

# INTEGRATED ANNUAL REPORT

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# **GLOSSARY**

Abbreviation	Deciphering
AGFCS	Automobile gas filling compressor stations
AGDS	Automated gas distribution station
JSC	Joint Stock Company
QazaqGaz, Society	Joint Stock Company National Company QazaqGaz»
JSC Samruk-Kazyna, the Fund	Joint Stock Company Sovereign Wealth Fund "Samruk-Kazyna"
RES	Renewable energy sources
НМ	Horizontal monitoring
GEW	Geological exploration work
GDS	Gas distribution station
GPU	Gas pumping unit
GTS	Gas transportation system
GPP	Gas processing plant
SDC	Subsidiary and dependent company
Company, Group	QazaqGaz Group of Companies
EC	Engineering Center
KPI	Key performance indicator
CS	Compressor station
CG	Corporate governance
CRMS	Corporate risk management system
CNG	Compressed Natural Gas
LPC	Linear production control
MG	Main gas pipeline
LEB	Local executive bodies
IUCN	International Union for Conservation of Nature
RDA	Research and development activities
STC	Scientific and technical center





Abbreviation	Deciphering
EP	Environmental protection
LP, IS and EV	Labor protection, industrial safety and environmental protection
GRU	Gas regulator unit
DED	Design and estimate documentation
UGS	Underground gas storage
RK	Republic of Kazakhstan
RF	Russian Federation
IAS	Internal Audit Service
ICS	Internal control system
MEDIA	Media
CIW	Construction and installation works
LNG	Liquefied natural gas
SVSP	Socially vulnerable segments of the population
LLP	Limited Liability Partnership
IGTU	Integrated gas treatment unit
GTM	Gas trunkline management
UN SDG	United Nations Sustainable Development Goals
ES	Emergency situation
CDP	Carbon Disclosure Project
EBITDA	Earnings before interest, taxes, depreciation and amortization
ESG	Environmental, social, and governance
GRI Standards	GRI (Global Reporting Initiative) standards for non-financial reporting in the field of sustainable development
IPO	Initial Public Offering
ISO	International Organization for Standardization
LTIFR	Lost Time Injury Frequency Rate
TCFD	Task Force on Climate-related Financial Disclosures



# Address of the chairman of the board of directors



**OTYNSHIEV**Yelzhas Muratovich

### DEAR COLLEAGUES, SHAREHOLDERS AND PARTNERS OF QAZAQGAZ!

/ GRI 2-22 /

I am pleased to present to your attention the integrated annual report of QazaqGaz, which discloses key information on the financial and economic performance of the company, its achievements during the reporting period, as well as strategic priorities and prospects for its development.

Based on the results of the past year, the Company significantly improved its operational performance, developed and implemented the Development Strategy until 2032.

The Company continues to focus on sustainable development, expressing its commitment to the principles of the UN Global Compact and the UN 2030 Sustainable Development Goals, as well as to the provisions of international standards and initiatives in the field of sustainable development.

On behalf of the Board of Directors I express my gratitude to the top management of the company and its employees for fruitful cooperation. I am confident in the high performance of QazaqGaz as a regional leader in the gas industry.



The main proof of the effectiveness of the work carried out in this area is the assignment of a high position in the rating:  $7^{th}$  place in the world among gas companies (19.2) according to the international rating agency Sustainalytics (Morningstar). Assessment of QazaqGaz ESG's low exposure to risks confirms high standards of responsible business conduct as a leader of the gas industry not only nationally but also internationally.

The year 2023 was marked by a number of significant events for the Company. One of them was the implementation of major infrastructure projects aimed at gasification of the country's regions. In particular, it is the launch of the second string of the main gas pipeline "Beineu – Zhanaozen", expansion of throughput capacity of the main gas pipeline "Makat – North Caucasus", construction of infrastructure for gasification of Almaty CHPP-2 and CHPP-3. Successful implementation of the projects once again confirmed the reputation of QazaqGaz as the flagship of the gas industry, providing energy security of the country and improving the quality of life of the population.

Despite the volatility of the geopolitical and economic situation, the company managed to demonstrate a positive trend in key financial and operational indicators. For the first time dividends were paid to the company's shareholders in the amount of KZT22.8 bln. This is the main evidence of the company's focus on strategic objectives, values and interests of stakeholders.

Taking into account the great potential of the gas industry development and the importance of QazaqGaz for the socio-economic development of Kazakhstan, by joint efforts we will continue to create conditions for increasing its efficiency.

On behalf of the Board of Directors I express my gratitude to the top management of the company and its employees for fruitful cooperation. I am confident in the high performance of QazaqGaz as a regional leader in the gas industry.

OTYNSHIEV
Yelzhas Muratovich
Chairman of the Board of Directors
of NC QazaqGaz JSC



# Board chairman's address



**ZHARKESHOV**SANZHAR SERIKBAEVICH

Thanks to joint efforts and support from the Government and Samruk-Kazyna JSC, we will continue to form a sustainable gas market that ensures the national welfare of the country's population.

### DEAR COLLEAGUES, SHAREHOLDERS AND PARTNERS OF QAZAQGAZ!

/ GRI 2-22 /

The year 2023 brought new opportunities for the gas industry of Kazakhstan. With the support of the country's top management, the Government, the Ministry of Energy and JSC "Samruk-Kazyna", QazaqGaz continues to realize positive changes: the Company's performance, including ensuring sustainable development through compliance with ESG principles.

The comprehensive work carried out demonstrates its results: for the first time in history, dividends were paid to JSC "Samruk-Kazyna" in the amount of 22.8 billion tenge. At the expense of its own funds, the company modernized the gas transportation system, built systemic infrastructure projects that ensure energy security of the country and create a foundation for further development of the gas industry.

For the company, 2023 will be marked by the achievement of the following key results:

- The QazaqGaz Development Strategy until 2032, aimed at maximizing the investment attractiveness of Kazakhstan's gas industry and unlocking its gas potential, has been developed and approved. Implementation of the Strategy will strengthen the country's energy security and improve the quality of life of the population through stabilization of cost-effective gas supplies.
- ▶ It should be noted that we received a positive ESG rating (19.2): we ranked first among manufacturing companies in Kazakhstan and 7<sup>th</sup> among gas companies in the world according to Morningstar Sustainalytics, an international rating agency.
- In 2023, an independent assurance procedure was carried out for the 2022 sustainability indicators presented in the Company's Integrated Annual Report.



- QazaqGaz for the first time entered the TOP 3 rating for ESG disclosure according to PwC Kazakhstan. All this testifies to the Company's compliance with high standards of responsible business conduct and low sustainability risks.
- As part of the Strategy implementation, the company aims to expand its gas resource base by introducing new exploration projects with a total potential of 1 trillion m<sup>3</sup>. A new gas field Anabai in Moyinkum district of Zhambyl region was commissioned.
- Work is underway to expand the country's strategic gas reserves by creating new UGS facilities, increasing gas storage and withdrawal volumes to ensure uninterrupted gas supply, especially during peak consumption seasons.
- Annually growing consumption causes continuous expansion of the gas transportation infrastructure. Thus, the construction of the Makat-North Caucasus gas trunkline looping was completed; the second string of Beineu-Zhanaozen in Mangistau region was launched; the first stage of construction of gas infrastructure for the Almaty energy complex was completed.
- The Company positions itself as a highly efficient and socially responsible participant of the gas market. In 2023, we invested more than 400 billion tenge in the country's economy with real projects. In particular, we reconstructed the gas distribution networks of the Warm Beach resort area with connection to the Sarsha area located along the Caspian Sea in the southern part of Aktau city and Karakiyan district of Mangistau region.
- The work on socially fair reform of the commodity gas pricing system continues, which will ensure diversification of the gas industry development. In particular, an incentive formula for the purchase price of new volumes of gas from subsoil users was adopted, marginal wholesale prices of marketable gas in the domestic market for a 5-year period from July 1, 2023 to June 30, 2028 were approved, as well as marginal wholesale prices of marketable gas for large commercial consumers and persons engaged in digital mining from July 1, 2023 to June 30, 2024 based on the formula "cost + 20%".
- A new vector has been set in the development of partnership relations between the scientific and technical centers of QazaqGaz, CNPC and Gazprom VNIIGAZ. The scope of cooperation includes the development of design and engineering, research and development works, as well as technical standards in the gas sector.
- The Company pays special attention to training young specialists for the domestic gas industry. This year, for the first time ever, a scholarship was established for the best gas engineering students of the country's

- technical universities, which is the most prestigious scholarship for undergraduate students.
- → Indicators of financial and economic activity:
- transportation via trunk pipelines amounted to 79,442,682 thousand m³, including international transit of 45,748,477 thousand m³;
- gas sales increased by 6% to 24,134 mln m<sup>3</sup>;
- Sas injection and withdrawal at UGS facilities are carried out in accordance with the established technical regime. The volume of gas injection amounted to 3,141,034 thousand m³, an increase of 31.8% compared to 2022, while the volume of gas recovery amounted to 2,396,047 thousand m³, an increase of 5/7%.
- Natural gas production increased by 6% to 294 million m³, gas condensate production reached 14.3 thousand tons, an increase of 0.3%;
- in December 2023, Cooperation Agreements were signed with strategic partners (investors) for the implementation of geological exploration works on the principle of "carry-financing" for 3 areas assigned to QazaqGaz in the list of the State Subsoil Fund Management Program. Confirmation of interest from potential partners-investors in joint carrying out geological exploration works on the principle of "carry-financing" on 4 areas was received.

All these positive changes would not be possible without the people who work every day for the benefit of our Company and the entire gas industry of Kazakhstan! The strength of the team lies in the commitment to high professional values and our unity!

Thanks to joint efforts and support from the Government and Samruk-Kazyna JSC, we will continue to form a sustainable gas market that ensures the national welfare of the country's population.

ZHARKESHOV Sanzhar Serikbaevich Chairman of the Management Board of NC QazaqGaz JSC



# Company history

As part of the development of the gas industry, a new enterprise, Kazakhgaz Gas Chemical Complex (Kazakhgaz GCC), was established

The second string (string "B") of the Kazakhstan-China gas pipeline was launched

Amangeldinskoye gas condensate field commissioned in Zhambyl region

Contract on transit of Turkmen and Uzbek gas through Kazakhstan signed between KazTransGas and Gazprom

> A turbocharger shop was put into operation at the Opornaya CS of the Central Asia-Center gas transmission line

An agreement has been concluded for the exclusive sale by the company of all gas produced in the country

An official ceremony was held to start filling the Beineu – Bozoi – Shymkent MG with gas

KazTransGas Aimak became a single operator in the market of gas supply to end consumers and completed the stage of unification of gas distribution networks in all regions of the country

2000 2004 2009 2012 2014 1993 2003 2008 2010 2013

The entire gas transportation system of the country was transferred to the structure of JSC KazTransGas

The first string (string "A") of the Kazakhstan-China MG "Kazakhstan-China" was launched The Company is designated as the national operator in the field of gas and gas supply

Closed Joint Stock Company KazTransGas was renamed into Joint Stock Company KazTransGas

Approved the General Scheme of Gasification of the Republic of Kazakhstan for 2015–2030, as well as the Concept of Development of the Gas Sector of the Republic of Kazakhstan until 2030



Successfully placed Eurobonds with a maturity of 10 years and upgraded long-term foreign and local currency Issuer Default Ratings (IDRs) from BB to BBB- by rating agencies

Export of Kazakhstani gas started in PRC via Kazakhstan-China MG "Kazakhstan – China"

Commissioning of the main gas pipeline from the Kozhasai field to CS-12 of the Bukhara – Urals MG



Modern compressor stations No. 4 and No. 8 on the Kazakhstan-China gas pipeline and the construction of AGDS 300 in Aktobe was completed in the country

The Government of the Republic of Kazakhstan appointed JSC KazTransGas as an authorized person to receive in ownership from the state of crude associated natural gas from the Kashagan field in the volume of 1 billion m³ per year (first stage)

Compressor station "1A" was also put into operation in Baiganinsky district of Aktobe region, located at the 155th kilometer of the main gas pipeline "Beineu – Bozoi – Shymkent"

In accordance with the Resolution of the Government of the Republic of Kazakhstan, Intergas Central Asia JSC, which is part of the Group of companies of KazTransGas JSC, was authorized as the National Operator for gas trunk pipelines

The Company's credit rating was upgraded to BB

As part of the investment project to increase the capacity of the Beineu – Bozoi – Shymkent gas pipeline from 10 billion m³ per year to 15 billion m³ per year, construction of the Turkestan CS was carried out



By the decision of the Government of the Republic of Kazakhstan, the national gas company KazTransGas was renamed QazaqGaz

 2015
 2017
 2019
 2021
 2023

 2016
 2018
 2020
 2022

Operation of the third string (string "C") of the Kazakhstan – China gas pipeline with the length of 1,305 km started JSC KazTransGas, the national operator, took the second place in the rating of fundamental (environmental and energy) efficiency among the largest companies in Kazakhstan

The Korkyt Ata compressor station was put into operation

By the Resolution of the Government of the Republic of Kazakhstan JSC KazTransGas was granted the status of the National Company

The transaction on transfer of 100% of shares of JSC KazTransGas to the Joint Stock Company Sovereign Wealth Fund "Samruk-Kazyna" took place

The National Company obtained the right for subsoil use at new gas fields

A new gas field "Anabai" in Moyinkum district of Zhambyl region was put into operation.

The gas transportation infrastructure was expanded: construction of the Makat-North Caucasus gas trunkline looping was completed; the second string of Beineu-Zhanaozen in the Mangistau region was launched; the first stage of construction of gas infrastructure for the Almaty energy complex was completed.

An incentive formula for the purchase price of new gas volumes from subsoil users was adopted, and marginal wholesale prices of commercial gas on the domestic market were approved.

The level of gasification increased to 60%. 112 settlements were connected to the gas supply system, which increased access to gas for 213 thousand people.

The first sectoral scientific and technical center was established to develop scientific and technical potential, personnel competencies and comprehensive solutions to the Company's technological problems.



# **COMPANY IN FIGURES**

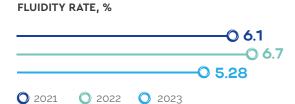




# SOCIAL AND ENVIRONMENTAL INDICATORS

NUMBER OF PERSONNEL, PERSONS















### **AWARDS AND RATINGS**

According to the results of 2023 QazaqGaz ranked first among the group of companies of the Fund and 7th among gas utilities in the world (Gas utilities) according to the international rating agency Morningstar Sustainalytics, having received ESG-rating at the level of 19.2.

According to PWC Kazakhstan, QazaqGaz for the first time entered the TOP 3 rating for ESG disclosure in the annual reports competition.

In 2023, 660 employees of QazaqGaz Group of Companies were awarded with State Awards of the Republic of Kazakhstan, badges of the Fund, certificates of honor, letters of appreciation and medals of QazaqGaz management on the Day of Oil and Gas Complex Workers, Day of the Republic of Kazakhstan and Independence Day of the Republic of Kazakhstan.

QazaqGaz received the "Best Social Partner" award for 2023 as a reliable employer.

# **KEY EVENTS IN 2023**



The action "Stop Road Traffic Accident" within the framework of industrial safety of QazaqGaz Group of Companies was held.



A memorandum on cooperation in the field of gas and NGV fuel was signed between QazaqGaz and the Akimat of Shymkent city.



Social facilities were put into operation: children's playgrounds, vorkout, basketball courts and soccer fields in the villages of Oyyk, Baltirik sheshen, Seilbek and Ylanbel in Zhambyl region

12 May

A 60-kilometer-long underground high-pressure gas pipeline was constructed. It connected Kuryk village with Sarsha and the resort area in the suburbs of Aktau. The new pipeline will allow Aktau to increase additional gas volumes.



A new gas purchase price formula was presented. The new price formula will stimulate the creation of additional commercial gas reserves, which will soon lead to a significant expansion of the gas resource base.



The second string of the Makat – North Caucasus trunk gas pipeline was launched. The construction of the looping, with a total cost of about 86 billion tenge, is one of the investment projects that the national company, together with the Samruk-Kazyna Fund, is implementing throughout Kazakhstan.

6 June

Approved (Order of the Minister of Energy of the Republic of Kazakhstan № 210) marginal wholesale prices of commodity gas in the domestic market for the period from July 1, 2023 to June 30, 2028.

23 June

Summer Spartakiade among the employees of QazaqGaz Group of Companies was held, in which gas workers from different regions of Kazakhstan and production branches of the company took part.

30 June

Approved (Order of the Minister of Energy of the Republic of Kazakhstan № 246) marginal wholesale prices of commodity gas for large commercial consumers and persons engaged in digital mining for the period from July 1, 2023 to June 30, 2024.

19 July

A meeting was held with the management of CNPC, where the issues of a new export contract with China were discussed, as well as the prospects for joint exploration and development of deposits, study and exploration of promising subsoil areas in Kazakhstan. 27 July

The settlements of Turkestan region, Baiterek and Zhambyl-2 settlements of Keles district were connected to natural gas. 2 August

In 2023, the "Stop Accidents" campaign was held for QazaqGaz employees to explain the importance of wearing a seat belt while driving in a car. As part of the "Stop Accidents" campaign, employees were made aware of the risks of getting into traffic accidents, and also had the opportunity to practically evaluate the effectiveness of a seat belt during an accident. A simulator simulating a head-on collision was installed at the event site.





Approved the QazaqGaz Development Strategy until 2032, aimed at maximizing the investment attractiveness of Kazakhstan's gas industry and unlocking its gas potential.

## 23 August

More than 8 thousand residents of Ibata village got access to gas within the framework of gasification of Turkestan region. received.

## 25 August

The procedure of independent assurance of sustainability indicators presented in the QazaqGaz Integrated Annual Report 2022 was carried out.

### 28 August

The Company awarded personal scholarships to the best students of Kazakhstan's technical universities: KBTU and KazNITU named after K.I. Satpayev.



The name of the honored figure of the gas industry E. Azerbayev was assigned to the Uralsk compressor station.

### 8 September

Organized an interactive exposition dedicated to the history of the gas industry of Kazakhstan in Taraz The corner reflects the history of development of subsoil of Moyinkum and its development from the 1960s to our time.

## 22 September

The 29<sup>th</sup> Meeting of the Coordination Committee for the Operation of the Turkmenistan-Uzbekistan-Kazakhstan-China Gas Pipeline was held in Almaty. 2 October

QazaqGaz establishes cooperation with the Gas Exporting Countries Forum. Members of the organization account for 72% of proven reserves and 56% of global gas exports. Cooperation with FSEG will be an important step for the development of Kazakhstan's gas industry.

### 7 October

ICA signed a contract with Gazprom on reverse transit of Russian gas to Uzbekistan, which was launched with the participation of the Presidents of the three countries (Russia, Kazakhstan and Uzbekistan).

## 11 October

QazaqGaz Exploration and Production LLP celebrated the 20<sup>th</sup> anniversary of the Amangeldy field, with an annual production volume of 350 million meters of 3 gas.

Automated service for obtaining technical conditions for gasification of residential buildings and facilities via egov.kz website.

### 17 October

A contract was signed for the supply of Kazakhstani gas to the People's Republic of China as part of the 3<sup>rd</sup> "One Belt, One Road" International Cooperation Forum in Beijing.

A new gas export contract for 2023-2026 was signed between QazaqGaz and PetroChina International. The contract will allow the companies to bring cooperation on export of Kazakh gas to China to a new efficient level.

### 23 October

The second string of the Beineu-Zhanaozen gas trunkline was launched in Mangistau. The launch of the second string will ensure stable gas supply in populated areas, large industrial facilities, as well as MAEK, which generates heat and electricity.





A Memorandum of Cooperation with Gazprom VNIIGAZ on a range of scientific and innovative activities was signed



The following settlements of Turkestan region were connected to natural gas: Baikonys, S. Seifullin, Al-Farabi and Otan of Zhetysai district.



The Anabai field in Moyinkum district of Zhambyl region was put into operation.

### 16 November

Construction of two automatic gas distribution stations and gas pipeline-jumper TIP-04 between the main gas pipelines "Almaty - Baiserke - Talgar" and "Kazakhstan - China" was completed.

### 22 November

The settlements of Kaskasu, Zhogargy Kaskasu, Keregetas and Kenesaryk of Tolebi district were connected to natural gas. The share of settlements provided with natural gas amounted to 100%.

### 23 November

A framework agreement on cooperation between the scientific and technical centers of QazaqGaz and CNPC in Beijing was signed.



### **VISION:**

QazaqGaz is a highly efficient participant of the 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

### **MISSION:**

Stable provision of cost-effective gas supplies to improve the quality of life of the population, enhance energy security and energy transition for sustainable development of the economy of the Republic of Kazakhstan.

The realization of QazaqGaz's mission and vision will lead to the transformation of the company, increase its efficiency and improve the situation in the gas industry.

# Areas of activity

The Company's strategy includes development along 12 vectors.

- 1. Building a sustainable gas market and lean consumption culture
- 2. Geological exploration and Production
- 3. Refining (GPP)
- 4. Trading operations
- 5. Gas transmission station and underground gas storage
- 6. Gas distribution station and the last mile
- 7. Downstream
- 8. Improvement of operating and investment activities
- Developing competencies in the gas industry and building a highly competent organization (incl. STC)

- 10.Improving organizational effectiveness through the use of digital tools
- 11. Preparing the company for a successful IPO
- 12.Priority areas of development of the company's ESG profile, including decarbonization of QazaqGaz

The realization of these goals will contribute to the formation of a stable gas market and preparation of QazaqGaz for a successful initial public offering (IPO).

# **Business model**

### **OPERATING CYCLE**

FORMATION OF THE RESOURCE BASE GAS TRANSPORTATION



GAS PURCHASE CONTRACTUALLY



TRANSIT TRANSPORTATION



GAS IMPORTS



CONSTRUCTION
AND OPERATION OF MAIN
GAS PIPELINES



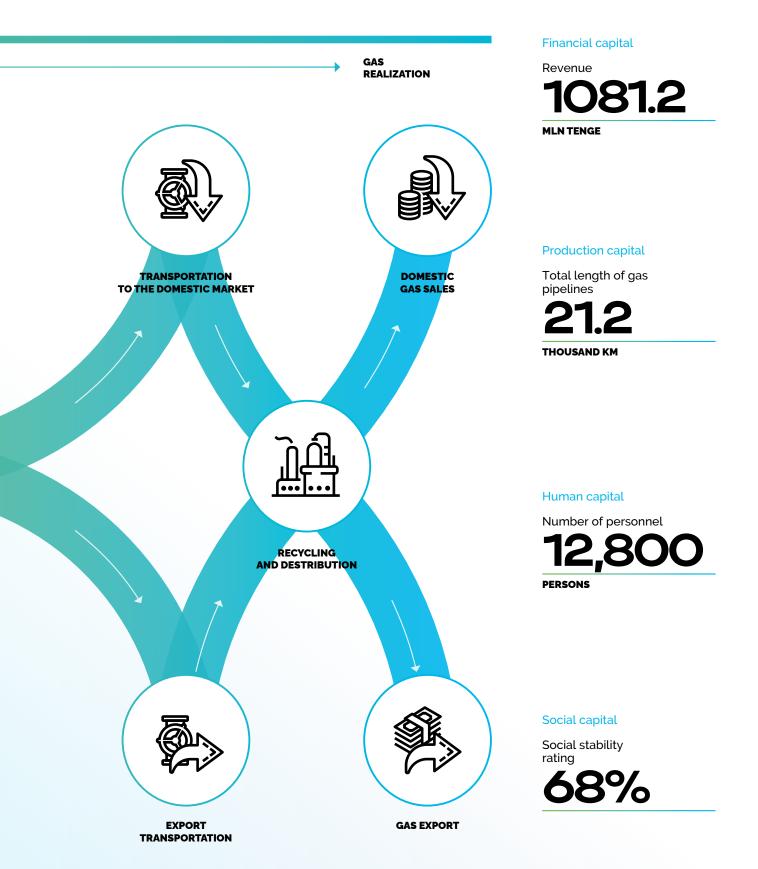
GAS EXPLORATION AND PRODUCTION



MODERNIZATION OF THE GAS PIPELINE NETWORK



QazaqGaz is a key company in the gas energy and gas transportation sector, which operates on a vertically integrated business model. Its activities are based on strategic objectives aimed at creating a stable gas market, increasing value at all stages of the production chain and improving the efficiency of the company.





Pushing the boundaries of possibilities





# **About company**

#### / GRI 2-1 /

QazaqGaz is a vertically integrated national gas company of the Republic of Kazakhstan, which operates at all stages of the production chain: from exploration and production to the sale of final products.

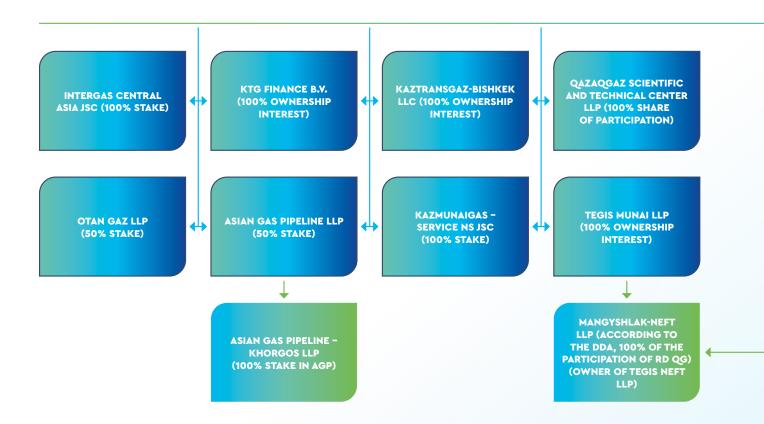
The history of the company begins with the Decree of the Government of the Republic of Kazakhstan N° 173 of February 5, 2000, when the closed joint stock company "KazTransGas" was established. Subsequently (June 9, 2004) the company was transformed into Joint Stock Company "KazTransGas".

On November 30, 2021 by the Resolution of the Government of the Republic of Kazakhstan  $N^{\circ}$  852 JSC KazTransGas was granted the status of a National Company.

On December 31, 2021, the Company was renamed to QazaqGaz by the Resolution of the Government of the Republic of Kazakhstan numbered 982.

At the moment QazaqGaz is the managing center of the largest network of main gas pipelines with a total length of more than 20.6 thousand km (including 2,793 km of branch pipelines) with annual throughput capacity of 240 billion  $m^3$ , as well as gas distribution networks with a length of more than 59 thousand km.

The Company provides international transit and sells gas on domestic and foreign markets, develops, finances, constructs and operates pipelines and gas storage facilities.



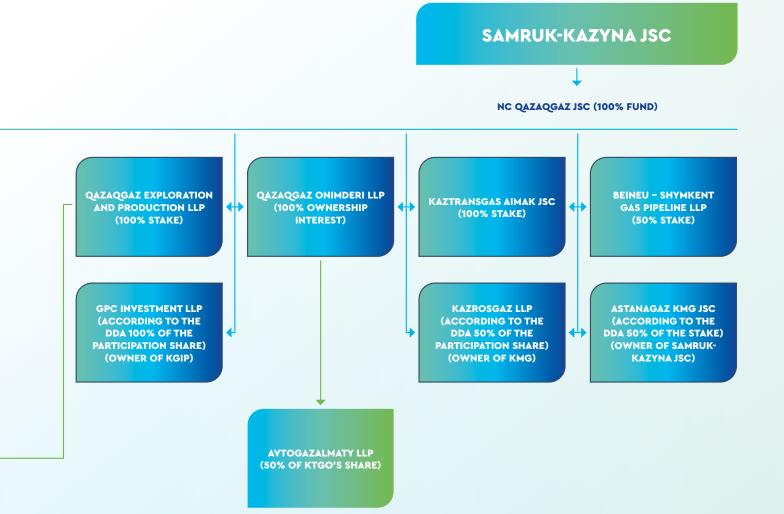


# **Asset structure**

QazaqGaz is a portfolio company of the Joint Stock Company Sovereign Wealth Fund "Samruk-Kazyna" (hereinafter – JSC Samruk-Kazyna, the Fund), the sole shareholder of which is the Government of the Republic of Kazakhstan.

In 2023, the QazaqGaz group of companies included 13 subsidiaries and jointly controlled companies, which operate in the following business areas:

- exploration and production;
- mainline transportation;
- processing, distribution and marketing;
- service companies.



# Perimeter of the company's activities and geography of directions

#### / GRI 2-1 /

The Company operates in 14 regions of Kazakhstan (Akmola, Aktobe, Almaty, Atyrau, East Kazakhstan, Zhambyl, Zhetisu, West Kazakhstan, Karaganda, Kostanay, Kyzylorda, Mangistau, Turkestan and Ulytau regions) and three cities of republican importance (Astana, Almaty and Shymkent).

The scale of the Company's presence in the country demonstrates its important role in strengthening energy security, forming a stable gas market and improving the quality of life of the population.

Moreover, its aspiration to expand its geographical presence in the non-gasified regions of Abay, Pavlodar and North Kazakhstan confirms the company's commitment to its strategic goals of "Creation of a unified gas transportation system" and "Full coverage of the population's need for gas supply".





### **DIRECTION: EXPLORATION AND PRODUCTION**

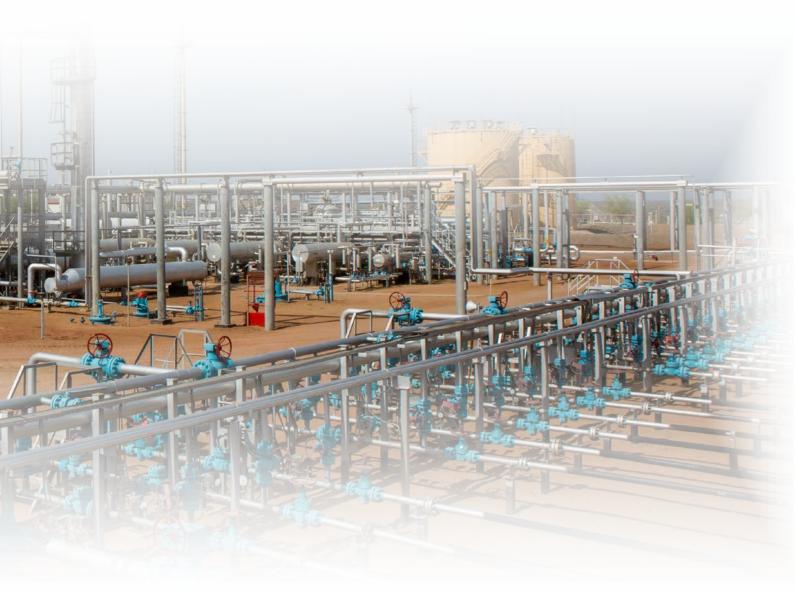
### QAZAQGAZ EXPLORATION AND PRODUCTION LLP

Year of creation	2003
Location (Central Office)	Republic of Kazakhstan, Astana
Ownership structure	100% subsidiary organization QazaqGaz
Activity	QazaqGaz Exploration and Production LLP is a gas production company whose principal activities include gas and gas condensate production, geological exploration and surveying, exploratory drilling at the company's production facilities and wholesale of natural gas.
Indicators	
59 wells	15.8 billion meters³
	production group (residual recoverable dry gas reserves)

# Key events of QazaqGaz Exploration and Production LLP in 2023

- 1. Commissioning of the Anabai field
- 2. Completion of drilling of well #141 at Amangeldy field
- 3.  $20^{th}$  anniversary of the Amangeldy field

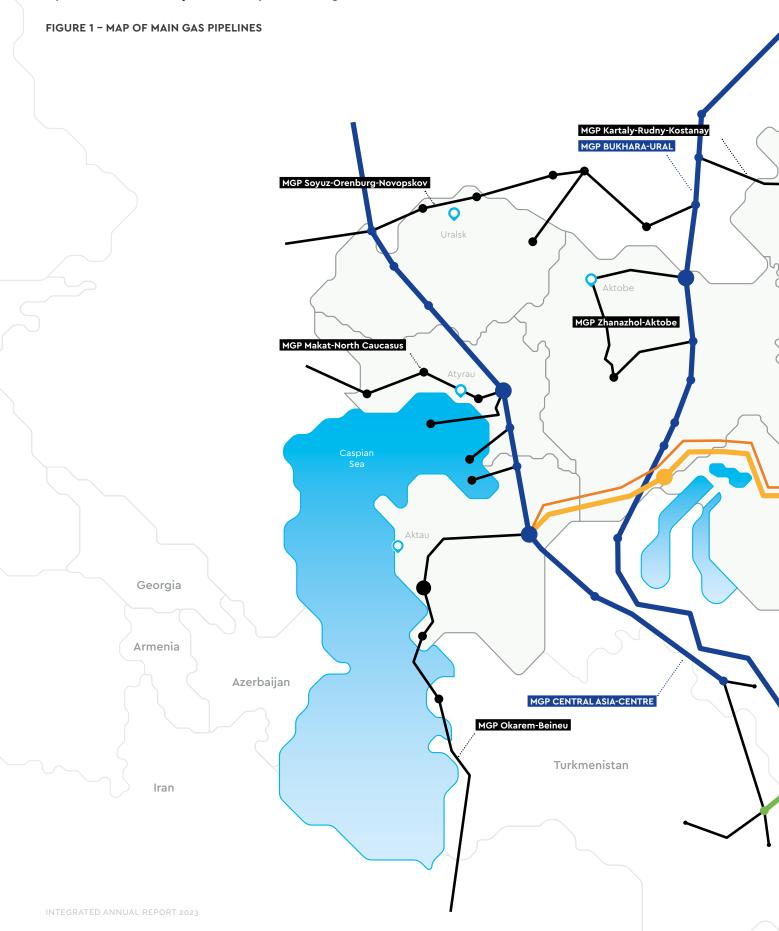
- 4. Transition to a standard hydrocarbon production contract at Amangeldy, Zharkum, Anabai with subsequent transition to CBM (tax preferences)
- 5. Signing of a model contract for hydrocarbon production at the Barkhannaya field
- 6. Beginning of design for the modernization of the GTU
- 7. Connection to the IMSAS system (condensate)



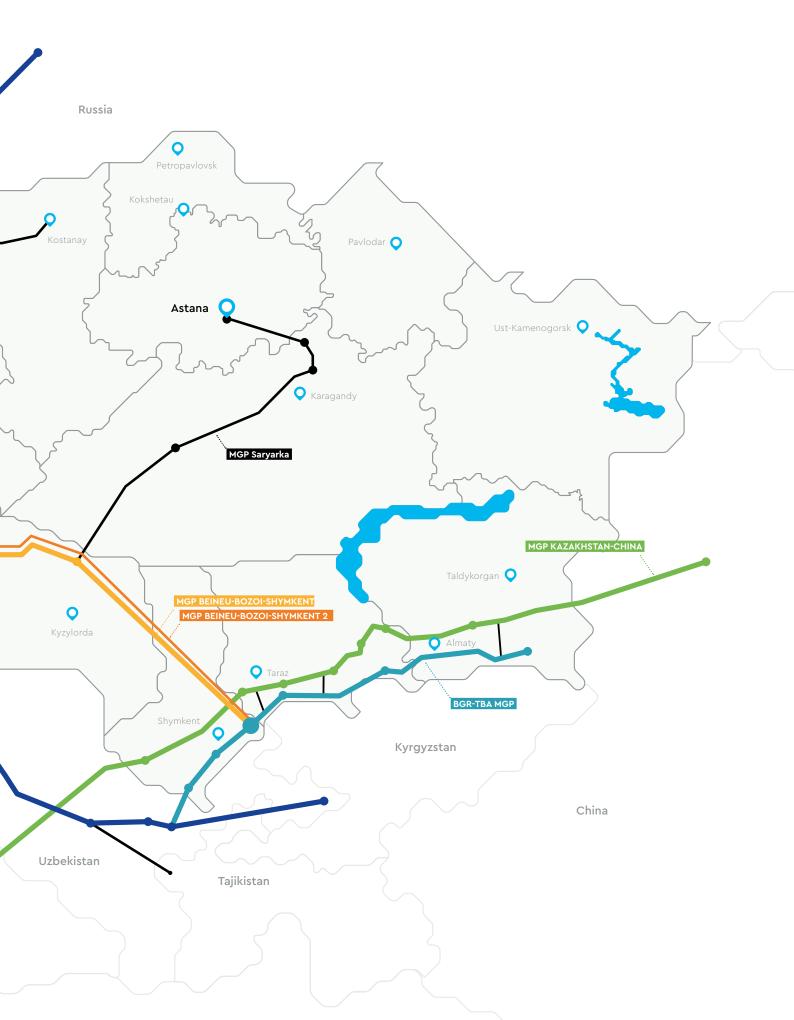


### **DIRECTION: MAINLINE TRANSPORTATION**

For reference: Trunk pipelines include the following QazaqGaz Group of Companies: JSC Intergas Central Asia, Asian Gas Pipeline LLP, Beineu – Shymkent Gas Pipeline LLP (Figure 1 MAP).









### **JSC INTERGAS CENTRAL ASIA**

The key source of income in ICA's business model is international natural gas transportation. The company includes an engineering and technical center, which is a unique industry diagnostic center for maintenance of compressor stations (CS), gas distribution stations (GDS), underground gas storage facilities (UGS), linear part and branch pipelines of main gas pipelines.

The principal activity of ITC is:

- technical diagnostics;
- repair of technical devices, equipment and facilities included in the unified system of marketable gas supply;
- monitoring of qualification skills;
- control over the technical condition of gas trunkline facilities and ecology;
- preventive, testing and commissioning works at gas transportation, underground storage and distribution facilities.

Year of creation	1997	
Location (Central Office)	Republic of Kazakhstan, Astana	
Ownership structure	100% subsidiary organization QazaqGaz	
Activity	natural gas transportation through the gas trunkline system, gas storage in underground storage facilities, operation and maintenance of gas trunklines and distribution pipelines	

#### MAIN CHARACTERISTICS OF INTERGAS CENTRAL ASIA JSC

33 KS.	250 GDS
Operation of compressor stations	Operation of gas distribution stations
10 UMG.	322 GPA
Gas trunkline departments – production branches in the regions	Gas pumping units
21,200 kilometers.	63,253 kilometers
Length of gas trunk pipelines (including 7,007 km - third-party MGs)	Length of serviced distribution networks in 11 oblasts and 3 cities of Republican significance (KTGA, MIO)
203, 5 billion m³	57-1,420 mm
Throughput	Pipe diameter
3-9.81 MPa	11 GIS
Working pressure	Gas measuring stations
3 UGS	8,515 people
Underground gas storage facilities:	Total number of employees
Bozoi - 4 billion m <sup>3</sup>	
Poltoratskoye – 0.35 bln m³	
Akirtobe - 0.3 bln m <sup>3</sup>	





JSC Intergas Central Asia operates the following main gas pipelines:

- MG Central Asia-Center;
- MG Makat North Caucasus:
- MG Luping Makat North Caucasus;
- → MG Bukhara Ural;
- MG Union;
- → MG Orenburg Novopskov;
- MG Karachaganak-Uralsk;
- MG Okarem Beineu;
- MG Beineu Zhanaozen;
- MG Zhanazhol-Oktyabrsk-Aktobe;
- → MG Kartaly-Rudny-Kostanai;
- → MG Zhanazhol-KS-13;
- MG Bukhara gas-bearing region Tashkent-Bishkek-Almaty;
- MG Gazli-Shymkent;
- MG Amangeldy KS-5;
- MG Akshabulak-Kyzylorda;
- MG Beineu-Bozoi-Shymkent;
- MG Kazakhstan-China;
- MG Uzen-Zhetybai-Aktau;
- → MG Kozhasai-KS-12;
- MG Almaty-Baiserke-Talgar;
- MG Bayserke-Kapchagai;
- → MG Almaty-Taldykorgan;
- MG Saryarka.

#### Key events of JSC Intergas Central Asia in 2023:

5 infrastructure projects have been completed:

- 1. Construction of looping on the MG Makat-North Caucasus
- Capacity 13 bln m /year.3
- Commissioned on 03.08.2023.

- **Benefit:** Improved reliability of gas supply to the population and large industrial enterprises of Atyrau city and Atyrau region, as well as ensuring energy security of the country as a whole.
- Reconstruction of gas transportation system of Mangistau region and Overhaul of 3 lines of MG Zhanaozen-Zhetybai-Aktau: 150 pipes Du530 mm, 96 pipes Du720 mm were replaced, also 4 crane units Du720 mm were mounted
- Capacity 5.8 bln m /year3
- Official opening on 10/23/2023.
- **Benefit:** Ensuring stable gas supply to settlements and large enterprises of Mangistau Oblast, MAEK-Kazatomprom LLP
- 3. TIP-04 jumper construction project, AGDS for CHPP-2 and AGDS for CHPP-3
- Construction of the TIP-04 jumper,
  - Capacity 1,000 thousand m / hour. 3
  - Official opening on 16.11.2023.

#### Construction of AGDS for CHPP-2

- Capacity 250 thousand m / hour. 3
- · Official opening on 16.11.2023.

#### Construction of AGDS for CHPP-3

- Capacity 150 thousand m / hour. 3
- · Official opening on 22.12.2023.
- ▶ Benefit: Ensuring reliability of gas supply for CHPP-2 and CHPP-3 in Almaty. Improvement of ecological situation of the city
- Received PPCR No. 947 dated 27.10.2023 on development of feasibility study "Construction of MG from KS-14 in Aktobe region of "Research Institute of Transport and Communications" LLP.
- **Benefit:** Provision of prospective consumption volumes of Kostanay and Aktobe oblasts
- 5. JSC ICA joined the international concept of 0 traumatism "Vision Zero"





### **ASIAN GAS PIPELINE LLP**

Year of creation	2008	
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 QazaqGaz (Republic of Kazakhstan) and Trans-As Gas Pipeline Company Limited (People's Republic of China).	
Activity	Asian Gas Pipeline LLP is the operator of the Kazakhstan-China International Gas Pipeline construction and operation project. It is aimed at supplying natural gas from Turkmenistan and Uzbekistan to the Chinese market, as well as to the domestic market of Kazakhstan, including consumption of southern regions, and for export to the People's Republic of China. The total length of the gas pipeline in the country is 3,915 kilometers (including three strings: A, B and C). The gas pipeline route passes through four regions: Turkestan, Zhambyl, Almaty and Zhetysu.	

#### MAIN CHARACTERISTICS OF ASIAN GAS PIPELINE LLP

13 CS	3
Operation of compressor stations	Gas metering station
184 units	2 Node
Operation of crane units	Gas flow metering units
17 sewage	42 GPA
treatment plant units	Gas pumping units Gas compressor units
3,915.5 km	1,067 / 1,219 mm
Length	Tube diameter
55 billion m³ per year	9.81 MPa
Throughput capacity	Working pressure
	1,316 employees
	Total number of employees

### Key events of Asian Gas Pipeline LLP in 2023:

- 1. the total volume of natural gas transportation for 2023 was 43.97 billion  $m^3$ , of which:
- transit to the PRC 35.67 billion m³ (33.37 billion m³ Turkmen gas and 2.3 billion m³ Uzbek gas),
- exports to China 5.56 bln m³ (Kazakhstani gas),
- RK domestic market 2.74 bln m³ (marketable gas).
- 2. Increased gas exports due to increased supply of Kazakhstani gas from QazaqGaz.





### BEINEU-SHYMKENT GAS PIPELINE LLP

Year of creation	2011
Location (Central Office)	Republic of Kazakhstan, Almaty
Ownership structure	GBS is a joint venture established on an equal share basis. The participants of the Partnership are QazaqGaz (Republic of Kazakhstan) and Trans-Asia Gas Pipeline Company Limited (People's Republic of China).
Activity	The Beineu – Bozoi – Shymkent gas pipeline is the largest pipeline project in the history of independent Kazakhstan. This pipeline connects the western regions of oil and natural gas production with the southern regions of the country, as well as with the Bukhara Gas Region – Tashkent – Bishkek – Almaty and Gazli – Shymkent trunk pipelines and the C line of the Central Asia – China gas pipeline. The main purpose is to transport natural gas from fields in the northern and western parts of Kazakhstan to the southern and eastern regions of the country. The Beineu – Bozoi – Shymkent pipeline provides the southern regions of the country with natural gas, contributes to the diversification of export supplies of Kazakhstani gas, ensures energy security of the country and creates a unified gas transportation system.

### MAIN CHARACTERISTICS OF BEINEU-SHYMKENT GAS PIPELINE LLP

6 KS.	3 GIS
Operation of compressor stations	Operation of gas measuring stations
59 knots	47 knots
Operation of crane units	Linear crane units
12 knots	20 GPA
Security crane units	Gas pumping units
1,449.503 km	Up to 15 billion m³ per year
Extent	Throughput
1,067 mm	7.5-9.81 MPa
Pipe diameter	Working pressure
	208 people
	Total number of employees

# Key events of Beineu-Shymkent Gas Pipeline LLP in 2023:

- 1. The projected gas transportation volume of 15.3 bcm was achieved;
- 2. Three GCUs with a capacity of 17.24 MW each were commissioned as part of the Bozoi CS Expansion;
- 3. 3 early repayments totaling \$211 million were made;
- 4. Works on the development of the PSD for the project "Expansion of GIS Beineu" has been completed;
- 5. Construction of the Beineu GIS extension, REU, WTP was completed;
- 6. Feasibility study on the project Construction of II string of Beineu-Bozoi-Shymkent main gas pipeline was finalized.





### **DIRECTION: PROCESSING, DISTRIBUTION AND SALES**

#### **JSC KAZTRANSGAS AIMAK**

JSC KazTransGas Aimak is engaged in gasification of settlements in Kazakhstan.

Gasification projects implemented by JSC KazTransGas Aimak:

"Construction of high pressure gas pipeline and gas distribution networks in Saimasay, Kainar, Yenbekshikazakh district of Almaty region" (1 and 2 PC);

"Construction of high-pressure gas pipelines from AGDS to CHPP-2 and CHPP-3 in Almaty"; "Construction of high-pressure gas pipelines from AGDS to CHPP-2 and CHPP-3 in Almaty";

"Construction of high-pressure gas pipeline from AGDS in the area of Kuryk village. Kuryk to Sarsha and Rixos Aktau hotel in the resort zone "Warm Beach" with installation of 2 gas regulator block points (GGB)";

"Modernization of the gas distribution network of Taraz city".

Year of creation	2002
Location (Central Office)	Republic of Kazakhstan, Astana
Ownership structure	100% subsidiary organization QazaqGaz
Activity	The main objectives of the company include organization of natural gas supplies, its transportation through distribution networks and management of gas distribution assets in the regions.

