



Annual Report • 2021

THROUGH THE MIRROR OF VALUES

2021

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FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT



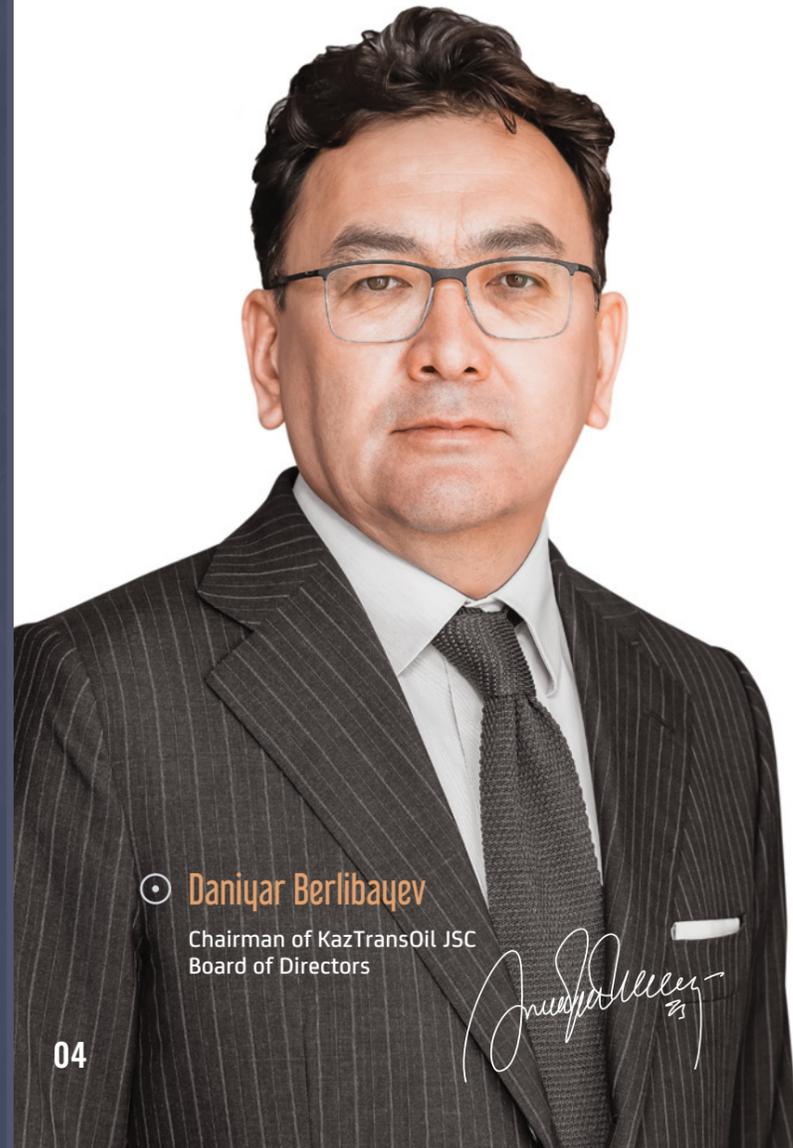
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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



Daniyar Berlibaev

Chairman of KazTransOil JSC Board of Directors



DEAR SHAREHOLDERS, PARTNERS AND COLLEAGUES!

KazTransOil JSC, being one of the “leading” oil transportation companies of Kazakhstan, plays an important role in ensuring stable supplies of energy resources to the domestic market and strengthening the export potential of the country. The company owns an extensive network of main oil pipelines with a total length of about 5.4 thousand km.

The implementation of projects by KazTransOil JSC is about strategic importance for the energy security of the country, serves as a reliable base for socio-economic development of the regions, and contributes to improving the quality of life of people.

KazTransOil JSC provides transportation of about 36% of all oil produced in the country and more than 90% of deliveries to domestic refineries. In 2021, the Company continued to develop its business in accordance with the objectives of the Development Strategy of KazTransOil JSC until 2028, approved by the Board of Directors of the Company.

Despite the decrease in production by the Company's traditional shippers, as well as the commitments made by the Republic of Kazakhstan to limit production under the OPEC+ agreement, in the reporting year, the Company fulfilled the production and financial indicators in accordance with the approved business plan of KazTransOil JSC for 2021.

The Company's revenues for 2021 amounted to 238.2 billion tenge, an increase of 1.3% compared to 2020. The Company's final profit for the reporting year amounted to 50.6 billion tenge, which is 9.6% lower than in 2020. The amount of dividend payments in the reporting period for 2020 amounted to 50.8 billion tenge, or 132 tenge per ordinary share.

In 2021, the Company continued to improve its corporate governance system based on the best international practices. Special attention was paid to improving the efficiency of business processes, social and economic aspects of the Company's business, as well as the quality of management decisions. In its activities, KazTransOil JSC firmly follows the principles of responsible, transparent and ethical business conduct. The Company's objectives in this area are closely related to the UN Sustainable Development Goals.

50.6 BILLION TENGE

Company's total profit as of 2021

In 2022, KazTransOil JSC will celebrate its 25th anniversary. Over these years, the Company has increased the scale of its business several times and has become a national operator of main oil pipelines. In the context of constantly changing market conditions, the Company's priorities invariably remain health and safety, environmental friendliness and business efficiency, based on the use of innovation and new technologies. I am convinced that this will allow KazTransOil JSC to ensure sustainable business development and continue to move confidently towards strategic goals, despite the new serious challenges that face the world today.

Summing up the results of the year, I would like to express my sincere gratitude to the professional team — shareholders, members of the Board of Directors, partners, management and employees of KazTransOil JSC for effective cooperation and contribution to the development of the Company.



MESSAGE FROM THE GENERAL DIRECTOR

(CHAIRMAN OF THE MANAGEMENT BOARD)



Talgat Kurmanbaev

General Director (Chairman of the Management Board)

41.2 MILLION TONNES

oil transportation volume of KazTransOil JSC in 2021

DEAR READERS!

We present you the Integrated Annual Report of KazTransOil JSC, in which we reflect the results of financial and production activities for the year 2021, share the prospects for the future development of the Company.

In the reporting year, KazTransOil JSC ensured uninterrupted and reliable supply of oil to the domestic market, export and transit. The planned indicators on transportation and cargo turnover of these raw materials were fulfilled. Thus, the volume of oil transportation by KazTransOil JSC for 2021 amounted to 41.2 million tonnes, which is 2.5% lower than in 2020. This decrease was due to the commitments made by the Republic of Kazakhstan to limit oil production under the OPEC+ agreement and the natural reduction in the level of production at conventional and mature fields. At the same time, the consolidated oil freight turnover remained at the level of 2020 and amounted to 43.8 billion tonnes-km.

Consolidated revenues of KazTransOil JSC in 2021 increased by 1.3% compared to the indicator in 2020 and amounted to 238.2 billion tenge. Consolidated net profit for the reporting year amounted to 50.6 billion tenge.

In 2021, the share of KazTransOil JSC in profit of jointly controlled entities amounted to 12.8 billion tenge, which is 31% higher than in 2020. This growth was mainly due to a decrease in exchange rate expenses on the currency loan of Kazakhstan-China Pipeline LLP.

In the reporting year, KazTransOil JSC group of companies continued its work on development of the Kazakhstan-China system of main oil pipelines. In connection with the commissioning of technological facilities of Aman OPS, the possibility of transportation of West Kazakhstan oil in reverse direction in the volume of up to 6 million tonnes per year was provided.

Along with achievements in the production sphere, ensuring a safe working environment for our employees remains an important priority for the Company. We pay special attention to compliance with occupational health and safety standards. The year 2021 was marked by a number

of achievements in this area. For example, the Lost Time Injury Frequency Rate (LTIR) dropped to 0.09, which is 80% lower than in 2020. This result was made possible by the systematic implementation of best practices in HSE.

KazTransOil JSC pays special attention to environmental issues. The year 2021 has been declared the Year of Ecology by the group of companies of NC KazMunayGas JSC. As part of its own environmental commitments, the Company continued to implement the project of reclamation of historically oil-contaminated lands along the oil pipeline system. In the reporting year, 8 hectares of disturbed land were rehabilitated, which is twice as much as the reclamation volume by the results of 2020.

In 2022, we will continue to work on solving the tasks set by the state to ensure national energy security and fulfillment of export obligations. I am confident that the professionalism and responsible attitude of employees of KazTransOil JSC will ensure further sustainable development of the Company. I express my sincere gratitude to the shareholders and partners who believe in KazTransOil JSC and work together with us on the further development of the Company.

REPORT OVERVIEW



REPORTING APPROACH

KazTransOil JSC is strongly committed to the principle of transparency in its activities and strives to ensure effective and full information disclosure for a wide range of its stakeholders.

This is the ninth integrated annual report of KazTransOil JSC, which discloses the financial and operating performance, corporate governance, risk management system, development strategy and sustainable development results. The previous Report was published in May 2021.

The Report is published on an annual basis. This Report covers the Company's performance from January, 1 to December, 31 2021, and describes the Company's plans for 2022, where possible.

The Report has been developed according to the Core Option as related to compliance with GRI Standards on Sustainability Reporting.

External audit of the Company's financial statements was conducted by Ernst & Young LLP. No external verification of non-financial data on sustainable development in 2021 was carried out.

REPORT CONTENT DETERMINATION

The content of this Report was determined according to the GRI reporting principles.



Stakeholder Engagement — the results of this engagement were used to select the most material topics to be disclosed in the Report.



Sustainability Context — the information in this Report is disclosed with consideration of a wider context and analysis of the Company's impact on the society related to economic, social, and environmental topics. This principle influenced both the selection of material topics and their disclosure in the Report.



Materiality — the Company discloses only the information that was recognised most material for stakeholders, avoiding insignificant data and ensuring that material data is available. The principle was used to select both topics and indicators to be disclosed.



Completeness — the information on material topics is disclosed in its entirety, covering both positive and negative data concerning the Company. The limits of the topics comprise those aspects of the Company's activities where information is material. The principle was used to determine the content of sustainability disclosures.

This Report was also written in accordance with the concepts of the International Integrated Reporting Standard developed by the International Integrated Reporting Council (IIRC) and the requirements of the Kazakhstan Stock Exchange (KASE). The Report discloses information in accordance with the provisions of the Corporate Governance Code and other internal documents issued by the Company, and is in compliance with the laws of the Republic of Kazakhstan.

The Report covers the information on the Company's compliance with the United Nations (UN) Global Compact and the Company's contribution to the UN Sustainable Development Goals. The Company followed the best

international practices while disclosing this information to ensure comparability with other organisations in the Republic of Kazakhstan and abroad.

The description of the Company's financial and business performance was prepared in accordance with the recommendations of the International Financial Reporting Standards (IFRS) Practice Statement "Management Commentary".

COMPLIANCE WITH THE PRINCIPLE OF MATERIALITY

In order to select material sustainability topics to be disclosed in this Report, the Company analysed the list of topics proposed by GRI Standards and a number of additional topics that can be important for stakeholders and are independently determined by the Company.

A preliminary list of material topics was defined in the course of internal analysis of the Company's activities and assessment of the Company's impact on the society, as well as analysis of foreign experience and benchmarks. The updated list of material topics was received as a result of interaction with internal experts and key internal and external stakeholder groups. This resulted in the following Materiality Matrix. Twenty three topics in the top right corner of the Matrix were considered most material and were reflected in this integrated annual report.

Nineteen topics shown in the final list were disclosed in the Report in accordance with GRI Standards. A table containing the complete list of standard reporting elements and references to disclosures in the Report is provided in *Appendix 1* to the Report.

MATERIAL TOPIC DETERMINATION APPROACH



MATERIALITY MATRIX



FULL LIST OF MATERIALS TOPICS

CATEGORY	NO.	MATERIAL TOPICS	INTERNAL	EXTERNAL
ECONOMIC	1	201 Economic performance	✓	✓
	2	202 Labour market presence	✓	✓
	3	204 Procurement practice	✓	✓
	4	205 Anti-corruption	✓	✓
	5	206 Anti-competitive practices	✓	—
ECOLOGICAL	6	302 Energy	✓	✓
	7	303 Water	✓	✓
	8	304 Biodiversity	✓	✓
	9	305 Emissions	✓	✓
	10	306 Discharges and waste	✓	✓
	11	307 Environmental regulatory compliance	✓	✓
SOCIAL	12	401 Employment	✓	✓
	13	402 Employee/management relations	✓	—
	14	403 Occupational health and safety	✓	✓
	15	404 Training and education	✓	✓
	16	405 Diversity and equal opportunities	✓	—
	17	406 Non-discrimination	✓	—
	18	412 Human rights assessment	✓	—
	19	419 Socioeconomic Compliance	✓	✓
ADDITIONAL MATERIAL TOPICS	20	Production capacity efficiency	✓	✓
	21	Production integrity and safety, emergency preparedness	✓	✓
	22	Corporate governance	✓	✓
	23	Digitalisation and automation	✓	✓

Four additional topics were selected to be disclosed in the Report:

- **Production Capacity Efficiency** — the factor ensuring both long-term development of the Company and the degree of environmental impact specifically ecology impact. The indicator reflects the work of the reporting period in this area.
- **Production Integrity and Safety, Emergency Preparedness** — considering the nature of the Company's activities, industrial accidents can have significant negative impact on people and environment. The indicator discloses the production safety measures ensured by the Company.
- **Corporate Governance** — the governance system greatly defines the efficiency of decision-making on all issues of the Company's activities, including sustainable development. The indicator discloses the Company's management system.
- **Digitalisation and Automation** — development of digital processes has a significant impact on the Company's ability to create value for stakeholders in the long term. The indicator reflects the key directions of the Company's activities in this area.

REPORT SCOPE

The Report includes performance data of KazTransOil JSC and its subsidiaries and jointly-controlled entities (SJCE). The operating and financial indicators are shown on a consolidated basis and include the financial and business performance data on SJCE. Information on sustainable development is provided with respect to KazTransOil JSC only, unless otherwise indicated.

The Republic of Kazakhstan was determined as the only material operating area.

The Company continued its practice of disclosing information in the form of three-year trends. In addition, in order to present the data in a more comprehensive manner, the Report refers to the events that occurred before or after the reporting period.

The Report also reflects forward-looking plans and medium-term perspective for 2022. Since their implementation is exposed to a number of external factors beyond the Company's control, the performance achieved in future reporting periods does not necessarily coincide with the benchmarks indicated in the Report.



FEEDBACK

The Company is interested in any feedback to enable improvement of future reports and high-quality disclosure of information for the stakeholders. A feedback form is provided at the end of this document. The Company would appreciate if you fill in this form and send it to the contact persons below.

CONTACT DETAILS

The Company's Integrated Annual Reports are available on the Company's www.kaztransoil.kz website in To Shareholders and Investors / Annual Reports.

To request additional information on the Report and its contents, please use the following contact details:

Corporate Governance Department
 +7 (7172) 555-346
 keldibekova@kaztransoil.kz

Investor Relations Service:
 +7 (7172) 555-049
 Masalin@kaztransoil.kz

Ombudsman:
 +7 (7172) 555-041,
 doverie@kaztransoil.kz

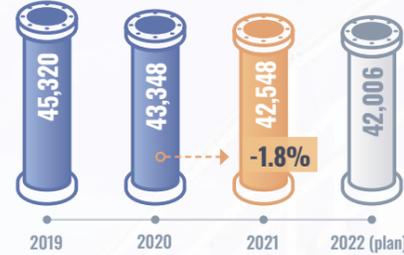
Department of Public Relations and Internal Communications:
 +7 (7172) 555-135, 555-134

The Company's actual address:
 20, Turan Ave., non-residential premises 12, Esil District, Nur-Sultan, Republic of Kazakhstan.

KEY INDICATORS 2021

OIL TRANSPORTATION

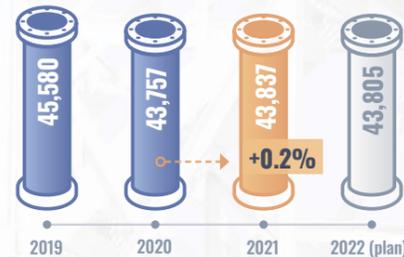
OIL TRANSPORTATION AND PETROLEUM PRODUCT TRANSHIPMENT (CONSOLIDATED)*, THOUSAND TONNES



OIL TRANSPORTATION, SEPARATELY FOR KAZTRANSOIL JSC, THOUSAND TONNES



OIL TURNOVER (CONSOLIDATED)***, MILLION TONNES-KM



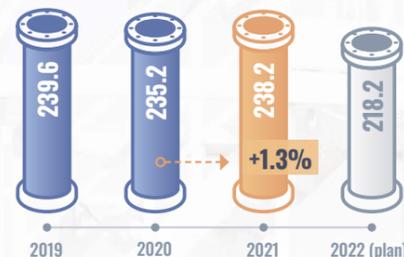
* This indicator is calculated on a consolidated basis, taking into account the volumes of the Company and Batumi Oil Terminal LLC.

** The reduced value for 2021 against the value for 2020 is due to generally lower oil delivery by consumers of services as a result of reduction of oil production in the Republic of Kazakhstan under the OPEC+ deal and natural decline in oil production.

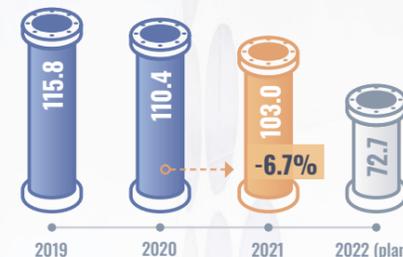
*** The indicator is calculated on a consolidated basis, taking into account the Company's interest in SJCE.

FINANCIAL INDICATORS

REVENUES, BILLION TENGE

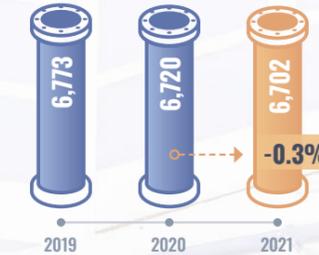


EBITDA, BILLION TENGE

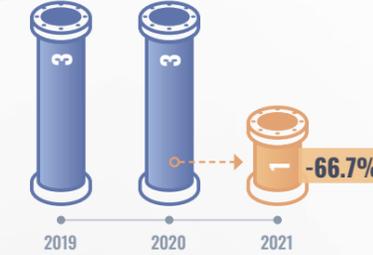


SUSTAINABLE DEVELOPMENT INDICATORS (SEPARATELY FOR KAZTRANSOIL JSC)

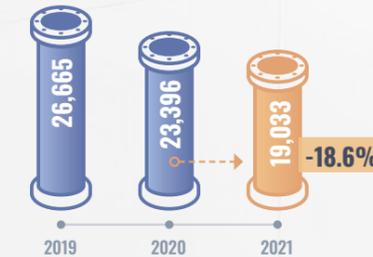
MANNING LEVEL, PERSONS



TOTAL NUMBER OF OCCUPATION ACCIDENTS



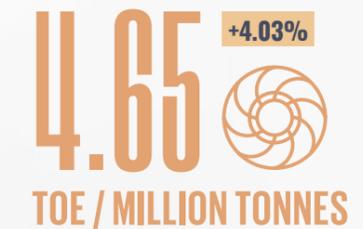
POLLUTANT EMISSIONS, TONNES



environmental payments



greenhouse gas emissions

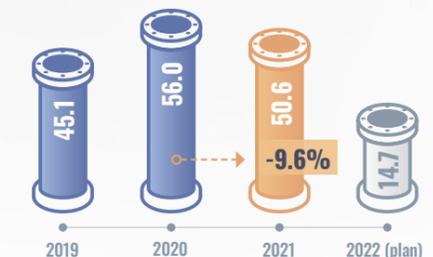


power consumption for oil transportation

COST OF SALES, BILLION TENGE



TOTAL PROFIT FOR THE REPORTING YEAR, BILLION TENGE



LAYOUT OF MAIN PIPELINES

5,373 KM
 main oil pipelines



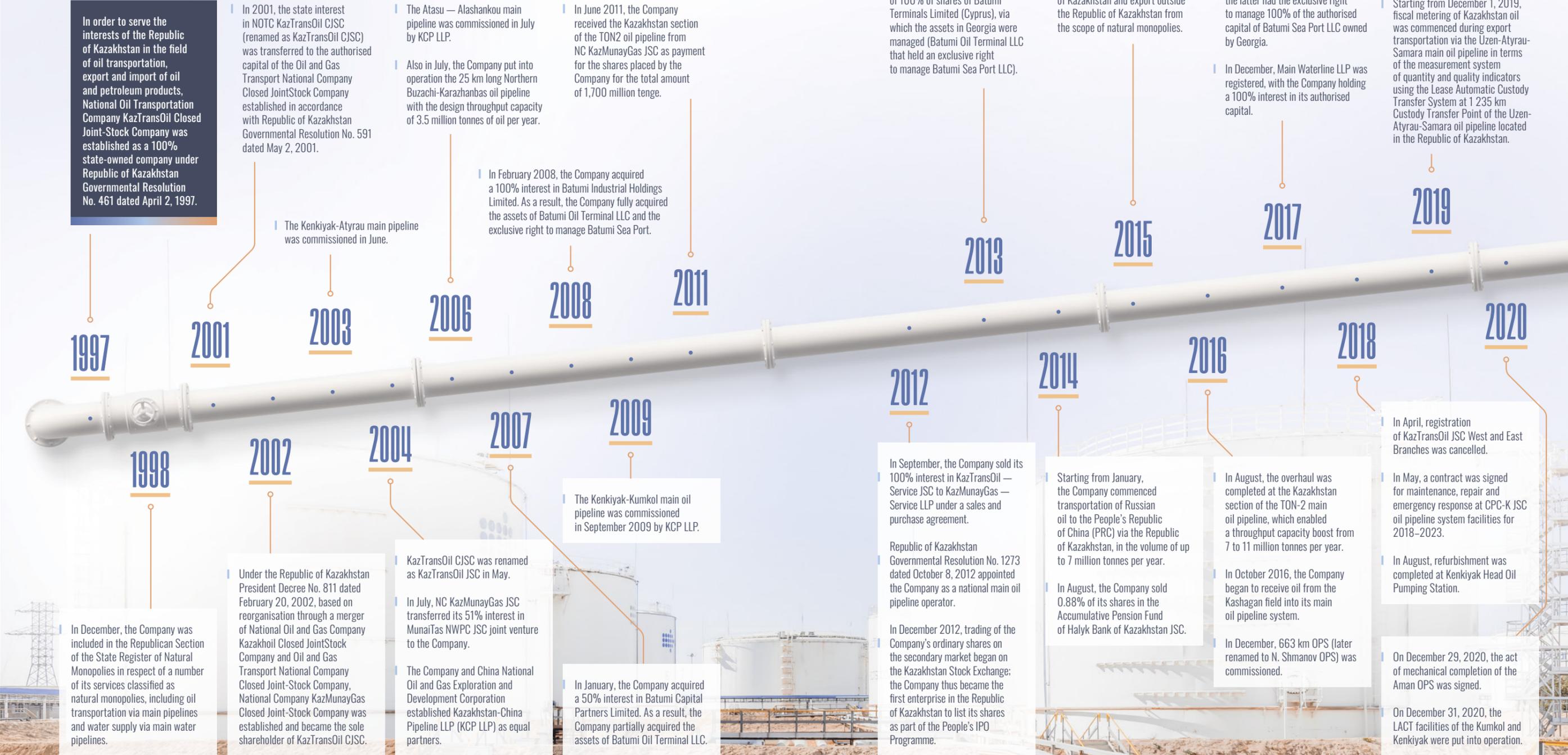
- POPS (Principal Oil Pumping Stations)
- OPS (oil pumping station)
- Other (OHS, ADP Etc.)

- Loading/unloading racks
- WPS (Water pumping station)
- WTF (Water treatment facility)
- MTF (Main treatment facility)

- Acting main oil pipelines
- Acting main water pipelines (Main Waterline LLP)
- Pipelines of third parties to which KazTransOil JSC provides operator services
- Acting main oil pipelines, consisting of two or more threads

DEVELOPMENT BACKGROUND

In order to serve the interests of the Republic of Kazakhstan in the field of oil transportation, export and import of oil and petroleum products, National Oil Transportation Company KazTransOil Closed Joint-Stock Company was established as a 100% state-owned company under Republic of Kazakhstan Governmental Resolution No. 461 dated April 2, 1997.



1997

1998

In December, the Company was included in the Republican Section of the State Register of Natural Monopolies in respect of a number of its services classified as natural monopolies, including oil transportation via main pipelines and water supply via main water pipelines.

2001

Under the Republic of Kazakhstan President Decree No. 811 dated February 20, 2002, based on reorganisation through a merger of National Oil and Gas Company Kazakhoil Closed Joint-Stock Company and Oil and Gas Transport National Company Closed Joint-Stock Company, National Company KazMunayGas Closed Joint-Stock Company was established and became the sole shareholder of KazTransOil CJSC.

2003

The Kenkiyak-Atyrau main pipeline was commissioned in June.

2004

KazTransOil CJSC was renamed as KazTransOil JSC in May.
 In July, NC KazMunayGas JSC transferred its 51% interest in MunaiTas NWPC JSC joint venture to the Company.
 The Company and China National Oil and Gas Exploration and Development Corporation established Kazakhstan-China Pipeline LLP (KCP LLP) as equal partners.

2006

The Atasu — Alashankou main pipeline was commissioned in July by KCP LLP.
 Also in July, the Company put into operation the 25 km long Northern Buzachi-Karazhanbas oil pipeline with the design throughput capacity of 3.5 million tonnes of oil per year.

2007

In January, the Company acquired a 50% interest in Batumi Capital Partners Limited. As a result, the Company partially acquired the assets of Batumi Oil Terminal LLC.

2008

In February 2008, the Company acquired a 100% interest in Batumi Industrial Holdings Limited. As a result, the Company fully acquired the assets of Batumi Oil Terminal LLC and the exclusive right to manage Batumi Sea Port.

2009

The Kenkiyak-Kumkol main oil pipeline was commissioned in September 2009 by KCP LLP.

2011

In June 2011, the Company received the Kazakhstan section of the TON2 oil pipeline from NC KazMunayGas JSC as payment for the shares placed by the Company for the total amount of 1,700 million tenge.

2012

In September, the Company sold its 100% interest in KazTransOil — Service JSC to KazMunayGas — Service LLP under a sales and purchase agreement.
 Republic of Kazakhstan Governmental Resolution No. 1273 dated October 8, 2012 appointed the Company as a national main oil pipeline operator.
 In December 2012, trading of the Company's ordinary shares on the secondary market began on the Kazakhstan Stock Exchange; the Company thus became the first enterprise in the Republic of Kazakhstan to list its shares as part of the People's IPO Programme.

2013

In December, as a result of the reorganisation of Batumi Industrial Holdings Limited, Batumi Capital Partners Limited and Batumi Services Limited, the Company became the owner of 100% of shares of Batumi Terminals Limited (Cyprus), via which the assets in Georgia were managed (Batumi Oil Terminal LLC that held an exclusive right to manage Batumi Sea Port LLC).

2014

Starting from January, the Company commenced transportation of Russian oil to the People's Republic of China (PRC) via the Republic of Kazakhstan, in the volume of up to 7 million tonnes per year.
 In August, the Company sold 0.88% of its shares in the Accumulative Pension Fund of Halyk Bank of Kazakhstan JSC.

2015

In May, the amendments were introduced to the Law of the Republic of Kazakhstan on Natural Monopolies to exclude services related to oil transportation in transit through the Republic of Kazakhstan and export outside the Republic of Kazakhstan from the scope of natural monopolies.

2016

In August, the overhaul was completed at the Kazakhstan section of the TON-2 main oil pipeline, which enabled a throughput capacity boost from 7 to 11 million tonnes per year.
 In October 2016, the Company began to receive oil from the Kashagan field into its main oil pipeline system.
 In December, 663 km OPS (later renamed to N. Shmanov OPS) was commissioned.

2017

Due to liquidation of the subsidiary, Batumi Terminals Limited (Cyprus), KazTransOil JSC became the holder of a 100% interest in Petrotrans Limited in March and a 100% interest in Batumi Oil Terminal LLC in August; the latter had the exclusive right to manage 100% of the authorised capital of Batumi Sea Port LLC owned by Georgia.
 In December, Main Waterline LLP was registered, with the Company holding a 100% interest in its authorised capital.

2018

In April, registration of KazTransOil JSC West and East Branches was cancelled.
 In May, a contract was signed for maintenance, repair and emergency response at CPC-K JSC oil pipeline system facilities for 2018–2023.
 In August, refurbishment was completed at Kenkiyak Head Oil Pumping Station.

2019

The return activities were completed as related to 141,728 tonnes of process oil owned by KazTransOil JSC and located in the Russian Federation in the Omsk-Pavlodar main oil pipeline.
 Starting from December 1, 2019, fiscal metering of Kazakhstan oil was commenced during export transportation via the Uzen-Atyrau-Samara main oil pipeline in terms of the measurement system of quantity and quality indicators using the Lease Automatic Custody Transfer System at 1 235 km Custody Transfer Point of the Uzen-Atyrau-Samara oil pipeline located in the Republic of Kazakhstan.

2020

On December 29, 2020, the act of mechanical completion of the Aman OPS was signed.
 On December 31, 2020, the LACT facilities of the Kumkol and Kenkiyak were put into operation.



KEY EVENTS IN 2021

PRESENTATION OF CERTIFICATES

KazTransOil JSC received the certificates of compliance of the energy management system with the requirements of ISO 50001:2018 and the health and safety management system with the requirements of ISO 45001:2018.



THE HUMAN RESOURCES POLICY

By the decision of the Board of directors of KazTransOil JSC dated September 3, 2021, the personnel policy of KazTransOil JSC for 2021-2025 was approved.

PRESENTATION OF CERTIFICATES

KazTransOil JSC received the certificate of compliance of information security management system with the requirements of the ISO/IEC 27001:2013.

KENKIYAK-ATYRAU OIL PIPELINE

In October 2021, heating furnaces were put into operation at the Aman OPS, which made it possible to ensure the transportation of West Kazakhstan oil through the Kenkiyak-Atyrau oil pipeline in reverse mode in the amount of up to 6 million tonnes per year.

TARIFF POLICY

By order of the Chairman of the Committee for the Regulation of Natural Monopolies No. 117-OD dated October 29, 2021, a temporary compensating tariff was approved for the regulated service for pumping oil to the domestic market of the Republic of Kazakhstan through the main pipeline system of KazTransOil JSC in the amount of 4,328.04 tenge per 1 tonne per 1,000 km (without VAT), with entry into force from December 1, 2021.

FEBRUARY

JUNE

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

MAY

JULY



ANNUAL GENERAL MEETING OF SHAREHOLDERS

The annual General Meeting of KazTransOil JSC Shareholders was held in Nur-Sultan city to review the performance results for 2020.



CREDIT RATING

International rating agency Fitch Ratings affirmed KazTransOil JSC as long-term Issuer Default Rating at BBB- with a stable outlook.

CONNECTION OF SECTIONS OF OIL PIPELINES

KazTransOil JSC has completed the connection of the newly constructed pipeline of the Prorva — Kulsary main oil pipeline sections on 0-3 km, 21-33 km, 37-38 km with a total length of 16 km.

TARIFF POLICY

By order of the Acting Chairman of the Committee for the Regulation of Natural Monopolies dated August 20, 2021 No. 80-OD, the tariff and the tariff estimate of KazTransOil JSC for the regulated service for the transshipment of oil to OPS named after Shmanov N.N. to the oil pipeline Kenkiyak-Atyrau was approved in the amount of 30,5 tenge per ton (excluding VAT), with the commissioning from September 1, 2021.

THE NEW MEMBERS OF THE BOARD OF DIRECTORS

According to the decision taken at the General Meeting of KazTransOil JSC Shareholders dated November 25, 2021, the new composition of the Board of Directors of KazTransOil JSC in the amount of 6 people with a term of office of 3 years was determined.

HSE FORUM KAZTRANSOIL JSC

The fourth Annual HSE Forum was held at KazTransOil JSC under the slogan "On the Way to Zero Injuries". The online event was attended by representatives of NC KazMunayGas JSC, international companies and contractors of KazTransOil JSC.

CONNECTING SECTIONS OF OIL PIPELINES

KazTransOil JSC has completed works on connection of two newly built pipeline sections with a total length of 22 kilometers to the main oil pipeline Uzen — Atyrau — Samara and the constructed section with technological pipelines of inlet and outlet collector of Beineu OPS oil heating station.

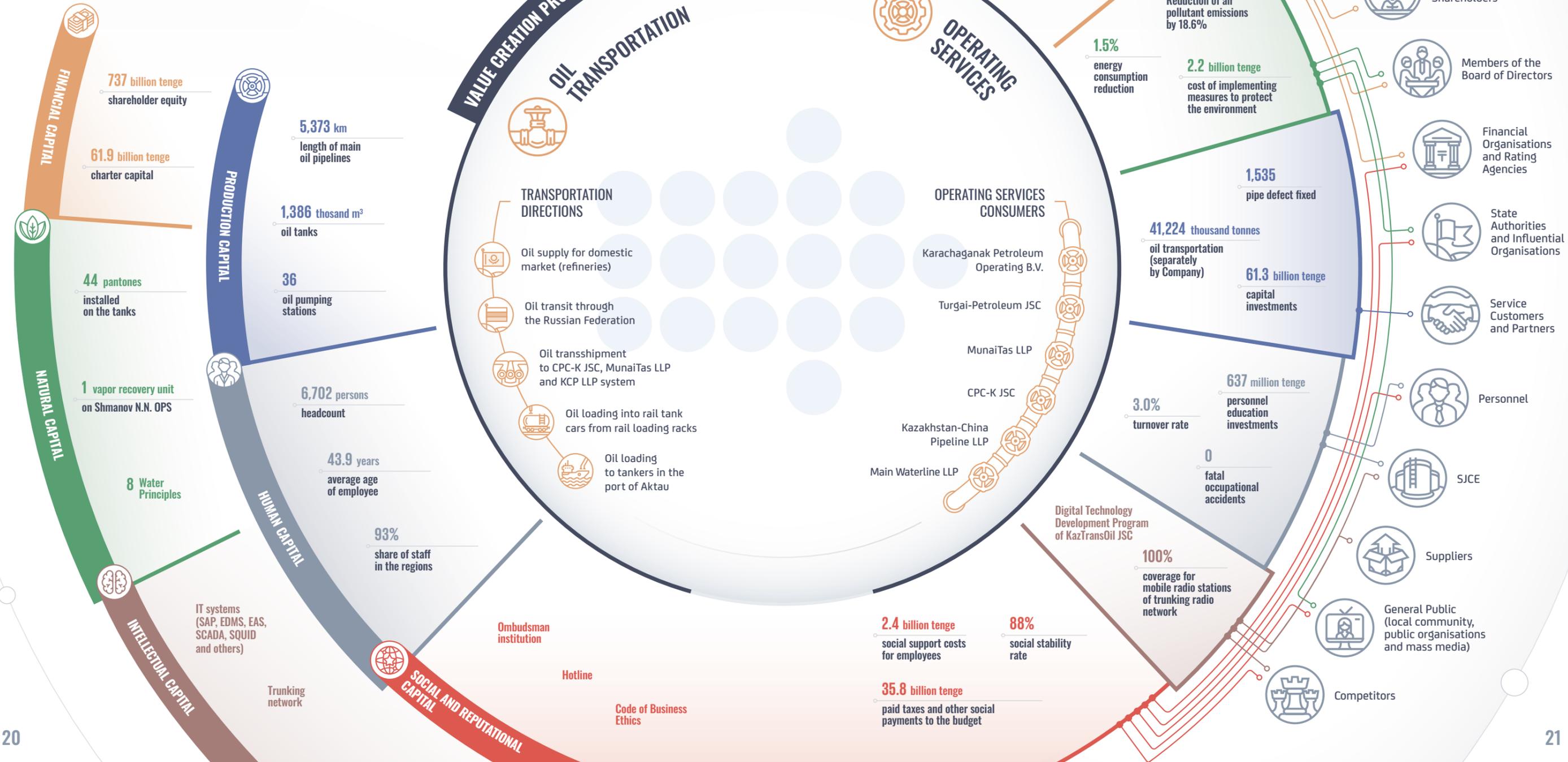
TARIFF POLICY

1. By order of the Acting Chairman of the Committee for the Regulation of Natural Monopolies dated November 12, 2021 No. 124-OD, a temporary compensatory tariff for the regulated oil transshipment service at the Kenkiyak HOPS was approved in the amount of 67.93 tenge per ton (excluding VAT), with the entry into force from January 1, 2022.

