of Directors
- Members of the Board of Directors who are not independent

# Information on members of the Board of Directors

## Composition of the Board of Directors as of December 31, 2022

GRI 2-9, GRI 2-11



### YERNAT KUDAIBERGENOVICH BERDIGULOV

#### Chairman of the Board of Directors

Citizenship	Ownership of the Company's shares:
<b>Republic of Kazakhstan</b>	<b>no</b>
Date of birth	Date of appointment
<b>03.09.1987</b>	<b>18.02.2022</b>

Specialization  
**International economics, business administration**

- Education
- 2007-2010 – University of Toronto, Bachelor's degree in Public Policy and International Relations;
  - 2011-2012 – CIMA Diploma: Operations Performance Management and Business Performance Management;
  - 2015-2018 – University of Warwick, MSc in Business Administration, MBA;
  - 2022-2023 – Harvard Business School, Leadership Development Program (executive program).

- Work record
- August 2010 – March 2011 – Chief Specialist of Business Administration Department, Semizbay-U LLP (subsidiary of NAC Kazatomprom JSC);
  - April 2011 – December 2012 – Project Manager, Project Office for implementation of Management Reporting System (MRS), Samruk-Kazyna JSC;
  - January 2013 – May 2018 – Advisor to the Chairman of the Management Board (on financial and economic issues), Director of Analytical Support Department, Director of Strategic Development Department, Director of Project Management Department, Samruk-Energy JSC;
  - August 2018 – April 2019 – Analyst of Asset Management Directorate, Samruk-Kazyna JSC;
  - May 2019 – April 2021 – Project Manager, Whiteshield Partners, an international consulting firm;
  - April 2021 – February 2022 – Co-Managing Director for Strategy, Sustainable Development and Digital Transformation, Samruk-Kazyna JSC;
  - Since February 2022 – Managing Director for Strategy and Asset Management of NWF Samruk-Kazyna JSC, since March 2022 – Member of the Management Board.

- Other positions
- He is a member of the Presidential youth personnel reserve;
  - Since February 2022 – Member of the Board of Directors of NC QazaqGaz JSC, from February 2022 to July 2023 – Chairman of the Board of Directors of NC QazaqGaz JSC;
  - Since March 2022 – Member of the Board of Directors of NC KTZ JSC;
  - Since March 2022 – Chairman of the Board of Directors of KEGOC;
  - Since May 2022 – Member of the Board of Directors – representative of interests of the majority shareholder of NAC Kazatomprom JSC.



### TEGISBAEV ANATOLY ORYNGALIULY

#### Representative of NC Samruk-Kazyna JSC

Citizenship	Ownership of the Company's shares:
<b>Republic of Kazakhstan</b>	<b>no</b>
Date of birth	Date of appointment
<b>05.09.1953</b>	<b>02.12.2022</b>

Specialization  
**Engineering**

- Education
- 1975 – Kazakh Polytechnic Institute named after V.I. Lenin, Mining Engineering. V.I. Lenin Kazakh Polytechnic Institute, Mining Engineering

- Work record
- 1975-1990 – Master, oil and gas production operator, senior engineer of Regional engineering technical services, deputy head of CETS, head of shop, head of department, chief engineer of Mangyshlak Gas Production Department;
  - 1990-1992 – Deputy Chief Engineer of PO "Mangyshlakneft";
  - 1992-1997 – Chief Engineer, First Deputy Director of Karachaganakgazprom State enterprise, First Vice President of Karachaganakgazprom OJSC;
  - 1997-1998 – President of Karachaganakgazprom OJSC;
  - 1998-2001 – President of Aksaigasservice OJSC;
  - 2001-2002 – President of KazBurGas JSC;
  - 2002-2004 – General Director of DMD-Service LLP;
  - 2004-2006 – Deputy General Director of KazTransGas JSC for gas projects;
  - 2006-2012 – Managing Director of KazTransGas JSC for gas production;
  - Since June 2012 – Deputy General Director of KazTransGas JSC on resource base;
  - 2018-2021 – Ombudsman of NC KazMunayGas JSC;
  - April 2022 – September 2022 – Deputy General Director of the Veterans of oil and gas complex Regional Public Organization;
  - From September 2022 to the present time – General Director of Veterans of oil and gas complex Regional Public Organization.



### NURLAN ZAMANBEKOVICH AKHANZARIPOV

#### Independent Director

Citizenship	Ownership of the Company's shares:
<b>Republic of Kazakhstan</b>	<b>no</b>
Date of birth	Date of appointment
<b>17.12.1965</b>	<b>27.05.2022</b>

Specialization  
**Finance and risk management**

- Education
- Certified Independent Director (Cert IoD) Institute of Directors, UK.

- Work record
- He has over 22 years of senior management experience in the oil and gas sector, including more than 12 years as CFO of Kazakhstani national oil and gas companies. He has experience of working abroad in senior positions in PDO, Petroleum Development of Oman in the Sultanate of Oman (Shell operating company) during the period of Business Transformation of the company and implementation of the New Operating Model of Shell Holding, in the processes of which he was actively involved. He was involved, as one of the key employees of the competent authority of Kazakhstan, in the implementation of such important oil and gas projects for the country as the North Caspian Project (Kashagan) and the Beineu-Bozoi-Shymkent gas pipeline.
  - Main areas of work and achievements: development and implementation of new enterprise strategies, transformation (transformation) of outdated business models of companies, their adaptation to the changing business environment, development of corporate governance systems of companies.
  - He was a member of the Governing Council of the Association of Taxpayers of Kazakhstan "ANK", a member of the Expert Council of the Association "KazEnergy".
  - He was an independent director and member of the Board of Directors of Alfa-Bank Kazakhstan JSC, NC Kazakhstan Engineering JSC and CETT JSC. Currently, he is an independent director – member of the Boards of Directors of AstanaGas KMG JSC, NC KazakhstanTemirZholoy JSC and KEGOC JSC.



### RUSLAN BAKYTZHANOVICH BEKETAYEV

#### Independent Director

Citizenship	Ownership of the Company's shares:
<b>Republic of Kazakhstan</b>	<b>no</b>
Date of birth	Date of appointment
<b>16.11.1975</b>	<b>06.10.2022</b>

Specialization  
**Economics, Law, Business Administration**

- Education
- 1996 – Kazakh State Agrarian University, Economist- Accountant;
  - 2009-2011 – University of Bristol, MSc in Economics, Finance and Management;
  - 2010-2011 – Oxford University, Said Business School, Diploma in Financial Strategy.

- Work record
- 1996-2001 – Leading Specialist, Head of Sector, Head of Division, Deputy Head of Department, Acting Deputy Director of the Department of Licensing and Supervision of the National Securities Commission of the Republic of Kazakhstan;
  - 2001-2004 – Head of Inspection Division of the Financial Supervision Department of the National Bank of the Republic of Kazakhstan;
  - 2004-2005 – Head of Inspection Division of the Department of Bank Supervision of the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations;
  - 2005-2010 – Service in the financial police, Agency for Combating Economic and Corruption Crimes of the Republic of Kazakhstan;
  - 2011-2011 – Advisor to the Chairman of the Board of the Joint Stock Company KAZGUU
  - 2011-2012 – Deputy Chairman of the Committee for Financial Monitoring of the Ministry of Finance of the Republic of Kazakhstan;
  - 2012-2014 – Chairman of the Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan;
  - June 2014 – February 2021 – Vice-Minister of Finance of the Republic of Kazakhstan;
  - March 2021-present – Minister of Economy and Financial Policy of EEC.

# Information on members of the Board of Directors

## Composition of the Board of Directors as of December 31, 2022

GRI 2-9, GRI 2-11



### ANUAR ASKAROVICH BITANOV

Independent Director

Citizenship	Ownership of the Company's shares:
Republic of Kazakhstan	no
Date of birth	Date of appointment
25.07.1980	02.12.2022

Specialization  
**Engineering**

- Education
- MBA from London Business School;
  - Master's program in petroleum engineering at Stanford University.

- Work record
- He started his career as an engineer at the Kashagan field in AgipKCO, then worked in Kazakhoil Aktobe and other companies in various positions, including Head of Geological Service. He has experience in implementing oil and gas projects in more than 10 countries (Australia, PRC, USA, India, Colombia, Azerbaijan, Mexico);
  - 2012-2021 – McKinsey & Company.



### SANZHAR SERIKBAEVICH ZHARKESHOV

Chairman of the Management Board

Citizenship	Ownership of the Company's shares:
Republic of Kazakhstan	no
Date of birth	Date of appointment
24.10.1986	27.05.2022

Specialization  
**Finance and oil and gas engineering**

- Education
- 2009 – Kazakh University of Economics, Finance and International Trade, Specialty "Finance";
  - 2010 – University of Texas, Oil and Gas Engineering major.

- Work record
- July 2010 – October 2010 – Field drilling engineer, Kashagan field, Atyrau, ExxonMobil Kazakhstan Corporation;
  - October 2010 – March 2012 – Field Drilling Engineer in Colorado, California and Texas, USA, ExxonMobil Corporation;
  - February 2012 – February 2013 – Drilling Engineer, Kashagan field, Atyrau, ExxonMobil Kazakhstan Corporation;
  - February 2013 – July 2013 – Senior Drilling Engineer, Erbil and Mosul, Iraq, ExxonMobil Corporation;
  - July 2013 – August 2015 – Chief Drilling Engineer, Sakhalin-1 Project, Sakhalin Island, Sakhalin-1 Project, Sakhalin Island, Russian Federation, ExxonMobil Corporation;
  - August 2015 – March 2016 – Senior Project Engineer, Well Development Engineer, Bolashak Oil Refinery, Kashagan Project, Atyrau, ExxonMobil Kazakhstan Corporation, seconded to NCOC;
  - March 2016 – March 2018 – Field Supervisor and Lead Drilling Engineer, Merlin ERD, in Perth, Scotland. Drilling complex wells with large vertical deviation in Saudi Arabia, Oman, Colombia, Alaska, Germany, Dutch North Sea Shelf, Vietnam, and the UK;
  - March 2018 – August 2019 – Management consultant, global oil industry expert at McKinsey and Company, London, UK;
  - August 2019 – March 2020 – Vice-Minister of Ecology, Geology and Natural Resources of the Republic of Kazakhstan;
  - May 2020 – February 2022 – Head of Exploration and Field Development Block, Naftogaz of Ukraine;
  - February 2022 – March 2022 – Acting Chairman of the Management Board of NC QazaqGaz JSC, March 2022 – Chairman of the Management Board of NC QazaqGaz JSC.

- Other positions
- 2016 – Member of the Council of the British Institute of Mechanical Engineers;
  - Since February 2020 – Member of the Presidium of the Union of oilfield service companies of Kazakhstan;
  - Since May 2022 – Member of the Board of Directors of NC QazaqGaz JSC.

All members of the Board of Directors, including independent directors, have relevant work experience, knowledge, qualifications, positive achievements and impeccable reputation in the business and industry environment necessary to perform their duties and organize effective work of the Board of Directors of NC QazaqGaz JSC.