#### MAIN CHARACTERISTICS OF JSC KAZTRANSGAS AIMAK

14 PF	63,253 kilometers
Number of production branches	Total length of gas pipelines
12,642 kilometers	33,195 kilometers
Gas pipelines under CDA	Own distribution networks
14,642 kilometers	3.9 thousand
Other gas pipelines	Industrial enterprises
11.6 million people (59.00%)	2.2 million subscribers
Gasification level	Number of consumers
	2,005 people
	Total number of employees

### Key events of JSC KazTransGas Aimak in 2023:

- 1. 112 settlements were gasified (Zhetysu 3, Zhambyl 7, West Kazakhstan 14, Atyrau 2, Kyzylorda 13, Turkestan 55, Aktobe 13, Kostanay 1, Karaganda 2, Ulytau 1 and Shymkent 7).
- **Effect:** increase in the number of consumers by 212 thousand subscribers
- All CHPPs of Astana city were switched to gas, including newly commissioned facilities – CHPP-3, boiler house Yugo-Vostok and boiler house Turan.
- **Effect:** improvement of the environmental situation in the capital city
- 3. Initiated amendments to the current legislation in the field of natural monopolies of the Republic of Kazakhstan, in terms of issuing technical conditions and connections of facilities, which came into effect on August 30, 2023.
- **⊇ Effect:** release of the reserve of volumes more than 300 thousand m³/h, which will allow to develop further gasification of the country, as well as reduce the number of penalties for timely issuance of technical conditions and connection of facilities.
- 4. Over 91 thousand technical specifications were prepared and issued in 14 gasified regions, of which 625 were worked out through the E-gov portal.



### **KAZROSGAS LLP**

Year of creation	2001
Location (Central Office)	Republic of Kazakhstan, Almaty
Ownership structure	KazRosGaz LLP – was formed on a parity basis by the national company JSC NC KazMunayGas and PJSC Gazprom. KazRosGaz LLP is under trust management of QazaqGaz.
Activity	KazRosGas LLP is engaged in the marketing, processing, transportation and sale of natural gas from Kazakhstan and its products in domestic and international markets. The main objective of the company's activities is aimed at maximizing economic value based on the use of new opportunities to increase the value of its assets. Since 2002, KazRosGas LLP has been supplying gas to the domestic market of Kazakhstan and exporting surplus gas. The main volume of processed dry gas is primarily supplied to the domestic market to meet the needs of Kazakhstani consumers.

23.644 mln m <sup>3</sup>	17.600 mln m <sup>3</sup>	6.044 mln m <sup>3</sup>
Sales volume of marketable gas	Domestic market	Export volumes

### Key events of KazRosGas LLP in 2023:

- 1. The production program for 2023 was overfulfilled in terms of:
- acceptance and processing of raw gas at the Orenburg GPP by 1%, the volume amounted to 8,805 mln m<sup>3</sup>;
- supplies of commercial gas to the domestic market of the Republic of Kazakhstan by 1%.
- 2. Assigned a low risk degree with an indicator equal to "0" based on the results of the next categorization conducted in accordance with the tax legislation.



stations)

### **BUSINESS LINE: SERVICE COMPANIES**

### **QAZAQGAZ ONIMDERI LLP**

Year of creation	2001	
Location (Central Office)	Republic of Kazakhstan, Astana	
Ownership structure	100% subsidiary organization QazaqGaz	
Activity	The main activities of QazaqGaz Onimderi LLP include the provision of transportation services, construction and installation works, as well as the sale of compressed natural gas (CNG). The company actively promotes the development of the methane-based gas motor fuel market, promoting the technologies and advantages of CNG and liquefied natural gas (LNG).	
1,768	1,921	
pieces of equipment	employees	
7		
CNG filling stations (autom	obile gas filling compressor	

### Key events of KazRosGas LLP in 2023:

- 1. providing transportation services for ICA increased by 15% over 2022.
- 2. CNG sales volumes for the QGO group increased by 9% from the 2023 plan.
- 3. Work on the Zharkum-Anabai interfield road was completed under a contract with RD QazaqGaz LLP for the amount of 901 million tenge.
- 4. 134 units of motor transport and special equipment were delivered for a total of 4.5 billion tenge.





### **QAZAQGAZ STC LLP**

As part of the implementation of the Development Strategy of QazaqGaz, the first sectoral scientific and technical center was established. Its purpose is to develop scientific

and technical potential for effective functioning of the gas industry, to raise the level of knowledge and competencies of QazaqGaz personnel, and to comprehensively solve specific and technologically complex tasks of the Company.

Year of creation	2023 (Reorganization of QazaqGaz Qurylys)
Location (Central Office)	Republic of Kazakhstan, Astana
Ownership structure	100% subsidiary organization QazaqGaz
Activity	The main activity of QazaqGaz STC LLP (formerly QazaqGaz Qurylys LLP) is: Testing the physical and performance characteristics of materials and products; Engineering design Geophysical, geological and seismic surveys; Applied research in the social sciences and humanities; Professional development of specialized specialists in the gas industry; Confirmation of qualifications of subject matter experts;
	Maintenance of application software;  Developing the structure and content of computer codes and/or writing computer codes;  Planning, design and development of information systems;
	Provide infrastructure for hosting information resources on the server and accessing data;
	Rent of computer and peripheral equipment equipment.

### Key events of QazaqGaz STC LLP in 2023:

- $1. \quad \hbox{Types of economic activities, QazaqGaz\,STC expanded}.$
- QazaqGaz STC signed a Memorandum of Cooperation with Gazprom VNIIGAZ on a set of issues of scientific and innovative activities. The Roadmap for interaction was approved.
- A framework agreement on cooperation between QazaqGaz Scientific and Technical Centers and CNPC Oil Exploration and Development Research Institute (RIPED CNPC) was signed. A roadmap for interaction was approved.
- 4. The organization's first standard on the methodology of separate gas metering was developed.

# QazaqGaz development strategy

One of the key events in 2023 is the development and approval of a comprehensive QazaqGaz Development Strategy until 2032, aimed at strengthening the country's energy security and improving the quality of life of the population through stabilization of cost-effective gas supplies.

Implementation of a set of measures to maximize the investment attractiveness of the gas industry and

unlock its potential will make it possible to make a significant contribution to GDP growth by 2029 and prepare the company for an initial public offering (IPO) on the Kazakhstan and/or foreign stock market.

As of 2023, concrete results have already been achieved in all areas of the Company's development:

# BLOCK 1 – BUILDING A SUSTAINABLE GAS MARKET AND DEMAND MANAGEMENT

# ORIENTATION 1. STIMULATING CHANGES FOR THE DEVELOPMENT OF LEAN CONSUMPTION CULTURE

**Objective:** To create a new gas pricing mechanism for households that introduces normative consumption levels.

**Implementation:** On October 19, 2023, the Resolution of the Government of the Republic of Kazakhstan approved the Plan of energy efficiency and careful gas consumption for 2023–2025, developed by the Ministry of Energy of the Republic of Kazakhstan together with the Company's specialists.

Within the framework of the Plan implementation, as well as to raise awareness of the population, employees of JSC KazTransGas Aimak carried out explanatory work with consumers on rational use of gas during 2023.

3 conceptual variants of the methodology of application of "Lean Gas Consumption" mechanisms were developed.

**Result:** The methodology was approved at the end of 2023. Amendments to the Law on Gas and Gas Supply are planned for 2024.

**Objective:** Transfer of GDS construction function from local executive bodies to QazaqGaz.

**Implementation:** QazaqGaz STC LLP is working on organizing the procedure for amending legislative acts.

The full package of documents, including the scheme of partial transfer of MIO functions to QazaqGaz, the mechanism of budget funds spending (without changes in the budget legislation), as well as a comparative table on the proposed changes and amendments to four legislative acts (Laws of the RK "On Gas and Gas Supply", "On Natural Monopolies", "On Public Procurement", "On State Property") is submitted to the Ministry of Energy of the Republic of Kazakhstan. The package of documents has been agreed upon by the authorized state bodies.

In addition, work was done with the IOI to familiarize authorized structural units with the developed mechanisms.



ORIENTATION 2. FAIR TARIFFS AND PRICES THAT STIMULATE GAS INDUSTRY DEVELOPMENT AND ENERGY EFFICIENCY AND STRUCTURAL CHANGES LEADING THE GAS MARKET TOWARDS GRADUAL LIBERALIZATION.

**Task:** Carry out Wholesale Price Adjustment work – promoting a new price for Large Commercial Producers (LCPs) and extractive companies implemented at the export netback level (2023–2024).

**Result:** Order No. 210 of the Minister of Energy approved the marginal wholesale prices of commodity gas for the period from July 1, 2023 to June 30, 2028.

By order of the Minister of Energy No. 246 of June 30, 2023, approved retail sales prices for new consumer groups effective 01.07.2023. In particular:

- approved wholesale prices of marketable gas for a longterm period of 5 years with the possibility of annual adjustment;
- wholesale prices for commercial gas increased by 12.2%;
- 2 new categories of gas consumers were introduced: large commercial consumers and miners;
- approved an incentive formula for the price of purchasing new volumes of gas from subsoil users;
- changed the pricing mechanism of commodity gas for consumers included in the list of power plants from a 10year price approval period to a 5-year one;
- approval of tariffs for transportation of marketable gas is permitted when property is taken into balance sheet or trust management.

**Task:** Implementation of the Program of Phased Adjustment of the Actual Wholesale Gas Sales Price (2023–2029).

Implementation: For the period from July 1, 2023 to June 30, 2028, the wholesale price caps were increased by 12.2% on average in RoK, by 9.1% in 2024, by 10.8% in 2025, and by 11% in 2026.

An increase in wholesale prices in the specified amounts does not allow achieving break-even gas sales by 2026, which will lead to a gas deficit.

At present QazaqGaz is working with state authorities to change the established 15% limit and increase wholesale prices from July 1, 2024 by 30% on average in the country.

**Objective:** Introduction of fair tariffs for transportation and distribution, ensuring independent development of networks. For this purpose, it is necessary to work out the inclusion of all GTS and GDS operator costs in the transportation tariff (2026–2030).

**Implementation:** Amendments were made to the Law "On Natural Monopolies" and subordinate legislation. On March 28, 2023, amendments to the rules of tariff formation were enacted.

**Result:** by the end of 2023 in three branches of JSC KazTransGas Aimak tariffs were changed to include the costs of maintenance of gas pipelines under trust management.

**Task:** Proposal to regulate the retail price and tariff for domestic transportation of gas for private, independent GROs (starting from 2023).

**Implementation:** at the meeting in AZRC on June 6, 2023, together with the Fund's management, QazaqGaz's proposal on regulation was supported by the state authorities. In May 2023, a comparative table was sent to the Ministry of Energy of the Republic of Kazakhstan in terms of introducing state regulation of retail prices of commodity gas of all GROs.

**Task:** Stimulating the resource base – promoting exportoriented pricing for all types of fields, including gas-bearing fields (2023–2024).

**Result:** Transition to a standard hydrocarbon production contract at Amangeldy, Zharkum, Anabai fields with subsequent transition to CBM (tax preferences).

A model contract for hydrocarbon production at the Barkhannaya field was signed.



### BLOCK 2 - MAXIMIZING VALUE ACROSS ALL ELEMENTS OF THE CHAIN

# DIRECTION 3. EXPLORATION AND PRODUCTION – ENSURING GROWTH AND DIVERSIFICATION OF THE RESOURCE BASE.

**Task:** Continued work on the development of the Amangelda group of gas fields.

**Result:** A new gas field Anabai in Moyinkum district of Zhambyl region was commissioned (reserves - 3.2 billion m³, investment amount - 22 billion tenge).

### **DIMENSION 4: REFINING (GPP).**

**Objective:** to ensure timely capacity expansion of key gas processing projects.

**Result:** Due to technological changes in 2023, there was a need to adjust the project design and construction documents for commissioning of gas processing plant at Kashagan field (Stage 1), which received a positive opinion on 12.04.2023 from RSE "Gosexpertiza".

The commissioning date of the GPP was postponed from 2023 to 2025.

The railroad tracks of the first start-up complex were completed to ensure the supply of inert materials.

Construction of a shift camp for employees of GPC Investment LLP was started.

# DIRECTION 5: TRADING OPERATIONS - ENSURING THE BALANCE OF GAS IN THE COUNTRY AT THE OPTIMAL PRICE.

**Objective:** Achieve agreements on transit, re-export and import of gas

#### Result:

- Signed a new export contract for 2023–2026 with PetroChina International:
- preserved pricing principles;
- Agreements have been reached to accept gas in large volumes during the summer period;
- reduced discounts for under-delivery and deterioration of gas quality;
- full fulfillment of contractual obligations for gas exports in 2023 under the new contract (volumes exceeded) without reducing gas supply to domestic consumers;
- 2. Agreement reached with PJSC Gazprom on gas transit, re-export and import:
- Transit of Russian gas to Uzbekistan through Kazakhstan via the SAC-4/SAC-5 MG (up to 3 billion m³) was started for the first time;
- Russian gas was supplied to increase export volumes of QazaqGaz to China;
- signed a contract to increase gas exports to China in 2024:
- signed a "spot" contract for the stable passage of the OZP in 2023–2024;
- signed a contract providing for compensatory supplies of Russian gas during unscheduled repairs at the Orenburg GPP. Acceptance of Karachaganak gas to the Orenburg GPP stabilized;
- within the framework of increasing transit to Uzbekistan up to 11-22 billion m³ technical audit of the linear part of MG SAC-4 and compressor stations was carried out.

**Task:** Negotiate with local executive bodies to expand the NGV bus fleet to stimulate the NGV market.



### Result:

- A memorandum was signed between QazaqGaz and the Almaty City Akimat as part of the implementation of the Government's instruction to expand the use of natural gas as a motor fuel. According to the signed document, the national company will build three CNG stations and ensure uninterrupted supply of compressed natural gas (CNG). For its part, the Almaty Akimat plans to expand its bus fleet to 1,200 units.
- 2. A memorandum on cooperation in the field of gas and NGV fuel was signed between QazaqGaz and the Akimat of Shymkent city. The signed document will allow the parties to effectively cooperate in terms of implementation of new projects. These include construction and commissioning of automobile gas-filling compressor stations (AGFCS), increasing the capacity of the city gas distribution system, as well as ensuring uninterrupted gas supply and safety of residents.

### DIRECTION 6. GAS TRANSPORTATION SYSTEM AND UNDERGROUND GAS STORAGE FACILITIES

**Objective:** To ensure uninterrupted supply and maximize the country's export and transit potential.

### Result:

- Construction of the looping of the Makat-North Caucasus trunk gas pipeline was completed; the second string of Beineu-Zhanaozen in the Mangistau region was launched; the first stage of construction of gas infrastructure for the Almaty energy complex was completed.
- the volume of gas sales for export amounted to 5,564 mln m³ and exceeded the target by 7%. Compared to the actual figure for the same period last year, the growth in gas sales was due to an increase in the resource base.

- 3. Domestic gas transportation increased by 3%, amounting to 22,663 mln m³ compared to the previous period. The total volume of trunk transportation amounted to 79,443 mln m³, including international transit volume of 45,748 mln m³.
- 4. The volumes of gas injection and withdrawal to UGS facilities were increased. In particular, the volume of gas injection increased by 31.8%, amounting to 3,141,034 thousand m³. The volume of gas extraction increased by 5.7%, amounting to 2,396,047 thousand m³.

### DIRECTION 7. GAS DISTRIBUTION SYSTEM AND THE "LAST MILE""

**Task:** Installation of smart meters to the population in Shymkent, within the framework of the pilot project on minimization of gas losses on SNIP.

### Result:

- 1. 31,300 km of gas distribution stations with facilities on them in KSPF, APF, MPF, LPF, ALPF, SHPF were digitized.
- 2. DOE RK together with DOE RK and QazaqGaz approved the Roadmap on automation of metering of marketable gas during its sale to consumers until 2028.

### **DIRECTION 8. DOWNSTREAM**

**Objective:** to provide possible future gas chemical projects with raw materials (gas).

**Realization:** there is a potential for the development of gas chemical production based on methane. Further development of this area is possible only if there is a gas surplus. Taking into account the primary task of supplying the domestic market, the realization of this direction is planned in the horizon of long-term planning.

<sup>&</sup>lt;sup>1</sup> The last gas line connection site.



## BLOCK 3 - IMPROVING ORGANIZATIONAL EFFICIENCY AND PREPARING THE COMPANY FOR A SUCCESSFUL IPO

### DIRECTION 9. IMPROVEMENT OF OPERATING AND INVESTMENT ACTIVITIES

Challenge: Centralization of corporate support functions.

### Implementation:

A Project Management Office (PMO) was formed as part of the implementation of the QazaqGaz Development Strategy and monitoring and control tools were introduced to track the implementation of initiatives.

### Result:

Maximized the execution percentage of projects, initiatives and KPIs.

**Task:** Implementation of Industrial relations standards.

### Implementation:

- IR-screening of social and living conditions of the production personnel on the platform sk-ir. checkoffice.ru was carried out;
- Corrective actions have been carried out (elimination of repetitive ones, making adjustments to those carried out):
- 3. organized seminars on labor disputes, where members of the conciliation commission were trained.
- 4. Conducted training on prevention and types of pressure among IR specialists.
- Legal block specialists were trained on prevention of conflicts in labor collectives on the topic "Prevention of harassment and pressure at workplaces".

### Result:

- 1. According to the results of the employee survey (within the Samruk Research Services platform) the social stability rating of QazaqGaz was 68% in 2023.
- 2. According to the results of 2023, QazaqGaz received the award "Best Social Partner" in the nomination "Reliable Employer".

### DIRECTION 10. DEVELOPMENT OF COMPETENCIES IN THE GAS INDUSTRY AND BUILDING A HIGHLY COMPETENT ORGANIZATION (INCLUDING STC)

**Task:** Creation of a scientific and technical center for efficient functioning of the gas industry

### Result:

The first sectoral Scientific and Technical Center "QazaqGaz STC" was established to develop scientific and technical potential for effective functioning of the gas industry, improve the level of knowledge and competence of QazaqGaz personnel, as well as complex solution of specific technologically challenging tasks of the Company.

**Objective:** Partnership with universities, organization of internships and practical training for students

#### Result:

For the first time, a Scholarship was established for the best gas students studying in the advanced technical universities of the country: KBTU and KazNITU named after K.I. Satpayev.

# ORIENTATION 11. ENHANCING ORGANIZATIONAL EFFECTIVENESS THROUGH THE USE OF DIGITAL TOOLS

**Task:** Phased implementation of an analytical asset management system project for operational and efficient control over systems and processes of production activities.

**Result:** The first stage of the analytical asset management system project "Analysis of gas consumption on distribution networks" was completed. As part of this project, an integration bus was deployed, data input forms were developed and a single repository was created to accumulate the Company's data from disparate sources on gas metering and sales to end consumers (households and businesses).

In addition, 34 dashboards were developed to improve the accuracy of gas metering from the main gas pipeline, gas distribution to subscribers and prompt detection of gas imbalances and deviations in gas metering.



# DIRECTION 12. PREPARING THE COMPANY FOR A SUCCESSFUL IPO (INCLUDING REACHING THE TARGET LEVEL OF ESG RATING).

Objective: Obtain a positive ESG rating.

#### Pasult

Received a positive ESG rating of 19.2, which is the highest rating in Kazakhstan (according to MorningStar Sustainalytics methodology).

**Objective:** Ensuring transparency of reporting and improving the corporate governance system.

**Implementation:** the procedure of independent assurance of sustainability indicators presented in the Company's Integrated Annual Report for 2022 was carried out.

#### Result:

QazaqGaz for the first time entered the TOP-3 rating for ESG disclosure according to PwC Kazakhstan. All this testifies to the Company's compliance with high standards of responsible business conduct and low sustainability risks.

# **Key Performance Indicator System**

The performance evaluation system is one of the tools for strategic and operational management of the Company and ensures consistency of internal business processes with the Company's strategic goals.

The KPI system operates in strict compliance with the key principles:

- The KPI balance principle provides for production and financial and economic indicators, as well as indicators in the sphere of sustainable development (corporate governance, social and environmental area).
- The decomposition principle assumes the establishment of top-down KPIs implies cascading strategic KPIs down the organizational structure and across activities.
- The principle of responsibility means personal responsibility for the timeliness and quality of KPD execution in accordance with the approved parameters.

According to the norms of the Corporate Standard, approval of the list of corporate and motivational KPIs of QazaqGaz Management Board members is carried out annually by the Board of Directors, with the establishment of "threshold", "target" and "challenge" values.

Corporate KPIs cover key areas of activity and are formed taking into account the Company's priorities in the reporting period. Thus, in 2023, the efficiency of QazaqGaz activity was determined through the prism of achieving financial and production indicators:

- → Gas sales volume;
- → Implementation of priority investment projects;
- **→** EBITDA margin;
- Execution of instructions of the Head of State and higher bodies;
- **▶** Lost Time Injury Frequency Rate (LTIF).

It should be noted, at the end of 2023, there is a positive trend in the fulfillment of corporate KPIs, in particular:

- The actual performance of production indicators is recorded between the "threshold" and "target" values;
- Investment projects have been implemented by 100 percent;
- The financial indicator "EBITDA margin" exceeded the threshold value.
- The instructions of the Head of State and the Government of the Republic of Kazakhstan have been realized by 90%.
- Reduced the lost time injury rate from 0.18 to 0.12.







To ensure the development of the country's energy sector, QazaqGaz is undergoing transformational changes aimed at optimizing operational processes and increasing efficiency.

The reforms are based on the implementation of the process approach (BPM) and lean manufacturing (LEAN) principles

in various business lines to continuously improve the Company's performance.

To ensure the development of the country's energy sector, QazaqGaz is undergoing transformational changes aimed at improving operational processes in order to increase efficiency.

# **Expansion of asset portfolio**

Throughout 2023, the structure of the asset portfolio was transformed. Changes took place in the following business areas:

- Mangyshlak-Munai LLP (under the trust management agreement between QazaqGaz Exploration and Production LLP and JSC NC QazaqGaz) was included in the "Exploration and Production" direction.
- AstanaGas KMG LLP (under the trust management agreement 50% QazaqGaz from the Fund, 50% - Baiterek Ventures Fund JSC) was included in the direction of "Backbone transportation".
- In the area of "Processing, distribution and sales" GPC Investment LLC is included (100% under the transfer agreement from the Fund).

# Introduction of digital tools into the Company's operations

In 2023, QazaqGaz launched a large-scale multi-project on digitalization, including the introduction of an analytical asset management system in.

The system is aimed at ensuring prompt and effective control over the activities of production processes and will improve the efficiency, transparency and quality of operational management decisions.

By consolidating all key production data into a single set of data, there will be ample opportunity to analyze and take more informed operational action.

At the end of 2023, QazaqGaz entered into a cooperation agreement with Presight (a global leader in digitalization) on a pilot project of digitalization of gas balance through gas main pipelines and gas distribution networks. This agreement opens up new opportunities for digital transformation of the gas industry and ensures more efficient management.

### / GRI 418-1 /

In 2023, QazaqGaz Group of Companies did not register any substantiated complaints about privacy breaches and data losses.



## Integrated management system

To ensure sustainable development and increase the level of investment attractiveness, the Company has implemented and successfully operates an integrated management system.

Confirmation of commitment to quality is the results of the certification audit conducted in the Company on May 26, 2023. As a result, the Company received certificates from TÜV Rheinland Kazakhstan according to the following standards:

- ISO 9001:2015 "Quality Management System";
- → ISO 14001:2015 "Environmental Management System";
- ISO 45001:2018 "Occupational health and safety management system".

The certificates are available on the company's website at https://qazaqgaz.kz/korporativnye-dokumenty.









Demonstrating effectiveness



In order to improve the performance of financial and production indicators, the Company systematically monitors the impact factors that have a significant impact on the sustainability of operations. The most significant of them are:

changes in the balance of marketable gas;

- price/tariff changes;
- investment factors;
- the impact of changes in exchange rates;
- sanctions factors;
- changes in the structure of the group of companies.

# Financial and operational performance

QazaqGaz plays a key role in providing end consumers with marketable gas. It manages the centralized infrastructure for gas transportation through main gas pipelines and gas distribution networks, provides international transit and sells gas in domestic and foreign markets.

The production indicators (gas sales and production) show a positive trend compared to the same period of 2022. Thus,

gas sales in 2023 increased by 6% due to the growth of gas consumption in the domestic market.

A similar increase is observed in the indicator of gas production due to the commissioning of the Anabai field in Moyinkum district of Zhambyl region: from 277.555 million  $m^3$  in 2022 to 294.254 million  $m^3$  – In the reporting period.

TABLE 1. MAIN PRODUCTION INDICATORS OF QAZAQGAZ, UNITS.

Indicator	2021	2022	2023
Gas sales, mln m³ incl.	23 644	22 751	24 134
export	6 044	4 333	5 564
domestic market	17 600	18 419	18 570
Backbone transportation, mln m³ incl.	95 422	83 744	79 443
domestic gas transportation	21 146	21 956	22 663
international transit	60 067	52 513	45 748
gas transportation for export	14 209	9 275	11 031
Commodity transportation work, billion m *km³	55 927	48 661	46 478
Gas production, mln m³	278,182	277,555	294,254

The volume of gas transportation via trunk pipelines amounted to 79,443 mln m³, in which international transit accounted for the largest share (58%).



TABLE 2. BACKBONE TRANSPORTATION BY QAZAQGAZ GROUP OF COMPANIES, MLN M3

Indicator	2022	2023
Domestic gas transportation	21,956	22,663
JSC "Intergas Central Asia"	16,835	16,515
Asian Gas Pipeline LLP	1,361	1,370
JSC "KazTransGas Aimak"	-	_
Beineu-Shymkent Gas Pipeline LLP	3,761	4,778
International transit	52,513	45,748
JSC "Intergas Central Asia"	32,887	27,718
Asian Gas Pipeline LLP	19,440	17,836
Beineu-Shymkent Gas Pipeline LLP	186	195
Gas transportation for export	9,275	11,031
JSC "Intergas Central Asia"	4,942	5,564
Asian Gas Pipeline LLP	2,166	2,782
Beineu-Shymkent Gas Pipeline LLP	2,167	2,684

By mainline transportation component, the following changes are observed in 2023:

growth in the volume of domestic gas transportation compared to the previous reporting period, which is

associated with an increase in gas consumption in the domestic market of the Republic of Kazakhstan.

growth of gas transportation volume due to the increase of gas transportation exports to China.

TABLE 3. FINANCIAL INDICATORS OF QAZAQGAZ, MLN TENGE

Indicator	2021	2022	2023	Change (%)
Income from sales of products and services	896,255	952,283	1,081,209	14
Cost price	704,327	806,657	1,023,093	27
Gross profit	191,928	145,626	58,116	-60
Total profit	400,193	386,628	325,854	-16
Return on capital employed (ROACE)	20.3%	16.3%	12.03%	-26
Earnings before interest, taxes, depreciation and amortization (EBITDA)	552,185	495,249	379,395	-23
Revenues	938,510	1,042,126	1,142,035	10
Expenses	790,048	955,984	1,152,708	21
Profit (loss) for the period from continuing operations	400,193	386,628	325,854	-16

Operating income from gas sales for the reporting period increased by 14% compared to the same period of 2022. The growth was due to an increase in gas sales volumes due to new customers and increased consumption among households, as well as higher gas export volumes.

The change in EBITDA trend for the period 2021–2023 is due to an increase in the gas purchase price.

The change in profit (loss) for the period from 2021 to 2023 from continuing operations of the Company's group is due to an increase in the purchase price of gas. In addition, due to CIT expenses in connection with the amendments to Article 241 of the Tax Code of the Republic of Kazakhstan dated January 1, 2023 regarding the exclusion of dividends from the total annual income of taxpayers, the Group recorded a corresponding change in deferred tax liabilities in the amount of Tenge 26,329,572 thousand in relation to the investment in the joint venture.

# Overview of investment programs

Within the framework of implementation of strategic tasks outlined in the Company's Development Strategy and long-term Investment Program, QazaqGaz has focused on implementation of the following priorities over the past years:

- expansion of the resource base through commissioning of new gas fields;
- gasification of the country's settlements;
- uninterrupted supply of gas to end consumers;
- optimization of production and technological potential;
- modernization of the gas trunkline system;
- development of transit and export potential of the Republic of Kazakhstan.
- creation of a competitive gas chemical industry.

In recent years, there has been a significant increase in capital investments in investment projects aimed at ensuring energy security and improving the welfare of the population. FIGURE 2: CAPITAL INVESTMENTS IN NEW INVESTMENT PROJECTS FOR 2013–2023\*, KZT MLN, EXCLUDING VAT

2012 — 26,109

2013 — 40,607

2014 — 16,375

2015 — 40,572

2016 — 54,718

2017 — 82,261

2018 — 130,540

2019 — 46,951

2020 — 74,463

2021 — 34,721

2022 — 151,824

\*excluding the projects of the jointly controlled organizations – AGP and GBS

Thus, compared to the previous reporting period, there is a 2-fold increase in the volume of capital investments for the implementation of investment projects of QazaqGaz and its subsidiaries. This indicator amounted to 330,282 million tenge. The growth of investments is due to the expansion of the gas transportation system. In particular, construction of the second string of the main gas pipeline "Beineu-Zhanaozen" and gas infrastructure of the Almaty energy complex and GPP at the Kashagan field.



TABLE 4. INFORMATION ON INVESTMENTS, UNITS.<sup>2</sup>

Projects	Cost, mln tenge, excl. VAT	Implementation period, years.
Backbone transportation		
Construction of high pressure gas pipelines from AGDS to CHPP-2 and CHPP-3 in Almaty	80,778	2021-2024
Feasibility Study for "Construction of the second string of MG "Beineu – Bozoi – Shymkent"	2,104	2023-2024
Construction of Beineu - Bozoi - Shymkent gas pipeline	882,560	2011-2024
Construction of new CS-14 of Krasnooktyabrskoye LPU of Aktobe UMG and new MG "CS-14-Kostanai"	489,172	2023-2026
Construction of compressor station KS-10	246,941	2023-2026
Construction of the MG from the Kashagan GTF to the Makat-North Caucasus MG with a compressor station	77,301	2020-2023
Reconstruction of the gas transportation system in Mangistau Oblast	203,862	2021-2024
Construction of looping on the Makat-North Caucasus MG	93,047	2021-2023
Regional transportation		
Gasification of 3 settlements (Zhitikara town, Tobol settlement, Bolshaya Churakovka village) of Kostanay region	2,872	2021-2023
Construction of gas pipeline from AGDS to Sarsha locality with installation of 2 CCGTs 3	7,411	2021-2023
Construction of gas pipelines from AGDS to CHPP-2 and CHPP-3 in Almaty	9,786,7	2022-2023
Gas production		
Production group of the project "Development of the Amangelda Group of Gas Fields"	81,405	2012-2027
Pridorozhnoye field	108,684	2023-2032
Gas processing		
Construction of a gas processing plant at the Kashagan field	439,239	2021-2026
Gas-fueled infrastructure		
Construction of 2 CNG filling stations in Almaty city	1,039	2022-2025

<sup>&</sup>lt;sup>2</sup> The cost of projects varies depending on the currency of investment.

## Tax policy

### APPROACH TO FULFILLMENT OF TAX OBLIGATIONS

### / GRI 207-1 /

Declaring high standards of responsible business conduct, QazaqGaz attaches special importance to compliance with the current tax legislation of the Republic.

The Company's tax accounting policy determines the procedure for tax accounting, the control over proper fulfillment of which is ensured by the Company's management. It is realized through the implementation of approaches and a set of measures to identify, prevent and mitigate risks leading to failure of timely payment of tax liabilities.

By making tax payments, QazaqGaz provides a significant contribution to the socio-economic development of the regions and ensuring the growth of welfare of the population. The Company adheres to the best international practices in compliance with the principles of openness and transparency of dialogue with tax authorities, independent associations in order to minimize the risks of tax disputes.

### TAX PAYMENTS TO THE BUDGET IN THE CONTEXT OF 2020-2023 (THOUSAND TENGE)

2020	2021	2022	2023
63,694,253	52,666,316	106,409,050	69,770,372

Compared to 2022, the amount of tax payments to the budget decreased by 34%, amounting to 69.8 billion tenge. The decrease is due to an increase in the size of a number of payments, such as 1) value added tax on imports – 1.6 times (from 3.5 billion tenge to 5.8 billion in

2023) due to an increase in the volume of imports of Russian gas. 2) compulsory payments (social contributions, OPV and IPN). It should be noted that the decrease in tax payments in particular was due to the overpayment of CIT in 2022 of about 9 billion tenge.

### TAX RISK MANAGEMENT AND CONTROL

### / GRI 207-2 /

QazaqGaz has effective management and control in the field of tax accounting, implemented in accordance with the requirements of the Code of the Republic of Kazakhstan "On Taxes and Other Obligatory Payments to the Budget".

Tax risk management and control over payment obligations provides for systematic work in tracking legislative changes affecting the company's business processes, as well as identification of tax risks and updating of the approved register.

If they are identified, disclosure of information on them is provided for in the financial statements provided by the authorized structural unit on a quarterly basis.

Personal responsibility for tax issues is assigned to the Deputy Chairman of the Management Board for Economics and Finance, who delegates the responsibility for resolving day-to-day tax issues to the Tax Reporting Sector of the Central Accounting Department.

The Tax Reporting Branch is responsible for maintaining tax accounting, controlling and managing tax risks and ensuring that appropriate processes and systems are in place to control them.

The Company's Central Accounting Department and accounting departments of the group of companies closely cooperate with tax authorities in order to promptly identify and respond to potential risks. In cases when issues arise that require resolution at the level of QazaqGaz management, subsidiaries and affiliates inform the Company's Central Accounting Department and are guided by their decisions.



The Company has a proactive information line (hot line) covering the Company and its subsidiaries/subsidiaries/ subsidiaries, which is serviced by an independent operator. If facts of tax violations are identified, the Company's employees have an opportunity to address the issue through this option.

Any information related to taxation is regularly reviewed by external auditors during the audit of the Company's financial statements.

In 2023, based on the results of categorization of taxpayers by the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan, QazaqGaz was assigned a low risk level. This indicates effective management of tax risks and payments in accordance with applicable legal requirements, taking into account operational, economic and reputational factors.

### ENGAGEMENT WITH STAKEHOLDERS IN THE FIELD OF TAXATION

### / GRI 207-3 /

QazaqGaz is an active participant of various pilot projects of tax authorities aimed at continuous interaction of stakeholders in the field of taxation.

In order to obtain up-to-date information on changes in tax legislation, as well as to develop competencies, employees of the Central Accounting Department systematically participate in seminars and trainings, working groups, round tables, and working meetings held by government agencies and associations.

One of the indicative results of stakeholder engagement in 2023 is the introduction of a pilot project on Horizontal Monitoring, implemented under the Agreement on the interaction between QazaqGaz and the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan.

Its purpose is to diagnose business processes, information systems and internal control system for tax risk management. As part of the approved Roadmap for the GM in 2023, the following activities were implemented:

 The Regulations on Information Interaction between the CGD and the Company on the GM Pilot Project dated 31.01.2023 were agreed and approved;

- The composition of the GM Working Group with employees of the relevant departments was approved by the order of the Acting Chairman of the Company's Management Board No. 58 dated 05.05.2023;
- 3. A questionnaire on determining the level of automation of business processes and control functions of the Company was sent to the CDG;
- provided remote access through a secure channel to the Company's accounting systems in the format agreed with the CDG for testing with the signing of a Confidentiality Agreement with the CDG employees;
- 5. In December 2023, the Company acquired a license for the information system "Horizontal Monitoring Platform".
- A package of internal documents on financial and economic activities, current business processes, financial and economic indicators, accounting systems and internal control systems was sent to the CDG.

Participation in this project is expected to reduce tax risks, enhance the Company's business reputation and investment attractiveness.

### Plans for 2024 and the medium term

procurement of works on implementation and integration of the Horizontal Monitoring information system.

### Financial liabilities

In 2023, the international agency Fitch Ratings once again confirmed QazaqGaz's position as a strong player in the domestic market with a diversified business profile.

As part of the evaluation of the main criteria, Fitch Ratings notes strong ties with the state as a factor that means systematic support of QazaqGaz initiatives from the Government of

the Republic of Kazakhstan in the implementation of state policy in the field of energy security.

In addition, strategic and operational incentives effectively incorporated into management strategy, overall planning and business plan development are rated at a high level.

Rating agency	Date of confirmation / change of rating	Rating	Forecast
Standard & Poor's	25.04.2023	BB+	Stable
FitchRatings	14.02.2023	BBB-	Stable
Moody's	19.12.2022	Baa2	Stable

In 2023, work was carried out to improve the terms of financing under the loan documentation of QazaqGaz Group of Companies, namely:

- in March 2023, Asian Gas Pipeline LLP made a full early repayment of the loan to China Development Bank and Bank of China in the amount of US\$528.5 million;
- in November 2023, QazaqGaz fully repaid the principal debt in the amount of RUB 14.245 billion (equivalent to KZt 73.6 billion) to VTB Bank PJSC;
- during 2023, Beineu-Shymkent Gas Pipeline LLP made repayments on the loan to Bank of China in the amount
- of US\$311 million, including early repayments of US\$211 million, on schedule of US\$100 million, resulting in the loan maturity being reduced from 2029 to 2027 and the debt at the end of 2023 amounting to US\$364 million;
- during 2023 Intergas Central Asia JSC and KazTransGas Aimak JSC made repayments on loans according to the payment schedule to the European Bank for Reconstruction and Development, Development Bank of Kazakhstan JSC and Halyk Bank of Kazakhstan JSC in the amount of KZT 18.36 billion.

TABLE 5. TOTAL CONSOLIDATED DEBT OF QAZAQGAZ AS OF DECEMBER 31, 2023

Debt, mln tenge	2020	2021	2022	2023
Total debt	611,368	683,940	606,110	471,896
Cash and cash equivalents	246,300	382,704	577,128	66,771
Net debt	365,069	301,235	28,981	405,125

### TABLE 6. FINANCIAL COVENANTS OF QAZAQGAZ

Covenanters <sup>3</sup>	2020	2021	2022	2023
Debt/Equity ≤1.4	0.44	0.38	0.28	0.19
Debt/EBITDA ≤3.8	1.74	1.24	1.21	1.24
EBITDA/Interest expense ≥3.0	9.54	13.06	7.96	6.28

<sup>&</sup>lt;sup>3</sup> The ratios are calculated according to the Debt and Financial Stability Management Policy of Samruk-Kazyna JSC.



# On payment of dividends based on results for 2023

By the decision of the Sole Shareholder of the Company approved the annual financial statements and approved the payment of dividends for 2023 in the amount of 7% of the consolidated net income of QazaqGaz for 2023 in the amount of 22,809,826,806 (Twenty-two billion eight hundred and nine million eight hundred and twenty-six thousand eight hundred and six) tenge on common shares.

### **Projected figures for 2024**

According to the forecast of macroeconomic indicators in the gas industry QazaqGaz in 2024, the volume of natural gas production is expected to be 306 million m³ and the volume of natural gas sales – 23,667 million m³.

### Plans for 2024 and the medium term

- Attracting investment for the construction of a modern gas processing plant at the Kashagan field to increase processing capacity and the resource base of marketable gas in the country.
- Attraction of investments for construction of a new compressor station "KS-14" and main gas pipeline "KS-14 Kostanay" in Aktobe and Kostanay regions. The project is of strategic importance and is aimed at gasification of both settlements and large investment projects in Kostanay region.
- Attracting investments for the construction of the second string of the main gas pipeline "Beineu-Bozoi-Shymkent", which is an important gas artery providing gas to the southern and central regions of Kazakhstan.





Managing sustainable development



# Approach to sustainable development management

### / GRI 3-3, GRI 2-24 /

QazaqGaz is committed to the principles of sustainable development at all stages of its operations and promotes responsible business practices.

ESG-principles are integrated into the Company's Development Strategy and form the basis of its organizational culture and corporate values of QazaqGaz.

The Company's sustainable development areas include: environmental responsibility, ensuring safe working conditions, development of human resources and maintaining business ethics. These areas fully correlate with the principles of the UN Global Compact, the Sustainable Development Goals and the provisions of other international standards.

The year 2023 was marked by significant progress in corporate sustainability management through the development and implementation of internal policies governing sustainability aspects. The regulation of relevant business processes ensured the following results:

■ The company for the first time received an ESG rating from Morningstar Sustainalytics rating agency, which characterizes the company's low level of exposure to ESG

- risks. QazaqGaz ranked 1st in Kazakhstan and seventh among global gas transportation companies. Based on the rating agency's report, a Corrective Action Plan was developed and implemented to improve the Company's sustainable development system.
- The 29 non-financial sustainability indicators presented in this CSI for 2023 have been independently assured.
- QazaqGaz for the first time entered the TOP-3 rating for ESG disclosure according to PwC Kazakhstan. All this testifies to the Company's compliance with high standards of responsible business conduct and low sustainability risks.
- Developed and approved key internal regulatory documents<sup>4</sup>: Sustainable Development Policy, Human Rights Policy, Community Engagement Policies, Quality Policy, Anti-discrimination and Harassment Policy, Diversity and Inclusion Policy, Freedom of Association Policy, Climate Change Policy.
- ▶ Meetings were held to discuss issues related to the management of sustainable development aspects within the framework of the Sustainable Development Project Office.
- The Company's approaches to sustainable development have been revised, allowing for more effective integration of sustainable practices into all aspects of operations.

<sup>&</sup>lt;sup>4</sup> The above documents can be found on the Company's website.



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

### / GRI 2-23 /

Throughout 2023 QazaqGaz continued to work on ESG-transformation through improvement of practices and formalization of procedures for implementation of policies in this area.

First of all, the activities were related to the approval and implementation of new internal policies and standards regulating business processes on occupational health and safety, environmental protection, HR management, community involvement, etc.

In the reporting year, the Company's ESG activities were regulated by the following corporate documents:

- Corporate Governance Code;
- Code of Business Ethics;
- Orporate standard for occupational safety management;
- Sustainable Development Policy;
- Policies for the protection of human rights;
- Policies against discrimination and harassment;
- Diversity and Inclusion Policy;
- Community Engagement Policy;
- Personnel Policies;
- → Environmental Policy;
- → Anti-corruption policy;
- → The politics of freedom of association;
- Policy on settlement of conflicts of interest among the Company's employees and officers:
- Staff training and development policy;
- Health, safety and occupational health and safety policy;
- Policy on development of the management system in the field of labor protection, industrial safety and environmental protection;
- → Information Security Policy;
- Policy on the Company's corporate risk management system, etc.
- Salary Regulations;
- Rules for checking counterparties for trustworthiness;
- Employee training and development rules;
- Rules for the formation and training of the personnel reserve:

- Remuneration rules for management and administrative staff:
- Rules for the training of young professionals;
- Search and recruitment rules;
- → Collective Bargaining Agreement;
- → Anti-Corruption Standard.

### Plans for 2024 and the medium term

The Company plans to develop and approve various environmental and social programs, including:

- QazaqGaz low-carbon development program;
- → Biodiversity Conservation Program;
- Climate Risk Management Program;
- Hazardous Waste Management Program;
- → Water Management Program;
- Human Capital Development Plan;
- Lean consumption implementation plan;
- Training programs on anti-corruption measures.



### SUSTAINABLE DEVELOPMENT MANAGEMENT STRUCTURE

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

QazaqGaz continuously improves its approaches to sustainability management, as its principles and values are fundamental in organizing activities at all levels of management.

At the strategic level, sustainability issues fall under the purview of the Board of Directors. Its Committees monitor the implementation of key principles, including by reviewing the reporting within the QazaqGaz Integrated Annual Report on key achievements in this area.

In 2023, the Board of Directors approved the Company's Development Strategy until 2032, as well as key internal regulatory documents governing this area. In addition, the provisions of the existing committees under the Board of Directors were updated to integrate the principles and strategic objectives in the area of sustainable development into their functions.

**At the management level**, members of the Management Board supervise activities in the following areas:

- → Improvement of the SD management system;
- stakeholder engagement;
- execution of activities and programs within the framework of ESG directions;
- monitoring the implementation of the Sustainable Development Goals and KPIs;
- approval of material topics within the preparation of QazaqGaz non-financial statements.

The operational level involves the implementation of initiatives and activities to achieve sustainability goals, objectives and KPIs. The zone of responsibility of structural subdivisions includes operational management of specific aspects of ESG. In particular, the zone of responsibility for specific tasks includes the following structural subdivisions at the central office level:

- The Strategy and Sustainable Development Department oversees sustainable development issues. The Department regularly analyzes internal regulations, practices and the internal control system, and promotes the implementation of the Company's sustainable development practices and principles for timely updates and identification of areas for improvement.
- ▶ The HSE (Health, Safety & Environment) service is responsible for the management of environmental protection, occupational health and safety.
- The Department of Human Resources Management and Remuneration performs social and personnel management functions.
- The Compliance Service and the Corporate Secretary Service are responsible for corporate governance.

Each structural unit at the level of the Head Office and SDCs, within the scope of its authority, plays a significant role in coordinating the management of sustainable development practices, as well as in implementing the Company's contribution to the UN SDGs.

### **EVENTS IN THE REPORTING PERIOD**

/ GRI 2-17 /

### **OBTAINING THE FIRST ESG RATING**

Morningstar Sustainalytics, an international rating agency, has for the first time assessed the sustainability of QazaqGaz Group's operations. The received ESG-rating of 19.2 confirms the company's low sustainability risks and high standards of responsible business conduct. In the Sustainalytics rating, the Company was ranked seventh among international gas companies in the world.







### **CDP CLIMATE PROGRAM**

In 2023, QazaqGaz published for the first time the 2022 Climate Questionnaire as part of the Carbon Disclosure Project (CDP) Climate Program. The questionnaire includes data on direct and indirect greenhouse gas emissions for all QazaqGaz assets, which emphasizes the company's commitment to transparency and responsibility in climate impact issues.

### INDEPENDENT ASSURANCE OF ANNUAL REPORT FIGURES

In 2023, the procedure of independent assurance of sustainability indicators presented in QazaqGaz Integrated Annual Report 2022 was carried out for the first time.

### SIGNIFICANT TOPICS

In December 2023, the QazaqGaz Board approved material topics for disclosure in the Company's 2023 Integrated Annual Report. These topics were identified in accordance with GRI Standards 2021 and GRI Industry Standard 11: Oil and Gas Sector 2021.

### **CORPORATE GOVERNANCE DIAGNOSTICS**

In 2023, in order to ensure control and transparency of the system of corporate governance functioning, the Company's Internal Audit Service carried out its diagnostics.

In accordance with the Methodology of corporate governance diagnostics of JSC Samruk-Kazyna, the analysis was carried out in five key sections:

 Effectiveness of the Board of Directors and the Executive Body: assessment of the Board of Directors' and the Executive Body's performance, their interaction and strategic decision-making.