2. By order of the Acting Chairman of the Committee for the Regulation of Natural Monopolies dated November 26, 2021 No. 131-OD:

- from January 1, 2022 to December 31, 2022, a temporary compensating tariff was approved for a regulated service for pumping oil to the domestic market of the Republic of Kazakhstan through the main pipeline system of KazTransOil JSC in the amount of 3,728.82 tenge per 1 ton per 1,000 km (excluding VAT);
- from January 1, 2022, the order of the Chairman of the Committee for the Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan dated October 29, 2021 No. 117-OD "On approval of a temporary compensatory tariff for a regulated service for pumping oil to the domestic market of the Republic of Kazakhstan through the system of main pipelines of KazTransOil JSC" was canceled.

COMPANY'S BUSINESS MODEL





- Message from the Chairman of the Board of Directors
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- Report Overview
- Key Indicators 2021
- Layout of Main Pipelines
- Development Background
- Key Events in 2021
- Company's Business Model

01. COMPANY OVERVIEW

- Company Profile and Activities
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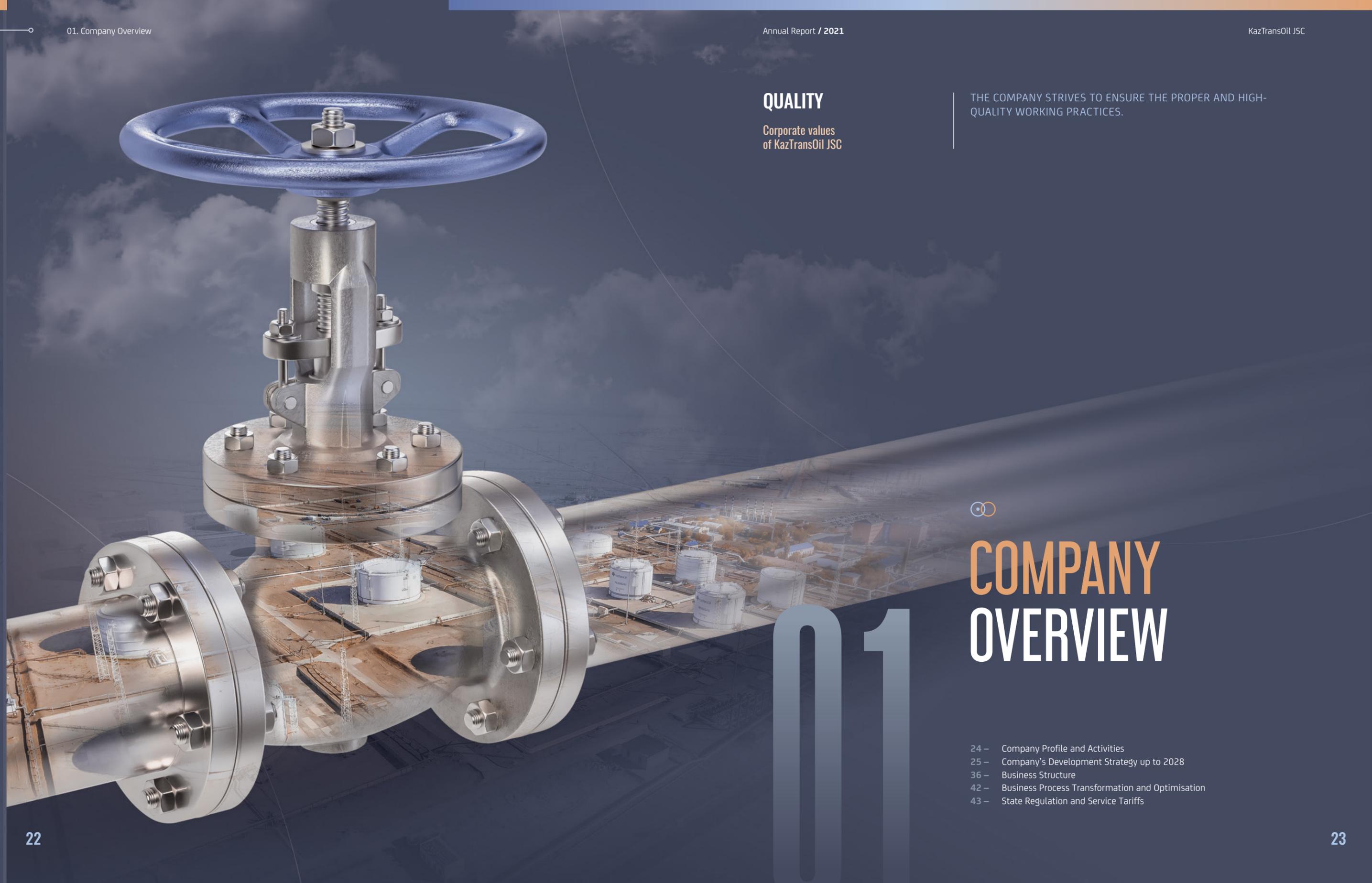
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QUALITY

Corporate values of KazTransOil JSC

THE COMPANY STRIVES TO ENSURE THE PROPER AND HIGH-QUALITY WORKING PRACTICES.



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COMPANY PROFILE AND ACTIVITIES



THE CORE AREAS OF ACTIVITIES:



oil transportation via main oil pipelines services



construction and operation of the pipeline system in and outside the Republic of Kazakhstan



organisation of Kazakhstan oil transportation via pipeline systems of other countries



provision of heat energy production, transmission and distribution and electric power transmission services and wastewater disposal

90%

of ordinary shares of KazTransOil JSC owned by NC KazMunayGas JSC

KazTransOil JSC is a public company with 90% of ordinary shares owned by NC KazMunayGas JSC and 10% of ordinary shares minus one share controlled by minority shareholders.

Most of the Company's assets are located in Kazakhstan. KazTransOil JSC structure includes 3 subsidiaries in Kazakhstan, Georgia and the United Arab Emirates and 2 jointly-controlled entities in Kazakhstan.

COMPANY'S DEVELOPMENT STRATEGY UP TO 2028



MISSION

To ensure maximum benefits for KazTransOil JSC shareholders and adhere the national strategic interests in oil transportation via the main oil pipeline.

VISION

KazTransOil JSC is a competitive company with a diversified pipeline system that complies with the best practices in terms of sustainable development, ensuring safety, environmental protection and management of production assets.

CORPORATE VALUES



SAFETY

The Company strives to achieve zero accidents at its production facilities.



DILIGENCE AND PROFESSIONAL COMPETENCE

The Company values the diligence and the expertise of its employees regarding its specific activities, as well as timely and high-quality completion of the assigned tasks, and ensures continuous improvement of professional competencies and skills.



QUALITY

The Company strives to ensure the proper and high-quality working practices.



TRANSPARENCY

The Company strives to ensure the transparent management, confirming its commitment to the corporate governance standards.



EFFICIENCY

The Company acknowledges its commitments to the state, shareholders, employees and community, therefore profitability, efficiency and high performance are the Company's indisputable values. The Company's sustainable and stable operation is achieved by business process improvement, cost optimisation, focus on equipment upgrades and production development investments.

KEY FACTORS AFFECTING IMPLEMENTATION OF THE COMPANY'S STRATEGIC GOALS

Increase in oil production and full utilization of KazTransOil JSC oil pipelines



INCOME GROWTH

Performance of oil supply contracts by oil producers



ENSURING CARGO TURNOVER

Increase in the price of oil and stable national currency exchange rate



PROFITABILITY

Upgrade of production assets



ACCIDENT-FREE OPERATION



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KAZTRANSOIL JSC STRATEGIC DEVELOPMENT AREAS UP TO 2028

In November 2020, the Board of Directors approved the Development Strategy of KazTransOil JSC up to 2028 (Development Strategy), which is aimed at ensuring positive production and financial indicators and safe, high quality, timely and uninterrupted transportation of oil. The development strategy was developed in accordance with the recommendations of NC KazMunayGas JSC.

01.

STRATEGIC KPI

CONSOLIDATED OIL TURNOVER

Completion Form (Key events for 2021)

Ensuring the fulfillment of production targets in terms of transportation volume and cargo turnover for 2021:

- Consolidated Oil transportation volume — 42,381 thousand tonnes (separately for the Company — 41,281 thousand tonnes);
- Consolidated oil turnover — 43,680 million tonnes-km (separately for the Company — 34,838 million tonnes-km).

COMPLETED

Key plans for 2022

Ensuring the fulfillment of production targets in terms of transportation volume and cargo turnover for 2021:

- Consolidated Oil transportation volume — 42,006 thousand tonnes (separately for the Company — 40,622 thousand tonnes);
- Consolidated oil turnover volume — 43,805 million tonnes-km (separately for the Company — 34,897 million tonnes-km).

NET INCOME

Completion Form (Key events for 2021)

Achievement of consolidated net profit for 2021 at the level of 30.97 billion tenge.

COMPLETED

Key plans for 2022

Consolidated net profit at the level of 14.7 billion tenge*.

EBITDA

Completion Form (Key events for 2021)

Achievement of EBITDA for 2021 at the level of 94.8 billion tenge.

COMPLETED

Key plans for 2022

EBITDA at the level of 69 billion tenge.

* With the exception of factors beyond the control of the Company's management that adversely affected the achievement of the level of consolidated net profit of 14,7 billion tenge (unplanned expenses in the approved business plan, including on behalf of NC KazMunayGas JSC and Samruk-Kazyna JSC and others factors).

The table below shows the results of achievement of the strategic goals based on the Company development strategy employed in the reporting year.

02.

STRATEGIC GOAL 1. "TO ENSURE EFFECTIVE ACTIVITIES OF THE COMPANY"

AT ENSURING POSITIVE PRODUCTION AND FINANCIAL INDICATORS AND THE SAFE, HIGH-QUALITY, TIMELY AND UNINTERRUPTED TRANSPORTATION OF OIL

01

Completion Form (Key events for 2021)

Completion of Phase I of Kenkiyak-Atyrau Oil Pipeline Section Reversal with a throughput capacity up to 6 million tonnes per year as part of Tranche Two at Phase Two of Kazakhstan — China Oil Pipeline Construction. Throughput Capacity Increase to 20 Million Tonnes of Oil per Year.

COMPLETED

Key plans for 2022

Completion of Phase I of Kenkiyak-Atyrau Oil Pipeline Section Reversal with a throughput capacity up to 6 million tonnes per year as part of Tranche Two at Phase Two of Kazakhstan — China Oil Pipeline Construction. Throughput Capacity Increase to 20 Million Tonnes of Oil per Year.

02

Completion Form (Key events for 2021)

To ensure Russian oil transit to China at up to 10 million tonnes per year.

COMPLETED

Key plans for 2022

To ensure Russian oil transit to China at up to 10 million tonnes per year.

03

Completion Form (Key events for 2021)

Separate pumping of low-sulfur oil via Atyrau-Samara-Novorossiysk pipeline with shipment in a mixture with Siberian Light in the amount of up to 1.0 million tonnes per year.

COMPLETED

Key plans for 2022

Separate pumping of low-sulfur oil via Atyrau-Samara-Novorossiysk pipeline with shipment in a mixture with Siberian Light in the amount of up to 1.0 million tonnes per year.

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02. STRATEGIC GOAL 1. "TO ENSURE EFFECTIVE ACTIVITIES OF THE COMPANY"

AT ENSURING POSITIVE PRODUCTION AND FINANCIAL INDICATORS AND THE SAFE, HIGH-QUALITY, TIMELY AND UNINTERRUPTED TRANSPORTATION OF OIL

04

Completion Form (Key events for 2021)

To comply with the Republic of Kazakhstan natural monopolies law, make appropriate suggestions to ensure a flexible and effective tariff policy at KazTransOil JSC.

COMPLETED

Key plans for 2022

To comply with the Republic of Kazakhstan natural monopolies law, make appropriate suggestions to ensure a flexible and effective tariff policy at KazTransOil JSC.

05

Completion Form (Key events for 2021)

To ensure that the share of general and administrative expenses separately for KazTransOil JSC in the total amount of expenses is not more than 8%.

COMPLETED

Key plans for 2022

To ensure that the share of general and administrative expenses separately for KazTransOil JSC in the total amount of expenses is not more than 7%.

06

Completion Form (Key events for 2021)

To achieve consumer satisfaction with the quality of oil transportation services at 95% as a minimum.

COMPLETED

Key plans for 2022

To achieve consumer satisfaction with the quality of oil transportation services at 96% as a minimum.

07

Key plans for 2022

Taking measures to reduce/optimize costs.

IMPLEMENTATION OF PROJECTS FOR TRANSFORMATION AND DIGITALIZATION

01

Completion Form (Key events for 2021)

To implement Action Plan for KazTransOil JSC Performance Improvement.

COMPLETED

Key plans for 2022

To implement Action Plan for KazTransOil JSC Performance Improvement.

02

Completion Form (Key events for 2021)

To implement KazTransOil JSC Digital Technology Development Programme (in case of allocation of budgetary funds).

PARTIALLY COMPLETED

Key plans for 2022

To implement KazTransOil JSC Digital Technology Development Programme (in case of allocation of budgetary funds).

ENSURING THE EFFECTIVE FUNCTIONING OF THE PRODUCTION ASSET MANAGEMENT SYSTEM

Completion Form (Key events for 2021)

Development of an action plan for the implementation of a production asset management system, improvement of the maintenance and repair system for the Company's main oil pipelines.

COMPLETED

TO ENSURE FINANCIAL STABILITY OF THE SJCE

Completion Form (Key events for 2021)

Implementation of measures to reduce the risk of introducing a temporary compensatory tariff.

PARTIALLY COMPLETED

Key plans for 2022

Implementation of measures to reduce the risk of introducing a temporary compensatory tariff in the SJCE.

MODERNIZATION AND RECONSTRUCTION OF PRODUCTION FACILITIES

Completion Form (Key events for 2021)

Approval of the Program for the modernization of the system of main oil pipelines of KazTransOil JSC.

COMPLETED

DEVELOPMENT OF SJCE

01

Completion Form (Key events for 2021)

Refurbishment and expansion of Astrakhan-Mangyshlak main waterline.

COMPLETED

Key plans for 2022

Implementation of activities planned for 2022 under the investment project "Refurbishment and expansion of Astrakhan-Mangyshlak main waterline" (1 turn).

INNOVATION DEVELOPMENT

Completion Form (Key events for 2021)

Implementation of the Program for R&D and implementation of innovative projects on new machinery, equipment and innovative technologies for 2021-2025.

COMPLETED

Key plans for 2022

Execution of the Program for 2022-2026.

02

Completion Form (Key events for 2021)

Construction Of A Terminal For Transshipment Of Carbamide In The Batumi Seaport.

COMPLETED

03. STRATEGIC GOAL 2. "EFFECTIVE SJCE MANAGEMENT"

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04. STRATEGIC GOAL 3. "TO IMPROVE THE CORPORATE GOVERNANCE SYSTEM AND SUSTAINABLE DEVELOPMENT"

EFFECTIVE CORPORATE GOVERNANCE

Completion Form (Key events for 2021)

Implementation of the Action Plan to improve the corporate governance system KazTransOil JSC for 2020-2021.



COMPLIANCE WITH HONESTY PRINCIPLES AND CORPORATE ETHICS CODE

Completion Form (Key events for 2021)

Explanation of the norms of the Code of Business Ethics of KazTransOil JSC in order to raise awareness of the Company's employees.



ENSURING PRODUCTION SAFETY

Completion Form (Key events for 2021)

To implement an Administrative and Technical Action Plan to ensure reliable operation of KazTransOil JSC main oil pipelines for 2021.



02

Completion Form (Key events for 2021)

To implement Action Plan for implementation of policies on physical, internal and personnel safety, anti-terrorist security of KazTransOil JSC facilities, for anti-corruption activities in the Company for 2021.



Key plans for 2022

To implement the Plan for Information Security Management System Improvement for 2022.

03

Completion Form (Key events for 2021)

To implement the Plan for Information Security Management System Improvement for 2021.



HEALTH, SAFETY AND ENVIRONMENT

Completion Form (Key events for 2021)

Execution for 2021 of the Action Plan for development of the management system in the field of health, safety and environment of KazTransOil for 2020-2023 (Action Plan).



Key plans for 2022

Implementation of activities planned for 2022 by the Action Plan.

02

Completion Form (Key events for 2021)

To reclaim historical pollution at the Uzen-Atyrau-Samara main oil pipeline at 984-985 km sections with the area of 4 ha.



Key plans for 2022

To reclaim historical pollution at the Uzen-Atyrau-Samara main oil pipeline at 499-508 km sections.

03

Completion Form (Key events for 2021)

To develop Management System of the Health, safety and environment according to ISO 45001:2018.



Key plans for 2022

Inventory of greenhouse gas emissions of quota and managed facilities.

04

Completion Form (Key events for 2021)

Developing and updating the Company's internal Health, safety and environment documents (5 documents).



Key plans for 2022

Development of a Greenhouse Gas Emissions Monitoring Plan for a quota facility.

ENERGY SAVING AND ENERGY EFFICIENCY BOOST

Completion Form (Key events for 2021)

To achieve KazTransOil JSC energy goals for 2021.



Key plans for 2022

To achieve KazTransOil JSC energy goals for 2022.

02

Completion Form (Key events for 2021)

Updating the Company's internal energy saving and energy efficiency boost documents (5 documents).



Key plans for 2022

Implementation of activities planned for 2022 by the Action Plan for energy saving and energy efficiency improvement of KazTransOil JSC for 2020-2025.

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04. STRATEGIC GOAL 3. "TO IMPROVE THE CORPORATE GOVERNANCE SYSTEM AND SUSTAINABLE DEVELOPMENT"

HUMAN CAPACITY DEVELOPMENT AND HUMAN RIGHTS PROTECTION

01

Completion Form (Key events for 2021)

To develop KazTransOil JSC HR Policy for 2021-2025.

COMPLETED

Key plans for 2022

Update of the internal documents related to the social support of the Company employees.

02

Completion Form (Key events for 2021)

To develop KazTransOil JSC rules for human resources management.

COMPLETED

Key plans for 2022

Organization and holding of events dedicated to the 25th anniversary of the establishment of the Company.

03

Completion Form (Key events for 2021)

Amendments and additions to the Collective Agreement between KazTransOil JSC and employees of KazTransOil JSC.

COMPLETED

04

Completion Form (Key events for 2021)

Updating the Rules for reimbursement to employees of KazTransOil JSC for expenses related to renting housing.

PARTIALLY COMPLETED

05

Completion Form (Key events for 2021)

To organise training and development for not less than 40% of executive and management positions and not less than 70% of other employees.

COMPLETED

EFFECTIVE SUPPLY CHAIN MANAGEMENT

01

Completion Form (Key events for 2021)

To manage inventories and optimise logistics.

COMPLETED

Key plans for 2022

To manage inventories and optimise logistics

02

Completion Form (Key events for 2021)

Achieving the level of local content in the procurement of goods — 52%, in works and services — 75%.

COMPLETED

Key plans for 2022

Achieving the level of local content in the procurement of goods — 52%, in works and services — 75%.

TRANSPARENCY AND OPEN COMMUNICATION PRINCIPLES

01

Completion Form (Key events for 2021)

Execution of the Communications Plan KazTransOil JSC for 2021.

COMPLETED

Key plans for 2022

Execution of the Communications Plan KazTransOil JSC for 2021.

02

Completion Form (Key events for 2021)

Development of the Regulations for interaction between structural divisions during procedures of placing information on the Internet resource of KazTransOil JSC.

COMPLETED

Key plans for 2022

Updating the Guidance on internal communications of KazTransOil JSC.

ENSURING THE FUNCTIONING OF THE INTEGRATED MANAGEMENT SYSTEM

01

Completion Form (Key events for 2021)

Ensuring confirmation of the Company's IMS to the requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018 based on the results of the recertification audit.

COMPLETED

Key plans for 2022

Ensuring confirmation of the Company's IMS to the requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018 based on the results of an external audit.

ENSURING THE FUNCTIONING OF THE RISK MANAGEMENT SYSTEM

01

Completion Form (Key events for 2021)

Ensuring the identification and assessment of production and non-production risks of the Company and its subsidiaries, development of measures for their management.

COMPLETED

Key plans for 2022

Ensuring the identification and assessment of production and non-production risks of the Company and its DSCO, development of measures for their management for 2022.

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KEY PERFORMANCE INDICATORS

Since 2012, the Company's performance has been assessed based on key performance indicators (KPIs). KPIs are a set of indicators that determine achievement of the Company's strategic goals and objectives and reflect its performance efficiency.

The Company's KPI system focuses on:

- implementation of the Company's Development Strategy and Business Plan;
- ensuring the safe and accident-free operations of the Company;
- continuous improvement of the Company's financial and production performance;
- cascading and breaking down KPIs on a top-down basis.

The Company's existing KPI system includes:

- KPIs of the Company as a whole (corporate KPIs);
- KPIs of executives (members of the Management Board);
- KPIs of managers;
- KPIs of heads of Company's structural subdivisions;
- KPIs of employees of central administration and department of operator services.

Corporate KPIs and KPIs of executives are approved by the Company's Board of Directors. KPIs of managers, Company's structural subdivisions are approved by the Company's Management Board. KPIs of employees of central administration and

department of operator services are approved by General Director (Chairman of the Board), General Director deputies and managing directors in charge.

Corporate and executive KPIs are monitored based on the performance during six and nine months of the reporting period. Actual KPI values at all levels are calculated at the end of the reporting year.

On January 29, 2021, KazTransOil JSC Board of Directors approved the corporate KPIs and the corresponding targets for 2021, which establish the Company's financial, economic and production performance indicators as well as occupational health and safety indicators.

CORPORATE KPIS FOR 2021

No	KPI	UNIT OF MEASUREMENT	ACTUAL FOR 2021	TARGET FOR 2021
1	Dividends paid *	million tenge	10,000	40,006
2	EBITDA**	million tenge	106,534	99,497
3	Oil turnover (consolidated) ***	million tonnes-km	44,300	44,117
4	Reduction of lost time incident rate (LTIR) (separately for KazTransOil JSC)	%	80	20
5	Completion of the Project "The first stage of the reverse section of the Kenkiyak-Atyrau oil pipeline with a capacity of up to 6 million tonnes per year" within the framework of the project "The second stage of the second phase of the construction of the Kazakhstan-China oil pipeline"	date	-	until June 30, 2021
6	Completion of design and estimate documentation for the project of reconstruction of the main water pipeline "Astrakhan-Mangyshlak"	date	-	until December 31, 2021

* The final decision on the amount of dividends will be made following the meeting of the Board of Directors and the General Meeting of Shareholders in May 2022.

** EBITDA is calculated in accordance with the approved EBITDA KPI.

*** Considering the undeclared and/or undelivered oil volume resulting from the factors that are beyond the control of KazTransOil JSC management (limitation in oil acceptance from shippers due to the excessive content of chlororganic compounds, reduction of oil production in the Republic of Kazakhstan under the OPEC+ deal, changes in plans and schedules of the Republic of Kazakhstan Ministry of Energy for oil refining at the refineries of the Republic of Kazakhstan).

In order to make ESG priorities to become an integral part of the activities of KazTransOil JSC, the Company integrates industrial safety and environmental protection goals, as well as social indicators into the KPI of executive and managerial employees.

MAIN KPIS FOR 2021 RELATED TO SUSTAINABLE DEVELOPMENT

No	KPIS	UNIT OF MEASUREMENT	ACTUAL FOR 2021	TARGET FOR 2021
1	Number of accidents that entailed production shutdown or environmental damage during the services for operation of main pipelines owned by third parties (operating services), due to the fault of KazTransOil JSC	ea.	0	0
2	Number of accidents that entailed production shutdown or environmental damage during oil transportation	ea.	0	0
3	Compliance with the target unit energy consumption for oil turnover	TOE/million tonnes-km	4.64	4.68
4	Implementation of the Action Plan to bring the names of workers' professions in line with the Unified Tariff and Qualification Reference Books for Works and Occupations of Workers	%	100	100
5	Local content share in procurement of goods at KazTransOil JSC	%	55	52
6	Local content share in procurement of works and services at KazTransOil JSC	%	72	75
7	Implementation of the Action Plan for the development of a management system in the fields of health, labor and environment protection in KazTransOil JSC in 2021	quantity	14	12
8	Prevention of road traffic accidents, and oil see page emergencies at KazTransOil JSC	point	0	0.75
9	Prevention of fires at KazTransOil JSC	quantity	0	0
10	To implement Action Plan for KazTransOil JSC Performance Improvement for 2021	%	100	95

On December 10, 2021, in accordance with the indicators specified in the Company's Business Plan for 2021–2025, and recommendations from NC KazMunayGas JSC, Board of Directors approved the corporate KPIs and the corresponding targets for 2022.

CORPORATE KPIS FOR 2022

No	KPI	UNIT OF MEASUREMENT	TARGET FOR 2022
1	Capital investments (separately by company)	%	100
2	EBITDA*	million tenge	72,737
3	Oil turnover (consolidated)	million tonnes-km	44,243
4	Reduction of lost time incident rate (LTIR)	%	50
5	Investment project implementation	%	100
6	Development of the Action Plan of KazTransOil JSC for the implementation of the Low-Carbon Development Program of NC KazMunayGas JSC for 2022-2031	date	31.03.2022

* EBITDA is calculated in accordance with the approved EBITDA KPI passport.

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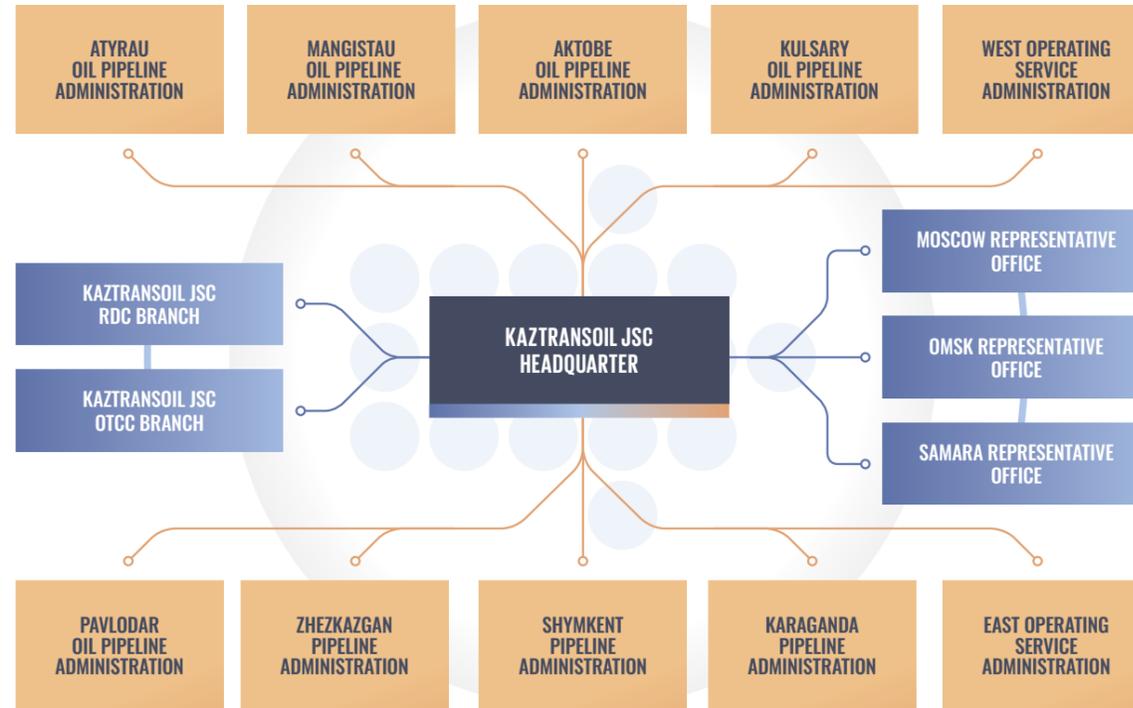
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BUSINESS STRUCTURE

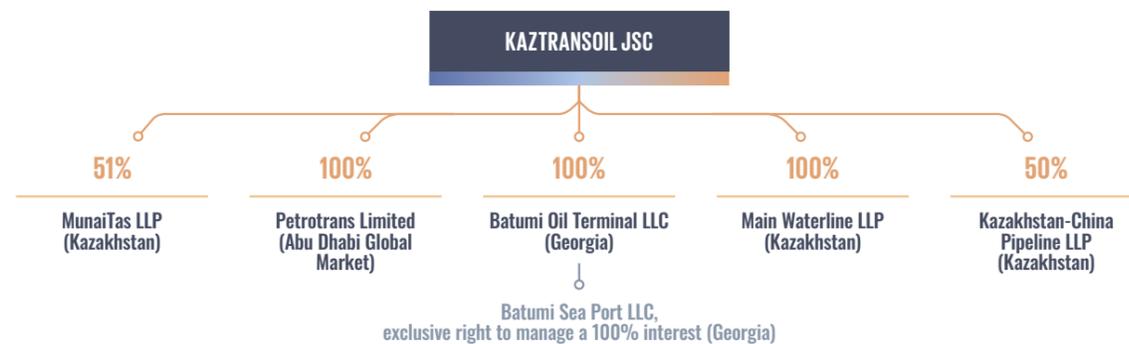
ORGANISATION

COMPANY ORGANISATION AS OF DECEMBER 31, 2021



COMPANY'S SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES

STRUCTURE OF SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES



MAIN WATERLINE LLP



KazTransOil JSC owns a 100% interest in the Main Waterline LLP authorised capital.

The Company's core activity is to supply water via main pipelines to the public, agricultural producers, oil and gas producers, industrial and utility enterprises, and to provide services related to heat energy production, transfer and distribution as well as power transmission services.



MAIN WATERLINE LLP KEY PERFORMANCE RESULTS

INDICATOR	2019	2020	2021
FINANCIAL RESULTS			
Net income/losses, million tenge	-6,506	-3,813	-4,541
OPERATING RESULTS			
Water supply, thousand m ³	28,900	28,406	29,387
Unauthorised tie-ins, ea.	0	0	0
SUSTAINABLE DEVELOPMENT INDICATORS			
Manning level, persons	381	374	376
Emissions, tonnes	16.5	18.5	51.9
Waste water discharges, tonnes	6.7	8.1	21.7
Waste recycling, tonnes	134	144.6	301.5
Accidents, ea.	0	0	0
Power consumption, million kWh	106	105	109

The waterline "Astrakhan-Mangyshlak", built in one thread with a length of 1,945.1 km, serves to supply the Volga's water to the Atyrau and Mangystau regions. Currently, the consumers of the Volga's water are the localities of these regions, oil and gas companies and other industrial enterprises located along the route of the main water pipeline.

The waterline is the only centralized source of water supply for consumers in Kurmangazy, Isatai and Zhylyoi districts of the Atyrau region with an actual annual volume of water supply of 8.7 million m³, and for Zhanaozen town, Beineu, Mangystau, Karakiya and Touptaragan districts with an actual annual volume of water

supply 17.5 million m³. The population consuming that water is more than 35% of the population of the Mangystau region and more than 28% of the population of the Atyrau region.

The water supply volume for 2021 was 29,387 thousand m³, with the main share supplied to utility enterprises (49.9%) and oil and gas producers (42.3%). Water supply to industrial enterprises was 6.6%, while the shares supplied to agricultural producers and to the public and budgetary enterprises were 0.7% and 0.5% respectively.

The increase in loss compared to 2020 is due to an increase in electricity tariffs and an increase in expenses under the "Depreciation" item due

to the revision of the service life of the "Kulsary-Tengiz" waterline.

The Company has established the following goals for 2022:

- starting implementation of the investment project "Reconstruction and expansion of the main water pipeline "Astrakhan-Mangyshlak", 1 stage";
- completing the construction of the waterline to the Kashagan CGTP;
- ensuring uninterrupted water supply to the west regions of Kazakhstan.

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BATUMI OIL TERMINAL LLC

BATUMIOILTERMINAL.COM



Batumi Oil Terminal LLC (BOT) is a 100% subsidiary of KazTransOil JSC. The direct ownership and management of production assets in Georgia is exercised through BOT.

BOT's core activity consists in providing services related to transshipment, pumping and storage of oil, petroleum products and gas, as well as corresponding refining products, using its own wharfs, process pipelines and tanks.

BOT KEY PERFORMANCE RESULTS

INDICATOR	2019	2020	2021
FINANCIAL RESULTS			
Net income/losses, million tenge	-12,436	-327	2,472
OPERATING RESULTS			
Oil and petroleum product transshipment, thousand tonnes	857	1,051	1,324
Unauthorised tie-ins, ea.	0	0	0
SUSTAINABLE DEVELOPMENT INDICATORS			
Manning level, persons	1,246	1,234*	1,195
Emissions, tonnes	483	280	400
Waste water discharges, tonnes	53	68	68
Waste recycling, tonnes	1,339	330	226
Accidents, ea.	2	2	1
Power consumption, million kWh	9	10	10

* The difference between the 2020 figure and the data reported last year is due to the recalculation of the BOT workforce due to improvements in the collection methodology and the refinement of the indicator's boundaries.

BOT's advantage over its competitors is its flexibility in terms of storage and transshipment of various types of oil and petroleum products, (including liquefied petroleum gas) — up to 22 types. BOT's facilities consist of 133 tanks, process pipeline systems, six loading racks, three wharfs and a single-buoy mooring point.

Transshipment of oil and oil products based on the results of BOT's activities amounted to 1,324 thousand tonnes, which is 26% higher than in 2020 due to the following factors:

- increased transshipment of light oil products by 267 thousand tonnes due to increased nominations from the shipper;

- increased oil transshipment due to storage and shipment of the tanker batch of 26 thousand tonnes;
- increased transshipment of dark oil products by 15 thousand tonnes due to increased nominations from the shipper;
- decrease in gas transshipment volumes by 35 thousand tonnes due to a decrease in the monthly volume of transshipment from 10 thousand tonnes to 6 thousand tonnes.

At the end of 2021, the consolidated net profit (at the level of BOT) amounted to 2,472 million tenge against the plan of 213 million tenge, which is 1,061% or 2,259 million tenge

higher than was planned. The increase in net profit of BOT in 2021 by 2,799 million tenge compared to the fact of 2020 is mainly due to an increase in operating income from the main connection due to an increase in the volume of transshipment of oil and oil products.

The Company has established the following goals for 2022:

- to achieve the production and financial indicators according to the business plan while ensuring production safety and environmental protection;
- to develop additional activities and to diversify its operations.

PETROTRANS LIMITED COMPANY

PETROTRANS.KZ



Petrotrans Limited Company (PTL) is a 100% subsidiary of KazTransOil JSC, which engaged in freight forwarding via the Transcaucasian route.

PTL provides transportation services from the Caspian region via Georgia. Its business and operating activities are related to oil and petroleum product forwarding services.

PTL KEY PERFORMANCE RESULTS

INDICATOR	2019	2020	2021
FINANCIAL RESULTS			
Net income, million tenge	744	977	239
OPERATING RESULTS			
Oil and petroleum product transshipment, thousand tonnes	301	310	140
Tie-ins, ea.	0	0	0
SUSTAINABLE DEVELOPMENT INDICATORS			
Manning level, persons.	12	12	12

The integrated services rendered to the customers include rail transportation of oil and petroleum products from Georgia and Azerbaijan border to Batumi Oil Terminal, supply monitoring and remote control, petroleum product unloading from rail tank cars, product unloading from tanks and storage at the premises of Batumi Oil Terminal LLC.

PTL's performance in terms of transshipment of oil and petroleum products reduced by 55% in 2021 as compared to 2020 due to the following factors:

- decrease in the volume of gas transshipment by 35 thousand tonnes, due to the absence of nominations from the consignor — Tengizchevroil LLP;
- decrease in transshipment volumes of dark oil products, which was caused by temporary transshipment of dark oil products through BNT facilities without the participation of PTL company;
- at the same time, additional volumes of light oil products were attracted in the volume of 47 thousand tonnes.

The Company's principle goal for 2022 is to achieve the production and financial indicators according to the business plan while ensuring production safety and environmental protection.

