

NOMINATION AND REMUNERATION COMMITTEE

STATEMENT BY THE CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE



In 2020, the Committee focused on pursuing effective HR, pay and remuneration policies, succession planning and providing social support factoring in the pandemic and its impact on KMG's HR policy. The Committee has approved the Rules for Recruiting and Screening Candidates to KMG's CEO-1, under which the Committee has repeatedly made recommendations for appointment to CEO-1 positions. In addition, the Committee also discussed the succession of members of the Company's Board of Directors and Management Board and the overall approach to succession planning within the Company, as well as the impact of the pandemic on the reduction of KMG's headcount. The Committee actively engaged with the Company's management in discussing structural reorganisation, downsizing of the Company's Corporate Centre, compensation and remuneration, as well as mitigation of KMG's reputational risks.

In accordance with the Regulations on the Nomination and Remuneration Committee, the Committee reviews and prepares recommendations on addressing the social agenda, including social tension across the Company's operating regions, unemployment and social support provided by the Company. In line with the Company's social responsibility and engagement commitments, the Committee discussed the situation in Zhanaozen, employment and proposed solutions.

Among other things, the Committee discussed revision and definition of the Company's corporate values and amendments to KMG's Code of Business Ethics.

A skills and expertise matrix was first designed and approved in 2018 to be completed by members of the Board of Directors to maintain an appropriate balance of skills and expertise on the Board of Directors. In December 2020, the Committee reviewed consolidated information about the matrix, including data completed by new members of the Board of Directors, decided to continue the search for an independent director and prepared qualification requirements and criteria for the search.

Philip Holland

Chairman of the Nomination and Remuneration Committee,
Independent Director

KEY ISSUES REVIEWED BY THE NOMINATION AND REMUNERATION COMMITTEE IN 2020

- ◆ Membership of KMG's Management Board
- ◆ Committees of KMG's Board of Directors
- ◆ Approval of the organisational and total headcount of KMG headquarters staff
- ◆ Approval of motivational KPI scorecards for KMG managers and KPI targets for 2021
- ◆ Determining the skills, knowledge and experience required from candidates to KMG's Board of Directors subject to KMG's current needs and long-term development strategy
- ◆ Information on the employment situation in Zhanaozen
- ◆ Appointment and determination of the term of office of the KMG ombudsman
- ◆ Defining the corporate values and amending KMG's Code of Business Ethics
- ◆ Approval of the Training Plan and Professional Development Programmes for Members of KMG's Board of Directors for 2020
- ◆ Inclusion of social activists on the boards of directors at socially important quasi-public sector enterprises
- ◆ Early termination of office and appointment of CEOs at KMG subsidiaries and associates
- ◆ Early termination of office and election of members of supervisory boards/ boards of directors at KMG subsidiaries and associates
- ◆ Succession plan for members of KMG's Board of Directors and Management Board
- ◆ Self-evaluation of members of KMG's Board of Directors
- ◆ Approval of the Rules for Recruiting and Screening Candidates to KMG's CEO-1
- ◆ Approval of the guidelines for approving the appointment and early termination of powers of heads of executive bodies at kmg group's entities and approval of appointments to positions from the list of key positions approved by kmg's board of directors
- ◆ Progress on projects for the development of technical skills at KMG subsidiaries and associates
- ◆ Proposals to review the membership and remuneration of KMG's Board of Directors
- ◆ Determining the salaries payable to members of KMG's Management Board
- ◆ Progress on KMG's HR Policy 2018–2028 in 2020

Members as at 31 December 2020:

1. Philip Holland – Chairman of the Committee since September 2020
2. Christopher Walton – member of the Committee since August 2017
3. Anthony Espina – member of the Committee since June 2019

In 2020, the Nomination and Remuneration Committee held

12 MEETINGS

and reviewed

88 ISSUES.

Attendance of the Committee's meetings by its members in 2020

Meeting No. and date	Committee member						
	L.M. Palha	P.J. Dayer	C.J. Walton.	S.J. Whyte	U.S. Karabalin	A. Espina	P.M. Holland
1/2020 20 January 2020	+	+	+	+	+	+	
2/2020 3 February 2020	+	+	+	+	+	+	
3/2020 12 February 2020	+	+	+	+	+	+	
4/2020 4 March 2020	+	+	+	+	+	+	
5/2020 31 March 2020	+	+	+	+	+	+	
6/2020 25 April 2020	+	+	+	+	+	+	
7/2020 29 April 2020	+	+	+	+	+	+	
8/2020 2 June 2020	+	+	+	+	+	+	
9/2020 16 September 2020	Resigned from the Committee	Resigned from the Committee	+	Resigned from the Committee	Resigned from the Committee	+	+
10/2020 6 October 2020	Resigned from the Committee	Resigned from the Committee	+	Resigned from the Committee	Resigned from the Committee	+	+
11/2020 4 November 2020	Resigned from the Committee	Resigned from the Committee	+	Resigned from the Committee	Resigned from the Committee	+	+
12/2020 8 December 2020	Resigned from the Committee	Resigned from the Committee	+	Resigned from the Committee	Resigned from the Committee	+	+
Interest, %	100	100	100	100	100	100	100