

KPI SYSTEM

The Company's performance evaluation system breaks down strategic goals and key success drivers into key performance indicators and cascading them on a top-down basis.

The Company's KPI system includes:

- corporate KPIs that are common to the Company's leadership and are based on strategic targets and strategic objectives revised as the external environment changes
- functional KPIs based on strategic objectives set for a specific leader.

KPIs and targets for members of KMG's Management Board are set by the Board of Directors. The list of KPIs for members of the Management Board for 2020 was drafted to reflect the crisis response measures taken, such as OPEX and CAPEX optimisation, and financial stability targets, and supplemented by a target ESG Rating. Our KPIs are based on key financial, economic and sector targets set out in the Company's consolidated Business Plan and division-level targets.

Performance evaluation for awarding bonuses to the leadership is carried out after the Company's performance has been summed up.

Final performance against individual financial targets is assessed using normalised KPIs with a breakdown into controllable and uncontrollable factors, such as FX rates and oil prices, in order to determine the employee's impact on the Company's performance.

Performance against corporate KPIs in 2020

No.	KPI	Unit	2018	2019	2020 ⁵	Comment on performance in 2020
1	ROACE ¹	%	8.1	11.5	2.9	Higher than approved targets
2	OPEX and CAPEX reduction ²	KZT bln	n/a	n/a	173	
3	Debt/EBITDA ³	Ratio	2.5	2.1	3.8	
4	Reserves (A, B, C1)	Mln tonnes	668.14	680.66	666	Targets met
5	ESG Rating	Rating	n/a	n/a	69	Targets met
6	Meeting local content targets across KMG Group ⁴	%	n/a	n/a	125	Targets met

Distribution of corporate and functional KPIs across the final performance by members of the Management Board

Employee status	Corporate KPIs, %	Functional KPIs, %
Chairman of the Management Board	100	0
Executive (other than the Chairman of the Management Board)	70	30

¹ ROACE = (profit for the year + compensation costs adjusted for tax payments)/average capital employed.

² Reflects the reduction in controlled OPEX and CAPEX against the approved Business Plan of the Company for 2020.

³ As per approved methodology of Samruk-Kazyna.

⁴ A composite indicator reflecting performance against local content targets set across KMG Group.

⁵ The final approval by the KMG Board of Directors of the actual values of the indicators for 2020 is expected in June 2021, and therefore the values indicated in the table may be slightly adjusted.