- 2. Risk management: Analysis of the risk management system, its adequacy and effectiveness in identifying and minimizing risks:
- 3. Internal Control and Audit: Assessment of internal control and internal audit systems and their ability to ensure reliability of financial reporting and compliance with regulatory requirements.
- 4. Sustainable Development: Assessment of the company's sustainable development policies and practices, including environmental, social and governance aspects.
- Shareholder Rights and Transparency: Analyze
  the protection of shareholder rights and the level of
  transparency of the company's operations, including
  disclosure and corporate reporting.

Based on the results of the diagnostics, the Company has developed a corrective action plan to improve the corporate governance system.

### Plans for 2024 and the medium term

The Company aims to implement the following sustainable development activities:

- obtaining an international climate rating from the Carbon Disclosure Project (CDP);
- onfirmation of ESG rating at "Low risk" level;
- implementation of a corrective action plan to improve the ESG system;
- holding events for the Group's employees to raise awareness and popularize adherence to ESG principles;
- joining the UN Global Compact membership;
- development of a low-carbon development program QazaqGaz;
- Development of a decarbonization strategy and roadmap;
- development and implementation of internal regulatory documents in the field of sustainable development, including in accordance with the requirements of international rating agencies;
- ▶ Implement ESG risk and opportunity assessment practices as part of the TCFD 2024–2025 Climate-related Financial Disclosure Working Group recommendations;
- If the internal audit of the Company's corporate governance system.

# **Company reporting**

This Integrated Annual Report of QazaqGaz for 2023 discloses information on financial and economic, operational activities in the field of gas production and transportation, as well as data on the Company's results in the field of sustainable development management.

The document was developed in accordance with the Global Reporting Initiative (GRI) and International Integrated Reporting Framework reporting standards, as well as the industry standards GRI 11: Oil and Gas Sector Disclosures.

As part of the development of the 2023 Report, a list of material topics was determined in accordance with the updated GRI methodology and approved by the Company's Management Board. In addition, verification was carried out for 29 GRI indicators. The independent auditor KPMG LLP gave a positive opinion on the completion of verification procedures.

The report has been published on the Company's official website since 2013 and is in line with the best practices of corporate governance, the Company's Information Policy Regulations, and sustainability reporting standards.





# UN Priority Sustainable Development Goals

In determining the priority areas of activity in the field of sustainable development, QazaqGaz declares its commitment to the principles of the UN Global Compact and the UN SDGs, as well as compliance with the provisions of other international standards and initiatives in this area.

Taking into account the specifics of the Company's activities: business profile and strategic goals of the Company, QazaqGaz makes a significant contribution to the seven priority SDGs.

TABLE 7. UN SDGS AND SIGNIFICANT SUSTAINABLE DEVELOPMENT THEMES IN QAZAQGAZ JSC

SDGS	Essential topic	Objectives of the SDGs	Objectives, projects and results
		E: The environmental aspect	
SDG 13. Taking urgent action to combat climate change and its impacts  13 CLIMATE ACTION	Pollutant emissions	<ul> <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, focusing in particular on women, youth and local and marginalized communities.</li> </ul>	<ul> <li>operation of the dry emission suppression system (SoLoNOx);</li> <li>operation of compressor stations with gas compressor units and dry emission suppression system in QazaqGaz Group of Companies;</li> <li>operation of units with a low-emission combustion system;</li> <li>regulation of boiler units operation modes at night, weekends and holidays in administrative and production facilities of subsidiary organizations.</li> </ul>
SDG 7: Ensure universal access to affordable, reliable, sustainable and modern energy for all  7 AFFORMABLE AND CLEAN ENERGY	Energy management	<ul> <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, enhance 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 supply in all developing countries, in particular least developed countries, small island developing States and landlocked developing countries, taking into account their respective support programmes.</li> </ul>	<ul> <li>increasing the share of RES in total energy consumption;</li> <li>generation of heat and electricity from RES for own needs;</li> <li>replacement of inefficient cathodic protection stations with new generation stations at gas trunkline facilities;</li> <li>replacement of existing outdoor lighting fixtures at the industrial site with energy-efficient LED analogs at compressor stations.</li> </ul>



#### **SDGS Essential topic** Objectives of the SDGs Objectives, projects and results S: The social aspect SDG 3: Ensure healthy Occupational 3.12 Substantially increase health O, 12 Lost Time Injury Frequency lifestyles and promote safety, industrial financing and the recruitment, Rate (LTIFR); well-being for all at all safety and development, training and O20 people were trained in HSE. ages emergency retention of the health workforce preparedness in developing countries, particularly in least developed countries and small island developing States; → 3.13 Build the capacity of all countries, especially developing countries, in early warning, risk reduction and management of national and global health risks. SDG 5. Ensure gender Anti-→ 5.1 Eliminate all forms of 19% share of women among equality and empower all discrimination, discrimination against all women employees; women and girls eaual and girls everywhere; There were no incidents of opportunities 5.5 Ensure women's full and discrimination in 2023. and respect for meaningful participation human rights and equal opportunities for leadership at all levels of decision-making in political, economic and public life. SDG 9: Build resilient Innovation and 9.1 Develop quality, reliable, Continued implementation infrastructure, promote science sustainable and resilient of infrastructure projects on inclusive and sustainable gasification of the country in infrastructure, including regional industrialization and and cross-border infrastructure, accordance with the General innovation to support economic Scheme of Gasification of the Republic of Kazakhstan for development and human wellbeing, with a focus on affordable 2022-2030. and equitable access for all; → 9.4 By 2030, modernize infrastructure and retrofit industrial plants, making 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, particularly in developing countries, including by stimulating innovation and significantly increasing the number of research and development (R&D) workers per 1 million people and public and private R&D expenditure by 2030.



### SDGS

SDG 11. Making cities and human settlements open, safe, resilient and environmentally sustainable



### Essential topic

Local communities

### Objectives of the SDGs

11.a. Support positive economic, social and environmental linkages between urban, periurban and rural areas through improved national and regional development planning.

### Objectives, projects and results

- construction of a gas processing plant based on raw materials from the Kashagan field;
- construction of the Beineu –
   Bozoi Shymkent gas pipeline;
- gasification of the Sarsha area and the Teply Beach resort area;
- functioning of feedback mechanisms.

### G: The corporate governance dimension

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



Human resources management and social policy

- 8.5 By 2030, ensure 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.
- social stability rating (within the Samruk Research Services platform) – 68%;
- the turnover rate is 5.28%.



# Group activities in the context of national or international sustainable development programs

The implementation of QazaqGaz's long-term goals contributes to a number of program and strategic documents of the country, including energy security and decarbonization:

- Law on Industrial Policy, SIPRI (Law of the Republic of Kazakhstan dated December 27, 2021 No. 86-VII):
- Goal: To improve the competitiveness of industrial production.
- Target level of marketable gas production in the RK: 35 billion cubic meters of marketable gas.
- Strong regions the driver of the country's development (national project approved by the Resolution of the Government of the Republic of Kazakhstan dated October 12, 2021 № 729):
- Goal: To ensure equitable access to basic services and improve social well-being.
- → Target gasification rate: 70%

### Interaction with stakeholders

### / GRI 2-29 /

One of the key objectives of QazaqGaz is to provide sustainable value for all stakeholders influencing the formation of the Company's goals, values and strategies.

Special importance is given to identifying stakeholders and working with them through the implementation of various methods of interaction (feedback channels, direct dialog and the system of exchange of opinions). This is one of the effective tools aimed at improving the business reputation.

Regulation of the order of interaction with stakeholders is defined in the Stakeholder Map, which shows the levels of their support or opposition, assessment of their influence on the activities of QazaqGaz. Based on these assessments, the strategy of interaction of the Company's structural units with all stakeholders is developed with the definition of instruments of influence on them.

The key regulatory documents governing stakeholder engagement processes are:

- Stakeholder map;
- Disclosure Policy;



- Community Engagement Policy;
- Corporate Governance Code;
- Sustainable Development Policy;
- Policy on corporate risk management system;
- Rules for checking counterparties for trustworthiness;
- → Anti-corruption policy;
- Health, safety and occupational health and safety policy;
- Documented procedure Monitoring of customer and other stakeholder satisfaction;

Code of Business Ethics, etc.

The process of identification of stakeholders for the development of further cooperation is based on the assessment of their impact on the current operational activities and strategic development of QazaqGaz, taking into account the existing experience and actual results of the company for the reporting period.

### STAKEHOLDERS OF QAZAQGAZ AND MECHANISMS OF INTERACTION WITH THEM

Stakeholder	Mechanisms of interaction	Company's Actions
Shareholder	<ul> <li>decisions of the Company's Board of Directors;</li> <li>holding meetings, negotiations, appointments;</li> <li>channels of intra-corporate communication.</li> </ul>	<ul> <li>timely and complete provision of information on the Company's activities;</li> <li>ensuring protection of rights and legally protected interests of the Sole Shareholder and shareholders of SACs.</li> </ul>
Subsidiary organizations	<ul> <li>decisions of the Company's Board of Directors;</li> <li>Company reporting;</li> <li>holding meetings, negotiations, appointments;</li> <li>signing of treaties, memorandums, agreements;</li> <li>orders and instructions of the Company;</li> <li>Company's website.</li> </ul>	<ul> <li>Ensuring stable financial development, profitability, increasing the investment attractiveness of QazaqGaz and its subsidiaries and affiliates;</li> <li>ensuring protection of rights and legally protected interests of the Sole Shareholder and shareholders of SACs;</li> <li>harmonization of relations between the Sole Shareholder, officials and employees of the Company and SDCs, taking systematic measures to prevent conflicts between them and within these groups;</li> <li>development and implementation of effective strategy and investment policy of QazaqGaz and its subsidiaries and affiliates.</li> </ul>
State authorities	<ul> <li>Company reporting;</li> <li>inspections of compliance with the legislation of the Republic of Kazakhstan;</li> <li>holding meetings, negotiations, appointments;</li> <li>direct interaction via e-mail.</li> </ul>	<ul> <li>conclusion of social partnership agreements;</li> <li>ensuring transparency in the payment of taxes and disclosure of tax information.</li> </ul>
Population in regions of operation	<ul> <li>→ feedback channels;</li> <li>→ press conference;</li> <li>→ public hearings;</li> <li>→ Company reporting;</li> <li>→ website, social media.</li> </ul>	<ul> <li>support for socially vulnerable groups of the population;</li> <li>development of projects in the Company's priority areas of economy, implementation of significant charitable projects in social, cultural and educational spheres;</li> <li>participation in socially significant events;</li> <li>participation of the Management Board in conferences, forums, round tables dedicated to the development of Kazakhstan's economy;</li> <li>Ensuring that feedback mechanisms are in place.</li> </ul>
MEDIA	<ul> <li>publication of press releases, information messages, articles on the Company's website and in mass media;</li> <li>holding press conferences, press</li> </ul>	<ul> <li>organizing and conducting press conferences, interviews, meetings;</li> <li>visits to production facilities;</li> <li>issuing press releases;</li> <li>organization of corporate events;</li> </ul>



Stakeholder	Mechanisms of interaction	Company's Actions
Employees	<ul> <li>feedback channels;</li> <li>meetings and face-to-face meetings with management;</li> <li>employee performance evaluations;</li> <li>Company reporting;</li> </ul>	<ul> <li>creating a favorable working environment;</li> <li>Providing an environment for learning and education;</li> <li>ensuring equal opportunities for the realization of employees' potential in the process of labor activity;</li> <li>employee performance appraisal;</li> <li>recruitment and career development of employees solely on the basis of professional abilities, knowledge and skills;</li> <li>holding annual and quarterly management meetings with work teams;</li> <li>publication of information on the social policy and social responsibility in the Company's activities;</li> <li>Ensuring that feedback mechanisms are in place.</li> </ul>
Trade unions	<ul><li>Company reporting;</li><li>public hearings;</li><li>signing of contracts and cooperation agreements.</li></ul>	<ul> <li>Compliance with occupational health and safety and human resources management standards;</li> <li>compliance with the terms of contracts and agreements.</li> </ul>
Suppliers and contractors	<ul> <li>holding meetings;</li> <li>business correspondence;</li> <li>signing of contracts and agreements;</li> <li>Company's website;</li> <li>Company reporting.</li> </ul>	<ul> <li>adherence to the principles of openness and honesty;</li> <li>observance of the interests of mutual benefit, understanding of full responsibility for the obligations undertaken;</li> <li>Compliance with all terms and conditions of the contractual relationship;</li> <li>showing respect and integrity in relationships in accordance with the Code of Business Ethics and the Corporate Governance Code.</li> </ul>
Associations and associations	<ul> <li>signing of contracts and cooperation agreements;</li> <li>company reporting;</li> <li>meetings;</li> <li>participation in events.</li> </ul>	<ul> <li>the Company's participation in improving the country's industry business;</li> <li>assistance in promoting the Company's legislative initiatives.</li> </ul>
Partners	<ul> <li>meetings, negotiations, business correspondence;</li> <li>Company reporting;</li> <li>Company's website.</li> </ul>	<ul><li>adherence to the principles of business ethics;</li><li>risk management.</li></ul>
Clients	<ul> <li>feedback system;</li> <li>meetings and negotiations;</li> <li>Company reporting;</li> <li>signing of contracts and agreements.</li> </ul>	<ul> <li>compliance with the terms of contracts and agreements;</li> <li>compliance with the Code of Business Ethics.</li> </ul>

The Company's engagement process with key stakeholders is based on compliance with the following principles:

- Respecting and taking into account the interests, opinions and preferences of stakeholders;
- Timely and regular informing of stakeholders;
- Responsible fulfillment of commitments made.



# Participation in associations and adherence to international principles

### / GRI 2-28 /

Membership in associations is an important element of the Company's Development Strategy, contributing to the exchange of experience, establishment of partnerships and strengthening the status and reputation of QazaqGaz both internationally and nationally. In order to quickly and effectively achieve the goals of developing best practices, QazaqGaz is guided by the principles of openness, constructive dialog and responsibility in its interaction with government authorities and other stakeholders. These principles are the basis for creating economic value for the company and promoting the principles of sustainable development.

TABLE 8. MEMBERSHIP OF QAZAQGAZ AND AFFILIATED ORGANIZATIONS IN ASSOCIATIONS AND UNIONS

Association/Union	Organizations
KAZENERGY is a non-profit association of legal entities of the oil and gas and energy complex, including production and transportation, service and geophysical, uranium and other transnational companies. Promotes sustainable development of oil and gas and energy complexes of the Republic of Kazakhstan.	<ul> <li>JSC NC QazaqGaz</li> <li>JSC Intergas Central Asia</li> <li>JSC KazTransGas Aimak</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>QazaqGaz Onimderi» LLP</li> </ul>
National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken" is a non-profit organization established to strengthen the negotiating power of business with the Government of the Republic of Kazakhstan and state authorities.	<ul> <li>JSC NC QazaqGaz</li> <li>JSC Intergas Central Asia</li> <li>JSC KazTransGas Aimak</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>QazaqGaz Onimderi LLP</li> </ul>
Association of Taxpayers of Kazakhstan is a non-profit organization established to help protect the legitimate rights and interests of taxpayers, improve their knowledge in order to ensure voluntary and timely payment of taxes.	JSC Intergas Central Asia
Kazakhstan Welding Association KazWeld – Kazakhstan Authorized Body for accreditation of training centers for training and education of welding specialists from workers to engineers under the program of the International Institute of Welding (IIW).	JSC Intergas Central Asia
"Union of Power Engineers of the Republic of Kazakhstan" – unification of Kazakhstan scientific, design and educational institutes in the field of energy, energy services of industrial enterprises, manufacturers of energy equipment to address the issues of energy supply of industrial enterprises, advanced training of energy services employees, provision of existing regulatory and technical documentation in Kazakhstan.	JSC Intergas Central Asia
National Business Association IRIS is a non-profit organization, which unites representatives of business circles of the Republic of Kazakhstan with the purpose of assistance in protection of legal rights and interests of entrepreneurs, stimulation of entrepreneurship development in the Republic of Kazakhstan. It contributes to increasing the interest of public authorities and management bodies in the development of entrepreneurship, providing an opportunity for all members of the Association to freely express and defend their interests, etc.	JSC Intergas Central Asia



Integrating the environmental dimension (E)





### Key indicators for 2023

- 3,967.47 total amount of waste generated;
- 1,113 mln tenge environmental protection costs
- ≥ 144,553.9 tons/year pollutant emissions
- ▶ 6,234.5 thousand tons of CO₂-eq greenhouse gas 

  ▶ Waste Management; emissions

### Significant topics

- Environmental Management System;
- Water Resources:
- Pollutant emissions;
- Biodiversity;
- Climate Change;
- Energy Management.

#### Relevant UN SDGs

- SDG #7: affordable and clean energy;
- SDG #13: Combat climate change.

### **GRI** indicators

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

# **Environmental management** system

### / GRI 3-3 /

QazaqGaz gives top priority to the management of issues related to environmental stewardship and responsible management of environmental aspects.

In order to reduce the negative impact on the environment, the Company adheres to the Environmental Policy approved by the Decision of the Board of Directors of QazaqGaz (Minutes #17 dated 05.09.2022). The policy is aimed at reducing the negative impact on the environment and managing environmental risks to achieve environmental safety. This document sets forth the main provisions regulating the Company's environmental protection activities:

- ompliance with the requirements of the legislation of the Republic of Kazakhstan, international, national, industry standards and internal documents of the Company;
- prevention of environmental pollution by reducing the negative impact on the environment;
- ensuring accident-free operation and maintenance of equipment and pipelines to minimize the risks of environmental pollution in case of accidents;
- reduction of pollutant and greenhouse gas emissions;
- reducing waste generation and increasing the share of recyclable waste;

- taking possible measures to conserve climate and biodiversity;
- Ensuring continuous improvement of environmental management systems and indicators.

QazaqGaz has implemented a Health, Safety and Industrial Safety Policy, which reflects the Company's commitment to minimize its environmental impact. In its activities, the Company strictly follows the main principles of this Policy aimed at preventing negative environmental impact, as well as improving energy efficiency of production processes to reduce emissions of pollutants and greenhouse gases.

In 2023, HSE developed and implemented the Documented Procedure "Green Office Concept". This concept establishes requirements to the parameters and characteristics of an environmentally efficient office for responsible ecoprocurement, resource conservation, separate collection of solid municipal waste with subsequent recycling, and environmental education of employees.

The requirements of this concept are aimed at saving natural resources used in the maintenance/operation of the office, creation of an ecosystem/microclimate favorable for employees, implementation of environmental infrastructure, as well as the formation of an image of an environmentally responsible company.



In addition, a Documented Procedure "Identification of Environmental Aspects" has been developed, which provides QazaqGaz with a unified approach to identification of environmental aspects, assessment of environmental risks of their impact on the environment and development of necessary control measures.

The Climate Change Policy approved by the decision of the QazaqGaz Management Board, Minutes #26 dated September 15 is in effect. This Policy establishes the main principles of activities, commitments, initiatives and targets in the field of climate change.

QazaqGaz Emissions Management Policy was developed and approved. The purpose of this Policy is to ensure effective emission management to minimize environmental impact, increase sustainable development for the implementation of the Climate Change Policy of NC QazaqGaz JSC and the Development Strategy of the Company as a whole.

A documented procedure "Environmental Management System" was developed for QazaqGaz. This document establishes unified principles, requirements and recommendations for environmental management in the process of the Company's and SDCs' activities. The procedure defines the processes in the field of environmental protection and their results, establishes the order of their implementation and application, defines criteria and methods that ensure the effectiveness of process management.

It should be noted that the Group of Companies has an Industrial Environmental Control Program for each production facility separately.

According to Chapter 13 of the Environmental Code of the Republic of Kazakhstan dated January 2, 2021, No. 400-VI ZRC, the Program of industrial environmental control is part of the environmental permit and contains general information on the company, information on organized sources of emissions, wastewater discharges, impact on atmospheric air, soil cover, information on production and consumption waste. In accordance with this Program, the company monitors environmental performance and implements environmental protection measures, including:

- control over compliance with the established emission standards at pollution sources;
- monitoring of impact on atmospheric air at the boundary of the sanitary protection zone (SPZ), groundwater and soil:
- ontrol of waste accumulation.

According to the environmental legislation, all structural subdivisions of QazaqGaz report to the state authorities. On a quarterly basis, the Company provides information on payment for environmental emissions to the tax register, as well as reports on the implementation of the Industrial Environmental Control Program, which are published on the ecoportal.kz website. The following documents are prepared and submitted to the state authorities on an annual basis:

- report on the implementation of the Environmental Action Plan:
- report for the State Pollutant Transport Registry (SPTR);
- PCB-containing equipment accounting registry;
- waste inventory report;
- Form 2-TP air, Form 4-OA;
- report on inventory of greenhouse gas emissions.

In addition, the Company prepares information requested by the Departments of Ecology and other stakeholders as and when requested.

In the reporting year, as part of its environmental management system, QazaqGaz joined the Association of Legal Entities Kazakhstan Association of Regional Environmental Initiatives "ECOJER". Cooperation with the Association is aimed at achieving environmentally sustainable growth by the company, as well as ensuring a balance between economic development and minimization of negative impact on environmental quality.

In addition, the Company currently interacts with national associations KAZENERGY, NPP "Atameken" to discuss environmental issues and their implementation, and actively participates in working groups, meetings and online-offline meetings.

The Company performs environmental impact assessment (EIA) or simplified environmental expertise of project documentation, which is necessary for the preparation of design and estimate documentation for the construction of new facilities as part of production activities.

In order to comply with the principles of sustainable development, each of the Company's production facilities develops and approves an Environmental Action Plan. It includes a list of measures to reduce the negative environmental impact, the timeframe for their implementation, the scope and sources of funding, and a list of officials responsible for their implementation.



QazaqGaz pays special attention to training and retraining of personnel, as well as professional development of employees.

In 2023, the Company held 3 training seminars on the following topics: "Climate Risks", "Calculation of Greenhouse Gas Emissions, Report Preparation and Completion of CDP

Online Reporting", "Innovations of the Environmental Code in the field of environmental regulation, waste management and industrial environmental control".

During the reporting period, 37 employees of the Company and SDCs underwent training and received certificates of advanced training in the field of environmental protection.

#### MANAGEMENT STRUCTURE AND TOOLS

#### / GRI 3-3 /

The Company's environmental management is assigned to the HSE Service, which was established in 2022. The Head of the Service reports to the Chairman of the Management Board and is responsible for environmental issues and actions. The main functions of this service are industrial safety, labor protection and environmental protection.

Departments, production control, occupational health and safety and environmental protection services have been formed at the subsidiary level, which, among other functions, supervise environmental protection issues for each subsidiary.

#### INVESTMENTS AND ENVIRONMENTAL PAYMENTS

In order to reduce its negative environmental impact, the Company annually implements environmental protection measures and initiatives. On an annual basis, when obtaining environmental permits, SDCs develop environmental action plans that include environmental protection, energy conservation and energy efficiency.

In 2023, funds in the amount of KZT 505.8 mln were allocated and utilized for the implementation of environmental

protection measures. Expenditures on environmental protection vary depending on planned works, generated emissions, waste, required costs for project documentation, as well as planned contracts.

Due to the late receipt of an environmental permit in the reporting year, a fine was imposed, which was paid in due time in accordance with the established legislation.

TABLE 9. EXPENDITURES ON ENVIRONMENTAL PROTECTION, MLN TENGE

Expenses for environmental protection	2021	2022	2023
Other environmental costs	1,681,9	3,860.1	480.9
Research and development	40.9	5.6	24.9
Fee for HBOC (negative impact on the environment)	556.2	498.9	607.8



## Water resources

#### MANAGEMENT APPROACH

#### / GRI 3-3 /

QazaqGaz attaches great importance to the management and rational use of water resources. The Company carries out water withdrawal in full compliance with the current legislation.

The branches of JSC Intergas Central Asia approved the Action Plan for 2020–2024 aimed at possible reduction of fresh water use and reduction of discharges of normatively treated water by reducing transportation losses. In addition, this subsidiary signed a statement of commitment to the principles of rational water resources management "8 Water Principles".

#### / GRI 303-1 /

In carrying out production activities, surface water bodies and underground sources are used as the main sources of water supply, and the Company does not take seawater.

At the facilities of Intergas Central Asia JSC water is supplied by water supply organizations on a contractual basis, except for such facilities as CS-11, CS-14, UMG "Aktobe", CS-5, UGS "Akirtobe" UMG "Taraz", UGS Poltoratskoye, CS-Samsonovka UMG "Shymkent", Ural LPU, and Chizhinskoe LPU UMG "Uralsk", water intake for which is made from underground sources.

The Company has no significant negative impact on water bodies, except for water intake for drinking, domestic, industrial and technical needs. Water for enterprises is supplied under contract with municipal water supply organizations. No targets for reducing water consumption are set, as the Company's impact on water resources is insignificant.

#### / GRI 303-2 /

In 2023, the Company's wastewater did not exceed the maximum permissible discharge limits established by the legislation of the Republic of Kazakhstan. In terms of chemical composition, they do not contain elevated concentrations of heavy metals and other pollutants.

It should be noted that domestic wastewater undergoes multi-stage treatment. First, wastewater is sent to treatment facilities for biological treatment. Then the treated water goes to filtration fields or evaporation ponds.

The Company continuously monitors discharges and wastewater treatment on a systematic basis.

#### / GRI 303-5 /

During 2023 QazaqGaz carried out water withdrawal in the amount of 909.82 megaliters. At the same time, discharges amounted to 317 megaliters. Total water consumption of the Group of Companies reached 727 megaliters.





#### TABLE 10. TOTAL WATER WITHDRAWAL BY SOURCE FOR 2023, MEGALITERS

#### / GRI 303-3 /

Indicator	from all regions	from water scarce regions
Surface water	-	-
Fresh water	-	-
Other water	-	-
Groundwater	398.14	-
Fresh water	398.14	-
Other water	-	-
Seawaters	-	-
Fresh water	-	-
Other water	-	-
Formation water	-	-
Fresh water	-	-
Other water	-	-
Water of third-party organizations	512.11	-
Fresh water	512.11	0.33
Other water	-	-
Total water intake	910.25	0.33

#### TABLE 11. TOTAL WASTEWATER DISPOSAL BY DESTINATION FOR 2023, MEGALITERS

#### / GRI 303-4 /

Indicator	from all regions	from water scarce regions
Artificial water bodies (evaporation ponds, storage ponds and filtration fields)	177.20	-
Sewer	139.90	-
Total wastewater disposal, incl:	317.11	-
Fresh water	317.11	-

#### TABLE 12. TABLE 15. WATER CONSUMPTION IN 2023, MEGALITERS

#### / GRI 303-5 /

Indicator	from all regions	from water scarce regions
Total water intake	910.58	-
Total wastewater disposal	317.11	-
Total water consumption	593.47	

#### Plans for 2024 and the medium term

Setting water consumption targets;

- Passing the CDP rating in the context of climate change and completing questionnaires on water security;
- Development of a standard for efficient use of water resources.



#### POLLUTANT EMISSIONS

#### MANAGEMENT APPROACH

#### / GRI 3-3 /

To minimize the impact on the atmosphere, QazaqGaz has developed and implemented the Emissions Management Policy. This document defines the principles of emissions management aimed at reducing air pollution and ensuring environmental safety of production. The main objectives include reducing emissions, improving environmental safety and rational use of natural resources.

This document identifies the following key targets for reducing pollutant emissions:

- Establishment of principles governing the approach to emissions management that are mandatory throughout the organization.
- Reduction of pollutant emissions into the atmosphere.
- Improving environmental safety of production and reducing emissions.
- Rational use of natural resources and prevention of leakage.

During operation of the QazaqGaz gas transportation system facilities, about 47 different pollutants are emitted into the atmosphere. The main emission sources include gas piston power plants (GPPP), gas compressor units (GCU), boiler houses, HRSGs, various separators, filters, regulators, drainage tanks, and diesel fuel tanks.

There are also fugitive emissions from various installations such as welding machines, blowout candles, and natural gas emissions due to accidents and leaks.

However, emissions of these substances comply with the norms established by the legislation of the Republic of Kazakhstan.

According to the Environmental Code of the Republic of Kazakhstan, the Company's group of companies performs industrial environmental control based on the IEC program. The Production Monitoring Program is attached to the draft NPD. Industrial monitoring is an element of industrial environmental control, performed to obtain objective data with the established periodicity. In order to control pollutant emissions from stationary sources, the Group of Companies adheres to the standards established in the draft standards of permissible emissions (NPV).

#### TABLE 13. VOLUME OF POLLUTANT EMISSIONS INTO THE ATMOSPHERE, TONS/YEAR

#### / GRI 305-7 /

Substance	2023
nitrogen oxides (NO )X	8,290.9
Sulphur dioxide (SO )X	156.34
volatile organic compounds (VOCs)	117.87
Hazardous air pollutants (HAPs)	14.61
carbon monoxide (CO)	9,249
particulate matter (PM)	245.8
methane	126,346.7
others	132.28
Total:	144,553.86

In the reporting year, the volume of gross pollutant emissions amounted to 144,553.86 tons, which is 15% more compared to the previous reporting period. Such an increase in the volume of pollutant emissions is due to the expansion of the Bozoi compressor station of Beineu-Shymkent Gas

Pipeline LLP, construction of new main gas pipelines and major repairs of sections of existing main gas pipelines in Intergas Central Asia JSC, as well as construction and installation works on commissioning of the Anabai field of QazaqGaz Exploration and Production LLP.



## Waste management

#### MANAGEMENT APPROACH

/ GRI 3-3 /

#### WASTE MANAGEMENT REPORTING

QazaqGaz activity is directly related to the process of waste generation. These processes are regulated by the norms of the environmental legislation of the Republic of Kazakhstan, international standards and internal regulatory documents approved by the group of companies.

Waste management activities, including collection, transportation and disposal of production and consumer waste, as well as transfer of secondary raw materials for recycling, etc., are carried out on a systematic basis and comply with the following key principles:

- 1. Organization of the system of providing information on waste management to the authorized bodies.
- 2. Organization of separate collection and disposal of reusable waste fractions.
- 3. Encourage separate collection of organic waste and its reuse.

- 4. It is mandatory to separate construction waste from other types of waste and prevent them from mixing.
- 5. Prohibit the mixing of different types of waste or additives.
- 6. Permanent transportation of waste to places of temporary storage and recycling, as well as its disposal at specialized landfills.
- 7. Prevention of unauthorized burning of waste.
- 8. Ensuring the transfer of waste disposal obligations to owners of recycling facilities.

In 2023, HSE developed and implemented a Documented Procedure "Green Office Concept", which developed measures for separate collection of solid municipal waste with subsequent recycling and for reduction of waste generation in office premises in general.

Within the framework of this Concept it is envisaged to implement programs to reduce the volume of generation of more than 10 types of production and consumption waste (waste oil, construction waste, drilling mud, etc.), as well as to minimize their negative impact on the environment.





#### TABLE 14. VOLUME OF GENERATED WASTE BROKEN DOWN BY HAZARDOUS AND NON-HAZARDOUS WASTE, T/YEAR

#### / GRI 306-3 /

Indicator	2021	2022	2023
Hazardous waste	2,251.99	3,574.20	1,344.72
Non-hazardous waste	2,393.29	2,440.76	2,622.76
Total, t/year	4,645.28	6,014.96	3,967.47

In 2023, the Company generated 3,967.47 tons of waste, which is 34% less compared to the same period last year. The positive effect in waste management is due to the effective implementation of the action plan under the waste management program of SDCs.

#### / GRI 306-1, GRI 306-2 /

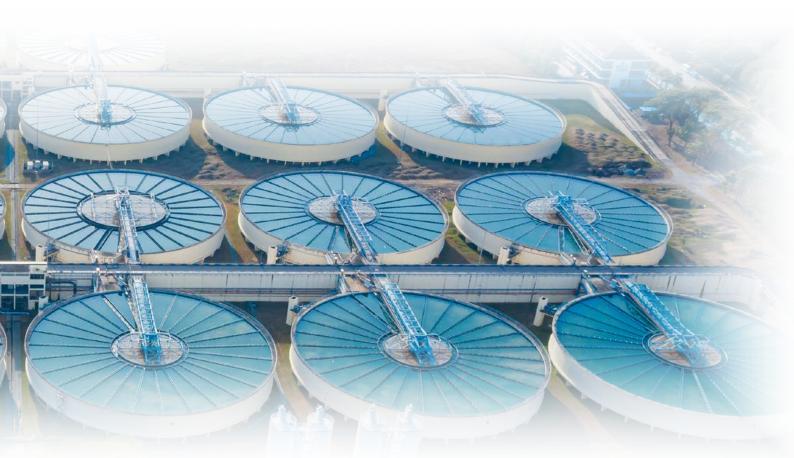
The main source of pollution is production processes related to the operation of gas compressor stations and GPPPs, purification and transfer of gas in separators, through main gas pipelines, as well as repair works at gas trunkline facilities

Wastes of QazaqGaz enterprises are classified into hazardous and non-hazardous. The **first group includes** used fluorescent lamps, spent batteries, containers from chemical products, as well as condensate discharged into special containers for storage and subsequent disposal.

The second group consists of non-hazardous waste to be placed in special containers and removed in accordance with the contract for disposal (MSW, small scrap metal and welding electrode burns, waste insulation and construction material, wood, used office equipment).

#### Plans for 2024 and the medium term

Compliance with the RK environmental legislation: timely obtaining of permits, early development of necessary documentation and submission to the authorized body, regular monitoring of quantitative and qualitative indicators in the field of waste management of the company.





# **Biodiversity**

#### MANAGEMENT APPROACH

#### / GRI 3-3 /

QazaqGaz's research work in the field of biodiversity conservation shows that the company's production facilities do not have a significant negative impact on human health, fauna and flora, adjacent territories and their landscape.

Creation of an ecologically sustainable system of green plantings with a balanced composition of elements, as well as ensuring their connectivity within the territory of the sanitary protection zone forms a natural framework with wide ecological possibilities. This framework ensures stable functioning of environmental components.

The requirements for biodiversity assessment in the areas adjacent to the Company's production facilities are specified in the Environmental Code of the Republic of Kazakhstan.

#### / GRI 304-1 /

In the reporting year, as part of obtaining the CDP rating, a Biodiversity Conservation Program was developed and implemented.

The Company's production facilities are located in 13 out of 17 regions of the Republic of Kazakhstan, in all natural zones of the country – from forest-steppes and steppes to

mountain ecosystems. In this regard, the biodiversity impact assessment was conducted at 2 levels:

- directly in the zone of impact of the enterprise (usually coincides with the SPZ);
- at the ecosystem level in order to get a full understanding of the Company's impacts on biodiversity and how to minimize them (steppe and forest-steppe, desert and semi-desert, mountain ecosystem).

#### / GRI 304-2 /

The assessment of potential impact on biodiversity was carried out based on the impact factors and their influence in the context of three types of ecosystems – mountain, semi-desert and desert, steppe and forest-steppe, due to their landscape, geographical differences and representation of the Company's facilities in these zones. Further, depending on the location of QazaqGaz subsidiaries and affiliates in different types of ecosystems, the key business areas of the Company's activities and the specifics of the factors of impact on biodiversity and their influence in the context of the areas were identified:

- Exploration and extraction, for which the key impacts on biodiversity are:
- Disturbance and removal of land with subsequent destruction of land cover resulting in destruction of plant habitats (e.g., Lehman's Eminium, Schrenk's Tavolgocetum, etc.);





- Physical impacts (noise, radiation) resulting in displacement of noise-sensitive animal species (e.g., White-bellied Grouse, Crested Lark, etc.) from the area of operation;
- Pollution of soil cover with combustion products of fuel, fuels and lubricants and petroleum products, resulting in disruption of access to food sources, water for plants and animals, as well as their ingestion by plants and animals (e.g., Lemann's Eminium, etc.).
- 2. Backbone gas transportation and distribution, for which the key impacts on biodiversity are:
- Discharge of pollutants into the atmosphere, leading to impediment of photosynthesis process due to settling of dust particles on plant leaves (e.g. Kolpakovsky's Tulip, Siversa apple tree);
- Physical impacts (noise, thermal radiation) leading to displacement of noise-sensitive animal species from the area of operation (e.g. White-bellied Grouse, Crested Lark, etc.) and to increased sensitivity to frost caused by the warming effect of MG (e.g. Saffron alatava, Sivers Apple, etc.).

## TABLE 15. TOTAL NUMBER OF IUCN RED LIST SPECIES AND NATIONAL CONSERVATION LIST SPECIES OCCURRING IN THE AREAS OF THE ORGANIZATION'S OPERATIONS

#### / GRI 304-4 /

Endangered species	<b>2 species:</b> steppe eagle Aquila nipalensis Hodgson, 1833; duck Oxyura leucocephala (Scopoli, 1769)
Vulnerable	<b>5 species:</b> gazelle Gazella subgutturosa (Güldenstaedt, 1780); steppe turtleTestudo horsfieldii Gray, 1844; curlew pelican Pelecanus crispus Bruch, 1832; Bolivaria brachyptera Pallas, 1773; Bolivaria brachyptera Pallas, 1773; bustard Tetrax tetrax (Linnaeus, 1758).
Potentially vulnerable	<b>2 species:</b> dragonfly Pretty-girl Calopteryx virgo Linnaeus, 1758; European bog turtle Emys orbicularis (Linnaeus, 1758)
Having minimal risk of disappearance	6 species: Ladybug Stethorus punctillum (Weise, 1891); alder Arma custos bug (Fabricius, 1794); tree mantis Hierodula tenuidentata Saussure, 1869; whooper swan Cygnus cygnus (Linnaeus, 1758); white-bellied murrelet Pterocles alchata Linnaeus, 1766; short-winged coranus Coranus subapterus (De Geer, 1773).

#### Plans for 2024 and the medium term

- Monitoring of biodiversity status indicators with a frequency of once every three years according to the developed Biodiversity Conservation Program for QazaqGaz.
- Annual reclamation of disturbed lands, including restoration of the terrain, soil and vegetation cover in order to reduce the negative consequences of the Company's production activities.





# Climate change

#### MANAGEMENT APPROACH

#### / GRI 3-3 /

Climate change is one of the most global challenges for mankind in the  $21^{\rm st}$  century. Being the largest gas company, QazaqGaz plays a key role in the realization of Kazakhstan's climate goals. In the context of efforts to reduce greenhouse gas emissions and achieve carbon neutrality, the Company makes its significant contribution to the implementation of the necessary measures.

Within the framework of the climate agenda, annual activities are carried out to achieve best practices. To date, the Company conducts annual inventory of GHG emissions of Scope 1 and 2 according to the national (On Approval of the Methods for Calculation of Emissions and Absorption of Greenhouse Gases. Order of the Minister of Ecology and Natural Resources of the Republic of Kazakhstan No. 9 dated January 17, 2023) and international methodology (IPCC dated 2006), calculation of specific greenhouse gas emissions (carbon intensity) relative to revenue is performed in accordance with the requirements of GRI standard.

One of the significant steps in ensuring the Company's sustainability in the area of climate aspects is the formation of responsibility at the level of the Board of Directors. Such an initiative at the management level demonstrates a high level of priority to addressing climate issues and implementing sustainable practices in the Company's operations.

In 2022, the Company began tracking energy consumption, including fuel consumption from renewable and non-renewable sources, as well as total energy consumption.

In 2023, the HSE has done a lot of work in the management of climate change related issues, which include the following:

Completion of the CDP Climate Change questionnaire.
 In 2023, QazaqGaz filled in the CDP Climate Change questionnaire for the first time. This step emphasizes not only transparency in terms of greenhouse gas emissions management, but also demonstrates the Company's readiness to adapt to new sustainability standards and support global sustainability initiatives.

- A "Climate Risk Management and Decarbonization Program" has been developed, which is part of the Company's overall development strategy and is based on its mission, vision and values.
- Key directions of QazaqGaz decarbonization were identified in the context of the company's business segments and in accordance with the scenarios of the low-carbon development concept of the Samruk-Kazyna Fund.
- 4. Inventory, analysis and estimation of indirect emissions of Scope 3 QazaqGaz for 1 of 15 categories, namely category #11 "Use of finished products" was carried out for the first time.
- 5. A detailed report was prepared to assess the possibility of reducing energy consumption and the possibility, feasibility of using renewable energy sources;
- Conducted three training seminars and obtained certificates for QazaqGaz specialists and all subsidiaries and affiliates on calculation of greenhouse gas emissions, report preparation, as well as on climate risks and innovations of the Environmental Code.
- 7. QazaqGaz has not previously carried out climate risk management, including their identification and scenario analysis, so as a result of this work for QazaqGaz for the first time quantitative analysis and assessment of climatic physical risks at the level of production processes of 5 subsidiaries and affiliates of QazaqGaz in accordance with IFRS S2 (TCFD) standards.
- 8. Quantitative analysis and assessment of climate transition risks at the level of the entire holding QazaqGaz in accordance with IFRS S2 (TCFD).
- 9. Potential opportunities for QazaqGaz related to climate change have been assessed.
- 10. Scenario analysis was carried out in accordance with the scenarios of the leading international climate change assessment body IPCC: SSP126 and SSP245.
- 11. Water Resources Management Program for QazaqGaz developed.
- 12. Developed a Biodiversity Conservation Program for QazaqGaz in accordance with international standards The Taskforce on Nature-related Financial Disclosures (TNFD), The Science Based Targets Network (SBTN), Biodiversity Conservation and Sustainable Management of Living Natural Resources (IFC 6), etc.



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 Environmental Code of the Republic of Kazakhstan dated January 2, 2021 N° 400-VI ZRC, the Company performs all necessary procedures.

In accordance with Article 289 of the Environmental Code of the Republic of Kazakhstan, installations of QazaqGaz subsidiaries and affiliates – Intergas Central Asia JSC, Asian Gas Pipeline LLP, Beineu-Shymkent Gas Pipeline LLP – are subject to carbon quotas, data on their emissions are recorded in the state carbon cadastre for further disclosure

in the annual reporting of the Republic, which is part of the country's obligations under international agreements.

Information on greenhouse gas emissions of the Company is registered in the state carbon cadastre of the Republic of Kazakhstan. Emissions of the Company's operations are monitored using approved methodologies, in particular, the balance method. In accordance with the Environmental Code of the Republic of Kazakhstan, the Company annually develops and approves a report on inventory of greenhouse gas emissions (Scope 1), as well as conducts calculations of indirect energy emissions (Scope 2).

TABLE 16. GROSS GREENHOUSE GAS EMISSIONS (SCOPE 1, 2) BY THE COMPANY, MLN T CO,-EQ.

#### / GRI 305-1, GRI 305-2 /

Indicator	2021	2022	2023	Change*, %
Direct emissions (Scope 1) of greenhouse gases, incl.	7.37	5.13	6.17	20.2
Carbon dioxide (CO <sub>2</sub> )	2.59	2.24	2.19	- 2.2
Methane (CH <sub>4</sub> )	4.75	2.88	3.96	37.5
Nitrous oxide (N <sub>2</sub> O)	0.018	0.011	0.013	18.2
Indirect energy emissions (Scope 2) of greenhouse gases	0.1	0.06	0.06	0
Total greenhouse gas emissions	7.47	5.19	6.23	20

In the reporting year, total greenhouse gas emissions (Scope 1 and 2) amounted to 6.23 million tons of  ${\rm CO_2}$ -equivalent, which is a 20% increase compared to 2022. At the same time, there was an overall decrease in carbon dioxide  ${\rm CO_2}$  emissions by 2.2% and an increase in methane emissions by 37.5% compared to the previous year.

In the calculations such coefficients and indicators as gas density, heat of combustion, carbon dioxide emission factor at combustion, at losses, methane emission factor are used, which are determined according to the fact, according to the gas passport for the reporting period (taken as an average value). Consequently, greenhouse gas emissions depend on the quality of gas supplied for combustion at the facilities.

It is important to note that the global warming potential coefficients for methane and nitrous oxide were changed in 2023, which also affected the dynamics of greenhouse gas emissions. These coefficients are used to convert methane and nitrous oxide emissions to  $\mathrm{CO}_2$  equivalent. For methane, the global warming potential coefficient changed upward from 25 to 28, and for nitrous oxide, downward from 298 to 265.

The amount of greenhouse gas emissions directly depends on the consumption of raw materials at the sources of installations. The results of the analysis of GHG emissions showed that the greatest contribution to GHG formation by the group of companies is observed at Beineu-Shymkent Gas Pipeline LLP.

Thus, at the facilities of Beineu-Shymkent Gas Pipeline LLP in the reporting year compared to 2022, gas consumption for combustion at GCUs/GPPs/Boilers, venting and transportation of gas through the pipeline increased, which led to an increase in greenhouse gas emissions. The volumes of venting are documented, there are acts dated 12.09. and 13.09.2023, according to which natural gas was vented from the section of the pipeline between KU-43 and KU-44 of MG BBSH, as well as gas was vented between the cocks on the pipeline outlet of AGDS "Shaldar".

Thus, in the course of expansion of operating activities and due to the increase in raw material costs, as well as with the increase in the global warming potential coefficient for methane used in the calculations, the total greenhouse gas emissions at the facilities of Beineu-Shymkent Gas Pipeline LLP amounted to 3,399,879.786 tons.  $\rm CO_2$ -eq, which is 2,226,135.166 tons.  $\rm CO_2$ -equivalent more than in 2022.



#### TABLE 17. GLOBAL WARMING POTENTIAL FOR GREENHOUSE GASES 2023

#### / GRI 305-1 /

Coefficient	Unit of measurement	2023
Methane (CH <sub>4</sub> )	t CO <sub>2</sub> -eq/t CH <sub>4</sub>	28
Nitrous oxide (N <sub>2</sub> O)	t CO <sub>2</sub> -eq/t N <sub>2</sub> O	265

#### TABLE 18. SPECIFIC GREENHOUSE GAS EMISSIONS (CARBON INTENSITY)

#### / GRI 305-4 /

Indicator	Unit of measurement	2021	2022	2023	Change, %
Total GHG emissions (Scope 1 and 2)	mln t CO <sub>2</sub> -equ	7.47	5.19	6.23	20
Specific greenhouse gas emissions (Scope 1 and 2)	mln t CO <sub>2</sub> -eq / mln tenge	4.7	4.1	3.9	-4.9
Revenue	mln tenge	1,583.257	1,491.319	1,577,286.52	5.8

#### ADAPTATION TO CLIMATE CHANGE

#### / GRI 305-5 /

QazaqGaz carries out operational activities on gas production and transportation, which is inevitably accompanied by greenhouse gas emissions. Due to the specific nature of the Company's operations, the main share of direct greenhouse gas emissions is methane.