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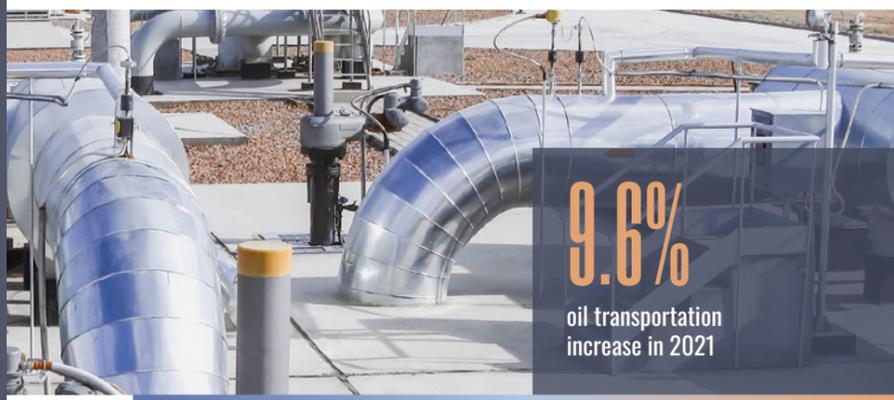
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KAZAKHSTAN-CHINA PIPELINE LLP



Kazakhstan-China Pipeline LLP (KCP LLP) is a joint venture between KazTransOil JSC (50%) and China National Oil and Gas Exploration and Development Company Ltd. (50%) established to design, construct and operate the Atasu-Alashankou and Kenkiyak-Kumkol oil pipelines that are part of the Kazakhstan-China oil pipeline system.

KCP LLP KEY PERFORMANCE RESULTS

INDICATOR	2019	2020	2021
FINANCIAL RESULTS			
Net income/losses, million tenge	25,392	16,984	23,216
OPERATING RESULTS			
Oil transportation, thousand tonnes	16,200	15,883	17,411
Oil turnover, million tonnes-km	14,590	14,368	15,592
Unauthorised tie-ins, ea.	0	0	0
SUSTAINABLE DEVELOPMENT INDICATORS			
Manning level, persons	184	184	185
Emissions, tonnes	183	183	175
Waste recycling, tonnes	54	62.2	37.4
Accidents, ea.	0	0	0
Power consumption, million kWh	39.5	41.3	47

KCP LLP core activity is to provide oil transportation services via main pipelines. The Atasu-Alashankou main pipeline is 965,1 km long, while the Kenkiyak-Kumkol pipeline is 794,26 km long.

Net income in 2021 compared to 2020 increased by 36,7%, driven by foreign exchange losses in 2020 in the amount of 13,3 billion tenge, while foreign exchange losses in 2021 amounted to only 2,8 billion tenge.

Oil transportation via KCP LLP main oil pipelines in 2021 increased by 9,6% as compared to 2020. The growth in oil transportation volumes is associated with an increase in oil supplies from the west region due to the commissioning of the "Kenkiyak-Atyrau" oil pipeline reverse project in mid 2021.

The Company has established the following goals for 2022:

- to ensure financial stability of the company;

- to attract additional oil volumes for transportation;
- to ensure safe and uninterrupted oil transportation.

MUNAITAS LLP



MunaiTas North-West Pipeline Company Limited Liability Company (MunaiTas LLP) is a joint venture between KazTransOil JSC (51%) and CNPC Exploration and Development Company Ltd (49%), established to implement a project to design, finance, construct and operate the Kenkiyak-Atyrau oil pipeline that is part of the Kazakhstan-China oil pipeline system.

MUNAITAS LLP KEY PERFORMANCE RESULTS

INDICATOR	2019	2020	2021
FINANCIAL RESULTS			
Net income, million tenge	1,848	2,428	2,314
OPERATING RESULTS			
Oil transportation, thousand tonnes	3,232	3,321	4,273
Oil turnover, million tonnes-km	1,232	1,322	1,725
Unauthorised tie-ins, ea.	0	0	0
SUSTAINABLE DEVELOPMENT INDICATORS			
Manning level, persons	114	116	112
Emissions, tonnes	10.5	37.5	57.6
Oil-contaminated waste recycling, tonnes	11.25*	0	27.5
Accidents, ea.	0	0	0
Power consumption, thousand kWh	343	390	4,156

*The difference between the indicator for 2019 and the data presented in previous years' reports is due to the fact that previously the total volume of disposed waste was indicated, including 11,25 tonnes — oily waste, 0,12 tonnes — waste paper, 0,71 tonnes — waste from machinery and cartridges. In the Annual Report for 2021 the indicator was brought in line.

MunaiTas LLP core activity is to provide oil transportation services via the main pipeline. The Kenkiyak-Atyrau oil pipeline is 448.85 km long and has the tank farm facilities of 40 000 m³.

Net income in 2021 is 4,7% lower than in 2020 due to a decrease in foreign exchange gains.

In 2021, MunaiTas LLP oil transportation volume increased by 28.7% as compared to 2020 due to changes in oil handover volumes by shippers. In 2021, MunaiTas LLP oil transportation volume increased by 28.7% as compared to 2020 due to changes in oil handover volumes by shippers.

In 2021, the volume of transportation to the domestic market (in the reverse direction to refineries) increased by 57% compared to 2020.

The increase of the emissions of pollutants into the atmosphere compared to 2021 is due to the receipt of permits for emissions for the period of construction work and the commissioning of Aman OPS .

The increase in the volume of disposed oily waste compared to 2020 is due to the fact that since the second half of 2021 the treatment device was launched and production work was carried out.

The increase in electricity consumption in 2021 is associated with the commissioning of Aman OPS MP "Kenkiyak-Atyrau" in the 3rd quarter of 2021, which provides the operation of pumps in the amount of 4 units, the capacity of each pump is 1,500 kW.

In 2022 the company will work to ensure safe and uninterrupted oil transportation via the Kenkiyak-Atyrau oil pipeline.

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BUSINESS PROCESS TRANSFORMATION AND OPTIMISATION



In KazTransOil JSC, as part of the transformation and optimization of business processes, projects are being implemented to improve the efficiency of activities, as well as post-project monitoring of implemented projects.

In 2021, KazTransOil JSC continued to implement the actions stipulated by KazTransOil JSC Business Process Transformation and Optimisation Programme as well as the Action Plan for KazTransOil JSC Performance Improvement.

PROJECT "IMPROVING THE EFFICIENCY OF THE FUNCTION FOR ORGANIZING DESIGN-AND-SURVEY WORKS OF KAZTRANSOIL JSC"

The project is aimed at improving the efficiency of the function for organizing design-and-survey work (R&D) of the Company by agreeing on the type of activity for the implementation of engineering and technical design for Company's subsidiaries, as well as including in the functional efficiency passport of the heads of structural divisions of the central office of the indicator to increase the responsibility of the initiators of R&D for their subsequent implementation.

By the decision of the Board of KazTransOil JSC in June 2021, the KPIs of the directors of departments (Operations Department, APMS&MS Department, Telecommunications Department and Capital construction's and Capital repair's Department) were approved with the inclusion in the passport of the functional KPI of the indicator to increase the responsibility of the initiators of design-and-survey projects for their subsequent implementation.

In July 2021, the Agency of the Republic of Kazakhstan for the Protection and Development of Competition agreed with the Company on the type of activity for the implementation of engineering and technical design for the Company's subsidiaries and on November 5, 2021, by decision of the extraordinary General Meeting of Shareholders of the Company, the Charter of KazTransOil JSC was adjusted accordingly. In December 2021, the project was closed.

PROJECT "UPDATING AND IMPROVEMENT OF INTERNAL DOCUMENTS OF THE IMS OF KAZTRANSOIL JSC"

Based on the results of the analysis of the IMS documents of the Company on the business processes of KazTransOil JSC, a Plan for the development / updating of IMS documents of KazTransOil JSC (long-term) for 2022-2026 was formed and approved on December 7, 2021. On December 14, 2021, the project was closed.

In addition, the Company carries out post-project monitoring of six projects provided for by the Action Plan to improve the efficiency of KazTransOil JSC and are in post-monitoring.

The economic effect of six implemented projects over 5 years (2017-2021) amounted to about 6,7 billion tenge.

PLANS FOR 2022 AND MEDIUM-TERM PLANS

In 2022, it is planned to implement performance improvement projects under the Action Plan to improve the efficiency of "KazTransOil" JSC, as well as post-project monitoring of performance improvement projects in order to analyze the achievement of the planned benefits of the implemented projects.

STATE REGULATION AND SERVICE TARIFFS



In accordance with the legislation of the Republic of Kazakhstan on natural monopolies, the tariff for regulated services should provide reimbursement for the costs of providing a regulated service and making a profit directed to the development and efficient functioning of a natural monopoly entity and other purposes not prohibited by the legislation of the Republic of Kazakhstan.

Pursuant to the laws of the Republic of Kazakhstan on natural monopolies, KazTransOil JSC is a natural monopoly in the following areas:

- services to transport oil and/or petroleum products via main pipelines, other than transportation for the purpose of transit through the Republic of Kazakhstan and export outside the Republic of Kazakhstan;

- Power transmission services;
- services related to heat energy generation, transmission and distribution;
- sewage disposal services.

TARIFFS FOR KAZTRANSOIL JSC OIL PUMPING SERVICES VIA THE MAIN OIL PIPELINE SYSTEM AS OF DECEMBER 31, 2021

DIRECTION	MEASURING UNIT	01.01.2021-31.11.2021	01.12.2021-30.12.2021
To the Republic of Kazakhstan domestic market	tenge/1,000 tonnes-km	4,355.57	4,328.04
For export outside the Republic of Kazakhstan	tenge/1,000 tonnes-km	7,358.76	7,358.76
Transit through the Kazakhstan section of the TON-2 trunk pipeline	tenge/1,000 tonnes-km	4,292.40	4,292.40
Transit to the PRC	US dollar/tonnes	4.23	4.23
Transit to the Republic of Uzbekistan	US dollar/tonnes	25.12	25.12
Transit to the Kyrgyz Republic	US dollar/tonnes	25.12	25.12

Tariffs for oil transportation services on the Republic of Kazakhstan domestic market are approved by the competent authority in the field of natural monopolies.

Tariffs for oil transportation services on the Republic of Kazakhstan domestic market are calculated in accordance with the Pricing Rules

approved by Order of the Minister of National Economy of the Republic of Kazakhstan dated November 19, 2019 No. 90.

Order of the NMRC Chairman dated November 27, 2020 No. 71-OD approved a tariff estimate and tariff for the regulated service related to oil pumping to the Republic of Kazakhstan

domestic market via KazTransOil JSC main pipeline system for 2021-2025 at 4 355,57 tenge per tonne per 1,000 km (excluding VAT).

Tariffs for oil transportation services for export from the Republic of Kazakhstan and transit through the Republic of Kazakhstan are approved independently by the Company.



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In order to calculate oil transportation tariffs for export and transit purposes, the Company has developed and applies a tariff calculation methodology for KazTransOil JSC oil transportation services via main pipelines for export from the Republic of Kazakhstan and for transit via the Republic of Kazakhstan.

The cost for transportation of Russian oil for transit through the Republic of Kazakhstan to the PRC is approved by the Republic of Kazakhstan Ministry of Energy.

For 2019 to 2023, Order of the Republic of Kazakhstan Minister of Energy dated December 28, 2018 No. 545 approved the cost for transportation of Russian oil through the Republic of Kazakhstan to the PRC at the Russian border — the Republic of Kazakhstan border (Priirtyshsk) — Atasu (Republic of Kazakhstan) section equal to 4,23 US dollar per 1 tonne excluding VAT

By order of the Chairman of the Committee for the Regulation of Natural Monopolies dated January 15, 2021 No. 97-OD, the temporary compensatory tariff for the service of wastewater disposal at the Priirtyshsk OPS of the Pavlodar Oil Pipeline Administration was canceled.

By order of the Acting Chairman of the Committee for the Regulation

of Natural Monopolies dated August 20, 2021 No. 80-OD, the tariff and tariff estimate for the regulated service of KazTransOil JSC was approved for the transshipment of oil to OPS named after Shmanov N.N. to the oil pipeline "Kenkiyak-Atyrau" in the amount of 30.5 tenge per ton (excluding VAT), with the commissioning from September 1, 2021.

By order of the Chairman of the Committee for the Regulation of Natural Monopolies dated October 29, 2021 No. 117-OD, a temporary compensating tariff for a regulated service for pumping oil to the domestic market of the Republic of Kazakhstan through the main pipeline system of KazTransOil JSC was approved in the amount of 4,328.04 tenge per 1 tonne per 1,000 km (excluding VAT), with entry into force from December 1, 2021.

By order of the Acting Chairman of the Committee for the Regulation of Natural Monopolies dated November 12, 2021 No. 124-OD, a temporary compensatory tariff for the regulated service of oil transshipment at the Kenkiyak HOPS was approved in the amount of 67.93 tenge per 1 tonne (excluding VAT), with the introduction effective from January 1, 2022.

By order of the Acting Chairman of the Committee for the Regulation of Natural Monopolies dated

November 26, 2021 No. 131-OD, a temporary compensating tariff was approved for the regulated service for pumping oil to the domestic market of the Republic of Kazakhstan through the main pipeline system of KazTransOil JSC in the amount of 3,728.82 tenge per 1 tonne per 1,000 km (excluding VAT), with entry into force from January 1, 2022 to December 31, 2022.

By order of the Acting Chairman of the Committee for the Regulation of Natural Monopolies dated November 26, 2021 No. 128-OD, temporary compensatory tariffs for regulated services were approved: for the transmission and distribution of heat energy in the amount of 269.51 tenge per Gcal (excluding VAT); for the production, transmission and distribution of thermal energy to the population, budgetary and non-profit organizations, enterprises providing utility services to the population — 1,712.97 tenge per Gcal (excluding VAT); for the production, transmission and distribution of thermal energy to industrial enterprises and commercial organizations — 11,731.19 tenge per Gcal (excluding VAT).

Currently, the above temporary compensatory tariffs are being challenged in accordance with the procedure established by law.

INVESTMENT PROGRAMME

KazTransOil JSC Investment Programme is aimed to ensure safe and accident-free operation of main oil pipelines and facilities. The programme provides for replacement of main oil pipeline

sections, reconstruction and construction of tanks, construction and reconstruction of chemical laboratory buildings, construction and reconstruction of main line pumping stations, pig launching and

receiving traps, replacement of process pipelines, production and process communication and APCS as well as procurement of motor vehicles and special production equipment.

PLANS FOR 2022 AND MEDIUM-TERM PLANS

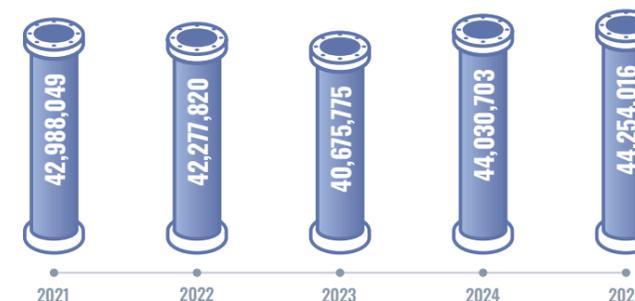
Approval of the tariff and tariff estimate for the regulated service of oil transshipment at OPS named after Shmanov N.N. to the "Kenkiyak-Atyrau" oil pipeline by October 1, 2022.

Joint order of the Committee for the Regulation of Natural Monopolies dated November 17, 2021 No. 126-OD and the Ministry of Energy of

the Republic of Kazakhstan dated November 22, 2021 No. 362 amended the joint order of the Ministry of Energy of the Republic of Kazakhstan dated

November 18, 2020 No. 397 and the Committee for the Regulation of Natural Monopolies dated November 12, 2020 No. 61-OD "On approval of the investment program of KazTransOil JSC for the service of pumping oil to the domestic market of the Republic of Kazakhstan through trunk pipelines for 2021-2025".

INVESTMENT PROGRAM OF KAZTRANSOIL JSC FOR 2021-2025 AS OF DECEMBER 31, 2021, THOUSAND TENGE



42,988 MILLION TENGE

volume of investment under the Investment Program of KazTransOil JSC in 2021





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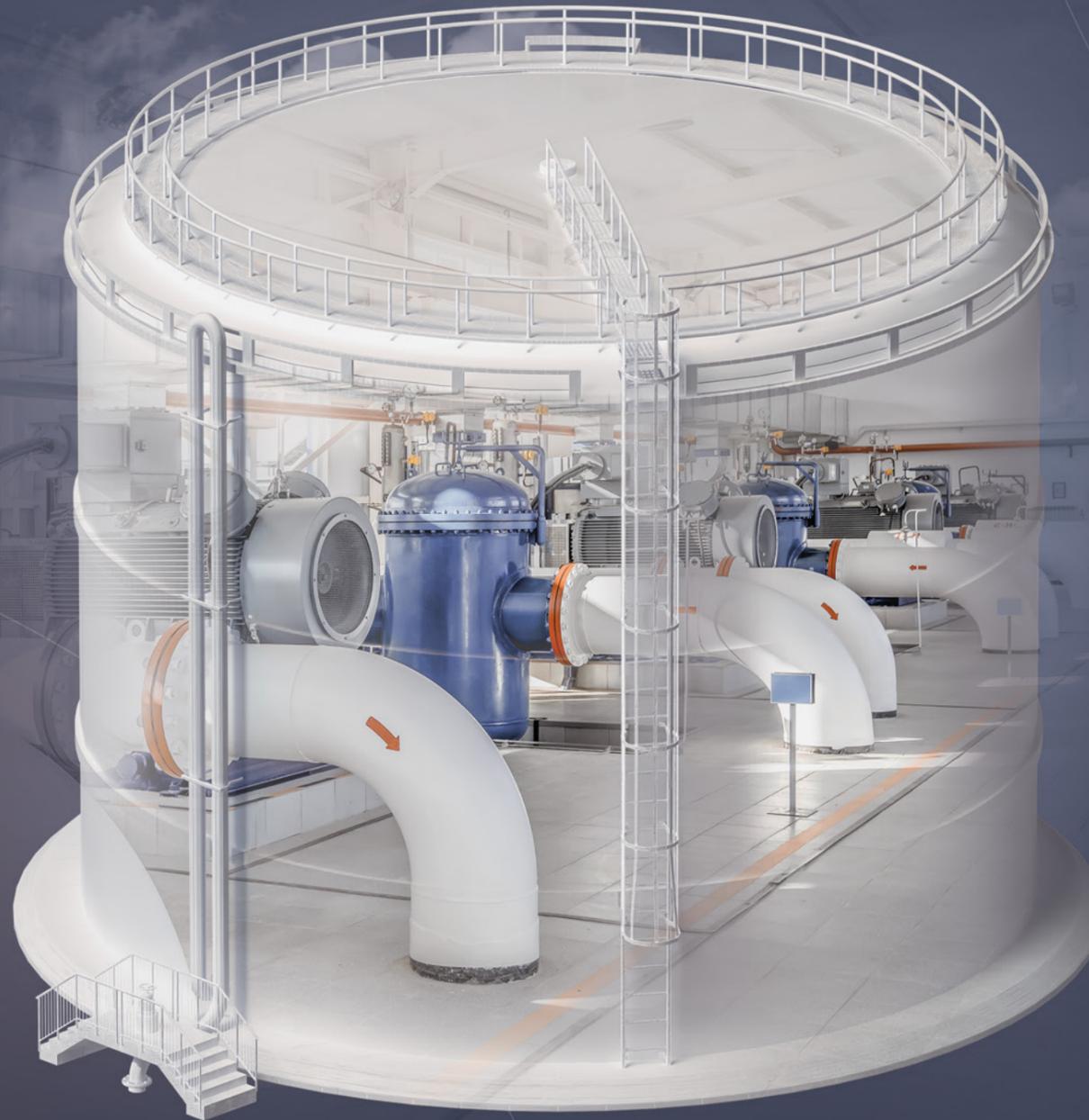
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SAFETY

Corporate values of KazTransOil JSC

THE COMPANY STRIVES TO ACHIEVE ZERO ACCIDENTS AT ITS PRODUCTION FACILITIES.



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ECONOMIC AND SECTOR REVIEW



ECONOMIC REVIEW

In 2021, countries around the world continued to struggle with the economic crisis caused by the COVID-19 pandemic. Despite the strong recovery of the global economy, its growth was fixed in the first half of 2021, and incoming economic data indicated a slowdown due to the continued spread of the Delta variant. At the end of 2021, the global economy showed growth of 5.9%. Gross domestic product (GDP) of developed economies showed an increase of 5.2%, while in developing countries this figure was

6.4%. (data from the International Monetary Fund (IMF)).

GDP of Kazakhstan began to recover at the end of 2020 and grew by 1.9% in the first quarter of 2021 after the worst decline in twenty years. By the end of 2021 GDP grew by 3.3%, particularly the manufacturing industry grew by 5.5%, trade increased by 9.2%, and the transport industry by 3.6%. The inflation rate was 8.4% at the same period. (data from the Ministry of National Economy of the Republic of Kazakhstan).

GDP PROFILE OF WORLD, ADVANCED AND DEVELOPING COUNTRIES (IMF), %

REGION	2019	2020	2021	2022 (FORECAST)
World	2.8	-3.1	5.9	4.9
Advanced	1.7	-4.5	5.2	4.5
Developing	3.7	-2.1	6.4	5.1

GDP PROFILE OF KAZAKHSTAN WITH IMF FORECAST, %

INDICATOR	2019	2020	2021	2022 (FORECAST)
Actual	4.5	-2.6	3.3	3.8
IMF forecast	3.1	3.9	3.0	3.9

GLOBAL HYDROCARBON MARKET

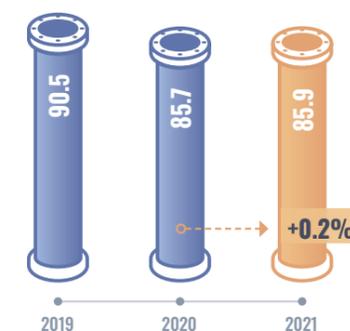
In 2021, an increase of number of vaccinated people against COVID-19 and following restrictions easing caused oil prices increase as well as the prevalence of global demand over supply. Price per barrel of Brent oil first settled at 50 US dollars, and by the end of October reached 86 US dollars per barrel, before declining in the last weeks of the year.

A high level of demand and a low level of supply have provoked decrease of oil stocks in the world from February to December 2021, which led to an even greater increase in prices. The largest decrease in stocks occurred in February, when Saudi Arabia cut production by 1.0 million barrels per day. The situation did not change until OPEC + countries announced an increase in oil production in the end of June. Despite the weakening of OPEC+ oil production quota and progressive recovery of the global demand, oil production in Kazakhstan remained stable in 2021 compared to last year.

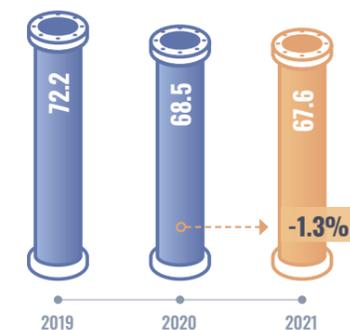
OIL PRODUCTION AND TRANSPORTATION IN KAZAKHSTAN

In 2021, OPEC+ countries, including the Republic of Kazakhstan, continued to impose restrictive measures on oil production due to decrease in global demand for energy resources. Thus, in 2021, oil production in the Republic of Kazakhstan remained almost at the level of 2020 and amounted to 85.9 million tonnes, while the volume of export of Kazakh oil decreased by 1.3% that is 67.6 million tonnes.

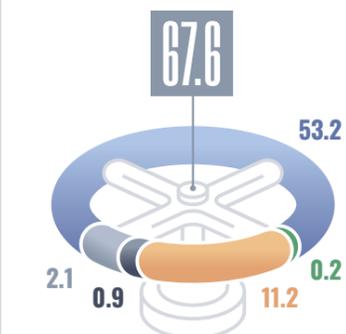
OIL AND GAS CONDENSATE PRODUCTION IN KAZAKHSTAN, MILLION TONES



KAZAKHSTAN OIL EXPORT, MILLION TONES



KAZAKHSTAN OIL AND GAS CONDENSATE EXPORT, MILLION TONES



- CPC oil pipeline
- Atyrau-Samara oil pipeline*
- Atasu-Alashankou oil pipeline**
- Aktau Port
- Railway

* About 1 million tonnes were supplied to Pavlodar Oil Chemistry Refinery LLP (POCR) in transit through Russian Federation by the Samara — TON-2 — Priirtyshsk — POCR route.

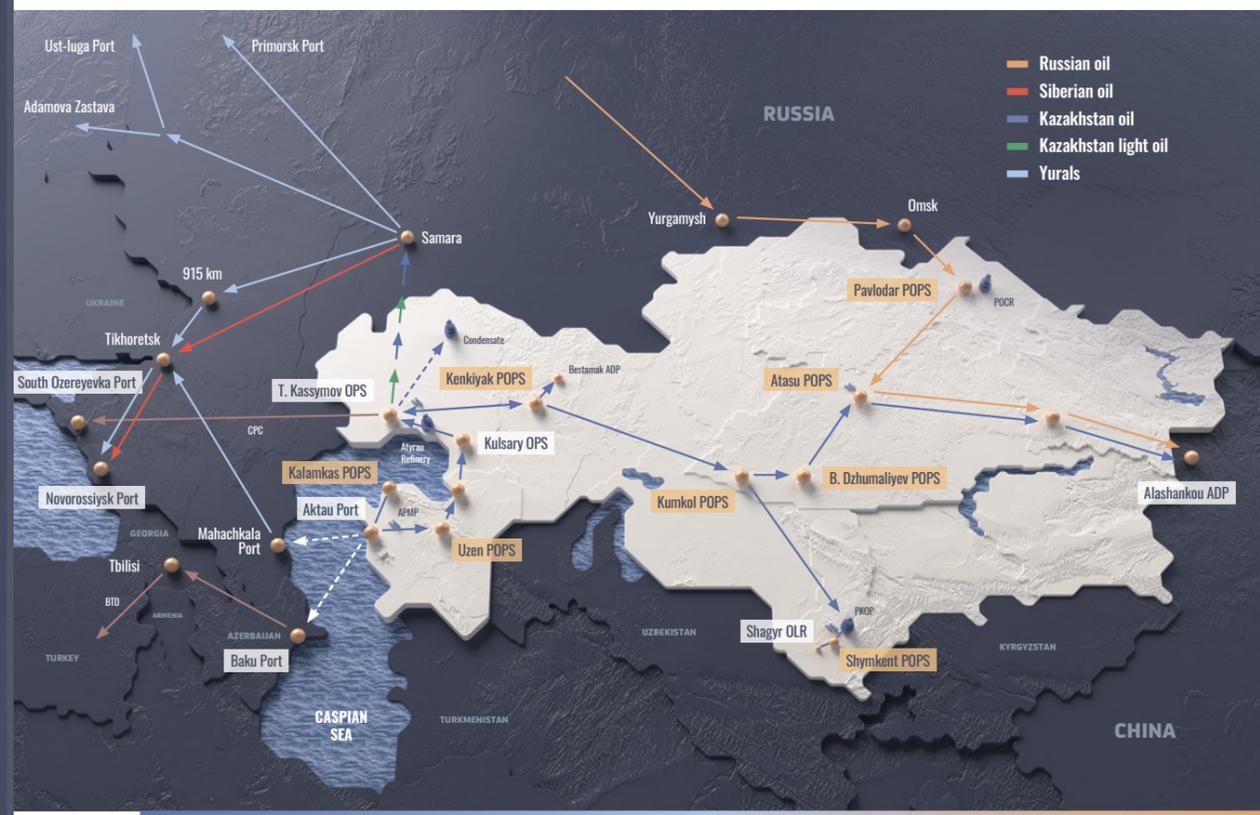
** The transportation volume was 11,0 million tonnes including transit supplies to the PRC in the amount of 10 million tonnes.

Traditionally, almost all oil produced in Kazakhstan has been exported via the Russian Federation. In 2021, over 98% of Kazakhstan oil export transited through Russia via the pipelines of Caspian Pipeline Consortium (CPC), Atyrau-Samara, through the port of Aktau and by railway.

Due to completion of the CPC oil pipeline expansion project in 2017 and the highest economic attractiveness, almost all oil produced at the Tengiz, Kashagan and Karachaganak fields. While,



OIL EXPORT AND TRANSIT DIRECTIONS



In 2019 CPC shareholders decided to implement the CPC Oil Pipeline Bottlenecks Elimination Project to increase its capacity to 81.5 million tonnes per year, including Kazakhstan section up to 72.5 million tonnes per year. The project is scheduled to be completed by the end of 2022. Due to forthcoming growth of oil production at Tengiz and Kashagan fields, increased oil production in Kazakhstan at present and in future, will be exported via CPC pipelines.

In 2021, Kazakhstan oil export by the CPC route reached 53.2 million tonnes making 78% of the total Kazakhstan oil export for the reporting year.

The Atyrau-Samara oil pipeline is the second by Kazakhstan oil export to the global market. Oil is supplied via the Atyrau-Samara oil pipeline and further via the Transneft PJSC system up to Ust-Luga Baltic terminal and Novorossiysk Black Sea port.

In 2021, 11.2 million tonnes of Kazakhstan oil were transported via the Atyrau — Samara oil pipeline. Decreased oil supply via this pipeline by 17% compared to 2020 is related to the general decrease in delivery of product to the main oil pipeline system and redistribution of supplies to other directions.

The overall reduction of oil delivery into KazTransOil JSC main oil pipeline system was mainly caused by:

- reduction of oil delivery by the Kumkol field group due to natural decrease of oil production rate;
- reduction of oil production in the Republic of Kazakhstan under the OPEC+ deal.

The volume of Kazakhstan oil transportation via the Atasu-Alashankou oil pipeline increased by 50% in 2021 and amounted to 0.9 million tonnes excluding transit of Russian crude oil, which amounted to 10 million tonnes.

COMPANY RESULTS IN 2021



OIL TRANSPORTATION

Oil transportation is the main strategic development area for KazTransOil JSC and the Company's key source of profit, which ensures its stable operation.

Oil is transported via the Company's main oil pipeline system in accordance with oil supply schedules approved by the Republic of Kazakhstan Ministry of Energy according to the contracts with consumers in the following areas:

- Oil supply for export via the Atyrau-Samara oil pipeline (through the Russian Federation);
- Oil supply for domestic market: Atyrau Refinery LLP (AR), PetroKazakhstan Oil Products LLP (PKOP), Pavlodar Oil Chemistry Refinery LLP (POCR) and CASPI BITUM LLP;
- Oil loading to tankers in the port of Aktau;
- Oil transshipment to CPC-K JSC, MunaiTas LLP and KCP LLP system;
- Oil loading into rail tank cars from Shagyr OLS and T. Kassymov OPS rail loading racks.

OIL TRANSPORTATION VOLUME, THOUSAND TONNES

INDICATOR	2019	2020	2021	2022 (PLAN)	CHANGE, %
KazTransOil JSC	44,463	42,298	41,224	40,622	-2.5
BOT and PTL group of companies	857	1,051	1,324	1,384	26.0
KCP LLP	16,200	15,883	17,411	18,005	9.6
MunaiTas LLP	3,232	3,321	4,273	4,310	28.7

The oil volume transported by KazTransOil JSC in 2021 was 41,298 thousand tonnes, which is 2.5% less as compared to 2019.

CONSOLIDATED OIL TURNOVER BROKEN DOWN BY SJCEs*, MILLION TONNES-KM

INDICATOR	2019	2020	2021	2022 (PLAN)	CHANGE, %
Oil turnover, million tonnes-km, out of which:	45,580	43,757	43,837	43,805	0.2
KazTransOil JSC	37,657	35,899	35,162	34,897	-2.1
KCP LLP	14,590	14,368	15,592	15,970	8.5
MunaiTas LLP	1,232	1,322	1,725	1,809	30.5

* Oil turnover is calculated taking into account the interest held by KazTransOil JSC in the SJCE.

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OIL SUPPLIES TO REFINERIES DIRECTIONS



OIL TRANSPORTATION BROKEN DOWN BY DIRECTIONS IN KAZTRANSOIL JSC MAIN OIL PIPELINE SYSTEM, THOUSAND TONNES

DIRECTION	2019	2020	2021	2022 (PLAN)	CHANGE, %
To oil refineries					
Atyrau Refinery	5,296	4,962	5,452	5,400	9.9
PKOP	5,391	4,796	5,169	6,000	7.8
Pavlodar Refinery	5,298	4,998	5,389	5,300	7.8
CASPI BITUM LLP	897	854	929	850	8.7
Transit through the Russian Federation					
Atyrau-Samara oil pipeline	14,328	14,478	12,173	10,461	-15.9
Shipment via the port of Aktau					
Loading into tankers at Aktau HOPS	2,020	2,098	2,106	2,200	0.4
Oil transshipment to pipeline companies					
KCP LLP (Atasu-Alashankou oil pipeline)	10,846 (incl. transit of 9,989)	10,550 (incl. transit of 9,989)	10,957 (incl. transit of 9,989)	11,007 (incl. transit of 10,000)	3.9
CPC-K JSC (CPC oil pipeline)	1,770	502	490	1,010	-2.4
MunaiTas LLP	2,880	2,980	3,954	3,986	32.7
KCP LLP (Kenkiyak-Kumkol oil pipeline)	5,156	5,227	6,274	7,144	20.0
Rail loading racks					
Tkassymov OPS railway trestle	32	123	51	120	-58.5
Shagyr OLS rail loading rack	94	354	40	120	-88.7

8.5%

volume of oil delivery to the Republic of Kazakhstan refineries increase in 2021

Oil transportation reduction is mainly related to decreased delivery of oil by consumers due to reduced production of oil in the Republic of Kazakhstan under the OPEC+ deal and reduced oil delivery into the main oil pipeline system of the Kumkol group field.

The volume of oil delivery to the Republic of Kazakhstan refineries increased by 8.5% in 2021 and amounted to 16 939 thousand tonnes. Oil is delivered to the Republic of Kazakhstan refineries on the basis of approved monthly schedules of the Republic of Kazakhstan Ministry of Energy.

Reduced oil supply via the Atyrau-Samara oil pipeline by 15.9% as compared to 2020 is related to general decrease of oil delivery to the main oil pipeline system, re-distribution of supplies to other routes, including to the reverse direction via Kenkiyak-Atyrau oil pipeline. Main delivery destinations of Kazakhstan shippers through the Russian Federation are the ports of Ust-Luga and Novorossiysk.

In 2021, 2 106 thousand tonnes of oil were shipped through the port of Aktau, which is the same level as in 2020. Oil was loaded into tankers in the port of Aktau for further shipment to the ports of Makhachkala and Baku.

43.8 BILLION TONNES-KM

consolidated oil turnover

Shipment of oil from Shagyr OLS continued in 2021 to the Republic of Uzbekistan in the amount of 40 thousand tonnes. Oil was also shipped from

T. Kassymov OPS loading rack for export and delivery to the domestic market in the amount of 51 thousand tonnes.

Reduction of oil transshipment to the CPC-K JSC system as compared to 2020 is related to re-distribution of supplies by other routes.

The Company has introduced and efficiently uses a quality management system that complies with ISO 9001:2015 Quality Management System. Requirements and Guidelines which is part of the integrated management system.

In order to continuously improve the quality of its services, the Company performed a survey in 2021 in order to assess satisfaction of oil transportation service consumers. According to the survey results, the overall satisfaction coefficient was 100%.

OPERATION AND RELIABILITY

The Company is constantly working on ensuring reliable and safe operation of main pipelines and production facilities, both core and auxiliary.

The Operations Department is in charge of the corresponding activities.

In order to ensure production reliability and improve efficiency of production processes, the Company plans and implements all necessary measures for maintenance, repair and diagnostics of pipelines during the reporting period.

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WORKS ON ENSURANCE PRODUCTION RELIABILITY AND IMPROVEMENT OF PRODUCTION PROCESSES EFFICIENCY

ORGANIZATION AND IMPLEMENTATION OF PLANS FOR ORGANIZATIONAL AND TECHNICAL MEASURES

- Preparation of main oil pipeline facilities for the spring flood period — **40 events**
- To ensure the reliability of main oil pipelines — **70 events**
- Preparation of main oil pipeline facilities for operation in autumn-winter period — **47 events**

PROTECTION OF OBJECTS OF MAIN PIPELINES FROM CORROSION

- Internal anti-corrosion coating applied to **7 tanks**

CONDUCTING DIAGNOSTIC WORK

- In-line diagnostics of **1,803 km** of main pipelines using methods such as calibration, profilometry, as well as a using an in-line magnetic and ultrasonic projectile
- Examination of **23 tanks**
- Technical diagnostics and expert examination of **7 oil heaters**
- Inspection of **34,328.9 running meters** of technological pipelines
- Connection of **83.67 km** of new sections of oil pipelines

AIR AND AUTOMOBILE PATROLLING OF MAIN PIPELINES

- Air and ground patrols of the main oil pipelines of **5,373 km** were carried out, in accordance with the established procedure

IMPLEMENTATION OF MEASURES AIMED AT IMPROVING THE TECHNICAL AND ECONOMIC INDICATORS OF OPERATION

- 83.67 km** of new sections of oil pipelines connected

MONITORING THE INTEGRITY OF MAIN OIL PIPELINES

- Eliminated **1,535 defects** in the pipes of main oil pipelines

TAKING MEASURES TO PREVENT ACCIDENTS

- No accidents were recorded during the reporting period

INCIDENTS AT THE COMPANY'S PRODUCTION FACILITIES

INCIDENT GROUP	2019	2020	2021	CHANGE, %
Malfunctions of mechanical, energy and technological equipment of the main activity	89	81	27	-66.7
Malfunctions of the equipment of the automation system of the main activity	21	19	21	10.5
Malfunctions of equipment for industrial and technological communication of the main activity	52	21	6	-71.4

42.5%

reducing the number of incidents at the Company's production facilities

PIPELINE STOCK AND PRODUCTION FACILITIES

The total length of KazTransOil JSC main oil pipelines is 5,373 km.