### COMPOSITION OF THE BOARD OF DIRECTORS AS OF JANUARY 1, 2022:

- Chairman of the Board of Directors of the Company – Adilbek Ryskeldinovich Dzhakysbekov;
- Members of the Board of Directors of the Company: Saulebay Malik Oraluly, Sharipbayev Kairat Kamataevich, Nurgaziyev Ayrat Aittanovich – independent director, Zhamanbalin Serik Zhardemovich – independent director.

### THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2022 CHANGED AS FOLLOWS:

By the decision of the Management Board of Samruk-Kazyna JSC №12/22 from 18.02.2022, the powers of Dzhakysbekov A.R., Saulebay M.O., Sharipbaev K.K. were terminated, Berdigulov E.K., Kazutin N.Y. were elected as members of the Board of Directors of NC QazaqGaz JSC.

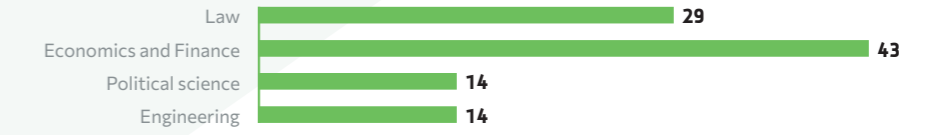
By the decision of the Management Board of Samruk-Kazyna JSC №29/22 from 27.05.2022 terminated the powers of Nurgaziev A.A. and Zhamanbalin S.J., elected members of the Board of Directors of NC QazaqGaz JSC Zharkeshov S.S., Cherdabaev B.T., Sadykov R.G. and Akhanzaripov N.Z.

By the decision of the Management Board of Samruk-Kazyna JSC №51/22 from 15.09.2022 the powers of Kazutin N.Y. and Cherdabaev B.T. were terminated.

By the decision of the Management Board of Samruk-Kazyna JSC #56/22 dated 06.10.2022, the powers of Sadykov R.G. were terminated and Beketayev R.B. was elected as a member of the Board of Directors of NC QazaqGaz JSC.

By the decision of the Management Board of Samruk-Kazyna JSC №66/22 dated 02.12.2022 elected A.A. Bitanov and A.O. Tegisbaev as members of the Board of Directors of NC QazaqGaz JSC.

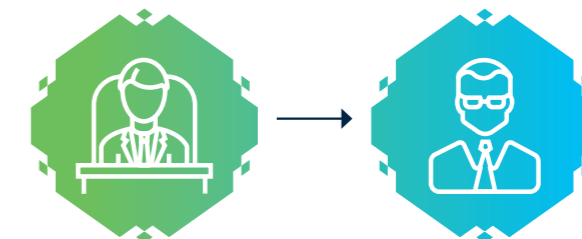
### Professional specialization of members of the Board of Directors, %



GRI 2-12

The new Board of Directors focuses on the issues underpinning the ESG agenda, including environmental, social responsibility and corporate governance aspects.

### Plan to improve the structure of the Board of Directors, units.



CHAIRMAN OF THE BOARD OF DIRECTORS

INDEPENDENT DIRECTOR

At least **50%**

Share of independent members of the Board of Directors

≥ **6**

people Composition of the Company's Board of Directors

**1 UNIT**

Number of women on the Board of Directors

**1 UNIT**

Management representative

**3 UNITS**

Independent directors

**SELECTION AND ASSIGNMENT**

GRI 2-10

Chairman of the Board of Directors of the Company is elected (appointed) by the decision of the Sole Shareholder of the Company. Members of the Board of Directors, except for independent directors, are elected from among persons proposed for election to the Board of Directors of the Company as representatives of interests of the Sole Shareholder.

No person shall be elected to the position of a member of the Board of Directors:

- who has a criminal record that has not been expunged or expunged in accordance with the procedure established by law;
- previously was the Chairman of the Board of Directors, the first head (Chairman of the Management Board), deputy head, chief accountant of another legal entity for a period of not more than one year prior to the decision on forced liquidation or forced redemption of shares, or conservation of another legal entity recognized as bankrupt in accordance with the established

procedure. The said requirement shall be applied within five years after the date of planning on compulsory liquidation or compulsory redemption of shares, or conservation of another legal entity recognized as bankrupt in accordance with the established procedure.

According to the legislation and the Charter of NC QazaqGaz JSC:

- the term of powers of the Board of Directors expires at the moment when the Sole Shareholder makes a decision on election (appointment) of a new Board of Directors;
- any period of election to the Board of Directors for more than 6 consecutive years is subject to special consideration, considering the need for qualitative renewal of the Board of Directors. An independent director may not be elected to the Board of Directors for more than nine consecutive years. In exceptional cases, election for more than nine years is allowed;
- the election of an independent direc-

tor to the Board of Directors should take place annually with a detailed explanation of the necessity of electing this member of the Board of Directors and the impact of this factor on the independence of decision-making;

- The Sole Shareholder has the right to early terminate the powers of all or certain members of the Board of Directors;
- early termination of powers of a member of the Board of Directors on his/her initiative shall be made on the basis of a written notice to the Board of Directors;
- the powers of such member of the Board of Directors shall be terminated from the date of receipt of such notice by the Board of Directors;
- in case of early termination of powers of a member of the Board of Directors and election (appointment) of a new member of the Board of Directors by the Sole Shareholder, the powers of the latter shall expire simultaneously with the expiration of the term of powers of the Board of Directors as a whole.

**CONFLICT OF INTEREST MANAGEMENT**

Members of the Board of Directors have no family or other ties with members of the executive body and other responsible employees of the Company that could affect the quality of their decisions.

The Board of Directors monitors and, where possible, eliminates potential conflicts of interest at the level of officers and shareholders, including misuse of property of NC QazaqGaz JSC and abuse in related-party transactions.

In the reporting year, no conflicts of interest were registered in the work of the Board of Directors.

**MEETINGS OF THE COMPANY'S BOARD OF DIRECTORS**

During the reporting period, the Board of Directors of NC QazaqGaz JSC held 23 in-person and 1 absentee meetings. The total number of issues amounted to 168: including 85 issues related to the activities of the Company and 83 issues related to the activities of S&A. All decisions were executed in full and in due time.

During the reporting period, the Board of Directors of NC QazaqGaz JSC held

**23**

**IN-PERSON AND 1 ABSENTEE MEETINGS**

The total number of issues amounted to

**168**

**Attendance of meetings by members of the Board of Directors**

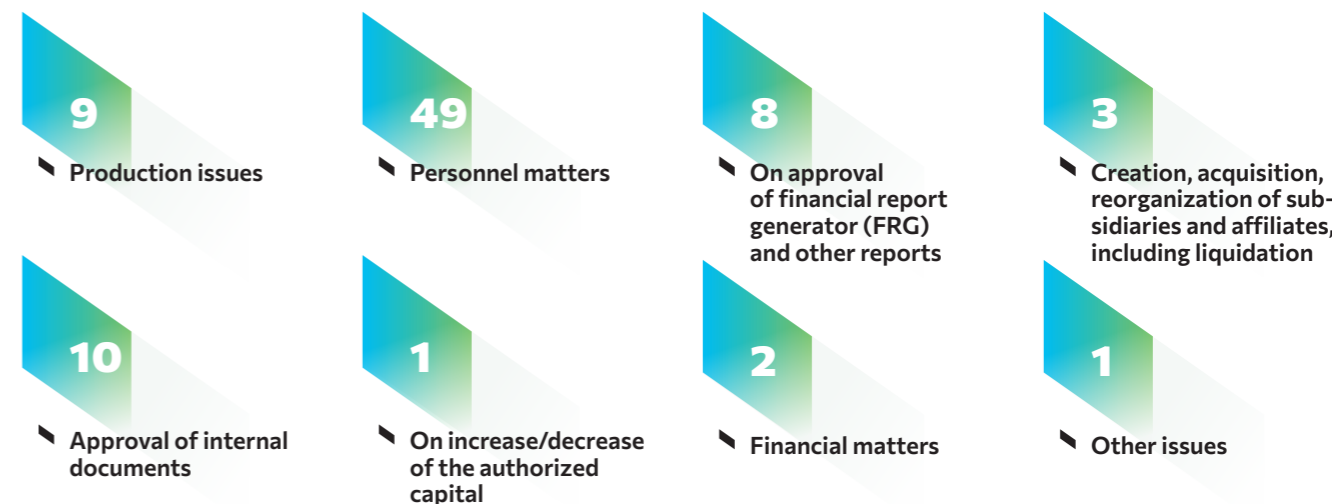
Member of the Board of Directors	Attendance at meetings	Percentage of visits
Dzhaksybekov A.R.	2/2	100%
Sharipbaev K.K.	0/1	0%
Saulebay M.O.	2/2	100%
Nurgaziev A.A.	11/11	100%
Zhamanbalin S.Zh.	11/11	100%
Berdigulov E.K.	22/22	100%
Zharkeshov S.S.	12/13	92%
Kazutin N.Yu.	9/15	60%
Akhanzaripov N.Z.	13/13	100%
A.A. Bitanov.	2/2	100%
Tegisbaev A.O.	2/2	100%
Beketayev R.B.	5/5	100%
Sadykov R.G.	7/7	100%
Cherdabaev B.T.	5/6	83%

The main issues considered at the meetings related to the Company's operations:

- preliminary approval of the annual financial statements and other reports;
- personnel issues;
- approval of the business plan and adjustments to it;
- approval of motivational corporate and individual KPIs of executive and managerial employees;
- approval of documents regulating the internal activities of NC QazaqGaz JSC and amendments thereto;

- financial matters;
- approval of interested party transactions;
- other matters.

**The main issues considered at the meetings related to the activities of subsidiaries and affiliates:**



**COMMITTEES OF THE COMPANY'S BOARD OF DIRECTORS**

GRI 2-9

Committees of the Board of Directors of NC QazaqGaz JSC act under the direct control of the Board of Directors and their powers are determined by the relevant Regulations on the Committees.