In 2023, QazaqGaz's direct methane emissions amounted to 3.96 million tons of  ${\rm CO_2}$ -eq, a 37.5% increase compared to 2022. Carbon dioxide emissions decreased by 2.2%, compared to 2022. Nitrous oxide emissions increased by 16.9% during the year.

In the reporting year, the Company developed the Climate Risk Management and Decarbonization Program. Since the beginning of this year, the Company has been actively engaged in climate risk management in an effort to adapt to possible changes in the environment and understand their impact on business processes. This work includes developing a methodological approach to identifying and assessing climate risks, as well as integrating climate risks into the corporate risk management system.

Based on the results of the analysis of current greenhouse gas emissions Scope 1 and 2, the following trend is observed:

Despite the overall increase in greenhouse gas emissions in the reporting period, in particular individual SDCs recorded a decrease in direct greenhouse gas emissions of Scope 1 due to the implementation of the energy saving and energy efficiency improvement action plan, as well as due to the updated methodology and changes in the applied coefficients for calculating GHG emissions:

- JSC Intergas Central Asia decrease by 52%;
- JSC KazTransGas Aimak decrease by 13%;
- Exploration and Production QazaqGaz LLP decrease by 7%;

A slight increase in direct greenhouse gas emissions by 1.4% is observed at Asian Gas Pipeline LLP.

Within the framework of Beineu-Shymkent Gas Pipeline LLP the following dynamics is observed: in the reporting year, in connection with repair works on replacement of defective fittings on the linear part, additional methane emissions were formed in the process of venting and transportation.

The targets of the Company's climate risk management and decarbonization program are gross and specific greenhouse gas emissions. These indicators allow us to assess and compare the Company's contribution and role in climate management.

To form GHG emission reduction targets, the Company plans to take into account three decarbonization scenarios: Business as Usual, Decarbonization and Deep Decarbonization.



#### **TABLE 19. DECARBONIZATION SCENARIOS**

#### The "business as usual" scenario

# Continuation of current trends without a focus on low-carbon development. This scenario is based on the assumption that government policies, technological changes and social preferences will continue to evolve at the same level

#### **Decarbonization Scenario**

reduction of greenhouse gas emissions while maintaining the current asset mix by implementing energy efficiency programs, reducing gas leakage and flaring, and using low-carbon energy from renewable sources. This scenario is seen as the most promising until 2031 given current carbon prices.

#### "Deep decarbonization" scenario

Based on the measures of the decarbonization scenario, including biomethane and hydrogen production, carbon capture and storage, and active development of climate projects. In addition, this scenario envisages modernization of equipment to further reduce carbon emissions. It is planned to achieve a 12% reduction in CO<sub>2</sub> emissions compared to 2019 levels.

Measures aimed at reducing greenhouse gas emissions in the areas of decarbonization defined by the Company are used as key instruments for achieving the targets.

Measures implemented to reduce the Company's greenhouse gas emissions can be classified into three groups: technical/technological, organizational and compensatory.

Technical/technological measures are aimed at improving the operational efficiency of the Company's activities by upgrading equipment and improving the technical characteristics of production processes. Such measures may include equipment replacement or modernization, introduction of new technologies, fuels, improvement of existing technologies, automation, etc.

Organizational measures are aimed at improving the process of planning, coordination and control of the Company's GHG emission management activities by organizing processes and employees' work using certain methods and techniques. Such measures may include tracking the achievement of set indicators, structuring work processes, personnel training, introduction of systems and practices aimed at resource/energy saving, monitoring, analysis/updating/clarification of quantitative assessment methodologies, etc.

Compensation measures are aimed at compensating for damages or improving conditions for those affected by negative impacts through greenhouse gas emission reduction projects implemented outside the Company's perimeter. Such activities may include carbon offsets, purchase of certificates and carbon units.

In view of the fact that for the reporting period as a whole for the QazaqGaz Group of companies there is an increase in greenhouse gas emissions, the reduction of greenhouse gas emissions as a result of measures can be noted by individual subsidiaries and affiliates – JSC Intergas Central Asia.





#### TABLE 20. REDUCTION OF GREENHOUSE GAS EMISSIONS AS A RESULT OF THE MEASURES, T CO,-EQ

#### / GRI 305-5 /

Indicator	2021	2022	2023	Change, %
Coverage 1 (direct)	15,766	16,990	19,300	13.6
Scope 2 (indirect energy)	-	0	4,111	
Total reduction of GHG emissions	15,766	16,990	23,411	37.8

<sup>\*</sup>Note: data on the volume of CO<sub>2</sub> emission reduction are given for JSC ICA subsidiaries and affiliates.

## TABLE 21. TABLE 24. VOLUME OF REDUCTION OF CARBON DIOXIDE EMISSIONS CO<sub>2</sub> BROKEN DOWN BY MEASURES SEPARATELY BY SUBSIDIARIES AND AFFILIATES OF JSC "INTERGAS CENTRAL ASIA", TONS CO<sub>3</sub>

#### / GRI 305-5 /

Measures to reduce greenhouse gas emissions	Volume of reduced emissions, tons of CO <sub>2</sub>
Optimization of loading of KS-5 (with electric drive) of Taraz UMGP	3,082.023
Replacement of capacitor units of CS Opornoye (reactive power compensation)	49.324167
Replacement of capacitor units of the Zhana-Ozen CS (reactive power compensation)	7.858755
Replacement of inefficient cathodic protection stations with new generation stations at Aktau, Atyrau, Taraz, Almaty (1 unit – saving 18.6 thousand kWh).	473.5746
Replacement of existing outdoor lighting fixtures of AGDS-1 and Operators' House sites with energy efficient LED analogs for Akshabulak-Kyzylorda MG "Akshabulak-Kyzylorda"	3.442824
Activity on automation of outdoor lighting control in the territories of the Akshabulak- Kyzylorda gas pipeline	11.4885
Replacement of outdoor lighting with LED analogs (BLPU, LLPU, LLPU)	85.08942
Replacement of internal lighting with LED analogs (BLPU, LLPU, LLPU)	174.0663

#### GRI 305-1 DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1)

Emissions	2021, tons	2022, tons	2023, tons
CO <sub>2</sub>	2.59	2.24	2.2
$N_20$	0.018	0.011	0.013
CH <sub>4</sub>	4.58	2.89	3.96
Total (t-CO <sub>2</sub> -eq)	7.2	5.14	6.17

#### METHANE LEAKS

QazaqGaz pays special attention to the reduction of methane emissions. System control, diagnostics, monitoring, collection and processing of information are carried out on a regular basis in order to reduce methane emissions into the atmosphere at the company's facilities, it is planned to consider the possibility of introducing measures to detect and eliminate methane leaks, as well as to improve statistics on methane emissions in general.

Surveys to identify potential leaks are conducted in a variety of ways: aerial survey, vehicular survey, and pedestrian survey.

In case of the airborne option, an Mi-8 helicopter is used, 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 when moving. The operation 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 the location of leaks at crane assemblies or to detect leaks when other options fail to detect them.

A special portable sampler is used to determine the intensity of gas leakage. The device allows sampling from various pipe fittings, spool seals and compressor seals in trunk lines, storage facilities and compressor stations. The leak rate is measured by sampling at high speed to capture all the gas leaking from the surveyed object.

QazaqGaz is a member of the working group and participates in the working meetings of the Ministry of Energy of the Republic of Kazakhstan with USAID on Kazakhstan's accession to the Global Methane Commitment, which resulted in a common work on methane emissions assessment and data analysis of the oil and gas sector of the Republic of Kazakhstan.

Thus, based on the recommendations of the working group of the Ministry of Energy regarding the issue of accession of the Republic of Kazakhstan to the Global Methane Commitments and presentation of the country's position at the Global Climate Summit SOR-28 in November 2023 in Dubai, a joint work plan for the implementation of this task for 2023–2024 was developed and agreed, with the preparation of a position and commitments to join this initiative. QazaqGaz adheres to the agreed work plan aimed at reducing methane emissions in the oil and gas sector of Kazakhstan for 2023–2024.

Also in December 2023, the Company had a visit with representatives of the Global Green Growth Institute on optimization of methane emissions GGGI, at the moment a roadmap is being developed for QazaqGaz for further work in this direction.

Within the framework of supporting the initiative of the President of the country to join the Global Methane Pledge QazaqGaz started cooperation with the Norwegian company Carbon limits aimed at reducing methane emissions.

In addition, on September 27, 2023 signed a Confidentiality Agreement between JSC KazTransGas Aimak and Climate Compass LLC, where the first step of the process is the implementation of a comprehensive survey of above-ground and above-ground gas pipelines and structures on them for the detection of gas leaks and the second step is their elimination. At this stage, Climate Compass works on the survey of facilities of KazTransGas Aimak JSC are underway, after providing the results of the research the company will develop a comprehensive project proposal and determine the further course of work to identify methane leaks.

#### Plans for 2024 and the medium term

The Company plans to carry out the following activities in terms of combating climate change:

- within the framework of cooperation with Carbon limits, activities are planned to raise awareness of QazaqGaz specialists in the issues of methane emissions management in the form of training: Methane emissions in the oil and gas sector" with the support of the United Nations Environment Program (UNEP);
- inventory of methane emissions using the new state-ofthe-art MIST software;
- Developing a strategy to reduce methane emissions;
- Collaboration and cooperation on international initiatives such as OGMP 2.0, OGCI.
- participation in working groups to discuss issues related to the implementation of accession to the Global Methane Commitment with the Ministry of Ecology and Natural Resources of the Republic of Kazakhstan;
- cooperation with the Global Green Growth Institute GGGI to implement a roadmap for optimizing methane emissions:
- development of a Low Carbon Development Program for QazaqGaz;
- conducting regular monitoring of SDCs' carbon footprint and quantifying greenhouse gas emissions on an annual basis:
- inventory of greenhouse gas emissions by Scopes 1, 2, 3 for QazaqGaz group of companies;
- Completing the Carbon Disclosure Project (CDP) climate questionnaire and receiving a rating in the current year;
- development and implementation of a roadmap to reduce methane emissions under the Global Methane Pledge initiative.



## **Energy management**

QazaqGaz Group of Companies is interested in responsible management of energy resources and, taking into account economic benefits, strives to implement advanced technologies and administrative solutions aimed at energy conservation and energy efficiency improvement in accordance with the current laws and regulations of the Republic of Kazakhstan.

#### MANAGEMENT APPROACH

#### / GRI 3-3 /

QazaqGaz has a comprehensive energy consumption monitoring system, which covers collection, analysis and control of actual consumption of electricity and heat at the gas transportation system facilities.

This system is organized to ensure efficient use of fuel and energy resources (FER) and compliance with the requirements of the current regulatory and technical documents of the Republic of Kazakhstan.

Energy consumption monitoring includes the following main processes:

**Data Collection:** Meter readings at compressor station facilities and other production facilities are routinely taken by State Energy and Water Utilities (EWU) and transmitted for further processing.

**Reporting:** Each production enterprise prepares reports based on meter readings. These reports are submitted to both local authorities and the QazaqGaz Central Office.

**Consumption analysis:** monthly accounting and analysis of fuel and energy consumption by metering devices. Energy consumption certificates are generated and summary information on consumption is prepared and sent to the Company's central office.

**Benchmarks:** Fuel and energy resources consumption is accounted for by the following types of energy resources:

- Natural gas;
- → Electricity;
- → Thermal energy;
- → Water;
- Gasoline;
- Diesel fuel.

**Compliance with regulations:** All processes of metering and monitoring of FER are performed in accordance with the requirements of the current regulatory and technical documents of the Republic of Kazakhstan, which ensures reliability and accuracy of data. Thus, the energy resources monitoring system in QazaqGaz is aimed at improving energy efficiency and sustainable use of resources, ensuring transparency and control at all levels of energy consumption management.

At the level of all subsidiaries, energy management is regulated by internal documents that establish methods of energy consumption metering, introduction of energy-efficient technologies and personnel motivation systems for energy saving.

An integrated management system according to ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018 standards has been implemented in Asian Gas Pipeline LLP. On an annual basis, the "Integrated Management System Management Program", "Action Plan for Energy Saving and Energy Efficiency Improvement of the Partnership for 2023–2027", "Energy Saving and Energy Efficiency Improvement Plan of the Partnership for 2023–2027" and "Energy Efficiency Improvement Plan of the Partnership for 2023–2027" are developed and approved.

Intergas Central Asia JSC has an Energy Efficiency Policy, which is aimed at conducting regular energy audits to identify energy saving and energy efficiency potential, setting energy efficiency indicators, monitoring and implementing plans to improve energy performance.



#### CONSUMPTION OF ENERGY RESOURCES

The main activity of QazaqGaz group of companies is natural gas transportation. This process includes the operation of compressor stations (CS), the operating mode of which is determined by the gas supply plan. This process generates and consumes energy resources for the main equipment:

- Electric drives and pumps: used for oil pumps, supply and exhaust fans, pumping stations of water supply and heating systems, as well as for external and internal lighting of facilities.
- 2. Electrically driven gas transfer units: These units move gas through pipelines.
- 3. Natural gas cooling: is carried out by air-cooling units at compressor stations.

The compressor stations also operate boiler units and standby power plants running on natural gas to generate electricity and heat required for process equipment, electrochemical protection equipment and other needs. A significant share of energy resources is spent to ensure protection of underground pipelines from corrosion by means of electrochemical protection.

In addition to conventional energy sources, the company effectively utilizes the renewable energy sources introduced in the operation:

- 1. GCU with DLE (Dry low emission) combustion system.
- 2. Monocrystalline solar panels: Solar panel installations provide an additional supply of electricity.
- 3. Closed cycle vapor turbogenerators: operate in standalone mode to provide a stable power supply.
- Integrated Automatic Energy Metering System (AEMS): provides accurate metering and analysis of energy consumption.

To improve energy efficiency of production, QazaqGaz annually develops and implements energy saving and energy efficiency measures, such as:

- Replacement of exterior and interior lighting fixtures with LED counterparts: this allows for a significant reduction in electricity consumption.
- Replacing transformers with low load factor with transformers at actual capacity: this improves power utilization efficiency.
- Replacing outdated boilers with modern energy efficient boilers: Reducing fuel costs and improving heating efficiency.
- Replacement of uninsulated pipelines and installation of gas pressure regulators: Reduction of heat and gas losses.
- Gas turbine engine overhaul: Improving equipment efficiency.
- Acquisition of ultrasonic heat energy meters: Ensuring accurate metering of consumed heat energy.
- Replacement of outdated cathodic protection stations with new stations with higher efficiency: Increased efficiency of pipeline corrosion protection.

These measures contribute not only to the reduction of energy costs, but also to the reduction of environmental impact, which is an important component of the company's sustainable development.

In the reporting year, the Company's energy consumption amounted to 47,326,205 GJ, while the share of energy obtained from renewable sources amounted to 3,076 GJ.

#### TABLE 22. FUEL CONSUMPTION FROM NON-RENEWABLE SOURCES BY FUEL TYPE, GJ

#### / GRI 302-1 /

Indicator	2023
Total fuel consumption, incl:	47,323,129
Natural gas	45,623,812
Diesel fuel	198,877
Gasoline	130,900
Heat	787,545
Electricity	581,995



#### TABLE 23. ENERGY CONSUMPTION FROM RENEWABLE ENERGY SOURCES BY TYPE OF ENERGY, GJ

#### / GRI 302-1 /

Indicator	2023
Energy consumption from RES, incl:	3,076.22
Electricity	456.12
Heat	2620.1

#### TABLE 24. ENERGY CONSUMPTION OF THE COMPANY, GJ

#### / GRI 302-1 /

Indicator	2023
Total energy consumption, incl:	47,326,205
Natural gas	45,623,812
Heat	790,165
Electricity	582,451
Gasoline	130,900
Diesel	198,877

#### Plans for 2024 and forward-looking objectives

- Development and implementation of the Company's Energy Policy focused on optimizing energy consumption and improving energy efficiency.
- Development and implementation of projects to introduce energy efficiency measures to further reduce energy consumption.
- Setting specific targets for reducing energy consumption and improving energy efficiency.
- Introduction of new technologies to improve energy efficiency and energy saving in production processes, including generation of heat and electricity from renewable sources to meet the company's needs.
- -Enhancing the share of renewable energy sources in total energy consumption.





#### TABLE 25. GRI 302-1 (A) ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Resource consumption and energy efficiency	Unit of measurement	2022	2023
Resource consumption	thousand GJ	55,157	47,326.205
Total electricity and heat consumption, incl.	thousand GJ	1,224.142	1,554.945
RES	thousand GJ	3.076	3.076
Amount of purchased electricity and heat energy	thousand GJ	234.322	431.718
Electricity, incl.	thousand GJ	520.398	582.34
Purchased electricity, incl.	thousand GJ	234.322	238.559
RES	thousand GJ	0	0
Own electricity generation, incl.	thousand GJ	286.076	343.326
RES	thousand GJ	0.456	0.456
Heat energy, incl.	thousand GJ	703.744	790.11
Purchased heat energy, incl.	thousand GJ	0	12.88
RES	thousand GJ	2.620	2.620
Own production of heat energy, incl.	thousand GJ	703.744	774.661
RES	thousand GJ		
Coal	thousand GJ		
Gas, including	thousand GJ		
natural gas	thousand GJ	53,870.767	45,623.812
liquefied gas	thousand GJ		
Liquid fuels, including	thousand GJ		
gasoline	thousand GJ	52.828	130.900
diesel fuel	thousand GJ	9.639	198.877
Boiler fuel, including fuel oil	thousand GJ		

#### TABLE 26. GRI 302-3 ENERGY INTENSITY

Indicator	Unit of measurement	2022	2023
Consumption of fuel and energy resources for transportation.	Thous. GJ	55,157	47,326.207
Transportation of raw materials*	tons	34,889,937	31,047,304
Specific energy intensity	Thousand GJ/ton	1.50	1.018

#### GRI 302-4 REDUCTION OF ENERGY CONSUMPTION

Indicator	Unit of measurement	2022	2023
Amount of energy consumption reduction achieved as a result of conservation and efficiency initiatives	Thousand GJ	336	352







# Occupational health and safety

#### Key indicators for 2023

The number of personnel is 12,800.

The staff turnover rate is 5.28%;

The average annual number of hours of training per female employee is 8.6 and per male employee is 17.3;

Number of employees covered by the occupational health and safety management system – 13,114 people.

0.12 - Lost Time Injury Frequency Rate (LTIFR);

Share of employees covered by regular performance evaluation programs related to career development – 34.5%

#### Significant topics

Occupational safety, industrial safety and emergency preparedness;

Human Resource Management;

Anti-discrimination and equal opportunities;

Local communities

#### Relevant UN SDGs

SDG #3: good health and well-being;

SDG #5: Gender Equality;

SDG #8: decent work and economic growth.

#### **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.

#### OCCUPATIONAL HEALTH AND SAFETY

#### / GRI 3-3 /

The activities of the Company's group of companies are characterized by the performance of work with a high level of risks in the field of occupational health and safety. The priority for the employees of this group of companies is to ensure labor safety in accordance with international standards. The Company's Corporate Center pays great attention to the health and safety of all employees, ensuring safe working conditions at workplaces.

Improving the safety culture among employees and increasing the competence of managers on occupational

health and safety issues are key objectives for the QazaqGaz Corporate Center. These priorities are implemented in the areas of transportation and industrial safety, as well as in the HSE management system.

In 2023, the Company's subsidiaries continued to implement HSE standards based on the QazaqGaz Corporate Standard on Occupational Safety Management. Formation of their work in accordance with these standards involves systematic work on the development, updating and implementation of internal regulatory documents governing business processes in the field of HSE.

#### FIGURE 3. QAZAQGAZ'S HSE OBJECTIVES IN 2023

implementation of the provisions of the mission, vision, strategic goals, health and safety policy

Exclusion or minimization of risks of negative impact on the health of the Company's employees

prevention of injuries and deterioration of health of the Company's employees



Revision and updating of internal documents are carried out in accordance with the requirements of documented procedure DP-02 "Document Management".

The following internal documents were developed and updated during the reporting period:

- Documented procedure for identification of hazardous harmful production factors, risk assessment and establishment of management measures QazaqGaz;
- 2. Unified corporate standard on provision of special clothing, special footwear, personal protective equipment QazaqGaz;
- QazaqGaz corporate standard on industrial safety management;
- Regulations on the order of audits and inspections in the field of labor protection, industrial safety and environmental protection at production facilities of QazaqGaz;
- Documented procedure Registration, investigation and analysis of accidents, traffic accidents and incidents QazaqGaz;
- 6. Documented procedure Identification of environmental aspects of QazaqGaz;
- Documented procedure Monitoring and assessment of compliance with the established requirements in the field of health and safety and environmental protection QazaqGaz;
- 8. Health, labor and industrial safety policy QazaqGaz;
- 9. Methodology of Behavioral Safety Audit QazaqGaz;
- 10. Position of the HSE QazaqGaz Committee;
- 11. Rules 12 steps to zero injuries QazaqGaz.

In 2023, the company planned and performed a self-assessment of the 12 elements of the Safety Culture currently applied in the framework of the best global practices, where it was noted that there was a positive trend in the achievement of successes and the area of safety, which requires close attention to take prompt action to improve the safety management system. As a result, it was decided to develop and implement a safety management integration process.

In order to ensure effective communication and improve the skills level of workers, internal trainers were trained and started an independent training process on the following topics: "Behavioral Safety Audit", "Identification of hazardous, harmful production factors" and "5-step risk assessment", the last of which is intended for workers.

On the initiative of JSC Samruk-Kazyna in 2023, 51 persons were trained on the course Occupational Safety Culture, which trained 100% of employees of the Company's group of companies on this course. At the same time, work was carried out to update the Occupational Safety Culture program in order to reduce injuries.

In addition, as part of this work, "internal" trainers will continue to train 100% of production personnel in the following disciplines:

- 1. Behavioral Safety Audit;
- 2. Identification of hazardous, harmful production factors;
- 3. 5-Step Risk Assessment.

#### MANAGEMENT STRUCTURE AND TOOLS

The Company's Corporate Center has a structural subdivision – Health, Safety & Environment Service (HSE Service), which reports directly to the Chairman of the Company's Management Board.

The Head of the HSE Service and employees of the structural units responsible for these areas are responsible for the implementation of HSE processes and tasks in accordance with their authority. Employees are individually responsible for compliance with HSE requirements in accordance with their job descriptions.

#### / GRI 403-4 /

To control the organization and management of HSE activities in the Corporate Center of the Company, the HSE Steering Committee under the Management Board of QazaqGaz was established.

Organization of the Committee's activities is carried out by the Chairman of the HSE Committee, who establishes working groups under the HSE Committee from among the employees of QazaqGaz and SDCs to consult with them in the development, implementation and improvement of the HSE management system.



According to the internal documents, the main functions of the Management Committee are:

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

QazaqGaz systematically improves HSE practices. For example, in order to create safe working conditions at workplaces, the "Incentive and Consequence Management Program" is implemented annually. Its essence is that an employee who ensures minimization of accidents (providing pre-hospital medical care, suggesting effective ideas to improve HSE issues) is entitled to claim for material rewards and incentives. However, in case of violation of the Company's fundamental HSE principles, the employee who committed the violation is subject to disciplinary penalties in accordance with the Labor Code of the Republic of Kazakhstan.

Based on the results of this program, more than 1.2 billion tenge was paid out for 2023. The grounds for payments are:

- Reaching the historic milestone of 1,000,000 man-hours (LTI Free) worked without a work-related accident;
- Reaching the historic milestone of 10,000,000 LTI Free man-hours worked without a work-related accident;
- Achieve a historical milestone of 1 year of LTI Free manhours worked without a LTI Free work-related accident (each LTI Free year achieved);
- Achievement of historical milestone of 5/10/15 years, etc., man-hours worked without LTI Free production related accidents;
- Provision by an employee of the Company or a subsidiary and affiliated organization (except for employees

- providing medical services, i.e. whose direct duties include provision of qualified medical assistance) of prehospital medical aid to a victim in case of an accident related to production;
- Participation in competitions, initiatives dedicated to industrial safety, occupational health and safety, and environmental protection;
- Active and regular participation in behavioral audits on occupational safety, registered on behavioral audit cards, with qualitative observations and corrective actions (once a month in each PF/ UMG/ UTG/ KC/ CS/ REU/ GIS/ PCG/ RGH/ TU /CA / UCC/ ITC).

For the first time in the history of QazaqGaz, bonuses were paid for safely worked 365 days at the production facility.

The bonus payment "Achievement of the historical milestone of 1 year of LTI Free man-hours worked without a LTI Free work-related accident (each LTI Free year achieved)" was met at the end of calendar year 2023.

Unfortunately, there were 3 work-related accidents in 2023.

- 3 persons were awarded with Certificates of Merit of QazaqGaz and the Fund in the nomination "Provision by an employee of the Company or a subsidiary and affiliated organization of pre-hospital medical aid to a victim of an industrial accident".
- ▶ In the nomination "Active and regular participation in HSE programs" several people were also recognized, including honorary certificates and letters of thanks from the heads of SDCs.
- QazaqGaz promotes and will continue to promote positive encouragement in maintaining a safe work culture. Subsidiaries and Branches need to both encourage and recognize employees for doing their part in fostering the right attitude towards safety of themselves and their colleagues.
- It is worth noting separately that there is a flip side of the coin. We encourage for right actions, and for violations of the Rules and requirements one should be held accountable. Therefore, for violation of 7 Golden Rules, 9 vital rules and other instructions disciplinary penalties will be applied in accordance with the Labor Code of the Republic of Kazakhstan.



#### DEVELOPMENT OF HSE SYSTEM IN QAZAQGAZ

Throughout 2023, implementation of the "Plan – Do – Check – Act" concept continued, which is the main direction for the development of practices in the field of occupational health, safety and environmental protection.

According to this Concept, each head of the HSE structural unit controls internal and external audits of production processes at his/her management level.

The QazaqGaz Group of Companies has 11 industrial Labor Protection Councils, including the Council based on the Central Office, consisting of technical inspectors and all members of the Trade Union.

The competence of the Labor Protection Councils is to ensure the constitutional right of employees to protect their life and health during labor activity, create safe and healthy working conditions, develop solutions to prevent occupational injuries and occupational diseases of the company's employees, etc.

Development of the HSE system involves on-site internal audits. Thus, in 2023, under the leadership of JSC Samruk-Kazyna, field audits were carried out at production facilities of Zhambyl region in accordance with the approved plans-schedules. Based on the results of the visits, recommendations on improvement of the HSE system were developed.

In the reporting period, no external audit was conducted for QazaqGaz Group of Companies.

## COMPLIANCE OF THE MANAGEMENT SYSTEM WITH INTERNATIONAL STANDARDS

#### / GRI 403-1 /

The development of environmental management and health and safety management systems are a basic requirement of both national and international standards.

QazaqGaz is constantly improving its business process management system, confirming compliance with national and international standards. In particular, in 2023 QazaqGaz confirmed the compliance of the management system with the national standard of the Republic of Kazakhstan "ST of the Republic of Kazakhstan ISO 45001-2018", which is the equivalent of the international standard ISO 4500, and meets its requirements in the field of health and safety.

Improvement of IMS efficiency is confirmed by obtaining the following certifications:

- SO 9001:2015 "Quality Management System" dated 26.05.2023 and valid until 25.05.2026;
- SO 14001:2015 "Environmental Management System" from 26.05.2023 to 25.05.2026.

Management principles aimed at improving the quality management system at QazaqGaz include:

- Continuous improvement of operations through business process analysis, monitoring, automation and re-engineering;
- making management decisions based on objective data and benefits for shareholders and the company;
- preventive measures to eliminate problems through improved control and risk management systems;
- Market research to analyze the market and meet customer needs;
- a system of free exchange of ideas, incentivizing employees to improve quality and innovations;
- Supplier quality requirements and compliance with standards;
- staff development and their active participation in process improvement;
- information transparency to stakeholders. The Company undertakes to comply with these principles and allocate resources to improve the quality management system.



#### **RISK ASSESSMENT**

#### / GRI 403-2, GRI 403-3 /

QazaqGaz carefully analyzes its activities and is aware of potential hazards related to workplace and industrial safety. We strictly follow the requirements of national, industry and international safety standards such as "ST of the Republic of Kazakhstan ISO 45001:2019" and GOST 12.0.003-2015 "Occupational Safety Standards System. Hazardous and harmful production factors. Classification." In addition, we have developed and apply a documented procedure entitled "Identification of Hazardous and Harmful Production Factors, Risk Assessment and Establishment of Management Measures" (DP-09), which governs our risk management activities.

Inaccordance with Standard ST of the Republic of Kazakhstan 1.56-2005 "Risk Management. Reliability Management System. Risk analysis of technological systems", the risk management process is carried out through identification of hazardous production processes, analysis and assessment of operational risks, as well as proposals for risk reduction or elimination.

In accordance with the requirements of the documented procedure entitled "Document Management" (DP-02), the responsibility for risk management is distributed as follows: the HSE is responsible for making changes and amendments and the Business Process Management Department is responsible for control.

When significant changes are made to the Group's health, safety and environment practices, a process of hazard identification and occupational risk assessment takes place. This process is based on the following factors:

- changes in regulatory documentation and legislation of the Republic of Kazakhstan;
- the results of the analysis of accidents that occurred;
- identified non-conformities during internal or external
- modernization or replacement of equipment
- results of the analysis of emergency situations.

The obtained results of the analysis of hazards and occupational risks are subject to analysis by QazaqGaz management for making managerial decisions. To prevent threats to occupational safety in the system of occupational risk management, operational controls are applied. Such means of operational control include:

- changes in equipment design or technology to prevent or eliminate hazards;
- yes use of means of signaling the presence of danger;
- application of organizational and training management measures:
- use of personal protective equipment.

QazaqGaz proposes measures to reduce or eliminate identified project risks based on the identified project risks. The list of risk management measures is reviewed annually to reduce, prevent and eliminate risks based on the analysis of options and corrective measures provided in the document "Consolidated List of Risks of Exposure to Hazardous and Harmful Production Factors".

When identifying and assessing hazardous and harmful production factors, daily activities of workers in the work area, characteristics of technological processes, equipment condition, possible emergencies and human factor are taken into account. External factors representing potential hazards identified outside the work area are also considered.



## TABLE 27. EMPLOYEES OF THE COMPANY<sup>5</sup> COVERED BY THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM\*, PERSONS

#### / GRI 403-8 /

	2023		
Indicator	Total, people	%, of the total number of employees	
Number of people covered by the occupational health and safety system (full-time employees)	12,800	100	
Number of people covered by the occupational health and safety system that passed the internal audit procedure (full-time employees)	12,604	98	
Number of people covered by the occupational health and safety system (freelance workers)	314	100	
Number of people covered by the occupational health and safety system that passed the internal audit procedure (freelance workers)	199	63	

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

#### INDUSTRIAL SAFETY

QazaqGaz Corporate Center strictly complies with all requirements in the field of industrial safety management at production facilities of subsidiaries and affiliates. Extended meetings on occupational health and safety issues are held quarterly and more frequently at all levels of top and middle management of subsidiaries and affiliates.

All stages of maintaining operational safety are strictly adhered to in accordance with the established Health, Safety and Occupational Health Policy.

In 2023, the following activities were carried out within the QazaqGaz Group of Companies to improve the safety culture at work:

- training on "Safe Work Culture" course was organized for production personnel, the coverage of trained employees of QazaqGaz Group of Companies amounted to 98%;
- ▶ training was organized for the Company's group of companies in the courses "NEBOSH" – 12 persons, "IOSH" – 46 persons and "Accident Investigation" – 88 persons:
- the first II HSE Forum for the heads of subsidiaries and affiliates was held with the participation of the Company's top management and representatives of the Group;
- on a quarterly basis (2 times per quarter), extended meetings were held with the participation of the Management Board members on occupational health and safety issues.

#### **EMPLOYEE HEALTH**

#### / GRI 403-6, GRI 403-7, GRI 403-8 /

Employee health protection is a top priority for QazaqGaz. In accordance with the requirements of the labor legislation of the Republic of Kazakhstan, employees are provided with a social package including protective clothing, accident insurance, medical examinations, emergency medical care and physical health support programs.

Additional social package (beyond the guaranteed scope) is provided to employees who are union members and have signed the Collective Agreement. In addition, the Collective Agreement norms apply to outsourced employees.

<sup>&</sup>lt;sup>5</sup> These data cover 100 % of persons who are not employees. No categories of persons who are not employees have been excluded from these statistics.



Non-unionized employees are guaranteed a social package in accordance with the legislation of the Republic of Kazakhstan.

QazaqGaz has a medical worker on a permanent basis, providing medical assistance if necessary. For employees of

contractor organizations working at the Company's facilities and exposed to increased danger, there are mandatory medical examinations before and after the shift.

The Company provides 100% accident insurance for its employees.

#### TRAINING AND BRIEFING OF EMPLOYEES

#### / GRI 403-4, GRI 403-5 /

Personnel training is one of the key aspects in QazaqGaz's activities to ensure compliance of the management system with national, industry and international health and safety standards.

The main objective is to increase the level of knowledge and professional skills of employees in the field of occupational health and safety compliance in line with leading international standards and practices.

There is an annual increase in the number of employees trained. Thus, compared to the same period of 2021, the number of employees increased by 2,041. At the same time, in 2023, the average number of training hours per 1 employee amounted to 271 hours. This indicates the systematic organization of the Company's work in the area of professional training and advanced training of employees in occupational health and safety.

#### TABLE 28. AVERAGE HOURS OF TRAINING PER EMPLOYEE GRI 403-5

Indicator	2023
Number of the Company's employees who have undergone training	13,514
Average number of training hours per employee of the Company	271
Number of contractors' employees trained	2,492
Average number of training hours per employee of contractor organizations	136

For the indicator "Number of contractors' employees trained" there is an increase in values by 1.7 times: from 1,142 people in 2021 to 2,492 – In 2023. The growth of this indicator characterizes the Company's commitment to comply with the principles and standards in the field of occupational health and safety not only for QazaqGaz employees, but also for employees of contractors.

#### / GRI 403-5 /

Every year QazaqGaz organizes professional training and advanced training programs for employees on occupational health and safety issues to improve their competencies and awareness. In the reporting period, the company's employees were trained on the following topics:

- → Basic training programs
- Briefings: initial, repeated, unscheduled and target briefings
- Omprehensive, mandatory training programs
- First Aid Skills Program

- Industrial safety issues at hazardous facilities
- Safety at particularly hazardous works: gas hazardous works, excavation works, works at height, fire works
- Use of personal protective equipment, analysis of accidents at the facilities
- Fire safety training
- ▶ Low Carbon Development training program for HSE service management
- NEBOSH IGC (International Occupational Health and Safety Certificate) for employees of the Central Office and SDCs
- IOSH Managing Safely (International Certificate of Safe Organization of Work) for employees of the Central Office and SDCs
- Training on safety culture and safety management systems under the guidance of JSC "Samruk-Kazyna" for CEOs and CEO-1s
- Vision Zero program for HSE staff
- In the reporting period, 24,885 QazaqGaz employees underwent OHS training



#### WORKING WITH CONTRACTORS

QazaqGaz aims to ensure a responsible approach in interaction with contractors based on mutual respect and cooperation in managing aspects of HSE.

In accordance with the established labor relations, contractors performing work at the facilities of subsidiaries and affiliates of the Company's group of companies shall comply with the requirements of the legislation of

the Republic of Kazakhstan, as well as the Company's HSE standards and internal regulations.

The contract with contractors includes the development of a plan to ensure safe working conditions at the workplace in order to prevent and minimize risks depending on the work performed. At the same time, control over compliance with occupational health and safety requirements rests with the contractors.

#### TRANSPORTATION SAFETY

To ensure safe driving, the Company adheres to the following principles as stipulated in the Road Safety Policy:

- Compliance with the requirements of the Traffic Rules and QazaqGaz business processes
- Development and continuous improvement of planning, travel management, risk identification and precautionary measures in hazardous road conditions;
- release on the line of vehicles that have passed technical inspection;
- compulsory pre-trip medical examination of each vehicle driver:
- involvement of drivers with appropriate qualification, health condition and experience in driving vehicles;
- inadmissibility of actions, instructions or creation of conditions forcing drivers to violate traffic rules requirements on the part of managers and passengers.

In 2023, the Company registered road accidents in QazaqGaz Onimderi LLP. The Corporate Center of QazaqGaz conducted official investigations on the fact of accidents, based on the results of which the fault was determined and corrective and preventive measures were developed and presented at extended meetings with participation of subsidiaries and affiliates.

The Company has certain traffic rules aimed at minimizing and preventing accidents both within and outside the production facilities.

In 2023, an on-board vehicle monitoring system (IVMS) was installed in all vehicles:

- → The presence of safety systems in cars;
- Monitor driver behavior and condition, adherence to rules on use and being in company vehicles;
- inspections and checks of vehicles by the driver and control mechanic before going on the line;
- timely maintenance, repair of vehicles and refusal to use the vehicle if its technical condition does not allow to operate the vehicle;
- careful selection of employees for positions involving driving.

It is worth noting the statistical data of road accidents, in which the risk of an accident often arises for reasons beyond the Company's control. QazaqGaz is characterized by two key causes of road accidents:

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



#### **INJURY RATES**

#### / GRI 403-7 /

The Company systematically records key injury indicators in all structural units in accordance with the Health, Labor and Industrial Safety Policy. In case of incidents, immediate investigation and recording of incidents is carried out in accordance with the legislation of the Republic of Kazakhstan, and a list of preventive measures is developed.

The Company is committed to achieving "zero injuries" by working to reduce all incidents, including severe accidents. As part of this strategy, the Company continues to implement the seven Vision Zero Golden Rules and nine Life Safety Rules.

The Chairman of the Management Board of QazaqGaz holds weekly meetings with the first heads of subsidiaries and affiliates on compliance with the requirements for labor protection and health of employees, including injury issues. Realizing the importance of human life, each employee is given the right to stop work in case of a threat to his/her safety by Order No. 84 of the Chairman of the QazaqGaz Management Board.

For the convenience of employees, a QR code was developed in 2023 that allows them to report violations.

In 2023, the Lost Time Injury Frequency Rate was 0.12 and the number of work-related injuries decreased by 57% compared to the same period in 2022.

#### TABLE 29. INJURY RATES AMONG THE COMPANY'S EMPLOYEES<sup>6</sup>

#### / GRI 403-9 /

Indicator	2021	2022	2023	Change, %
1.1 Number of fatalities related to the Company's operations (units)	1	0	1	100
1.2 Fatalities related to the Company's operations (%) <sup>7</sup>	4.5	0	4.05	
2.1 Number of severe injuries related to the Company's operations (units)	3	5	2	-60
2.2 The Company's serious injury rate (LTIR) related to the Company's operations	0.18	0.21	0.08	-62
3.1 Number of occupational injuries (units)	4	7	3	-57
3.2 Lost Time Injury Frequency Rate (LTIFR) <sup>8</sup>	0.18	0.29	0.12	-59
4. total number of working hours, man-hours	22,154,349	24,195,796	24,801,359	2.5

In 2023, workers in QazaqGaz Group of Companies sustained the following types of injuries:

- severe trauma JSC Intergas Central Asia;
- severe trauma QazaqGaz Onimderi LLP;
- fatal outcome QazaqGaz Onimderi LLP.

In the reporting year, there were no cases of injuries and accidents among non-employees of the Company.

The rest of the organization has no record of personnel injuries.

According to QazaqGaz internal regulations, in case of incidents, an investigation procedure is conducted. The management of the relevant unit establishes an internal investigation committee, chaired by a member of the relevant level or management staff. This commission conducts an internal investigation of the incident, identifies its root causes, analyzes the factors that provoked the event, and develops corrective measures to be implemented at the facilities and structural units where the incident occurred.

<sup>&</sup>lt;sup>6</sup> These data cover 100 % of employees. No categories of employees were excluded from these statistics.

<sup>&</sup>lt;sup>7</sup> The ratios are based on 100,000,000 hours worked.

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



In 2023, the following preventive actions were implemented based on the corrective actions taken:

- Training has been conducted to prevent incidents.
- Explanatory talks and briefings on the subject of the incidents were held:

#### / GRI 403-10 /

In 2023, according to the indicator "Number of health deteriorations in the workplace", 4 cases due to acute cerebral circulation disorder were recorded. The anamnesis of employees on the regulated cases is aggravated by the presence of arterial hypertension complicated by

diabetes mellitus, as well as acute forms of ischemic heart

In 2023, the Non Work-Related Fatalities indicator was included in the KPI charts for one CEO-1. The indicator was not tracked until 2023.

Every year, QazaqGaz Group of Companies develops, approves and implements an Action Plan on health protection, occupational health, industrial hygiene and employee wellness. This plan is developed within the framework of the Program on identification and assessment of behavioral factors

### FIGURE 4: OBJECTIVES OF THE PROGRAM FOR IDENTIFICATION AND ASSESSMENT OF BEHAVIORAL FACTORS IN THE COMPANY



An important document regulating behavioral aspects in the organization is the HSE Behavioral Audit Regulations, which define the procedures for auditing and assessing employee behavior. This assessment is aimed at preventing accidents while performing work and driving vehicles on the ground, as well as identifying potentially dangerous situations and actions of employees.

QazaqGaz sets strict standards in the field of occupational health and safety in accordance with the legislation of the Republic of Kazakhstan and the company's internal regulations for employees of contractor organizations in order to prevent and reduce injury rates. Contractor organizations submit monthly reports on injury rates in each workplace.



#### PREVENTION OF EMERGENCIES

In 2023, the Company continued its efforts to ensure safety and prevent emergencies at facilities and gas pipelines. This included regular training of employees on labor safety, industrial safety, fire safety and electrical safety. Safety memos and brochures were also distributed via corporate mail and the information portal to raise awareness among personnel.

The Company also conducted systematic training in accordance with established health, safety and environmental requirements, including among contractors,

to implement appropriate management practices in their operations.

In 2023, training sessions, comprehensive exercises and emergency response drills were conducted according to the schedule. This allowed to improve efficiency and coordination of actions in case of emergency situations. Various scenarios of possible emergencies were also practiced, which improved the efficiency and coherence of emergency response activities in key areas:

Direction	Event
Emergency	emergency drills;
	fire tactical drills;
	Civil defense training.
Fire protection	fireproofing treatment of wooden structures of objects;
	repair, inspection and recharging of fire extinguishers;
	training in fire safety measures and briefing of personnel;
	installation of automatic fire extinguishing and alarm systems;
	maintenance of fire automation systems;
	installation and repair of fire water supply;
	conclusion of contracts for protection of facilities against fires.

JSC Intergas Central Asia held a team-building exercise aimed at eliminating an open gas fountain at the wellhead of well No. 23 of the Akirtobe UGSF using shut-off equipment and rope rigging. Participated in the exercise personnel of UGS Akirtobe JSC ICA, contractors engaged in emergency rescue work, fire safety services and other emergency response services of the Civil Defense and Emergency Situations of Zhambyl region.

In 2023, QazaqGaz has not recorded a single case of natural or man-made emergencies.

The process of preparation and response to emergencies in QazaqGaz is carried out in accordance with the current legislation and internal regulatory documents. The Company ensures constant readiness of personnel to respond to emergencies. The Board of Directors of QazaqGaz is responsible for emergency response management.

The main documents regulating QazaqGaz Group's procedures in the field of emergency response include:

Health, safety and occupational health and safety policy;

- 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 incidents related to work activities."
- → Emergency Response Plans.

QazaqGaz Group of Companies has an Order to establish an operational commission for natural and man-made emergencies, accidents, incidents and incidents at the facilities of QazaqGaz and its subsidiaries. In case of emergency, 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 emergency response plan developed for each facility in accordance with the specifics of activity.

The emergency response plan is approved by the facility manager and coordinated with professional emergency services and/or voluntary organizations. The document provides for measures to rescue people and employee actions to stop/prevent exposure to harmful and hazardous



factors. Taking into account the specifics of activities in the gas industry, emergency situations are eliminated as soon as possible to minimize the negative impact on the environment.

Risk assessment in the field of emergency response is carried out in accordance with the documented procedure "Identification of hazardous harmful production factors, risk assessment and establishment of management measures". The Company performs risk identification and assessment 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, to determine 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);

Utilization of expert opinion.

QazaqGaz has a three-tiered emergency response system in place in accordance with emergency response plans:

**Tier 1** - includes incidents/environmental contamination that can be remediated on site by the responsible Line Manager using their own resources.

**Level 2** - includees situations where the incident/ environmental contamination is limited to the site, but there is a potential threat of impact spreading beyond the site. The elimination of such situations is performed by the company's employees or with the use of additional resources.

**Level 3** – when the situation requires large resources that are beyond the company's reach and requires activation of the emergency management team to engage public and private emergency services.

# Human resources management and social policy

#### MANAGEMENT APPROACH

#### / GRI 3-3 /

Attracting and retaining qualified employees is one of the Company's priorities. QazaqGaz provides its employees with comfortable and decent working conditions that meet high standards. In addition, employees without exception are provided with affordable medical services and opportunities for professional development.

Personnel management is carried out in accordance with the Personnel Policy approved by the Management Board on October 25, 2016, Minutes No. 37 and other internal documents:

- Code of Business Ethics (approved by the decision of the Board of Directors on August 20, 2021, Minutes No. 7);
- Rules for training and development of employees (approved by the Management Board on April 06, 2023, Minutes No. 14):
- Rules of formation and training of the personnel reserve (approved by the decision of the Management Board dated June 12, 2023):

- Nules for Remuneration of Management and Administrative Personnel (approved by the Management Board's decision dated July 20, 2022, Minutes No. 25);
- Collective Agreement (additional agreement dated February 23, 2023); Rules of search and selection of candidates for vacant positions of QazaqGaz (approved by the decision of the Management Board dated June 12, 2023, Minutes No. 14).

In the reporting period, within the framework of implementation of measures on priority goals in the field of sustainable development, the QazaqGaz Management Board decision on August 28, 2023 (Minutes No. 24) approved:

- Policy on protection of human rights in QazaqGaz and its subsidiaries and affiliated organizations;
- Diversity and Inclusion Policy of QazaqGaz and its subsidiaries and affiliates;
- Policy against discrimination and harassment in QazaqGaz and its subsidiaries and affiliated organizations.



The Company's human resource management system is aimed at maximizing profits and ensuring leadership in a competitive environment, based on economic incentives and social guarantees, and promoting a harmonious combination of interests of both employer and employee and the development of their relationship for the benefit of QazaqGaz.