Oil transportation via the main oil pipelines is supported by 36 oil pumping stations, 67 oil heaters and the oil tank farm intended to store the total of 1.386 thousand m³.

Oil transshipment is supported by four loading/unloading rail racks and the corresponding equipment to load oil into tankers, installed at two acting wharfs at the offshore oil loading terminal at the port of Aktau.

Power for oil pumping stations is supplied by fourteen 35-220-kV substations and fifty two ZRU-6-10-kV closed switchgear units.

213 pumping units are in operation with 903 motor vehicles (without trailers).

In order to heat premises in winter, 42 boiler stations are in operation with 89 water boilers and four steam boilers.





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COMPANY'S PRODUCTION FACILITIES

5,373  **KM**
 main oil pipelines

OIL TRANSPORTATION

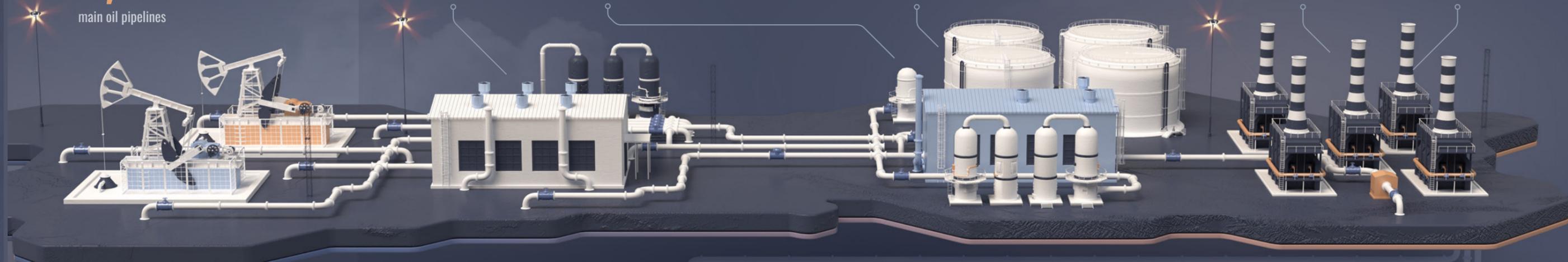
11 oil metering units

36 oil pumping stations

1,386 **THOUSAND M³**
 oil tank farm

7 oil heating stations

67 oil heaters

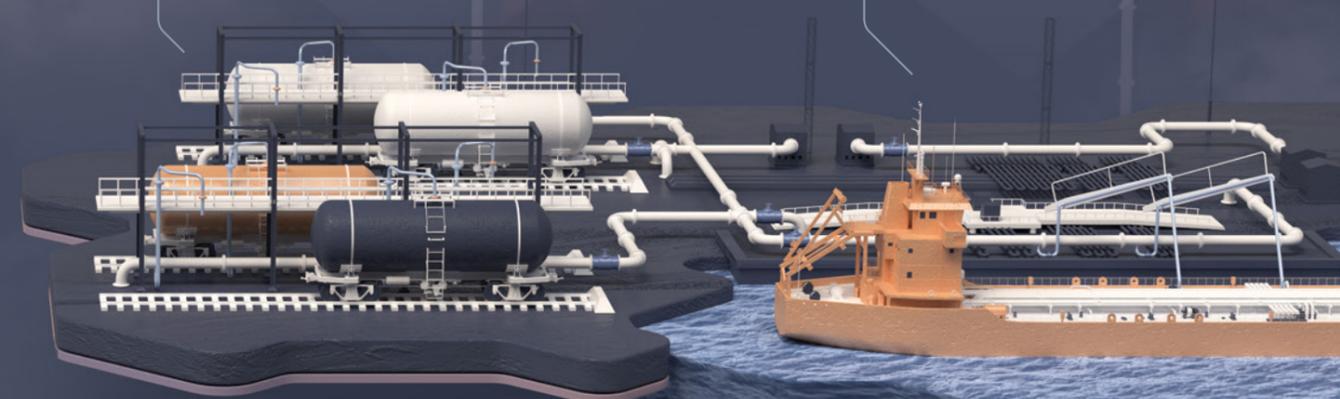
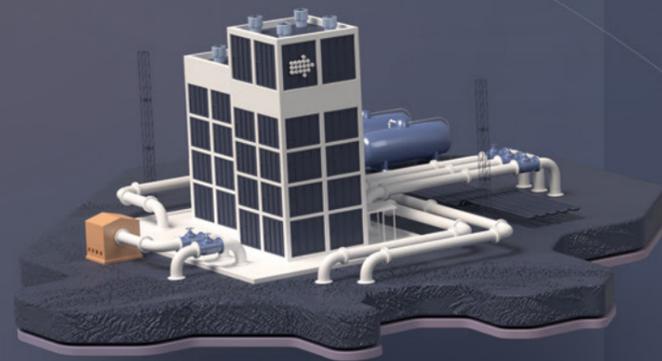


3,328 **KM**
 pipelines in maintenance and operation

REFINERY

4 rail loading/unloading racks

PIER OF THE MARINE OIL TERMINAL OF AKTAU PORT



OPERATING SERVICES



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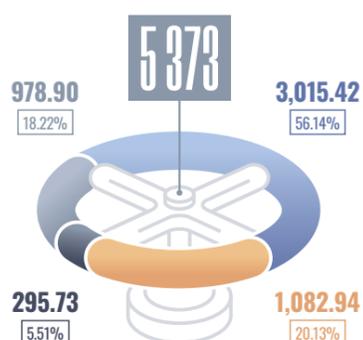
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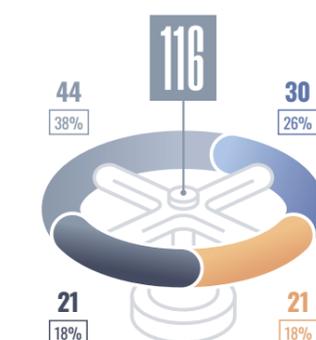
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AGE PROFILE OF MAIN OIL PIPELINES AS OF 31 DECEMBER 2021, KM



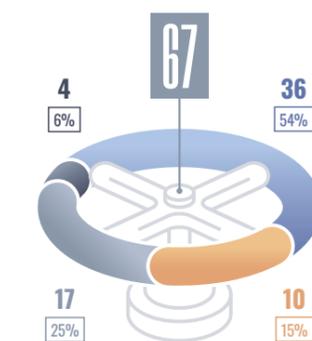
- Up to 10 years old
- From 10 to 20 years old
- From 20 to 30 years old
- More than 30 years old

TANK FARM AGE PROFILE AS OF 31 DECEMBER 2021, PCS.



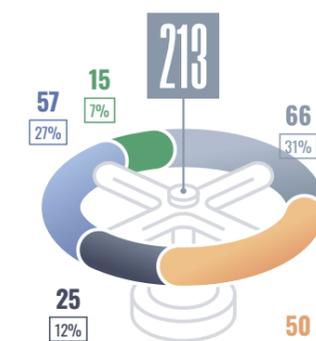
- Up to 10 years old
- From 10 to 20 years old
- From 20 to 30 years old
- More than 30 years old

AGE PROFILE OF OIL HEATERS AS OF 31 DECEMBER 2021, PCS.



- Up to 10 years old
- From 10 to 20 years old
- From 20 to 30 years old
- More than 30 years old

AGE PROFILE OF PUMPING EQUIPMENT AS OF 31 DECEMBER 2021, PCS.



- Up to 10 years old
- From 10 to 20 years old
- From 20 to 30 years old
- From 30 to 40 years old
- More than 40 years old

Pipelines over 30 years make up the major share in the age profile of main oil pipelines — **3,016.844 km (56.14%)**.

PLANS FOR 2022 AND MEDIUM-TERM PLANS

- Preparation of facilities of main oil pipelines for spring floods and for work in the autumn-winter period.
- Conducting in-line diagnostics of 323.7 km of main pipelines.
- Elimination of 1,100 defects in the pipes of main oil pipelines and inspection of 18 units of tanks.
- Technical diagnostics and expert examination of 4 oil heaters and examination of 12,213 technological pipelines.
- Connection of 59.6 km of new sections of oil pipelines.

OVERHAUL AND CAPITAL CONSTRUCTION

The Company's pipeline assets, which generate the bulk of the revenue, require constant maintenance and improvement of their technical condition. In addition, the system of main oil pipelines is the most important component of the fuel and energy complex of the Republic of Kazakhstan.

The Company made capital investments in the total amount of 61,263 million tenge, in order to maintain and improve the technical condition of the existing oil pipeline system in 2021.

As a part of the implementation of the capital investment plan, the Company is building, reconstructing and partially replacing main oil pipelines, updating equipment and special equipment due to their wearing out, as well as staffing work teams for the purpose of high-quality and timely maintenance, current repairs and routine maintenance on diagnostics.

Overhaul of pipelines, construction, modernization and other related works can reduce the risk of downtime and emergencies, increase the safety level of main oil pipeline facilities, which as a result will ensure reliable, safe and uninterrupted provision of oil transportation services.

TOTAL AMOUNT OF CAPITAL INVESTMENTS, MILLION TENGE

INDICATOR	2019	2020	2021	2022 (PLAN)*	CHANGE, %
Capital investments of KazTransOil JSC**, including:	42,858	49,715	61,263	60,407	23.2
new projects	70	78	325	1,059	316.7
supporting current production level	42,761	49,635	60,873	59,315	22.6
administrative	27	3	65	33	2,060

* According to Business Plan of KazTransOil JSC for 2022-2026 approved by the decision of Board of Directors of the Company on December 10, 2021.

** The consolidated volume of capital investments of the Company (share method) is indicated.

The results on capital investments for 2021 show that the main resources of the Company were directed to maintain the current level of production. That is 99.4% of the total capital investments in 2021.

RECONSTRUCTION OF MAIN OIL PIPELINES WITH REPLACEMENT OF THE MAIN PIPE IN 2021

In order to comply with the requirements of the legislation of the Republic of Kazakhstan, as well as ensure the reliable and safe operation of production facilities in 2021, the Company carried out the following overhaul activities:

- Replacement of the pipeline at sections 230-244 km, 267-282 km, 284-291 km, L=36 km of the Uzen-Atyrau-Samara main oil pipeline. The object was put into operation on November 8, 2021;
- Reconstruction of the underwater crossing of the Pavlodar-Shymkent main oil pipeline across the Badam River at 1,609.1 km. The object was put into operation on December 31, 2021.

61,263 MILLION TENGE

Capital Investments Total

ACTIONS TAKEN TO PROVIDE OPERATING SERVICES

Operating services of KazTransOil JSC comprise the activities related to operation, including maintenance, of main pipelines owned by third parties, as well as maintenance and repair of main waterlines in the NC KazMunayGas JSC Group. Operating services are a core activity aimed at expanding the scope of services to third-party oil pipelines.

The company has significant competencies, rich experience and technologies related to the provision of operator services.

The Operating Service Department (OSD) manages these activities at the Company. The Company's Production Programme in terms of operating services is implemented by the personnel engaged at West Operating Service Administration (WOSA) and East Operating Service Administration (EOSA).

1,328

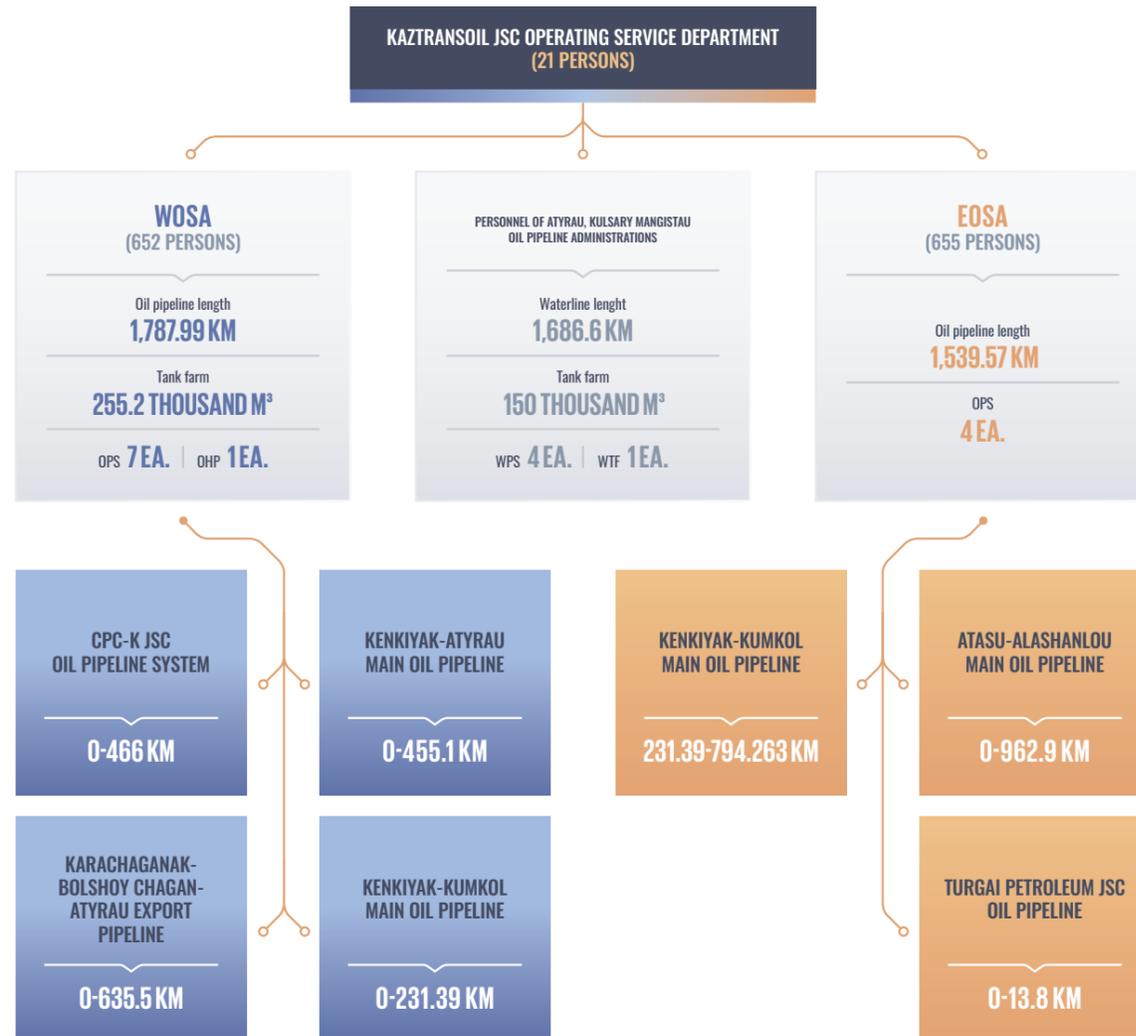
total number of employees engaged in operating services

KazTransOil JSC provides operating services to the following companies:

- Kazakhstan-China Pipeline LLP;
- MunaiTas LLP;
- Karachaganak Petroleum Operating B.V. company (KPO);
- Turgai-Petroleum JSC;
- CPC-K JSC;
- Main Waterline LLP

The total length of oil pipelines covered by the services is 3,327.56 km with a total number of 1,328 Company's employees engaged in this area, including 21 employees at OSD, 652 employees at WOSA and 655 employees at EOSA.

OPERATING ORGANISATION



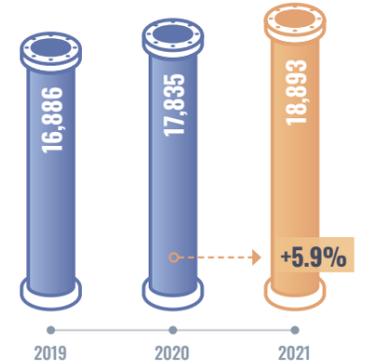
* The section of the Astrakhan-Mangyshlak main waterline from 0 km to 285 km and the loop from 207 km to 285 km is serviced by Main Waterline LLP

Revenues from operating services increased by 5.9% in 2021 as compared to 2020, and amounted to 18,892.61 millions tenge. MunaiTas LLP (26.1%) and CPC-K JSC (5.7%) showed the largest growth due to the increased volume of service delivery (Aman OPS) and increased cost of MunaiTas LLP main pipeline operation services and signing of change order No. 3 to the contract with CPC-K JSC.

COMPANY REVENUES FROM OPERATING SERVICES
 BROKEN DOWN BY CONSUMERS, MILLION TENGE

SERVICE CONSUMERS	2019	2020	2021	CHANGE, %
KCP LLP	8,016	8,632	8,898	3.1
CPC-K JSC	4,495	4,862	5,139	5.7
Karachaganak Petroleum Operating B. V.	1,895	1,833	1,919	4.7
MunaiTas LLP	1,450	1,510	1,903	26.1
Turgai-Petroleum JSC	221	230	232	1.2
Main Waterline LLP	809	768	801	4.3
Total:	16,886	17,835	18,893	5.9

COMPANY REVENUES FROM OPERATING SERVICES, MILLION TENGE



* This includes revenues from the services provided to Main Waterline LLP

The consumers of the Company's operating services have stringent requirements for staff qualifications, occupational health and safety and technical equipment. To meet the requirements imposed by the consumers, the Company invests free available funds to develop this area of activities.

The Company on a permanent basis controls actual compliance with the occupational health and safety requirements of the Company's service customers. The Main Control Office (MCO) of KazTransOil JSC OTCC Branch on a 24/7 basis leads incoming reports on violation and/or incident at a facility.

In 2021, in order to ensure the reliability of production facilities owned by third-party organizations and to prepare facilities for operation during the autumn-winter and flood periods, 75 defects of main oil pipelines were eliminated by the operator services departments, including:

- Tengiz-Novorossiysk oil pipeline — 31 defect;
- Kenkiyak-Kumkol oil pipeline — 8 defect;
- Atasu-Alashankou oil pipeline — 36 defect.

Meanwhile there were no failures of the main equipment, accidents that led to environmental pollution and other accidents, fires, unscheduled downtime of equipment during the reporting period.

A survey was carried out in 2021 among consumers in order to assess the quality of operating services in accordance with ISO 9001:2015. The survey resulted in an overall score of 96%, which is 1% more than in 2020.

RESULTS OF THE CONSUMER SURVEY TO ASSESS SATISFACTION WITH QUALITY OF OPERATING SERVICES IN 2021

Turgai-Petroleum JSC	100%	Main Waterline LLP	100%
KPO	100%	MunaiTas LLP	100%
KCP LLP	100%	CPC-K JSC	77%

96%
 overall score

According to results of the analysis of the questionnaire for 2020, submitted by CPC-K JSC in 2021, the Company carried out and implemented action plans to improve the activities of WOSA, including work to improve the qualifications of specialists in welding production, a mobile research laboratory, engineering and technical workers of an emergency recovery center. Meetings are held on a regular basis with representatives of CPC-K JSC, at which current issues of operational activities and measures taken to improve the quality of services provided are discussed.

A large scale of high-quality work has been done to adapt the units to work in the context of the COVID-19 pandemic. Also, to prevent registered traffic accidents, fires and accidents with temporary loss of working capacity constant work is carried out.

The result of the work done is a reduction in the number of complaints letters from the KCP, as well as an increase in the satisfaction rating from 68% in 2020 to 77% in 2021.

PLANS FOR 2022 AND MEDIUM-TERM PLANS

The Company sets the following objectives to improve the quality of services related to operation and maintenance of third-party main oil pipelines and waterlines:

- accident-free provision of operating services;
- to maintain a high index of consumer satisfaction with operating services (not less than 96%);
- to improve the equipment maintenance and repair system;
- to ensure the profitability of services related to operation of oil pipelines owned by third parties;
- to sign new long-term contracts with Kazakhstan-China Pipeline LLP and MunaiTas LLP for 2022-2024.

INVESTMENT ACTIVITY



KazTransOil JSC is implementing several important investment projects aimed at creating a diversified, reliable and safe pipeline system. In 2021, the implementation of priority projects for the expansion and reconstruction of the system of oil pipelines and waterlines in regions with water shortages continues in accordance with the approved project implementation schedules.

Each investment project initiated by the Company or SJCE undergoes a thorough examination. The decision on the project is carried out by the Investment Committee of the Company.

The Investment Committee considers and makes decisions on approval of projects in accordance with the Rules for Consideration and Monitoring of Investment Projects of KazTransOil JSC and its SJCE.

IMPLEMENTATION OF INVESTMENT PROJECTS IN 2021

EXPANSION OF THE KAZAKHSTAN-CHINA OIL PIPELINE

One of the largest and most strategically important investment projects, not only for the Company but also for the Republic of Kazakhstan as a whole, is the construction of the Kazakhstan — China main oil pipeline system.

The project involves a gradual increase in oil pipeline throughput capacity for all sections in line with the increase in transportation volumes to the domestic market and in exports to the PRC by constructing new and refurbishing existing oil pumping stations, as well as replacing the oil pipeline at the corresponding sections.

At the first stage, the 965,1 km long Atasu — Alashankou oil pipeline was constructed and put into operation in 2006. In 2009, the 794,26 km long Kenkiyak — Kumkol oil pipeline was commissioned.

The project participants are KazTransOil JSC, MunaiTas LLP and KCP LLP, each acting as the owner of the corresponding section of the Kazakhstan — China pipeline. The project is financed using the own funds of the participants.

The Company jointly with MunaiTas LLP implements the investment project called Phase I of Kenkiyak — Atyrau Oil Pipeline Section Reversal with capacity of reversal up to 6 million tonnes per year within the project Tranche Two at Phase Two of Kazakhstan — China Oil Pipeline. Throughput Capacity Increase to 20 Million Tonnes of Oil per Year.

The goal of the project is to ensure the technical capacity to supply West Kazakhstan oil to Pavlodar

Oil Chemistry Refinery LLP and PetroKazakhstan Oil Products LLP while ensuring energy safety of the Republic of Kazakhstan in case of reduction or suspension of Russian oil supply as well as to increase export capacity.

The following tasks were completed at the Phase I of Kenkiyak-Atyrau Oil Pipeline Section Reversal in 2021:

- technological facilities of Aman OPS were put into operation;
- oil heaters were put into operation;
- mechanical completion of the supply gas pipeline to the oil heaters was carried out.

The completion of work on technological facilities made possible to transport oil in reverse mode. Therefore, the goal of the project has been achieved.

27,960 million tenge disbursed within the project in total, 6,060 million tenge disbursed in 2021 out of total.

REFURBISHMENT AND EXPANSION OF THE ASTRAKHAN-MANGYSHLAK MAIN WATERLINE TRANCHE ONE

The project Refurbishment and Expansion of the Astrakhan-Mangyshlak Main Waterline (Tranche One) is implemented in order to increase the throughput capacity of the Astrakhan-Mangyshlak main waterline and upgrade outdated equipment to meet the existing demand and perspective growth of water consumption by Atyrau and Mangistau regions.

The project is socially significant and is implemented in accordance with the instructions of the President of the Republic of Kazakhstan, the Prime Minister of the Republic of Kazakhstan

and the chairman of the Board of Samruk-Kazyna JSC.

In addition, the reconstruction project is included in the Comprehensive Plans for the Social and Economic Development of the Atyrau and Mangistau regions for 2021-2025.

Project initiator — Main Waterline LLP

Tranche one provides for construction of the second 151 km long section of the waterline and 20 km bypass the Beyneu village. The capacity of the water pipeline will increase from 110 to 170 thousand m³/day. The implementation of the project will ensure reliable and safe operation of the main water pipeline in the conditions of increasing demand for water consumption in the western region of the Republic of Kazakhstan, associated with the development of certain industries (petrochemical, gas supply, etc.) and the growth of water consumption by the population of Atyrau and Mangistau regions. Source of the project financing is borrowed funds.

Main Waterline LLP carried out the development of the DED for the project in 2021.

CONSTRUCTION OF KASHAGAN CGTP WATERLINE

Guided by the instruction of the Prime Minister of the Republic of Kazakhstan dated February 27, 2020, following the results of a working trip to the Atyrau region on the need to study the issue of constructing a water pipeline from the Astrakhan — Mangyshlak main water pipeline to the associated gas processing plant at the Kashagan field, Main Waterline LLP initiated

the construction of waterline to the associated gas processing plant at the Kashagan field.

The choice of the location of the waterline is determined by the construction site of the associated gas processing plant at the Kashagan field and will run through the territory of the Makat district of the Atyrau region.

The connection of the waterline is planned to be carried out at 332 km of the main waterline Astrakhan-

Mangyshlak, which is 32 km from the existing WPS-5. The length of the planned waterline will be 23,5 km, due to the optimal route.

Technical and economic justification of the project was developed in 2021. On September 10, 2021, a positive opinion was received by State Expertise RSE.

Main Waterline LLP started to implement the project.

PLANS FOR 2022 AND MEDIUM-TERM PLANS

The Company's short- and medium-term capital investment plan provides for the following large projects:

1. To start implementation of Refurbishment and Expansion of the Astrakhan-Mangyshlak Main Waterline (Tranche One) project.
2. To complete the construction of Kashagan CGTP waterline.

PROCESS DIGITALISATION AND AUTOMATION



The introduction of digitalization is one of the important factors for the successful development of an organization, including improving the efficiency of corporate governance and achieving the strategic goals of the Company.

The main documents defining the area of development of digitalisation and automation of the Company's processes are described in the internal documents of the Company: KazTransOil JSC Digitalisation concept and KazTransOil JSC Digital Technology Program, including the Project Roadmap.

The implementation of projects in this area is carried out by relevant departments: the Information Technology Department, the Telecommunications Department and the APMS&MS Department.

DIGITALISATION GOALS AND AREAS

KazTransOil JSC Digitalisation Concept developed in 2018 determined the main areas of the Company's activities to be improved by implementing advanced digital technologies and rolling out an efficient information and communications infrastructure.

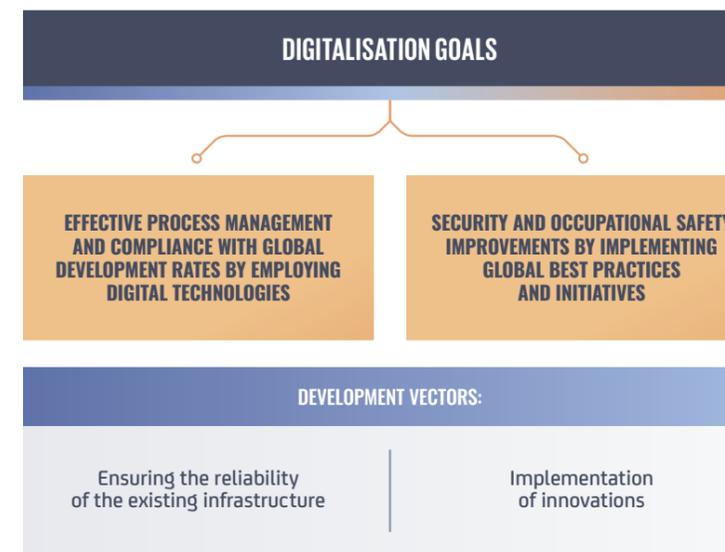
Two key goals and ten key development areas have been identified.

The main areas of digitalisation are:

- to establish a smart digital security system;
- to develop shipment operations systems;

- to implement process digitalization;
- to ensure transition to digital technologies for production process management;
- to ensure digital transformations in HR management and to create state-of-the-art workplaces;
- to implement modern KPI management mechanisms;
- to ensure digital financial monitoring;
- to develop the purchasing and material management processes;
- to ensure a reliable digital infrastructure.

KAZTRANSOIL JSC DIGITALISATION CONCEPT



PROJECTS TO INCREASE COMMUNICATION CHANNELS OF KAZTRANSOIL JSC

In 2021, to ensure high-quality and uninterrupted operation of production and technological communications for the management of the Company's main pipelines, the following projects were implemented to increase the capacity of communication channels:

- reconstruction of the communication system of control and management points of Zhezkazgan and Shymkent oil pipelines;
- installation of a stable trunking radio communication along Aktobe, Atyrau, Zhezkazgan, Mangystau and Shymkent oil pipelines to provide a full coverage area;
- modernization of the FOCL network of the Atyrau oil pipeline;
- reconstruction of the emergency power supply system for communication centers of OPS 4, Aralsk OPS and Shalkar OPS;
- implemented projects make it possible to increase the bandwidth of communication channels at control points from 2 Mb/s to 1 Gb/s, the battery life of equipment from 4 hours to 36 hours (in the event of a power outage), the radio coverage of mobile radio stations up to 100% and reduce the risk of downtime and emergencies in the Company's production and technological network.



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IMPLEMENTATION OF A PERIMETER VIDEO SURVEILLANCE SYSTEM AND ACCESS CONTROL SYSTEM AT KAZTRANSOIL JSC PRODUCTION FACILITIES

The main goal of the project is the implementation of a perimeter video surveillance system and an access control system at 26 production facilities of the Company and at linear controlled points of 11 main pipelines. Perimeter video surveillance systems for oil pipeline facilities provide timely notification of security structures and operational personnel about unauthorized entry of unauthorized persons into the territory of the production site, video recording of the actions of violators, as well as monitoring the performance and condition of production and technological facilities.

The access control and management system allow you to streamline the access control mode at the facilities, using technical access means, such as a turnstile with a system reader, barriers, and readers with electromechanical locks.

In 2021, the Company implemented perimeter video surveillance systems and access control systems at four production facilities: Chulak-Kurgan HOPS, Zhetybay OPS, Stepnoye OPS, Ekibastuz OPS.

CONSTRUCTION OF FOCL, INTRODUCTION OF A SYSTEM OF LINEAR TELEMECHANICS AND SECURITY SYSTEM FOR THE MAIN OIL PIPELINE "MARTYSHI-ATYRAU"

In 2021, the implementation of the project "Construction of FOCL, the introduction of a linear telemechanics system and a security system for the MOP "Martyshi-Atyrau", which made it possible to lay reliable FOCL and expand the linear crane station No. 3 of the Martyshi-Atyrau MOP. Also, as part of the implementation of this project, communication systems, oil pipeline security and linear telemechanics were introduced at LCU No. 3.

PLANS FOR 2022 AND MEDIUM-TERM PLANS

1. Reconstruction of the automatic fire alarm system and fire extinguishing electrical control;
2. Re-equipment of the automation system for the technical accounting of equipment for station and linear structures of industrial and technological communications;
3. Modernization of the control room, operational and technological communications in the Atyrau oil pipeline.

R&D, INNOVATION AND TECHNOLOGY DEVELOPMENT



The specific nature of technologies used in KazTransOil JSC oil transportation activities determines high demand for research and technology potential capable to provide informed and scientifically valid solutions. This work is focused on development of recommendations for further introduction of modern technical solutions, new equipment and technologies aimed at optimisation/modernisation of the existing processes (operation of heaters, pumping units, security systems of oil pipeline facilities, etc.).

In order to solve the relevant tasks in the field of research, innovation and technology development, a programme is implemented on a continuous basis to implement R&D and to implement new equipment, innovative and technology solutions for 2021-2025 (the R&D Programme).

The R&D results obtained and implemented at the facilities of the oil and gas industry of the Republic of Kazakhstan, including at the facilities of KazTransOil JSC, provide an improvement in the quality of work and an increase in the volume of oil and water pumping.

R&D KEY OBJECTIVES AND TRENDS



5 COMPANY STANDARDS
developed in 2021

R&D PROGRAMME RESULTS IN 2021

In accordance with the developed and approved R&D Programme for 2021, the following research and development activities were carried out:

1. Carrying out research and development work on the technical examination of the heating furnace (grade G9PO2V).
2. Rresearch and prediction of viscosity-temperature parameters of the flow of oil mixtures during the joint transportation of various types of oil along the oil pipeline routes of the Kenkiyak HOPS — Kumkol HOPS — B. Dzhumaġaliev OPS.
3. Sstudy of the physical and chemical parameters of the water/soil environment and the filtration permeability of soils at the site of waterflooding along the route of the main oil pipeline "OPS named after T. Kasymov — OPS "663 km" — Atyrau Refinery".
4. Test oil for acidity.

5. Conducting a survey of the technological part of the Zhuan-Tube PS with the issuance of recommendations for the reconstruction of the system for smoothing pressure waves.

Also, within the framework of R&D, 13 planned studies were carried out, all of which were 100% completed.

As part of the planned work on the transfer of new equipment and innovative technologies, two conceptual models were developed for innovative projects (an automated method for diagnosing technological pipelines at PS and the introduction of a dynamic uninterruptible power supply at PS), two pilot tests were carried out (polyurethane coating S-COMPOSIT CRYSTAL and anti-corrosion tape polymer-asmol "LIAM").

The overall implementation is 100%.

DEVELOPMENT AND APPROVAL OF STANDARDS

The Management Board approved three corporate standards in 2021:

1. Main oil pipelines. Maintenance and repair of a complex of hardware and software for an automated process control system.
2. Main oil pipelines. The procedure for organizing work in conditions of increased danger.
3. Main oil pipelines. Consumption rates of reagents, laboratory

- glassware, equipment, instruments and materials in the study of corrosion processes and quality indicators of soils in the area of oil pipelines.
4. Main pipelines. Air Patrol.
5. Main oil pipelines. Drain and fill terminals. General requirements for operation. Consumption rates of spare parts, materials and steam during operation.

PLANS FOR 2022 AND MEDIUM-TERM PLANS

1. Implementation of innovative methods for diagnosing technological pipelines of oil pumping stations by the method of long-wave ultrasonic flaw detection (LRUT).
2. Search for innovative solutions in the field of determining the volume of bottom sediments in oil reservoirs.
3. Conducting pilot tests of Zinga anti-corrosion coating in laboratory and field conditions.
4. Research and forecasting of viscosity-temperature parameters of the flow of oil mixtures during the joint transportation of various types of oil along the oil pipeline routes of the Company.
5. Corrosion monitoring of the Company's main oil pipelines (efficiency of the ECP system and soil corrosion activity).

13 STUDIES

carried out and 100% completed within the R&D framework

CORPORATE SECURITY



CORPORATE SECURITY SYSTEM MANAGEMENT

KazTransOil JSC realizes strategic importance of the main oil pipeline system, which provides feedstock to Kazakhstan refineries and supplies numerous oil export routes. The above sets high standards as related to corporate security and

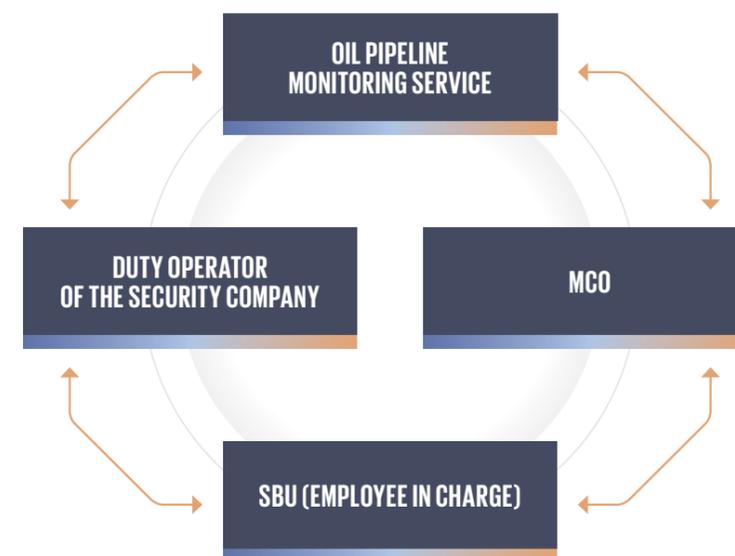
asset protection. For this purpose, the Company has implemented permanent security guarding of its main pipelines as well as round-the-clock monitoring of oil pipeline security and oil leak detection systems.

