

11. In line with item 3 of Chapter 6 of Section 2 of the Code “The chief supervising the function of risk management and internal control is recommended not to be a risk owner, which provides for his independence and objectiveness. Combination of the functions on risk management and internal control with the functions associated with economic planning, corporate finance, treasury, taking investment decisions is prohibited. Combination with other functions is permissible, if there is no material conflict of interest.”

This requirement of the Code was generally complied with in KMG during the reporting period. In line with KMG’s current organisational structure, the Risk Management and Internal Control Service (the “RMICS”) reports directly to the Deputy Chairman of the Management Board for Strategy, Investment and Business Development. The RMICS Head does not own any risk, which means there is no conflict of interest. Moreover, the RMICS Head is an independent participant of the Executive Body’s Committees and has full voting right as a representative of the risk management unit.

12. In line with item 6 of Chapter 7 of Section 2 of the Code “The internet resource shall contain the following minimum information:

- information on interested-party transactions, including parties thereto, material terms (subject and price), and the body which approved the transaction;
- information on major transactions, including parties thereto, material terms (subject and price), and the body which approved the transaction.”

This requirement of the Code was generally complied with in KMG during the reporting period. In 2021, KMG included the Major and Interested-Party Transactions section in its Annual Report published on the corporate internet resource.

MAJOR AND INTERESTED-PARTY TRANSACTIONS

Major transactions

In the reporting period, no transactions recognised as major transactions under the Law of the Republic of Kazakhstan On Joint Stock Companies and KMG’s internal documents were made by the Board of Directors or the General Shareholders’ Meeting¹.

Interested-party transactions

In the third quarter of the reporting period, KMG’s Board of Directors approved one transaction recognised as an interested party transaction under the Law of the Republic of Kazakhstan On Joint Stock Companies and associated with the acquisition or disposal of property, the value of which is 10% or higher of the total book value of KMG’s assets, namely disposal of 100% of ordinary shares in JSC KazTransGas (JSC NC QazaqGaz) through a Sale and Purchase Agreement between JSC NC KazMunayGas and JSC Samruk-Kazyna. On 9 November 2021, all ordinary shares of JSC NC QazaqGaz were transferred to JSC Samruk-Kazyna. The disposed asset amounts to 13% of the total book value of KMG’s assets.

¹ In accordance with the Law On Joint-Stock Companies of the Republic of Kazakhstan, a major transaction is a transaction or a series of interrelated transactions resulting in the (potential) acquisition or disposal of property by a company, the value of which amounts to twenty-five percent or more of the total book value of such company’s assets.