The main directions for implementation of the policy in the field of human resources management include:

development of a comprehensive system of human resources planning taking into account the needs of QazaqGaz's business areas, their rational placement and effective utilization;

- increasing the professionalism of employees at all levels of management through the development of the corporate system of continuous education and improvement of the corporate training system;
- bringing the labor remuneration system in line with the complexity and level of work performed;
- Ensuring social protection and improving working conditions for employees.

QazaqGaz takes special responsibility for risk management, including social aspects, which are directly related to the issues of ensuring labor rights of employees. In order to prevent potential negative consequences of risk events, the Company in the reporting period identified the main social risks and developed measures to mitigate them.

TABLE 30. SOCIAL RISKS OF THE COMPANY IN 2023

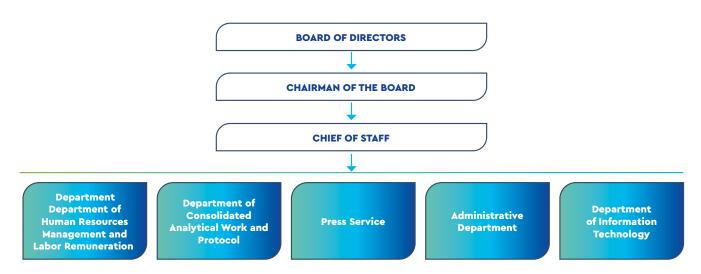
Risks	Measures taken to mitigate risks
Low (insufficient) qualification of personnel	Analysis of retraining and professional development is carried out. The training calendar is planned and approved annually.
Insufficient motivation of personnel	Material and non-material motivation of employees is implemented. Also, in order to determine the value of positions, establish a transparent remuneration system and increase employee motivation, the Company plans to introduce a grading system (job evaluation).
Unauthorized strikes	Explanatory work with the labor collective is carried out. The Nysana Call Center's proactive information hotline is in operation.
Lack of employee satisfaction with the remuneration policy	Remuneration and bonuses are regulated by the Collective Agreement and internal regulatory documents. Mechanisms for upgrading of grade and qualification are being developed.



#### MANAGEMENT STRUCTURE AND TOOLS

The Department of Human Resources Management and Labor Remuneration deals with the management of human resources and social policy, as well as issues related to labor remuneration in QazaqGaz Group of Companies.

#### PICTURE2. ORGANIZATIONAL STRUCTURE FOR SOCIAL AND LABOR RELATIONS



#### **EMPLOYEES AND EMPLOYMENT**

#### / GRI 2-4, GRI 2-7 /

As of December 31, 2023, the list number of QazaqGaz employees was  $12,800^{9}$ . The increase in the list number

of employees by 0.7% (compared to 2022) is due to the reorganization of the Company's structure. In 2023, most of the employees were employed on the basis of a permanent contract and full-time employment<sup>10</sup>.

#### TABLE 31. DYNAMICS OF THE NUMBER OF EMPLOYEES AS OF DECEMBER 31, 2023, PEOPLE

#### / GRI 2-7 /

Indicator	2021	2022	2023	
Headcount of employees	12,118	12,710	12,800	

<sup>&</sup>lt;sup>9</sup> Hereinafter the personnel data covers employees of the following subsidiaries and affiliates of the Company included in the scope of external independent assurance of non-financial statements: NC QazaqGaz JSC, Intergas Central Asia JSC, JSC KazTransGaz Aimak, QazaqGaz Exploration and Production LLP, QazaqGaz Onimderi LLP, QazaqGaz NTC LLP, JSC KazMunaiGaz-Service NS, Mangyshlak-Munai LLP, Tegis Munai LLP.

<sup>&</sup>lt;sup>10</sup> Statistical data on quantitative indicators were obtained by collecting the Data Form for the Group of Companies of JSC NC QazaqGaz.



#### TABLE 32. NUMBER OF EMPLOYEES AS OF DECEMBER 31, 2023, BROKEN DOWN BY ENTERPRISES AND GENDER, PERSONS

#### / GRI 2-7 /

By gender group 2021 2022 2023 Indicator Men Women Men Women Men Women **72** QazaqGaz head office 102 75 91 69 94 JSC Intergas Central 7,034 1,082 7,438 1,098 7,428 1,087 Asia JSC KazTransGas 993 894 1,025 949 1,036 969 Aimak QazaqGaz Exploration 131 15 129 19 144 19 and Production LLP 94 91 QazaqGaz 1,698 1,801 1,817 104 Onimderi LLP QazaqGaz STC LLP 8 9 JSC KazMunaiGas-2 3 Service NS Mangyshlak-Munai LLP 2 4 Tegis Munai LLP 1 1 Total 9,958 2,160 2,226 10,535 2,265 10,484

As of the end of December 31, 2023, the list number of employees was 12,800, including 2,265 women, which is 17.7% 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.

TABLE 33. NUMBER OF EMPLOYEES BY CATEGORY AND AGE GROUP AS OF DECEMBER 31, 2023

#### / GRI 405-1 /

	Total, _ people.	Up to 30 years old		30-50 years old		Over 50 years old	
Category		Chel.	Share, %	Chel.	Share, %	Chel.	Share, %
Number of employees, total	12,800	1,856	14.5	8,069	63.0	2,875	22.5
Administrative and management personnel, including managers	1,136	113	9.9	860	75.7	163	14.3
Production personnel	11,664	1,743	14.9	7,209	61.8	2,712	23.3

#### TABLE 34. NUMBER OF EMPLOYEES BY CATEGORY AND GENDER GROUP AS OF DECEMBER 31, 2023

#### / GRI 405-1 /

	Total, <u> </u>	Men		Women	
Category		Chel.	Share, %	Chel.	Share, %
Number of employees, total	12,800	10,535	82.3	2,265	17.7
Administrative and management personnel, including managers	1,136	473	41.6	663	58.4
Production personnel	11,664	10,062	86.3	1,602	13.7



At the end of December 31, 2023, the majority of employees are between 30 and 50 years of age – 63%. Compared to 2022, no significant changes have been recorded. The share of employees over 50 years old is 22.5%, employees under 30 years old – 14.5%.

At the end of December 31, 2023, the majority of employees are represented in the "production personnel" category, totaling 11,664 employees.

#### TABLE 35. NUMBER OF EMPLOYEES OF GOVERNING BODIES BY AGE GROUP AS OF DECEMBER 31, 2023

#### / GRI 405-1 /

	Total,	Up to 30	years old	30−50 y	ears old	Over 50	years old
Category	people.	Chel.	Share, %	Chel.	Share, %	Chel.	Share, %
Board of Directors/Supervisory Board	32	0	0	23	72	9	28
Board	26	0	0	23	88	3	12

#### TABLE 36. NUMBER OF EMPLOYEES OF GOVERNING BODIES BY GENDER GROUPS AS OF DECEMBER 31, 2023

#### / GRI 405-1 /

		Men	1	Wome	en
Category	Total, people.	Chel.	Share, %	Chel.	Share, %
Board of Directors/Supervisory Board	32	31	97	1	3
Board	26	22	85	4	15

The total number of employees in the Board of Directors / Supervisory Board for QazaqGaz Group of Companies is 32 persons, among which 97% are men. Most of the employees in this category are between 30 and 50 years of age – 72%.

The total number of employees in the Management Board for QazaqGaz Group of Companies is 26 people, among which 22 are men and 4 women. Most of the employees in this category are between 30 and 50 years of age – 88%.

#### TABLE 37. NUMBER OF PERMANENT AND TEMPORARY EMPLOYEES AS OF DECEMBER 31, 2023, PERSONS

#### / GRI 2-7 /

		By gender group	)
Indicator	Total, people.	Men	Women
Listed number of employees, including:	12,800	10,535	2,265
Permanent	12,564	10,434	2,130
Temporary	236	101	135



#### TABLE 38. NUMBER OF PERMANENT AND TEMPORARY EMPLOYEES BY REGION AS OF DECEMBER 31, 2023, PERSONS

#### / GRI 2-7 /

including by employee group Region Permanent Temporary Total Listed number of employees, including: 12,800 12,554 236 Abay region 0 0 0 Akmola region 190 190 0 21 Aktobe region 1,717 1,696 Almaty region 283 282 1 Atyrau region 1,421 1,399 22 21 West Kazakhstan region 1,499 1,478 Zhambyl region 1,116 1,104 12 Zhetysu region 44 40 4 255 Karaganda region 261 6 7 Kostanay region 641 634 Kyzylorda region 672 662 10 23 Mangistau region 1,107 1,084 Pavlodar region 0 0 0 North Kazakhstan region 0 0 0 1,342 1,358 Turkestan region 16 Ulytau region 0 45 45 East Kazakhstan region 31 31 0 711 678 33 Astana Almaty 797 765 32 Shymkent 906 878 28 Outside the Republic of Kazakhstan 1 0

#### TABLE 39. NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT AS OF DECEMBER 31, 2023, PERSONS

#### / GRI 2-7 /

	_	By gende	er group
Indicator	Total, people.	Men	Women
Listed number of employees, including:	12,800	10,535	2,265
Full-time employment	12,641	10,390	2,251
Part-time employment	159	145	14

In 2023, the number of QazaqGaz employees working on a full-time basis amounted to 12,641 of the total number of employees, with the number of male employees amounting to 10,535 and female employees – 2,265. In the reporting period, the Company employed 159 people on a part-time basis, including 145 men and 14 women.



### TABLE 40. NUMBER OF EMPLOYEES IN PERMANENT AND TEMPORARY EMPLOYMENT BY REGION AS OF DECEMBER 31, 2023, PERSONS

#### / GRI 2-7 /

By type o	t emp	loyment
-----------	-------	---------

		ву туре от етпрюутелт		
Abay region  Akmola region  Aktobe region  Almaty region  Atyrau region  West Kazakhstan region  Zhambyl region  Zhambyl region  Karaganda region  Kostanay region  Kyzylorda region  Mangistau region  Pavlodar region  North Kazakhstan region	Total	Permanent	Partial	
Listed number of employees, including:	12,800	12,641	159	
Abay region	0	0	0	
Akmola region	190	190	0	
Aktobe region	1,717	1,715	2	
Almaty region	283	283	0	
Atyrau region	1,421	1,419	2	
West Kazakhstan region	1,499	1,368	131	
Zhambyl region	1,116	1,116	0	
Zhetysu region	44	43	1	
Karaganda region	261	261	0	
Kostanay region	641	626	15	
Kyzylorda region	672	672	0	
Mangistau region	1,107	1,105	2	
Pavlodar region	0	0	0	
North Kazakhstan region	0	0	0	
Turkestan region	1,358	1,355	3	
Ulytau region	45	45	0	
East Kazakhstan region	31	31	0	
Astana c.	711	711	0	
Almaty c.	797	797	0	
Shymkent c.	906	903	3	
Outside the Republic of Kazakhstan	1	1	0	

#### TABLE 41. NUMBER OF EMPLOYEES BY REGION FOR 2021–2023 AS OF DECEMBER 31, 2023, PERSONS

#### / GRI 2-7 /

2021	2022	2023
12,118	12,710	12,800
0	0	0
98	104	190
1,626	1,792	1,717
227	251	283
1,382	1,400	1,421
1,510	1,530	1,499
1,071	1,093	1,116
66	0	0
233	321	261
634	651	641
653	679	672
1,093	1,125	1,107
	12,118  0  98  1,626  227  1,382  1,510  1,071  66  233  634 653	12,118     12,710       0     0       98     104       1,626     1,792       227     251       1,382     1,400       1,510     1,530       1,071     1,093       66     0       233     321       634     651       653     679

Region	2021	2022	2023
Pavlodar region	0	0	0
North Kazakhstan region	0	0	0
Turkestan region	442	1,362	1,358
Ulytau region	0	0	45
East Kazakhstan region	23	29	31
South Kazakhstan Oblast (for reference, based on the example of 2022)	771	0	0
Astana c.	615	684	711
Almaty c.	820	805	797
Shymkent c.	854	884	906
Other areas (reference, based on 2022 example)	0	0	0
Outside the Republic of Kazakhstan	0	0	1

#### / GRI 2-8 /

In 2023, QazaqGaz recruited 314 non-employees of the Company on an outstaffing and PEA basis through Samruk Business Academy, a private institution. The relationship between QazaqGaz and these employees is governed by the laws of the Republic of Kazakhstan, including the Civil and Labor Codes. In accordance with the service agreement, they perform the following types of work:

- ensuring occupational health and safety measures (conclusion of contracts for organization of training, accommodation, catering, procurement of protective clothing, PPE);
- providing the Company's employees with inventory (household goods, office supplies, etc.);
- Processing, registration in the Electronic Document Management System (EDMS), distribution of incoming correspondence from state structures ministries, akimats, departments, committees, counting committee, courts, subsidiaries and affiliates and appeals; Control over execution of documents in due time and monitoring of executive discipline in QazaqGaz subdivisions;
- Professional translation and editing of the Company's documents from Russian into the state language and from the state language into Russian;
- on the basis of primary documents, timely reflection of financial and business transactions in the accounting records, maintenance of settlements on accountable persons, hospitality expenses; accounting of funds on corporate cards of employees; maintenance of accounting of receipt of services, work performed and other inventory; maintenance of accounting of fixed assets, intangible assets, construction in progress and their amortization;
- maintaining the Company's relations with the public, press, elected bodies and public organizations, establishing and developing contacts with media representatives in the Republic of Kazakhstan and

abroad, participating in the development of its own information policy, maintaining business relations with printing houses, computer graphics studios, film crews and recording studios;

- Organization of procurement procedures, including the use of electronic systems, in accordance with the Procurement Procedure, internal regulatory documents of the Company and acts of authorized organizations and timely input of data into the procurement monitoring software implemented and used in the Company;
- Maintenance and support of the Dispatch Department SCADA systems, reporting documentation system. Control over the functioning of uninterrupted operation of SCADA system, shift dispatcher reporting system, as well as ensuring reliable data in the field of gas metering;
- maintenance of the electronic document management system. Maintenance of IMS subsystems;
- work on implementation of the Road Map on transfer to the competitive environment of QazaqGaz.

#### / GRI 401-2 /

The Company has benefits available to both full-time and part-time employees. These include:

- life insurance;
- → sanatorium-resort treatment and recreation;
- Disability and disability payments (provided for by the legislation of the Republic of Kazakhstan);
- child care leave (stipulated by the legislation of the Republic of Kazakhstan);
- payments upon dismissal in excess of those provided for by the legislation of the Republic of Kazakhstan;
- material assistance (stipulated by the legislation of the Republic of Kazakhstan);
- health care (for more information, see "Employee Health" on page 128).



#### STAFF TURNOVER

In 2023, the employee turnover rate was 5.6%, down from 6.7% in the previous reporting period.

The contracts were terminated in strict compliance with the norms of the Labor Law of the Republic of Kazakhstan.

Based on 2023 data, 711 labor contracts have been terminated, the largest share of which is in the 30-50 age group.

### TABLE 42. TOTAL NUMBER OF EMPLOYEES WITH WHOM LABOR RELATIONS WERE TERMINATED, BY GENDER AND AGE IN 2021–2023, PERSONS\*

#### / GRI 401-1 /

Indicator	2021	2022	2023
Total for the Company:	836	848	711
By gender group:			
Women	123	142	129
Men	713	706	582
By age group:			
Less than 30 years	160	149	165
30-50 years old	460	541	456
Over 50 years	216	158	90

TABLE 43. 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 /

			2023	3				
	Number of employees with whom labor relations were terminated							
	Less than 3	30 years	30-50 year	rs old	Over 50 y	ears		
Region*	Men	Women	Men	Women	Men	Women		
Abay region	0	0	0	0	0	0		
Akmola region	11	1	15	3	2	0		
Aktobe region	10	1	38	7	5	0		
Almaty region	5	0	6	1	2	0		
Atyrau region	7	1	23	4	6	1		
West Kazakhstan region	15	1	42	11	6	0		
Zhambyl region	12	0	33	3	3	1		
Zhetysu region	0	0	1	0	0	0		
Karaganda region	6	0	25	3	2	0		
Kostanay region	5	2	12	3	19	1		
Kyzylorda region	3	1	9	3	1	0		
Mangistau region	12	2	22	6	1	0		
Pavlodar region	0	0	0	0	0	0		

2023

	Number of employees with whom labor relations were terminated						
	Less than 30 years		30-50 year	rs old	Over 50 years		
Region*	Men	Women	Men	Women	Men	Women	
North Kazakhstan region	0	0	0	0	0	0	
Turkestan region	27	2	41	10	7	1	
Ulytau region	0	0	0	0	0	0	
East Kazakhstan region	1	0	2	0	0	0	
Astana	4	3	49	24	12	5	
Almaty	9	6	15	6	4	1	
Shymkent	17	1	27	12	8	2	
Outside the Republic of Kazakhstan	0	0	0	0	0	0	
Total	144	21	360	96	78	12	

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

#### TABLE 44. EMPLOYEE TURNOVER RATE AS OF DECEMBER 31, 2023\*, %

#### / GRI 401-1 /

Indicator	2021	2022	2023	Change,%
Total for the Company:	6.1	6.7	5.6	-16
By gender group:				
Women	6.9	5.5	5.7	4
Men	3.6	6.7	5.6	-16
By age group:				
Less than 30 years	6.6	1.2	1.5	25
30-50 years old	5.7	4.2	4.2	0
Over 50 years	6.6	1.2	0.8	-33

#### / GRI 402-1 /

According to the requirements of the Labor Code of the Republic of Kazakhstan, the minimum notice period for employees when terminating employment contracts due to staff reduction is one month (30 calendar days).

Changes in the terms of the employment contract caused by changes in organizational or technological working conditions and established in the Collective Agreement also comply with the norms of the Labor Code of the Republic of Kazakhstan.

As of 2023, the company has not had any employee law suits filed for noncompliance with this requirement.



#### TABLE 45. EMPLOYEES ON MATERNITY LEAVE IN 2021-2023, PERSONS

#### / GRI 401-3 /

Indicator	2021	2022	2023
Number of employees entitled to maternity or childcare leave (according to the Labor Code of the Republic of Kazakhstan)	11,532	12,630	12,800
Women	2,295	2,248	2,265
Men	9,237	10,382	10,535
Number of employees who have taken maternity and parental leave	322	195	165
Women	308	178	154
Men	14	17	11
Number of employees who returned to work at the end of maternity/ paternity leave	88	104	72
Women	87	99	67
Men	1	5	5
Number of employees who returned to work in the previous year at the end of maternity/paternity leave and were still working 12 months later	51	66	70
Women	51	66	67
Men	0	0	3
Number of employees who had to return to work at the end of maternity/ paternity leave in the reporting year	32	47	61
Women	32	47	57
Men	0	0	4
Employee return rate, %			
Women	-	100%	118%
Men	-	100%	125%
Employee retention rate, %			
Women	-	71%	68%
Men	_	0	60%

#### REMUNERATION AND MOTIVATION

#### REMUNERATION

QazaqGaz ensures remuneration of its employees taking into account internal fairness and external competitiveness with regard to approved methods of material and non-material remuneration.

Remuneration of the Company's employees is made in accordance with the legislation of the Republic of Kazakhstan, Collective Agreements, labor contracts, internal regulations on remuneration and bonuses.

The Human Resources Management and Remuneration Department plans, monitors and controls labor costs and calculates remuneration based on the results of KPI motivation cards. Administrative employees are evaluated on a quarterly basis for the fulfillment of set goals, managerial and executive employees are evaluated for KPI fulfillment at the end of the year.

In order to build individual development plans, QazaqGaz carries out annual assessment of employees, conducts attestation of employees for compliance with the position held once in three years.



QazaqGaz has established unified official salaries, monthly tariff rates and additional payments in accordance with Collective Agreements and internal regulations governing labor remuneration and bonuses for employees. Additional payments depend on the location of work (environmental coefficient in the Aral Sea region varies from 20% to 50%) and the results of training, attestations and tests – up to 20%.

#### **MOTIVATION**

Personnel motivation involving material and non-material systems is based on the principles of ensuring a decent competitive level of remuneration, transparency and observance of employees' rights in labor relations.

A key component of the system of material incentives and motivation of personnel is rewarding personnel for achieving performance indicators, as well as rewards for initiating proposals aimed at improving performance and reducing the Company's costs.

#### PERSONNEL RESERVE

Formation of QazaqGaz personnel reserve is one of the key activities to train managers, executives and highly qualified specialists seeking to improve professional skills and career development to ensure continuity in the management of the Company.

In accordance with the Rules for the formation of the personnel reserve, the Department of Human Resources Management and Labor Remuneration forms the personnel reserve step by step. Based on the results of need analysis and preliminary selection, employees enrolled in the personnel reserve sign an Individual Career Development Plan.

In 2023, for the purpose of transparency and objectivity of the personnel reserve formation process, a contract was concluded with Samruk Business Academy for independent In addition to guaranteed financial incentives, QazaqGaz pays bonuses for holidays: Nauryz meiramy, Oil and Gas Workers' Day, Independence Day of the Republic of Kazakhstan. It also includes a package of medical insurance, compensation and material assistance.

Throughout 2023, employees were paid in accordance with the Rules of social support and collective bargaining agreements. The main types from year to year remain:

- material aid for vacation for health improvement;
- social benefits for maternity, adoption and adoption of newborns:
- financial assistance at the birth/adoption of a child;
- inancial aid in connection with the death of an employee/family members of an employee;
- other payments (upon marriage, retirement, jubilee dates, etc.).

Intangible motivation provides funds for voluntary medical insurance in the best clinics in Kazakhstan. Also, the Company works to prevent diseases among employees, their treatment and rehabilitation activities during vacations.

personnel assessment (aptitude tests (HR Tools) and development of a personality questionnaire (SHL, profile).

Candidates' abilities are tested by the Corporate University consultants in online mode, which will allow measuring a person's potential and predicting the success of his/her development in the company.

Personality questionnaire is a comprehensive method of personality assessment in professional activities, which is of great value for predicting success in future activities. It allows to identify the strengths and weaknesses of an employee in the context of his/her personality traits, which allows to accurately determine the suitability of his/her competencies for vacant positions.



#### TABLE 46. SHARE OF EMPLOYEES COVERED BY REGULAR PERFORMANCE AND CAREER DEVELOPMENT ASSESSMENT, %

#### / GRI 404-3 /

Indicator	2021	2022	2023
Total for the Company:	32.6	34	34.5
By gender group:			
Women	46.8	50.1	50.6
Men	29.5	28	31.1
By category:			
Administrative and management personnel	0.59	0.64	0.63
Production personnel	0.3	0.31	0.32

#### STAFF TRAINING AND DEVELOPMENT

#### / GRI 404-3 /

QazaqGaz pays great attention to the issue of improvement of personnel training system (administrative, management and production), provides equal opportunities in professional development of each employee through regular training courses to acquire or develop the necessary knowledge and skills that contribute to more effective performance of tasks.

The corporate training system involves both domestic and international service providers through Samruk Business Academy, which organizes specialized training, retraining and professional development.

Corporate training provides for the development of important professional and personal qualities, a system of internal coaching, mentoring, mentoring and coaching (training of a new employee, initiation into work, transfer of experience, knowledge and skills that contribute to the development of the employee's potential). For example, in 2023, QazaqGaz conducted a training course on "Resource Exploration Assessment and Direct Hydrocarbon Indicator (DHI) Technology Course" for QazaqGaz employees.

The training illustrated the benefits of the DHI consortium and the corresponding powerful Seismic Amplitude Analysis Module (SAAM) software.

The following HR plans (projects) were implemented in 2023:

12 students of 3-4 courses of the Institute of Geology and Oil and Gas named after K. Turysov at Satbayev University, as well as the Faculty of Energy and Oil and Gas at Kazakhstan-British Technical University were awarded QazaqGaz personal scholarships.

The following Educational Programs are organized:

- dual training within the framework of the "Fibrat" program (industrial training and professional practice within the framework of dual training for students of higher educational institutions of Zhambyl region at the fields of RD QG);
- The "Izbasar" program for awarding educational grants was launched (the program is envisaged for applicants/students who graduated from school in Zhambyl region and studying in educational institutions of Zhambyl region (large families, single-parent families), as well as for employees of QG EP).



#### TABLE 47. NUMBER OF HOURS OF EMPLOYEE TRAINING AS OF DECEMBER 31, 2023, PEOPLE

#### / GRI 404-1 /

_	By gender g	roup	By employee category		
Indicator	Women	Men	AMS	PS	
Average annual number of training hours per year per employee, hours	8.6	17.3	12.9	16.1	

#### NUMBER OF HOURS OF EMPLOYEE TRAINING AS OF DECEMBER 31, 2022, PEOPL.

	By gender	group	By employee category		
Indicator	Women	Men	AMS	PS	
Average annual number of training hours per year per employee, hours	7.4	25.8	19.2	23	

#### TABLE 48. CONDITIONS DURING THE TRAINING PERIOD

#### / GRI 404-2 /

Type of program/.aids	Program name	Brief information about the program
Financial support for external training or education	Employee training and development calendar plan	Every year, in order to form and maintain the necessary level of qualification of employees, taking into account the requirements and prospects of development of QazaqGaz Group of Companies, a training plan is formed and approved, in which short-term training programs (trainings, seminars, etc.) are planned. Training activities are carried out at the expense of budgetary funds of the Company.

#### / GRI 404-2 /

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

#### YOUTH POLICY

The purpose of the Youth Policy is to create favorable conditions for the development and improvement of young professionals from among the employees of QazaqGaz Group of Companies, as well as to provide effective ways for their social and economic self-realization.

Youth work, defines the principles and values on which youth policy is built, aimed at the implementation of the Youth Policy, containing the main recommendations for developing the potential of young personnel, supporting youth and increasing their role in achieving strategic goals.

In 2023, the number of young specialists across the Group amounted to 5,126 people (or 34.8% of the total headcount).

Young employees organize various actions and events in various directions:

- Holding of Kepisu (April 14) and Nauryz meiramy (March 20) for employees of the group of companies;
- Congratulations to World War II veterans (May 6);
- Tree planting "QazaqGaz Alley" (May 12);
- Holding the "Donor Day" campaign in Astana (May 26) and Almaty (June 13);
- Participation in the marathon on the day of the 15<sup>th</sup> anniversary of the Samruk-Kazyna JSC (May 28) and in the Almaty Marathon (April 23);
- Charity fundraiser for poor families on Ramadan;
- Subbotnik "Green City Green Village". Participation in activities on greening of settlements, tree planting, cleaning of rivers;
- → Holding a flash mob for the Dombira Day;



- Logo contest
- QazaqGaz Jastary;
- Participation in the Development Marathon to establish communications and unite the youth of Samruk-Kazyna JSC;
- Participation in a long distance triathlon competition held by the World Triathlon Corporation IRONMAN;
- Developed a welcome book for newly hired employees;
- As part of the "16 Days against Gender Violence" campaign, a round table discussion was held with representatives of the Department of Internal Affairs;
- → Wishing Tree charity event;
- Organization of an online conference with a presentation in preparation for the selection of SCCPs with current

SCCP members for young specialists of the Company's group of companies;

Charity actions

In the reporting period, the Youth Council organized more than 15 charitable events, which provided assistance to 830 needy persons (Ramazan korzhyny; support for veterans of World War II; targeted assistance (to orphanages, fire victims, etc.).

Participation in the action "Road to School", organized for the  $15^{\text{th}}$  anniversary of Samruk-Kazyna JSC to collect, send and deliver 15,000 backpacks to children from socially vulnerable groups.

#### SOCIAL POLICY

An integral element of stability and sustainable development of QazaqGaz is the implementation of social policy of the company, which creates a favorable moral and psychological climate, provides a social package that guarantees additional benefits to ensure a high level of social protection of its employees.

Within the framework of social policy, a variety of measures are implemented to ensure social stability, create a favorable moral and psychological climate, improve social and labor conditions and increase security.

QazaqGaz has defined the main principles of social policy as follows:

- Recognizing workers' rights to freedom of assembly and association and freedom of expression.
- Preventing any form of discrimination based on age, gender, ethnicity, religion, disability, nationality, social status, sexual orientation or other characteristics unrelated to individual performance.
- Strive for sociocultural diversity among staff at all levels of the organization.
- Recognizing equal opportunities for women and men, including equal pay for equal work.
- Preventing child, forced and compulsory labor.
- Prevention of workplace violence in any form.

- Providing a safe and healthy work environment for all employees.
- Respect for the rights of local communities in the regions where the company operates.

Throughout 2023, the Company has implemented a set of activities in support of social well-being: Spartakiade, Marathons, charity events, social projects, corporate events (team building events, contests), etc.

#### / GRI 2-30 /

The main document regulating the provisions of social support in the Company is the QazaqGaz Collective Agreement.

As of December 31, 2023, the collective bargaining agreement covered 98% of employees at the following organizations:

- KazTransGas Aimak JSC;
- → Intergas Central Asia JSC;
- QazaqGaz Onimderi LLP;
- Asian Gas Pipeline LLP;
- Beineu-Shymkent Gas Pipeline LLP;
- → KazRosGas LLP.



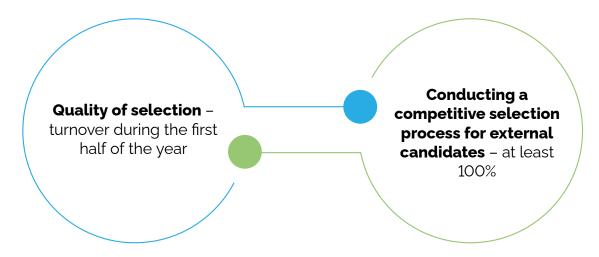
#### STAFF SELECTION

QazaqGaz adheres to all norms of the Labor Legislation of the Republic of Kazakhstan, terms and conditions of the Company's collective agreement and internal regulations concerning the procedures of hiring employees. The Company strives to create a team of highly qualified specialists, making the most efficient use of their potential and skills.

In accordance with the Corporate Standard on Human Resources Management and Remuneration of Labor of Samruk-Kazyna JSC, search and selection of candidates for vacant positions is carried out by posting vacancies on the unified recruiting platform Samruk Qyzmet (www. qsamruk.kz). When hiring employees, QazaqGaz observes the principles of meritocracy, human rights and norms of the Labor Law of the Republic of Kazakhstan.

In 2023, the Rules for Search and Selection of Candidates for Vacant Positions of the Company were amended to introduce a video recording and observation process (proctoring system) in order to eliminate the possibility of abuse by potential candidates. This measure also made it possible to introduce maximum transparency in the personnel selection process.

FIGURE 5. KEY PERFORMANCE INDICATORS OF THE PERSONNEL SELECTION AND RECRUITMENT SYSTEM



In 2023, QazaqGaz hired 1,207 employees, among them 1,000 men and 207 women. Most of the hired workers are between 30 and 50 years of age.

TABLE 49. NUMBER OF HIRED WORKERS BY GENDER AND AGE IN 2021-2023, PERSONS\*

#### / GRI 401-1 /

Indicator	2021	2022	2023
Total for the Company:	2,081	1,718	1,207
By gender group:			
Women	559	277	207
Men	1,522	1,441	1,000
By age group:			
Less than 30 years	675	572	381
30-50 years old	1,057	991	687
Over 50 years	349	155	139

<sup>\*</sup> Quantitative data disaggregated by gender and age groups for the 2021 indicator have not been independently validated.



#### TABLE 50. NUMBER OF HIRED EMPLOYEES BY GENDER, AGE AND REGION AS OF DECEMBER 31, 2023, PERSONS

#### / GRI 401-1 /

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			2023			
•		Nu	mber of emplo	yees hired		
•	Less than 30	years	30-50 yea	rs old	Over 50 y	ears
Region*	Men	Women	Men	Women	Men	Women
Abay region	0	0	0	0	0	0
Akmola region	11	3	17	6	3	0
Aktobe region	28	4	53	3	8	1
Almaty region	13	2	10	2	2	0
Atyrau region	53	1	47	5	8	1
West Kazakhstan region	28	3	66	8	12	0
Zhambyl region	39	0	56	6	12	2
Zhetysu region			3	1		
Karaganda region	10	3	34	7	9	1
Kostanay region	3	2	20	7	25	2
Kyzylorda region	5	2	19	5	5	0
Mangistau region	17	2	30	5	1	O
Pavlodar region	0					
North Kazakhstan region	0	0	0	0	0	C
Turkestan region	52	7	42	15	6	O
Ulytau region	0	0	0	0	0	O
East Kazakhstan region	1	0	3	0	0	0
Astana	11	11	87	35	8	8
Almaty	22	6	32	9	13	3
Shymkent	34	8	38	16	4	5
Outside the Republic of Kazakhstan						
Total	327	54	557	130	116	23

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

#### **SOCIAL STABILITY**

#### / GRI 2-26 /

Social stability in the Company is ensured due to an efficiently built system of internal communications through feedback channels.

The main tool for communicating with external stakeholders is the official website of QazaqGaz https://qazaqgaz.kz/.

The main channels of internal communication include:

- → Compliance Service hotline;
- → hotline of Samruk-Kazyna JSC (Nysana call-center);
- interactive resource "Open Window";
- eOtinish.

Monitoring and control of appeals through internal communication channels are carried out by authorized structural subdivisions. At the same time, registration and processing of 100% of appeals, as well as confidentiality and anonymity of the persons who applied are guaranteed.



#### FIGURE 6. INTERACTION OF MANAGEMENT WITH EMPLOYEES

#### **Management Board Management of Board of Directors** of JSC NC QazaqGaz subsidiaries and affiliates Annual employee "Open Window" direct Motivational programs line survey (Social Stability ("Yzdik Maman") Index) Appointment of Operational meetings the Company's Hotline (phone Mentoring of young Management Board number and e-mail) professionals Targeted programs to Motivational programs support inclusiveness (bonuses for (Koktem Shuagy implemented idea, for competition) exceeding KPIs) Corporate website; e-mail; newspaper; information stands; brochures; posters and videos; collective meetings and professional union; chats in corporate messengers

Management's interaction with employees is carried out by various feedback tools, such as the Open Window direct line, annual employee survey, operational meetings, mentoring, etc.

#### CHANGES IN THE SOCIAL STABILITY INDEX

Every year, surveys are conducted within the Group of Companies to determine the level of social stability among production personnel.

The purpose of this research is to diagnose problem areas in labor relations, calculated on the basis of workers' evaluations correlated with their level of perception of the key components of the methodology:

- Engagement Index (workplace safety and company communications);
- Social well-being index (influence of external factors);
- Social tranquility index (social tension of the team).

TABLE 51. VALUE OF SOCIAL STABILITY INDEX FOR 2021-2023 AS OF DECEMBER 31, 2023, %

Indicator	2021	2022	2023
SRS Social Stability Index	83	76	68

According to the survey conducted by PSU "Center for Social Interaction and Communications", the index of social stability of Samruk Research Services (SRS) for QazaqGaz Group of Companies in 2023 amounted to 68%, decreasing by 8 percentage points.

The decrease was due to the postponement of the transfer of the functions of maintenance and operation of gas distribution pipelines from JSC Intergas Central Asia to JSC KazTransGas Aimak, as well as the transfer of the branch "Scientific and Technical Center" of JSC Intergas Central Asia to LLP QazaqGaz Scientific and Technical Center.



TABLE 52. SRS ACTION PLAN FOR 2023 RESULTS

Direction	Description
Financial well-being of employees	Revision of tariff rates and official salaries for the personnel of production branches in accordance with macroeconomic indicators of the Republic of Kazakhstan
Involvement	Holding professional skills contests and organizing visits by employees to sports and fitness complexes, gyms, swimming pools, sports sections, holding sports events
Labor Relations - IR	Timely provision of the Company's employees with protective clothing, footwear and personal protective equipment and IR-screening to improve social and living conditions
Conditions of employment and transparent personnel policy	Introduction of the practice of rotation of the management staff of enterprises in order to ensure more efficient use of their professional potential and formation of a succession plan (personnel reserve) for managerial positions of production personnel
Professional development	Execution of training calendar based on training and professional development needs
Development of internal communications	Organization of management meetings with employees; creation and active promotion of pages in social networks, publication of posts about the Company's activities; carrying out information and awareness-raising work in subsidiaries and affiliates to counteract corruption, fraud, violation of corporate ethics, procurement procedures

#### **ACTIVITIES OF THE TRADE UNION**

Trade union activity in QazaqGaz is 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.

In order to strengthen ties within the Company and to implement social policy, trade unions of QazaqGaz Group of Companies annually organize various events for the Company's employees.

In the reporting period, the following activities were organized and carried out:

- Summer Spartakiade;
- corporate team building in the Borovoye recreation area;
- a concert for the Oil and Gas Workers' Day;
- The "Road to School" campaign;
- day of trade unions of the Republic of Kazakhstan;
- events dedicated to the day of the Kazakh language, including contests on knowledge of the state language;
- many other activities designed to foster corporate spirit and employee communication.

In addition, trade unions and employees of QazaqGaz NC group of companies organized charity events aimed at supporting children from low-income families and children with disabilities.

#### Plans for 2024 and the medium term

- Approval of the grading program;
- QazaqGaz Personnel Policy Update
- Updating the Labor Remuneration Policy in terms of bringing it in line with the corporate standards of Samruk-Kazyna JSC;
- → Changing recruitment practices for CEO, CEO-1 positions;
- Formation of questionnaire-questionnaire by 360 methodology in QazaqGaz Group of Companies.



# Anti-discrimination and equal opportunities

#### MANAGEMENT APPROACH

#### / GRI 3-3 /

QazaqGaz declares its commitment to a policy of equal opportunities, providing fair employment and career development conditions for all its employees, regardless of their gender, race, ethnicity or other characteristics.

#### **EQUAL OPPORTUNITIES**

QazaqGaz corporate culture broadcasts equality and inclusion and non-discrimination in any of its manifestations. Each employee has equal rights to education, decent working conditions and career growth.

#### / GRI 405-1 /

QazaqGaz provides jobs for people with disabilities. In 2023, the number of employees with disabilities amounted to 139 people. The share of employees with disabilities in 2023 amounted to 1.0% of the total number of employees.

#### TABLE 53. LIST NUMBER OF EMPLOYEES WITH DISABILITIES IN 2021-2023, PERSONS

Indicator	2021	2022	2023
Total	153	183	139

#### **GENDER COMPOSITION**

Adhering to SDG 5 on gender equality, QazaqGaz encourages the recruitment of women for administrative and service positions. As of today, the share of women among the employees of QazaqGaz Group of Companies is less than 18%. This value is largely due to the specifics of the Company's production activities.

However, the principle of gender equality is respected in wage setting, including the ratio of wages for different categories of workers.

#### / GRI 405-2 /

QazaqGaz adheres to international best practices in the field of human rights in the workplace and considers it its duty to respect these rights to ensure sustainable development. The company strictly prohibits any form of discrimination, including on the basis of race, gender, religion, disability or political opinion.

When advertising vacancies and selecting candidates, experience and qualification requirements are clearly defined to eliminate any bias in the recruitment process. The amount of remuneration depends solely on the candidate's professional qualities.

#### Compliance with social standards by suppliers

According to the Code of Business Ethics, QazaqGaz is insistent with suppliers on compliance with social standards covering health, safety of employees, compliance with labor legislation of the Republic of Kazakhstan, etc.



#### RESPECT FOR HUMAN RIGHTS

#### / GRI 2-23 /

The basis of relations between employees and the company's management is the observance of basic human rights provided for by the Constitution of the Republic of Kazakhstan and international documents such as the Universal Declaration of Human Rights, the Principles of the UN Global Compact, the Convention of the International Labor Organization and others.

The Department of Human Resources Management, the Compliance Service and trade unions are responsible for monitoring compliance with constitutional human rights.

The QazaqGaz Human Rights Policy, approved in 2022, is a guarantee of rights compliance. It is published on the Company's official website and is available to stakeholders.

The plans for 2024 include changes to the Company's organizational structure in terms of creating an Ombudsman service that will monitor human rights compliance and provide consulting support in this area.

#### COUNTERING DISCRIMINATION

#### / GRI 406-1 /

In 2023, the Company did not record any cases of discrimination or other violations related to constitutional human rights.

The main structural unit responsible for prevention of discrimination in the workplace is QazaqGaz Compliance Service. In case of discrimination facts detection, an internal investigation is initiated, based on the results of which Compliance provides recommendations and develops corrective measures.

### Local communities

#### MANAGEMENT APPROACH

#### / GRI 3-3 /

QazaqGaz attaches great importance to the development of the regions where it operates. The main document regulating interaction with local communities is the Documented Procedure "Public Relations".

The main goals and objectives in the reporting period were:

- informing about the company's activities;
- of forming a positive image and contacts with the community;
- support and promotion of QazaqGaz brand
- Crisis management and reputation protection;
- receiving feedback from the public.

#### / GRI 203-1 /

To improve living conditions in Kazakhstan, QazaqGaz implements a number of socially significant projects in the regions where it operates.

These initiatives are aimed at ensuring reliable gas supply, converting industrial facilities to natural gas and creating economic opportunities such as SME development and job creation.

For example, in April 2023, the company solved the problem of gas supply to the population of the southern region, which had been waiting for it for ten years. However, it should be noted that investments and financing of social infrastructure in these regions are not carried out by QazaqGaz Group of Companies, but are realized through the Fund for Development of Social Projects of Samruk-Kazyna Trust in accordance with the Charity Policy of Samruk-Kazyna JSC.



#### / GRI 203-2 /

The Company actively monitors and analyzes its investment activities, including green investments, which cover investments in alternative energy sources and environmentally friendly technologies. One of the main areas of this activity is QazaqGaz Onimderi LLP, which is responsible for the implementation of a number of projects, including the construction of CNG filling stations in Almaty.

LNG plants in Rudnyi and Taraz, and the development of a network of automobile gas filling compressor stations throughout the Republic of Kazakhstan.

In the reporting year, the Company continued implementation of infrastructure projects on gasification of the country, according to the General Scheme of Gasification of the Republic of Kazakhstan for the period from 2022 to 2030.

#### MAJOR INFRASTRUCTURE PROJECTS OF QAZAQGAZ

Project Timeline:	2021-2023
Total cost:	25,695 million tenge
Project Objective:	Gasification of Sarsha locality, supply of commodity gas to newly established business entities in Mangistau region.
Project Status in 2023:	The project is completed. The commissioning act was signed on 15.02.2023.
Reconstruction of the ga	as transportation system in Mangistau Oblast
Project Timeline:	2021-2024
Total cost:	203,861.7 million tenge
Project Objective:	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 – MAEK-Kazatomprom LLP.
Project Status in 2023:	The project of construction of the 2 <sup>nd</sup> string of MG Beineu-Zhanaozen is completed and put into operation on 25.12.2023.
	On the project of overhaul of 3 strings of Zhanaozen-Aktau MG Zhanaozen-Aktau continues to be realized.
2. Construction of looping	ng on the Makat – North Caucasus gas trunkline
Project Timeline:	2021–2023
Total cost:	99,764 million tenge
Project Objective:	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 single-line gas pipeline, given the unsatisfactory technical condition of MG Makat-North Caucasus according to the results of VTD, as well as uninterrupted gas supply for the special economic zone "National Industrial Petrochemical Technopark" in Atyrau region for power generation and supply of production facilities of the object.
Project Status in 2023:	The project is completed. The commissioning act was signed on 03.08.2023.
3. Construction of high p	oressure gas pipelines from AGDS to CHPP-2 and CHPP-3 in Almaty
Project Timeline:	2021-2024
Total cost:	106,489 million tenge
Project Objective:	Ensuring reliable and uninterrupted gas transportation in the Almaty region, including the Almaty power complex, taking into account gasification of CHPP-2 and CHPP-3.



Project Status in 2023:	The following Projects have been completed:
	- "Construction of TIP-04 Kairat jumper between MG Kazakhstan – China and MG Almaty – Baiserke – Talgar with adjustment of DED";
	- "Construction of AGDS for CHPP-2 Almaty with development of design and construction documentation";
	- "Construction of AGDS for CHPP-3 Almaty with development of design and construction documentation";
	Implementation of the project "Construction of 2 lines Almaty - Bayserke - Talgar" continues. Following projects are planned to be completed in 2024:
	- Construction of the 2nd line "Almaty-Bayserke-Talgar"
	- Construction of a gas supply pipeline from AGRS to CHP-2
	- Construction of a gas supply pipeline from AGRS to CHP-3

4. Gasification of two se	ttlements (Zhitikara town, Tobol settlement) in Kostanay region
Project Timeline:	2021–2023
Total cost:	2,872.3 million tenge
Project Objective:	Gasification of Vostochny micro-district of Zhitikar part of Kostanay region, Tobol settlement, Beimbeta Mailin district of Kostanay region. Improvement of ecological situation in settlements, connection of 3,275 new subscribers with average annual consumption of 12.7 mln m³ gas.
Project Status in 2023:	52.42 km were constructed, 3 GGB and 1 GRPSH were installed in Zhitikara town. 49 km were constructed, 2 GSSPs were installed in Tobol town. The project is completed.

5. Construction of Beir	neu – Bozoi – Shymkent gas pipeline
Project Timeline:	2011-2023
Total cost:	882,560 million tenge
Project Objective:	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.
Status for 2023:	Construction of works on the expansion of compressor station KS-1E Bozoi was completed. The commissioning act was signed on October 11, 2023. The expansion of GIS ("Beineu") received a positive conclusion of the state expertise. Tender procurements for construction and installation works (C&I) and technical supervision are currently underway.

#### / GRI 413-1 /

QazaqGaz makes efforts to improve the quality of life in the regions where it operates by providing the population of the Republic of Kazakhstan with gas. The Company actively carries out media promotion through various mass media channels and social networks. In addition, consultations and training activities are conducted among the local population on safe operation of domestic gas.

In 2023, QazaqGaz carefully considered complaints and suggestions of local residents regarding issues related to gas connection and obtaining technical conditions. All appeals were promptly redirected and resolved by the company's competent specialists in order to ensure the social welfare of the local population. In 2023, gas supply works were carried out in three subsidiaries of QazaqGaz. The percentage of covered subsidiaries where gasification projects were implemented is 21%.

#### / GRI 413-2 /

Throughout 2023, work continued on socially fair reform of the commodity gas pricing system, which will ensure diversification of the gas industry development. In the financial statements it is reflected as a loss of 175.4 billion tenge from gas sales to the domestic market.

In addition, the following strategic initiatives have been implemented as part of the ongoing reform:

- approved wholesale prices of marketable gas for a longterm period of 5 years with the possibility of annual adjustment;
- two new categories of gas consumers were introduced: large commercial consumers and miners;
- approved an incentive formula for the price of purchasing new volumes of gas from subsoil users;
- changed the pricing mechanism of commodity gas for consumers included in the list of power plants from a 10year price approval period to a 5-year one;
- approval of tariffs for transportation of marketable gas is allowed when property is taken into balance sheet or trust management.



Reforming the pricing system without affecting vulnerable social groups reflects the Company's commitment to responsible business conduct.