The Corporate Security Department is in charge for corporate security management. Illegal actions and intrusions into the pipeline exclusion zones are detected at the headquarters level and by interaction between all SBUs, including KazTransOil JSC mobile security groups and emergency services.

The Company makes every effort to introduce security equipment in accordance with Installation Plan for KazTransOil JSC Facilities up to 2024, which was developed taking into account the provisions of the Law of the Republic of Kazakhstan On Anti-Terrorist Activities. In accordance with this Plan, perimeter security alarm systems and CCTV surveillance are implemented at the Company's production and process facilities.

The Company also regularly holds drills and takes preventative security measures, as well as provides training for production facility employees to simulate potential hazard scenarios.

PARTICIPANTS OF THE COMPANY'S ASSET PROTECTION SYSTEM



RESULTS OF COOPERATION IN SECURITY FIELD

KazTransOil JSC actively cooperates with the regional internal affairs authorities and KMG-Security LLP security company. Companies have concluded memorandum, under which the parties promptly exchange relevant information, collaborate to develop a strategy to respond to illegal actions at facilities and prepare proposals to improve the laws related to main oil pipelines.

To reduce the number of illegal actions, in 2021 the Company jointly with law enforcement agencies and national security authorities continued to monitor detected cases of criminal infringements at the Company's facilities for bringing such cases

to court with consequent passing of sentences upon the criminals.

Within the joint work of the parties, there were conducted surveys at the facilities of KazTransOil JSC, checks of the state of engineering and technical fortification of facilities, the operability of systems and means of video surveillance, access control, security, the state of security of information networks, means of communication and warning of the Company.

As a result of cooperation, no unauthorised tie-ins to KazTransOil JSC main oil pipelines were registered in 2021.

PLANS FOR 2022 AND MEDIUM-TERM PLANS

1. To update the Security Equipment Installation Plan for Company's Facilities as well as the corresponding scopes and implementation deadlines (in accordance with the Republic of Kazakhstan anti-terrorist laws and in order to enhance security at the Company's facilities).
2. To continue equipping facilities of the Company with engineering and technical security means.
3. To interact with law enforcement authorities on combating terrorist threats, theft of oil and material valuables as well as investigation of criminal acts and legal actions and conduct of joint drills.

PLANS FOR 2022 AND MEDIUM-TERM PLANS

A number of pilot tests of information security products related to APCS, telecommunications and IT are planned for 2022. The Company plans to continue intensive introduction of new technologies in accordance with the ISMS Improvement Plan for 2022, including:

1. Supervisory audit of the corporate ISMS to check compliance with ISO/IEC 27001:2013.
2. Annual internal audits to check the ISMS in the Company's business units.
3. ISMS risk assessment.
4. Minimizing risks, reducing time and costs for development during introducing new processes and projects.
5. Updates to key information in the field of information security management, implementation of the Roadmap to increase the level of security of applications and systems of KazTransOil JSC from cyber risks for 2021-2025.

To manage information security risks, KazTransOil JSC has an Information Security Management System (ISMS). The System is implemented in accordance with the requirements of the Republic of Kazakhstan laws and ISO/IEC 27001:2013. The corporate ISMS Improvement Plan is being implemented.

The Company effectively manages information security issues by permanent monitoring of compliance with information security requirements in all existing and implementing IT systems.

KazTransOil JSC takes a range of actions to manage information security in accordance with the annual ISMS Improvement Plan, including:

- quarterly assessments of information security risks and mitigation action development;
- supervisory audits of the ISMS to check compliance with international requirements;
- internal audits at SBUs to check compliance with corporate regulations and approaches;
- antivirus protection based on the best global practices and technologies;
- promotion of the information security culture among KazTransOil JSC personnel.

In 2021, no information security incidents with high or medium criticality levels were recorded, i.e. those that had or could have a significant impact on business continuity.

INFORMATION SECURITY DEVELOPMENT OF COMPANY IN 2021

On October 13, 2021, the Company successfully confirmed compliance with requirements of the international standard of information security management system ISO/IEC 27001:2013. The audit was conducted by the leading auditor of the international certification TUV AUSTRIA Standards and Compliance LLC. Internal audits to check the Company's SBU ISMS compliance with ISO/IEC 27001:2013 and the corporate documents were also performed.

The Company also successfully implemented email protection systems and secure Internet access projects, as well as software and hardware tools to detect targeted attacks on the Company's IT infrastructure. Protection systems were implemented as part of the Roadmap to increase the level of security of applications and systems of KazTransOil JSC from cyber risks for 2021-2025, approved by the Board of Directors of the Company.

INFORMATION SECURITY



INFORMATION SECURITY SYSTEM MANAGEMENT

Information security of the Company is one of the important factors for ensuring the sustainable functioning of KazTransOil JSC in the context of digitalization and the development of information technologies.



INCIDENTS
 with high or medium criticality levels were recorded



- Message from the Chairman of the Board of Directors
- Message from the General Director (Chairman of the Management Board)
- Report Overview
- Key Indicators 2021
- Layout of Main Pipelines
- Development Background
- Key Events in 2021
- Company's Business Model

- 01. COMPANY OVERVIEW**
- 02. OPERATING PERFORMANCE**
- 03. SUSTAINABLE DEVELOPMENT PERFORMANCE**

- Sustainable development management
- Sustainable Development Model
- HR Management
- External Communications
- Occupational Safety and Health
- Environmental Protection
- Energy Consumption and Energy Saving
- Procurement System and Local Content Development

- 04. CORPORATE GOVERNANCE REPORT**
- 05. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT**
- 06. APPENDICES**

Contact details



DILIGENCE AND PROFESSIONAL COMPETENCE

Corporate values of KazTransOil JSC

THE COMPANY VALUES THE DILIGENCE AND THE EXPERTISE OF ITS EMPLOYEES REGARDING ITS SPECIFIC ACTIVITIES, AS WELL AS TIMELY AND HIGH-QUALITY COMPLETION OF THE ASSIGNED TASKS, AND ENSURES CONTINUOUS IMPROVEMENT OF PROFESSIONAL COMPETENCIES AND SKILLS.



SUSTAINABLE DEVELOPMENT PERFORMANCE

- 74 – Sustainable development management
- 76 – Sustainable Development Model
- 90 – HR Management
- 102 – External Communications
- 104 – Occupational Safety and Health
- 112 – Environmental Protection
- 118 – Energy Consumption and Energy Saving
- 121 – Procurement System and Local Content Development

SUSTAINABLE DEVELOPMENT MANAGEMENT



MANAGEMENT APPROACH

One of the fundamental directions of the Development Strategy of KazTransOil JSC until 2028 is to improve the system of corporate governance and sustainable development.

The mission of KazTransOil JSC in the field of sustainable development is to make a positive contribution to the social and economic development of the regions of its presence, following the principles of environmental and social responsibility, in order to meet the needs of the present and preserve and increase the opportunities of future generations.

KazTransOil JSC activity in the field of sustainable development covers six basic principles:

- ensuring effective and uninterrupted business;
- minimising adverse environmental impacts;
- rational and effective use of natural resources;
- professional development and social assistance;
- ensuring occupational safety;
- production assets management.

The main corporate principles of the Company in the field of sustainable development are reflected in the main policies and documents in the field of ESG:

- policy of KazTransOil JSC in the fields of health, labor and environmental protection
- code of corporate governance;
- code of business ethics of KazTransOil JSC;
- personnel policy of KazTransOil JSC;
- energy policy of KazTransOil JSC;
- policy for managing the risk of violations in KazTransOil JSC;
- standard for the procurement of goods, works and services of Samruk-Kazyna JSC and organizations fifty or more percent of the voting shares (participatory interests) of which are directly or indirectly owned by Samruk-Kazyna JSC on the right of ownership or trust management;
- conflict of interest resolution policy for KazTransOil JSC officials and employees.

As part of moving towards balanced economic, environmental and social goals, the Company ensures the integration of sustainable development principles into key business processes, operations and decision-making processes

The Board of Directors and the management of the Company are actively involved in the process of managing the environmental, social and economic aspects of the Company's activities.

There are four committees have been established under the Board of Directors to coordinate certain issues related to the activities of KazTransOil JSC, including in the field of sustainable development. At the same time, the Committee for Strategic Planning, Safety and Environmental Protection directly assists in the implementation of the principles of sustainable development. Members of the Board of Directors are involved in the consideration of sustainable development issues.

Management of sustainable development issues is carried out at all organisational levels of the Company's management. Individual issues are managed by specialised departments at the level of the Company's headquarters and at the SBU level — services and departments in charge of specific areas of sustainable development, such as work with personnel, labor protection and industrial safety, as well as environmental protection. The work of services and departments is coordinated and reconciled within the framework of direct interaction with the central office of the Company.

MANAGEMENT FRAMEWORK AND TOOLS

The corporate governance of KazTransOil JSC is constantly being improved in order to increase the efficiency of the Company, implementation tasks in the field of sustainable development and comply with best international practices.

KazTransOil JSC is in compliance with the following International Standards in the field of sustainable development:

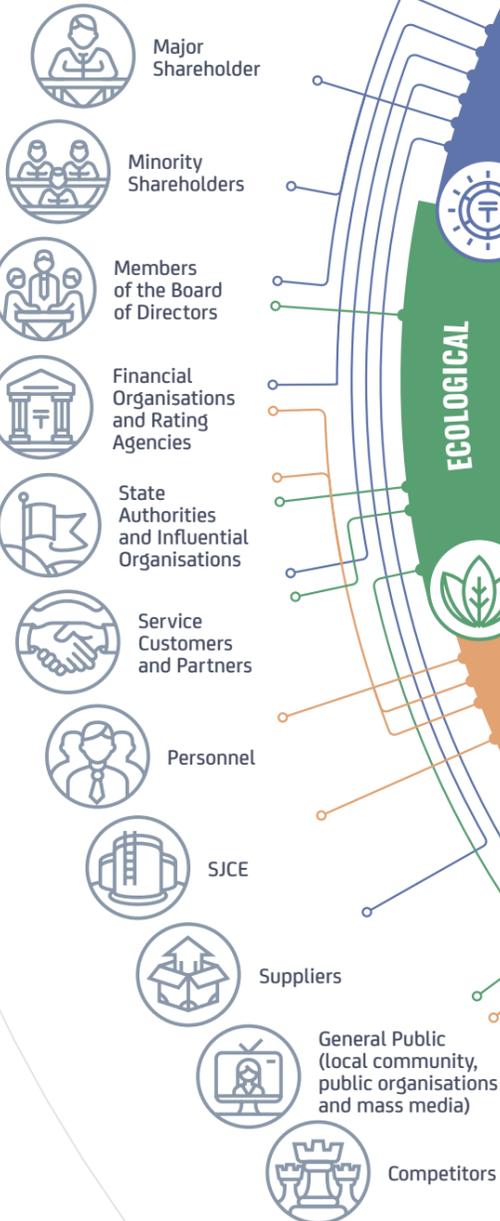
- ISO 9001:2015 Quality management systems;
- ISO 14001:2015 Environmental management systems;
- ISO 45001:2018 Occupational health and safety management systems;
- ISO 50001:2018 Energy management systems.

In 2021, the Company completed certification audits by independent bodies to confirm compliance with the requirements of international standards and extend international certificates for a new three-year period.



SUSTAINABLE DEVELOPMENT MODEL

STAKEHOLDERS



SUSTAINABLE DEVELOPMENT PRINCIPLES

ECONOMICAL
 Ensuring the efficiency and continuity of business operations

ECOLOGICAL
 Minimization of negative impact on the environment
 Rational and efficient use of natural resources

SOCIAL
 Professional development and social support for employees
 Ensuring occupational safety

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

7 AFFORDABLE AND CLEAN ENERGY

4 QUALITY EDUCATION

1 NO POVERTY

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

6 CLEAN WATER AND SANITATION

13 CLIMATE ACTION

15 LIFE ON LAND

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

STRATEGIC INITIATIVES

DEVELOPING AN ENERGY SAVING SYSTEM AND IMPROVING ENERGY EFFICIENCY

COMPLIANCE WITH THE MAIN CORPORATE STANDARDS

IMPROVEMENT OF THE EVALUATION SYSTEM AND PERSONNEL DEVELOPMENT

RESULTS AS OF 2021

1.7% increase in the total consumption of energy resources

4.65 TOE / million tonnes-km energy intensity of oil transportation

Passed recertification according to energy management system, corresponding to **ISO 50001:2018**

3,393 TOE increase of natural gas consumption

3.8 billion tenge investment in occupational health and safety

1 occupational accident

10,523 employees were trained in industrial safety requirements

1,769 Qorgau maps

Passed recertification on health and safety management system, corresponding to **ISO 45001:2018**

0.09 LTIR

2.2 billion tenge expenditures on environmental protection measures

18.6% reducing the volume of pollutant emissions into the atmosphere

8 hectares recultivation of disturbed lands was carried out

1.7% increased water intake

81,191 tonnes total waste generation volume

0 accidents entailing environmental damage during oil transportation

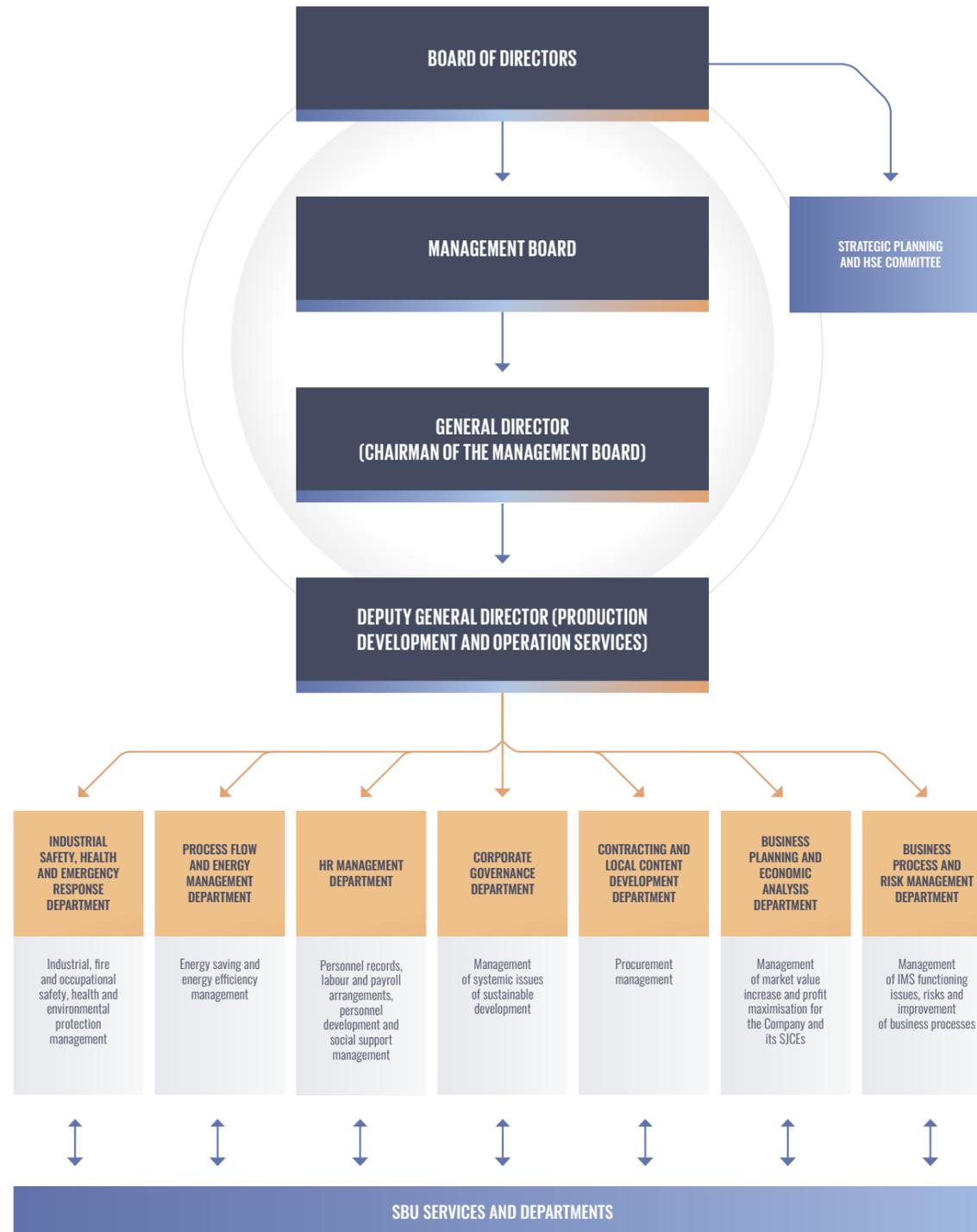
637 million tenge amount of investment in personnel training

5,000 employees were trained and retrained at the Training Center

- Social Responsibility Code
- Personnel policy
- Energy policy
- Code in the field of safety and labor protection "Golden Rules"
- Health, Occupational Safety and Environmental Protection Policies and others



SUSTAINABLE DEVELOPMENT MANAGEMENT ORGANISATION AS OF DECEMBER 31, 2021



THE COMPANY'S STRATEGIC SUSTAINABLE DEVELOPMENT INITIATIVES

Improvement of the sustainable development system is one of the key directions and goals of KazTransOil JSC Development Strategy up to 2028 and long-term sustainable development.

Following the principles of sustainable development is an integral part of the long-term development of KazTransOil JSC. Realising the importance of its impact on the economy, ecology and society, the Company strives for best practices in the field of environmental impact management.

The Company's strategic sustainable development initiatives until 2028 year:

1. EFFECTIVE CORPORATE GOVERNANCE

The Company considers corporate governance to be a key driver for increasing the Company's value, competitiveness and investment attractiveness. Continuous improvement of the corporate governance system and respect of the shareholders' interests and rights are the priorities of KazTransOil JSC.

2. ENSURING PRODUCTION SAFETY

The Company is committed to minimise occupational risks. As part of this initiative, KazTransOil JSC sets the following objectives:

- failure-free operation of its production facilities;
- upgrade and equipment integrity;
- taking actions to ensure safety at the facilities;
- improving the information security management system;
- developing and implementing a unified state technical policy in the field of information security.

3. HEALTH, SAFETY AND ENVIRONMENT

The Company creates and maintains safe working conditions and cares for the health of employees as well as prevents negative environmental impact.

4. ENERGY SAVING AND ENERGY EFFICIENCY BOOST

The Company will continue to boost oil transportation energy efficiency by planning best oil pipeline operating modes, increasing efficiency of main pumping units, taking energy saving and energy efficiency actions aimed to reduce specific energy consumption.

5. HUMAN CAPACITY DEVELOPMENT AND HUMAN RIGHTS PROTECTION

The Company is aware that the employees are its key strategic asset. In this regard, KazTransOil JSC focuses on enhancing and developing

human resources, raising professional competence and efficiency of its employees and creating conditions for social security and stability among its personnel and in its operating areas.

6. COMPLIANCE WITH HONESTY PRINCIPLES AND CORPORATE ETHICS CODE

The Company's business activities are governed by honesty, fairness, transparency, good faith and responsibility. The values, concepts and standards of business conduct at the Company are set forth in KazTransOil JSC Code of Business Ethics.

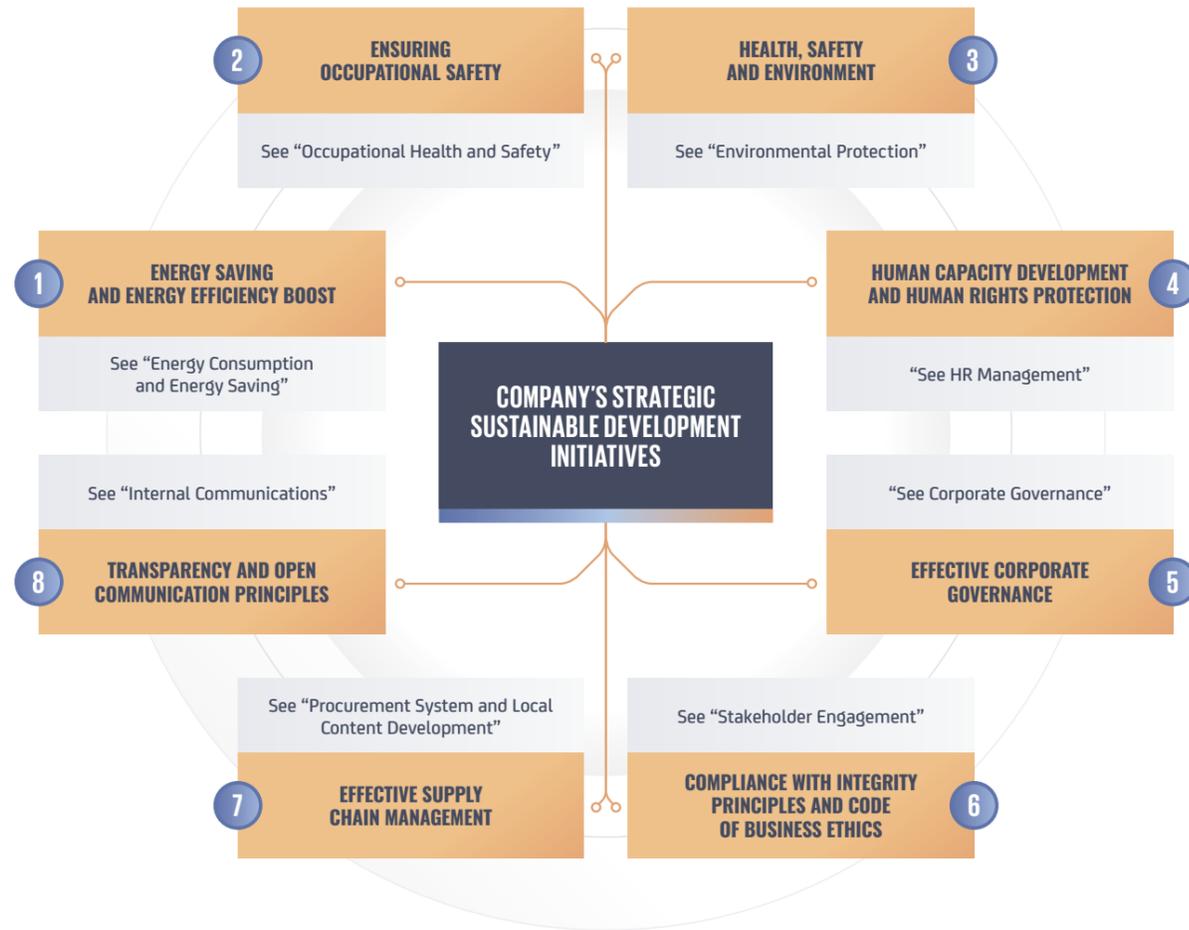
7. TRANSPARENCY AND OPEN COMMUNICATION PRINCIPLES

Ensuring transparent management, confirming the Company's commitment to the corporate governance standards as well as open and fair communication and respect for other people's opinions and needs.

8. EFFECTIVE SUPPLY CHAIN MANAGEMENT

Effective management of the supply chain and reduction of procurement costs may result in increased profitability and higher financial stability of the Company.

THE COMPANY'S STRATEGIC SUSTAINABLE DEVELOPMENT INITIATIVES



UN GLOBAL SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The global goals of KazTransOil JSC correlate with global trends in the field of ESG and the UN SDGs, approved by the UN General Assembly and approved by world leaders as the global sustainable development agenda until 2030.

KazTransOil JSC supports the UN SDGs and strives to achieve them through responsible business, application of the best corporate governance practices, minimization of environmental impact,

effective personnel management, ensuring safe working conditions and accident-free operation at production facilities.

The company takes action on a regular basis to achieve the SDGs to which it is best suited. Understanding the significance of all 17 goals of the SDG, KazTransOil JSC identifies nine main goals, which are especially relevant for the Company and stakeholders. In its activities, the Company focuses

on the goals, using relevant non-financial indicators to track and analyze progress towards achieving the SDGs. The company constantly implements a number of measures aimed at preventing environmental impacts.

The key issues of KazTransOil JSC affecting the environment are emissions of pollutants into the atmosphere and waste management, greenhouse gas emissions and soil pollution.

Oil heaters, boiler plants and oil storage tanks are sources of the Company's impact on the air.

Boiler houses, oil heaters, diesel power plants, welding units and compressors are sources of greenhouse gas emissions in KazTransOil JSC.

KAZTRANSOIL JSC ACTIVITIES IN ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

3 GOOD HEALTH AND WELL-BEING
 Ensure universal health coverage, including financial risk protection, access to quality essential health services and access to safe, effective, quality and affordable essential medicines and vaccines for all

4 QUALITY EDUCATION
 Substantially increase the number of young people and adults with marketable skills, including vocational and technical skills, for employment, decent jobs, and entrepreneurship

6 CLEAN WATER AND SANITATION
 Ensure continuous improvement of the water management process and involve stakeholders in this process

- Our liabilities**
- Take care of occupational health and safety in the workplace
 - Prevent fatalities and significantly reduce occupational diseases

- Our liabilities**
- Providing training opportunities for employees
 - Collaboration with universities and training experts
 - Organization of training programs and internship programs for students and alumni

- Our liabilities**
- Ensure the rational use of water resources and the prevention of unauthorized use
 - Introduction of new management systems and innovative technologies

- Key indicators as of 2021**
- ISO 45001:2018 certification for compliance with international standards (p. 75)
 - Vaccinating employees to prevent the spread of COVID-19 (p. 109)
 - 21% — increase in spending on sanitary-epidemiological and therapeutic-preventive measures in 2021

- Key indicators as of 2021**
- In 2021, 637 million tenge was spent on training, which is 96.6% more than in 2020
 - 6,610 employees were trained

- Key indicators as of 2021**
- In 2021, the Company's Water Resources Management Rules was updated (p. 115)
 - 232 thousand m3 of wastewater was discharged in 2021 and remained at the level of the previous year

KAZTRANSOIL JSC ACTIVITIES IN ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) (CONTINUED)

7 AFFORDABLE AND CLEAN ENERGY
 Ensure access to affordable, reliable, sustainable and modern energy for all

Our liabilities

- Reduce overall energy consumption

Key indicators as of 2021

- Implementation of the Company's Energy Saving and Energy Efficiency Improvement Plan for 2021 (p. 119)
- 1.5% — reduction in electricity consumption in 2021

8 DECENT WORK AND ECONOMIC GROWTH
 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Our liabilities

- Create conditions for social security and stability in the team and regions of operation
- Guarantee decent working conditions for all employees
- Improve the system of remuneration and motivation

Key indicators as of 2021

- In 2021, there were no cases of lawsuits filed by the Company's employees for non-compliance with labor legislation
- Remuneration of employees in the same positions does not depend on gender and other characteristics
- The average wage at the end of 2021, compared with 2020, increased by 7%

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
 Develop quality, reliable, sustainable and resilient infrastructure, including regional and cross-border infrastructure to support economic development and people's well-being, with a particular focus on attention to providing affordable and equitable access for all

Our liabilities

- Ensuring reliable and accident-free operation of main oil pipelines
- Actively investing in R&D
- Development of infrastructure in the regions of operation as part of social partnership programs with local authorities

Key indicators as of 2021

- Construction of a section of the Kazakhstan — China main oil pipeline system (p. 63)
- In 2021, the company implemented perimeter video surveillance and access control systems at four production facilities (p. 66)
- 61.2 billion tenge — the amount of capital expenditures in 2021

13 CLIMATE ACTION
 Take urgent action to combat climate change and its impacts

Our liabilities

- Incorporate climate change responses into policies, strategies and planning at the national level
- Improve education, information dissemination, and the ability of people and institutions to mitigate, adapt to, and prevent early impacts of climate change

Key indicators as of 2021

- In 2021, the total volume of pollutant emissions into the atmosphere did not exceed the values of the established standards (p. 114)
- Air pollutant emissions are 19% lower than in 2020

16 PEACE, JUSTICE AND STRONG INSTITUTIONS
 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Our liabilities

- Significantly increase the level of compliance with the principles of the Code of Business Ethics of KazTransOil JSC at all organizational levels of the Company, as well as in SJCE

Key indicators as of 2021

- In September 2021, members of the Board of Directors were trained on the Code of Business Ethics KazTransOil JSC (p. 168)
- More than 3,000 employees have been trained and tested on the Code of Business Ethics

17 PARTNERSHIPS FOR THE GOALS
 Strengthen the means of implementation and revitalise the global partnership for sustainable development

Our liabilities

- Support sustainable development initiatives promoted by the global community
- Collaborate with others in the industry
- Build mutually beneficial relationships with local communities

Key indicators as of 2021

- Two public hearings were held on reports on the implementation of approved tariff estimates, investment program, on compliance with the quality and reliability of regulated services and the achievement of performance indicators of natural monopoly entities to consumers and other interested parties
- In September 2021 the Company took part in an event organized by CPC-K JSC on the occasion of the Safety Day-2021
- Degree of customer satisfaction: for operator services — 96%, for oil transportation — 100%

STAKEHOLDER ENGAGEMENT

Taking into account the interests and justifying the expectations of stakeholders is an important part of the strategic goals and development of KazTransOil JSC and is carried out through the formation of open and trusting relationships with them. Taking into account the scale of activities, the Company is aware of its ability to exert a significant influence on stakeholders, which determines a high degree of responsibility in matters of interaction with them.

Principles of engagement with stakeholders:

- honesty;
- justice;
- good faith;

- transparency and accountability;
- determination of the needs and expectations of stakeholders is a requirement of all management system standards implemented in the Company (ISO 9001, ISO 14001, ISO 45001, ISO 50001);
- Corporate documents reflecting the priorities of the Company's engagement with stakeholders:
 - code of Business Ethics of KazTransOil JSC;
 - Rules for the formation of the Stakeholder Card of KazTransOil JSC;
 - Dividend Policy of KazTransOil JSC.

Stakeholders of KazTransOil JSC and its SJCE are identified once every three years on the basis of an internal survey

and analysis by structural units of the Company's environment, by studying the relationship of structural units with persons (individuals and legal entities) whose interests are affected in the course of their activities. The list of stakeholders is grouped into internal (located within the Company and its SJCE) and external (located outside the Company and its SJCE).

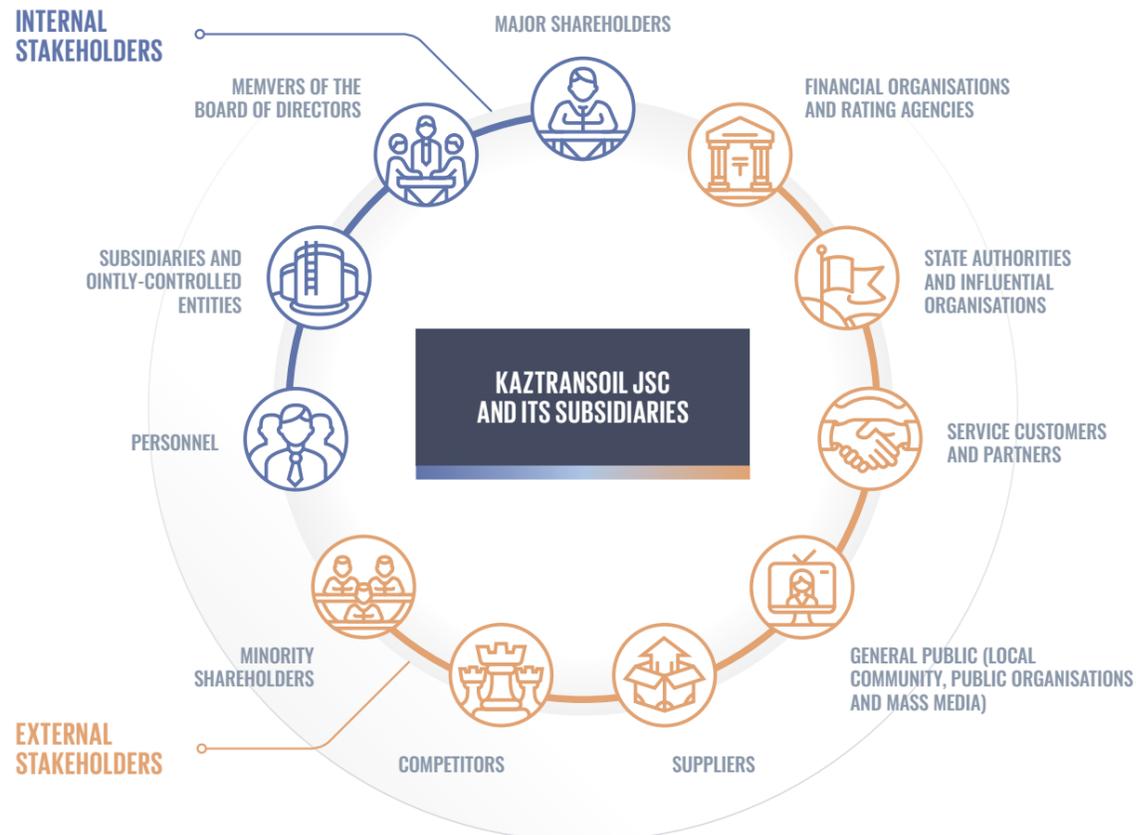
The stakeholder engagement process in place at the Company helps timely identify and assess the interests of various stakeholder groups.

Stakeholder requirements and expectations are identified by various negotiations with stakeholders, particularly the following:

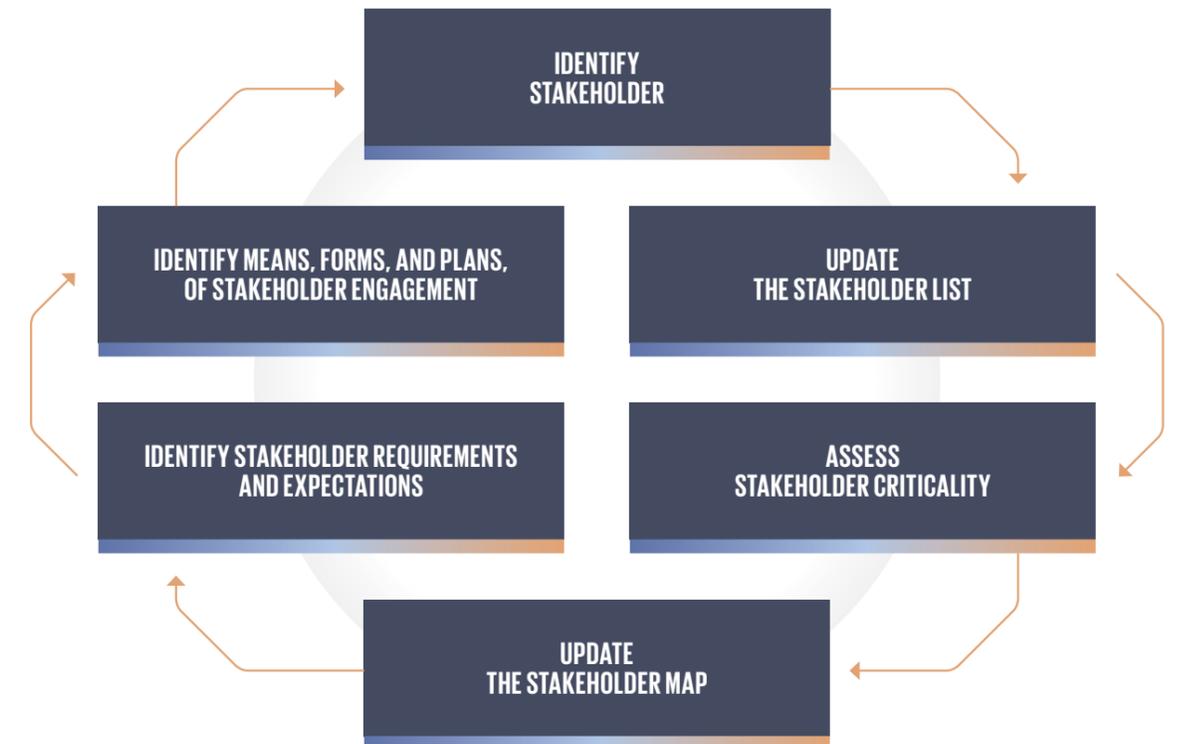
- questionnaires and surveys;
- discussions at open meetings, in task force groups and at round tables;
- public hearings;
- open information days and other events which help identify stakeholder requirements and expectations.

The company engage with its stakeholders on an ongoing basis. By identifying stakeholder requirements and expectations, the Company obtains a coherent picture of events necessary for efficient stakeholder engagement. (for more details, see the section "Compliance with the materiality principle", p. 09).

