

BOARD ACTIVITIES DURING 2020

Committee meetings:

- ◆ The Strategy and Portfolio Management Committee (SPMC): 5 individual meetings, 84 issues
- ◆ The Nomination and Remuneration Committee (NRC): 12 individual meetings, 88 issues
- ◆ The Audit Committee (AC): 9 individual meetings, 108 issues
- ◆ The Health, Safety, Environment and Sustainable Development Committee (HSE&SD): 4 individual meetings, 40 issues
- ◆ The Finance Committee (FC): 3 individual meetings, 23 issues

In 2020, the Board of Directors placed particular focus on updating the Company’s Development Strategy, ensuring its financial stability, overseeing investment project management and sustainability issues, improving corporate governance, internal audit and risk management, developing management KPIs, and driving digital transformation as well as safety and well-being of employees.

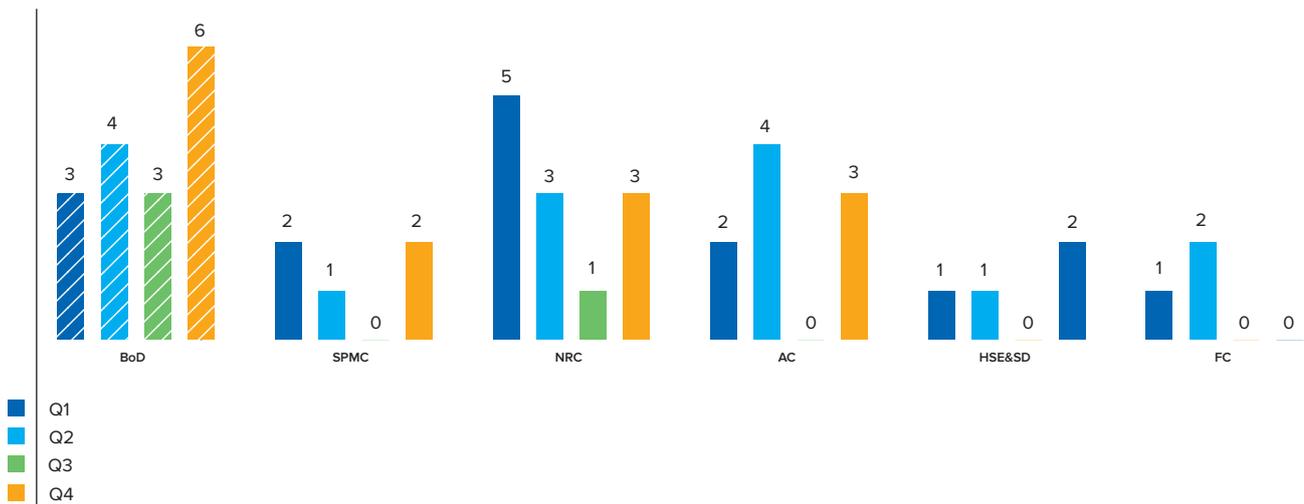
The Board of Directors had in 2020

16 MEETINGS

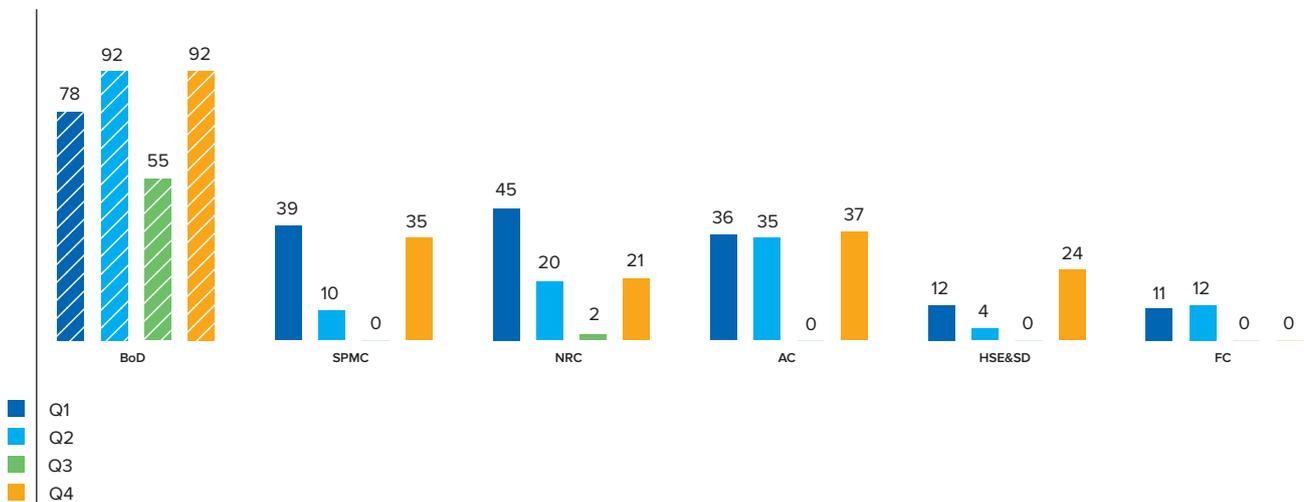
reviewing

317 ISSUES

NUMBER OF MEETINGS



NUMBER OF ISSUES REVIEWED



Issues reviewed by the Board of Directors in 2020, by category:

Reports	Strategic issues	Corporate governance issues	Transaction issues
<ul style="list-style-type: none"> ◆ Report by the Chairman of KMG's Management Board on key changes in the KMG's operations ◆ Information on KMG's HSE activities ◆ Information on COVID-19 ◆ Updates on KMG's interim financial and operating results ◆ Information on the status of implementation of KMG Group's investment projects ◆ Report on the implementation of KMG's Development Strategy until 2028 ◆ Reports by Board Committee chairs ◆ Information on the current status of KMG's preparations for an IPO ◆ Report on calls and e-mails via Deloitte's hotline ◆ Report on interested-party transactions entered into by resolution of KMG's Management Board ◆ Quarterly risk report ◆ Follow-up report on resolutions/instructions of the Board of Directors 	<ul style="list-style-type: none"> ◆ Approval of the updated Consolidated Development Plan of KMG for 2020–2024 ◆ Development of KMG's crisis response ◆ Approval of KMG's corporate KPIs and their target values ◆ Approval of the organisational structure of KMG's headquarters ◆ Issues related to the implementation of investment projects ◆ Approval of the return of contracted territories or parts thereof to the government in a due manner ◆ Approval of motivational KPI scorecards