As of December 31, 2022, the following committees functioned under the Board of Directors:

AUDIT COMMITTEE	STRATEGY COMMITTEE	NOMINATION AND REMUNERATION COMMITTEE
<p><b>COMPOSITION OF THE COMMITTEE</b></p> <ul style="list-style-type: none"> <li>• Beketayev Ruslan Bakytzhanovich – Chairman;</li> <li>• Akhanzaripov Nurlan Zamanbekovich – member;</li> <li>• Anuar Askarovich Bitanov – member.</li> </ul>	<p><b>COMPOSITION OF THE COMMITTEE</b></p> <ul style="list-style-type: none"> <li>• Anuar Askarovich Bitanov – Chairman;</li> <li>• Akhanzaripov Nurlan Zamanbekovich – member;</li> <li>• Tegisbaev Anatoly Oryngaliuly – member;</li> <li>• Saken Bulegenovich Pirmakhanov is a non- voting expert.</li> </ul>	<p><b>COMPOSITION OF THE COMMITTEE</b></p> <ul style="list-style-type: none"> <li>• Nurlan Zamanbekovich Akhanzaripov – Chairman;</li> <li>• Beketayev Ruslan Bakytzhanovich – member;</li> <li>• Tegisbaev Anatoly Oryngaliuly – member;</li> <li>• A.T. Musabekov is a non- voting expert.</li> </ul>
<p><b>OBJECTIVES</b></p> <p>The Committee's activities are aimed at assisting the Board of Directors on issues of external and internal audit, financial reporting, internal control and risk management, compliance with legislation, and other issues as instructed by the Board of Directors.</p> <p>In the reporting year, <b>2</b> meetings were held, at which <b>11</b> issues were considered.</p>	<p>The main purpose of the Committee's activities is to assist the Board of Directors in determining strategic goals, priority development areas and setting the main benchmarks of the Company's activities for the medium and long term.</p> <p>In the reporting year, <b>1</b> meeting was held, at which <b>5</b> issues were considered.</p>	<p>The Committee was established to develop recommendations on attracting qualified specialists to the Board of Directors, the Management Board and other positions in the Company, the appointment and approval of which is made by the Board of Directors.</p> <p>In the reporting year, <b>3</b> meetings were held, at which <b>17</b> issues were considered.</p>

Prospects for the development of the activities of the committees under the Board of Directors of NC QazaqGaz JSC in 2022 include:

- 1.**

**STRENGTHENING THE WORK AND COMPETENCE OF THE AUDIT COMMITTEE: THE FUNCTIONS OF THE INTERNAL AUDIT SERVICE AND THE COMPLIANCE SERVICE WERE INTRODUCED (IMPLEMENTED IN EARLY 2022).**
- 2.**

**INTRODUCTION OF THE PRACTICE OF PRELIMINARY CONSIDERATION BY THE NOMINATION AND REMUNERATION COMMITTEE OF CANDIDATES PROPOSED TO THE MANAGEMENT BODIES OF SUBSIDIARIES AND AFFILIATES.**
- 3.**

**DETAILED CONSIDERATION OF INVESTMENT PROJECTS BY THE STRATEGY COMMITTEE IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE SOLE SHAREHOLDER.**

## Management Board







The Management Board of NC QazaqGaz JSC is a collegial executive body, the main task of which is to manage the current activities of the Company, carried out in accordance with the principles enshrined in the Charter, corporate governance Code, internal documents of the Company and Regulations on the Management Board.

The activity of the Management Board is based on the principles of observing the interests of the Sole Shareholder and accountability to the Sole Shareholder and the Board of Directors.

On a regular basis, the Management Board reports to the Board of Directors on the results of work performed in the framework of the Company's Business Plan and on the implementation of priority investment projects. Thus, understanding by all participants of corporate relations of their powers, scope of responsibility, accountability, rights and obligations, and clear consolidation of these aspects in the Company's Charter reduces the risk of conflicts of interest and, consequently, creates a common vision of the principles and structure of corporate governance.

The Management Board is responsible for the development of the action plan for the implementation of the decisions of the Board of Directors and deals with the financial, economic and production activities of the Company. Based on the principles of effective corporate governance, the Management Board controls and regulates the current operations of the Company, seeking to ensure the successful fulfillment of tasks and achievement of goals agreed with the Board of Directors and the interests of the Sole Shareholder.

### Composition of the Management Board as of December 31, 2022

		
<p><b>SANZHAR SERIKBAEVICH ZHARKESHOV</b></p> <p>Chairman of the Management Board of NC QazaqGaz JSC</p>	<p><b>AKAN AIDYN MUHITULY</b></p> <p>Deputy Chairman of the Management Board for Economics and Finance of NC QazaqGaz JSC</p>	<p><b>ANUAR ERKINOVICH DZHAKSYBEKOV</b></p> <p>Deputy Chairman of the Management Board for Geology and Exploration of NC QazaqGaz JSC</p>
<p>Citizenship Republic of Kazakhstan</p>	<p>Citizenship Republic of Kazakhstan</p>	<p>Citizenship Republic of Kazakhstan</p>
<p>Date of birth 24.10.1986</p>	<p>Date of birth 01.09.1986</p>	<p>Date of birth 18.07.1965</p>
<p>Date of appointment March 2022</p>	<p>Date of appointment March 2022</p>	<p>Date of appointment March 2022</p>
<p>Specialization Finance and oil and gas engineering</p>	<p>Specialization Finance and financial mathematics</p>	<p>Specialization Geology and exploration of oil and gas fields</p>
<p>Ownership of the Company's shares: no</p>	<p>Ownership of the Company's shares: no</p>	<p>Ownership of the Company's shares: no</p>
		
<p><b>AKBAR MALIKOVICH TULEGENOV</b></p> <p>Deputy Chairman of the Management Board on social and labor relations of NC QazaqGaz JSC</p>	<p><b>IHSANOV MEIRBEK UAKASOVICH</b></p> <p>Deputy Chairman of the Management Board for Production of NC QazaqGaz JSC</p>	<p><b>KASENOV ARMAN GINAYATOVICH</b></p> <p>Deputy Chairman of the Management Board for Marketing of NC QazaqGaz JSC</p>
<p>Citizenship Republic of Kazakhstan</p>	<p>Citizenship Republic of Kazakhstan</p>	<p>Citizenship Republic of Kazakhstan</p>
<p>Date of birth 28.08.1984</p>	<p>Date of birth 24.03.1980</p>	<p>Date of birth 16.09.1977</p>
<p>Date of appointment April 2022</p>	<p>Date of appointment March 2022</p>	<p>Date of appointment March 2022</p>
<p>Specialization Management, marketing, and strategy</p>	<p>Specialization Economy and business</p>	<p>Specialization Economy</p>
<p>Ownership of the Company's shares: no</p>	<p>Ownership of the Company's shares: no</p>	<p>Ownership of the Company's shares: no</p>

The composition of the Management Board was changed at the beginning of 2022. Information on the former composition is contained in last year's 2021 Integrated Annual Report, available on the Company's official website at: <https://qazaqgaz.kz/ru/otchety>.

For the twelve months of 2022 by the Board

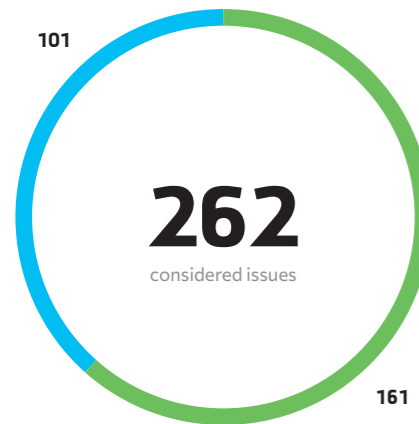
41

MEETINGS HELD (IN-PERSON)

The attendance rate of the Board members in the reporting year amounted to

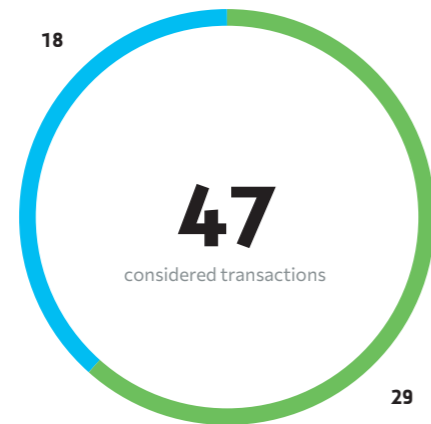
100%

General information on meetings and corporate decisions of the Management Board of NC QazaqGaz JSC



■ issues related to the activities of subsidiaries and affiliates  
■ issues related to the activities of NC QazaqGaz JSC

Information on transactions subject to special terms and conditions

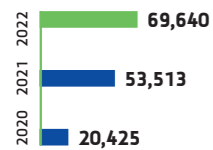


■ Preliminarily approved and submitted to the Board of Directors of NC QazaqGaz JSC transactions approved within the framework of the Rules for conclusion of transactions between organizations included in the Group of Samruk-Kazyna JSC, in respect of the execution of which the Law "On Joint Stock Companies" establishes special terms and conditions

## Remuneration

GRI 2-19, GRI 2-20, GRI 2-21

Remuneration of the members of the Board of Directors for the period from 2020 to 2022, thousand tenge



Remuneration of members of the Management Board for the period from 2020 to 2022, thousand tenge



NC QazaqGaz JSC attaches high importance to the analysis and evaluation of management performance, relying on the individual contribution of each member of the Board of Directors and the Management Board to the achievement of strategic goals of the Company. The results of the analysis and evaluation of activities contribute to making informed decisions to improve corporate governance, increase efficiency and ensure sustainable development of NC QazaqGaz JSC in the dynamic environment of the gas market.

The Company has Rules of labor remuneration and bonuses for executive employees, Corporate Secretary, employees of the Internal Audit Service and Compliance Service of NC QazaqGaz JSC, which determine the terms and procedure for remuneration of the Chairman of the Ma-

agement Board, members of the Management Board (hereinafter – executive employees) and employees reporting to the Board of Directors. The Rules provide for remuneration for management employees based on the results of work for the year, one-time bonuses for holidays and compensatory payment for early termination of employment contract based on the decision of the authorized body.

Terms and procedure of remuneration and compensation payment to the members of the Board of Directors shall be deter-

mined by the decision of the Sole Shareholder.

Remuneration based on the results of work for the reporting period (year) is paid to the members of the Management Board based on the results of performance assessment to motivate them to achieve strategic and priority goals expressed in measurable, interrelated, logically structured and balanced motivational KPI maps. The motivational KPI map consists of corporate and functional KPIs.

The Nomination and Remuneration Committee of the Board of Directors was established for preliminary consideration of issues related to the formation of an efficient and transparent remuneration system. The list of Corporate KPI indicators used to determine annual bonuses for executives includes the Lost Time Injury Frequency Rate (LTIF).

The total amount of remuneration of members of the Management Board of NC QazaqGaz JSC at the end of 2022 amounted to 157,608 thousand tenge.

## Risk management and internal control

### MANAGEMENT APPROACH

Risk management in NC QazaqGaz JSC is a key element of strategic planning, corporate governance, and maintenance of financial stability, aimed at ensuring the stability and sustainability of the Company. NC QazaqGaz JSC pays special attention to a systematic approach to risk management at all levels of operational activity.

The Company's approach to risk management has been developed considering external and internal factors and complies with the principles of international risk management standards. Risk management is also performed on an ongoing basis and is integrated into all business processes. Before launching projects, the Company analyzes risks, assesses the impact and potential consequences, and, if identified, develops mitigation measures, up to and including a decision to abandon the project, thereby putting the precautionary principle into practice.

The Company has organized and operates CRMS, which is a comprehensive and integrated approach to risk identification, assessment, management, and control. The main purpose of this system is to monitor all significant risks and to take timely and adequate measures to reduce the level of risks.

The main principles and approaches to the organization of CRMS are established by the Board of Directors and reflected in the Policy on Corporate Risk Management System of NC QazaqGaz JSC.

The Company's risk management policy is based on the following principles:





### 9. Corporate governance

The Board of Directors is responsible for the existence of an effective CRMS, and the Management Board is responsible for the organization and effective functioning of the CRMS, compliance with risk management and internal control policies and procedures, which are continuously improved to reflect changes in the internal

and external business environment. The activity of the Group of companies of NC QazaqGaz JSC is affected by production and non-production risks. In this regard, the Internal Control and Risk Management Department annually submits for consideration by the Board of Directors of NC QazaqGaz JSC a consolidated Risk

Register, proposals on the Company's risk appetite, a risk map, and a risk management action plan.