STAKEHOLDER MAP



STAKEHOLDER ENGAGEMENT PROCESS



STAKEHOLDER ENGAGEMENT

EXTERNAL STAKEHOLDERS



Stakeholder requirements

- Ensuring shareholder rights
- Growth in shareholder value and business continuity
- Compliance with the effective laws

Stakeholder expectations

- Profit growth and timely dividend payment
- Information openness and transparency
- Effective corporate governance according to the best international practices

Actions taken in 2021

- The total market value of the Company's shares amounted to 418.2 billion tenge
- The amount of the Company's dividend for 2020 amounted to 132 tenge per share
- On June 18, 2021, dividends for 2020 were paid
- On May 26, 2021, the Annual General Meeting of Shareholders of the Company was held
- On November 5, 2021 and November 25, 2021, Extraordinary General Meetings of Shareholders of the Company were held
- Answers were provided to all questions received from shareholders



Stakeholder requirements

- Compliance with the effective laws
- Payment of taxes and obligatory charges

Stakeholder expectations

- Information openness and transparency

Actions taken in 2021

- On April 28, 2021, reports on the implementation of tariff estimates and the Company's capital investment plan for 2020 were sent to the CRNM
- Taxes and other obligatory payments to the state budget in the amount of 35.8 billion tenge were paid



Stakeholder requirements

- Compliance with the effective laws
- Industrial environmental safety of KazTransOil JSC activities and nature conservation measures
- Compliance with business ethics standards

Stakeholder expectations

- KazTransOil JSC contribution into regional social and economic development, including creation of new jobs
- Improving the quality of life of the local community
- KazTransOil JSC stability and financial integrity
- Information openness and transparency
- Effective communication channels and prompt feedback

Actions taken in 2021

- 39 press releases were published on the Company's Internet resource, 234 information and image materials on the websites of news agencies, republican and regional media
- 16 media inquiries received, all responded to in a timely manner
- As part of the Year of the Environment in 2021, the Company's employees took part in environmental projects
- More than 150 university students completed internships at the Company's production facilities
- Participation of the Company's employees in charitable projects
- Medical equipment (2 compressor inhalers, non-contact thermometers) was purchased at the personal expense of the Company's employees for the first-aid post of the Crisis Center for Women and Children in Atyrau
- Assistance was provided to low-income families in the regions where the Company operates



Stakeholder requirements

- Compliance with the effective laws
- Contract execution
- Transparent tendering
- KazTransOil JSC stability and financial integrity
- Anti-corruption
- Compliance with business ethics standards
- Full and timely disclosure of any changes in the tariff policy

Stakeholder expectations

- Timely and high-quality service provision
- Business continuity
- Information openness and transparency

Actions taken in 2021

- The degree of satisfaction of consumers of services: for operator services — 96%, for oil transportation — 100%
- Two public hearings were held on reports on the implementation of the approved tariff estimates, the investment program, on compliance with the quality and reliability indicators of regulated services and the achievement of performance indicators for the activities of natural monopoly entities in front of consumers and other interested parties



Stakeholder requirements

- Compliance with the effective laws
- Contract execution
- Transparent tendering
- Anti-corruption
- Compliance with business ethics standards

Stakeholder expectations

- KazTransOil JSC stability and financial integrity

Actions taken in 2021

- In 2021, there are no violations identified by Samruk-Kazyna JSC that affected the tender results and led to the revision of the tender results by the tender commission
- Procurement procedures are carried out on the e-procurement portal ZAKUP.SK.KZ
- All the Company's contracts provide for the chapter "Anti-Corruption"
- The amount of contracts concluded by the Company with suppliers, including long-term purchases, amounted to 95.6 billion tenge
- The share of local content in the Company's purchases for goods — 55%, for works and services — 75%



Stakeholder requirements

- Compliance with the effective laws
- Compliance with business ethics standards

Stakeholder expectations

- Maintaining competitiveness
- Information openness and transparency

Actions taken in 2021

- In September 2021, the Company took part in an event organized by JSC CPC-K dedicated to Safety Day-2021



Stakeholder requirements

- Compliance with the applicable laws
- Information transparency

Stakeholder expectations

- Positive operating and financial performance
- KazTransOil JSC stability and financial integrity

Actions taken in 2021

- Conducting conference calls with rating agencies
- Holding meetings and negotiations with second-tier banks
- In July 2021, Fitch Ratings Ltd affirmed the long-term issuer default rating
- KazTransOil JSC at the level of "BBB-", forecast "Stable"

STAKEHOLDER ENGAGEMENT (CONTINUED)

INTERNAL STAKEHOLDERS



Stakeholder requirements

- Ensuring shareholder rights
- Compliance with the effective laws

Stakeholder expectations

- Growth in shareholder value and business continuity
- Information openness and transparency
- Effective corporate governance according to the best international practices

Actions taken in 2021

- On March 4, 2021, the audit report on the consolidated financial statements of KazTransOil JSC for 2020 was published



Stakeholder requirements

- Ensuring shareholder rights
- Compliance with the effective laws

Stakeholder expectations

- Growth in shareholder value and business continuity
- Information openness and transparency
- Effective corporate governance according to the best international practices

Actions taken in 2021

- 12 meetings of the Company's Board of Directors were held
- A report for 2021 was prepared on the implementation of the Action Plan to improve the corporate governance system for 2020-2021



Stakeholder requirements

- Compliance with the effective laws
- Compliance with business ethics standards

Stakeholder expectations

- Fair remuneration
- Safe and comfortable work environment
- Creating opportunities for professional development and career progress
- Stability of KazTransOil JSC as an employer
- Social assistance for employees and their families, as well as veterans and retired persons

Actions taken in 2021

- SRS index was 88%
- 17,483 employees of the Company completed training
- Social payments amounted to about 2.4 billion tenge
- Rotation of 3 employees of the management staff of the PCB and structural divisions of the Company's central office was carried out
- In June 2021, an additional agreement No. 1 to the collective agreement was signed between KazTransOil JSC and employees
- In December 2021, a decision was made to index salaries for employees of the Company and the outstaffing sector with January 1, 2022 by 10%



Stakeholder requirements

- Compliance with the effective laws
- Compliance with business ethics standards
- Compliance with corporate governance concepts

Stakeholder expectations

- KazTransOil JSC stability and financial integrity
- Information openness and transparency of KazTransOil JSC
- Participation in SJCE management bodies and in audit commissions to audit financial and economic activities
- Joint participation in investment projects
- Joint participation in task force groups and meetings

Actions taken in 2021

- Decisions were made as a Participant, Partner, Shareholder of SJCE, as well as decisions of the Supervisory Board, Meeting of Directors
- Participation in meetings of working groups, meetings, meetings on the activities of SJCE
- An audit of financial and economic activities was carried out as part of the audit commissions KKT LLP, Main Water Supply LLP, MunaiTas LLP

MEMBERSHIP IN ASSOCIATIONS

KazTransOil JSC understands the special role of business in achieving sustainable development goals. The company takes an active part in various professional and industry initiatives that promote the exchange of professional experience and the solution of problems that have an industry level.

COMPANY'S MEMBERSHIP IN ASSOCIATIONS AND OTHER UNIONS IN 2021



Kazakhstan Association of Oil-Gas and Energy Sector Organisations KAZENERGY

The Company was appointed as a national main oil pipeline operator. The Company's representatives are members of this Association's Coordination Board for Oil and Gas Sector Development in the Republic of Kazakhstan.



Kazakhstan Taxpayers Association

The main goal of the Kazakhstan Taxpayers Association is to promote protection of legitimate rights and interests of taxpayers and to provide timely information about amendments to tax laws.

The Company's representatives participate in task force groups of this Association and ensure the Company's involvement in the development of these amendments and addenda to the tax laws.



International Association of Oil Transporters

The International Association of Oil Transporters (IAOT) was set up to coordinate efforts to effectively develop the oil transportation systems of participating companies and to increase the stability of international oil transportation.

IAOT comprises eight largest international oil transportation companies in the former Soviet Union and beyond, and one more company as an observer.

Four expert panels were established from among the Association members to address energy efficiency, legal aspects, oil supplies and effective, reliable and safe operation of main oil pipeline systems.

In addition to the activities of the permanent expert panels, the Association's main operations include biannual Management Board meetings, conferences, exhibitions and seminars, technical visits and knowledge sharing.



Republic of Kazakhstan National Chamber of Entrepreneurs "Atameken"

NCE Atameken was established to improve the business and investment climate, promote stability and develop the country's business environment both for domestic and foreign investors.

Participation in this organisation safeguards the rights and interests of business entities, ensures wide coverage and involvement of all entrepreneurs in development of legal and other regulatory business rules.

HR MANAGEMENT



APPROACH TO MANAGEMENT

Today the team of KazTransOil JSC unites 6,702 specialists in 13 regions of the Republic of Kazakhstan. The Company strives to pursue a personnel policy based on the effective selection and development of personnel and the retention of highly qualified employees. Realizing that employees are the main strategic capital, the Company is constantly improving the system of remuneration and motivation, working conditions, and also promotes the development of training and increasing the level of social support for its employees.

The personnel management system of KazTransOil JSC guarantees employees the observance of their rights in determining wages, as well as in the implementation of personnel and social policy. The Company does not discriminate on the basis of age, culture, religion, race or other grounds. The Company strives to develop personnel, maintain motivation and retain highly qualified employees.

KazTransOil JSC accepts the importance and value of fundamental human rights and freedoms in the labor sphere: labor rights, the right to conclude collective agreements and the right to health protection.

On September 3, 2021, the Personnel Policy of KazTransOil JSC for 2021-2025 was approved, the main directions of which are:

- organizational structure management;
- planning and recruitment management;
- setting goals and evaluating the effectiveness of employees' activities;
- personnel reserve management;
- education and development;
- development of young workers;
- management of material and non-material remuneration;
- management of involvement and social stability.

The Company had about 40 regulatory documents regulating human resource management processes. In order to unify the norms, as well as to optimize documents, the Rules for the management of human resources of KazTransOil JSC were developed and approved by the decision of the Board of KazTransOil JSC dated December 31, 2021, which included the provisions of 11 internal documents.

These rules cover the full cycle of human resource management, with the exception of issues of remuneration and social support for the Company's employees. These issues are regulated by separate documents.

MANAGEMENT FRAMEWORK AND TOOLS

The Human Resources Management Department is responsible for managing personnel and social policy issues. Human resources and social policy are managed at two levels. These activities are coordinated by the HR Management Department at the headquarters level and by HR services at the SBU level.

The Department of Public Relations and Internal Communications is responsible for corporate culture and internal communications issues, with the HR Management Department assuming responsibility for some issues in these fields.

The Company takes a wide range of HR and social management actions and initiatives, including:

- an effective employee remuneration and assessment system based on actual KPIs;
- professional training and development programmes for employees;
- a social package that includes financial and non-financial benefits for employees and their families;
- engagement with trade unions;
- an advanced digital internal communication system;
- a talent pool programme aimed at creating broad career development opportunities for employees at different levels;

6,702 PERSONS

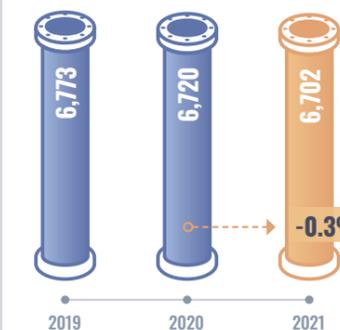
staff headcount in 2021

STAFF HEADCOUNT AND STRUCTURE

In 2021, the Company employed 6,702 people, most of the employees worked under the terms of a permanent employment contract and full employment. In the reporting period, the headcount decreased by 0.3% compared to 2020.

The minimum notice period for employees in case of termination of employment contracts due to a reduction in the number or staff of employees is provided for by the Company's Collective Agreement and is one month in accordance with the Labor Code of the Republic of Kazakhstan. At the same time, in 2021, there were no cases of filing claims by employees of the Company regarding non-compliance with this requirement of labor legislation.

STAFF HEADCOUNT PROFILE, PERSONS



STAFF HEADCOUNT PROFILE BY BUSINESS UNITS, PERSONS

HEADQUARTERS	2019	2020	2021	DIFFERENCE, %
Headquarters	452	389	391	0.5
SBU	6,106	6,057	6,039	-0.3
KazTransOil JSC RDC Branch	161	162	163	0.6
KazTransOil JSC OTCC Branch	-	60	61	1.7
Representative offices in Samara, Omsk and Moscow and Moscow and Moscow	54	52	48	-7.7
Total	6,773	6,720	6,702	-0.3

43.9 YEARS

the Company's personnel average age in 2021

The company adheres to the principles of gender equality and seeks to ensure gender, racial, age and other signs of diversity at all levels of KazTransOil JSC. When hiring a potential candidate, only professional qualities are evaluated: the level of education and professional experience.

The gender structure of the personnel is traditionally dominated by male employees, due to the production specifics of the Company's activities. The share of male employees in the total number of employees in the reporting period was 82%.

In 2021, the Company's average age stayed almost unchanged at 43.9 years. The majority of the Company's personnel are between the ages of 30 and 50 (60%).

The Company is also trying to adhere to the principles of gender diversity in the management bodies: in 2021, the Management Board of the Company included 8 men and 1 woman.

The Company's employees engaged on the basis of indefinite term employment contracts make up around 99 %. All employees in the reporting period had full employment.

STAFF STRUCTURE, PERSONS

PARTNERSHIPS CATEGORY	TOTAL	INCLUDING BY GENDER GROUPS		INCLUDING BY AGE GROUPS		
		MEN	WOMEN	UNDER 30	30-50 YEARS OLD	ABOVE 50
Total staff headcount	6,702	5,498	1,204	670	4,012	2,020
Administrative and management personnel	397	214	183	34	305	58
managerial positions	136	87	49	4	107	25
specialists	261	127	134	30	198	33
Operational personnel	6,305	5,284	1,021	636	3,707	1,962
managerial positions	685	584	101	21	470	194
specialists	1,662	1,162	500	137	1,147	378
workers	3,958	3,538	420	478	2,090	1,390

NUMBER OF FULL-TIME AND TEMPORARY EMPLOYEES, PERSONS

INDICATOR	TOTAL	BY GENDER GROUPS	
		MEN	WOMEN
Total headcount, including:		5,498	1,204
full-time	6,609	5,450	1,159
temporary*	93	48	45

* Employees engaged on the basis of employment contracts for temporary replacement of absent employees.

COMPOSITION OF THE COMPANY'S GOVERNING BODIES AS OF DECEMBER 31, 2021, PERSONS

CATEGORY	MEN			WOMEN		
	AGE	PERSONS	SHARE, %	AGE	PERSONS	SHARE, %
Board of Directors	under 30	-	-	under 30	-	-
	30-50 years old	5	83.3	30-50 years old	-	-
	above 50	1	16.7	above 50	-	-
Total in Board of Directors		6	100.0		-	-
Management Board	under 30	-	-	under 30	-	-
	30-50 years old	6	75.0	30-50 years old	1	100.0
	above 50	2	25.0	above 50	-	-
Total in Management Board		8	100.0		1	100.0
Total		14	93.3		1	6.7

PERSONNEL RECRUITMENT

The personnel selection procedure in KazTransOil JSC is carried out in accordance with the Rules for the competitive selection of personnel for vacancies and working professions in the Company using testing elements, observing the principles of openness, meritocracy and non-discrimination. The principle of meritocracy is enshrined in the Code of Business Ethics as one of the main principles that KazTransOil JSC is guided by at all stages of human resource management.

The Personnel Policy of KazTransOil JSC for 2021-2025 sets out the following principles and tasks facing the Company as part of the recruitment process:

- determination of the quantitative and qualitative need for personnel in the future, considering the standards for the number and requirements of the work process;
- filling vacancies with priority internal candidates, including those included in the Company's talent pool;

- application of transparent competitive procedures in the selection of personnel for vacant positions/working professions;
- use of candidate assessment methods relevant to the position and working profession;
- interaction with specialized educational institutions.

As part of an integrated approach to attract and develop young professionals, the recruitment of graduates of educational institutions who have successfully completed paid professional practice at the Company's production facilities has been organized. 11 graduates have been hired by the Company for today.

The Company hired 328 new employees in the reporting year, including 25 headquarters employees and 303 SBU employees. Most newly hired employees are aged 30 to 50.

No cases of discrimination of job candidates or current employees on any grounds were recorded in 2021.

EMPLOYEES HIRED IN 2021, PERSONS



13 YEARS

the average service duration among the employees

NUMBER OF EMPLOYEES BY REGIONS, PERSONS



328 number of employees hired in 2021

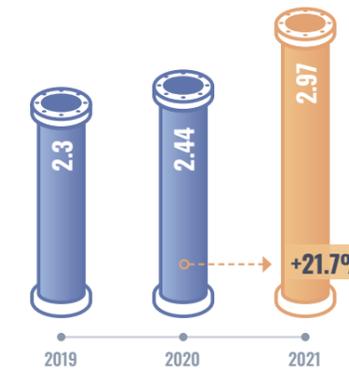
PERSONNEL TURNOVER

In 2021, the turnover ratio was 2.97%, which is slightly more than in 2020. Low turnover proves that the Company is capable of retaining its employees by providing favourable work conditions.

In addition, KazTransOil JSC improves recruitment procedures and takes measures aimed at reducing staff turnover and stimulating self-development of personnel. Thanks to decent working conditions and constant staff motivation, the staff turnover rate is kept at a low level.

The average service duration among the employees is 13 years.

PERSONNEL TURNOVER RATIO, %



* The turnover indicator is calculated as a ratio of employees who resigned on their own accord and those dismissed with cause to the Company's average staff headcount for the year.

REMUNERATION AND INCENTIVES

An effective remuneration system for employees of KazTransOil JSC is aimed at providing the Company with qualified personnel in the present and future. The key elements of motivation ensure a balance between the interests of the Company and the employee. Transparency and visibility of the relationship between the goals set, the results achieved and the level of remuneration gives the employee a stable motivation for effective work in the long term and allows KazTransOil JSC to increase labor productivity in a competitive environment.

The existing corporate remuneration system ensures:

- proper remuneration level consistent with remuneration offered by leading Kazakhstan companies;
- a two-component remuneration system consisting of fixed and variable (bonus) components;
- indexation of operational personnel remuneration based on the inflation level in Kazakhstan.

Extra payment coefficients to account for harsh regional natural and climatic conditions or residence in environmentally unfavourable regions, harmful work allowances and other fixed payments are applied to the fixed part of remuneration. The variable part is paid for the proper performance of work and is reduced in case of any omissions.

Remuneration based on the results of work for the year, employees of the Headquarters and managers of SBU is paid depending on the degree

of implementation of KPIs approved taking into account the achievement of the strategic goals of the Company, and employees of SBU, depending on the length of service. In addition, the Company has stimulating additional payments and allowances (for an academic degree, professional skills, mentoring), as well as holiday bonuses.

The remuneration of workers in the same positions does not depend on gender and other characteristics. The indexation of wages of the personnel of production units is carried out in a timely manner, based on the level of inflation in the country. According to the results of 2021, compared to 2020, the average salary increased by 7% due to an increase in the tariff rates of official salaries by 4% and bonus payments due to savings in the wage fund.

In 2021, the Company continues to apply the algorithm for calculating the minimum wage, taking into account the main constant monthly payments to employees. Every year the minimum remuneration of KazTransOil JSC employees becomes consistently higher than the corresponding remuneration in the Company's operating regions. In 2021, the minimum remuneration at the Company amounted to 116.29 thousand tenge, which is 2.74 times higher than the minimum remuneration in the operating regions.

Since January 1, 2021, the Board of Directors of the Company decided to increase the wages of production unit employees by 30%, and for central unit employees by 10%.

REMUNERATION INDICATORS FOR KAZTRANSOIL JSC EMPLOYEES

INDICATOR	2019	2020	2021	DIFFERENCE, %
Minimum remuneration in operating regions, thousand tenge	42.5	42.5	42.5	-
Standard remuneration of a newly hired employee at the Company, thousand tenge	117.21	117.21	116.29	-0.99
Minimum remuneration at the Company vs remuneration in operating regions, times	2.76	2.76	2.74	-0.99

*The difference between the indicators for 2019 and 2020 from the data presented in the reports of previous years is explained by the difference in the methodology of the approach to the formation of the minimum wage indicator. The amount of the minimum wage of an employee of the Company is indicated after withholding taxes and other mandatory deductions.

PERSONNEL ASSESSMENT SYSTEM

A year-end bonus is paid to all headquarters employees and SBU managers based on their KPIs approved taking into account the accomplishment of the Company's strategic goals and personal performance indicators.

Furthermore, the Company is using a "360 degrees" integrated assessment system to assess efficiency of interaction between KazTransOil JSC headquarters departments. As part of this assessment, each division has

determined a group of business units within its scope of interaction and the indicators/requirements used as a basis for the assessment.

In 2021, KazTransOil JSC conducted an assessment of the management potential of members of the Board and heads of structural divisions of the headquarters and SBU, based on a combined assessment of the personal and managerial potential of "HOGAN Assessments" and an assessment of the direct manager. The purpose of the assessment

is to identify the strengths and areas for development of the managers being assessed. The results of the assessment were used to develop a management succession plan and map.

In order to develop the staff potential, the Company started working on assessment of Management Board members for further preparation of their personal development plans. The demand in category A management staff was approved to form a Talent Pool in the future.

PERSONNEL TRAINING

Providing extensive training opportunities and improving the employee competence are the top priorities for KazTransOil JSC. High vocational training level is crucial for ensuring reliable and efficient activities of the Company.

The Company regards staff development as an integrated project

to ensure the competence level required to achieve production goals, promote employee loyalty, create a positive social climate among personnel and exercise a direct impact on the corporate culture development.

Each employee receives between 1 and 3 training events per year to help them enhance their skills.

Additionally, training is provided in compliance with the requirements of Kazakhstani legislation for labour protection, industrial and fire safety, and ecology.

Based on the results of participation in seminars and trainings, a systematic monitoring of satisfaction with each training program is carried out.

INFORMATION ON PERSONNEL TRAINING

INDICATOR	ALL EMPLOYEES	BY GENDER GROUPS		BY ALL EMPLOYEE CATEGORIES		
		WOMEN	MEN	MANAGERIAL POSITIONS	SPECIALISTS	OFFICE STAFF/WORKERS
Number of training hours completed by employees for the reporting period*, hours	317,952	30,670	287,282	51,152	83,945	317,952
Number of employees trained, hours	17,483**	1,670	15,813	2,250	3,929	11,304

* The total number of organisation employees in the corresponding group is used to calculate average indicators.

** The total number of organisation employees in terms of training hours is used for the calculation.

TRAINING AREAS



The Company has a mentoring system, which implies supervision of paid internships by students/pupils of educational institutions, as well as the work of young professionals for a probationary period.

In the second half of 2021, 154 university students completed an internship at the production facilities of KazTransOil JSC.

NUMBER OF TRAINEES AT PRODUCTION FACILITIES IN 2021, PERSONS

DESCRIPTION	QUANTITY
Headquarters	24
Atyrau Oil Pipeline Administration	29
Kulsary Oil Pipeline Administration	20
Mangystau Oil Pipeline Administration	5
West Operating Service Administration	10
KazTransOil JSC RDC Branch	5
Zhezkazgan Oil Pipeline Administration	24
Karaganda Oil Pipeline Administration	21
Pavlodar Oil Pipeline Administration	3
Shymkent Oil Pipeline Administration	13

154 STUDENTS

from universities completed an internship at the production facilities of KazTransOil JSC

TALENT POOL

Within the framework of the Memorandum of Understanding and Cooperation between the Ministry of Education and Science of

the Republic of Kazakhstan and the Company, cooperation is being carried out with 21 leading universities and colleges of the country, as part of the Company's initiative to train young specialists, among which KazNITU named after K.I. Satpayev NJSC, Kazakh-British Technical University (KBTU) JSC, Nazarbayev University (NU) JSC, Atyrau University of Oil and Gas named after Safi Utebayev NJSC.

In 2021, KazTransOil JSC spent 637 million tenge on training, which is 96.6% more than in 2020. The increase in costs is due to the easing of restrictive quarantine measures, which made it possible to conduct more face-to-face training, with the departure of employees to training centers. In total, 6,610 employees of the Company were trained in 2021.

In 2021, in order to consistently build the Company's personnel reserve in compliance with the Rules for the establishment of the KazTransOil JSC personnel reserve, a personnel reserve for positions in categories B, C, and D was established.

The reserve personnel force included 34 individuals. In light of the Company's expansion objectives and the resulting demand for professional staff, the Company is establishing a personnel reserve for all job categories.

This effort assists in attracting and retaining outstanding individuals by providing chances for career advancement and development that optimise their ability to contribute to the Company's strategic goals and objectives. Additionally, the establishment of a staff reserve enables the Company to retain trained, motivated people, hence reducing time spent on personnel searches.

The Company has a multi-stage competency assessment system for selection, prioritization and formation of individual development plans for reservists.

In accordance with the Rules for the formation of the personnel reserve of KazTransOil JSC, four categories of positions have been established for the formation of the personnel reserve (A, B, C and D).

In 2021, the Company evaluated the need for category A positions in order to regularly establish the Company's personnel reserve in line with the Company's Personnel Reserve Formation Rules. Additionally, during the reporting period, the personnel reserve for positions in categories B, C, and D was determined. 57 employees were transferred to engineering jobs inside the Company during the reporting period.

PERSONNEL ROTATION

The use of rotation as a method for internal personnel recruitment has proved to be effective and promising. The Company's practices include rotation of SBU management employees and headquarters business unit managers.

Adequate rotation results in an inflow of innovations into the existing management mechanisms, optimal use of the Company's personnel, stronger interaction between the Company's business units, facilitated cooperation to solve future and current production tasks by ensuring that employees understand the needs of other departments, and thus improving the Company's organisational and business performance in general.

In 2021, 3 employees of the Company's SBU management team were subjects to rotation.

SOCIAL POLICY

KazTransOil JSC acknowledges its responsibility towards its employees and the community and thus pursues a well-balanced social policy aimed at business sustainability, social stability in the operating regions and employee satisfaction in terms of working conditions.

The Collective Agreement concluded between KazTransOil JSC and its employees has always served as a basis for implementation of the Company's social policy.

The Company has a Collective Agreement dated February 27, 2020, concluded for a three-year period, the objectives of which are:

- social support for employees;
- achieving an optimal balance of interests of the parties;
- improving the efficiency of the Company's activities;
- strengthening the responsibility of the parties for the results of production and economic activity.

In connection with the COVID-19 pandemic and changes made to the legislation of the Republic of Kazakhstan, in June 2021, an additional agreement was signed to the Collective Agreement. The main additions include the following:

- the creation of conciliation commissions for the consideration of individual labor disputes may be created not only in branches, but also in other SBUs;

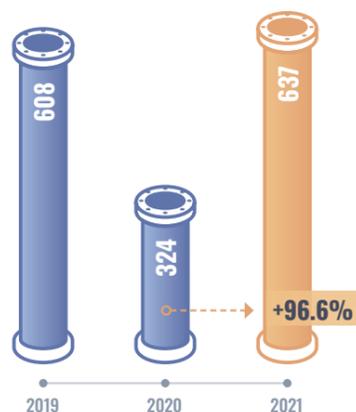
- fixed requirements for employees transferred to a remote work format;
- provision of guarantees for organ donors;
- provision of social leave for screening examinations and for medical registration for pregnancy with pay;
- air travel for shift workers is provided in the absence of internal rail and bus communications.

KazTransOil JSC pays special attention to industry veterans. Thus, in 2021, within the framework of the current Regulations on social support for non-working pensioners and disabled people, additional monthly payments are provided depending on the length of service in the Company and material assistance for national, state and professional holidays for 1,786 pensioners.

To support workers with many children with 4 or more children of preschool and school age, an additional paid labor leave of 2 calendar days is provided.

In 2021, the Company met all obligations stipulated in the Collective Agreement. The Company's social assistance costs for its employees and their families totaled approximately 2.4 billion tenge, including the cost of voluntary medical insurance.

PERSONNEL TRAINING INVESTMENTS, MILLION TENGE



CATEGORIES OF POSITIONS FOR THE FORMATION OF THE PERSONNEL RESERVE



THE RATIO OF EMPLOYEES WHO RETURNED TO WORK IN 2021 UPON EXPIRATION OF A CHILDCARE LEAVE BEFORE THEY REACH THE AGE OF THREE, PERSONS

DESCRIPTION	NUMBER OF EMPLOYEES WHO TOOK CHILDCARE LEAVE UNTIL THE CHILD REACHES THE AGE OF THREE		NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER A CHILDCARE LEAVE UNTIL THE CHILD REACHES THE AGE OF THREE		SHARE OF EMPLOYEES WHO RETURNED TO WORK AFTER A CHILDCARE LEAVE UNTIL THE CHILD REACHES THE AGE OF THREE, %
	MEN	WOMEN	MEN	WOMEN	
Headquarters	-	13	-	4	6
KazTransOil JSC RDC Branch	-	4	-	5	8
KazTransOil JSC OTCC Branch	-	-	-	-	-
Representative offices in Samara, Omsk and Moscow and Moscow	-	-	-	-	-
Other SBU	4	51	3	54	86
Total	4	68	3	63	-
Total number		72		66	100

CONTEST AND REWARD POLICY

The Company has developed the rules to award and recognize employees engaged at KazTransOil JSC and KazTransOil JSC veterans; the rules are aimed at boosting employee's interest in attaining high performance, providing incentives for professional activities and public recognition to mark achievements of employees and veterans.

KAZTRANSOIL JSC EMPLOYEES AWARDED IN 2021

In honor of the celebration of the professional holiday — the Day of Oil and Gas Complex Workers of the Republic of Kazakhstan, 28 employees of the Company awarded by presented by the Republic of Kazakhstan Ministry of Energy, Samruk-Kazyna JSC, NC KazMunayGas JSC, Kazakhstan Association of Oil-Gas and Energy Sector Organizations KAZENERGY and KazTransOil JSC.

In honor of the celebration of the national holiday — Independence Day of the Republic of Kazakhstan, 2 employees of the Company, as well as letters of thanks from KAZENERGY, a Certificate of Honor from Samruk-Kazyna JSC, Award signs of Samruk-Kazyna JSC, Certificates of honor of NC KazMunayGas JSC and Commemorative signs of NC KazMunayGas JSC 27 employees of the Company.

In honor of the celebration of the national holiday — Independence Day of the Republic of Kazakhstan, by the Decree of the President of the Republic of Kazakhstan, the following were awarded:

1. Medal "Eren enbegi ushin" — Idyrysov Oral Arminovich;
2. Anniversary medal "Kazakhstan Respublikasynyn Tauelsizdigina 30 years":
 - Isakov Zhaidarman Azimkhanovich;
 - Isankulov Bauyrzhan Erezhepovich;
 - Khairikenov Baurzhan Dzhumabaevich.

PERSONNEL ENGAGEMENT SURVEY

The SAMRUK RESEARCH SERVICES index (the SRS index) is the indicator of KazTransOil JSC personnel engagement. Since 2020, the Company uses a new SRS index research methodology, which is a monitoring instrument to measure the social stability rating in working teams. The Social Engagement and Communications Centre is the authorised SRS research organisation.

SRS INDEX OF THE COMPANY, %

INDICATOR	2019	2020	2021	DIFFERENCE, %
SRS index (agreg.)	75	91	88	-3.3
Engagement index	68	93	91	-2.2
Social welfare index	78	80	71	-11.3
Social contentment index	77	93	93	-

88%

Company's SRS index

Amid the pandemic, a survey of the Company's employees (operational personnel) was held remotely (via telephone).

The SRS index in 2021 was 88%, which is 3.3% less than in 2020.

NATIONAL LANGUAGE DEVELOPMENT

In pursuance of the state program for the implementation of the language policy in the Republic of Kazakhstan, KazTransOil JSC approved the Program for Development and Use of the National Language at KazTransOil JSC Headquarters for 2019–2025.

The main goal of the Program is a phased transition of office work in the central office and preschool educational institutions of the Company to the state language. To achieve this goal, three directions have been identified.

The first direction is the creation of favorable conditions for conducting work in the state language, in terms of software support for the employee in the preparation of documents in the state language. Several works have been carried out in this direction:

- the interface of the electronic document management system (EDMS) was translated into the state language, on the computer of employees of structural divisions of the Headquarters and DOE;
- efforts were made to translate the general forms of electronic documents (interface) of the EDMS and Outlook Email into the national language, electronic means of orthographic and syntactic control of the texts in Kazakh were introduced, the electronic catalogue enabling search of document forms in the national language as well as letter and office memoranda templates in EDMS were updated;
- a production dictionary of industry terminology in the state language was compiled, consisting of five sections, covering more than 3,500 industry terms used in the Company's production activities.

In the second direction — popularization and expansion of the scope of the use of the state language:

- The "Let's Speak Kazakh" language club was launched online;
- quizium among the Company's employees in the state language, timed to coincide with the celebration of Nauryz Holiday;
- holding a contest among the Company's employees "The best structural subdivision that speaks the state language";
- holding the competition "Qualified specialist" for the Independence Day of the Republic of Kazakhstan.

In the third direction — the organization of training courses in the state language.

PLANS FOR 2022 AND MEDIUM-TERM PLANS

1. To assess the Company's personnel.
2. To update internal documents in the field of social support.
3. To update the Rules for organizing and remunerating employees of the SBU.
4. To organize and hold events dedicated to the 25th anniversary of the Company.
5. To develop KazTransOil JSC HR Policy;
6. To complete transition of document management to the state language by 2025.



information communication channels in the Company

EXTERNAL COMMUNICATIONS



Corporate communications are an important factor influencing the business reputation of the Company. In 2021, information and communication work was aimed at strengthening and developing existing tools for communication interaction with target audiences.

The main documents regulating the activities of public relations and internal communications are:

- Regulations on interaction between structural divisions of "KazTransOil" JSC when posting information on the Internet resource of "KazTransOil" JSC;
- Regulations for interaction on filling and maintenance of the corporate information portal of "KazTransOil" JSC;
- Communication plan of KazTransOil JSC;
- Brand book of KazTransOil JSC.

CHANNELS OF COMMUNICATIONS

In 2021, the Company had 7 information communication channels, the main purpose of which is to create a positive image of KazTransOil JSC and achieve PR goals in accordance with the current Development Strategy of the Company.

The main communication channels of the Company:

- corporate Internet resource;
- corporate information portal;
- mobile application of KazTransOil JSC;
- corporate television;
- corporate electronic publication Munaiqbyrshy;
- unified information mailing KTOinfo;
- official accounts of KazTransOil JSC in social networks LinkedIn, Facebook, Instagram, Youtube.

On an annual basis, the Company conducts surveys, questionnaires, sociological surveys, quizzes, and contests to receive feedback.

According to the analysis of information and communication activities, it was revealed that 76% of respondents prefer to receive information through a single KTOinfo newsletter. The corporate electronic publication Munaiqbyrshy is more convenient for 92% of respondents to read in electronic format than in paper format. The most popular materials are about production activities and achievements of the Company's employees.

To carry out information and image work on the Company's Instagram page, separate sections were created: "Our people", "Quiz", "Ecology", "Polls", which help to interact with the audience, inform and educate it.

In 2021, KazTransOil JSC published:

- 44 press releases on the Company's corporate website;
- 234 materials in national and regional media, including news agencies.

SIGNIFICANT EVENTS, ACTIVITIES AND PROJECTS IN 2021

KazTransOil JSC seeks to maintain active communication on issues related to its activities. In 2021, the Company took part in industry and thematic events, and also actively interacted with the media.

YEAR OF ECOLOGY

In 2021, the Company carried out activities aimed at protecting the environment. The Company's employees and their family members took part in republican and regional projects to clean up territories from garbage: "Birge — taza Kazakhstan", "Taza Kazakhstan", "This is not my garbage, but this is my planet!", "Biz tazalykty koldaymyz!", educational events on environmental literacy and competitions. As part of the Year of Ecology, the Company initiated a drawing contest "Let's Save Mother Nature!" among the children of workers.

30TH ANNIVERSARY OF INDEPENDENCE OF THE REPUBLIC OF KAZAKHSTAN

KazTransOil JSC has prepared content for a documentary film dedicated to the 30th anniversary of the Independence of the Republic of Kazakhstan "Kazakhstan and Georgia. Close neighbors", which was broadcast on the air of the Kazakh TV channel.

A video was released on the corporate TV channel about the results of the Company's activities and achievements over the years of sovereignty.

REPORTS ABOUT BATUMI OIL TERMINAL AND BATUMI SEA PORT

BSP and BOT are an important transport corridor providing KazTransOil JSC and the Republic of Kazakhstan with access to world trade and economic markets. Special reports aired on the corporate TV channel highlighted the activities of BSP and BOT.