for KMG managers and KPI targets ◆ Signing of oil procurement agreements and oil products sale and purchase agreements by KMG 	<ul style="list-style-type: none"> ◆ Results of performance self-evaluation of the Board of Directors of JSC NC KazMunayGas in 2019 ◆ Approval of the Board of Directors' and Committees' activity plan, the schedule of meeting of the Board of Directors and its Committees ◆ Making changes to the membership of Board Committees ◆ Approval of regular Progress Reports on the implementation of the 2019–2020 Detailed Action Plan to Improve Corporate Governance at JSC NC KazMunayGas ◆ Approval of amendments and additions to the 2019–2020 Detailed Action Plan to Improve Corporate Governance at JSC NC KazMunayGas ◆ Shareholder queries regarding the Company's and its officers' actions in 2019 and corresponding responses ◆ Approval of KMG's 2019 Annual Report ◆ Approval of KMG's 2019 Sustainability Report 	<ul style="list-style-type: none"> ◆ Approval of interested-party transactions ◆ Approval of major transactions
Issues related to subsidiaries and associates	Approval of internal regulations	HR and compensation	Issues related to divisions of the Board of Directors
<ul style="list-style-type: none"> ◆ Election and termination of powers of managers, members of supervisory boards of subsidiaries and associates ◆ Amending articles of association of subsidiaries and associates ◆ Approval of subsidiaries' and associates' corporate KPIs ◆ Acquisition and disposal of stakes in subsidiaries and associates 	<ul style="list-style-type: none"> ◆ Approval and cancellation of KMG's internal regulations 	<ul style="list-style-type: none"> ◆ Approval of KMG's headcount ◆ Early termination of powers and election of members of KMG's Management Board; determining the salaries payable to members of KMG's Management Board, their working conditions, applicable bonuses and social support ◆ Progress on KMG's HR Policy 2018–2028 ◆ Determining the remunerations payable to KMG managers at end-2019 	<ul style="list-style-type: none"> ◆ Report by the Corporate Secretary Office, Compliance Service, Internal Audit Service and the Ombudsman ◆ Approval of Activity Plans of the Compliance Service, Internal Audit Service and the Ombudsman ◆ HR issues related to the Corporate Secretary Office, Internal Audit Service, Compliance Service and the Ombudsman ◆ Approval of the Strategy of KMG's Internal Audit Service