#### Organizational structure of the Corporate Risk Management System of NC QazaqGaz JSC



### KEY RISKS

In the reporting year, an analysis and assessment of the risks inherent in the Company's activities and S&A which will be relevant in the future, were carried out. As a result, a Risk Register and a risk map were developed containing 24 identified risks, 10 of which are critical. In addition to risks, the developed risk map contains the degree of their probability and impact. The scores correspond to the following percentage division:

1. 25% influence, probability of occurrence of an event every 7 or more years;
2. 50% influence, probability of occurrence of an event every 5 years;
3. 75% influence, probability of occurrence of an event every 3 years;
4. 100% influence, probability of occurrence of an event once a year;
5. the impact is estimated as above the risk appetite level and the frequency of the event will be once every six months.

The updated Risk Register of the Company is conditionally divided into the following groups: strategic risks, ESG risks, financial and operational risks.

Risk map of the Company in 2022



#### LIST OF RISK-RELATED MEASURES FOR 2022

RISK GROUP	NAME OF THE RISK	RISK MITIGATION MEASURES
STRATEGIC RISKS	Lack of commercial gas Price/tariff risks Investment risks Risks of failure of the instructions of the Head of State, the Government of the Republic of Kazakhstan and other state bodies	<ul style="list-style-type: none"> <li>Approval of the roadmap for the implementation of a number of measures aimed at increasing the gas resource base and conducting a socially fair pricing reform in the domestic market;</li> <li>Carrying out work on the creation of Strategic gas reserves;</li> <li>Approval of the Corrective Action Plan, which is regularly monitored for the execution of orders and activities.</li> </ul>
ESG RISKS	Environmental risks Industrial injuries Risks of social stability HR risks	<ul style="list-style-type: none"> <li>Approval of environmental policy;</li> <li>Development of a Roadmap for obtaining an ESG rating;</li> <li>Confirmation of ISO 14001 standard accreditation;</li> <li>Monitoring of the level of occupational injuries and the measures taken in the field of labor protection;</li> <li>Approval of the Policy for the Development of the System of Industrial Safety (IS), Labor Protection (LP) and Environmental Protection (EP);</li> <li>Compilation of a register of risks and hazards in the field of occupational safety;</li> <li>Compilation of HSE risk matrix;</li> <li>Updating of organizational structures in the Central Office and S&amp;A;</li> <li>Approval of the Rules for the search and selection of candidates for administrative and managerial positions.</li> </ul>
FINANCIAL RISKS	Loan risk Liquidity risks Currency risk Interest rate risks Accounting risks/accounting policy risks	<ul style="list-style-type: none"> <li>Conducting a credit risk assessment on banks for the placement of funds;</li> <li>Development of Rules on credit risk management for counterparty banks;</li> <li>Establishment and monitoring of financial and non-financial covenants of creditors;</li> <li>Refinancing through the National Bank in order to level the risk and reduce interest costs.</li> </ul>
OPERATIONAL RISKS	Risks of disruption of gas transportation (when transferred from Local executive bodies to the Group of companies) Deterioration of the gas transmission system, risk of accidents IT risks Contractual risks Corruption risks Sanctions risks Reputational risks Court proceedings Risks of the procurement process Risks of insecurity of objects, including those vulnerable to terrorism Asset safety risks	<ul style="list-style-type: none"> <li>Carrying out work on the transfer of the budget and functions for the construction of gas transmission facilities and distribution networks from local executive bodies (LEB) to the Group of companies at the design and construction stage;</li> <li>Carrying out work to expand the grounds for changing the approved rate at the operational stage;</li> <li>Development of a gas transmission system modernization plan to replace defective pipes;</li> <li>Carrying out maintenance and repair of equipment;</li> <li>Revision of the terms of the contract in order to reduce the rate for processing services, as well as the establishment of a rate without subscribing;</li> <li>Taking measures to ensure the anti-terrorist protection of certain objects in accordance with the requirements for the organization of anti-terrorist protection of objects vulnerable to terrorism.</li> </ul>

Based on a thorough risk analysis presented in the register, NC QazaqGaz JSC has studied each risk in detail together with the relevant factors and is actively engaged in thorough elaboration of preventive and corrective measures, considering the assessment of financial damage.

The Company is extensively working on systematic analysis and risk management, developing appropriate strategies and measures to ensure the stable and successful development of the Company in the difficult conditions of the modern energy industry.

## RISK MANAGEMENT IN THE FIELD OF SUSTAINABLE DEVELOPMENT

NC QazaqGaz JSC aspires to consider risks and opportunities in the field of sustainable development in its activities and to make balanced and ethical decisions related to sustainable development. The Company is gradually improving its risk management and internal control system and linking it to ESG issues and the climate change agenda in order to meet the expectations of the Sole Shareholder, communities involved in promoting the concept of sustainable development, and other stakeholders.

At the strategic level, the commitment of the Group of Companies of NC QazaqGaz JSC to improve the ESG system is expressed. The Management Board's decision of July 05, 2022, approved a Roadmap containing recommendations for improving the ESG system, increasing positions in ESG ratings and implementing measures for priority UN Sustainable Development Goals.

As part of the functioning of the corporate risk management system, ESG risks are identified, which have also been reflected in the updated risk register of the Company.

The Company's environmental risks, which were identified in the reporting year, include the risks of imposing fines due to the specifics of its activities. The main reasons for fines are:

- negative impact on the environment,
- causing major environmental damage,
- failure to comply with the terms of the environmental agreement.

In order to mitigate the occurrence of environmental risks, the Company develops and conducts several activities, including the development and approval of an Environmental Policy and a Roadmap containing aspects of ensuring environmental safety.

One of the ESG risks is occupational injuries, since the Company's employees carry out their activities mainly at production facilities. This risk is assessed by monitoring the level of occupational injuries and the measures taken in this area. The main measures to prevent the occurrence of risk are the development of internal documents and the approval of the Policy for the Development of the System of Industrial Safety (IS), Labor Protection (LP) and Environmental protection (EP), regulating the Company's activities in terms of labor and industrial safety.

There is also a possibility of the realization of the risk of social stability, which is calculated through 3 indicators:

- engagement index,
- index of social well-being,
- index of social peace.

Monitoring of the situation is carried out by conducting a survey of personnel according to the methodology of the Center for Social Interaction and Communications of Samruk-Kazyna JSC. The probability of risk increases due to the growth of collective complaints and appeals from employees of the Group of Companies of NC QazaqGaz JSC.

One of the key ESG risks is HR risk, which arises due to the lack of a rational organizational personnel policy in the S&A of NC QazaqGaz JSC. In order to reduce the likelihood of this risk, the Company is working to approve a new organizational structure and staffing table of the Company and the number of management employees has been optimized. In addition, in the reporting year, the Rules for selection for vacant positions were developed. Thus, in May 2022, the Rules for the Search and Selection of candidates for administrative and Managerial Positions of NC QazaqGaz JSC were developed and approved in accordance with the Corporate Standard for Human Resource Management of the Samruk-Kazyna JSC Group.

approval, application and evaluation of effectiveness in accordance with internal documents.

The Board of Directors of NC QazaqGaz JSC determines the basic principles and approaches to the organization of the internal control system, which are reflected in the approved Policy of the internal control system. The Management Board, in turn, determines the structure, reporting lines, relevant powers, duties and responsibilities. The Company has a function that carries out scheduled and unscheduled inspections, including those aimed at identifying inappropriate, unjustified and inefficient use of funds and property.

The internal control system utilizes the COSO model, which includes

the following five interrelated components: control environment, risk assessment, related procedures, information and communications, and monitoring. ICS is integrated into the main and auxiliary business processes of the Company and includes work on immediate informing the management of the appropriate level about any significant deficiencies and problems together with details of corrective actions that have been taken or to be taken.

It should also be noted that NC QazaqGaz JSC realizes the importance of ICS in relation to the process of preparation and review of financial statements. This process involves providing reasonable assurance of reliability of financial reporting data and its compliance

with applicable accounting standards. To this end, the Company has formalized and implemented an internal control process that includes a matrix of risks and controls over the preparation of financial statements, in addition to documents of a methodological

nature that define the approach to the accounting of transactions and the preparation of financial statements. The effectiveness of the Company's internal control over financial reporting is regularly audited by independent audit companies.

## Internal Audit Service

Since May 2022, the Company has an independent Internal Audit Service (IAS), which is a body of the Company that controls the financial and economic activities of NC QazaqGaz JSC, assesses the internal control, risk management, execution of documents in the field of corporate governance and consulting to improve the Company's activities. The IAS is directly subordinate to the Board of Directors and reports to it on its work. The IAS is supervised by the Audit Committee in accordance with the internal documents regulating the Audit Committee's activities.

The IAS operates in compliance with the mandatory International Professional Practice Framework for Internal Auditing (IPPF).

The main purpose of the IAS is to assist the Board of Directors and the Executive Body of the Company in enhancing the efficiency of the Company's management, improving its financial and economic activities, including through a systematic and consistent approach to the analysis and evaluation of risk management, internal control and corporate governance systems

as tools to provide reasonable assurance of achieving the Company's objectives.

Key documents in the field of internal audit:

- Regulations on the Internal Audit Service of the Company;
- Rules for the organization of internal audit in the Company.

## External audit

The selection of an audit organization to provide services for the audit of financial statements for the Company and its S&A and affiliates was made by the Unified Commission for the selection of an audit organization. The Company entered into a Financial Statements Audit Agreement with Ernst & Young LLP, an independent audit organization.

The external auditor's remuneration is shown below excluding VAT:

- **2020 year** – 27,710,000 tenge;
- **2021 year** – 43,732,500 tenge;
- **2022 year** – 41,392,500 tenge.

Apart from audit services, no other services were provided by Ernst & Young LLP. In order to maintain independence, the external auditor is changed within seven consecutive years when one organization conducts an audit.

## Corporate ethics

NC QazaqGaz JSC builds its activities based on commitment to the principles of business ethics, respect for human rights and anti-corruption, which is a fundamental condition for establishing trusting relationships with stakeholders.

The Company's key documents in corporate ethics:

- Code of Business Ethics;
- Anti-corruption policy;
- Regulations on the Compliance Service.

The Company's Code of Business Ethics complies with high standards of business conduct and business ethics. The document is a code of conduct and corporate ethics requirements that guide all employees of the Company. The Code was developed in accordance with the legislation of the Republic of Kazakhstan, the Charter and other internal documents of the Company, as well as recognized global norms and practices of business conduct and corporate governance. The Code is based on the corporate values of the Company, which define the most important principles and standards of behavior in relations with stakeholders and counterparties of the Company. The Code is aimed at the development of corporate culture and strengthening the reputation of NC QazaqGaz JSC as an open and honest market participant.

The principles of NC QazaqGaz JSC on the basis of the Code of Business Ethics are:



## Plans for 2023 and the medium term in the area of corporate governance

### GOVERNANCE PLANS

- increase the share of independent directors in the Board of Directors to 50%;
- conduct a corporate governance audit;
- revise the competencies of the Board of Directors and its committees to cover ESG issues;
- increase the number of women on the Board of Directors to 1 person;
- appoint an independent director to the position of Chairman of the Board of Directors;
- update the Charter of NC QazaqGaz JSC taking into account the status of a national company;
- expand the competencies of the Management Board of S&A and affiliates.