A SERIES OF MATERIALS FOR THE MEDIA ABOUT THE EMPLOYEES OF KAZTRANSOIL JSC

In 2021, in order to increase staff motivation, a series of materials for the media was prepared on the contribution of the Company's employees to its development and the development of the country economy.

PLANS FOR 2022 AND MEDIUM-TERM PLANS

1. In 2022, the Company will celebrate its 25th anniversary since its inception. In this regard, information and communication work will be built around the coverage of the Company's activities during this period.
2. Continued work on the formation of a corporate culture and the development of effective internal communications.

OCCUPATIONAL SAFETY AND HEALTH



APPROACH TO MANAGEMENT

The unconditional priority of KazTransOil JSC is to preserve the life and health of employees in the performance of their production tasks. Ensuring safe working conditions and minimizing the risks associated with production activities are one of the key areas of the Company's Development Strategy.

As a national main oil pipeline operator and the largest pipeline company of the Republic of Kazakhstan, KazTransOil JSC acknowledges the priority of life and health of its employees over its production performance. Ensuring safe working conditions and minimising occupational risks are key areas of KazTransOil JSC Development Strategy.

Being the national operator of the main oil pipeline and one of the largest pipeline companies in the Republic of Kazakhstan, the Company understands its responsibility to ensure industrial safety and create safe working conditions for our employees.

The Company implements these activities to achieve the following:

- failure-free operation of its production facilities;
- accident prevention;
- occupational illness prevention;
- safe and ergonomic workplace management and proper sanitary and hygienic workplace conditions.

To prevent undesirable consequences in case of emergencies, the Company has organized a system of measures for timely response, including ensuring fire safety of production facilities. KazTransOil JSC undertakes to comply, in addition to Kazakhstan legislation, with the requirements of international and national standards.

The health and safety management system complies with the requirements of the legislation of the Republic of Kazakhstan, industry standards and the international standard ISO 45001.

MANAGEMENT FRAMEWORK AND TOOLS

Occupational health and safety issues are managed at two levels. These activities are coordinated by the Industrial Safety, Health and Emergency Response Department in the headquarters, and by the occupational health, safety and environment departments at the SBU level.

Occupational health and safety issues are managed at two levels. These activities are coordinated by the Industrial Safety, Health and Emergency Response Department in the headquarters, and by the occupational health, safety and environment departments at the SBU level. At the same time, a Health, Safety and

In 2021, based on the results of the audit and assessment, as well as on the basis of the certification decision, the certification body TUV NORD CERT GmbH confirmed that the system management of KazTransOil JSC complies with the requirements of the international standard ISO 45001:2018.

In order to ensure automated monitoring of the technical condition of buildings, facilities and fire-extinguishers, the corresponding training of employees was carried out to include the list of buildings, facilities and the list of fire-extinguishers in the SAP TOPO module.

In 2021, the Company continued to develop the system for ensuring safety, labor protection and health protection, implementing various activities in accordance with the adopted Action Plan for the development of the management system in the field of health, labor and environmental protection

of KazTransOil JSC for 2020-2023. Measures were also taken to prevent the spread of COVID-19 among the Company's employees.

In the reporting year, the following main documents were developed and implemented:

- policy of KazTransOil JSC in the field of health, labor and environment protection;
- management of the health, labor and environmental protection management system in KazTransOil JSC;
- the procedure for monitoring key indicators and evaluating the effectiveness of the health, labor and environmental protection management system in KazTransOil JSC;
- regulations for conducting an internal investigation of incidents in KazTransOil JSC;
- changes and additions to the Code of KazTransOil JSC in the field of safety and labor protection "Golden Rules".

Environment Committee under the Management Board was set up at the headquarters.

The Company implements a wide range of occupational health and safety actions and initiatives, including:

- compliance with the Republic of Kazakhstan health and safety laws, international and national standards;
- behavioral observations and implementation of the Qorgau map;
- provision of the required protective clothes, footwear and personal protective equipment (PPE);

- assessments of occupational safety risks, prevention of occupational injuries;
- a set of reliability and safety actions in accordance with the Industrial Safety Declaration of the Hazardous Production Facility;
- operation of Industrial Councils at SBUs;
- monthly meetings with employees on occupational health, safety and environmental issues;
- safety moments;
- occupational health and safety and fire safety training of employees within the scope of the fire and occupational safety basics.

The Company approved the Safety Culture Improvement Program "Kauipsiz Bolashak" in KazTransOil JSC. The main statement "Kauipsiz Bolashak" is recognized as an environment where there are no injuries, incidents and accidents. One of the tools to improve and develop a safety culture "Kauipsiz Bolashak" is the area of responsibility.

SAFETY CULTURE AT WORK

According to the Procedure for conducting video recording during the performance of work at the facilities of the main oil pipelines

of KazTransOil JSC, approved in 2020, work was organized to record violations of industrial and fire safety requirements during the performance of high-risk work. This event is aimed at improving the safety culture of employees and, in general, has had a positive effect on the prevention of accidents, accidents and fires.

Observations showed that in 2021, 86% of work was carried out safely — a slight drop from 2020, which was 95%. On all revealed facts of unsafe organization and performance of work, interviews were held with employees, indicating the inconsistencies that had taken place, and appropriate measures were developed.

In order to maintain feedback with employees, the Company has a help desk for health, safety and environmental issues: hse@kaztransoil.kz.

THE LEVEL OF WORK PERFORMANCE SAFETY

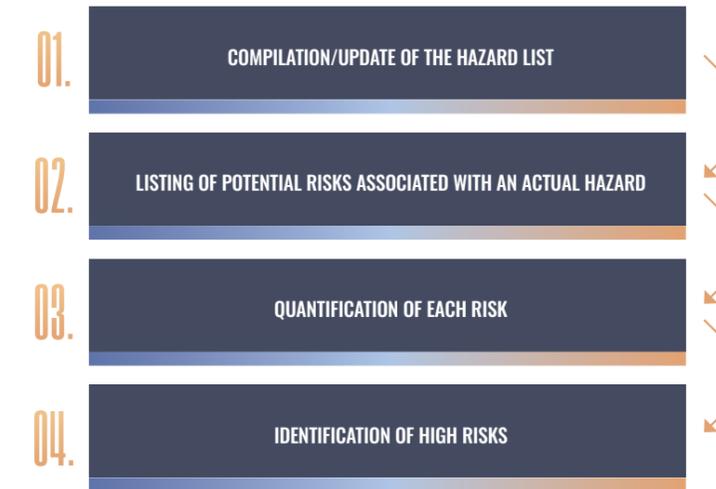
INDICATOR	2019	2020	2021	DIFFERENCE, %
Behavioral observations related to work safety	6,483	3,516	2,667	-24
Behavioral observations related to driving safety	5,099	2,917	1,577	-46
Work safety level	94%	95%	86%	-9%

OCCUPATIONAL HAZARD AND RISK ASSESSMENT

The Company's security management is based on a risk-based approach. Regular assessment of risks associated with personnel, processes, working conditions, equipment is carried out at all levels of management and serves as the basis for the formation of further steps to improve the level of industrial safety and security labor.

Pursuant to KazTransOil JSC Health and Safety Risk Management Regulations, the Company makes efforts to identify hazards for employees and other stakeholders and to assess the associated risks. Health and safety risks are identified at the Company's headquarters and SBUs.

STAGES OF OCCUPATIONAL HEALTH AND SAFETY RISK ASSESSMENT



KazTransOil JSC conducts checks of units in the format of behavioral security audits, during which the employee identifies risks and dangers. Risks are assessed at least once every two years. Occupational health and safety service employees are involved in the assessment process along with the relevant divisions. The identified risks are subject to reassessment in the event of an emergency or an accident, as well as in the event of significant changes in the production activities. Measures to mitigate high health and safety risks are elaborated based on risk assessment.

The Company also regularly conducts risk assessment training for the personnel involved in ensuring occupational safety and health in order to improve the quality and strict adherence to the procedures.

In order to identify potential risks and problems in technological processes at T Kassymov OPS, a HAZOP production risk assessment was performed with the corresponding reporting for the use of foam fire extinguishing agents in oil heating furnaces.

As part of the internal health and safety audit, 7 inspections of SBU production facilities were carried out in 2021. For all identified discrepancies, corrective measures were developed with control over their implementation in a timely manner.

QORGAU MAP

The Company continues to implement the initiative to use the Qorgau map. Any employee or visitor of the Company, having discovered a non-compliance or an event that potentially threatens safety, may suspend work until the non-compliance is eliminated, and also make suggestions for improving the state of safety by filling

out the map. In the reporting year, 1,769 Qorgau maps were filled out, of which 1,288 maps were executed. Map forms are placed in public places of industrial and office premises and on the Company's website.

In order to motivate employees to use the Qorgau map on a monthly and annual basis, employees were encouraged by presenting certificates "Uzdik "Qorgau" kartasy" and paying cash bonus.

Activities for the development of the Qorgau map:

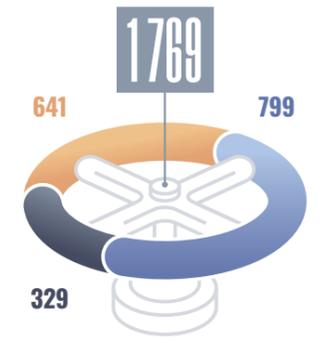
- the electronic platform Qorgau was introduced on the Internet resource www.kaztransoil.kz;
- corrective actions are carried out designed to prevent hazards, unsafe actions and implement initiatives (suggestions) to improve working conditions and safety.

CRISIS MANAGEMENT TEAM

In March 2020, in response to the World Health Organization's announcement of the coronavirus infection COVID-19 as a pandemic and the announcement of a state of emergency throughout the Republic of Kazakhstan, the KazTransOil JSC Crisis Management Team (CMT) was established.

In 2021, 12 meetings of the CMT were conducted at KazTransOil JSC. At the meetings of the CMT, prompt decisions were made to change the work schedule at the Company's facilities, as well as other issues aimed at preventing the spread of coronavirus infection among employees of the Company, contractors and fulfilling the requirements of the decisions of the chief state sanitary doctors of the relevant administrative-territorial units.

NUMBER OF QORGAU CARDS BY OBSERVATION TYPE IN 2021, PCS.



- Suggestion
- Hazard
- Unsafe action

INVESTMENTS IN OCCUPATIONAL HEALTH AND SAFETY

In 2021, the investments in this area amounted to 3 753 million tenge, which is 10.8% more than in 2020. In particular, Occupational Safety, Health and Industrial Safety investments increased.

INVESTMENT IN OCCUPATIONAL HEALTH AND SAFETY, MILLION TENGE

DESCRIPTION	2019*	2020*	2021	DIFFERENCE, %
Occupational safety	188.2	253	151.3	-40.1
Health	573.3	897	881	-1.8
Industrial safety	120.4	249	181.5	-27.1
Fire safety	999	887	1,344.2	51.5
Personal protective equipment	1,009	1,100	1,195	8.6
Total:	2,890	3,386	3,753	10.8

* Changes in figures for 2019 and 2020 due to the inclusion of costs for the purchase of personal protective equipment.

OCCUPATIONAL INJURIES

As a result of the implementation of measures aimed at improving industrial safety, the Company is striving for zero injuries.

In 2021, there was 1 work-related accident, in 2020 there were 3 work-related injuries recorded. One worker was injured in the accident and the injury is not a serious injury. An objective investigation showed that the immediate cause of the accident was a malfunction of the distribution unit of the beginning of the windings

of the production facility. After providing medical assistance and undergoing outpatient treatment, the victim continued to perform his job duties.

The incident reviews were sent to the SBUs to be communicated to each employee by displaying them on information boards, holding Safety Moments and using the relevant information during health and safety discussions and meetings. Furthermore, risks were re-assessed and relevant preventive actions were developed.

NUMBER OF OCCUPATIONAL ACCIDENTS AMONG THE COMPANY'S EMPLOYEES

INDICATOR	2019	2020	2021	DIFFERENCE, %
Total number of occupational accidents	3	3	1	-66.7
Total number of injured persons, including	3	5	1	-80.0
number of minor injuries	-	3	1	-66.7
number of serious injuries	3	2	0	-100.0
number of fatalities due to occupational injuries	0	0	0	-
Accident frequency rate per 1,000 persons	0.44	0.44	0.15	-65.9
Lost Time Injury Frequency Rate (LTIFR)	0.26	0.46	0.09	-80.4

INJURY RATE AMONG CONTRACTORS' EMPLOYEES

Contractors' employees are also subject to stringent occupational health and safety requirements equivalent to those imposed on the Company's employees. All cases of injury among contractors are recorded and investigated.

KazTransOil JSC has developed the following documents in the field of safety and labor protection, which apply to contractors:

- "Golden Rules" code of JSC "KazTransOil" in the sphere of safety and labour protection;
- "Requirements for contractors" ST;
- JSC on Requirements for contractors;
- Mandatory section in contracts, which spell out clear obligations of the contractor in matters of safety and labor protection. Violation of the specified obligations gives rise to the right to take actions and impose sanctions.

The Company regularly organizes meetings with the contractors' management where they discuss occupational health and safety issues, application and improvement of personal protective equipment, compliance with the road traffic rules.

In 2021, no cases of injury to employees were recorded in contracting organizations.

HEALTH

KazTransOil JSC pays close attention to maintaining and supporting the health of its employees. The Company makes efforts to prevent infectious and non-infectious diseases including occupational illnesses and injuries.

In accordance with the Republic of Kazakhstan laws, the following medical services are provided to the Company's employees:

- emergency medical aid: medical aircraft and ambulances;
- paramedical care at a daytime medical center;
- qualified medical aid at a first aid station operating on a rotational basis;
- mandatory medical examinations of employees, including everyday pre-shift screening and annual routine examinations.

Daytime and round-the-clock first aid stations supplied with necessary medicines, medical products and medical equipment are set up to provide timely medical aid at production facilities.

SBU has installed electronic equipment for pre- shift medical examination of employees. The introduction of this system made it possible to avoid admission to the production facility of workers with signs of an acute or exacerbation of a chronic disease, signs of alcohol, drug and / or toxic intoxication, thereby reducing the risk of a sudden deterioration in health at work, eliminating the human factor, and also reducing the time for medical examinations by three times.

The number of employees of KazTransOil JSC who passed the mandatory periodic medical examination in 2021 is 6,067 people (according to the final acts provided), which is 97.4% of the total number of employees subject to mandatory periodic medical examination.

Based on the results of the analysis on health protection, significant recommendations were identified:

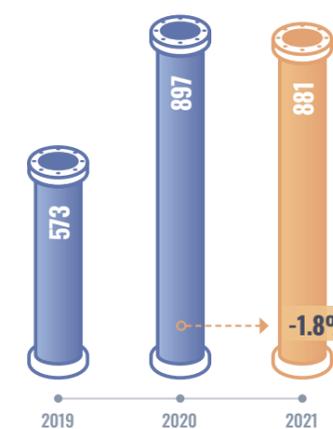
- implementation of Plans for medical and recreational activities based on the results of mandatory medical examinations and control over their implementation;
- control over the implementation of sanitary and anti-epidemic (preventive) measures to prevent infectious diseases and control over the observation of workers in need of outpatient treatment and dispensary observation.

TAKING CARE OF STAFF DURING THE PANDEMIC

With the onset of the COVID-19 pandemic, KazTransOil JSC took social support measures for employees, which made it possible to protect the offices and production facilities of the Company from the spread of the virus. In particular, the Company actively lead vaccination propaganda:

- approved the Action Plan for organizing and preparing for the voluntary vaccination of the Company's employees against the coronavirus infection COVID-19;
- a vaccination campaign against COVID-19 and SARS was carried out;
- encouraging employees to get vaccinated against COVID-19. For this purpose, the InVac Lottery was held among the Company's employees vaccinated against COVID-19. The amount of lottery gifts amounted to about 19 million tenge;
- information materials on the prevention of COVID-19 and the benefits of vaccination have been published on internal communication channels;

COSTS FOR SANITARY, EPIDEMIOLOGICAL, TREATMENT AND PREVENTION ACTIONS, MILLION TENGE



6,067 EMPLOYEES passed a compulsory medical examination

- on the page of KazTransOil JSC on the Instagram social network, live broadcasts were held with representatives of the medical community, trade unions, and the Company's management dedicated to vaccination issues;
- training was conducted on the topic "Prevention of COVID-19";
- preparation of measures for revaccination against COVID-19.

Thanks to the joint efforts of all the personnel of the Company, KazTransOil JSC is the leader in terms of the number of vaccinated in the group of companies of NC KazMunayGas JSC, and the collective immunity of the Company is 93%.



collective immunity of the Company

INDUSTRIAL SAFETY

The Company's industrial and fire safety management system is incorporated into the administrative and engineering actions taken to prevent emergencies and incidents at hazardous production facilities and facilitate emergency containment and response.

In 2021, no man-caused accidents were recorded during operation of the Company's main oil pipelines and other production facilities.

However, in 2021, 1 fire was recorded, which occurred on April 27, at 866.7 km of the newly built section of the Uzen-Atyrau-Samara oil pipeline. As a result of the fire, the nitrogen mobile station ASM-22.5/95 was destroyed. Based on the results of the technical investigation, there are no violations of fire safety requirements by the Company's employees. The alleged cause of the fire is a design flaw in the design and manufacture of the ASM-22.5/95 nitrogen mobile station.

The Company regularly takes measures aimed at improving the industrial and fire safety management system. So in 2021, the following main events were held:

- control over compliance with the uniform requirements for the isolation of sources of hazardous energy during maintenance or repair work on the Company's equipment;
- a contract was concluded for the maintenance of hazardous production facilities of the Company by a professional paramilitary emergency service;

- the work of the SBU check was conducted, especially stationary foam fire extinguishing installations and the technical condition of the fire alarm, as well as check of the fire-technical equipment at production facilities;
- 489 fire-technical classes, 6 fire-technical drills were held, 12,579 fire drills were conducted, 91 volunteer firefighters were trained, 1,207 employees were trained in fire safety in the scope of the fire-technical minimum;
- 10,523 employees of the Company were trained and retrained on the issue of industrial safety;
- 20 fire posts with 25 units of field equipment were created at the Company's facilities. The fire stations of the non-state fire service, which provided services to protect the Company's production facilities from fires, were inspected. No critical violations of contractual obligations were identified;
- On December 24, the Information Security Day in the Company was held online.

OCCUPATIONAL HEALTH AND FIRE SAFETY TRAINING

KazTransOil JSC implements all occupational health and safety training programmes as prescribed by state requirements.

In accordance with the approved schedule, monthly safety and labor protection meetings were held on topical issues in the field of labor protection, industrial safety and environmental protection.

HSE FORUM "TOWARDS ZERO INJURIES"

In November 2021, the IV annual Forum on Occupational Safety and Health "Towards Zero Injuries" was held in Nur-Sultan, organized by KazTransOil JSC. The purpose of the Forum is to increase the level of safety culture at work, as well as to achieve a "zero" injury rate in the Company.

The Forum was attended by the leaders of NC KazMunayGas JSC, representatives of large oil and gas and energy companies such as Tengizchevroil LLP, NCOC B.V., JMJ Associates, Qatar Petroleum, BTS-Fleet Kazakhstan LLP, as well as leading contractors and service organizations of the Republic of Kazakhstan.

Within the framework of the Forum, the following divisions of the Company were awarded:

- KazTransOil JSC Western Operator Services Administration was awarded in the nomination The Best Indicator for Vaccination of Workers and Creation of Collective Immunity of KazTransOil JSC;
- for active participation in environmental measures to restore disturbed lands, a special certificate was awarded to the Atyrau Oil Pipeline Department of KazTransOil JSC;

CONDUCTING TRAINING ON OCCUPATIONAL SAFETY AND FIRE SAFETY IN 2021, PERSONS

TYPES OF COURSES	EMPLOYEES TRAINED
Occupational health and safety	923
Industrial safety	10,523
Fire safety induction	1,207
Training for non-medical personnel	963
Defensive Driving	64
Safe Driving in Winter time	12
NEBOSH IGC (International Occupational Health and Safety Certificate)	4
IOSH Management Safely (International Certificate for Safe Work Management)	6
Traffic safety management, vehicle inspection	12
Safety rules for HIFs when working at height and steeplejack work	18
Rules of the road of the Republic of Kazakhstan. Fundamentals of road safety	148

- The Aktobe Oil Pipeline Administration was noted for the best indicators in terms of road safety. The winner in the nomination "1000 days without injuries" was the Shymkent oil pipeline department of KazTransOil JSC.

All employees of the Company were given access to the online broadcast of the Forum, as well as the opportunity to ask questions to the speakers in real time and take part in the voting of competitions.

SAFETY DAY CPC JSC

In September 2021, CPC JSC held the "Together for Victory" event dedicated to the Safety Day. More than 200 participants from 16 teams representing Russian and foreign companies took part in the competition.

The team of KazTransOil JSC was attended by employees of Atyrau, Mangistau, Aktobe, Shymkent oil

pipeline departments, Western Operator Services Administration and the headquarters.

KazTransOil JSC took 2nd place in the competition program «Together on a cruise» and also won an additional prize for the «Best innovative idea in the field of labor protection».

PLANS FOR 2022 AND MEDIUM-TERM PLANS

1. Construction of a block-modular building "First-aid Post" at the Prorva OPS of the Kulsary Oil Pipeline Department.
2. Construction of a fire station at the Atasu HOPS of the Karaganda Oil Pipeline Administration.
3. Development and updating of internal corporate documents in the field of health, labor and environmental protection.

ENVIRONMENTAL PROTECTION



APPROACH TO OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

As part of the reforms of environmental legislation carried out by the Republic of Kazakhstan, in 2021 a new Environmental code was approved and put into effect, which is aimed at ensuring environmental safety, introducing new technologies, and tightening the requirements of environmental legislation of the Republic of Kazakhstan.

The Environmental Management (EP) is a part of the IMS and is certified in compliance with Environmental Management System. Requirements and Guidelines and covers all of the Company's production areas.

The Company implements a wide range of actions and initiatives as part of environmental protection management, including the following:

- compliance with the requirements of the legislation of the Republic of Kazakhstan in the field of EP, international and national standards, internal documents of the Company in the field of HSE;
- compliance with the requirements of the environmental management system ISO 14001:2015;
- identification and assessment of environmental aspects and

- investment into environmental management;
- actions to assess environmental efficiency of production processes as part of the industrial environmental control involving contractors (laboratories);
- execution of annual compulsory environmental insurance policies to cover emergency pollution case;
- environmental impact assessment according to the effective law of the Republic of Kazakhstan;
- development and promotion of environmental awareness among the Company's employees.



MANAGEMENT FRAMEWORK AND TOOLS

Environmental protection (EP) is managed at two levels. These activities are coordinated by the Industrial Safety, Health and Emergency Response Department at the headquarters and by relevant departments at SBUs.

The EP management system is a part of the IMS and is certified in compliance with ISO 14001:2015 Environmental Management System. Requirements and Guidelines and covers all of the Company's production areas.

INVESTMENTS AND ENVIRONMENTAL PAYMENTS

The company is constantly implementing a number of measures aimed at reducing negative impact on the environment. The Company's environmental costs are made up of two main components:

- payments for air emissions, waste water pollutant discharges, production and consumption waste disposal;
- costs related to environmental protection actions initiated by the Company and aimed at improving the environment quality in Kazakhstan.

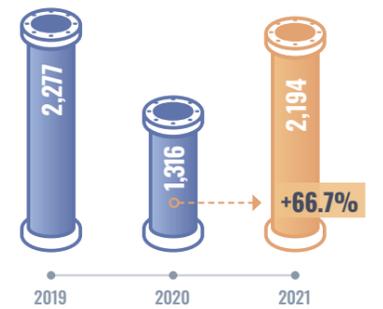
In 2021, environmental protection investments totaled 2,194 million tenge, an increase of 66.7% over 2020. The rise in environmental protection costs is due to a twofold increase of the scope of operations for restoration of disturbed areas (historical contamination) along the Uzen-Atyrau-Samara oil pipeline.

2.2 BILLION TENGE

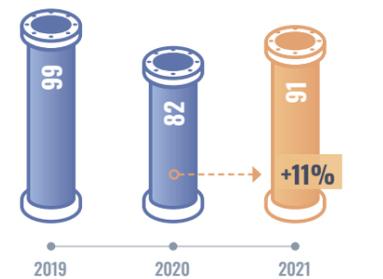
total environmental protection investments in 2021

ENVIRONMENTAL PROTECTION EXPENSES, MILLION TENGE

Current environmental expenses



Including environmental payments



The Company's emission fees in 2021 amounted to 91 million tenge, which is 11% higher as compared to 2020. The increase in the amount is due to the increase in the minimum calculated indicator used in the calculation of environmental payments.

KazTransOil JSC was brought to administrative responsibility in 2021 for non-compliance with the requirements of the Republic of Kazakhstan's Environmental Code, with a penalty of 3,514 thousand tenge in administrative fines and a 520.68 thousand tenge order to compensate for economic damage imposed. The administrative fine was promptly paid.

In 2021, no emergencies associated with environmental damage occurred during oil transportation.

AMBIENT AIR IMPACT

The main air pollution hazards generated by the Company are emissions from oil heaters, boiler units and oil storage tanks.

To prevent and reduce its adverse impacts on the ambient air, the Company takes action to optimise the combustion process in oil heaters and hot water boilers, and monitors the associated air emissions.

In 2021, the total volume of air emissions did not exceed the established standards.

Control of hazardous substance emissions is the crucial factor of the Company's environmental protection activities.

In 2021, the RTC Branch of KazTransOil JSC developed draft

standards for permissible emissions for the facilities of the Karaganda, Pavlodar, Shymkent, Atyrau, Mangistau oil pipeline departments, which provide for monitoring compliance with standards at sources of pollutant emissions. Control over compliance with the standards of permissible emissions is carried out by a specialized organization with an accredited laboratory.

AIR EMISSIONS, TONNES

INDICATOR	2019	2020	2021	DIFFERENCE, %
Air emission volume, including:	26,665	23,396	19,033	-18.6
NO _x	928	642	689	7.3
SO _x	89	93	81	-12.9
CO _x	285	273	265	-2.9
other air emission categories	25,363	22,388	17,998	-19.6

-18.6%

reducing the volume of pollutant emissions into the atmosphere

GREENHOUSE GAS EMISSIONS

According to the Republic of Kazakhstan Environmental Code, the process of inventorying sources of greenhouse gas emissions, calculation, verification of reports in an accredited verification and validation body is carried out before April 1 of the year following after the current year. The final data

is sent to the authorized body for environmental protection after the verification of the reports.

Sources of greenhouse gas emissions in the Company are boiler houses, oil heating furnaces, diesel power plants, welding units and compressors.

Estimation of greenhouse gas emissions and development of a greenhouse gas emission inventory report are based on the data on fuel consumption and oil transportation volume in the reporting year provided by the KazTransOil JSC business units.

ESTIMATED GREENHOUSE GAS EMISSIONS FROM SOURCES AT KAZTRANSOIL JSC BUSINESS UNITS

INDICATOR	2019	2020	2021	DIFFERENCE, %
Gross direct greenhouse gas emissions, thousand metric tonnes of CO₂ equivalent, including:	163.9	158.1	160.5	1.5
carbon dioxide (CO ₂), thousand tonnes	163.0	157.2	159.6	1.5
methane (CH ₄), thousand tonnes of CO ₂ equivalent	0.09	0.08	0.08	0
nitrous oxide (N ₂ O), thousand tonnes of CO ₂ equivalent	0.84	0.83	0.84	1.2

WATER RESOURCES

Company's activities are directly related to the use of water resources. KazTransOil JSC carries out water intake in accordance with the requirements of the Republic of Kazakhstan Water Code and concluded agreements, while not having a significant impact on water bodies. In 2021, the Rules for Water Resources Management in KazTransOil JSC were updated. The main objectives of water resources management at KazTransOil JSC are:

- defining key principles of water management to be applied by all business units;
- ensuring continuous improvement of water resources management process;
- ensuring engagement of stakeholders in the process of water resources management.

The volume of water consumption for the reporting period amounted to 480 thousand m³, which is within the established standards.

The waste water discharge volume in 2021 amounted to 232 thousand m³ and remained at the level of the previous year.

In order to control its environmental impacts, the Company monitors groundwater, surface water and waste water by means of water laboratory tests and monitors the effluent treatment degree.

VOLUME OF WASTEWATER DISCHARGES BY DISCHARGE FACILITIES, THOUSAND M³

INDICATOR	2019	2020	2021	DIFFERENCE, %
Water intake volume, including:	536	472	480	1.7
surface water	14	44	42	-4.5
groundwater (artesian wells)	221	195	187	-4.1
municipal and other water supply systems (purchase from third-party companies)	301	233	251	7.7

WASTE WATER DISCHARGE VOLUME BROKEN DOWN BY DISCHARGE SOURCES, THOUSAND M³

INDICATOR	2019	2020	2021	DIFFERENCE, %
Total discharge volume, including:	274.5	232	232	-
discharge into evaporation (holding) ponds, filtration fields	183	157	152	-3.2
discharge into third-party water bodies	91.1	77	80	3.9
discharge into surface water including swamps, rivers and lakes	0.4	0.4	0.4	-

WASTE MANAGEMENT

Waste management and safe waste handling are among the main points of environmental planning and management at the Company and is organized in accordance with national and international standards.

Waste collection and removal are performed in strict compliance with the current regulatory legal acts of the Republic of Kazakhstan, the international standards as well as the internal standards of KazTransOil JSC in order to prevent pollution of environmental components.

Waste management refers to the operations carried out on waste from its generation to its final disposal.

The waste management objectives are:

1. accumulation of waste at the place of their formation;

2. waste collection;
3. waste transportation;
4. waste recovery;
5. waste removal;
6. ancillary operations;
7. monitoring operations for the collection, transportation, recovery and (or) disposal of waste;
8. maintenance activities of liquidated (closed, decommissioned) waste disposal facilities.

In accordance with the effective date of the Republic of Kazakhstan Environmental Code on July 1, 2021 and the establishment of new requirements for waste management, KazTransOil JSC updated its Waste Management Rules in 2021, with the purpose of establishing requirements and allocating

responsibility for waste generated during the company's production activities.

In 2021, the RTC Branch of KazTransOil JSC developed waste management programs for the facilities of the Karaganda, Pavlodar, Shymkent, Atyrau, Mangistau oil pipeline departments, which are attached to an application for an environmental impact permit.

We may classify the production processes causing waste generation at the facilities of KazTransOil JSC as follows:

- production processes associated with transportation and storage of raw hydrocarbons;

- machine-tool equipment operation;
- welding works;
- repair, construction and preventive maintenance;
- personnel life activities.

The total waste volume in 2021 is 84.3% more compared to the previous year. The main reason for the increase in the volume of waste is oil-contaminated soil formed during the reclamation of disturbed lands (historical pollutions) along the Uzen-Atyrau-Samara oil pipeline of the Uralsk LOCS of the Atyrau Oil Pipeline Administration of the Company. As a result of the work, the amount of oil-contaminated soil amounted to 65,839 tonnes, which is 32,847 tonnes more than the same period last year.

TOTAL WASTE GENERATION VOLUME, TONNES

INDICATOR	2019	2020	2021	DIFFERENCE, %
Generated wastes, including:	53,524	44,055	81,191	84.3
oil-contaminated soil	42,477	32,992	65,839	99.6
oil sludge	5,890	5,455	4,440	-18.6
solid domestic waste	2,875	2,437	2,514	3.2
other waste	2,282	3,171	8,399	164.9

LAND RESOURCES

The Company is responsible for securing the original condition of land resources in its operating regions and performs land reclamation and soil contamination monitoring by engaging independent accredited third-party companies.

KazTransOil JSC also undertook to reclaim the land contaminated in the 1950s-1960s. According to the approved land reclamation project, the Company performs gradual land reclamation of the previously contaminated lands.

In 2021, work was continued on the restoration of historically polluted lands along the Uzen-Atyrau-Samara oil pipeline in accordance with the project "Reclamation of disturbed lands at the facilities of the Uralsk linear production and dispatch station". In the reporting year, 8 hectares of disturbed lands were restored, which is 2 times more than the volume of reclamation in the same period last year.

RECLAMATION OF DISTURBED LANDS (HISTORICAL POLLUTIONS)

INDICATOR	2019	2020	2021	DIFFERENCE, %
Reclamation of disturbed lands (historical pollution), ha	1,775	4	8	100
Costs for reclamation of disturbed lands (historical pollution), million tenge incl. VAT	1,292.5	1,185.4	2,074.4	75

IMPACT ON BIODIVERSITY

KazTransOil JSC currently owns long overhead power lines (OPL) with an average voltage of 6-10 kW, which run along most main pipelines and ensure their cathodic protection.

In certain situations, these OPLs and the associated crossbeams and insulators cause mortality among large and medium birds including those on the Red List of the Republic of Kazakhstan. They die mainly from electrocution as a result of contact with live OPL parts. The main bird species affected by the 6-10 kW OPLs are steppe eagles, eagle owls and, to a lesser degree, golden eagles, saker falcons and others.

In 2021, work continued on the installation of self-supporting insulated wires, which significantly reduces the likelihood of bird deaths when landing on this type of OPL. 15 units of self-supporting insulated wires were installed at the Pavlodar-Shymkent oil pipeline of the Shymkent Oil Pipeline Administration.

YEAR OF ECOLOGY

The Company constantly improves the methods and approaches of environmental management, environmental risk management and allocates the necessary resources for environmental protection.

In this regard, in order to increase attention to environmental protection

activities, as well as to take measures to comply with new environmental requirements, 2021 has been declared the Year of Ecology for the NC KazMunayGas JSC group of companies.

Corporate programs and events in the Company that cover all areas in the field of EP. Within the framework of the Year of Ecology, the following events were implemented in KazTransOil JSC:

- a number of internal documents of the Company in the field of environmental protection was approved;
- environmental engineers of SBU were trained on the topic: "Explanation of the new Environmental Code";
- work was carried out to equip RV No.2 with an aluminum pontoon at the B.Dzhumagaliev HOPS of the Zhezkazgan oil pipeline department;
- within the framework of the action "30 good deeds", the employees of the Aktobe oil pipeline department, together with the children of the kindergarten, made and installed 10 birdhouses on the territory of the kindergarten;
- participation of the Company's employees in the community work day as part of the World clean up day;
- the Company's employees took part in the following projects: "Birge — taza Kazakstan", "Taza Kazakstan", "30 good deeds", "This is not my trash, but this is my planet!", "Biz tazalykty Koldaimyz!".



8 HA
 disturbed lands reclaimed

REPUBLICAN CONTEST GREEN OFFICE-2021

In 2021, KazTransOil JSC took part in the Republican competition "Green Office-2021" with the support of OSCE programs and the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan. According to the results of the competition, KazTransOil JSC took first place in the nomination "Best Green Office" among government bodies and subjects of the quasi-public sector.

PLANS FOR 2022 AND MEDIUM-TERM PLANS

1. Continuation of work on the installation of an aluminum pontoon on the RVS No. 10 OPS named after T. Kasymov of the Atyrau Oil Pipeline Department.
2. Replacement of water-heating boilers LOCS "Peterfeld" and Priirtyshsk WUA working on oil with industrial inductive-cognitive electric boilers in 2025-2026.

ENERGY CONSUMPTION AND ENERGY SAVING



APPROACH TO ENERGY EFFICIENCY MANAGEMENT

One of the key activities in the field of sustainable development of the Company is the optimization of the energy resources used. The company pays great attention to improving the energy efficiency of production processes. The Company has adopted the Energy Policy of KazTransOil JSC, focused on the efficient use of energy resources, in order to achieve the goals of reducing emissions.

The resources management objectives are:

- to fully comply with the energy saving and energy efficiency boosting requirements applicable to the Company;
- to constantly improve energy characteristics and increase suitability, adequacy and efficiency of the energy management system;
- to ensure availability of information and resources necessary to achieve energy goals and resolve energy issues;
- to improve the energy saving system of KazTransOil JSC through energy

resources saving activities, strict differentiation of rights, obligations and responsibility of the Company's employees for their implementation;

- to procure energy efficient equipment, works and services improving the energy characteristics;
- to decrease negative environmental impact through efficient use of energy resources;
- to increase competency level of employees in the field of energy saving and energy efficiency.

KazTransOil JSC General Director (Chairman of the Management Board) annually approves energy efficiency targets for the Company and its SBUs, including:

- reduction in unit consumption of all energy types (for oil turnover);
- reduction in unit consumption of power (for oil turnover);
- reduction in unit consumption of gas for oil turnover in "hot" pipelines;
- reduction in total energy consumption.

