

STRATEGIC GOALS

Strategic goal #1

Resource base sufficient to support the Company's growth

The Company remains engaged in conventional hydrocarbon production based on analytical research into the global oil market that assumes oil retaining its position as the dominant fuel with a 28.1% share of global demand by 2045¹.

As part of this strategic goal, KMG plans to grow organically and inorganically to add new reserves sufficient both for conventional operations and new promising areas of activity.

KMG will be exploring and developing new reserves in Kazakhstan, among other things in strategic partnerships with global oil and gas majors.

Whenever there are attractive M&A opportunities and the market environment is favourable, KMG will be searching for and acquiring new assets.

KMG aims to increase its total A, B, and C1 reserves by 299 mln tonnes, including 253 mln tonnes to be added through organic growth.

**BY 299
MLN TONNES**

**KMG AIMS TO INCREASE
ITS TOTAL A, B AND C1
RESERVES**

Strategic goal #2

Improved efficiency across the Company's value chain

As part of this goal, KMG focuses on its core operations seeking to maximise benefits from production, refining, transportation, and marketing of oil and to improve operations across all key segments.

To make up for the natural decline in production at its operating assets, the Company will continue working to increase oil recovery ratios and the time between repairs as well as engage in other measures to improve efficiency with a view to maximising well productivity.

KMG also plans to launch a number of new fields. Over the next ten years, the Company expects to achieve 240 mln tonnes of oil in total production.

At its large Tengiz, Karachaganak and Kashagan fields, the Company focuses on successful implementation of expansion projects and projects to maintain and extend production plateau.

The Company is committed to effectively leveraging the existing oil transportation infrastructure to enhance its exports and transit businesses.

A major priority for KMG is to ensure uninterrupted operation of oil refineries and meet domestic demand for oil products. Today, having upgraded refineries across Kazakhstan,

¹ Sources: OPEC's World Oil Outlook 2045, 2021.

the Company delivers on this strategic goal for the nation while also exporting part of the oil products. KMG also plans to increase the refining depth at its refineries to 89%.

In order to keep growing its cash flow, the Company remains committed to cutting its operating costs across all businesses and to making the supply chain more effective.

To ensure effective operation of the holding company, KMG implements the privatisation and divestment programmes to exit non-core and non-strategic businesses.

Strategic goal #3 Business diversification and product portfolio expansion

With cheap feedstock readily available, KMG sees petrochemicals as its new point of growth and aims to create new capacity in this segment.

KMG will be strongly involved in developing the Kazakh petrochemical industry with support from the Government.

The Company will rely on existing and new hydrocarbon resources to run petrochemical projects and make new products amid global shifts in oil demand in the long run.

A KPI Inc. polypropylene plant is expected to be constructed and launched in 2022, and in the medium term, the Company expects to start projects to make butadiene and polyethylene in strategic partnerships with global oil and gas majors.

Strategic goal #4 Sustainable development and gradual reduction in carbon intensity of production

KMG recognises the importance of its economic, environmental and social impact and will continue embedding sustainability principles into the key business processes in order to ensure the alignment of the Company's economic, environmental and social priorities and corporate governance targets.

The Company seeks to be in the top quartile across all ESG metrics and integrated ESG goals within the framework of strategic and medium-term KPIs for executives. The Company recognises its important social commitments inspired by principles of partnership with its employees and trade unions.

In 2021, KMG received a score from the Sustainalytics international rating agency, with its ESG risk rating assessed at 28.4. This means that KMG's risk was moved to the medium category.

KMG's key ESG challenges are carbon emissions from operating activities and emissions from using the Company's products, as well as community relations in our operating regions. By 2031, KMG aims to solidify its standing as a company with medium ESG risks.

Given the recent pandemic-related shocks and the Company's commitment to the well-being of people, employee health management is a standalone focus area for KMG.

With the climate agenda now a matter of strategic importance, the Company

developed the 2022–2031 Low-Carbon Development Programme, setting out KMG's climate ambitions and key approaches and measures for carbon footprint reduction.

In striving for low-carbon production, KMG pursues a balanced approach, targeting a 15% reduction in direct and indirect CO₂ emissions by 2031 from the 2019 level. The Company also plans to implement renewable energy projects with a total capacity of at least 300 MW and take action to reduce carbon and energy intensity of production by more than 10%.

To achieve these strategic goals, KMG focuses on addressing end-to-end objectives in the areas of business process optimisation, project management, technology development, digitalisation, IT, HR and risk management while managing the assets through a holding company model.

The Company carefully selects and prioritises investment opportunities, considering only highly effective strategic projects for investments.

KMG is committed to prudent capital allocation and focuses on maximising benefits for the shareholders and respecting the interests of the government in the oil and gas industry.

The Company seeks to adhere to a conservative financial policy maintaining a balanced debt profile and securing a strong liquidity position.

By delivering on its four strategic goals, KMG will contribute to diversifying the national economy and reducing Kazakhstan's carbon footprint, which will help grow the Company, promote the well-being of people in Kazakhstan, and preserve the environment for generations to come.