### ORGANIZATIONAL STRUCTURE PLANS

- include environmental protection specialists in various areas within the HSE Department;
- engage qualified IT specialists to support the consolidated and separate accounting system;
- allocate a separate structural unit/expand the functional responsibilities of the Investment Projects Department to ensure work on international cooperation.

### INFORMATION DISCLOSURE PLANS

- expand the content of the website;
- strengthen the Company's information policy.

### OMBUDSMAN

The Ombudsman Institute was established within the framework of initiatives, measures and actions taken by the Sole Shareholder, the Board of Directors and the Management Board of the Company in order to:

- ensuring compliance with the provisions of the Code by structural subdivisions and all employees of the Company;
- strengthening measures to prevent and resolve corporate conflicts and conflicts of interest.

The main functions of the Ombudsman are to advise officers and employees on the provisions of the Code, initiate the consideration of disputes over violations of the Code and participate in their settlement. The appointment and early termination of the Ombudsman's powers is carried out by the Company's Board of Directors.

In 2023, the Company's Ombudsman is scheduled to be appointed in accordance with the established procedure and will report to the Board of Directors.

### COMPLIANCE SERVICE

The Company's Compliance Service was introduced in 2022 and is a structural unit reporting to the Board of Directors. All employees of the Company are regularly informed about the activities of the Compliance Service.

Main tasks of the Company's Compliance Service:

- determining external regulatory requirements;
- conducting compliance risk assessments;
- developing internal compliance policies, regulations and procedures;
- communicating and implementing compliance policies;
- monitoring and controlling compliance areas;
- conducting investigations of potential compliance violations, developing and ensuring corrective actions are taken.

# Limitations and assumptions

The information in this Report is current for all events occurring in 2022, unless otherwise stated in the text, and does not include documents and events occurring after that date. As significant corporate events have occurred since January 2022, the current Management Board of the Company is compiling the Report based on the available documents for the relevant period.

In preparing this Report, the Company assumes that the documents and other data provided for its formation are reliable and complete.

# Appendices

## Appendix 1. About the report

GRI 2-3

### The Integrated Annual Report of NC QazaqGaz JSC (hereinafter – the Report) discloses environmental, economic, and social indicators in the field of sustainable development for 2022.

In addition, with the help of the Report the Company discloses the development strategy of the Group of companies of NC QazaqGaz JSC, goals and objectives within the framework of improvement of sustainable development practices, activities in the field of gas production and transportation, as well as the sustainable business model of the Company considering the opinion of all stakeholders. The Report has been prepared in accordance with the sustainability reporting standards of the Global Reporting Initiative (hereinafter – GRI), as well as the industry standard for oil and gas companies GRI 11: Oil and Gas Sector Disclosures and International Integrated Reporting Framework. The Report is published in Kazakh, Russian and English.

### Reporting period

The Report describes the Company's activities in the field of sustainable development practices from January 1 to December 31, 2022 with the availability of financial, economic and production information on the Group of companies of NC QazaqGaz JSC, reporting cycle – annual. NC QazaqGaz JSC on an annual basis issues public annual reports since 2012, which reflect the financial and key production results of the Company. The report for 2022 was published on August 25, 2023. All reports of the Company are available on the corporate website of NC QazaqGaz JSC.

### Scope and reporting boundaries

GRI 2-2

The scope of the Report includes the main results of NC QazaqGaz JSC on environmental, economic and social aspects of sustainable development in all regions of presence. The scope of disclosure of sustainability indicators within the Report includes information on the following assets of NC QazaqGaz JSC, unless otherwise specified in the main part of the Report.

### Assets included in the Report

Legal titles	Region	Activity
NC QazaqGaz JSC	Republic of Kazakhstan, Astana city	Management of centralized infrastructure for transportation of marketable gas through trunk pipelines and gas distribution networks, provision of international transit and sale of gas domestic and foreign markets, development, financing, construction and operation of pipelines, gas storage facilities, gas and gas condensate fields.
KazTransGas Aimak JSC	Republic of Kazakhstan, Astana city	Gas transportation services via trunk and distribution pipelines, marketing, purchase and sale of gas to consumers.
Intergas Central Asia JSC	Republic of Kazakhstan, Astana city	Operates three underground gas storage facilities and two main gas trunkline systems.
KazTransGas Onimderi LLP	Republic of Kazakhstan, Astana city	Provision of transportation services, construction and installation works, sale of compressed natural gas.
QazaqGaz Exploration and Production LLP	Republic of Kazakhstan, Astana city	Production of natural gas and gas condensate, geological exploration and survey activities, exploratory drilling at the Partnership's production facilities and wholesale of natural gas
Asian Gas Pipeline LLP	Republic of Kazakhstan, Almaty city	A project aimed at ensuring transit of Turkmen and Uzbek gas to the People's Republic of China. Export of Kazakhstani gas to the People's Republic of China, as well as uninterrupted gas supply to the southern regions of Kazakhstan.
Beineu-Shymkent Gas Pipeline LLP	Republic of Kazakhstan, Almaty city	The project, which provides natural gas to the southern regions of the Republic of Kazakhstan, allows diversifying export supplies of Kazakhstani gas, ensures energy security of the Republic of Kazakhstan, and creates a unified gas transportation system.
KazRosGas LLP	Republic of Kazakhstan, Almaty city	A company engaged in the marketing, processing, transportation and sale of Kazakhstani natural gas and refined products on domestic and foreign markets.
Qazaq Gas Qurylys LLP	Republic of Kazakhstan, Astana city	Providing architectural, engineering and related services.
KazMunayGas – Service NS JSC	Republic of Kazakhstan, Astana city	A company providing a range of services for maintenance of administrative and residential buildings, recreational complexes, transportation and other services for Samruk-Kazyna JSC, NC KazMunayGas JSC and its S&A and third parties.

As part of the independent assurance of the Report, 11 sustainability indicators were selected, the boundaries of disclosure of which cover the following assets of the Company:

**Perimeter of information included in the boundaries of the independent assurance**

Nº	Name of organization	Verified GRI indicators
1	NC QazaqGaz JSC	<ul style="list-style-type: none"> <li>401-1 – New employee hires and employee turnover;</li> <li>401-3 – Parental Leave;</li> <li>403-9 – Work-related injuries;</li> <li>404-1 – Average hours of training per year per employee.</li> </ul>
2	KazTransGas Aimak JSC	<ul style="list-style-type: none"> <li>302-1 – Energy consumption within the organization;</li> <li>303-3 – Water withdrawal;</li> <li>303-4 – Water Discharge;</li> <li>303-5 – Total water Consumption;</li> <li>305-1 – Direct (Scope 1) GHG emissions;</li> <li>305-2 – Energy indirect (Scope 2) GHG emissions;</li> <li>305-7 – Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions;</li> <li>401-1 – New employee hires and employee turnover;</li> <li>401-3 – Parental Leave;</li> <li>403-9 – Work-related Injuries;</li> <li>404-1 – Average hours of training per year per employee.</li> </ul>
3	Intergas Central Asia JSC	<ul style="list-style-type: none"> <li>302-1 – Energy consumption within the organization;</li> <li>303-3 – Water withdrawal;</li> <li>303-4 – Water Discharge;</li> <li>303-5 – Total water consumption;</li> <li>305-1 – Direct (Scope 1) GHG emissions;</li> <li>305-2 – Energy indirect (Scope 2) GHG emissions;</li> <li>305-7 – Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions;</li> <li>401-1 – New employee hires and employee turnover;</li> <li>401-3 – Parental Leave;</li> <li>403-9 – Work-related injuries;</li> <li>404-1 – Average hours of training per year per employee.</li> </ul>
4	QazaqGaz Exploration and Production LLP	<ul style="list-style-type: none"> <li>302-1 – Energy consumption within the organization;</li> <li>303-3 – Total volume of water withdrawn;</li> <li>303-4 – Water Discharge;</li> <li>303-5 – Total water consumption;</li> <li>305-1 – Direct (Scope 1) GHG emissions;</li> <li>305-2 – Energy indirect (Scope 2) GHG emissions;</li> <li>305-7 – Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions;</li> <li>401-1 – New employee hires and employee turnover;</li> <li>401-3 – Parental Leave;</li> <li>403-9 – Work-related injuries;</li> <li>404-1 – Average hours of training per year per employee.</li> </ul>
5	Asian Gas Pipeline LLP	<ul style="list-style-type: none"> <li>302-1 – Energy consumption within the organization;</li> <li>303-3 – Water withdrawal;</li> <li>303-4 – Water Discharge;</li> <li>303-5 – Total water consumption;</li> <li>305-1 – Direct (Scope 1) GHG emissions;</li> <li>305-2 – Energy indirect (Scope 2) GHG emissions;</li> <li>305-7 – Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions;</li> <li>403-9 – Work-related injuries.</li> </ul>
6	Beineu-Shymkent Gas Pipeline LLP	<ul style="list-style-type: none"> <li>302-1 – Energy consumption within the organization;</li> <li>303-3 – Water withdrawal;</li> <li>303-4 – Water Discharge;</li> <li>303-5 – Total water consumption;</li> <li>305-1 – Direct (Scope 1) GHG emissions;</li> <li>305-2 – Energy indirect (Scope 2) GHG emissions;</li> <li>305-7 – Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions;</li> <li>403-9 – Work-related injuries.</li> </ul>
7	KazTransGas Onimderi LLP	<ul style="list-style-type: none"> <li>302-1 – Energy consumption within the organization;</li> <li>303-3 – Water withdrawal;</li> <li>303-4 – Water Discharge;</li> <li>303-5 – Total water consumption;</li> <li>401-1 – New employee hires and employee turnover;</li> <li>401-3 – Parental Leave;</li> <li>403-9 – Work-related injuries;</li> <li>404-1 – Average hours of training per year per employee.</li> </ul>

**Independent assurance**

**GRI 2-5**

In order to confirm the reliability of non-financial information reflected in the Report, as well as to conduct an independent external assurance of 11 sample indicators disclosed in the Report NC QazaqGaz JSC engaged the PriceWaterhouseCoopers LLP.

Procedure of public hearings on February 24, 2023, the Public Council of Samruk-Kazyna Fund with participation of the Public Council on fuel and energy complex of the Ministry of Energy of the Republic of Kazakhstan considered the results of 2022 and long-term plans of NC QazaqGaz JSC

in all areas of development. Based on the results of the hearings, a protocol was prepared, and a report on the status of implementation of the instructions is sent to the Public Council.

**Material topics**

**GRI 3-1**

To select material sustainability topics to be disclosed in the Report, NC QazaqGaz JSC analyzed the list of topics in accordance with GRI Standards, including the industry standard for oil and gas companies GRI 11: Oil and Gas Sector Disclosures, approved from January 1, 2023.

When preparing the Report, a materiality assessment was carried out based on the analysis of significant potential and actual impacts of NC QazaqGaz JSC. The materiality assessment process was based on a comparative analysis of Annual Reports of oil and gas companies and subsequent completion of a questionnaire by stakeholders, which included questions

regarding the Company's material impacts on the environment, human capital, human rights and the economy. As a result of the stakeholder and Company management surveys, the identified impacts were ranked in terms of their significance and the final list of material topics included in the Report was determined.