#### / GRI 203-1 /

Projects aimed at the development of social infrastructure and support of key spheres of life in the regions are implemented through the Samruk-Kazyna Trust Social Projects Development Fund, a single charity operator of the Samruk-Kazyna Group of Companies.

The implementation of such projects is initiated through the Development Fund, taking into account the needs of the local population, and is envisaged in the programs of SDCs for the development of local communities. Thus, in 2023 in the villages of. Oyyk, Baltirik sheshen, Seilbek and Ylanbel villages of Zhambyl region commissioned social facilities such as children's playgrounds, vorkout, basketball courts and soccer fields. These initiatives are focused on popularization of a healthy lifestyle among the younger generation, as well as the development of emotional intelligence.

More than 100 million tenge was allocated for the implementation of the projects.

/ GRI 203-2 /

TABLE 54. SIGNIFICANT INDIRECT ECONOMIC IMPACTS

Category	2021	2022	2023
Examples of identified significant indirect economic impacts of the organization, including positive and negative impacts	-	-	-
Significance of indirect economic impacts in the context of external guidelines and stakeholder priorities such as national and international standards, protocols and policy programs.	-	-	-
Total	-	-	_





Integrating the corporate dimension (G)



Key indicators for 2023	Significant topics
The share of local suppliers is 99,7%;	Anti-corruption;
The amount of purchases from local suppliers is 527,64;	Procurement Management;
Counterparties were informed about the Company's anti-corruption documents;	Compliance with antitrust laws;
0 cases of non-compliance with antimonopoly legislation.	Economic Performance.
Relevant UN SDGs	GRI indicators
SDG #8: decent work and economic growth.	GRI 3-3, GRI 201-1, GRI 204-1, GRI 206-1, GRI 205-1, GRI 205-2, GRI 205-3

# Management approach

#### / GRI 3-3 /

QazaqGaz observes ethical standards in doing business, which in turn is a fundamental aspect of long-term success. The Company adheres to high standards of ethical behavior in its daily activities, which is part of its corporate culture. The Company's actions in this area include:

Establishing organizational and legal mechanisms to ensure accountability, accountability and transparency of decision-making procedures;

- adherence to the principles of fair competition;
- preventing conflicts of interest;
- adopting and adhering to business ethics;
- taking measures to foster an anti-corruption culture;
- interaction with state bodies and other organizations on corruption prevention issues.



# **Countering corruption**

The Company supports and complies with measures provided for by both Kazakhstani legislation and the international community to combat corruption and bribery. Corruption causes great damage to the economic security of the state and society, which leads to devastating consequences for the country's economy, destabilizes public life and the trust of citizens and society as a whole. The Compliance Service promotes compliance by the Company and its employees with legislative and internal corporate requirements on anti-corruption and anti-bribery issues, and monitors the implementation of corruption prevention measures, including analysis of corruption risks in the Company and the Company's group of companies, including with the participation of the compliance function of the Company's subsidiaries and jointly controlled organizations. 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, international standards and internal corporate documents.

According to legal requirements and best international practices, the Compliance Service is an independent division subordinated organizationally and functionally to the Company's Board of Directors.

#### / GRI 2-23 /

The key documents regulating anti-corruption compliance procedures are:

- Anti-corruption policy approved by the decision of the Board of Directors dated 13.07.2023;
- Rules of initiative informing, approved by the decision of the Management Board dated 22.12.2021;
- Conflict of Interest Policy approved by the decision of the Board of Directors dated 13.07.2023;
- Rules of counterparty due diligence approved by the decision of the Management Board dated 06.04.2023;
- Code of Business Ethics approved by the decision of the Board of Directors dated 20.08.2021;

- Anti-corruption standard approved by the Order of the Chairman of the Management Board dated 14.06.2023:
- Rules for anti-corruption monitoring and internal analysis of corruption risks, approved by the decision of the Management Board dated 03.07.2023;
- Regulations on the Compliance Service, approved by a resolution of the Board of Directors in 2022, as amended and supplemented;
- QazaqGaz internal control rules for delimitation of access rights to insider information and prevention of possibility of misuse of such information by insiders, approved by the decision of the Board of Directors dated 13.07.2023.

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

zero tolerance for any manifestation of corruption

Top management commitment and setting the "tone from the top"

Involvement of officials and employees

inevitability of punishment

legality and compliance of the Policy with the current legislation

proportionality of prevention and counteraction procedures

effectiveness of anti-corruption procedures

monitoring and control

avoidance of conflicts of interest

due diligence

leadership and coordination



## IMPLEMENTED MEASURES AIMED AT COMBATING CORRUPTION IN THE REPORTING YEAR

#### / GRI 2-15 /

The Company has a procedure for disclosure of information on conflict of interest. The procedure and methods of disclosure of such information are defined in the Conflict of Interest Policy. Through the system electronic document management introduced the ability to disclose conflict of interest information in an online format, without the need to fill out a hard copy.

#### / GRI 205-3 /

In the reporting period, no confirmed cases of corruption were registered in the Company and SDCs/SCOs. No employees were punished for committing corruption offenses, including termination of employment contracts and initiation of criminal proceedings.

No confirmed cases of termination of contracts with business partners due to corruption-related violations were recorded in the reporting period.

There were no public corruption cases brought against the Company or its employees during the reporting period.

#### 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 about their reputation, as well as their commitment to high ethical standards and anti-corruption measures implemented by counterparties.

The Company applies effective tools aimed at preventing corruption, such as counterparty due diligence. Potential counterparties fill in a counterparty questionnaire required for verification by responsible structural units (Compliance Service, Corporate Security Department).

In 2023, all 2121 contractors were familiarized with anticorruption policies. In accordance with the Anti-Corruption Policy of the Company, approved by the decision of the Board of Directors of the Company on July 13, 2023, in order to minimize the risk of business relations with counterparties that may be involved in corrupt activities, the willingness of counterparties to comply with the requirements of the policy is checked by including anti-corruption clauses in contracts, as well as the Supplier Code. Prior to the approved Policy, the Company had an Anti-Corruption Policy approved by the decision of the Board of Directors of "KazTransGas" JSC dated August 20, 2021, which had similar anti-corruption clauses. Information on contracts for the procurement of goods, works and services provided by the Procurement and Local Content Department is reflected.

TABLE 55. INFORMING MEMBERS OF THE DIRECTORATE ON ANTI-CORRUPTION POLICIES AND PROCEDURES

/ GRI 205-2 (a) /

Total Interest   Tota			2021			2022			2023	
7       100%       8       100%       27       27         6       100%       6       100%       13       13         7       100%       6       100%       13       13         8       100%       6       0       0       0       0         9       10       0       0       0       0       0       0         10       10       0 </th <th>&gt;</th> <th>Total Imber of nembers of of sverning bodies</th> <th></th> <th>Percentage of members of governance bodies that have been informed of the organization's anti-corruption policies and procedures</th> <th>Total number of members of governing bodies</th> <th>Total number of members of governance bodies that have been informed about the organization's anti-corruption policies and</th> <th>Percentage of members of governance bodies that have been informed of the organization's anti-corruption policies and</th> <th>Total number of members of governing bodies</th> <th>Total number of members of governance bodies that have been informed about the organization's anti-corruption policies and procedures</th> <th>Percentage of members of governance bodies that have been informed of the organization's anti-corruption policies and procedures</th>	>	Total Imber of nembers of of sverning bodies		Percentage of members of governance bodies that have been informed of the organization's anti-corruption policies and procedures	Total number of members of governing bodies	Total number of members of governance bodies that have been informed about the organization's anti-corruption policies and	Percentage of members of governance bodies that have been informed of the organization's anti-corruption policies and	Total number of members of governing bodies	Total number of members of governance bodies that have been informed about the organization's anti-corruption policies and procedures	Percentage of members of governance bodies that have been informed of the organization's anti-corruption policies and procedures
100%   100%   13   13   13   13   13   13   13   1		7	7	100%	∞	∞	100%	27	27	100%
• • • • • • • • • • • • • • • • • • •		9	9	100%	9	9	100%	13	13	100%
		0	0	0	0	0	0	0	0	0
O       O		0	0	0	0	0	0	0	0	0
• • • • • • • • • • • • • • • • • • •		0	0	0	0	0	0	0	0	0
• • • • • • • • • • • • • • • • • • •		0	0	0	0	0	0	0	0	0
O       O		0	0	0	0	0	0	0	0	0
• • • • • • • • • • • • • • • • • • •		0	0	0	0	0	0	0	0	0
• • • • • • • • • • • • • • • • • • •		0	0	0	0	0	0	0	0	0
• • • • • • • • • • • • • • • • • • •		0	0	0	0	0	0	0	0	0
o       o		0	0	0	0	0	0	0	0	0
<ul><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><li>o</li><l< td=""><td></td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></l<></ul>		0	0	0	0	0	0	0	0	0
o       o       o       o       o       o       o       o       o       o		0	0	0	0	0	0	0	0	0
<b>0 0</b> 0 0 0 0 0		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0

2021 Total number				2022 Total number			2023 Total number	
P	Perce me	Percentage of members of		lotal number of members of governance	Percentage of members of		of members of members of governance	Percentage of members of
	go dies	governance bodies that have	Total	bodies that have been	governance bodies that have	Total number	bodies that have been	governance bodies that have
-	en int orgai inti-co	been informed of the organization's anti-corruption	number or members of	informed about the organization's anti-corruption	been Informed of the organization's anti-corruption	or members of	the organization's anti-corruption	the organization's anti-corruption
policies and policies and procedures procedures	pog org	policies and procedures	governing bodies	policies and procedures	policies and procedures	governing bodies	policies and procedures	policies and procedures
0		0	0	0	0	0	0	0
0		0	0	0	0	0	0	0
0		0	0	0	0	4	7	100%
13		100%	14	14	100%	77	77	100%

TABLE 56. GRI 205-2 (B) INFORMING EMPLOYEES ON ANTI-CORRUPTION POLICIES AND PROCEDURES BY EMPLOYEE CATEGORY

	ntage byees been of the tion's ption s and	%001	%001	%001	0	%001
	Percentage of employees who have been informed of the organization's anti-corruption policies and procedures					
2023	Total number of employees who have been informed of the organization's anti-corruption policies and procedures	711	797	906	0	283
	Total number of employees	711	797	906	0	283
	Percentage of employees who have been informed of the organization's anti-corruption policies and procedures	100%	100%	100%	0	100%
2022	Total number of employees who have been informed of the organization's anti-corruption policies and procedures	107	1,381	371	0	35
	Total number of employees	107	1,381	371	0	35
	Percentage of employees who have been informed of the organization's anti-corruption policies and procedures	100%	100%	100%	0	100%
2021	Total number of employees who have been informed of the organization's anti-corruption policies and procedures	103	1,380	352	0	31
	Total number of employees	103	1,380	352	0	31
Year	Region*	Astana	Almaty	Shymkent	Pavlodar region	Almaty region



ı	9 % C 9 % C 79 %	%	\ <u>\</u>	<b>»</b>	<b>%</b>	<b>%</b>	%	%	%	%	%	0	<b>%</b>
	Percentage of employees who have been informed of the organization's anti-corruption policies and procedures	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		100%
2023	Total number of employees who have been informed of the organization's anti-corruption policies and procedures	672	1,717	1,421	1,107	190	31	1,116	1,499	261	641	0	1,358
	Total number of employees	672	1,717	1,421	1,107	190	31	1,116	1,499	261	641	0	1,358
	Percentage of employees who have been informed of the organization's anti-corruption policies and	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	0	100%
2022	Total number of employees who have been informed of the organization's anti-corruption policies and procedures	62	121	96	91	28	13	88	112	47	76	0	7468
	Total number of employees	62	121	96	16	28	13	88	112	<b>2</b> 47	26	0	897
	Percentage of employees who have been informed of the organization's anti-corruption policies and procedures	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	0	100%
2021	Total number of employees who have been informed of the organization's anti-corruption policies and procedures	62	120	66	93	777	13	06	114	28	95	0	437
	Total number of employees	62	120	66	93	77	13	06	114	28	95	0	437
Year	Region*	Kyzylorda region	Aktobe region	Atyrau region	Mangistau region	Akmola region	East Kazakhstan region	Zhambyl region	West Kazakhstan region	Karaganda region	Kostanay region	North Kazakhstan region	Turkestan region

		2021			2022			2023	
Region*	Total number of employees	Total number of employees who have been informed of the organization's anti-corruption policies and procedures	Percentage of employees who have been informed of the organization's anti-corruption policies and procedures	Total number of employees	Total number of employees who have been informed of the organization's anti-corruption policies and procedures	Percentage of employees who have been informed of the organization's anti-corruption policies and procedures	Total number of employees	Total number of employees who have been informed of the organization's anti-corruption policies and procedures	Percentage of employees who have been informed of the organization's anti-corruption policies and procedures
Ulytau region	0	0	0	0	0	0	45	45	100%
Zhetysu region	0	0	0	0	0	0	77	77	100%
Abay region	0	0	0	0	0	0	0	0	0
Outside the Republic of Kazakhstan	0	0	0	0	0	0	-	-	100%
TOTAL	3,061	3,061	100%	3,148	3,148	100%	12,800	12,800	100%
Year		2021			2022			2023	
Category	Total number of employees	Total number of employees who have been informed of the organization's anti-corruption policies and procedures	Percentage of employees who have been informed of the organization's anti-corruption policies and procedures	Total number of employees	Total number of employees who have been informed of the organization's anti-corruption policies and procedures	Percentage of employees who have been informed of the organization's anti-corruption policies and procedures	Total number of employees	Total number of employees who have been informed of the organization's anti-corruption policies and procedures	Percentage of employees who have been informed of the organization's anti-corruption policies and procedures
Top management	10	10	100%	12	12	100%	77	77	100%
AMS	398	398	100%	398	398	100%	1,136	1,136	100%
Production staff	2,691	2,691	100%	2,774	1,992	71.8%	11,664	11,664	100%
Service personnel	0	0	0	0	0	0	0	0	0
TOTAL	3,099	3,099	100%	3,184	2,402	75.4%	12,844	12,844	100%

TABLE 57. GRI 205-2 (C) INFORMING COUNTERPARTIES ON ANTI-CORRUPTION POLICIES AND PROCEDURES BY EMPLOYEE CATEGORY

	2021			2022			2023	
Total number of business partners	Total number of business partners that have been informed of the organization's anti-corruption policies and procedures	Percentage of business partners that have been informed of the organization's anti-corruption policies and procedures	Total number of business partners	Total number of business partners that have been informed of the organization's anti-corruption policies and procedures	Percentage of business partners that have been informed of the organization's anti-corruption policies and procedures	Total number of business partners	Total number of business partners that have been informed of the organization's anti-corruption policies and procedures	Percentage of business partners that have been informed of the organization's anti-corruption policies and procedures
1,556	1,481	95.2%	1,638	1,541	%76	2,121	2,121	100%
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
1.556	1.481	95.2%	1.638	1.541	%76	2.121	2.121	100%



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TABLE 58. GRI 205-2 (D) TRAINING OF MANAGEMENT MEMBERS ON ANTI-CORRUPTION POLICIES AND PROCEDURES

	ge of ers of ance that sived ion's otion s and lures	44.4%	92.3%	0	0	0	0	0	0	0	0	0	0	0	0	0
	Percentage of members of governance bodies that have received training on the organization's anti-corruption policies and procedures	7	6													
2023	Total number of members of governance bodies that have received training on the organization's anti-corruption policies and procedures	12	12	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total number of members of governing bodies	27	13	0	0	0	0	0	0	0	0	0	0	0	0	0
	Percentage of members of governance bodies that have received training on the organization's anti-corruption policies and procedures	100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2022	Total number of members of governance bodies that have received training on the organization's anti-corruption policies and procedures	∞	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total number of members of governing bodies	∞	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Percentage of members of governance bodies that have received training on the organization's anti-corruption policies and procedures	100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2021	Total number of members of governance bodies that have received training on the organization's anti-corruption policies and procedures	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total number of members of governing bodies	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Year	Region*	Astana	Almaty	Shymkent	Pavlodar region	Almaty region	Kyzylorda region	Aktobe region	Atyrau region	Mangistau region	Camarines region	East Kazakhstan region	Zhambyl region	West Kazakhstan region	Karaganda region	Kostanay



2021 Total pumb
lotal number Percentage or of members members of of governance bodies that bodies that have received
training on training on number of the organization's the organization's members anti-corruption of policies and policies and procedures bodies
0 0
0 0
0 0
0 0
0 0
0
7 100%

In 2024, the Company's Compliance Service plans to conduct training on anti-corruption policies and procedures for members of the Company's Board of Directors.

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TABLE 59. GRI 205-2 (E) TRAINING OF EMPLOYEES ON ANTI-CORRUPTION POLICIES AND PROCEDURES

Region-formal formal	Year		2021			2022			2023	
(4)         (1) <th>Region*</th> <th>Total number of employees</th> <th>Total number of employees trained on the organization's anti-corruption policies and procedures</th> <th></th> <th>Total number of employees</th> <th>Total number of employees trained on the organization's anti-corruption policies and procedures</th> <th>Percentage of employees trained on the organization's anti-corruption policies and procedures</th> <th>Total number of employees</th> <th>Total number of employees trained on the organization's anti-corruption policies and procedures</th> <th></th>	Region*	Total number of employees	Total number of employees trained on the organization's anti-corruption policies and procedures		Total number of employees	Total number of employees trained on the organization's anti-corruption policies and procedures	Percentage of employees trained on the organization's anti-corruption policies and procedures	Total number of employees	Total number of employees trained on the organization's anti-corruption policies and procedures	
Frequent         353         100%         332         100%         797         797           ent         352         100%         371         371         100%         906         906           fast region         342         60         37         371         100%         90         90           reading         342         62         52         100%         42         62         82         82           reading         342         348         52         100%         42         62         82         82           reading         342         348         52         100%         42         177         777           stand         35         100         35         42         100%         170         170           stand         45         100         42         100         42         100         42         170           stand         45         100         42         100         42         100         42         170         170           stand         45         100         42         100         42         100         42         100         42         100         42 <td>Astana</td> <td>103</td> <td>103</td> <td>100%</td> <td>107</td> <td>107</td> <td>100%</td> <td>711</td> <td>711</td> <td>100%</td>	Astana	103	103	100%	107	107	100%	711	711	100%
ent         552         100%         371         371         100%         906         906           Islategion         26         10         0 <td< td=""><td>Almaty</td><td>331</td><td>331</td><td>100%</td><td>332</td><td>332</td><td>100%</td><td>797</td><td>797</td><td>100%</td></td<>	Almaty	331	331	100%	332	332	100%	797	797	100%
Jear region         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         154 %	Shymkent	352	352	100%	371	371	100%	906	906	100%
reagin         344         64         13.4%         348         50         14.4%         283         283           reagin         62         100         62         62         100         672         672         672           reagin         120         102         121         121         100%         1777         1778         1778         1778         1778         1778         1778         1778         1778         1778         1778         1778         1778         1789         1789         1789         1789 <t< td=""><td>Pavlodar region</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></t<>	Pavlodar region	0	0	0	0	0	0	0	0	0
region         62         100%         62         100%         62         100%         67         672           region         120         100%         121         100%         1717         1717         1717           region         120         100%         121         100%         1717         1717         1717           stadul         120         04         04         100%         121         100%         1407         <	Almaty region	344	97	13.4%	348	50	14.4%	283	283	100%
reagion         120         100%         121         100%         1,717         1,717           reagion         99         100%         96         96         100%         1,421         1,421           staut         93         100%         91         0,91         97         1,107         1,107           aregion         44         100%         58         58         100%         190         190         1,107           sarkbatan         13         100%         13         100%         13         100%         1,10	Kyzylorda region	62	62	100%	62	62	100%	672	672	100%
region         99         100%         96         96         100%         1,421         1,421         1,107           stau         93         100%         91         100%         110         1,107         1,107         1,107         1,107         1,107         1,107         1,107         1,107         1,107         1,107         1,107         1,107         1,107         1,116         1	obe region	120	120	100%	121	121	100%	1,717	1,717	100%
staut         93         90         91         91         100%         1,107         1,107           araekhstan         13         100%         13         13         10         13         10         1,106         1,106         1,106         1,116 </td <td>rau region</td> <td>66</td> <td>66</td> <td>100%</td> <td>96</td> <td>96</td> <td>100%</td> <td>1,421</td> <td>1,421</td> <td>100%</td>	rau region	66	66	100%	96	96	100%	1,421	1,421	100%
aradkhstan         44         100%         58         58         100%         190         190           azakhstan         13         100%         13         100%         13         100%         31         31           nyl region         365         104         28.5%         364         103         110         1,116	ıgistau ion	93	63	100%	91	91	100%	1,107	1,107	100%
azakhstan         13         100%         13         100%         31         71           Ayl region         365         100%         364         103         28.3%         1,116         1,116           Ayl region         114         100%         112         100%         100%         1,499         1,149           Anda         28         100%         47         47         100%         261         261           Anday region         55         100%         47         47         100%         641         641           Antarregion         72         0         0         0         0         0         0         0           Antarregion         74         65.5%         75         66.5%         75         65.5%         1,358         1,358           Antarregion         74         75         74         74         74         74         74         74	nola region	77	77	100%	58	58	100%	190	190	100%
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77 77	au region							45	45	100%
	tysu region							77	77	100%



Year		2021			2022			2023	
Region*	Total number of employees	Total number of employees trained on the organization's anti-corruption policies and procedures		Total number of employees	Total number of employees trained on the organization's anti-corruption policies and procedures	Percentage of employees trained on the organization's anti-corruption policies and procedures	Total number of employees	Total number of employees trained on the organization's anti-corruption policies and procedures	
Abay region							0	0	0
Outside the Republic of Kazakhstan	0	0	0	0	0	0	1	1	100%
TOTAL	2,905	2,056	71%	2,992	2,143	73.7	12,800	12,800	100%

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the 4th quarter of 2022; therefore, for 2021–2022, there is no information on the total number of members of	of the management bodies who have been informed of the organization's anti-corruption policies and procedures.
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Year		2021			2022			2023	
Category	Total number of employees	Total number of employees trained on the organization's anti-corruption policies and procedures	Total number Percentage of employees trained on the organization's the organization's anti-corruption policies and procedures	Total number of employees	Total number of employees trained on the organization's anti-corruption policies and procedures	Percentage of employees trained on the organization's anti-corruption policies and procedures	Total number of employees	Total number of employees trained on the organization's anti-corruption policies and procedures	Percentage of employees trained on the organization's anti-corruption policies and procedures
Top management	10	10	100%	12	12	100%	77	28	%9'29
AMS	398	318	80%	398	318	80%	1,136	1,136	100%
Production staff	2,691	1,686	62.7%	2,774	1,769	63.8%	11,664	11,664	100%
Service personnel	0	0	0	0	0	0	0	0	0
TOTAL	3,099	2,014	%59	3,184	2,099	%99	12,844	12,828	88.66



#### **HOTLINE**

#### / GRI 2-16, GRI 2-25, GRI 2-26 /

The Company has a proactive information line (hotline) covering the Company and its subsidiaries and affiliates/SCOs, which is serviced by an independent operator.

The registration of incoming requests regarding information on alleged violations of law and/or ethics, cases of corruption, fraud, etc., as well as the provision of responses to the applicant are fully automated and are received by the Company's Compliance Service in real time.

The Company's Compliance Service forwards incoming appeals for review, verification and, if necessary, investigation to compliance officers of the Company's group of companies. The system also allows you to independently create appeals, specify statuses and comments, attach files and upload analytics. The Compliance Service is able to analyze the quality of consideration of appeals by the compliance services of SDCs/SCOs.

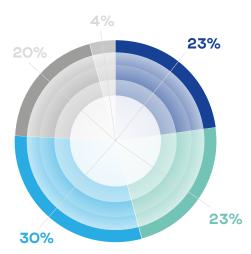
Confidentiality and anonymity are guaranteed, as well as registration and processing of 100% of appeals with subsequent provision of information to the applicant and authorized persons.

Informing about violations and appeals to the Company from stakeholders are carried out through the following hotline communication channels:

- by calling 8-800-080-47-47;
- to e-mail mail@sk-hotline.kz;
- through the online portal www.sk-hotline.kz.

In 2023, the Company's group of companies received 30 messages via the hotline. By subject matter, the largest number of appeals received since the beginning of 2023 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.

### FIGURE 7: TOPICS OF REQUESTS RECEIVED BY THE HOTLINE IN 2023



- O Procurement
- Corruption
- Cabor conflicts
- Violation of established procedures and legislation
- Fraud, theft, embezzlement

#### Plans for 2024 and the medium term

The Company plans to implement the following anticorruption measures:

- updating internal compliance regulations in accordance with the results of the risk analysis, the requirements of the Corporate Compliance Standard and current legal requirements;
- implementation of updated compliance requirements in the company's process control systems;
- popularization and increasing trust in the hotline (mailings, training, placement of visual materials (videos, banners) in publicly accessible places);
- organizing events to engage the Company's top management in the idea of rejecting violations of any form:



- organizing thematic training sessions for members of the governing body and the executive body on compliance and anti-corruption issues on a periodic basis, including with the involvement of external experts with the necessary competencies;
- Ensuring interaction with the anti-corruption service to foster an anti-corruption culture;
- organizing the development of a plan to implement financial and non-financial controls to manage corruption risks for further application (monetary remuneration, letters of appreciation, etc.);
- conducting thematic surveys of employees on ethics, culture and anti-corruption issues;
- participation in the creation of an automated database of the Company's officials for the purpose of checking and monitoring for affiliation and conflict of interest during due diligence of third parties, etc.

During 2024, it is planned to hold anti-corruption forums and trainings for members of the Board of Directors, members of the Management Board and employees of the Company.

#### ASSESSING TRANSACTIONS FOR RISKS RELATED TO CORRUPTION

#### / GRI 205-1 /

#### TABLE 60. ASSESSING TRANSACTIONS FOR RISKS RELATED TO CORRUPTION

#### Activities assessed for risks related to corruption

Indicator	2021	2022	2023*
Total number of transactions assessed for risks related to corruption	23	22	22
Percentage of transactions assessed for corruption-related risks	100%	100%	100%

In the reporting period, no significant risks related to corruption were identified in accordance with the internal analysis of corruption risks in the Company's activities.

In accordance with the Charter of QazaqGaz (hereinafter – the Company), the management body is the Board of Directors. The location of the Company is: Republic of Kazakhstan, Astana city, Esil district, 12 Ulitsa Əlikhan Bockeyhan.

The Compliance Service of the Company has been operating since the 4<sup>th</sup> quarter of 2022; therefore, for 2021–2022, there is no information on the total number of members of the management bodies and the total number of members of the management bodies who have been informed about the organization's anti-corruption policies and procedures.

Pursuant to the Law of the Republic of Kazakhstan "On Combating Corruption" in terms of accountability, the anti-corruption Compliance Service of the Company was transferred to the competence of the Board of Directors / Supervisory Board.

In 2024, the Company's Compliance Service plans to organize an anti-corruption forum and training events for members of the Board of Directors, Management Board and employees of the Company.

## Procurement management

#### MANAGEMENT APPROACH

#### / GRI 3-3 /

The Company adheres to the principles of openness, transparency and competitive nature of procurement procedures. Compliance with these principles helps to reduce the probability of corruption, ensures fair competition and achievement of high results in terms of price, quality and delivery time.

#### / GRI 2-23 /

During procurement procedures, the company is guided by the following documents:

The procedure for procurement approved by the decision of the Board of Directors of Samruk-Kazyna JSC dated March 3, 2022, No. 193 (hereinafter referred to as the "Procedure") shall be applied by National Welfare Fund Samruk-Kazyna Joint Stock Company and legal entities whose share of participation is fifty percent or more and which are directly or indirectly owned or trusted by Samruk-Kazyna JSC;

Rules of procurement management of QazaqGaz, approved by the decision of the Board of QazaqGaz dated October 29, 2022 #34:

Rules of preparation, coordination, conclusion, execution and monitoring of contracts in KazTransGaz JSC, approved by the decision of the Management Board of QazaqGaz dated April 26, 2017 N°15. The QazaqGaz Group of Companies has an agreement between subsidiaries and affiliates and QazaqGaz, which regulates procurement issues jointly in order to standardize and unify approaches in this area across the group of companies. When changes are made to the procurement processes, the responsible structural units of the Company ensure timely informing representatives of all SDCs.

Responsibility for the 2023 procurement process has been allocated as follows:

#### PROCUREMENT MANAGEMENT STRUCTURE



QazaqGaz has a Procurement and Local Content Department, the main structural unit of the Company responsible for managing the procurement process. The main responsibilities of the Procurement and Local Content Department include:

- formation of procurement plans;
- organizing and conducting procurement procedures for QazaqGaz and SDCs;
- control and monitoring, reporting on procurement procedures of QazaqGaz and SACs;
- development, improvement and implementation of internal regulatory documents of QazaqGaz.



To carry out procurement processes, the Company uses the e-procurement portal of Samruk-Kazyna JSC, which

contains data on monitoring of local suppliers<sup>11</sup> and provides transparent display of all stages of procurement.

#### TOTAL AMOUNT OF TRU AND SHARE OF IN-COUNTRY VALUE, IN KZT BLN, EXCLUDING VAT

#### / GRI 204-1 /

Indicator	2021	2022	2023
Amount of purchases, billion tenge	668.34	657.69	527.64
Share of purchases from local suppliers, %	88	88	99.7

In 2023, the Company carried out procurement procedures for a total amount of 527.25 billion tenge in accordance with the established Agreement, including procurement under the Special Procedure. In addition, control over the procurement process through the web portal of e-procurement of Samruk-Kazyna JSC was supported. After the contract with the supplier is concluded, the fulfillment of contractual obligations is continuously monitored, and in case of non-performance by the supplier, QazaqGaz initiates legal procedures.

Within the framework of procurement procedures for portfolio companies of Samruk-Kazyna JSC, a list of potentially unreliable suppliers is formed. If a supplier is included in this list, the system automatically excludes him from participation in procurement procedures.

When selecting suppliers, it is important for the Company to follow the established procurement procedures in strict compliance with the adopted Procedure. This aspect is included in the Map of Key Performance Indicators for the management of QazaqGaz and its subsidiaries.

#### **DEVELOPING IN-COUNTRY VALUE**

To support local suppliers of manufacturers<sup>12</sup> The Company regularly increases the volume of purchases made from domestic suppliers.

The share of in-country value in the total volume of purchases of QazaqGaz Group of Companies for 2023 amounted to 89%, and in the share of purchased goods this indicator amounted to 91%, and in the share of performed works and rendered services – 88%.

To calculate the share of in-country value in the procurement of goods, works and services, the Unified Methodology approved by the Order of the Minister of Investment and Development of the Republic of Kazakhstan dated April 20, 2018 No. 260 is applied.

#### / GRI 203-2 /

Within the framework of the established Procedure for small business support, the company made purchases in accordance with the list of "Economy of Simple Things", which was valid until 31.12.2023. To meet the needs of the population QazaqGaz purchases goods produced by the participants included in this list. The main volume of

purchases falls on goods of light, furniture, food, chemical, pulp and paper industries, as well as construction materials.

Within the framework of the Program of Samruk-Kazyna JSC on modernization of existing and creation of new production facilities for 2021–2023, the QazaqGaz Group of Companies signed 29 off-take agreements<sup>13</sup> with entrepreneurs during the reporting period. The mechanism of guaranteed direct purchase is the main instrument of support under this Program.

To support the development of domestic production, the QazaqGaz group of companies has established working groups that regularly conduct working visits to plants and enterprises for preliminary assessment of their production equipment, suitability and efficiency for the production of products that may be of interest to QazaqGaz. Representatives of the company also actively participate in meetings, round tables organized by the Fund, the National Chamber of Entrepreneurs of Kazakhstan "Atameken" and the Union of Machine Builders of Kazakhstan, where issues of development of in-country value and import substitution are discussed.

<sup>&</sup>lt;sup>11</sup> The geographical definition of "local" and the main place of activity of JSC NC QazaqGaz implies the country of the Company's presence – the Republic of Kazakhstan.

<sup>&</sup>lt;sup>12</sup> Suppliers of manufacturers of the Republic of Kazakhstan.

<sup>&</sup>lt;sup>13</sup> An agreement to sell/purchase goods that have not yet been produced.

In order to fulfill the obligation to report the share of incountry value, contracts with suppliers provide for liability for failure to provide accurate information on the share.

The Company has the authority to approve the Procurement Plans of its subsidiaries. This includes monitoring of the goods market in order to prioritize purchases exclusively from domestic producers. For this purpose, information databases of Samruk-Kazyna JSC, such as the Register of commodity producers of the Fund, as well as relevant databases of the authorized state body containing information on domestic producers and their goods are used.

Within the framework of the initiative to increase transparency, the approach to drafting of Tender Documents with regard to qualification requirements for potential suppliers was revised. According to paragraph 4

of Annex No. 5 to the Procedure, the Customer has the right to establish requirements that imply the experience of a potential supplier during the last 5 years in the market of procured homogeneous works, services or in a certain industry, the aggregate volume of which should be one contract, in each year not less than 75 million tenge. Such requirements may be established only for procurements over 75 million tenge, and work experience exceeding 5 years is not allowed.

#### Plans for 2024 and the medium term

Supporting local producers through procurement procedures.

Updating of the Cooperation Agreement between QazaqGaz and S/As regarding procurement procedures;

#### COMPLIANCE WITH ANTIMONOPOLY LEGISLATION

#### / GRI 3-3, GRI 2-27, GRI 206-1 /

QazaqGaz takes a holistic approach to strict compliance with antitrust regulations, including legal, ethical and strategic management measures.

During the reporting period, no confirmed cases of violation of antimonopoly regulations were identified in the Company. No legal claims were brought against the Company regarding restriction of competition.





# **Economic performance**

#### MANAGEMENT APPROACH

#### / GRI 3-3 /

The Company is constantly improving its approaches to ensure the economic and social development of these regions, and is also aimed at modernizing and diversifying the country's economy and developing local content.

QazaqGaz strives to improve the quality of life in Kazakhstan through the implementation of projects of important social and strategic importance. These projects are a priority for QazaqGaz, as the Company is actively involved in creating favorable conditions for the development of the country and improving the living standards of citizens.

For active interaction with local communities, the Company has a QazaqGaz Press Service, which cooperates with the press and other media. A media officer is appointed at each subsidiary.

The Community Engagement Policy establishes unified principles of QazaqGaz Group of Companies for managing

interaction with regional authorities, public organizations and local communities in the regions of operation. This Policy is aimed at maintaining constructive and favorable relations with them and applies to all employees of the Group. In its activities on interaction with local communities QazaqGaz adheres to the basic principles:

- Awareness of social risks and their impact, especially on the population living near the Group's facilities, in order to minimize them;
- Establishing and maintaining positive and constructive relationships with local communities;
- Creating new jobs and promoting the development of related industries in the regions where we operate;
- Improving the quality of life of the population and socioeconomic development of the regions, taking into account their real needs and priorities;
- Minimizing the need to resettle local residents when implementing economic activities;
- respect for human rights.

#### TABLE 61. DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

#### / GRI 2-6. GRI 201-1 /

Indicator	Units of measurement	2023
1. Direct economic value created	mln tenge	1,463,968
Revenue from contracts with customers	mln tenge	1,081,209
Income from financial investments (finance income)	mln tenge	37,960
Share in profit of joint ventures	mln tenge	321,933
Foreign exchange gain, net	mln tenge	19,996
Other income (Other operating income)	mln tenge	2,870
2. Distributed economic value	mln tenge	1,165,179
Operating expenses	mln tenge	969,026
Cost of sales (excluding salaries, taxes)	mln tenge	923,031
OAP (excluding salaries, taxes)	mln tenge	40,120
Accrual of allowance for expected credit losses, net	mln tenge	2,296
Other operating expenses	mln tenge	3,579
Foreign exchange loss (net)	mln tenge	-

Indicator	Units of measurement	2023
Salaries, other payments and benefits to employees	mln tenge	107,914
including salaries	mln tenge	107,914
including other payments and benefits to employees	mln tenge	_
Payments to capital providers	mln tenge	87,648
including dividends paid	mln tenge	27,065
including finance costs	mln tenge	60,583
Payments to the state	mln tenge	591
Other taxes, except income tax	mln tenge	15,185
including income tax (CIT expenses)	mln tenge	14,594
Investing in local communities	mln tenge	
3. retained economic value	mln tenge	298,789

No significant indirect economic impacts were identified in the Company's operations.





# Information security

The Company constantly monitors compliance with information security requirements in accordance with the requirements of the legislation of the Republic of Kazakhstan and the international standard ISO/IEC 27001.

In 2023, in order to strengthen information security, the Company trained and tested employees, implemented a print control system, carried out technical implementation of a data leakage control (DLP) system, and conducted a

Pentest to simulate a malicious attack. As a result, the level of security of the Company's information systems was raised to the "high" level.

The Company's plans for 2024 include a certification audit of information technology and information security, which will result in the acquisition of the International Standard ISO/IEC 27001 of the International Organization for Standardization (ISO).







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Effective corporate governance covers a set of strategic, operational, financial and economic processes, as well as the risk management system and relationships with key stakeholders. Its main purpose is to organize management and control of sustainable development.

The core principles include efficiency, responsiveness and transparency.

#### / GRI 2-9 /

The corporate governance system is regulated by the following internal documents:

- → Statute:
- Corporate Governance Code;
- Code of Business Ethics;
- Policy on corporate risk management system;
- Policy of the internal control system;
- Conflict of Interest Management Policy;
- Sustainable Development Policy;
- → Anti-Corruption Policy;
- Dividend Policy;
- Personnel Policies;
- Quality Policy:
- → Information Security Policy;
- → Anti-corruption policy;
- Disclosure Policy;
- Policy on corporate risk management system;

- Regulations on the Board of Directors;
- Regulations on the Management Board;
- Regulations on the Corporate Secretary and his Service;
- Regulations on the Internal Audit Service;
- Regulations on the Audit Committee of the Board of Directors;
- Regulations on the Nomination and Remuneration Committee of the Board of Directors;
- Regulations on the Strategy and Sustainable Development Committee of the Board of Directors.

In 2023, in accordance with the annual audit plan, the Internal Audit Service conducted a corporate governance diagnostic. As part of this work, materials reflecting the main deficiencies and areas for improvement in the Company's corporate governance system were prepared. The report was approved by the Corporate Secretary and the Deputy Chairman of the Management Board for Strategy and Investments, and then submitted to the Audit Committee and the Board of Directors with a recommendation to adopt an action plan for further improvement of corporate governance. Based on the diagnostics performed, a plan to improve the corporate governance system in the Company was developed.

Based on the results of the analysis of compliance with the principles and provisions of the Corporate Governance Code in the reporting year, no serious violations were identified.





# Corporate governance structure

Transparency and responsibility of operations are the key priorities of the Company's functioning.

In order to form a unified strategic vision, as well as to reduce the risk of conflicts of interest, the Company's Charter clearly regulates the competence, rights, duties and responsibilities of all stakeholders in the corporate governance system.

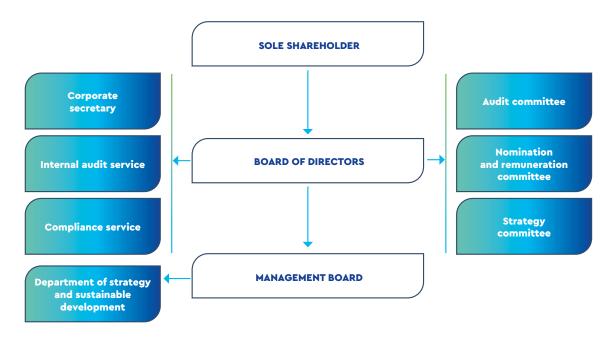
The supreme body of the QazaqGaz management structure is the Sole Shareholder represented by the Sovereign Wealth Fund Samruk-Kazyna JSC. Its functionality and competencies are determined by the Company's Charter.

The Board of Directors performs general management of the Company's activities, determining priority areas of its development and making key strategic decisions. The collegial executive body is the Management Board of QazaqGaz, which is responsible for the management of the Company's day-to-day operations in order to achieve the set objectives and implement the Development Strategy.

At the operational level, corporate governance issues are supervised by the Corporate Secretary Service and the Strategy and Sustainable Development Department. Their functions include the introduction of new approaches and principles of corporate governance for timely updating and identification of areas for improvement, as well as systematic analysis of internal regulations and practices.

In aggregate, the effectiveness of the corporate governance structure ensures the sustainability of development and transparency of QazaqGaz's activities.

FIGURE 8. CORPORATE GOVERNANCE STRUCTURE





### **Board of Directors**

The Board of Directors is a management body that provides strategic management of the Company and control over the Management Board. It ensures full transparency of its activities to the Sole Shareholder.

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 forming the composition of the Board of Directors and its Committees, a balance of skills, experience and knowledge was observed to ensure independent, objective and effective decision-making in the interests of the Company.

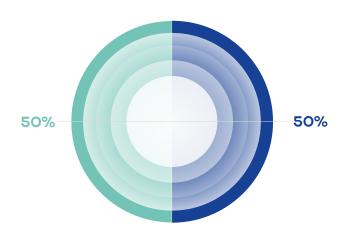
The competence of the Board of Directors includes providing strategic management of QazaqGaz, determining priority areas of activity, making major transactions, etc.

The composition is formed in accordance with the requirements of the legislation of the Republic of Kazakhstan and includes representatives from the Sole Shareholder, Chairman of the Management Board of the Company and independent directors who do not hold shares in the Company or its affiliated organizations, and who do not own shares of QazaqGaz suppliers or competitors.

According to the Regulations on the Board of Directors of QazaqGaz, at least one third of the members of the Board of Directors should be independent directors, which promotes objective and reliable management of the company, balancing the interests of all stakeholders and increasing transparency in the decision-making process.

As of December 31, 2023, the number of members of the Board of Directors was eight, of which 50% were independent directors. This ratio ensures a higher level of control and objectivity in the management of the company, contributing to compliance with high standards of corporate governance.

### FIGURE 9. INDEPENDENCE OF THE BOARD OF DIRECTORS AS OF DECEMBER 31, 2023, %



- Members of the Board of Directors who are not independent
- O Independent members of the Board of Directors



#### TABLE 62. COMPOSITION OF THE BOARD OF DIRECTORS AS OF DECEMBER 31, 2023

#### / GRI 2-9, GRI 2-11 /



OTYNSHIEV YELZHAS MURATOVICH

Position	Chairman of the Board of Directors of NC QazaqGaz JSC, representative of Samruk-Kazyna JSC
Date of appointment	July 20, 2023
Specialty	Applied mathematics and physics
Date of birth	April 1, 1987
Nationality	Republic of Kazakhstan
Education	2004–2008 – Moscow Institute of Physics and Technology, Department of General and Applied Physics
	Specialty: applied mathematics and physics (Bachelor's degree).
	2008–2010 – Moscow Institute of Physics and Technology, Department of General and Applied Physics
	Specialty: applied mathematics and physics (Master's degree).

#### Length of service

2023 - present, Samruk-Kazyna JSC, Co-Managing Director for Strategy and Asset Management

2021–2023, Kazakhstan Investment Development Fund (KIDF) Management Company Ltd.

2019–2021, PlanetCare Management LLP, Deputy General Director for Investments and Development 2019–2019, Kazakhstan Investment Development Fund (KIDF) Management Company Ltd, Senior Analyst / VP, Private Equity Department

2018–2019, Samruk-Kazyna JSC, Head of Mining Assets Development Sector, Asset Development Department

2016–2018, Samruk-Kazyna JSC, Project Director of New Projects Development Department (management of growing portfolio companies)

2014–2016, Samruk-Kazyna Invest LLP, Director of the Department for Project Analysis of the Fund's investment activity

2012–2014, Samruk-Kazyna JSC, Investment Projects Department, Chief Manager

2009–2012, Tau-Ken Samruk National Mining Company JSC, Investment Projects Department, Financial Institutions Department, from Manager to Director of the Department

2008–2009, Ernst & Young (Moscow), Valuation and Business Modeling Department, Analyst 2007–2008, Ernst & Young (Moscow), Audit and Advisory Services, Technology and Security Services, from Analyst to Senior Analyst

# Ownership of the Company's shares:





Position	Member of the Board of Directors of NC QazaqGaz JSC, representative of Samruk-Kazyna JSC
Date of appointment	February 18, 2022
Specialty	International economics, business administration
Date of birth	September 3, 1987
Nationality	Republic of Kazakhstan
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)

YERNAT KUDAIBERGENOVICH BERDIGULOV

Length of service	2022 – present, Samruk-Kazyna JSC, Managing Director for Strategy and Asset Management
	2021–2022, Samruk-Kazyna JSC, Co-Managing Director for Strategy, Sustainable Development and Digitalization
	2019–2021, Whiteshield Partners, Astana, Project Manager
	2018–2019, Samruk-Kazyna JSC, Analyst, Asset Management Directorate
	2016–2018, Samruk-Energy JSC, Advisor to the Chairman of the Management Board (on financial and economic issues)
	2016-2016, Samruk-Energy JSC, Director, Analytical Support Department
	2014–2016, Samruk-Energy JSC, Advisor to the Chairman of the Management Board
	2013–2014, Samruk-Energy JSC, Director, Strategic Development Department
	2013–2013, Samruk-Energy JSC, Director, Project Management Department
	2011–2012, Samruk-Kazyna JSC, Project Manager, Project Office for System Implementation

Ownership of the Company's shares:

There are no shares of suppliers and competitors of the company

Management Accountability Reporting (MAR)





Position	Member of the Board of Directors of NC QazaqGaz JSC, representative of Samruk-Kazyna JSC
Date of appointment	December 2, 2022
Specialization	Engineering
Date of birth	September 5, 1953
Nationality	Republic of Kazakhstan
Education	1971–1975 – Kazakh Polytechnic Institute named after V.I. Lenin, Mining Engineering. V.I. Lenin Kazakh Polytechnic Institute, Mining Engineering

### TEGISBAEV ANATOLY ORYNGALIULY

#### Length of service

2022 – present, JSC NC QazaqGaz, member of the Board of Directors, representative of JSC Samruk-Kazyna. Member of the Nomination and Remuneration Committee, the Strategy and Sustainable Development Committee

2022 - present, ROO Veterans of Oil and Gas Complex, General Director

2022-2022, ROO Veterans of Oil and Gas Complex, Deputy General Director

2018-2021, JSC NC KazMunayGas, Ombudsman

2012-2017, KazMunaiGas Karachaganak LLP, General Director

2004-2012, KazTransGas JSC, Deputy General Director

2003-2004, DMD-Service LLP, General Director

2002-2002, KazTransGas CJSC, Deputy General Director

2002-2002, ABE Corporation JSC, Vice President

2001-2002, KazBurGas OJSC, President

1998-2002, AksaiGazService OJSC, President

1992–1998, Karachaganakgazprom JSC, from Chief Engineer to President

1975–1992, Production Association "Mangyshlakneft", from Master of gas production and transportation section to Deputy Chief Engineer.

