

# MESSAGE OF THE CHAIRMAN OF THE MANAGEMENT BOARD

GRI 102-10, 102-14, 102-44



## Dear readers,

By voluntarily undertaking implementation and introduction of the sustainable development principles, the Company intends to further modify its business processes to ensure that our activities meet the sustainable development principles and our economic, environmental and social goals are aligned.

According to the adopted Long-Term Development Strategy 2028, we have established sustainable development as one of our strategic goals by preparing strategic initiatives to implement this goal. Our principal strategic initiatives are aimed at enhancing occupational safety and environmental responsibility, introducing the ethics and compliance system, developing the corporate culture and creating a comprehensive talent management system. In the reporting year, we continued our efforts focused on these areas.

The Company's top priorities still include occupational health and industrial safety leadership and commitment, greenhouse gas emission management and gas flaring reduction, water management, land reclamation and energy efficiency improvement, as well as industrial waste management.

In 2019, in order to ensure disposal of historical waste and oil-contaminated territories in the Mangystau Region, a Memorandum of Environmental Cooperation was signed between KMG and the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan.

We follow the zero tolerance policy in terms of loss and damage related to environmental pollution. In this regard, in the beginning of the year, we approved the Environmental Policy aimed at increasing the focus on such environmental

aspects as climate, biodiversity, commitment to perform an additional risk assessment for environmentally valuable territories, to carry out contaminated land reclamation and to ensure pipeline integrity.

Under the World Bank's Global Gas Flaring Reduction (GGFR) initiative intended to achieve zero regular associated petroleum gas flaring by 2030, KMG has approved the Emission Management Policy that envisages eight key principles aimed at zero regular flaring.

The KMG Group Occupational Health and Industrial Safety Policy prepared and approved in July 2019 is intended to involve every employee in the safety culture development and compliance with the zero tolerability policy towards loss and damage associated with accidents and emergencies, abuse of alcohol, drugs, psychotropic substances and their equivalents, as well as road traffic accidents.

Life and health of our employees are our priority, this is why we will always keep working towards our main goal intended to achieve zero accidents, i. e. 100% safety. Over the last five years, we have achieved significant improvements in health and safety performance. Our employees note that we create safe working conditions and implement the highest standards and principles in order to protect ourselves, our colleagues and the public.

We should also note that the Company provides jobs to more than 70 thousand employees in its operating regions, with the share of production personnel in the total headcount equal to 90 per cent and the share of administrative and management personnel equal to 10 per cent. Our approach to personnel motivation is based on ensuring fair remuneration and observing the rights of the employees. Collective bargaining

agreements are executed and 40 trade union committees operate at our production facilities. In 2019, the number of the KMG Group employees covered with collective bargaining agreements exceeded 58 thousand persons. The above agreements envisage 35 types of social assistance for employees and their family members. Our social stability index is equal to 72 per cent, which is "above the average".

KMG annually invests into training and development of its personnel, establishes new development approaches and programmes for the KMG Group employees. Since 2019, the KMG Group has been focusing on development of production employees under its training concept, including both managers, engineers and technicians, and employees engaged in trade jobs.

We should also note that the Company annually assigns the budget through the Social Project Development Fund Samruk-Kazyna Trust to implement charity projects and programmes in order to solve the socially relevant issues for the Kazakhstan population. Moreover, we render social assistance to the local communities in our operating regions. In this regard, more than 30 billion tenge was allocated for regional development in 2019.

In conclusion, I would like to emphasise that, in spite of the current challenges, we aspire to ensure maximum transparency in our activities, safety of our employees, social and environmental responsibility and thus confirm our commitment to the sustainable development principles in accordance with the strategic priorities adopted by the Company.

*Sincerely,  
Alik Aidarbayev*