**Material topics**

**GRI 3-2**

Category	Material topics
Economic	11.14 Economic impacts
	11.19 Anti-competitive behavior
	11.20 Anti-corruption
Environmental	11.1 GHG emissions
	11.3 Air emissions
	11.4 Biodiversity
	11.5 Waste
Social	11.6 Water and effluents
	11.9 Occupational health and safety
	11.10 Employment practices
	11.11 Non-discrimination and equal opportunity
	11.15 Local Communities

**GRI 3-2**

Compared to the topics disclosed in the 2021 Integrated Annual Report, the topics "Emissions and Climate Change", "Taxation", "Energy", "Regulatory Compliance", "Response to the COVID-19 Pandemic", "Science and Innovation", and "Procurement Practices" were not included in the list of material topics

based on the results of the materiality assessment in 2022, while the topic "Anti-competitive Behavior" was selected as material in the reporting period. The change in the list of material topics in the reporting year is related to the entry into force of the updated GRI 2021 non-financial reporting standards from

January 1, 2023, in particular, GRI 11: Oil and Gas Sector Disclosures, which contains a list of certain material topics for companies in the oil and gas sector and regulates an updated approach to determining material topics.

## Appendix 2. GRI Standards Disclosures Index in the Report

GRI Index	Name of indicator	Section and page in the Report/ Comment
Statement of Use: NC QazaqGaz JSC has provided the information in this GRI Standards Disclosure Index for the period from January 1, 2022, to December 31, 2022, in accordance with GRI Industry Standard 11: Oil and Gas Sector Disclosures.		
Applicable industry standard for NC QazaqGaz JSC is GRI 11: Oil and Gas Sector Disclosures.		
<b>GRI 1: Foundation 2021</b>		
<b>GRI 2: General Disclosures 2021</b>		
2-1	Organizational details	About the Company, Assets structure
2-2	Entities included in the organization's sustainability reporting	About the Report
2-3	Reporting period, frequency, and contact point	About the Report
2-4	Restatements of information	Human Resources Management and Social Policy
2-5	External assurance	About the Report
2-6	Activities, value chain and other business relationships	Geography and areas of activity of the Company Economic Performance
2-7	Employees	Human Resources Management and Social Policy
2-8	Workers who are not employees	Human Resources Management and Social Policy
2-9	Governance structure and composition	Approach to Sustainable Development Management, Corporate Governance, Board of Directors
2-10	Nomination and selection of the highest governance body	Board of Directors
2-11	Chair of the highest governance body	Board of Directors
2-12	Role of the highest governance body in overseeing the management of impacts	Approach to Sustainable Development Management Board of Directors
2-13	Delegation of responsibility for managing impacts	Approach to Sustainable Development Management
2-14	Role of the highest governance body in sustainability reporting	Approach to Sustainable Development Management
2-15	Conflicts of interest	Anti-Corruption
2-16	Communication of critical concerns	Anti-Corruption
2-17	Collective knowledge of the highest governance body	Approach to Sustainable Development Management
2-18	Evaluation of the performance of the highest governance body	In the reporting year, the Sole Shareholder did not make decisions regarding the assessment of the Board of Directors of the Company. In 2023, the Internal Audit Service of NC QazaqGaz JSC plans to conduct diagnostics of corporate governance of the Company, including assessment of the effectiveness of the Board of Directors and the executive body.
2-19	Remuneration policies	Remuneration
2-20	Process to determine remuneration	Remuneration
2-21	Annual total compensation ratio	Remuneration
2-22	Statement on sustainable development strategy	Address by the Chairman of the Board of Directors
2-23	Policy commitments	Approach to Sustainable Development Management, Anti-discrimination and Equal Opportunities, Anti-Corruption, Procurement Management
2-24	Embedding policy commitments	Approach to Sustainable Development Management
2-25	Processes to remediate negative impacts	Anti-Corruption
2-26	Mechanisms for seeking advice and raising concerns	Human Resources Management and Social Policy, Anti-corruption
2-27	Compliance with laws and regulations	Compliance with anti-competitive behavior
2-28	Membership associations	Participation in associations and following international principles
2-29	Approach to stakeholder engagement	Stakeholder Engagement
2-30	Collective bargaining agreements	Human Resources Management and Social Policy
<b>GRI 3: Material Topics 2021</b>		
GRI 3-1	Process to determine material topics	About the Report
GRI 3-2	List of material topics	About the Report
<b>GRI 11: Material topics</b>		
<b>11.1 GHG emissions</b>		

GRI Index	Name of indicator	Section and page in the Report/ Comment
GRI 3-3	Management of material topics	Energy Management
GRI 302-1	Energy consumption within the organization	Energy Management The Company and its S&A do not consume or sell energy resources to third parties. The Company does not consume or resell cooling energy or vapor energy to third parties.
GRI 302-3	Energy intensity	In 2022, the Company did not keep statistics on calculation of the energy intensity indicator
GRI 305-1	Direct (Scope 1) GHG emissions	Climate Change
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Climate Change
GRI 305-3	Other indirect (Scope 3) GHG emissions	In the reporting year, the Company had no practice of GHG emissions identification and assessment of Scope 3
GRI 305-4	GHG emissions intensity	Climate Change
GRI 305-5	Reduction of GHG emissions	Climate Change
<b>11.3 Air emissions</b>		
GRI 3-3	Management of material topics	Emissions of pollutants
GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Emissions of pollutants The company generates no emissions of persistent organic pollutants (POPs).
<b>11.4. Biodiversity</b>		
GRI 3-3	Management of material topics	Biodiversity
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity
GRI 304-2	Significant impacts of activities, products and services on biodiversity	Biodiversity
GRI 304-3	Habitats protected or restored	Biodiversity
GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity
<b>11.5. Waste</b>		
GRI 3-3	Management of material topics	Waste Management
GRI 306-1	Waste generation and significant waste related impacts	Waste Management
GRI 306-2	Management of significant waste-related impacts	Waste Management
GRI 306-3	Waste generated	Waste Management
GRI 306-4	Waste diverted from disposal	Waste Management
GRI 306-5	Waste directed to disposal	Waste Management
<b>11.6 Water and effluents</b>		
GRI 3-3	Management of material topics	Water Resources
GRI 303-1	Interactions with water as a shared resource	Water Resources
GRI 303-2	Management of water discharge-related impacts	Water Resources
GRI 303-3	Water withdrawal	Water Resources
GRI 303-4	Water discharge	Water Resources
GRI 303-5	Water consumption	Water Resources
<b>11.9. Occupational health and safety</b>		
GRI 3-3	Management of material topics	Occupational Health, Safety and Emergency Preparedness
GRI 403-1	Occupational health and safety management system	Occupational Health, Safety and Emergency Preparedness
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health, Safety and Emergency Preparedness
GRI 403-3	Occupational health services	Occupational Health, Safety and Emergency Preparedness
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health, Safety and Emergency Preparedness
GRI 403-5	Worker training on occupational health and safety	Occupational Health, Safety and Emergency Preparedness
GRI 403-6	Promotion of worker health	Occupational Health, Safety and Emergency Preparedness

GRI Index	Name of indicator	Section and page in the Report/ Comment
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health, Safety and Emergency Preparedness
GRI 403-8	Workers covered by an occupational health and safety management system	Occupational Health, Safety and Emergency Preparedness
GRI 403-9	Work-related injuries	Occupational Health, Safety and Emergency Preparedness
GRI 403-10	Work-related ill health	Occupational Health, Safety and Emergency Preparedness
<b>11.10. Employment practices</b>		
GRI 3-3	Management of material topics	Human Resources Management and Social Policy
GRI 401-1	New employee hires and employee turnover	Human Resources Management and Social Policy
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Resources Management and Social Policy
GRI 401-3	Parental leave	Human Resources Management and Social Policy
GRI 402-1	Minimum notice periods regarding operational changes	Human Resources Management and Social Policy
GRI 404-1	Average hours of training per year per employee	Human Resources Management and Social Policy
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Human Resources Management and Social Policy
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Human Resources Management and Social Policy
<b>11.11. Non-discrimination and equal opportunity</b>		
GRI 3-3	Management of material topics	Anti-discrimination and equal opportunities
GRI 202-2	Proportion of senior management hired from the local community	Anti-discrimination and equal opportunities
GRI 405-1	Diversity of governance bodies and employees	Human Resources Management and Social Policy, Anti-discrimination and Equal Opportunities
GRI 405-2	Ratio of basic salary and remuneration	Anti-discrimination and equal opportunities
GRI 406-1	Incidents of discrimination and corrective actions taken	Anti-discrimination and equal opportunities
<b>11.14. Economic impacts</b>		
GRI 3-3	Management of material topics	Economic Performance
GRI 201-1	Direct economic value generated and distributed	Economic Performance
GRI 203-1	Infrastructure investments and services supported	Local Communities
GRI 203-2	Significant indirect economic impacts	Local Communities, Procurement Management
GRI 204-1	Proportion of spending on local suppliers	Procurement Management
<b>11.15. Local communities</b>		
GRI 3-3	Management of material topics	Local Communities
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Environmental Management System, Local Communities
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	Local Communities
<b>11.19. Anti-competitive behavior</b>		
GRI 3-3	Management of material topics	Compliance with anti-competitive behavior
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance with anti-competitive behavior
<b>11.20. Anti-corruption</b>		
GRI 3-3	Management of material topics	Anti-Corruption
GRI 205-1	Operations assessed for risks related to corruption	Anti-Corruption
GRI 205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption
GRI 205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption

## Appendix 3. Consolidated Financial Statements



«Эрнст энд Янг» ЖШС  
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### Independent auditor's report

To the Shareholder, Board of Directors and Management of NC QazaqGaz JSC

#### Opinion

We have audited the consolidated financial statements of NC QazaqGaz JSC and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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#### Key audit matter

##### VAT recoverable

As at 31 December 2022, the Group has a significant balance of VAT recoverable of 122 billion tenge, which mainly originated from loss-making sales of gas on the domestic market. The assessment of recoverability of this asset requires significant judgment and assumptions regarding the future increase in the regulated domestic gas sales prices that will enable the Group to generate profits on domestic sales of gas resulting in VAT payable to be offset against VAT recoverable. Therefore, this matter was one of the matters of most significance in our audit.

Information associated with the VAT recoverable balance is disclosed in **Notes 2 and 11** to the consolidated financial statements.

##### Gas pipeline abandonment and site restoration provision

We considered this matter to be one of the most significance in our audit because the calculation of gas pipeline abandonment and site restoration provision requires significant judgment due to the inherent complexity in estimating future costs and due to the significance of this liability to the consolidated financial statements. The Group's estimation of gas pipeline abandonment and site restoration provision incorporates the effects of expected approach to decommissioning and discount rates, effects of changes in local regulations along with the effects of changes in inflation.

Information associated with gas pipeline abandonment and site restoration is disclosed in **Notes 2 and 20** to the consolidated financial statements.

#### How our audit addressed the key audit matter

We obtained understanding of the provisions of the Tax code regarding limitations of the period for offsetting VAT recoverable. We analyzed management's plans with respect to measures to be undertaken to increase tariffs for domestic gas sales that will result in positive margin on the domestic gas sales. We considered the Group's correspondence with the Ministry of National Economy regarding the revision to the domestic gas sales price determination methodology to enable positive margin on the domestic sales of gas.

We evaluated the consistency of management's plans with the Group Development Strategy of the Parent.