STRATEGIC SESSION 2020

On 20 November 2020, a strategic session (a special meeting of the Board of Directors to discuss the Development Strategy) was held to review the implementation of KMG's Development Strategy until 2028, approved in 2018, taking into account changes in the external environment and crisis response. There was a positive discussion of the most pressing issues between members of KMG's Board of Directors and the Management Board. In particular, the discussion touched upon the current version of KMG's Development Strategy, the existing supply chain, improving performance and transforming KMG's operations and asset portfolio, possible business diversification, and KMG's long-term sustainable development.

FOLLOW-UP ON KMG'S KEY ISSUES

To oversee the implementation of KMG's strategic initiatives and ensure timely corrective actions, KMG's Board of Directors requires the Chairman of KMG's Management Board to report regularly on key changes in the Group's operations and give other updates on HSE issues, interim financial and operating results, interested-party transactions approved by the Management Board, progress on implementation of the Group's strategy, KPIs achievement, investment projects implementation, as well as follow-up reports on KMG's consolidated Development Plan, risk reports, reports from the Board Committee chairs, follow-up reports on resolutions of the Board of Directors, and performance reports submitted by functions reporting to the Board of Directors.

At every meeting, the Board of Directors' Strategy and Portfolio Management Committee considers and discusses progress reports on major oil and gas projects (Kashagan, Karachaganak and Tengiz), as well as on transformation and privatisation programmes.

Chairman of the Board of Directors and his role

Chairman of the Board of Directors is responsible for providing overall leadership for the Board of Directors, ensuring that the Board of Directors fully and effectively fulfils its main roles and builds a constructive dialogue between Board members, major shareholders and the Management Board. Chairman of the Board of Directors is an independent director.

Independent directors and their role

Independent directors meet all statutory independence criteria, as well as the Rules for the formation of the composition of the Board of Directors of Samruk-Kazyna JSC and the Code.

In line with global best practices, the Company seeks to ensure that its independent directors meet high standards, and hereby declares that there are no other circumstances which are likely to impair, or could appear to impair, its directors' independence. Independent directors play a significant part in the activities of the Board of Directors – they represent the majority of Board Committee members and chair the Committees.

Actual attendance by Board members at Board and Committee meetings in 2020

Member of the Board of Directors	Board and Committee meetings in 2020 ¹					
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Strategy and Portfolio Management Committee	Finance Committee	Health, Safety, Environment and Sustainable Development Committee
Christopher Walton	16/16	3/3	12/12	5/5	3/3	4/4
Stephen Whyte ²	7/7	6/6	8/8	3/3	3/3	2/2
Philip Dayer ²	7/7	6/6	8/8	3/3	3/3	2/2
Luís Palha ²	7/7	6/6	8/8	3/3	3/3	2/2
Baljeet Grewal ²	7/7	–	–	3/3	3/3	–
Uzakbay Karabalin	16/16	–	8/8	5/5	–	4/4
Almasadam Satkaliyev	16/16	–	–	–	–	–
Anthony Espina	16/16	–	12/12	5/5	3/3	–
Alik Aidarbayev	16/16	–	–	–	–	–
Philip Holland ³	9/9	3/3	4/4	2/2	–	–
Timothy Miller ³	9/9	3/3	–	2/2	–	2/2

