

## PRIORITY AREAS OF OUR SOCIAL POLICY

### Student and young talent engagement

KMG offered practical training opportunities and pre-graduation internships to 27 students who submitted their applications in Q1 2020. After COVID-19-related restrictions were imposed, we stopped accepting students for practical training and internship.

From 2018 to 2020, KMG Group participated in the Zhas Orken programme for young talent rotation aimed at providing development opportunities to talented youth in Kazakhstan. Some 15 project participants took apprenticeship at KMG Group companies under the Zhas Orken programme in 2020. Following the apprenticeship, we hired two graduates of the Zhas Orken programme.

To help talented youth improve their skills in digital technologies and digitalisation, the Digital Summer programme was launched in 2018. Its mission is to involve young talents in digitalisation projects.

About 10 participants in our Digital Summer programme were offered summer intern positions across KMG Group, and four interns were subsequently hired.



### Training and professional development programmes

Due to the 2020 pandemic employee training and development at KMG Group was switched to a remote and online formats as much as possible.

In 2020, mandatory HSE training for white-collar employees was fully conducted online and training at structural units in charge of production facilities was provided in the form of webinars and online sessions.

At the same time, throughout 2020, we paid special attention to enhancing technical competencies of employees working both at KMG’s Corporate Centre and at the Group subsidiaries and associates.

In 2020, we completed the Reservoir Engineer technical competency development programme launched in 2019. In particular six training modules were implemented for 24 managers and chief specialists of field development departments five projects were developed to address urgent tasks at production companies.

To maintain and develop professional competencies and creative potential of specialists in geology, KMG launched the Chief Geologist programme in cooperation with KMG Engineering LLP. The programme covered 24 specialists of the Geology Unit across 24 subsidiaries and associates of KMG Group. The programme also envisages developing projects to address relevant tasks.

The Professional Foreman programme is a result of active cooperation between KMG and PJSC Tatneft (Tatneft) in personnel development. This training programme is aimed at improving the expertise of JSC OzenMunaiGas employees in production technology and repair of wells, occupational safety, economics, lean production, as well as developing personal and business competencies and management skills. Given the challenges of the new era and the importance of digitalisation, a training course in Digitalisation and Artificial Intelligence was included in the programme. The programme involves qualified expert trainers from Tatneft Personnel Training Center and KMG Engineering.

### Outplacement – a plan to help departing employees find a new job or transition to a new career

In 2020, KMG’s Board of Directors approved a new organisational structure and total headcount of KMG headquarters staff.

The updated organisational structure was aligned with KMG’s anti-crisis strategy and implied a 34% reduction of the Company’s headquarters staff.

In view of these changes in KMG’s organisational structure, we adopted initiatives to mitigate the impact of negative factors on KMG’s reputation as a socially responsible employer, including the outplacement plan aimed at helping departing employees find a new job or transition to a new career.

The outplacement plan envisages a set of measures taken by the employer when dismissing employees to help former employees overcome the crisis period as easily and quickly as possible, and find a new job promptly.

As part of the outplacement plan, HR specialists communicated personally with each departing employee.

The core part of the outplacement plan comprises two stages.

Stage 1: employee engagement – searching for new opportunities via:

- ◆ webinars with each differentiated group of employees to help restore their psycho-emotional balance
- ◆ The Power Within Us individual sessions with a psychologist
- ◆ individual coaching sessions.

Stage 2: support of departing employees and development of individual promotion strategies:

- ◆ analysing the labour market in Kazakhstan, preparing a map of professions and competencies currently in demand (an atlas of professions and relevant competencies)
- ◆ webinars with each differentiated group of employees to present opportunities and risks in the labour market
- ◆ recruitment support. Registering/posting employees' CVs on career websites, at recruitment agencies and/or directly on employers' websites.

The plan was implemented online and covered 161 departing employees. 93% of departing employees are satisfied with the outplacement plan; 30% of employees found jobs with other organisations after the launch of the project, and also changed their careers and started their own businesses.

## Social stability

KMG Group is engaged in a comprehensive effort to ensure social stability at its enterprises and subsequently establish a constructive dialogue with employee representatives and prevent protests.

A unified social policy is implemented through various mechanisms, including scheduled activities to improve social stability in subsidiaries and associates, compile a Social Stability Index, leverage internal communications, engage with contractors, promote social responsibility, etc.



To maintain social stability at our enterprises, we are implementing the 2020–2021 Action Plan to enhance social stability at subsidiaries and associates of JSC NC KazMunayGas.

The Action Plan is developed based on the Social Stability Index<sup>1</sup> compiled by the Social Partnership Centre at JSC Samruk-Kazyna for all major KMG subsidiaries and associates.

In KMG joint ventures, the Center for Social Interaction and Communication conducts social research on the following indicators:

- ◆ involvement index;
- ◆ social well-being index;
- ◆ social tranquility index.

The integration of these three components allows you to see the big picture in the KMG Group. The results of the sociological survey for 2020 showed a cumulative increase in indicators for all three components.

According to the research results, the overall indicator of KMG's social stability for 2020 was 86%, which is one of the highest indicators.

The index of involvement of production personnel of the KMG group of companies increased by 32 points and amounted to 88% (in 2019 - 56%), thereby reaching the highest level for 2013-2020 and is located in a favorable scale of values.