Our procedures involved obtaining understanding of legal and constructive obligations with respect to the decommissioning process based on the contractual arrangements, relevant local regulation and existing business practice. We considered the competence and objectivity of the experts involved by the Group for making future cost estimates. We analyzed the calculations and evaluated the discount rate and inflation rate used.



#### Compliance with loan covenants

In accordance with the terms of certain financing arrangements, the Group should maintain and comply with certain financial and non-financial covenants. Breaching covenants could result in significant fines and penalties along with loans becoming immediately due and payable. In addition, cross default provisions are in place under the Group's financing arrangements. Compliance with covenants was one of the matters of most significance in the audit since it can have a major impact on the going concern assumption used in the preparation of the consolidated financial statements, and on classification of the liabilities under financing arrangements in the consolidated statement of financial position.

Information about loan covenants is disclosed in **Note 18** to the consolidated financial statements.

We examined the terms of financing arrangements. We compared data used in the financial covenants compliance calculations with the consolidated financial statements. We assessed arithmetic accuracy of financial covenants calculations. We assessed the classification of interest-bearing loans as current or non-current liabilities. We assessed the information disclosed in **Note 18** to the consolidated financial statements. In addition, we analyzed non-financial covenants under the Group's financing arrangements.

#### Other information included in the Group's 2022 Annual Report

Other information consists of the information included in the Group's 2022 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2022 Annual Report is expected to be made available to us after the date of auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

#### Responsibilities of management and the Audit Committee for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.





#### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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30 years in  
Kazakhstan



We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Adil Syzdykov.

Ernst & Young LLP

Adil Syzdykov  
Auditor

Auditor Qualification Certificate  
No. MΦ-0000172 dated 3 December 2013

050060, Republic of Kazakhstan, Almaty  
Al-Farabi ave., 77/7, Esentai Tower  
28 February 2023

A member firm of Ernst & Young Global Limited

Rustamzhan Sattarov  
General Director  
Ernst and Young LLP

State audit license for audit activities on the  
territory of the Republic of Kazakhstan: series  
MΦЮ-2 No. 0000003 issued by the Ministry of  
finance of the Republic of Kazakhstan on  
15 July 2005

30 years in  
Kazakhstan

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2022

In thousands of tenge	Notes	31 December 2022	31 December 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,100,875,420	997,880,307
Exploration and evaluation assets	5	16,474,772	19,566,926
Right-of-use assets	6	90,654,176	4,307,761
Intangible assets		5,164,654	6,240,856
Investments in joint ventures	7	930,644,064	687,216,423
Advances paid for non-current assets	8	15,659,456	62,885,829
Loans to related party	9	-	174,198,768
VAT recoverable	11	77,939,480	51,259,217
Deferred tax assets	29	1,216,148	890,484
Other non-current financial assets	10	-	2,586,015
Other non-current assets		118,725	535,110
Bank deposits	12	2,701,567	3,216,905
		2,241,448,462	2,010,784,601
<b>Current assets</b>			
Inventories	14	37,464,392	36,224,066
Trade and other receivables	15	170,562,896	190,432,566
Advances paid	8	3,700,879	17,453,918
Loans to related party	9	3,524,877	2,461,648
Prepaid taxes other than income tax	11	44,834,997	35,843,465
Corporate income tax prepaid	29	45,193,980	4,582,882
Other current assets		561,582	324,435
Other current financial assets	10	33,600,948	-
Bank deposits	12	11,351,931	13,012,956
Cash and cash equivalents	13	577,122,194	382,704,384
		927,918,676	683,040,320
Assets held for sale	4	-	40,377,593
		927,918,676	723,417,913
<b>Total assets</b>		<b>3,169,367,138</b>	<b>2,734,202,514</b>

In thousands of tenge	Notes	31 December 2022	31 December 2021
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	16	430,959,489	417,780,839
Additional paid-in capital		25,946,130	25,946,130
Foreign currency translation reserve		2,562,805	2,410,861
Retained earnings		1,728,121,942	1,341,498,282
		2,187,590,366	1,787,636,112
<b>Non-current liabilities</b>			
Debt securities issued	17	330,925,389	308,957,063
Interest bearing loans	18	46,751,519	151,609,971
Loans from related party	19	8,109,740	14,693,646
Finance lease liabilities	21	77,772,865	274,830
Employee benefit obligations		577,165	454,433
Provisions	20	65,359,247	92,146,847
Other non-current financial liabilities	24	1,429,969	4,118,653
Non-current contract liabilities	22	11,127,184	11,564,233
Deferred tax liabilities	29	91,943,198	79,222,667
		633,996,276	663,042,343
<b>Current liabilities</b>			
Debt securities issued	17	3,772,898	3,527,569
Interest bearing loans	18	111,907,583	20,614,260
Loans from related party	19	7,737,372	7,164,345
Provisions	20	33,971,438	31,723,046
Trade and other payables	23	121,515,392	180,907,097
Corporate income tax payable	29	899,847	95,443
Taxes payable other than income tax		3,998,182	3,134,294
Finance lease liabilities	21	19,124,138	6,105,018
Contract liabilities	22	8,075,408	8,569,659
Other current financial liabilities	24	21,314,692	7,440,919
Other current liabilities		15,463,546	14,242,409
		347,780,496	283,524,059
<b>Total equity and liabilities</b>		<b>3,169,367,138</b>	<b>2,734,202,514</b>

Deputy Chairman of the Management Board on Economics and Finance

Acting Chief Accountant



A.M.



E.H.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of tenge	Notes	2022	2021
Revenue from contracts with customers	25	952,283,209	896,255,211
Cost of sales	26	(806,657,029)	(704,326,756)
<b>Gross profit</b>		<b>145,626,180</b>	<b>191,928,455</b>
General and administrative expenses	27	(33,414,158)	(32,451,455)
Accrual of allowance for expected credit losses		(3,313,755)	(130,323)
Other operating income		3,488,388	15,707,547
Other operating expenses		(8,698,929)	(8,771,575)
<b>Operating profit</b>		<b>103,687,726</b>	<b>166,282,649</b>
Finance income	28	36,103,192	26,546,764
Finance costs	28	(62,553,293)	(42,278,978)
Share in income of joint ventures	7	327,581,223	319,114,361
Foreign exchange gain/(loss), net		8,903,801	(2,088,727)
<b>Profit before taxation</b>		<b>413,722,649</b>	<b>467,576,069</b>
Income tax expenses	29	(27,095,095)	(67,383,513)
<b>Net profit for the year</b>		<b>386,627,554</b>	<b>400,192,556</b>
Other comprehensive income			
Other comprehensive income to be reclassified to profit and loss in subsequent periods			
Exchange differences on translation of foreign operations		151,944	382,583
<b>Net comprehensive income to be reclassified to profit or loss in the subsequent periods</b>		<b>151,944</b>	<b>382,583</b>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Actuarial (loss)/ income on defined benefit plan		(4,867)	7,275
Impact of income tax expenses	29	973	(1,455)
<b>Net comprehensive (loss)/ income not to be reclassified to profit or loss in the subsequent periods</b>		<b>(3,894)</b>	<b>5,820</b>
<b>Other comprehensive income for the year, net of income tax</b>		<b>148,050</b>	<b>388,403</b>
<b>Total comprehensive income for the year, net of income tax</b>		<b>386,775,604</b>	<b>400,580,959</b>
<b>Earnings per share</b>			
Basic and diluted, earnings per share for the year attributable to the parent	16	1.03	1.07

Deputy Chairman of the Management Board on Economics and Finance



Signature: *Аман А.М.*  
Stamp: QAZAQGAZ

Acting Chief Accountant

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of tenge	Share capital	Additional paid-in capital	Foreign currency translation reserve	Retained earnings	Total
<b>As at 31 December 2020</b>	<b>417,780,839</b>	<b>25,946,130</b>	<b>2,028,278</b>	<b>942,677,368</b>	<b>1,388,432,615</b>
Net profit for the year	-	-	-	400,192,556	400,192,556
Other comprehensive income for the year	-	-	382,583	5,820	388,403
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>382,583</b>	<b>400,198,376</b>	<b>400,580,959</b>
Other transactions with the Shareholder	-	-	-	(1,377,462)	(1,377,462)
<b>As at 31 December 2021</b>	<b>417,780,839</b>	<b>25,946,130</b>	<b>2,410,861</b>	<b>1,341,498,282</b>	<b>1,787,636,112</b>
Net profit for the year	-	-	-	386,627,554	386,627,554
Other comprehensive income for the year	-	-	151,944	(3,894)	148,050
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>151,944</b>	<b>386,623,660</b>	<b>386,775,604</b>
Common shares issued (Note 16)	13,178,650	-	-	-	13,178,650
<b>As at 31 December 2022</b>	<b>430,959,489</b>	<b>25,946,130</b>	<b>2,562,805</b>	<b>1,728,121,942</b>	<b>2,187,590,366</b>

Deputy Chairman of the Management Board on Economics and Finance



Signature: *Аман А.М.*  
Stamp: QAZAQGAZ

Acting Chief Accountant

## Appendix 4. Contact information

GRI 2-1



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**INFO@QG.KZ**

**WWW.QAZAQGAZ.KZ**

### Responsible for investor relations

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Department for Investment Projects and International Cooperation

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### Responsible for ESG direction

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Deputy Director of the Strategy and Sustainable Development Department

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## Appendix 5. Report on Compliance with Corporate Governance Principles