¹ The first figure shows the number of meetings attended by a member of the Board of Directors, and the second figure is the total number of meetings they were entitled to attend

² Stepped down from KMG's Board of Directors on 28 June 2020

³ Elected to KMG's Board of Directors on 17 August 2020

Succession planning for the Board of Directors, induction and development

The Company has developed the Succession Policy and Succession Plan for Members of KMG's Board of Directors. A meeting of the Nomination and Remuneration Committee has resolved to review these documents based on the Board of Directors' performance evaluation.

KMG has in place an Induction Programme for new members of its Board of Directors, approved by the Board of Directors in 2017. In June 2020, the Board of Directors resolved to supplement the Programme with the requirement to hold meetings with heads of the Company's functional units, as well as meetings with Board Committee chairs. The Corporate Secretary monitors the Programme implementation, i.e. the actual completion of all relevant procedures by new members of the Board of Directors. During 2020, P.M. Holland and T.G. Miller, new members of the Board of Directors, completed the induction procedure in line with the Programme. As per their request, meetings with heads of the Company's functional units were arranged for them. In addition, Chairman of the Board of Directors C.J. Walton held a conference call with new members of the Board of Directors to discuss the Programme's organisational aspects.

Members of the Board of Directors continuously improve their qualifications and provide information about completed trainings to be posted on the Company's website¹.

of the Board members' self-evaluation results and a review of the skills and competencies scored below four points (out of a maximum of five) (the "Areas for Improvement"). Therefore, relevant amendments to the Detailed Action Plan to Improve Corporate Governance at KMG for 2019–2020 (the "Corporate Governance Plan") were developed and approved to enhance the performance of the Board of Directors in the Areas for Improvement.

The meeting of the Nomination and Remuneration Committee held on 8 December 2020 considered the results of the 2020 performance self-evaluation, with the Corporate Secretary presenting information on the progress of the Corporate Governance Plan in 2019.

In Q1 2021, the process of evaluating the performance of the Board of Directors, Board Committees, Board members, and the Corporate Secretary in 2020 by means of self-evaluation was completed, and its results were reviewed at the meeting of the Nomination and Remuneration Committee on 9 February 2021 (Minutes No. 1/2020). With this in mind, the Board of Directors will further discuss improvements to its activities.

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

In accordance with the Code, the Board of Directors, its committees and members of the Board of Directors should be evaluated every year as part of a structured process approved by the Board of Directors. The process needs to be in line with JSC Samruk-Kazyna's relevant methodology. In addition, at least once every three years the performance evaluation process is run with the involvement of an independent professional organisation.

A separate independent evaluation with the involvement of the independent consultant was conducted in 2017 and its results were taken into account when determining the new composition of the Board of Directors. On top of that, in 2018, an independent consultant was involved in conducting an independent diagnostics of KMG's corporate governance based on the Methodology, which included, among other things, performance evaluation of the Board of Directors.

The next independent performance evaluation of the Board of Directors is planned in 2021. In accordance with the Code's requirements, in 2020, members of the Board of Directors conducted a self-evaluation through questionnaires. The self-evaluation questionnaire was developed by the Chairman of the Nomination and Remuneration Committee in cooperation with the Chairman of the Board of Directors. The questionnaire comprised two sections (Composition and Processes, and Behaviour and Actions) and featured 30 questions. The self-evaluation results were previewed by the Nomination and Remuneration Committee before being presented and discussed at a closed meeting of the Board of Directors attended only by members of the Board of Directors and the Corporate Secretary. The discussion included an analysis

¹ https://www.kmg.kz/eng/kompaniya/korporativnoe_upravlenie/treningi_chlenov_soveta_direkt/