## Ownership of the Company's shares:





<b>OKSIKBAYEV</b>
OMARKHAN
NURTAEVICH

Position	Member of the Board of Directors of NC QazaqGaz JSC, Independent Director
Date of appointment	January 26, 2023
Specialization	Economist, auditor
Date of birth	December 22, 1954
Nationality	Republic of Kazakhstan
Education	1972–1975 Alma-Ata Institute of National Economy
	1991 – Trained on specialization "Audit Service in Market Economy" (France, Paris)
	1998 – Postgraduate studies at the Kazakh State Academy of Management, Almaty, Candidate of Economic Sciences
	1999 – Doctoral studies at Moscow State Technological Academy, Doctor of Economics, thesis topic: "Problems of formation of industry of the Republic of Kazakhstan and ways of their solution (theory and practice)"

#### Length of service

2023 – present, NC QazaqGaz JSC, Independent Director, member of the Board of Directors. Chairman of the Audit Committee, member of the Strategy and Sustainable Development Committee

2012-2021, Majilis of the Parliament of the Republic of Kazakhstan, Deputy

2003–2012, Accounts Committee for Control over Execution of the Republican Budget of the Republic of Kazakhstan, Chairperson

2002-2003, Security Council of the Republic of Kazakhstan, Secretary

2002–2002, Administration of the President of the Republic of Kazakhstan, Head of the Main Control Inspectorate

2000-2002, Security Council of the Republic of Kazakhstan, Deputy Secretary

1998–2000, Member of the State Commission of the Republic of Kazakhstan on Combating Corruption

1996–1998, Member of the Accounts Committee for Control over Execution of the Republican Budget of the Republic of Kazakhstan

1996–1996, Ministry of Finance of the Republic of Kazakhstan, Head of Intergovernmental Relations Department

1994–1996, State Committee for Financial Control of the Republic of Kazakhstan, Head of the Department of Audits of Enterprises and Organizations of Agriculture

1992–1994, Committee for State Financial Control of the Republic of Kazakhstan, Head of Department

1984–1992, Ministry of Finance of the Republic of Kazakhstan, Senior, Chief Auditor-Controller, Head of the Organizational and Inspection Department, Deputy Head of the SCRU

1977–1984, Alma-Ata Irrigated Land Development Department, Chief economist of the state farm, Head of the PEO

1975-1976, 1977-1979, Alma-Ata Regional Finance Department, Senior Economist

## Ownership of the Company's shares:





NURLAN ZAMANBEKOVICH AKHANZARIPOV

Position	Member of the Board of Directors of JSC NC QazaqGaz, Certified Independent Director (Cert IoD) Institute of Directors, UK.
Date of appointment	May 27, 2022
Specialization	Development and implementation of new enterprise strategies, transformation of outdated company business models, development of ERP systems and corporate management systems for companies
Date of birth	December 17, 1965
Nationality	Republic of Kazakhstan
Education	MBA, Master of Business Administration
	2014–2015 – Kazakh National Technical University named after K.I. Satpayev, Geophysics. K.I. Satpayev Kazakh National Technical University, Geophysics
	Accountant, economist, accounting and audit
	1993–1995 – Kazakhstan Institute of Management, Economics and Forecasting under the President of the Republic of Kazakhstan,
	1987–1991 – Semipalatinsk Institute of Technology, Semipalatinsk University named after Shakarim. Semey,

### Length of service

2022 – present, NC QazaqGaz JSC, Independent Director, member of the Board of Directors. Chairman of the Strategy and Sustainable Development Committee, member of the Audit Committee and the Nomination and Remuneration Committee.

2021–2023, NC Kazakhstan Temir Zholy JSC, Independent Director, member of the Board of Directors, Chairman of the Audit Committee, member of the Nomination and Remuneration Committee and the Strategy and Finance Committee

2019-2022, AstanaGas KMG JSC, Independent Director, Member of the Board of Directors

2019-2021, PlanetCare Management LLP, Deputy General Director for Production

2019–2020, Engineering and Technology Transfer Center JSC, Ariket High Technology Fund JSC, Independent Director, Member of the Board of Directors

2017–2018, NC Kazakhstan Engineering JSC, Independent Director, Member of the Board of Directors, Chairman of the Strategy and Investment Committee, Member of the Audit Committee and Remuneration Committee

2017-2019, iQ Solutions LLP / iQS Engineering LLP, Financial Advisor

2010–2016, SB AlfaBank, Independent Director, member of the Bank's Board of Directors. Chairman of the Audit Committee and Remuneration Committee of the Bank

2014–2016, Beineu-Shymkent Gas Pipeline LLP, Deputy General Director for Economics and Finance. (Member of the Supervisory Board of LLP)

2014–2015, Samruk-Kazyna JSC, Advisor to the Financial Director – Member of the Management Board 2006–2014, Intergas Central Asia JSC, Deputy General Director for Economics and Finance (Member of the Management Board of JSC)

2003–2005, Petroleum Development of Oman, Acting Financial Manager, EOR Directorate, Managing Accountant for EOR Projects

2002–2006, JSC NC KazMunayGas, Deputy Director of the Department – North Caspian Project Department 2001–2002, Intergas Central Asia JSC, Financial Director – Director of Corporate Finance Department

2000-2002, KazTransGas JSC, Chief Accountant

2000-2001, Intergas Central Asia JSC, Financial Director - Director of Treasury Department

1997-2000, Kazakhoil-Commerce LLP, Financial Director, Chief Accountant

1995–1997, JSC Southern Fuel and Energy Company UTEC, Deputy General Director - Chief Accountant 1994–1995, Audit Company "Bureau Zhanat", Auditor-Tax Consultant

1993–1995 – Kazakhstan Institute of Management, Economics and Forecasting under the President of the Republic of Kazakhstan, MBA, Master of Business Administration

1993–1994, Kazakh International Agency for Information and Communication "SONAR", Consultant-Referent 1987–1991 – Semipalatinsk Institute of Technology, Semipalatinsk University named after Shakarim, Semey, Accountant, economist, accounting, auditing. Semey, Semipalatinsk Institute of Technology, Semipalatinsk University named after Shakarim, Semey, Accountant Economist, Accounting and Audit

Ownership of the Company's shares:





Position	Member of the Board of Directors of JSC NC QazaqGaz, Independent Director
Date of appointment	April 26, 2023
Specialization	Accounting and analysis of economic activity
Date of birth	October 19, 1970
Nationality	Republic of Kazakhstan
Education	1987–1992 – Kazakh State Economic University, Almaty, Accounting and analysis of economic activity
	2008–2010 – Lomonosov Moscow State University Graduate School of Business, Moscow, Executive MBA

MYNSHARIPOVA SAYA NAIMANBAIKYZY

Lengt	h of	serv	/ice
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2023 – present, JSC NC QazaqGaz, Independent Director, Member of the Board of Directors. Chairman of the Nomination and Remuneration Committee, Member of the Audit Committee.

2023 – present, NC KazMunayGas JSC, Independent Director, Member of the Board of Directors

2023 – present, Samruk-Kazyna Construction JSC, Independent Director, member of the Board of Directors

2018-2023, MFCA Administration, Director of Tax Policy Department

2015-2018, JSC NC Kazakhstan Engineering, Deputy Chairman of the Management Board

2008-2015, Samruk-Kazyna JSC, Director of Audit and Control Department

2007-2008, JSC FRMP "Damu", Chief Accountant

2003-2007, JSC National Innovation Fund, Chief Accountant

1994-2003, Chief Accountant, auditor in commercial organizations

# Ownership of the Company's shares:





Position	Member of the Board of Directors of JSC NC QazaqGaz, Independent Director
Date of appointment	July 20, 2023
Specialization	Finance
Date of birth	May 25, 1979
Nationality	Republic of Kazakhstan
Education	1994–1998 – Bilkent University, Ankara, Turkey, Management (B.Sc. in Management),
	1998–2000 – Bilkent University, Ankara, Turkey, Master of Business Administration (MBA)
	2003–2004 – London Business School (LBS), London, UK, Master of Science in Finance (M.Sc. in Finance)

# MAYLIBAYEV ISKENDER YEDIGEEVICH

Length	ot	serv	/IC	е
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Member of the Nomination and Remuneration Committee, Member of the Audit Committee 2023 – to date – member of the Board of Directors – Independent Director of Kazpost JSC 2018 – present, organizer and consultant of a number of fintech projects in Kazakhstan and abroad 2014–2018, Bank of Astana JSC, Chief Financial Officer (CFO), Deputy Chairman of the Management Board, Chairman of the Management Board

2023 - present, JSC NC QazaqGaz, Independent Director, Member of the Board of Directors.

2010–2013, Alliance Bank JSC, Chief Financial Officer (CFO), Member of the Management Board 2007–2010, Bank Positive Kazakhstan JSC, subsidiary of Hapoalim Bank (Israel), Chief Financial Officer (CFO), Member of the Management Board

2005–2007, ATF Bank JSC, Head of the Department of Custodial Services and Capital Operations 2002–2005, Nauryz Bank JSC, Manager on Control and Liaison of Treasury Department, Deputy Director of Project Finance Department

2000–2002, Demir Kazakhstan Bank JSC, Internal Control Specialist

# State awards Ownership of the Company's shares:

Medal "20 Years of Independence of the Republic of Kazakhstan"

There are no shares of suppliers and competitors of the company





Position	Member of the Board of Directors, Chairman of the Management Board of JSC NC QazaqGaz	
Date of appointment May 27, 2022		
Specialization	Finance and oil and gas engineering	
Date of birth	October 24, 1986	
Nationality	Republic of Kazakhstan	
Education	2009 - Kazakh University of Economics, Finance and International Trade, Specialty "Finance";	
	2010 - University of Texas, Oil and Gas Engineering major.	

#### SANZHAR SERIKBAEVICH ZHARKESHOV

#### Length of service

2022 – present, NC QazaqGaz JSC, Chairman of the Management Board, Member of the Board of Directors.

2020-2022, Naftogaz of Ukraine, Head of Exploration and Field Development Block

2019–2020, Ministry of Ecology and Natural Resources of the Republic of Kazakhstan, Vice-Minister 2018–2019, McKinsey and Company (London, UK), Management consultant, global oil industry expert

2016–2018, Merlin ERD (Perth, Scotland), Head of Field Supervisors and Lead Drilling Engineer 2015–2016, ExxonMobil Kazakhstan, Atyrau (seconded to NCOC consortium). Atyrau (seconded to NCOC consortium), Senior Project Engineer, Well Development Engineer, Bolashak Oil Refinery 2013–2015, ExxonMobil Corporation, Chief Drilling Engineer, Sakhalin-1 Project, Sakhalin Island. Sakhalin Island, Russian Federation

2013–2013, ExxonMobil Corporation, Senior Drilling Engineer, Erbil and Mosul, Iraq 2012–2013, ExxonMobil Kazakhstan Corporation, Drilling Engineer, Kashagan field, Atyrau city 2010–2012, ExxonMobil Corporation, Field Drilling Engineer in Colorado, California and Texas, USA 2010–2010, ExxonMobil Kazakhstan Corporation, Field Drilling Engineer, Kashagan field, Atyrau city. Other Positions:

Since 2016 – Member of the Council of the British Institution of Mechanical Engineers
Since 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

## Ownership of the Company's shares:



#### CHANGE IN THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2023:

- By the decision of the Management Board of Samruk-Kazyna JSC dated January 26, 2023 N° 05/23 the powers of Beketayev R.B. were terminated and O.N. Oksikbayev was elected as a member of the Board of Directors of QazaqGaz.
- 2. By the decision of the Management Board of Samruk-Kazyna JSC dated April 26, 2023 N° 21/23 the powers of A.A. Bitanov were terminated and S.N. Mynsharipova was elected as a member of the Board of Directors of QazaqGaz.
- By the decision of the Management Board of Samruk-Kazyna JSC dated July 20, 2023 N° 36/23 elected Chairman of the Board of Directors of QazaqGaz, representative of interests of Samruk-Kazyna JSC – Otynshiev Yelzhas Muratovich, member of the Board of Directors of QazaqGaz – Mailibaev I.E.

QazaqGaz carried out information disclosure processes at the Depository of Financial Statements of the Republic of Kazakhstan and Kazakhstan Stock Exchange (KASE) regarding changes in the composition of the Board of Directors of the Company. The work on conclusion of Agreements with independent directors was carried out.

#### / GRI 2-12 /

The Board of Directors pays special attention to the issues underlying the ESG agenda, including environmental, social responsibility and corporate governance aspects. QazaqGaz adheres to the principles of sustainable development and responsibility to all stakeholders, which contributes to strengthening the company's reputation and creating long-term value for shareholders.

Composition of the Board of Directors as of December 31, 2023:

**Chairman of the Board of Directors of the Company** – Mr. Yelzhas Muratovich Otynshiev;

#### Members of the Board of Directors of the Company:

- Yernat Kudaibergenovich Berdigulov;
- Tegisbaev Anatoly Oryngaliuly;
- Oksikbayev Omarkhan Nurtaevich is an independent director:
- Mr. Nurlan Zamanbekovich Akhanzaripov is ar independent director;
- Mynsharipova Saya Naimanbaikyzy is an independent director:
- Mr. Mailibayev Iskender Yedigeevich is an independent director:
- Zharkeshov Sanzhar Serikbaevich.

#### **SELECTION AND ASSIGNMENT**

#### / GRI 2-10 /

The process of election of members of the Board of Directors and the Chairman of the Board of Directors is carried out in accordance with the procedure determined by the Law of the Republic of Kazakhstan "On Joint Stock Companies" and the Charter of QazaqGaz.

The selection and appointment of persons to the Board of Directors is based on the level of knowledge, skills and experience required for the Board of Directors to perform its functions and ensure the growth of the Company's long-term value and sustainable development, as well as on their impeccable reputation.

Persons who have an unexpunged or unexpunged criminal record in accordance with the procedure established by law; have a conflict of interest in terms of previously holding the positions of the Chairman of the Board of Directors, first manager (Chairman of the Management Board), deputy manager, chief accountant of another legal entity for a period of up to one year prior to the adoption of a decision on its forced liquidation, redemption of shares or declaration of bankruptcy may not be elected as members of the Board of Directors.



If the Sole Shareholder makes a decision to appoint a new Board of Directors, the powers of the current Board of Directors shall be terminated at that moment.

The selection and appointment of independent directors to the Board of Directors is carried out in accordance with the requirements of the Law of the Republic of Kazakhstan "On Joint Stock Companies".

In accordance with the Corporate Governance Code, an independent director is a member of the Board of Directors who has sufficient professionalism and autonomy to make independent and objective decisions free from the influence of individual shareholders, the executive body and other stakeholders.

The requirements for independent directors are established in accordance with the Law "On Joint Stock Companies" and set out in the Articles of Association.

#### CONFLICT OF INTEREST MANAGEMENT

The Board of Directors monitors and prevents possible conflicts of interest among officers and shareholders, including misuse of QazaqGaz property and abuses in related party transactions.

Persons owning shares in the Company or its affiliated organizations and owning shares of QazaqGaz's suppliers or competitors cannot be elected to the Board of Directors.

In 2023, no conflicts of interest were identified in the work of the Board of Directors

### MEETINGS OF THE COMPANY'S BOARD OF DIRECTORS

During the period of 2023, the Board of Directors of QazaqGaz held 15 in-person and 1 off-site meeting. The total number of issues amounted to 156, including issues of development strategy, corporate governance, and financial reporting.

TABLE 63. ATTENDANCE OF MEETINGS BY MEMBERS OF THE BOARD OF DIRECTORS

NAME	Position	Number of visits	Percentage of visits
Berdigulov E.K.	Chairman of the Board of Directors (01/01/2023 to 20/07/2023)	8 out of 10	80%
Otynshiev E. M.	Chairman of the Board of Directors (since 20/07/2023)	6 of 6	100%
Berdigulov E. K.	Member of the Board of Directors (since 20/07/2023)	6 of 6	100%
Otynshiev E.M.	Member of the Board of Directors (9/05/2023 to 20/07/2023)	4 out of 5	80%
Tegisbaev A.O.	Member of the Board of Directors	16 of 16	100%
Zharkeshov S.S.	Member of the Board of Directors	16 of 16	100%
Bitanov A.A.	Independent Director (01/01/2023 to 26/04/2023)	2 of 2	100%
Akhanzaripov N.Z.	Independent director	16 of 16	100%
Oksikbaev O.N.	Independent Director (since 26/01/2023)	16 of 16	100%
Mynsharipova S.N.	Independent Director (since 26/04/2023)	12 of 12	100%
Mailibaev I.E.	Independent Director (since 20/07/2023)	6 of 6	100%



The main issues considered at the meetings related to the Company's operations:

- Determining the composition of the Board of Directors' committees and reviewing the status of execution of decisions;
- Approval of amendments and additions to the Company's Charter and internal regulatory documents;
- Approval of the Development Strategy of QazaqGaz until 2032 in preparation for IPO on the Kazakhstan and/or foreign stock market;
- Discussion and approval of the business plan and adjustments to it;

- Personnel policy issues and key staff appointments;
- Review and assessment of the effectiveness of the Internal Audit Service, Corporate Secretary Service and Compliance Service;
- Approval of key performance indicators and target values for management staff;
- Discussion and adoption of strategic initiatives and investment projects;
- Consideration of financial matters and related-party transactions;
- Adoption of anti-corruption, risk management and internal control measures.

Out of 156 issues considered by the Company's Management Body, 99 related to the Company's activities, of which:

Nº	Topics of issues considered by the Board of Directors	Number of decisions taken
1	Preliminary approval of annual financial statements and other reports	11
2	Personnel matters	17
3	Approval of the business plan and adjustments thereto	3
4	Approval of KPIs of the Company's strategic map and motivational corporate and individual KPIs of executive and managerial employees	6
5	Approving documents regulating QG's internal activities and amending them	3
6	Financial matters	3
7	Approval of related-party transactions	18
8	Questions on approval of investment projects and adjustments thereto	5
9	Matters of Services reporting to the Board of Directors	22
10	Other issues	11

All decisions were executed in full and within the established deadlines.

In 2023, the Company's Board of Directors considered 156 issues, of which 319 resolutions were passed and 164 instructions were given.

#### COMMITTEES OF THE COMPANY'S BOARD OF DIRECTORS

#### / GRI 2-9 /

The Board of Directors decides on the establishment of Committees, the powers of which shall be determined by the following provisions:

- Regulations on the Committee for Strategy and Sustainable Development of the Board of Directors of NC QazaqGaz JSC;
- Regulations on the Audit Committee of the Board of Directors of NC QazaqGaz JSC;

Regulations on the Nomination and Remuneration Committee of the Board of Directors of NC QazaqGaz JSC.

The Board of Directors determines the personal and numerical composition of the committees, chairmen, term of office, as well as the functions and working procedures.

The Committees, within their competence, prepare recommendations to the Board of Directors on the most important issues, thereby increasing the efficiency of decision-making.



### AS OF DECEMBER 31, 2023, THE FOLLOWING MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS SERVED ON THE COMMITTEES OF THE COMPANY'S BOARD OF DIRECTORS:

**Audit Committee** 

Strategy and Sustainable Development Committee

Nomination and Remuneration
Committee

#### COMPOSITION OF THE COMMITTEE

- Mr. Omirkhan Nurtaevich Oksikbaev – Chairman:
- Akhanzaripov Nurlan
   Zamanbekovich member;
- Mynsharipova Saya Naimanbaikyzy – member;
- Maylibayev Iskender Yedigeevich – member;
- Saken Bulegenovich Pirmakhanov is a non-voting expert.
- Nurlan Zamanbekovich
  Akhanzaripov Chairman;
- Mynsharipova Saya
  Naimanbaikyzy Chairperson;
- Oksikbaev Omarkhan
  Nurtaevich member;
- Tegisbaev Anatoly Oryngaliuly member;
- Maylibayev Iskender Yedigeevich member;
- Saken Bulegenovich
  Pirmakhanov is a non-voting
  expert.

- Mynsharipova Saya Naimanbaikyzy – Chairperson;
- Akhanzaripov Nurlan
  Zamanbekovich member;
- Tegisbaev Anatoly Oryngaliuly member;
- Esenzhanov Aibek
   Amangeldievich non-voting expert.

#### **OBJECTIVES**

The purpose of the Audit Committee is to improve the quality of the Board of Directors' decisions on financial control, the efficiency of internal control systems, risk management, and the internal audit service. The Committee also monitors sustainability risks and the quality of non-financial reporting.

In the reporting year,

**11** meetings

were held, at which

**42** issues

were considered.

The purpose of the Committee is to provide recommendations to the Board of Directors on strategy and monitoring of its implementation, business plan execution, innovation and investment activities, asset management, as well as the Company's privatization and sustainable development.

In the reporting year,

**5** meetings

were held, at which

**29** issues

were considered.

The purpose of the Committee is to make recommendations to the Board of Directors on the election, performance evaluation and succession planning of members of the Board of Directors, the Management Board and the Corporate Secretary. The Committee also provides recommendations to the Board of Directors on setting corporate and functional KPIs, remuneration in accordance with internal documents, and changes to the organizational structure.

In the reporting year,

11 meetings

were held, at which

**51** issues

were considered.



### **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.

In its activities, the Management Board of QazaqGaz is guided by the principles and norms set forth in the Charter, Corporate Governance Code, internal documents and Regulations on the Management Board.

The Management Board controls and regulates current operations in order to ensure successful fulfillment of the set tasks and achievement of the goals agreed with the Board of Directors and interests of the Sole Shareholder, as well as develops an action plan for implementation of the BoD decisions. On a regular basis, it submits reporting information to the Board of Directors on the results of financial, economic and production activities (fulfillment of the Company's Business Plan, progress in the implementation of priority investment projects).

A clear understanding of their powers, duties and responsibilities, as well as their enshrinement in the Company's Charter, helps to reduce the risk of conflicts of interest and creates a unified vision of the principles and structure of corporate governance.

### TABLE 64. COMPOSITION OF THE MANAGEMENT BOARD AS OF DECEMBER 31, 2023

Nº	NAME
1	Zharkeshov Sanzhar Serikbaevich
2	Ikhsanov Meirbek Uakasovich
3	Akan Aidyn Muhituly
4	Bitanov Anuar Askarovich
5	Kasenov Arman Ginayatovich
6	Tulegenov Akbar Malikovich
7	Kaspakov Marat Kadyrbergenovich
8	Maqsut Hakim Kairgeldiuly

### INFORMATION ON TRANSACTIONS SUBJECT TO SPECIAL TERMS AND CONDITIONS

Total number of interested-party transactions considered by the QazaqGaz Management Board, including:	37
1. Transactions pre-approved and submitted to the Board of Directors of QazaqGaz	15
2. Approved within the framework of the Rules for conclusion of transactions between organizations included in the Group of Samruk-Kazyna JSC, in respect of which the Law "On Joint Stock Companies" establishes special terms and conditions	22

### GENERAL INFORMATION ON MEETINGS AND CORPORATE DECISIONS OF THE QAZAQGAZ MANAGEMENT BOARD



#### Questions considered, of which: (261)

- O Issues related to the activities of subsidiaries and affiliates (96)
- O Issues related to QazaqGaz activities (165)

DURING THE 12 MONTHS OF 2023, THE BOARD HELD

37 MEETINGS (IN PERSON)

## Remuneration

/ GRI 2-19, GRI 2-20, GRI 2-21 /

### REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

The terms and procedure for payment of remunerations and compensations to the members of the Board of Directors shall be determined by the decision of the Sole Shareholder.

Independent Directors are remunerated and reimbursed for expenses incurred in connection with the duties they perform as part of their functions.

Based on the results of 2023, the total remuneration of the members of the Board of Directors amounted to 69,827 thousand Tenge.

### REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD

Termsand procedure of remuneration of labor of the Chairman of the Management Board, members of the Management Board and employees reporting to the Board of Directors are regulated by the Rules of remuneration of labor and bonuses to the Managerial employees, Corporate Secretary, employees of the Internal Audit Service and Compliance Service, approved by the decision of the Board of Directors of JSC NC QazaqGaz N° 21 dated 10.11.2022.

According to these Rules, executive employees are entitled to annual remuneration, one-time bonuses for holidays, as well as compensation payments upon early termination of employment.

In order to achieve strategic and priority goals, incentive KPI maps consisting of corporate and functional indicators are approved by the members of the Management Board on an annual basis.

Performance is determined based on the final performance of KPI achievement, on the basis of which remuneration is paid to the members of the Management Board based on the results of work for the reporting period.





# Risk management and internal control

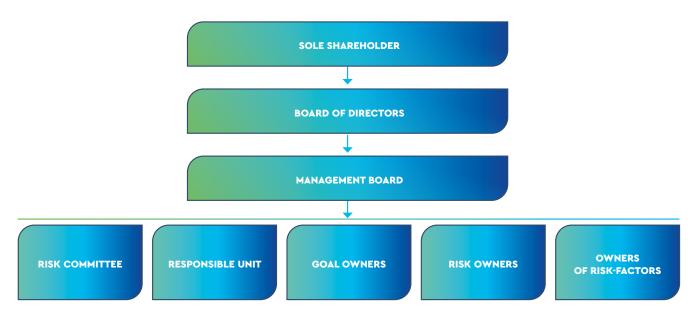
#### MANAGEMENT APPROACH

A Corporate Risk Management System (CRMS) is in place within the Company, which is a comprehensive approach to risk identification, assessment, management and control. The main purpose of this system is to monitor all significant risks and take timely and adequate measures to manage them.

The Board of Directors determines the key principles and methods of CRMS organization, enshrined in the QazaqGaz Risk Management Policy. The key principles include:



FIGURE 3. ORGANIZATIONAL STRUCTURE OF THE CORPORATE RISK MANAGEMENT SYSTEM OF NC QAZAQGAZ JSC



The Board of Directors is responsible for ensuring that an effective Corporate Risk Management System (CRMS) is in place and the Management Board is responsible for the organization and effective functioning of this system, as well as for compliance with risk management and internal control policies and procedures. These policies and procedures are systematically improved to reflect changes in the internal and external business environment.

Activity of QazaqGaz Group of Companies is exposed to both production and non-production risks. For this reason, the Risk Management Department annually submits for consideration of the Board of Directors of QazaqGaz a consolidated Register of risks, as well as proposals on the risk appetite of the Company, risk map and risk management action plan.

In 2023, risks associated with the Company's current operations and long-term strategic objectives that may remain relevant in the future were analyzed and assessed. As a result of this process, a Register and a risk map were compiled, including 24 identified risks, of which 10 were recognized as critical. The risk map contains not only the risks themselves, but also an assessment of their probability and potential impact.

The evaluation scores correspond to the following percentage breakdown:

- 1 25% impact, probability of an event occurring once every 7 or more years;
- 2 50% impact, probability of an event occurring once every 5 years;
- 3 75% impact, probability of an event occurring once every 3 years;
- 4 100% impact, probability of an event occurring once a year;
- 5 the impact is rated as above the risk appetite level and the frequency of the event will be every six months.

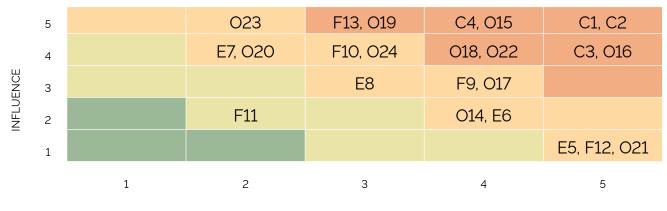
The updated Risk Register of the company can be conditionally classified into several categories, including strategic, ESG (Environmental, Social, Governance) risks, as well as financial and operational risks.

Based on a thorough analysis of the risks presented in the register, QazaqGaz has studied each risk in detail together with the relevant factors and is actively engaged in developing detailed measures of both preventive and corrective nature, taking into account the assessment of financial damage.

The Company actively conducts systematic risk analysis and management, developing appropriate strategies and measures to ensure stable and successful development in today's energy industry.



#### FIGURE 10. MAP OF THE COMPANY'S RISKS IN 2023



PROBABILITY (FREQUENCY)

The updated Risk Register of the Company is conditionally divided into the following groups: strategic risks, ESG risks, financial and operational risks.

QazaqGaz, based on a thorough analysis of the risks presented in the register, has studied each risk in detail,

together with the relevant factors, and is actively engaged in the careful development of preventive and corrective measures, taking into account the assessment of financial damage.

TABLE 65. LIST OF RISK MEASURES FOR 2023

Risk group	Name of risk	Risk mitigation measures
Strategic risks	Shortage of marketable gas	Approval of a roadmap for the implementation of a number
	Price / tariff risks	of measures aimed at increasing the gas resource base and implementing socially fair pricing reform in the domestic market;
	Investment risks	Carrying out work to create Strategic Gas Reserves;
	Risks of disruption of orders of the Head of State, the Government of the Republic of Kazakhstan and other state bodies	Approval of the Corrective Action Plan, which is monitored on a regular basis for fulfillment of assignments and activities.
ESG risks	Environmental risks	Approval of the Environmental Policy;
	Occupational injuries	<ul><li>Developing a Roadmap for obtaining an ESG rating;</li><li>Confirmation of ISO 14001 accreditation;</li></ul>
	Risks to social stability	Monitoring of the occupational injury rate and measures taken in
	HR risks	<ul> <li>the field of labor protection;</li> <li>Approval of the Policy on development of the system of industrial safety (IS), occupational health and safety (OHS) and environmental protection (EP);</li> <li>Compilation of a risk register of occupational safety hazards;</li> <li>Compilation of the HSE's risk matrix;</li> <li>Updating of organizational structures in the Central Office and subsidiaries and affiliates;</li> <li>Approval of the Rules for the search and selection of candidates for administrative and managerial positions.</li> </ul>
Financial risks	Credit risk	Conducting credit risk assessment on banks for placing cash;
	Liquidity risks	<ul> <li>Development of Rules on credit risk management on counterparty banks;</li> </ul>
	Currency risk	Establishing and monitoring financial and non-financial covenants
	Interest risks	of creditors;
	Accounting/accounting policy risks	Implementation of refinancing through Halyk Bank in order to level the risk and reduce interest expenses.

Risk group	Name of risk	Risk mitigation measures
Operational risks	Risks of disruption of gas transportation (in case of transfer from IIOE to the Group)	Carrying out the transfer of budget and functions for the construction of gas transportation facilities and distribution networks from the IIOE to the Group during the design and
	Wear and tear of the gas transportation system, risk of accidents	<ul> <li>construction phase;</li> <li>Carrying out works to broaden the grounds for changing the approved tariff during the operation phase;</li> <li>Development of a gas transmission system modernization plan to</li> </ul>
	IT risks	perform replacement of defective pipes;
	Contract risks	<ul> <li>Carrying out maintenance and repair of equipment;</li> <li>Revision of the contract terms and conditions in order to reduce</li> </ul>
	Corruption risks	<ul> <li>Revision of the contract terms and conditions in order to reduce the tariff for processing services, as well as to establish a tariff</li> </ul>
	Sanctions risks	without indexation;
	Reputational risks	Taking measures to bring the antiterrorist protection of certain facilities into compliance with the requirements for
	Legal proceedings	the organization of antiterrorist protection of facilities vulnerable t
	Risks of the procurement process	terrorism.
	Risks of insecurity of facilities, including those vulnerable to terrorism	
	Asset security risks	

# Internal control system

QazaqGaz internal control system is represented by a set of procedures and methods operating in the Company and aimed at compliance with the current legislation, protection of own assets and information, preparation of reliable and correct accounting and financial statements, detection and elimination of errors both in accounting records and in internal processes of the Company as a whole.

An effective internal control system helps improve the Company's operations by providing reasonable assurance regarding the reliability of financial and operational information, preventing errors, fraud and misconduct, thereby minimizing risks, optimizing processes and ensuring compliance with rules and regulations. 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.

To achieve internal control objectives, the COSO model is used, which includes the following five interrelated components: control environment, risk assessment, related procedures, information and communications, and monitoring.

Ensuring the improvement of internal control in the Company by making proposals to improve the systems of corporate governance, risk and business continuity management, occupational health and safety, integrated management system processes, as well as the development of (regulatory) reporting forms and their automation and digitalization. For example, 2 projects were developed and submitted with proposals for automation of control processes in the operation of gas pipelines, their networks and reduction of production processes.

It should also be noted that the ICS of the Company provides control and monitoring of execution of instructions, recommendations and orders of the Head of State, the Sole Shareholder, the Board of Directors, authorized state bodies and the Company's management on the issues of asset recovery and demonopolization of the economy in the gas sector.



### **Internal Audit Service**

The company has an independent Internal Audit Service, which controls the financial and economic activities of QazaqGaz, assesses internal control, risk management and execution of documents in the field of corporate governance.

The main purpose of its activities is to provide comprehensive support, assisting the Board of Directors and the Executive Body of the Company in improving the efficiency of management and financial and economic activities. This is achieved through a systematic and consistent approach to analyzing and evaluating risk management, internal control and corporate governance systems.

The IAS operates in compliance with the International Professional Practice Framework for Internal Auditing (IOPP, IPPF) and is governed by the following internal documents:

- Regulations on the Internal Audit Service;
- Rules for the organization of internal audit.

The IAS reports to the Board of Directors and is accountable to it on its work. The Audit Committee supervises the activities of the IAS in accordance with internal documents.

Audits are performed on the basis of a risk-oriented annual audit plan. In accordance with the best internal audit practices, the audit plan is periodically reviewed in order to maintain relevance and compliance with the Company's strategic objectives.

In the reporting period, the Annual Audit Plan of the IAS for 2023 was approved by the Board of Directors of the Company on March 1, 2023. During the reporting year, the Board of Directors considered 15 IAS issues at its meetings. The IAS issued 90 recommendations based on the results of its audits.

In order to improve the corporate governance system, an IAS unit was established in the Company's subsidiary organization – Intergas Central Asia JSC.





### **External** audit

The Unified Commission for the Selection of an Audit Organization selects an audit organization to provide services for the audit of financial statements for the Company and its subsidiaries and affiliates.

Ernst & Young LLP, an independent audit firm, audited the Company's financial statements for the periods 2021

through 2022. In 2023, a new independent audit firm, PricewaterhouseCoopers LLP, was identified to audit the Company's financial statements for the years 2023 through 2025.

The external auditor's remuneration is shown below excluding VAT:

#### **ERNST & YOUNG LLP:**

2021	43,732,500 tenge
2022	41,392,500 tenge
2023	22,650,000 tenge (for the 2022 audit)

Apart from audit services, no other services were provided by Ernst & Young LLP.

#### PRICEWATERHOUSECOOPERS LLP:

2023	27,313,000 tenge

Prior to entering into an agreement with Pricewaterhousecoopers LLP, non-audit services totaling 81,700,000 tenge were provided by Pricewaterhousecoopers Group in 2023.

In order to ensure audit independence, one organization rotates its external auditor every seven years.





#### **CORPORATE ETHICS**

The Company's main documents in the area of corporate ethics are the Code of Business Ethics, the Anti-Corruption Policy, and the Regulations on the Compliance Service.

The Code of Business Ethics of the Company complies with high standards of business conduct and business ethics. It is developed in accordance with the legislation of the Republic of Kazakhstan, the Charter and other internal documents of the Company, and is aimed at developing corporate culture

and strengthening the reputation of QazaqGaz as an open and honest company in the market.

Corporate ethics is carried out in accordance with the following principles: responsibility, openness, transparency, ethical behavior, legality, professionalism, fairness, intolerance to corruption, inadmissibility of conflict of interest, environmental responsibility and safety.

#### **COMPLIANCE SERVICE**

The company has a compliance service, which reports to the Board of Directors of QazaqGaz.

The Compliance Service performs an independent assessment of corruption risks, coordinates anti-corruption work across the Group, conducts compliance due diligence of counterparties, and reviews hotline reports.

During 2023, the Compliance Service conducted a number of anti-corruption training events for the Group's employees on various aspects, including anti-corruption.

In addition, the following activities have been carried out by the service as part of its functionality:

- Determination of external regulatory requirements;
- Conducting compliance risk assessments;
- Developing internal compliance policies, regulations and procedures;
- Communication and implementation of compliance policies;
- monitoring and control over compliance with compliance guidelines;
- investigating potential compliance violations and developing and enforcing corrective actions.







# **Appendix 1: About the report**

#### **GENERAL INFORMATION**

#### / GRI 2-3 /

This Integrated Annual Report of QazaqGaz for 2023 discloses information on financial and economic, operational activities in the field of gas production and transportation, as well as data on the Company's results in the field of sustainable development management.

In order to ensure comprehensiveness in the reflection of financial and non-financial indicators, the report reflects the following aspects:

- Implementation of QazaqGaz Development Strategy until 2032;
- 2. Approaches and methods of company management;
- 3. Key financial, economic and production indicators, as well as performance by business areas, including occupational safety and environmental protection;
- 4. Achievements in the field of sustainable development management, including the Company's contribution to the development of local communities in the areas of operation through the implementation of responsible business conduct commitments.

The document was developed in accordance with the Global Reporting Initiative (GRI) and International Integrated

Reporting Framework reporting standards, as well as the industry standards GRI 11: Oil and Gas Sector Disclosures.

The quality of the Report formation is ensured, among other things, by observing the principles of determining its content, as reflected in the Rules of Formation of the Integrated Annual Report of QazaqGaz<sup>14</sup>:

- Comparability compliance with GRI standards to enable stakeholders to compare QazaqGaz activities with other companies;
- 2. Balance disclosure of both positive and negative themes of the Company's performance:
- 3. Accuracy detailed information for stakeholders to evaluate the company's performance;
- 4. Reliability information is collected, recorded, analyzed, consolidated in such a way that it can be verified;
- 5. Timeliness planned nature of reporting and its publication no later than the 3<sup>rd</sup> quarter of the current year.
- Clarity understandble and accessible to a wide range of stakeholders.

Taking into account its addressing to a wide range of stakeholders, the report is published in 3 languages: Kazakh, Russian, English.

#### **REPORTING PERIOD**

The boundaries of the report are defined by the annual reporting cycle of the Company. It reflects the activities of QazaqGaz for the period from January 1 to December 31, 2023.

In order to ensure transparency of its operations, the Company publishes annual reports annually, which are available on the official website.

#### SCOPE AND PERIMETER OF INFORMATION

#### / GRI 2-2 /

The scope of reporting involves disclosure of information on financial and non-financial indicators reflecting the Company's activities on projects implemented both in the domestic market and in the international arena.

The financial indicators correspond to the audited financial statements prepared in accordance with IFRS standards. Its full version is presented in Appendix 3 to this report.

Non-financial indicators reflect important facts that reflect the company's performance beyond the reporting period but have a direct correlation with it.

<sup>&</sup>lt;sup>14</sup> The document is available on the Company's official website in the Sustainable Development section.



The scope and perimeter of information is defined by the list of assets owned by QazaqGaz (unless otherwise stated in the main body of the Report).

TABLE 66. ASSETS OF JSC NC QAZAQGAZ PROVIDED FOR IN THE REPORT

Legal names	Region	Activity		
JSC NC QazaqGaz	Republic of Kazakhstan, Astana	Management of centralized infrastructure for transportation of marketable gas through trunk pipelines and gas distribution networks, provision of international transit and gas sales		
		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	Gas transportation services via trunk and distribution pipelines, marketing, purchase and sale of gas to consumers.		
JSC Intergas Central Asia	Republic of Kazakhstan, Astana	Operates three underground gas storage facilities and two major gas trunkline systems.		
QazaqGaz Onimderi» LLP	Republic of Kazakhstan, Astana	Provision of transportation services, construction and installation works, sale of compressed natural gas.		
QazaqGaz Exploration and Production LLP	Republic of Kazakhstan, Astana	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	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	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	A company engaged in the marketing, processing, transportation and sale of Kazakhstani natural gas and refined products on domestic and foreign markets.		
KazMunayGas JSC - Service NS	Republic of Kazakhstan, Astana	A company providing a range of services for maintenance of administrative and residential buildings, recreational complexes, transportation and othe services for Samruk-Kazyna JSC, NC KazMunayGas JSC and its subsidiaries and third-party organizations.		
Tegis Munai LLP	Republic of Kazakhstan, Astana	The holder of the subsoil use right to conduct gas exploration at Pridorozhnoye field in South Kazakhstan region in accordance with the Contract (registration #2775 dated 29.08.2008) with subsequent signing of the production contract.		
GPC Investment LLP	Republic of Kazakhstan, Astana	Creation of a world-class gas processing facility and production of competitive products.		
QazaqGaz Scientific and Technical Center» LLP	Republic of Kazakhstan, Astana	Physical and performance testing of materials and products; Engineering design; Geophysical, geological and seismic research; Applied research in social sciences and humanities; Professional development of profile specialists of the gas industry;		
		Confirmation of qualification of profile specialists; Support of applied software;  Development of structure and content of computer codes and (or) writing of computer codes;		
		Planning, design and development of information systems; Provision of infrastructure for placing information resources on the server and access to data, Rental of computer and peripheral equipment;		

As part of the independent assurance of the Report, 29 sustainability indicators were selected, whose disclosure boundaries cover the following assets of the Company:

TABLE 67. PERIMETER OF INFORMATION INCLUDED IN THE BOUNDARIES OF THE INDEPENDENT ASSURANCE

GRI	List of companies
GRI 2-7	JSC NC QazaqGaz, JSC Intergas Central Asia, JSC KazTransGaz Aimak, QazaqGaz Exploration and Production LLP, QazaqGaz Onimderi LLP, QazaqGaz Onimderi LLP, LLP
	QazaqGaz NTC, JSC KazMunaiGaz-Service NS, Mangyshlak-Munai LLP, Tegis Munai LLP
GRI 2-8	JSC NC QazaqGaz, JSC Intergas Central Asia, JSC KazTransGaz Aimak, QazaqGaz Exploration and Production LLP, QazaqGaz Onimderi LLP, QazaqGaz Onimderi LLP, LLP
	QazaqGaz NTC, JSC KazMunaiGaz-Service NS, Mangyshlak-Munai LLP, Tegis Munai LLP
GRI 2-30	JSC NC QazaqGaz, JSC Intergas Central Asia, JSC KazTransGaz Aimak, QazaqGaz Exploration and Production LLP, QazaqGaz Onimderi LLP, QazaqGaz NTC LLP, KazMunaiGaz-Service NS JSC, Mangyshlak- Munai LLP, Mangyshlak-Munai LLP, Mangyshlak-Munai LLP, LLP Tegis Munai
GRI 204-1	JSC NC QazaqGaz, Intergas Central Asia, JSC KazTransGaz Aimak J, QazaqGaz Exploration and Production LLP, QazaqGaz Onimderi LLP, QazaqGaz NTC LLP, KazMunaiGaz-Service NS JSC, Mangyshlak-Munai LLP, Tegis Munai LLP, Asian Gas Pipeline LLP, GPCI, GPCI
GRI 205-1	JSC NC QazaqGaz, JSC Intergas Central Asia, JSC KazRosGaz, JSC KazTransGaz Aimak, Beineu- Shymkent Gas Pipeline LLP, Asian Gas Pipeline LLP, QazaqGaz Onimderi LLP, QazaqGaz Exploration and Production LLP, QazaqGaz Scientific and Technical Center LLP, GPCI, JSC KazMunaiGaz-Service NS
GRI 205-2	JSC NC QazaqGaz, JSC Intergas Central Asia, JSC KazRosGaz JSC KazTransGaz Aimak, Beineu- Shymkent Gas Pipeline LLP, Asian Gas Pipeline LLP, QazaqGaz Onimderi LLP, QazaqGaz Exploration and Production LLP, LLP QazaqGaz Scientific and Technical Center, GPCI, JSC KazMunaiGaz-Service NS
GRI 205-3	JSC NC QazaqGaz, JSC Intergas Central Asia, JSC KazRosGaz, JSC KazTransGas Aimak, Beineu- Shymkent Gas Pipeline LLP, Asian Gas Pipeline LLP, QazaqGaz Onimderi LLP, QazaqGaz Exploration and Production LLP, QazaqGaz Scientific and Technical Center LLP, GPCI, JSC KazMunaiGaz-Service NS
GRI 302-1	JSC Intergas Central Asia, JSC KazTransGas Aimak, Beineu-Shymkent Gas Pipeline LLP, Asian Gas Pipeline LLP, QazaqGaz Exploration and Production LLP
GRI 302-3	Intergas Central Asia JSC, KazTransGas Aimak JSC, Beineu-Shymkent Gas Pipeline LLP, Asian Gas Pipeline LLP, QazaqGaz Exploration and Production LLP
GRI 302-4	JSC Intergas Central Asia, JSC KazTransGas Aimak, Beineu-Shymkent Gas Pipeline LLP, Asian Gas Pipeline LLP, QazaqGaz Exploration and Production LLP
GRI 304-1	JSC Intergas Central Asia



### INDEPENDENT ASSURANCE

### / GRI 2-5 /

The procedure of external audit of 29 key non-financial indicators of JSC NC QazaqGaz was performed by KPMG Tax and Advisory LLP. The auditor's report is presented in the annex to this Report.

Compared to the Integrated Annual Report for 2022, the number of verifiable indicators increased by 2.5 times from 11 to 29. This demonstrates the Company's adherence to international standards to ensure the transparency of its activities.

1	GRI 204-1	Procurement
2	GRI 205-1	Assessing transactions for risks related to corruption
3	GRI 205-2	Communication and training on anti-corruption policies and procedures
4	GRI 205-3	Confirmed cases of corruption and measures taken
5	GRI 2-7	Headcount
6	GRI 2-8	Freelance employees, headcount
7	GRI 2-30	Employees covered by collective bargaining agreements
8	GRI 302-1	Energy consumption within the organization
9	GRI 302-3	Energy intensity
10	GRI 302-4	Reduced energy consumption
11	GRI 304-1	Biodiversity conservation
12	GRI 304-2	Significant impacts of activities, products and services on biodiversity
13	GRI 304-4	IUCN Red List species and national conservation list species whose habitats are located in areas affected by operations
14	GRI 305-1	Direct greenhouse gas emissions (Scope 1)
15	GRI 305-2	Greenhouse gas emissions: Scope 2 (from purchased electricity and heat)
16	GRI 305-4	Intensity of greenhouse gas emissions
17	GRI 305-5	Reduction of greenhouse gas emissions
18	GRI 305-7	Significant emissions of pollutants
19	GRI 401-1	Hiring of new employees and staff turnover
20	GRI 401-2	Benefits available to employees who are employed on a full-time basis
21	GRI 401-3	Maternity leave
22	GRI 403-8	Employees covered by the health and safety management system at the workplace
23	GRI 403-9	Occupational injuries
24	GRI 404-1	Average number of training hours per year per employee
25	GRI 404-3	Percentage of employees receiving regular performance and career development reviews
26	GRI 405-1	Number of employees with disabilities
27	GRI 406-1	Incidents of discrimination and corrective actions taken
28	GRI 413-1	S/As with community engagement, impact assessment and development programs
29	GRI 418-1	Substantiated complaints about breaches of client confidentiality and loss of client data



### SIGNIFICANT TOPICS

### / GRI 3-1 /

Based on the results of materiality assessment of topics reflecting potential and actual impacts of JSC NC QazaqGaz on various spheres of life, a list consisting of 19 topics was determined that comply with GRI standards, including the industry standard for oil and gas companies GRI 11: Oil and Gas Sector Disclosures.