The social well-being index in KMG in the reporting year amounted to 74%, thus corresponding to a stable level. According to the data, 93% of respondents are optimistic about the future. The majority of workers (93%) feel comfortable in the community they live in, and 65% noted that the level of monthly wages is sufficient to support their families.

The indicator of social tranquility in KMG is assessed as favorable and amounts to 89% (in 2019 - 59%). The majority of respondents did not have any tension in relations between employees and management (88%).

<sup>1</sup> Social Stability Index is a sociological survey that reveals employees' mood, their social harmony, and the level of protest sentiment. In addition, the Index helps identify matters of concern for employees of individual enterprises.

## Unified internal communications system

KMG Group has in place the Regulations on the Unified System of Internal Communications between Employers and Employees Subsidiaries and Associates of JSC NC KazMunayGas.

The objectives of the internal communications system are to create and maintain effective mechanisms enabling direct communication between employers and employees at subsidiaries and associates, timely inform employees about the goals and objectives of activities carried out at subsidiaries and associates, communicate the current situation in the organisation to employees, and monitor the social and psychological climate among employees of subsidiaries and associates.

The principal internal communication tools are:

- ◆ planned reporting meetings between the chief executive officer and employees (held twice a year)
- ◆ ad-hoc meetings between management and trade unions/employees to discuss urgent issues requiring immediate decisions
- ◆ corporate information website and newspaper
- ◆ a screen for video announcements; a box for employees' proposals
- ◆ teambuilding: professional skills competitions, sporting events, corporate parties, etc.

The Regulations enable any employee to ask questions and receive a timely response.

## Social support for employees

Social support for employees of KMG subsidiaries and associates is set out in their collective bargaining agreements and the Rules for Rendering Social Support. To unify the types and standards of social support across all KMG Group enterprises, the Standard Rules for Rendering Social Support to Employees of KMG Subsidiaries and Associates were adopted.

In accordance with all collective bargaining agreements in place at KMG Group, 35 types of social support are provided, and an important share of the benefits package offered across KMG Group includes financial assistance on health improvement for annual leaves and voluntary health insurance for employees and their families.

Currently, the terms and conditions of collective bargaining agreements are fully complied with across all KMG enterprises, independent of their financial and economic situation.

Over 2020, KMG Group companies spent approximately KZT 21 bln on social support for their employees, including social support for unemployed retirees.

Indicator	Share, %
Health insurance for employees and their families	28
Financial assistance related to the birth of children / pregnancy and childbirth / parental leave / payment for preschool institutions / education of employees' children / purchase of school supplies by school	25
Material assistance to pay for medical treatment / surgery when the cost of treatment / surgery exceeds the limit established by the voluntary medical insurance program / internationalist soldiers (Afghans) / participants in the liquidation of the Chernobyl accident / temporary disability benefit based on preferential conditions	14
Material assistance to retirees	12
Recreation / improvement of employees' housing conditions	8
Financial assistance to large families and low-income families / workers in special need / disabled people, workers with a spouse, children with disabilities from childhood (1st, 2nd and 3rd groups) in connection with the death of an employee / employee's family members / for organizing a funeral / due to general disability, disability	6
Other types of social support	7

## Regulations on Interactions between SACs and Contractors

To ensure compliance with the guarantees concerning employment relations provided to contractor employees, we have adopted the Regulations on Interactions between SACs and Contractors Working on the Sites of JSC NC KazMunayGas.

An online meeting was held with the management of SACs and contractors to explain the main provisions and objectives of the Regulations. Relevant efforts are currently being initiated at subsidiaries and associates,

including weekly monitoring of the number of employees and social tensions in contractor and subcontractor entities with a headcount exceeding 50 people, that operate on the sites of subsidiaries and associates.

## Company-wide events

Corporate events such as a corporate sports competition and the Uzdyk Maman professional skills competition are held annually at KMG Group. In addition to promoting a healthy lifestyle and enhancing professional skills, these events act as teambuilding tools for employees within KMG Group.

Corporate parties are held on a regular basis featuring concert performances by employees of subsidiaries.

However, no mass events were held during the COVID-19 pandemic.

## Development of operating regions

As a subsoil user, KMG contributes to the development of its operating regions and maintains an ongoing dialogue with key stakeholders.

To promote regional development, we actively cooperate with local authorities by signing memoranda and master agreements on cooperation on socio-economic development and gas infrastructure expansion in regions, i.e., subsoil use contracts imply that KMG enterprises allocate funds to the development of operating regions and provide social assistance to needy groups of local residents. Companies transfer funds to local executive bodies for subsequent distribution based on the needs of local communities.

In 2020, social investments under subsoil use contracts across KMG Group exceeded KZT 4.5 bln.

## Charity and sponsorship

According to the Charity Policy of JSC Samruk-Kazyna, all charitable programmes on behalf of Samruk-Kazyna Group are run by Samruk-Kazyna Trust Social Development Foundation. Charitable programmes are focused on assisting people and communities in the social and medical sectors; developing media, cultural community and human resources; enhancing labor relations and inter-ethnic relations; investing in sustainable development of the society; and supporting regional business initiatives.

Samruk-Kazyna Trust Social Development Foundation runs charitable projects and programmes aimed at addressing issues that have social significance for the population on behalf of all Samruk-Kazyna Group companies including KMG.

At the same time, KMG subsidiaries could not stay away from pandemic-driven challenges in 2020: they sponsored the national healthcare system and local executive bodies and spent about KZT 6.2 bln to purchase medical equipment and other goods needed to combat COVID-19.

