



Personnel development

Social responsibility

KMG's Code of Corporate Social Responsibility is developed according to the Company's Development Strategy aimed at ensuring social stability of operations, providing social support to employees, contributing to the development of the operating regions, promoting social partnership, and developing human capital.

The Company achieves its key social responsibility objectives through existing systems of internal communications between employers and employees, cooperation with local executive bodies and trade unions, and fair collective bargaining with employees.

KMG complies with the legal and regulatory requirements applicable in the Republic of Kazakhstan, as well as with international laws and treaties regulating oil companies, and is aware of its responsibility to shareholders, the public, and investors for the impact on the economy, environment, and society, for the creation of long-term business value, and for sustainable growth in the long run. All employees of the Company have the right to safe and healthy working conditions, to recognition and fair evaluation of their contribution to the Company, to assistance in enhancing their professional skills, and to open and constructive discussion of the quality and effectiveness of their work. The Company has a zero tolerance policy for discrimination by nationality, race, religion, age, gender, political beliefs or other grounds.

We promote meritocracy, fairness, and integrity while providing every employee with a workplace conducive to new achievements and assessing their respective contributions to KMG's overall success based on merit. We also foster a culture of understanding and engagement, and support among our employees at all levels.

According to JSC NC KazMunayGas Development Strategy for 2022–2031, KMG will develop the employee health management programme to care for health and improve life quality of KMG Group employees. The programme will focus on three main areas:

- prevention of occupational diseases
- improved employee awareness of, and motivation for, a healthy lifestyle
- measures to tackle the pandemic and its implications.

In the area of occupational disease prevention, it is planned to optimise report forms No. 3 and No. 4 of KMG's Health Information System and add new items including occupational intoxication and diseases to ensure complete record-keeping of disease incidences in KMG Group. The Health Information System developers are currently working on this.

In 2021, KMG's sustainability performance was evaluated at the international level by Sustainalytics rating agency, the social aspect for 2021 was scored at 72 (70 in 2020). KMG was ranked 16th out of 251 industry peers worldwide, which reflects the Company's robust social responsibility performance.

Social stability

KMG strives to ensure social stability at its enterprises through a constructive dialogue with employee representatives and to prevent any protests. We make ongoing comprehensive efforts to maintain social stability, including measures implemented under the group-wide social policy. We carry out 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 Samruk Research Services¹ surveys carried out by the Social Partnership Centre at JSC Samruk-Kazyna for all major KMG subsidiaries and associates.

In 2021, KMG's integrated index under Samruk Research Services was 79%.

The involvement index in all subsidiaries and associates was at a favourable or stable level, and amounted to 83%, which is the highest level for the entire history of the surveys.

The social well-being index was at a stable level (61%). It should be noted that the social well-being index depends on external economic factors, wage rates, and financial awareness. The social tranquillity index reflects the level of social tensions among employees, protest potential, and motives of hypothetical readiness to protest. This index amounted to 80%, which corresponds to a stable level according to the rank scale.

Despite all efforts taken to maintain social stability at the enterprises, 40 cases of dissatisfaction among contractor employees were recorded in 2021. They resulted from considerable difference in wages of the employees of KMG's subsidiaries and associates and the employees of oil service contractors due to changes in the Labour Code implemented in January 2021 and stipulating equal wages for regular and temporary employees.

KMG dealt with the contractor claims on a case-by-case basis to settle the disputes (scopes of work, tariff increase, use of internal resources of the employer, etc.).

The majority of conflicts were settled through internal reserves of employers who actually underpaid their employees. However, to strengthen the achieved positive results, KMG resolved to increase the scopes of work to be performed by contractors, which is reflected in production programmes for 2022.

We took steps to reduce the wage gap between our and contractors' employees, have a bonus scheme similar to that of the customers, and guarantee a social package.

As a result, salaries of contractors' employees added 30–35% on average. We have already signed 156 additional agreements with 90 contractors to this end, which entailed additional expenses of about KZT 35 bln.

However, these measures did not satisfy contractor employees in full. The second wave of strikes among contractor employees happened in early 2022 aggravated by the January events. It was caused by increase in liquefied gas prices on 1 January 2022 as a result of the transition to market pricing mechanism. In February 2022, some employees of JSC Ozenmunaigas suspended work in Zhanaozen requesting wage increase by at least 40%.

KMG management held negotiations with OMG trade union leaders and met the employees. To stabilise the situation, ensure seamless operation of facilities and prevent further conflict escalation, KMG made a decision to increase wages by 30% vs 2021.

Employee headcount

KMG Group employs more than 47,000 people across its regions of operation. The actual headcount for KMG Group at the end of 2021 was 47,437 people, of whom 44,650 were full-time employees, while 2,787 employees were outstaffed. This headcount does not include 11,242 employees of JSC KazTransGas (JSC NC QazaqGaz), which was transferred to our majority shareholder Samruk-Kazyna on 9 November 2021.

Given that the Company's activities involve heavy, dangerous and hazardous working conditions, 82% of employees are male and 18% are female. Blue-collar employees account for 92% of the total headcount, while white-collar employees make up 8%.

¹ Samruk Research Services 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.

In terms of age, the majority of employees (59%) are between 31 and 50 years old, and of those 81% are male and 19% are female.

Employees aged over 50 account for 29% of the total headcount; 81% of them are male and 19% are female.

The share of young people aged under 30 is 12% of the total headcount, including 86% male and 14% female employees.

In 2021, KMG created 945 jobs, which accounts for 2.1% of the average headcount. The number of employees whose employment was terminated in the reporting period is 2,757.

The percentage of employees who are managers at all levels is 11% of the total headcount. 18% (2020: 18%) of managers are female and 82% (2020: 82%) are male.

The 2021 turnover rate for KMG Group was 6% (2020: 6%).

Employee headcount breakdown

Indicator	Unit	2019	2020	2021
Actual headcount for KMG Group (consolidated)	Employee	61,587	60,173	47,437

Breakdown

Indicator	Unit	2019	2020	2021
Male	%	82	81	82
Female	%	18	19	18
Blue-collar employees	%	91	92	92
White-collar employees	%	9	8	8
Employees aged 31 to 50, including:	%	58	60	59
• male	%	80	80	81
• female	%	20	20	19
Employees aged over 50, including:	%	27	28	29
• male	%	82	82	81
• female	%	18	18	19
Employees aged under 30, including:	%	14	12	12
• male	%	85	83	86
• female	%	15	17	14
Jobs created	jobs	385	961	945
Of average headcount	%	0.6	1.6	2.1
Employment terminated	employee	4,512	3,513	2,757
Managers at all levels, including:	%	11	11	11
• male	%	83.5	82	82
• female	%	16.5	18	18
Turnover rate for KMG Group	%	7	6	6