The materiality assessment was determined based on a comparative analysis of the annual reports of companies in the oil and gas industry, as well as on the completion of a stakeholder questionnaire. The questionnaire covered issues related to the company's impact on the environment, human capital, as well as human rights and the economy.

### TABLE 68. MATERIAL TOPICS TO BE DISCLOSED IN THE REPORT WERE APPROVED BY THE MANAGEMENT BOARD (MINUTES NO. 37 DATED DECEMBER 28, 2023)

### / GRI 3-2 /

GRI 11.1	Greenhouse gas emissions
GRI 11.2	Climate strategy
GRI 11.3	Atmospheric emissions
GRI 11.4	Biodiversity
GRI 11.5	Waste Management
GRI 11.6	Water and wastewater management
GRI 11.8	Asset safeguarding and management
GRI 11.9	Occupational health and safety
GRI 11.10.	Employment practice
GRI 11.11.	Anti-discrimination and equal opportunities
GRI 11.12.	Forced labor
GRI 11.13.	Freedom of association
GRI 11.14.	Economic performance
GRI 11.15.	Local communities
GRI 11.18.	Conflict and security
GRI 11.19.	Obstacle to competition
GRI 11.20.	Countering corruption
_	Human capital development
-	Corporate ethics
_	Compliance with legal requirements
-	Emergency management

### / GRI 3-2 /

Compared to the 2022 Integrated Annual Report, the following topics have been added to the list of material topics:

- 1. Forced labor
- 2. Freedom of association
- 3. Economic performance
- 4. Local communities
- 5. Conflict and security
- 6. Obstacle to competition
- 7. Countering corruption

The change in the list of material topics in the reporting year is due to the entry into force on January 1, 2023 of the updated GRI 2021 non-financial reporting standards, in particular, the industry standard GRI 11: Oil and Gas Sector Disclosures, which contains a list of certain material topics for companies in the oil and gas sector, as well as regulates an updated approach to identifying material topics.



## Appendix 2. Index of GRI Standards Disclosures in the Report

### GRI Index Name of indicator Section and page in the Report/ Commentary

Statement of use: QazaqGaz NC JSC has provided the information in this GRI Standards Disclosure Index for the period from January 1, 2023 to December 31, 2023 in accordance with GRI Industry Standard 11: Oil and Gas Sector Disclosures.

Applicable industry standard for QazaqGaz NC JSC: GRI 11: Oil and Gas Sector Disclosures.

### **GRI 1: Fundamentals 2021**

GRI 1: Fund	damentals 2021	
GRI 2: Con	nmon Reporting Elements 2021	
2-1	Information about the organization	About the Company, pp. 18, Structure of the Company's assets, pp. 18–19
2-2	Enterprises included in the organization's sustainability reporting	About the Report, pp. 211–214
2-3	Reporting period, frequency and contact person	About the Report, pp. 210–211
2-4	Revision of information	Human Resource Management and Social Policy, pp. 121
2-5	Independent assurance	About the Report, pp. 214–216
2-6	Operations, value chain and other business relationships	Geography and areas of the Company's operations, Economic Performance, pp. 179–181
2-7	Employees	Human Resources Management and Social Policy, pp. 121–122, 124–127
2-8	Employees who are not employees	Human Resource Management and Social Policy, pp. 127–129
2-9	Management structure and composition	An approach to sustainable development management, pp. 181–182,
		Corporate Governance, pp. 182-183,
		Board of Directors, pp. 183-199
2-10	Procedure for election and approval of the supreme governing body	Board of Directors, pp. 195
2-11	Chairman of the supreme governing body	Board of Directors, pp. 185–186
2-12	Role of the highest governance body in overseeing impact management	An Approach to Sustainable Development Management, pp. 194,
		Board of Directors, pp. 194
2-13	Delegation of responsibility for impact management	An approach to sustainable development management, pp. 53–54
2-14	Role of the highest governance body in sustainability reporting	An approach to sustainable development management, pp. 53-54
2-15	Conflicts of interest	Countering Corruption, pp. 156-157

GRI Index	Name of indicator	Section and page in the Report/ Commentary
2-16	Communicating critical issues to the highest governance body	Anti-Corruption, pp. 172
2-17	Collective knowledge of the highest governance body	An Approach to Sustainable Development Management, pp. 54-57
2-18 Assessing the effectiveness 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 JSC NC QazaqGaz 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 Policy	Remuneration, p. 201
2-20	Process for determining the amount of remuneration	Remuneration, p. 201
2-22	Sustainable Development Strategy Statement	Address by the Chairman of the Board of Directors, pp. 7–8
2-23	Commitments secured by In the organization's internal documents	Approach to Sustainable Development Management, pp. 52, Countering Discrimination and Equal Opportunities, pp. 148, Countering Corruption, pp. 155-156,
		Procurement Management, pp. 175,
2-24	Fulfillment of obligations assigned to In the organization's internal documents	An approach to sustainable development management, pp. 51–52
2-25	Processes to address negative impacts	Countering Corruption, pp. 172-173
2-26	Mechanisms for seeking advice and expressing concerns	Human Resources Management and Social Policy, pp. 142–143, Anti-Corruption, pp. 172–173
2-27	Compliance with laws and regulations	Antitrust Compliance, pp. 178
2-28	Membership in associations	Participation in associations and adherence to international principles, pp. 67–68
2-29	Approach to stakeholder engagement	Stakeholder Engagement, pp. 63-67
2-30	Collective agreements	Human Resource Management and Social Policy, pp. 139–140
GRI 3: Signific	cant Themes 2021	
GRI 3-1	Procedure for determining material topics	About the Report, p. 216
GRI 3-2	List of essential topics	About the Report, pp. 217–218
GRI 11: Signifi	cant topics	
11.1 Greenhou	use gas emissions	
GRI 3-3	Management of material topics	Energy Management, pp. 69–74
GRI 302-1	Energy consumption within the organization	Energy Management, p. 95
SIX 502 1	Energy consumption within the organization	The Company and its subsidiaries do not consume or sell energy resources to third parties.
		The company does not consume.



GRI Index	Name of indicator	Section and page in the Report/ Commentary
GRI 302-3	Energy intensity	In 2023, the Company did not keep statistics on calculation of energy intensity indicator
GRI 305-1	Direct greenhouse gas emissions (Scope 1)	Climate Change, p. 86
GRI 305-2	Indirect energy emissions of greenhouse gases (Scope 2)	Climate Change, p. 85
GRI 305-3	Other indirect greenhouse gas emissions (Scope 3)	In the reporting year, the Company had no practice of GHG emissions identification and assessment (Scope 3)
GRI 305-4	Intensity of greenhouse gas emissions	Climate Change, p. 86
GRI 305-5	Reduction of greenhouse gas emissions	Climate Change, pp. 86-87
11.3 Emissions	s to the atmosphere	
GRI 3-3	Management of material topics	Pollutant emissions, pp. 76-77
GRI 305-7	NOx, SOx and other significant air emissions	Pollutant emissions, pp. 77–78  The company generates no emissions of persistent organic pollutants (POPs).
11.4 Biodivers	ity	
GRI 3-3	Management of material topics	Biodiversity, pp. 80-81
GRI 304-1	Production sites owned, leased or managed by the organization and located in protected areas and areas of high biodiversity value, located outside the boundaries of protected areas or adjacent to such areas	Biodiversity, pp. 80-81
GRI 304-2	Description of significant impacts of activities, products and services on biodiversity	Biodiversity, p. 81
GRI 304-4	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the organization's activities	Biodiversity, p. 82
11.5 Waste Ma	nagement	
GRI 3-3	Management of material topics	Waste Management, pp. 78–79
GRI 306-1	Waste generation and material waste-related impacts	Waste Management, pp. 79–80
GRI 306-2	Management of Significant Waste Related Impacts	Waste Management, pp. 79–80
GRI 306-3	Waste produced	Waste Management, pp. 79
11.6 Water res	sources management	
GRI 3-3	Management of material topics	Water Resources, pp. 73-74
GRI 303-1	Use of water as a common resource	Water Resources, pp. 74
GRI 303-2	Management of impacts associated with water discharge	Water Resources, pp. 74
GRI 303-3	Total volume of water withdrawal	Water Resources, pp. 75
GRI 303-4	Water discharge	Water Resources, pp. 75-76
GRI 303-5	Water consumption	Water Resources, pp. 76

GRI Index	Name of indicator	Section and page in the Report/ Commentary
11.9. occupati	onal health and safety	
GRI 3-3	Management of material topics	Occupational Health, Safety and Emergency Preparedness, pp. 99–101
GRI 403-1	Occupational health and safety management system at the workplace	Occupational Health and Safety and Emergency Preparedness, pp. 104–105
GRI 403-2	Hazard identification, risk assessment, accident investigation	Occupational Health and Safety and Emergency Preparedness, pp. 105–107
GRI 403-3	Health Promotion Service	Occupational Health and Safety and Emergency Preparedness, pp. 105–107
GRI 403-4	Employee participation, consultation and communication on occupational health and safety in the workplace	Occupational Health and Safety and Emergency Preparedness, pp. 102–104
GRI 403-5	Professional training in occupational health and safety at the workplace	Occupational Health, Safety and Emergency Preparedness, pp. 109
GRI 403-6	Promoting employee health	Occupational Health and Safety and Emergency Preparedness, pp. 109–112
GRI 403-7	Prevention and mitigation of health and safety impacts directly related to business relationships	Occupational Health, Safety and Emergency Preparedness, pp. 107
GRI 403-8	Employees covered by the health and safety management system at the workplace	Occupational Health, Safety and Emergency Preparedness, pp. 112
GRI 403-9	Occupational injuries	Occupational Health, Safety and Emergency Preparedness, pp. 113
GRI 403-10	Occupational diseases	Occupational Health, Safety and Emergency Preparedness, pp. 114
11.10 Employn	nent practices	
GRI 3-3	Management of material topics	Human Resource Management and Social Policy, pp. 118–119
GRI 401-1	Newly hired employees and staff turnover	Human Resources Management and Social Policy, pp. 129–131, 140–142
GRI 401-2	Benefits provided to full-time employees that are not provided to	Human Resource Management and Social Policy, pp. 128-129
	to employees working on temporary or part-time basis	
GRI 401-3	Parental leave	Human Resource Management and Social Policy, pp. 131–132
GRI 402-1	Minimum notice period for material changes in the organization's operations	Human Resource Management and Social Policy, pp. 131
GRI 404-1	Average annual number of training hours per year per employee	Human Resource Management and Social Policy, pp. 136
GRI 404-2	Skills development programs designed to support the employability of workers	Human Resource Management and Social Policy, pp. 136-137
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Human Resource Management and Social Policy, pp. 135–136



GRI Index	Name of indicator	Section and page in the Report/ Commentary		
11.11. Anti-disc	crimination and equal opportunities			
GRI 3-3	Management of material topics	Anti-discrimination and Equal Opportunities, pp. 146		
GRI 405-1	Diversity of governing bodies and employees	Human Resources Management and Social Policy, pp. 122-123, Anti-discrimination and Equal Opportunities, pp. 146-147		
GRI 405-2	Ratio of base salary and remuneration of men to women	Anti-discrimination and Equal Opportunities, pp. 147		
GRI 406-1	Discrimination identified and corrective actions taken	Anti-discrimination and Equal Opportunities, pp. 148		
11.14. Econom	ic impact			
GRI 3-3	Management of material topics	Economic Performance, pp. 178–179		
GRI 201-1	Direct economic value generated and distributed	Economic Performance, pp. 179–178		
GRI 203-1	Investments in infrastructure and pro bono services	Local Communities, pp. 148-149		
GRI 203-2	Significant indirect economic impacts	Local Communities, pp. 149, 153, Procurement Management, pp. 177–178, 180		
GRI 204-1	Share of expenditures on local suppliers	Procurement Management, pp. 176		
11.15. Local co	ommunities			
GRI 3-3	Management of material topics	Local Communities, pp. 148		
GRI 413-1	Units implementing community engagement, community impact assessment and community development programs	Local Communities, pp. 152		
GRI 413-2	Subdivisions with significant actual or potential adverse impacts on local communities	Local Communities, pp. 152		
11.19. Obstruc	tion of competition			
GRI 3-3	Management of material topics	Antitrust Compliance, pp. 178		
GRI 206-1	Management of material topics	Antitrust Compliance, pp. 178		
11.20 Anti-Co	rruption			
GRI 3-3	Management of material topics	Anti-Corruption, pp. 175		
GRI 205-1	Entities subject to corruption risk assessments	Countering Corruption, pp. 174		
GRI 205-2	Awareness of and training on anti-corruption policies and practices	Countering Corruption, pp. 159–171		
GRI 205-3	Confirmed cases of corruption and actions taken	Anti-Corruption, pp. 157		
11.21. Transfo	rmation			
GRI 418-1	Legitimate complaints about privacy violations and data loss	Transformation pp. 40		

## Appendix 3. Consolidated Financial Statements



### Independent Auditor's Report

To the Shareholder, Board of Directors and Management of NC QazaqGaz JSC:

### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of NC QazaqGaz JSC (the "Company") and its subsidiaries (together – the "Group") as of 31 December 2023, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as of 31 December 2023;
- · the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Republic of Kazakhstan that are relevant to our audit of the consolidated financial statements.





### Page 2

### Our audit approach

### Overview



- Overall Group materiality: Kazakhstani Tenge ("Tenge")
   15,560,000 thousand, which represents 5% of profit before tax.
- Group audit scope included the Company, three subsidiaries and two joint arrangements in Kazakhstan.
- Our audit scope addressed 98% of the Group's revenues and 100% of the Group's absolute value of underlying profit before tax.
- Impairment assessment of non-current assets
- Gas pipeline abandonment and site restoration provision
- Accrued payable for the purchased gas

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.





### Page 3

Overall Group materiality	Tenge 15,560,000 thousand
How we determined it	Approximately 5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users of the consolidated financial statements, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.





### Page 4

### Key audit matte

How our audit addressed the key audit matter

### Impairment assessment of non-current assets

Notes 3 and 6 to the consolidated financial statements

During 2023, the Group's profitability was impacted by increase in borrowing interest rates, reduced gas transit and changes in economic environment in which the Group operates. These indicate that the Group's non-current assets with the carrying value of Tenge 1,506,401,491 thousand as of 31 December 2023 may be impaired. The recoverable amount of the assets was determined as their value in use. Determining the recoverable amount requires significant management judgement and assumptions in respect of projected future cash flows, discount rates and level of main production costs. These projections are exposed to significant variability due to uncertain market conditions.

We focused on this area due to the significance of the carrying values of the assets, and the fact that there is significant judgement involved in determining the recoverable amounts.

Our procedures included:

- We obtained an understanding of internal processes and controls and analysed the methodology applied by the management in assessing the non-current assets impairment for compliance with IAS 36.
- We obtained, understood, and evaluated management's impairment models. We involved our valuation experts to assist in the evaluation of the methodology and assumptions used in the models, such as domestic sales tariffs, export sales prices, transportation and production volumes, discount rates, inflation rates, country specific risks and foreign exchange rates.
- We compared future operating and capital expenditures and the revenue projections to the latest approved business plans and budgets.
- We compared the key assumptions used within the impairment models to the historic performance of the respective CGUs.
- We performed a sensitivity analysis over the key assumptions in order to assess their potential impact on impairment results and ranges of possible outcomes of the recoverable amounts.
- We assessed the related disclosures in the consolidated financial statements for compliance with the requirements of IFRS Accounting Standards.





### Page 5

### Key audit matter

How our audit addressed the key audit matter

### Gas pipeline abandonment and site restoration provision

Notes 3, 6 and 21 to the consolidated financial statements

During 2023, the Group refined its methodology for calculation of the gas pipeline abandonment and site restoration provision to align physical quantities and cost rates for decommissioning activities. The Group has involved internal experts to determine physical quantity and applicable cost rates for decommissioning activities.

The refinements did not result in significant additional provision being recognised.

We focused on this area due to the size of the provision balance, which is Tenge 78,090,261 thousand as of 31 December 2023, and the fact that calculation of the gas pipeline abandonment and site restoration provision involves inherent subjectivity in estimating future nominal costs and uncertainty associated with timing until the actual fulfilment of decommissioning obligations.

Our procedures included:

- We obtained an understanding of internal processes and controls and analysed the methodology used by the management to determine the provision for compliance with IAS 37.
- We assessed competence, qualifications, experience and objectivity of the management's experts involved to determine physical quantity and applicable cost rates for decommissioning activities.
- We assessed the Group's calculations, reconciled key assumptions to external sources and tested on a sample basis cost per unit input data used in nominal cost calculations, including physical volume of works, cost per unit and construction estimate norms.
- We reconciled the assets per the PPE register subject to decommissioning to the list of assets included in the provision's calculation to verify completeness.
- We involved our valuation experts to assess the reasonableness of the discount and inflation rates used by the Group in the calculation of gas pipeline abandonment and site restoration provision.
- We assessed the related disclosures in the consolidated financial statements for compliance with IFRS Accounting Standards' requirements.





### Page 6

### Key audit matter

### How our audit addressed the key audit matter

### Accrued payable for the purchased gas

Notes 3 and 24 to the consolidated financial statements

During 2023, the Group purchased commercial gas from one of its key suppliers without the price agreement. As of the date of the consolidated financial statements, negotiations with the supplier are ongoing and a final decision has not been taken yet.

The Group recognised the accrued trade payable in the amount of Tenge 109,818,524 thousand as of 31 December 2023 based on the management's best estimate taking into account historic purchase prices, correspondence and negotiations with the supplier at the level of the Ministry of Energy of the Republic of Kazakhstan, as well as the mechanism for determining the gas purchase price, provided for by the Memorandum of Understanding between the Government of the Republic of Kazakhstan and the supplier.

We focused on this area due to the significance of the accrued payable amount and the fact that there is significant judgement involved in determining the accrued payable.

Our procedures included:

- We held discussions with the Group's management to understand the latest development and the status of negotiations between the Group and the supplier.
- We inspected the signed Memorandum on Understanding between the Government of the Republic of Kazakhstan and the supplier that stipulates the mechanism to determine the gas purchase price and correspondence with the supplier.
- We received the letter from the supplier with their position.
- We assessed the reasonableness of the key assumptions used to estimate the accrued payable and compared them to the historic prices of the supplier that were actually settled in 2022 and to the prices of other gas suppliers in 2023.
- We tested the mathematical accuracy of the accrued payable calculation.
- We performed sensitivity analysis in consideration of the potential impact of reasonably possible changes in the price of gas.
- We assessed the related disclosures in the consolidated financial statements for compliance with IFRS Accounting Standards' requirements.

### How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors.

The Group's gas transportation and production facilities are located in the Republic of Kazakhstan. The assets and operations of the Group are spread amongst fifteen subjects (components), including four jointly controlled entities. Out of these, we have identified six components as material components, including the Company, its three subsidiaries and two joint ventures.

For six material components we carried out a full scope audit of their financial information, which the Group uses for the preparation of the consolidated financial statements.





### Page 7

In general, the scope of our audit covered 99% of total assets, 98% of total revenue and 100% of the absolute value of profit before tax. The procedures performed have enabled us to obtain sufficient appropriate audit evidence in relation to the consolidated financial statements of the Group and provide a basis for our audit opinion on it.

### Other information

Management is responsible for the other information. The other information comprises the Annual report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this 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 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.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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.

Those charged with governance are 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.





### Page 8

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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.



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We communicate with those charged with governance 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.

We also provide those charged with governance 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 those charged with governance, 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 engagement partner on the audit resulting in this independent auditor's report is Almaz Sadykov.

On behalf of PricewaterhouseCoopers LLP

Priceo Hernouse Coopers LLP

Approved by:

Azamat Konratbaev Managing Director

PricewaterhouseCoopers LLP

(General State License of the Ministry of Finance of the Republic of Kazakhstan

№0000005 dated 21 October 1999)

Signed by

Almaz Sadykov

Auditor in charge

(Qualified Auditor's Certificate

№0000745 dated 8 February 2019)

28 February 2024

Astana, Kazakhstan



NC QazaqGaz JSC Consolidated Statement of Financial Position as at 31 December 2023

In thousands of Tenge	Note	31 December 2023	31 December 2022 (restated)*
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,430,331.997	1,115,584,339
Exploration and evaluation assets	7	4,510,107	16,474,772
Right-of-use assets	8	66,806,648	90,661,610
Intangible assets		4,752,739	5,166,868
Investments in joint ventures	9	1,241,253,329	930,644,064
Advances paid for non-current assets		1,890,448	2,480,806
VAT recoverable	12	60,877,222	78,509,782
Deferred tax assets	31	6.450,522	1,216,148
Other non-current assets	* * *	114,565	118,725
Bank deposits	13	2,955,454	2,755,818
		2,819,943,031	2,243,612,932
Current assets			
Inventories	<b>1</b> 5	63,191,048	37,464,754
Trade and other receivables	16	287,464,653	170,562,796
Advances paid		1,659,507	3,701,240
Loans to related party	10	39.977.505	3,524,877
Prepaid taxes other than income tax	12	116,234,429	44,836,145
Corporate income tax prepaid	31	43,406,962	45,200,131
Other current assets		634.182	511,714
Other current financial assets	11	103.244,373	33,600,948
Bank deposits	13	482,975	
Cash and cash equivalents	14	66,770,948	
		723,066,582	927,882,758
TOTAL ASSETS		3,543,009,613	3,171,495,690

NC QazaqGaz JSC Consolidated Statement of Comprehensive Income for the year ended 31 December 2023

In thousands of Tenge	Note	2023	2022 (restated
Revenue from contracts with customers	26	1,081,208,939	952,283,20
Cost of sales	27	(1,023,092,705)	(806,657,029
Gross profit		58,116,234	145,626,18
General and administrative expenses	28	(63, 155, 929)	(33,474,242
Net expected credit losses	20	(2,296,278)	(3,313,755
Other operating income		2,869,912	3,800,12
Other operating expenses		(3,579,486)	(8,699,188
Operating (loss)/profit		(8,045,547)	103,939,12
Interest income calculated using the effective interest method	29	37.651.233	29.812.71
Finance income	25	37,651,233	6,291,70
Finance costs	30	(60,583.175)	(62,708,722
Share of profit of joint ventures	9 9	321,932,666	327,581,22
Foreign exchange gain, net	9	19,995,722	8,727,75
, statistics gaminate		10,000,722	0,1-1,10
Profit before income tax		311,259,636	413,643,80
Income tax benefit/(expenses)	31	14,594,047	(27,095,095
NET PROFIT FOR THE YEAR		325,853,683	386,548,70
Other comprehensive income Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss Exchange differences on translation of foreign operations		{404.668}	151.94
Excitatings directions on transferon of foreign operations		(404.000)	107,04
Net comprehensive (loss)/income that may be reclassified			
subsequently to profit or loss		(404,668)	151,94
Other comprehensive income/(loss) that will not be reclassified			
subsequently to profit or loss			
Actuarial income/(loss) on defined benefit plant		34,170	(4,867
Impact of income tax expenses	31	(6,834)	97
Net comprehensive income/(loss) that will not be reclassified			
subsequently to profit or loss		27,336	(3,894
Other comprehensive (loss)/Income for the year less income			
tax		(377,332)	148,05
Total comprehensive income for the year less Income tax		325,476,351	386,696,75
Total Comprehensive income for the year less income tax			
Earnings per share Basic and diluted earnings per share for the year attributable to the			

Certain amounts shown in this column do not correspond to the amounts in the consolidated financial statements for the year ended 31 December 2022, as they reflect the adjustments disclosed in Note 5.

<del>QAZAQ</del>GA

A M. Akan

Deputy Chairman of the Management Board on Economics and Finance

E.N. Bokayev Acting Chief Accountant



NC QazaqGaz JSC Consolidated Statement of Cash Flows for the year ended 31 December 2023

			2022
in thousands of Tenge	Note	2023	(restated
Cash flows from operating activities			
Receipts from customers		1,021,509,278	1,042,922,64
Interest received		28,009,395	27,147,94
VAT refund from tax authorities		9,151	20,723,15
Proceeds from QG litigations	33	-	14,565,31
Other receipts		6,528,297	5,168,97
Payments to suppliers		(829,045,089)	(812,351,47)
income tax paid		(17,680,149)	(50,677,99
Other taxes and payments to the budget		(52,090,223)	(55,743,75
Interest paid	34	(30,976,493)	(38,145,35
Interest paid on leases	22, 34	(14,988,904)	(17,785,67)
Payments to employees	22, 44	(74,733,572)	(68.086.29
Other payments		(13,436,207)	(14,521,97
Otter payments		(10,400,207)	(14,521,97
Net cash flows from operating activities		23,105,484	53,215,50
Cash flows from investing activities			
Withdrawal of bank deposits		47,174,360	64,733,83
Proceeds from sale of property, plant and equipment and intangible		47,174,500	04.733,00
assets		7,585,737	40,798,19
assets Dividends received from joint ventures	9	10,954,351	80,976,11
	a	10,954,351	00,970,1
Proceeds from redemption of notes of the National Bank of the	44	202 202 204	70.364.7
Republic of Kazakhstan	11	228,797,391	79,754,77
Repayment of loans to related parties		221	200,021,21
Proceeds from the sale of a joint venture	2		
Acquisition of financial assets		(63,260,261)	(673,26
Placement of bank deposits		(36,968,493)	(58,434,56
Acquisition of property, plant and equipment, intangible assets and			
exploration and evaluation assets		(305,051,235)	(105,423,37
Loans provided to related parties		(42,730,371)	(13,213,81
Acquisition of a subsidiary	2, 5	-	(13,178,65
Purchase of notes of the National Bank of the Republic of Kazakhstan	11	(233,623,073)	(109,754,77
Net cash flows (used in)/from investing activities		(387,121,373)	165,605,76
Cont.			
Cash flows from financing activities	42		40 470 0
Contributions from the the Sole Shareholder	17	_	13,178,6
Proceeds on interest-bearing loans	19, 34	-	29,700,00
Contributions from related party			21,1
Repayment of interest-bearing loans	19, 34	(92.009,799)	(53,142,86
Repayment of loans from related party	20, 34	(8,504,752)	(8,933,20
Repayment of lease liabilities	22, 34	(18,788,145)	(20,364,87
Loan arrangement fee		-	(298,00
Dividends paid to the Sole Shareholder	17	(27,065,364)	
Net cash flows used in financing activities		(146,368,060)	(39,839,18
Net changes in cash and cash equivalents		(510,383,949)	178,982,0
Net foreign exchange difference on cash and cash equivalents		26,675	15,426,5
Cook and each controlled to this best of the cook	4.4	E77 400 000	200 745 0
Cash and cash equivalents at the beginning of the year	14	577,128,222	382,719,6 <b>577,128,2</b>

Certain amounts shown in this column do not correspond to the amounts in the consolidated financial statements for the year ended 31 December 2022, as they reflect the adjustments disclosed in Notes 2 and 5.

A.M. Akan

QAZAQGAZ Deputy Charman of the Management Board on Economics and Finance

E.N. Bokayev

Acting Chief Accountant

NC QazaqGaz JSC Consolidated Statement of Changes in Equity for the year ended 31 December 2023

in thousands of Tenge	Note	Share capital	Additional paid-in capital	Foreign currency translation reserve	Retained earnings	Total
In thousands or renge	IfOIS	Share Capitas	Capitai	tezetve	earnings	IOta
As at 31 December 2021 (restated)*		417,780,839	25.946,130	2,410,861	1,341,548,664	1,787,586,494
Net profit for the year (restated)* Other comprehensive income for the		-	-	-	386,548,707	386,548,707
year verifications and the last the		-	-	151,944	(3,894)	148,050
Total comprehensive income for the year		_	-	151,944	386,544,813	386,696,757
Issue of shares	17	13,178,650	_	_	-	13,178,650
As at 31 December 2022 (restated)*		430,959,489	25,946,130	2,562,805	1,728,093,477	2,187,561,901
Net profit for the year Other comprehensive income for the		-	-	-	325,853,683	325,853,683
year		-	_	(404,668)	27,336	(377,332)
Total comprehensive income for the year		_	-	(404,668)	325,881,019	325,476,351
Issue of shares Dividends	17 17	16,915,397	=	=	(27,065.364)	16,915,397 (27,065,364)
As at 31 December 2023		447.874.886	25.946.130	2,158,137	2,026,909,132	2,502,888,285

Certain amounts shown in this line do not correspond to the amounts in the consolidated financial statements for the years ended 31 December 2022 and 31 December 2021, as they reflect the restatement of comparative information disclosed in Note 5.

A.M. Akan
Deputy Chairman of the ManagementZAQGAZ

Board on Economics and Finance

E.N. Bokayev

Acting Chief Accountant



### **Appendix 4: Contact information**

**GRI 2-1** Tel.: +7 (7172) 55-23-08, 55-23-06

Republic of Kazakhstan, Astana city, district Esil, Alikhan Bokeykhan street, 12

E-mail: info@qg.kz

Website: www.qazaqgaz.kz

Direction	Position	FULL NAME	Phone number and e-mail
Responsible for ESG	Director of the Strategy and Sustainable	Samekina Saule	+7 (7172) 55-29-41
direction	Development Department	Serikpaevna	s.samekina@qg.kz
Responsible for investor	Director of the Department for	Kanat Bakhytuly	+7 (7172) 55-29-16
relations	Investment Projects and International Cooperation	Kulmakhanov	k.kulmakhanov@qg.kz

# Appendix 5. Report on compliance/non-compliance/non-compliance with the principles and provisions of the Corporate Governance Code of JSC NC QazaqGaz for 2023

JSC NC QazaqGaz (hereinafter - the Company) must comply with the provisions of the Code of Corporate Governance (hereinafter - the Code), approved by the Resolution of the Government of the Republic of Kazakhstan on November 5, 2012 N° 1403. Starting from January 1, 2017, the Fund and the Companies should disclose in their annual reports information on compliance with the Code, in case of non-compliance - disclose information on the reasons for non-compliance with each of the provisions of the Code (paragraph 6 of the Introduction of the Code).

The Company's Corporate Secretary has prepared a Report on Compliance/Non-Compliance with the Principles and Provisions of the Code for 2023 to comply with the mandatory disclosure of the facts and reasons for non-compliance with the Code in the Company's annual report. This report will be included in the Company's Integrated Annual Report for 2023.

### I. 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 competences 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<sup>15</sup> and Regulations on the Management Board<sup>16</sup> of the Company approved by the decision of the Board of Directors.

Relationships (interaction) between the Sole Shareholder and the Company are carried out through the Board of Directors 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 enshrined in the Company's Charter.

### II. The principle of protecting the rights and interests of the Sole Shareholder is observed

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 rights of the Sole Shareholder, responsibility for the Company's activity.

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 inform the Sole Shareholder in a timely and complete manner about its activities affecting the interests of the Sole Shareholder in accordance with the procedure stipulated by the Charter and internal documents.

III. Principle of effective management of NC QazaqGaz JSC by the Board of Directors and the Management Board – observed

<sup>&</sup>lt;sup>15</sup> Approved by the decision of the Sole Shareholder of NC QazaqGaz JSC dated September 28, 2023 #46/23.

<sup>&</sup>lt;sup>16</sup> Approved by the decision of the Board of Directors of JSC NC QazaqGaz from February 29, 2024 N° 01/24.



The Board of Directors is a management body providing strategic management of the Company 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 the Company, independent directors, in accordance with the requirements of the legislation of the Republic of Kazakhstan.

The number of members of the Company's Board of Directors is eight, four of whom (at least fifty percent of the Board of Directors) are independent directors.

Half of the Board of Directors is made up of independent directors, in accordance with the requirements of the Law of the Republic of Kazakhstan "On Joint Stock Companies".

In accordance with the Corporate Governance Code, an independent director is a member of the Board of Directors who has sufficient professionalism and autonomy to make independent and objective decisions free from the influence of individual shareholders, the executive body and other stakeholders. The requirements for independent directors are established in accordance with the Law on Joint-Stock Companies and set out in the Charter.

The decision of the Sole Shareholder on election (appointment) of the Board of Directors states that out of the elected (appointed) members of the Board of Directors the independent directors are as follows O.N. Oksikbaev, N.Z. Akhanzaripov, S.N. Mynsharipova and I.E. Mailibaev.

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.

Independent Directors O.N. Oksikbaev, N.Z. Akhanzaripov, S.N. Mynsharipova and I.E. Mailibaev have relevant work experience, knowledge, qualifications, positive achievements and impeccable reputation in business and industry environment, necessary to perform their duties and organize effective work of the Board of Directors in the interests of the Sole Shareholder and the Company.

In the reporting year, the Sole Shareholder did not make any decisions regarding the evaluation of the Board of Directors' performance.

The Board of Directors has established Audit, Strategy and Sustainable Development, Nomination and Remuneration Committees for more in-depth and qualitative consideration of issues.

The Board of Directors decides on the establishment of the Committees, determines their personal and numerical composition, chairpersons, term of office, as well as their functions and operating procedures. The Committees, within their competence, prepare recommendations to the Board of Directors on the most important issues, thereby improving the efficiency of decisions.

The independent directors were elected as chairmen of all Committees of the Board of Directors.

The Audit Committee of the Board of Directors consists only of independent directors of the Company.

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.

Members of the Management Board of the Company, except for the Chairman of the Management Board, have not been elected (appointed) to the Board of Directors of the Company. The Chairman of the Management Board of the Company has not been elected (appointed) as the Chairman of the Board of Directors of the Company.

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.

### IV. Principle of sustainable development - observed

The Company and its subsidiaries 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 the Sustainable Development Policy<sup>17</sup>, as well as approved

<sup>&</sup>lt;sup>17</sup> Approved by the decision of the Board of Directors of JSC NC QazaqGaz dated August 25, 2023 #13/23.

the Comprehensive ESG Improvement Plan of JSC NC QazaqGaz for 2022–2025<sup>18</sup>, which includes, among other things, a section on the implementation of the principle of sustainable development with a breakdown into economic, environmental and social aspects:

- as part of the environmental component, the Company's Environmental Policy has been approved<sup>19</sup>;
- as part of the social component, a Personnel Policy was developed<sup>20</sup>.

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.

### V. Principle of risk management, internal control and internal audit - observed

The Company has a Risk Management Policy<sup>21</sup>, 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 subsidiaries, as well as to continuously improve operations based on a unified standardized approach to risk management methods and procedures.

The Company's Board of Directors reviews the results of annual identification and assessment of production and non-production risks, including the register of the production/non-production risk area, the Plan of measures for production/non-production risk management, the risk map, the Company's risk appetite (risk appetite statements), the risk report on a quarterly basis, and the register of the Company's key indicators.

The Company has an Internal Audit Service (hereinafter – IAS) 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 IAS carries out its activities in accordance with a riskoriented annual audit plan, the development of which takes into account the risk areas included in the Company's Risk Map.

The IAS should assess the efficiency of the internal control system and risk management system, assess corporate governance using generally accepted standards of activity in the field of internal audit and corporate standards and recommendations of the Fund in the field of assessment

of corporate governance, assessment of the efficiency of the internal control system and risk management.

Assessment of the effectiveness of the risk management system includes:

- verification of sufficiency and maturity of risk management system elements for effective risk management (goals and objectives, infrastructure, organization of processes, regulatory and methodological support, interaction of structural units within the risk management system, reporting);
- 2. verification of completeness of identification and correctness of risk assessment by the executive body at all levels of its management;
- reviewing the effectiveness of control procedures and other risk management activities, including the efficiency of utilization of resources allocated for these purposes;
- 4. analysis of information on realized risks (violations detected by internal audits, failure to achieve objectives, litigation).

An assessment of the effectiveness of the internal control system, risk management assessment and corporate governance system (generally as a business process) should be carried out by the IAS, normally on an annual basis, to provide assurance to the Board in the relevant areas.

The Internal Audit Service submits quarterly reports on the results of the internal audit performed 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.

### VI. The principle of regulating corporate conflicts and conflicts of interest - observed

Avoidance of conflict of interest is an important condition to ensure protection of interests of the Sole Shareholder, officers and employees of the Company.

In order to prevent and resolve corporate conflicts and conflicts of interest in the Company, 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<sup>22</sup>. The Policy regulates the procedure and procedures for pretrial settlement of conflicts, as well as the actions of the Company's bodies, officials and employees within the framework of these processes.

<sup>&</sup>lt;sup>18</sup> Approved by the decision of the Board of Directors of JSC NC QazaqGaz dated December 12, 2022 #23.

 $<sup>^{19}</sup>$  Approved by the decision of the Board of Directors of JSC NC QazaqGaz from September 25, 2022 N $^{\circ}\,$  27.

 $<sup>^{20}</sup>$  Approved by the decision of the Management Board of JSC NC QazaqGaz from March 15, 2024  $N^{\circ}$  8.

<sup>&</sup>lt;sup>21</sup> Approved by the decision of the Board of Directors of JSC KazTransGas dated April 18, 2017 Nº 8.

<sup>&</sup>lt;sup>22</sup> Approved by the decision of the Board of Directors of JSC NC QazaqGaz dated July 13, 2023 #10/23.



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.

In 2023, the Company did not record any cases of corporate conflicts and conflicts of interest.

The main principles of preventing conflicts of interest, ways of their identification, assessment and resolution are set out in the Code of Business Ethics<sup>23</sup>.

To ensure compliance by the Company and its employees with the anti-corruption legislation of the Republic of Kazakhstan, as well as to monitor the implementation of

anti-corruption measures, the Company has a Compliance Service.

In addition, the Compliance Service ensures interaction between the compliance functions of the Company's subsidiaries and affiliates, coordinates and provides recommendations on the establishment of compliance processes to ensure compliance with anti-corruption and other applicable laws. According to the Corporate Standard on Compliance Function, all information is consolidated in the Company's Compliance Service Report and is reviewed by the Company's Board of Directors on a quarterly and annual basis

According to the Compliance Service, 30% of the complaints received by the Hotline for 2023 were confirmed:

Type/subtype of violation	Appeals received	Confirmed references
Labor conflicts	9	3
Corruption	7	1
Threats to health and safety and the environment	1	0
Procurement	7	5
Violation of established procedures and legislation	6	2
Other violations	0	0
Total	30	11

### VII. Principle of transparency and objectivity of disclosure of information on the activities of JSC NC QazaqGaz - observed

The Company adheres to high standards of transparency in its operations and is constantly working to improve the availability, quality and timeliness of information disclosure about the Company.

In order to provide information to stakeholders in a timely manner, the Company has developed the Information Disclosure Policy<sup>24</sup>, which defines the principles and approaches to information disclosure, as well as the timing, procedure and form of information disclosure.

Ensuring information security of the Company's activities The Company's activities are regulated by the Information Security Policy. The Company prepares an integrated annual report on an annual basis, which is submitted to the Board of Directors for review and approval. Integrated Annual Report of the Company for 2023 was approved by the decision of the Board of Directors of JSC NC QazaqGaz from 29 of may2024 (Minutes No. 03/24/24, clause 5).

Information about the Company is disclosed on the Company's Internet resource The Company's website is well structured, has user-friendly navigation and contains information required by interested parties. The information is placed in separate thematic sections of the Internet resource and is constantly updated.

In accordance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Company, timely and fully disclosed information about the Company is disclosed on the Internet resources of the depository of financial statements and stock exchange.

 $<sup>^{23}</sup>$  Approved by the decision of the Board of Directors of KazTransGas JSC from August 20, 2021 N $^{
m o}$  7.

<sup>&</sup>lt;sup>24</sup> Approved by the decision of the Board of Directors of JSC NC QazaqGaz dated May 31, 2023 #7/23.

## Appendix 6: Report on the results of independent verification providing limited assurance.



KPMG Tax and Advisory LLC Koktem Towers 180 Dostyk Avenue, A25D6T5 Almaty, Kazakhstan

Independent limited assurance report of an independent practitioner on the selected information disclosed in the Integrated Annual Report of QazaqGaz NCJSC for 2023

To the shareholders of QazaqGaz NCJSC

### Introduction

We were engaged by the Management of QazaqGaz NCJSC (the "Company") to provide limited assurance on the Selected information, as identified below, disclosed in the Integrated Annual Report for the year ended 31 December 2023 of the Company (the "Report").

### Subject matter

We assessed the qualitative and quantitative information disclosed in the Report, that is identified and specified in the Appendix A to this report (the "Selected Information").

### Applicable Criteria

We assessed the information mentioned in Subject Matter using reporting requirements in the Sustainability Reporting Standards published by the Global Reporting Initiative (the "Applicable criteria").

### Management's responsibilities

Management is responsible for the preparation and presentation of the Selected information in accordance with the Applicable criteria and for establishing and maintaining appropriate internal control systems from which the Report is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

### Our responsibilities

Our responsibility is to carry out a limited assurance engagement in respect of the preparation of the Selected information in accordance with the Applicable criteria and to express a conclusion based on the work performed.



We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)), and, in respect of greenhouse gas emissions, in accordance with ISAE 3410 Assurance Engagements on Greenhouse Gas Statements (ISAE 3410), issued by the International Auditing and Assurance Standards Board. ISAE 3000 (revised) and ISAE 3410 require that we plan and perform the engagement to obtain limited assurance about whether the Selected information is free from material misstatement.

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, 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.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

### Procedures performed

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Selected information, and applying analytical and other procedures, as appropriate. These procedures included:

- Inquiries of Management to gain an understanding of the Company's processes for determining the material issues for the Company's key stakeholder groups.
- Interviews with Management and relevant staff concerning sustainability strategy and policies for material issues, and the implementation of these across the business.
- Interviews with relevant staff responsible for preparation and providing the information in the Report.
- Comparing the Selected information to corresponding information in the relevant underlying sources to assess the accuracy of the information and determine whether all the relevant information contained in such underlying sources has been included in the Report.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Company.

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, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

### Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

### Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected information, as identified above, of the Report is not presented, in all material respects, in accordance with the Applicable criteria.

### Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Company, for any purpose or in any other context. Any party other than the shareholders of the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Company for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Company on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent.

KPMG Tax and Advisory LLC Almaty, Republic of Kazakhstan

24 May 2024



### Appendix A

№	GRI	Indicator	Section and pages in the Report	
1	2-7	Total number of employees by gender, region, type of employee (permanent/temporary), time worked (full-time/part-time) for 2023	Human resources management and social policy, pages 12, 107-109, 111-113	
2	2-8	Total number of workers who are not employees for 2023	Human resources management and social policy, pages 113- 114	
3	2-30	Percentage of workers covered by collective agreements for 2023	Human resources management and social policy, page 124	
4	204-1	Percentage of procurement budget spending on local suppliers for 2023	Procurement management, page 155	
5	205-1	Total number of structural units assessed for corruption-related risks for 2023	Anti-corruption, page 153	
6	205-2	Total number of employees, broken down by category of AMS and PS, management bodies and business partners, familiarized with anticorruption policies, broken down by region; Total number of employees, broken down by category of AMS, PS and members of the Management Board, who completed anti-corruption training for 2023	Anti-corruption, pages 141-150	
7	205-3	Total number and nature of confirmed incidents of corruption, total number of confirmed incidents in which employees were dismissed or disciplined for corruption, total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption, public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases	Anti-corruption, page 139-140	
8	302-1	Fuel consumption from non- renewable sources, electricity, and heat energy consumption for 2023	Energy management, pages 85-87, 196	
9	302-3	Energy intensity for 2023	Energy management, page 87	
10	302-4	Reduction of energy consumption for 2023	Energy management, page 87	
11	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas for 2023	Biodiversity, page 71-72	
12	304-2	Significant impacts of activities,	Biodiversity, page 72	

		products and services on		
		biodiversity for 2023		
13	304-4	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization for 2023	Biodiversity, page 72-73	
14	305-1	Total volume of direct (Scope 1) GHG emissions for 2023	Climate change, pages 12, 75-76, 80	
15	305-2	Total volume of energy indirect (Scope 2) GHG emissions for 2023	Climate change, pages 12, 75	
16	305-4	GHG emissions intensity broken down by segments for 2023	Climate change, page 76-77	
17	305-5	Reduction of GHG emissions for 2023	Climate change, page 79	
18	305-7	Total volume of pollutant emissions for 2023	Pollutant emissions, page 69	
19	401-1	Total number of employees hired and turnover by gender, age and region for 2023	Human resources management and social policy, pages 12, 115-117, 125-126	
20	401-2	List of benefits provided to full-time employees for 2023	Human resources management and social policy, pages 114- 115	
21	401-3	Total number of employees that were entitled to parental leave, total number of employees that took parental leave, total number of employees that returned to work in the reporting period after parental leave ended, total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work by gender for 2023	Human resources management and social policy, pages 117- 118	
22	403-8	Total number and percentage of all employees covered by occupational health and safety management system; Total number and percentage of all employees covered by occupational health and safety management system that has been internally audited for 2023	Occupational health and safety, page 95	
23	403-9	Total number of fatalities as a result of work-related injury, total number and rate of high-consequence work-related injuries Total number of recordable work-related injuries, Lost time work injury frequency rate, total number of hours worked for 2023	Occupational health and safety, pages 100-101	
24	404-1	Average hours of training that the organization's employees have undertaken in 2023 by gender and employee category	Human resources management and social policy, page 121	
25	404-3	Percentage of total employees who received a regular performance	Human resources management and social policy, pages 120	

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		and career development review in 2023	
26	405-1	Total number and share of employees and governance bodies broken down by gender and age; Total number and share of employees with disabilities for 2023	Human resources management and social policy, pages 109- 110, Anti-discrimination and equal opportunities, pages 131
27	406-1	Total number of discrimination cases for 2023	Anti-discrimination and equal opportunities, page 132
28	413-1	Total number and percentage of operations with implemented local community engagement, impact assessments, and/or development programs for 2023	Local communities, page 135
29	418-1	Total number of substantiated complaints received concerning breaches of customer privacy for 2023	Transformation, page 35