Nº	Principles and provisions of the Corporate Governance Code of NC QazaqGaz JSC	Observed/ disregarded	Measures taken to implement the principles and provisions of the Corporate Governance Code of NC QazaqGaz JSC
1.	Principle of separation of powers	Observed	The Company's corporate governance system provides for a clear delineation of authority and responsibility between the Company's bodies, ensuring systematic and consistent corporate governance processes. The Company's corporate governance system ensures compliance with the hierarchy of the order of consideration of issues and decision-making by its bodies. Rights, duties and competencies of the Sole Shareholder, Board of Directors and Management Board are determined by the JSC Law, the Company Charter and the Regulations on the Board of Directors and Regulations on the Management Board of the Company approved by the decision of the Board of Directors. Relationships (interaction) between the Sole Shareholder and the Company, its S&A are carried out through the Board of Directors and/or the Management Board of the Company in accordance with the principles of good corporate governance. The role and functions of the Chairman of the Board of Directors and the Chairman of the Management Board of the Company are clearly delineated and set forth in the Charter of the Company and internal documents of the Company.
2.	Principle of protection of rights and interests of the Sole Shareholder	Observed	Respect for the rights of the Sole Shareholder is a key condition for attracting investment in the Company and its S&A. In accordance with paragraph 2 of Chapter 1 of the Regulations on the Board of Directors, the activity of the Board of Directors is based on the principles of efficiency and responsibility, maximum observance and realization of interests of the Sole Shareholder and the Company, as well as protection of the Sole Shareholder's rights, responsibility for the Company's activity. In accordance with paragraph 1.4. of Chapter 1 of the Regulations on the Management Board, the Management Board is a collegial executive body of the Company and manages its current activities, acts in the interests of the Company and its Sole Shareholder and reports to the latter and the Board of Directors of the Company. The Company shall bring to the Sole Shareholder's attention timely and in full information on its activities affecting the interests of the Sole Shareholder in the order stipulated by the Charter and internal documents.
3.	Principle of effective management of NC QazaqGaz JSC by the Board of Directors and the Management Board	Observed	The Board of Directors is a management body providing strategic management of NC QazaqGaz JSC and control over the activities of the Management Board. The Board of Directors ensures full transparency of its activities to the Sole Shareholder. The composition of the Board of Directors was formed from the representatives of the Sole Shareholder, Chairman of the Management Board of NC QazaqGaz JSC, independent directors, in accordance with the requirements of the legislation of the Republic of Kazakhstan. Three out of six members of the Board of Directors are independent directors. The Board of Directors and its committees have a balance of skills, experience and knowledge to ensure independent, objective and effective decision-making in the interests of the Company. In the reporting year, the Sole Shareholder did not make any decisions regarding the evaluation of the Board of Directors' performance. The Audit Committee and the Human Resources, Remuneration and Social Affairs Committee of the Board of Directors comprise only independent directors of the Company. Independent Directors are elected as Chairmen of all Committees of the Board of Directors. In order to effectively organize the activities of the Board of Directors and interaction of the Management Board with the Sole Shareholder and the Board of Directors, the Corporate Secretary was appointed by the decision of the Board of Directors. The Company has an Internal Audit Service to carry out internal audit as an activity to provide independent and objective assurance and advice aimed at improving the Company's operations.
4.	Principle of sustainable development	Observed	The Company and its S&A recognize the importance of their impact on the economy, environment and society to ensure sustainable development in the long term, while balancing the interests of stakeholders. As part of the implementation of the Code of Corporate Governance, the Company has developed a Sustainable Development Policy and approved a Comprehensive Plan to improve the ESG of NC QazaqGaz JSC for 2022-2025, including a section on the implementation of the principle of sustainable development with a breakdown into economic, environmental and social aspects: <ul style="list-style-type: none"> <li>• as part of the environmental component, the Company's Environmental Policy was approved;</li> <li>• as part of the social component, a Personnel Policy was developed.</li> </ul> The Company has approved the Stakeholder Map, which defines the list of stakeholders, the degree of their influence and the strategy of interaction with them.

№	Principles and provisions of the Corporate Governance Code of NC QazaqGaz JSC	Observed/ disregarded	Measures taken to implement the principles and provisions of the Corporate Governance Code of NC QazaqGaz JSC																								
5.	Principle of risk management, internal control and internal audit	Observed	<p>The Company has a Risk Management Policy, the main objectives of which are to build an effective comprehensive system and create an integrated risk management process as an element of the Company and its S&amp;A, as well as to continuously improve operations based on a unified standardized approach to risk management methods and procedures.</p> <p>The Company's Board of Directors reviews the Company's risk report.</p> <p>To conduct a systematic independent assessment of the reliability and efficiency of the risk management and internal control system, as well as corporate governance practices, the Company has an Internal Audit Service.</p> <p>The Internal Audit Service submits quarterly reports on the results of the internal audit conducted in the reporting period for consideration by the Audit Committee and the Board of Directors of the Company. Corrective action plans are approved based on the results of identified violations.</p>																								
6.	Principle of regulation of corporate conflicts and conflicts of interest	Observed	<p>Avoidance of conflict of interest is an important condition to ensure protection of interests of the Sole Shareholder, officials and employees of NC QazaqGaz JSC.</p> <p>In order to prevent and resolve corporate conflicts and conflicts of interest in NC QazaqGaz JSC, as well as to coordinate the actions of all bodies and officials, the Board of Directors approved the Policy on Conflict of Interest Resolution for Employees and Officials of the Company. The Policy regulates the order and procedures for pre-trial settlement of conflicts, as well as the actions of bodies, officials and employees of the Company within the framework of these processes.</p> <p>In case of corporate conflicts, the participants seek ways to resolve them through negotiations in order to ensure effective protection of both the rights of the Sole Shareholder and the Company's business reputation.</p> <p>The main principles of preventing conflicts of interest, ways of their identification, assessment and resolution are set out in the Code of Business Ethics.</p> <p>In 2022, the Company did not record any cases of corporate conflicts and conflicts of interest. According to the Compliance Service, 20% of the complaints received by the Hotline for 2022 were confirmed:</p> <table border="1" data-bbox="611 867 1335 1129"> <thead> <tr> <th>Type/subtype of violation</th> <th>Appeals received</th> <th>Confirmed references</th> </tr> </thead> <tbody> <tr> <td>Labor conflicts</td> <td>8</td> <td>3</td> </tr> <tr> <td>Corruption</td> <td>8</td> <td>1</td> </tr> <tr> <td>Fraud, theft, embezzlement</td> <td>2</td> <td>0</td> </tr> <tr> <td>Procurement</td> <td>10</td> <td>2</td> </tr> <tr> <td>Violation of established procedures and legislation</td> <td>5</td> <td>0</td> </tr> <tr> <td>Other violations</td> <td>0</td> <td>0</td> </tr> <tr> <td>Total</td> <td>33</td> <td>6</td> </tr> </tbody> </table>	Type/subtype of violation	Appeals received	Confirmed references	Labor conflicts	8	3	Corruption	8	1	Fraud, theft, embezzlement	2	0	Procurement	10	2	Violation of established procedures and legislation	5	0	Other violations	0	0	Total	33	6
Type/subtype of violation	Appeals received	Confirmed references																									
Labor conflicts	8	3																									
Corruption	8	1																									
Fraud, theft, embezzlement	2	0																									
Procurement	10	2																									
Violation of established procedures and legislation	5	0																									
Other violations	0	0																									
Total	33	6																									
7.	Principle of transparency and objectivity of disclosure of information on the activities of NC QazaqGaz JSC	Observed	<p>NC QazaqGaz JSC in its activities adheres to high standards of transparency and is constantly working to improve the availability, quality and timeliness of disclosure of information about NC QazaqGaz JSC.</p> <p>In order to provide information to stakeholders in a timely manner, NC QazaqGaz JSC should develop an Information Disclosure Policy that defines the principles and approaches to information disclosure, as well as the timing, procedure and form of information disclosure. Provision of information security of NC QazaqGaz JSC activity is regulated by the Information Security Policy.</p> <p>The Company prepares an integrated annual report on an annual basis, which is submitted for consideration and approval by the Board of Directors. The integrated annual report of NC QazaqGaz JSC for 2021 was approved by the decision of the Board of Directors of NC QazaqGaz JSC dated May 31, 2023 (Minutes No. 7/23).</p> <p>Information about the Company is disclosed on the Internet resource of NC QazaqGaz JSC, which is well structured, has user-friendly navigation and contains information required by interested parties. At the same time, the information is placed in separate thematic sections of the Internet resource and is constantly updated.</p> <p>According to the requirements of the legislation of the Republic of Kazakhstan and internal documents of NC QazaqGaz JSC, timely and in full information about NC QazaqGaz JSC is disclosed on the Internet resources of the depository of financial statements and stock exchange.</p>																								

## Appendix 6. Independent Limited Assurance Report



### Independent Limited Assurance Report

To the Board of Directors of joint stock company "National company "QazaqGaz":

#### Introduction

We have been engaged by the Management of joint stock company "National company "QazaqGaz" (hereinafter – the "Company") to provide limited assurance on the selected information described below and included in the Integrated Annual Report of the Company for the year ended 31 December 2022 (hereinafter – the "Annual Report").

#### Description of the subject matter and applicable criteria

We assessed the qualitative and quantitative information specified in the Appendix 1 to this report, that is disclosed in the Annual Report and referred to or disclosed in the Appendix 2 "GRI Standards Disclosures Index in the Report" of the Annual Report (hereinafter – the "Selected Information"). The Selected Information has been prepared in accordance with GRI Sustainability Reporting Standards published by the Global Reporting Initiative (GRI) (hereinafter – the "GRI Standards").

The Selected information represents information related to the Company and its selected subsidiaries as indicated in the Table 80 "Perimeter of information included in the boundaries of the independent assurance" of the Annual Report.

The scope of our assurance procedures was limited to the Selected Information for the year ended 31 December 2022 only. We have not performed any procedures with respect to earlier periods or any other items included in the Annual Report and, therefore, do not express any conclusion thereon.

We assessed the Selected Information using reporting requirements in the GRI Standards and methodology and guidelines developed by the Company and disclosed in the Annual Report (hereinafter – the "Reporting Criteria"). We believe that the Reporting Criteria are appropriate given the purpose of our limited assurance engagement.

#### Responsibilities of the management of the Company

The management of the Company is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing internal methodology and guidelines for preparing and reporting the Selected Information in accordance with the Reporting Criteria;
- preparing, measuring and reporting of the Selected Information in accordance with the Reporting Criteria; and
- the accuracy, completeness and presentation of the Selected Information.

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#### Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent limited assurance conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Board of Directors of the Company.

We performed the limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits and Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements, and to plan and perform procedures to obtain limited assurance that the Selected Information for the year ended 31 December 2022 has been prepared, in all material respects, in accordance with the Reporting Criteria.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

#### Our independence and quality management

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of the management of the Company, including those with responsibility for sustainability management and reporting;
- conducted interviews of personnel responsible for the preparation of the Annual Report and collection of underlying data;
- performed analysis of the relevant internal methodology and guidelines, gaining an understanding of the design of the key structures, systems, processes and controls for managing, recording, preparing and reporting the Selected Information; and
- performed limited substantive testing on a selective basis of the Selected Information to check

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that data had been appropriately measured, recorded, collated and reported.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

#### Reporting and measurement methodologies

Under the Reporting Criteria there is a range of different, but acceptable, measurement and reporting techniques. The techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The Selected Information should therefore be read in conjunction with the methodology used by Management as described in the Annual Report, and for which the Company is solely responsible.

#### Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

#### Restrictions of use and distribution

This report, including our conclusion, has been prepared solely for the Board of Directors of the Company in accordance with the agreement between us, to assist the Management of the Company in reporting on the Company's and its selected subsidiaries' sustainability performance and activities.

We permit this report to be disclosed in the Annual Report, which will be published on the Company's website<sup>1</sup>, to assist the Management of the Company in responding to their governance responsibilities by obtaining an independent limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of the Company and the Company for our work or this report except where the respective terms are expressly agreed in writing and our prior consent in writing is obtained.

Pricewaterhouse Coopers LLP

28 August 2023  
Almaty, Kazakhstan

<sup>1</sup> The maintenance and integrity of the Company's website is the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on the Company's website.

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### Appendix 1 to the Independent Limited Assurance Report dated 28 August 2023

The Selected Information for the year ended 31 December 2022 disclosed on pages 104-184 of the Annual Report and prepared in accordance with the GRI Standards and the methodology and guidelines developed by joint stock company "National company "QazaqGaz" (hereinafter – the "Company") and subject to limited assurance procedures are set out below:

GRI Standard	Reported Performance (Selected Information)
302-1	Energy consumption within the organisation
303-3	Water withdrawal
303-4	Water discharge
303-5	Total water consumption
305-1	Direct (Scope 1) GHG emissions
305-2	Energy indirect (Scope 2) GHG emissions
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions
401-1	New employee hires and employee turnover
401-3	Parental leave
403-9	Work-related injuries
404-1	Average hours of training per year per employee