MANAGEMENT FRAMEWORK AND TOOLS

The responsible subdivision dealing with energy efficiency issues is the department of technological regimes and energy management of KazTransOil JSC, which develops targets and conducts monthly monitoring of their implementation, ensuring timely and effective control over task progress.

To attain its energy goals, the Company has an energy management system in place, certified according to ISO 50001:2019 international standard. Its scope and coverage are incorporated at all levels: from the OPS energy consumption facilities to the Company level. In 2021, the energy management system was successfully recertified.

The Company approved the Action Plan for Energy Saving and Energy Efficiency Improvement for 2020-2025, which reflects such key energy saving measures as the replacement of mainline pumping units with units with a higher efficiency, reconstruction of oil heating furnaces, reconstruction of power supply at the Uzen HOPS, installation of a frequency-controlled drive at the Inder OPS.

ENERGY CONSUMPTION

The Company accomplished all its energy efficiency goals for 2021 thanks to optimal planning of process operating conditions of main oil pipelines and implementation of the KazTransOil JSC Action Plan for Energy Saving and Energy Efficiency Improvement for 2021.

In 2021, the following key actions to optimize energy consumption were implemented in the reporting period:

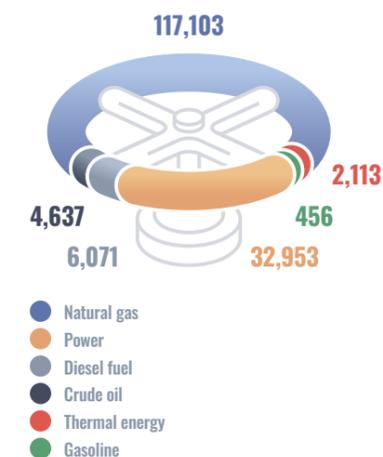
- construction of the Zhetybai main pumping station started the completion of which is scheduled for 2022;
- reconstruction of the power supply system of the Uzen HOPS, the completion of which is scheduled for 2022;
- design and survey work was started to reconstruct the oil heating furnaces of the Oporny OHS and OPS named after A.A. Kultumiev, which is scheduled to be completed in 2022;
- the main pumping units were replaced with units with higher efficiency at Pavlodar OPS, Ekibastuz OPS and Stepnoe OPS, one unit each.

KazTransOil JSC production processes are quite energy intensive, thus the search for and implementation of energy saving solutions is a relevant task for the Company.

KazTransOil JSC uses various energy resources in its energy consumption framework. The most essential are natural gas and power that collectively make up 91% of the total consumption of all energy types for oil transportation.

The increase in natural gas consumption in 2021 compared to the results of 2020 is due to a decrease in oil turnover through "hot" main oil pipelines and the decommissioning of oil heating furnaces at the Opornaya OHS and Beineu OPS, to replace fire extinguishing systems and work on the replacement of technological pipelines, respectively. The Company continues to apply the optimal operating modes of oil pipelines, which made it possible to achieve a 1.5% reduction in electricity consumption in 2021.

STRUCTURE OF USE OF PRIMARY NON-RENEWABLE ENERGY SOURCES FOR OIL PUMPING IN 2021, T.O.E.



DYNAMICS AND BREAKDOWN OF PRIMARY NON-RENEWABLE ENERGY SOURCES (SEPARATELY FOR KAZTRANSOIL JSC)

ENERGY SOURCE	2019		2020		2021		DIFFERENCE,%
	TOE*	SHARE, %	TOE*	SHARE, %	TOE*	SHARE, %	
Natural gas	118,267	70.7	113,710	70.8	117,103	71.6	3
Power	35,496	21.2	33,438	20.8	32,953	20.1	-1.5
Diesel fuel	6,606	3.9	6,014	3.7	6,071	3.7	0.9
Crude oil	4,292	2.6	4,585	2.8	4,637	2.8	1.1
Thermal energy	1,819	1.2	2,286	1.4	2,113	1.2	-7.6
Gasoline	666	0.4	528	0.3	456	0.2	-13.6

* TOE — tonnes of oil equivalent.

In order to cut the operating costs, the Company also tracks the energy intensity variations during oil pumping.

In 2021, oil turnover for KazTransOil JSC alone dropped by 2.1% as compared to 2020, while the consumption of fuel and energy resources increased by 1.7%, which was the result of an increase in energy intensity

by 4.0% compared to last year. The increase in energy consumption by 1.7% in 2021 compared to the results of 2020 is due to an increase in natural gas consumption by 3% and oil for boilers by 1.1%.

ENERGY INTENSITY PROFILE (SEPARATELY FOR KAZTRANSOIL JSC)

INDICATOR	2019	2020	2021	DIFFERENCE, %
Total energy consumption, TOE	167,146	160,562	163,333	1.7
Oil turnover (separately for KazTransOil JSC), MM tonnes×km	37,657	35,899	35,162	-2.1
Energy consumption for oil transportation, TOE/million tonnes-km	4.44	4.47	4.65	4.0

* According to KazTransOil JSC energy intensity calculation method, the base indicator is oil turnover. All types of energy used by the Company are taken into account in the calculation.

PLANS FOR 2022 AND MEDIUM-TERM PLANS

1. Ensure effective operation of the Company's energy management system compliant with ISO 50001:2018
2. Ensure implementation of actions adopted in the KazTransOil JSC Action Plan for Energy Saving and Energy Efficiency Improvement for 2020-2025.
3. Prevent growth of energy efficiency indicators, keep unit energy consumption for oil turnover at the level of 2018-2020.
4. Ensuring the implementation of measures to implement the Low-Carbon Development Program of NC KazMunayGas JSC for 2022-2031.

PROCUREMENT SYSTEM AND LOCAL CONTENT DEVELOPMENT



APPROACH TO PROCUREMENT SYSTEM MANAGEMENT

KazTransOil JSC seeks to improve the procurement system to ensure economic and operational efficiency, competitiveness and transparency of business processes. The Contracting and Local Content Development Department is responsible for procurement management of all business units of the Company.

The Company gives preference to the vendors who follow at least the minimum safety and environmental requirements.

Such requirements are clearly stated in the documents that govern pre-qualification of potential vendors.

Procurement activity is carried out on the electronic platform of Samruk-Kazyna Contract LLP with a full cycle performed from planning the need for goods, works and services to the delivery of goods to the warehouse.

KazTransOil JSC participates in dissemination of high corporate

standards and values among partners. The Company is guided by the principles of procurement process transparency, optimal spending of funds, purchase of quality goods, fair competition among vendors and minimal participation of intermediaries to select vendors in terms of normative acts of Samruk-Kazyna JSC. Also, to increase transparency and process openness level the procurement contract standardization mechanism is applied.

STAGES OF PROCUREMENT PROCEDURES



In 2021, the value of contracts concluded by KazTransOil JSC with its vendors was 98,509 million tenge, including:

- 96,426 million tenge for the headquarters;
- 83 million tenge for RDC Branch of KazTransOil JSC.

NUMBER OF VENDORS BROKEN DOWN BY CATEGORY, 2021



LOCAL CONTENT DEVELOPMENT

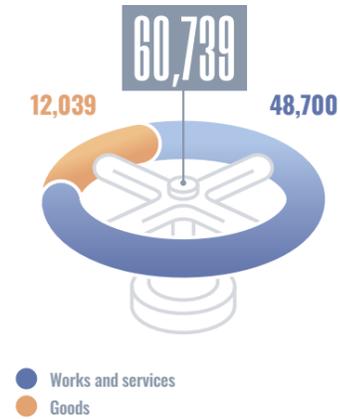
KazTransOil JSC pays special attention to working with local suppliers, giving preference to them when purchasing goods and services. The company implements the state policy for the development of the national economy and local content.

As of the end of 2021 the share of local content in purchases of KazTransOil JSC made up 71%, including 53% for goods and 75% for works and services. The monitoring of the share of local

content in procurement of goods, works and services is carried out on the portal of authorized body.

As a result of procurement processes, long-term contracts for 2021-2025 for the total value of 182 million tenge were signed with local producers and disabled persons associations. Also, in 2021, one-year contracts for 2,618 million tenge were concluded with local producers with subsequent full completion.

LOCAL CONTENT IN PROCURED GOODS, WORKS AND SERVICES IN 2021*, MILLION TENGE

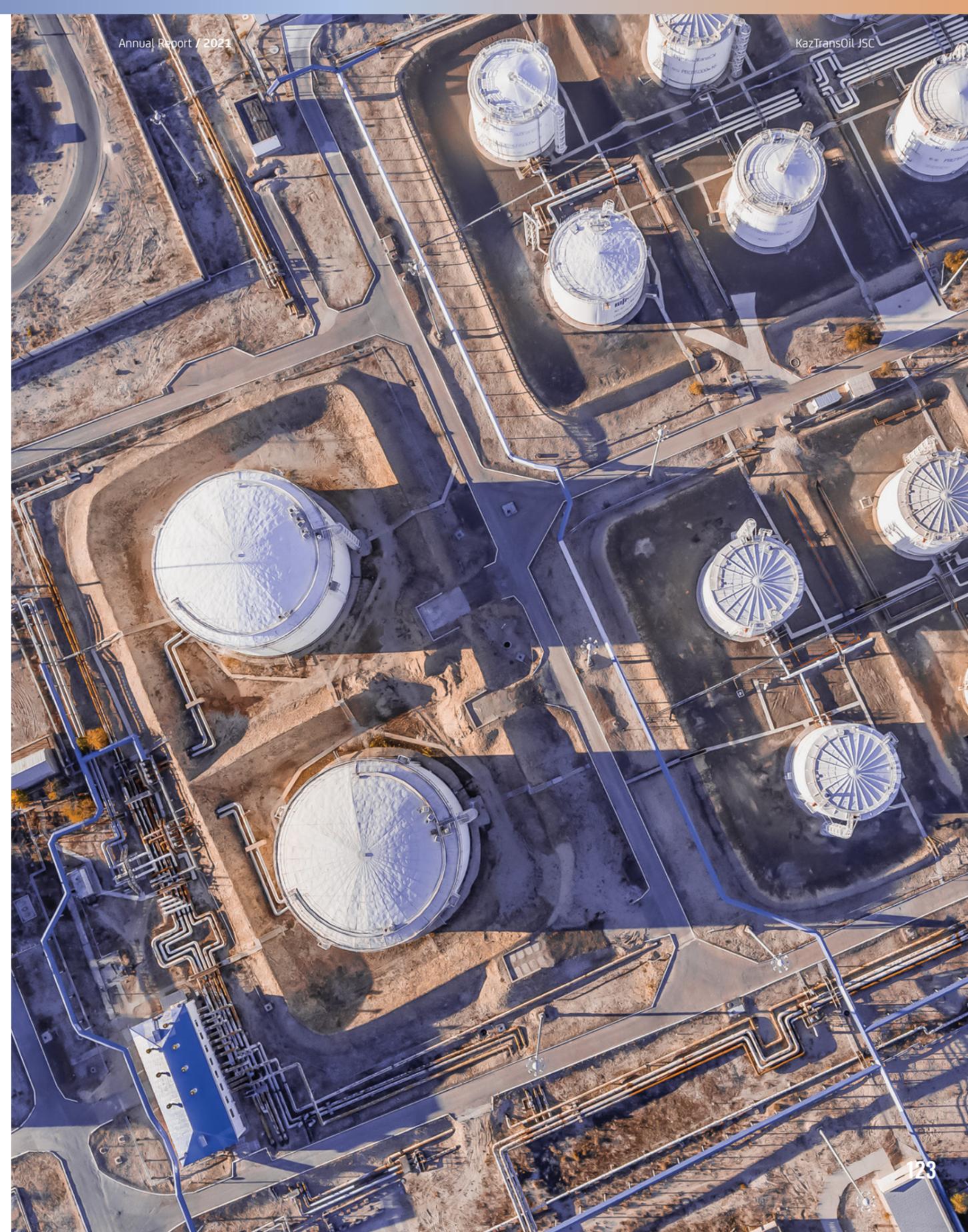


* Data provide by Samruk-Kazyna Contract LLP

PLANS FOR 2022 AND MEDIUM-TERM PLANS

The Company plans to continue the practice of procurement activities in accordance with corporate principles and standards, including the implementation of the Procurement

Plans for Goods, Works and Services for 2022 and 2022-2026 years. Further monitoring over the local content in procurement of goods, works and services is also envisaged.





- Message from the Chairman of the Board of Directors
- Message from the General Director (Chairman of the Management Board)
- Report Overview
- Key Indicators 2021
- Layout of Main Pipelines
- Development Background
- Key Events in 2021
- Company's Business Model

01. COMPANY OVERVIEW
02. OPERATING PERFORMANCE
03. SUSTAINABLE DEVELOPMENT PERFORMANCE
04. CORPORATE GOVERNANCE REPORT

- Corporate Governance System and Its Principles
- Report on Compliance with the Corporate Governance Code
- General Meeting of Shareholders
- Board of Directors
- Management Board and Its Activities
- Role and Activities of the Company's Corporate Secretary
- Risk Management
- Internal Audit
- External Audit
- Anti-corruption
- Corporate Ethics
- Managing Conflict of Interests
- Ombudsman Institution
- Compliance Control Service

05. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

06. APPENDICES

Contact details



EFFICIENCY

Corporate values of KazTransOil JSC

THE COMPANY ACKNOWLEDGES ITS COMMITMENTS TO THE STATE, SHAREHOLDERS, EMPLOYEES AND COMMUNITY, THEREFORE PROFITABILITY, EFFICIENCY AND HIGH PERFORMANCE ARE THE COMPANY'S INDISPUTABLE VALUES. THE COMPANY'S SUSTAINABLE AND STABLE OPERATION IS ACHIEVED BY BUSINESS PROCESS IMPROVEMENT, COST OPTIMISATION, FOCUS ON EQUIPMENT UPGRADES AND PRODUCTION DEVELOPMENT INVESTMENTS.



CORPORATE GOVERNANCE REPORT

04

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- 127 – Report on Compliance with the Corporate Governance Code
- 128 – General Meeting of Shareholders
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CORPORATE GOVERNANCE SYSTEM AND ITS PRINCIPLES



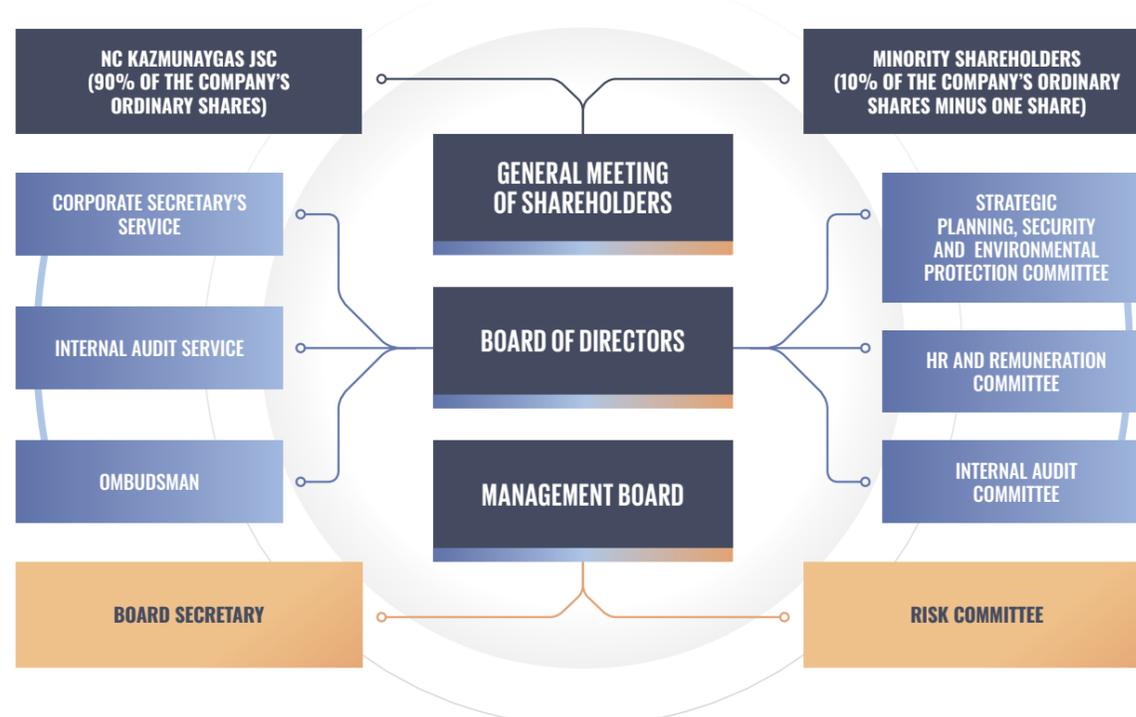
KazTransOil JSC considers corporate governance to be a key driver for increasing the Company's value, competitiveness and investment attractiveness. Hence, the Company's priorities are continuous improvement of the corporate governance system and execution of the shareholders' interests and rights.

KazTransOil JSC is building a corporate governance system in accordance with the Republic of Kazakhstan laws, KASE requirements, the Company's Charter and the Corporate Governance Code.

The Company's bodies deciding on the key issues of the Company's activities and performing general management are:

- General Meeting of Shareholders (supreme body);
- Board of Directors (management body);
- Management Board (executive body).

COMPANY'S CORPORATE GOVERNANCE SYSTEM



REPORT ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE



The goals set forth by the Corporate Governance Code are to improve KazTransOil JSC's corporate governance, to ensure transparent management and to confirm the Company's commitment to the appropriate corporate governance standards. The principles stipulated in the Code are as follows:

1. Government as the Shareholder of the Samruk-Kazyna JSC.
2. Interaction between Samruk-Kazyna JSC and entities. Role of Samruk-Kazyna JSC as a National Management Holding.
3. Sustainable development.
4. Shareholders' rights and fair treatment of shareholders.
5. Effectiveness of the Board of Directors and Executive Body.
6. Risk Management, Internal Control and Audit.
7. Transparency.

Above mentioned principles are in line with the leading corporate governance practices and are important for increasing the long-term value, investment attractiveness and sustainable development of the Company as a whole.

The Company acknowledges the significance of corporate governance and thus lays an emphasis on the need for compliance of the Company's internal regulations and practices with the corporate governance principles.

A full report on KazTransOil JSC compliance with the principles and provisions of the Corporate Governance Code for 2021 is provided in *Appendix 4* to the Report.



GENERAL MEETING OF SHAREHOLDERS



The General Meeting of Shareholders is the Company's supreme management body that operates in accordance with the Republic of Kazakhstan Law On Joint-Stock Companies, the Company's Charter, and the Regulations on KazTransOil JSC General Meeting of Shareholders.

The Company strives to maintain equal and fair treatment of all shareholders in terms of exercising their right to participate in the Company's

SHARE CAPITAL STRUCTURE

As of December 31, 2021, the ordinary shares in the Company's equity were issued and paid in the amount of 384,635,599 shares, out of which:

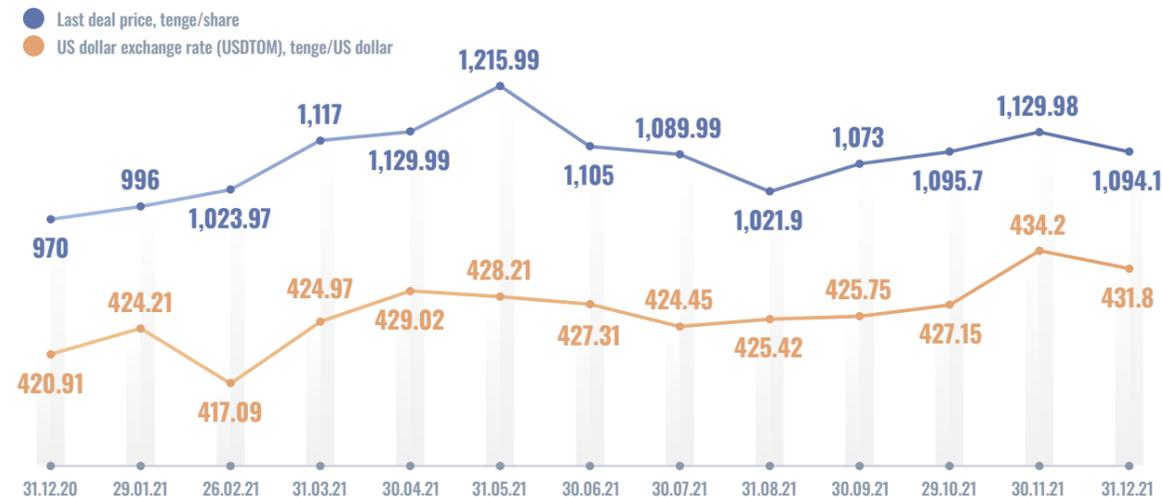
- 346,172,040 ordinary shares, or 90% of the total number of shares issued and placed are held by NC KazMunayGas JSC;

management. The primary way for the shareholders to exercise their rights is to participate in the annual General Meeting of Shareholders and in extraordinary General Meetings of Shareholders.

The procedure for holding the General Meeting of Shareholders is aimed at observing the shareholders' rights and complying with all effective legal requirements and the global best practices in the field of corporate governance.

- 38,463,559 ordinary shares, or 10% minus one share, were placed through subscription on the KASE, including 7,500 ordinary shares repurchased by the Company at the shareholder's request;
- 1 (one) ordinary share in the Company was not placed.

CHANGE IN THE MARKET VALUE OF KAZTRANSOIL JSC SHARES IN 2021, TENGE



The TSR for 2021, taking into account the dividends paid at the end of 2020, made up 22.69%.

INFORMATION ON GENERAL MEETINGS OF KAZTRANSOIL JSC SHAREHOLDERS HELD IN 2021

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The annual General Meeting of the Company's Shareholders was held in absentia on May 26, 2021 to consider the following:

1. On approval of the KazTransOil JSC annual financial statements and consolidated annual financial statements for 2020.
2. On approval of the procedure for the distribution of net income of KazTransOil JSC for 2020, making a decision on the payment of dividends on ordinary shares and approving the size of the dividend per one ordinary share of KazTransOil JSC.

3. On approval of the Annual Report of the Board of Directors of KazTransOil JSC on the work performed in 2020.
4. On the appeals of the shareholders of KazTransOil JSC for 2020 on the actions of KazTransOil JSC and its officials and the results of their consideration.
5. On amendments and additions to the Charter of KazTransOil JSC.

EXTRAORDINARY GENERAL MEETINGS OF SHAREHOLDERS

An Extraordinary General Meeting of the Company's Shareholders was held in absentia on November 5, 2021 to consider the question: "On amendments and additions to the Charter of KazTransOil JSC".

An Extraordinary General Meeting of the Company's Shareholders was held on November 25, 2021 to consider the following:

1. On early termination of powers of members of the Board of Directors of KazTransOil JSC.
2. On the determination of the quantitative composition, term of office of the Board of Directors of KazTransOil JSC, the election of its members, including the Chairman of the Board of Directors.
3. On the determination of the amount and terms of payment of remuneration and compensation of expenses to independent directors of KazTransOil JSC for the performance of their duties.



DIVIDEND POLICY

KazTransOil JSC Dividend Policy was developed to balance the interests of the Company and its shareholders, to provide the maximum possible transparency for shareholders and all stakeholders and to determine the dividend amount and payment procedure.

The Dividend Policy sets forth the minimum dividend amount at 40% of the Company's net income. The actual dividend amount may reach or exceed 100% of the Company's net income unless this contradicts the Company's liabilities.

The largest value of consolidated or separate net income is applied

to calculate dividends. The Company's Management Board reserves the right to offer a dividend payment level below the 40% standard, based on the Company's actual performance for the corresponding fiscal year, industrywide development trends and the capital (investment) cost programme.

By decision of the annual General Meeting of Shareholders, 50,770,909,068 tenge were allocated to pay dividends for 2019, which is 91% of the Company's net income for 2020 or 132 tenge per ordinary share of the Company. Payment of dividends for 2020 was completed on 18 June 2021.

DIVIDEND PAYMENTS, TENGE

DIVIDEND ACCRUAL PERIOD	DIVIDEND PAYMENT COMMENCEMENT DATE	DIVIDEND AMOUNT PER ORDINARY SHARE	TOTAL PAYMENT
01.01.2016-31.12.2016	27.06.2017	155	59,617,355,345
01.01.2017-31.12.2017	26.06.2018	160	61,540,495,840
01.01.2018-31.12.2018	03.07.2019	104	40,001,322,296
01.01.2019-31.12.2019	18.06.2020	118	45,386,115,682
01.01.2020-31.12.2020	18.06.2021	132	50,770,909,068

INFORMATION DISCLOSURE

Information disclosure by the Company ensures that such information becomes available to all stakeholders regardless of the purpose for obtaining the information. Information is disclosed in accordance with the Republic of Kazakhstan Laws On the Securities Market and On Joint-Stock Companies, the Listing Rules by Kazakhstan Stock Exchange JSC, the Company's Charter and other requirements of the Republic of Kazakhstan laws and the Company's internal documents.

Establishment of effective relations with shareholders based on information transparency and mutual respect is one of the Company's priorities. The Company has an Investor Relations Service to ensure feedback between the Company and its shareholders, potential investors, analysts, professional securities market players and representatives of the investment community in general.

The Company will continue working on information transparency and efficient information disclosure to stakeholders.

BOARD OF DIRECTORS



The Board of Directors is a management body responsible for strategic management of the Company and supervision over the Management Board within its competence. The Board of Directors is accountable to the General Meeting of Shareholders and is responsible for effective management and supervision over the Company's activities in accordance with the current decision-making system.

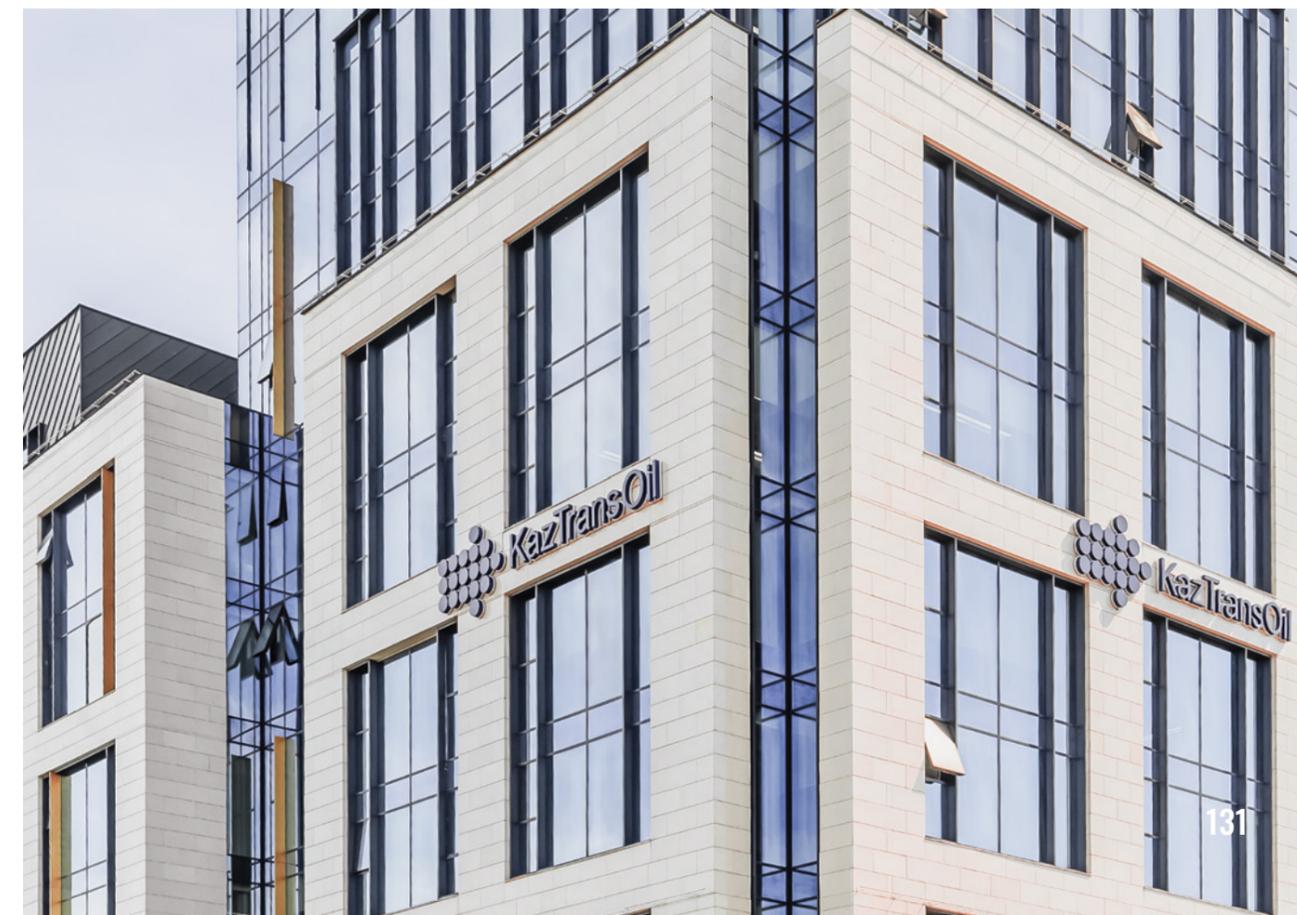
The Board of Directors is governed by the Republic of Kazakhstan Law On Joint-Stock Companies, other the Republic of Kazakhstan legal acts, decisions made at the General Meeting

of Shareholders, the Company's Charter, the Corporate Governance Code and the Regulations on the KazTransOil JSC Board of Directors.

Within its competence, the Board of Directors determines the Company's development strategy and priority development areas, including in the following areas:

- corporate governance;
- risk management and internal control;
- Sustainable Development;
- implementation of major investment and other key strategic projects.

The Board of Directors also exercises regular control over performance in the priority areas of the Company's development, establishes KPIs in the Company's development plan and monitors their implementation. Also, the Board of Directors monitors the implementation of the Company's Development Strategy, including the provision of the necessary resources to achieve the set goals.



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COMPOSITION OF THE BOARD OF DIRECTORS

In accordance with the share capital structure (90% of the total number of ordinary shares are held by NC KazMunayGas JSC), two members of the Board of Directors are representatives of the major shareholder, namely KazMunayGas JSC. Three members of the KazTransOil JSC Board of Directors are independent directors, thereby ensuring protection of the rights and interests of minority shareholders, in accordance with the leading practices in corporate governance. The General Director (Chairman of the Management Board) is also a member of the Company's Board of Directors.

The Chairman of the Board of Directors is Daniyar Berlibayev, a representative of NC KazMunayGas JSC.

All members of the Board of Directors have a sound professional reputation and significant industry experience. All members also have the necessary knowledge and competences in strategic planning, financial reporting and audit, business planning and project management.



DANIYAR BERLIBAYEV

CHAIRMAN OF THE KAZTRANSOIL JSC BOARD OF DIRECTORS,
REPRESENTATIVE OF NC KAZMUNAYGAS JSC

Born on 21 December 1968.
Nationality: Republic of Kazakhstan.

Education:

Graduated from Al-Farabi Kazakh State University with a degree in Law as a qualified Lawyer.

Work experience:

- 2017 — February 2019: Advisor to the Chairman of the NC KazMunayGas JSC Management Board.
 - From 7 February 2019: Deputy Chairman of the NC KazMunayGas JSC Management Board for Oil Transportation, International Projects and Construction of the Saryarka Gas Pipeline.
 - From 29 January 2016: Chairman of KazTransOil JSC Board of Directors, Representative of NC KazMunayGas JSC.
-
- Member of the NC KazMunayGas JSC Management Board, Chairman of the KMG International N.V. Board of Directors, Chairman of the CPC-R JSC Board of Directors, Chairman of the AstanaGas KMG JSC Board of Directors.
 - Mr. Berlibayev holds 9,655 Company's shares, or 0.00251% of the total number of the placed shares.
 - He does not hold any SJCE shares.
 - He does not hold any shares of the Company's suppliers or competitors.
 - He has not performed any transactions with the Company's shares.



MARLEN ORAZBEKOV

MEMBER OF THE KAZTRANSOIL JSC BOARD OF DIRECTORS,
REPRESENTATIVE OF NC KAZMUNAYGAS JSC

Born on 29 July 1972.
Nationality: Republic of Kazakhstan.

Education:

Graduated from Tselinograd Civil Engineering Institute with a degree in Automobiles and the Automotive Industry and Karaganda Institute of Actual Education "Bolashak" at the Karaganda State University. E.A. Buketov with a degree in jurisprudence.

Work experience:

- From March 2017: Managing Director for Legal Issues of EP KazMunayGas JSC.
 - June 2017-January 2020: Director of the Department of Consolidation and Coordination Work of NC KazMunayGas JSC.
 - From January 2020 till now: Chief of Staff of NC "KazMunayGas" JSC.
 - From 25 November 2021: Member of the Board of Directors of KazTransOil JSC.
-
- Member of the Management Board of EP KazMunayGas JSC, Chairman of the Supervisory Board of KazMunayGas-Service LLP
 - He does not hold any SJCE shares.
 - He does not hold any shares of the Company's suppliers or competitors.
 - He has not performed any transactions with the Company's shares.



DIMASH DOSSANOV

MEMBER OF THE KAZTRANSOIL JSC BOARD OF DIRECTORS,
GENERAL DIRECTOR (CHAIRMAN OF THE MANAGEMENT BOARD)
OF KAZTRANSOIL JSC

Born on 2 November 1981.
Nationality: Republic of Kazakhstan.

Education:

Graduated from Al-Farabi Kazakh State University with a degree in International Relations as a qualified International Relations Specialist; T. Ryskulov Kazakh Economic University with a degree in Finance and Credit as a qualified Economist. MA in Business Administration (MBA), Georgetown University (USA).

Work experience:

- Began career in 2002 as a manager of the Small and Medium Business Development Association under the Medeu District Akim's Office in Almaty. In different years he worked in the Ministry of Industry and Trade of the Republic of Kazakhstan. In different years he worked for the Ministry of Industry and Trade of the Republic of Kazakhstan, EP KazMunayGas JSC, NC KazMunayGas JSC, North Caspian Operating Company (NCOC), Kazakhstan-China Pipeline LLP
 - From 6 August 2016 to 14 January 2022: General Director (Chairman of the Management Board) of KazTransOil JSC.
 - From 20 October 2016 to 14 January 2022: member of the KazTransOil JSC Board of Directors.
-
- Member of the CPC-R JSC and CPC-K JSC Board of Directors
 - He does not hold any shares of the Company or SJCEs.
 - He does not hold any shares of the Company's suppliers or competitors.
 - He has not performed any transactions with the Company's shares.

INDEPENDENT DIRECTORS

The presence of independent directors in the Company's Board of Directors is predetermined by the aspiration to achieve an optimum balance of experience, skills and qualifications among the members of the Board of Directors. The independent directors also bring in valuable know-how in corporate governance and risk management, as well as international experience, strategic vision and extensive understanding of the oil transportation industry.

In addition to their participation in the activities of the Board of Directors, independent directors act as chairpersons in the committees under the Board of Directors, actively participate in discussing the meeting agendas and ensure that unbiased decisions are made to respect the interests of all shareholders.

In the reporting period, the Company's independent directors fully complied with the independence criteria established by the Republic of Kazakhstan laws, the Company's Charter and the Regulations on the Company's Board of Directors.

Detailed information on the procedure for independent director election may be found at the Company's website in the Corporate Governance section.



VINICIUS AGOSTINI ALVES

INDEPENDENT DIRECTOR

Born on 8 March 1981.
 Nationality: Federative Republic of Brazil.

Education:

Graduated from Universidade Federal de Minas Gerais (Brazil) with a degree of Bachelor of Business Administration, McDonough Georgetown University Business School (USA) and ESADE Business School (Spain). Has a Master's degree in Business Administration (MBA).

Work experience:

- Mr. Agostini has extensive strategic development experience in such industries as cybersecurity, steel production, mining, logistics, telecommunications and management consulting. He is currently engaged as Head of Strategy and Marketing at Exceda (a cloud computing and web security provider in Latin America and the United States) and coordinates the launch of operations in seven countries in the region.
- During his time at Usiminas (Brazil), he coordinated the company's long-term strategic plan with the management board and major shareholders (Nippon Steel, Ternium/Tenaris groups).
- From 28 January 2019 — independent director at KazTransOil JSC.

- He does not participate in management bodies of any other organisations.
- He does not hold any shares of the Company or SJCEs.
- He does not hold any shares of the Company's suppliers or competitors.
- He has not performed any transactions with the Company's shares.



ALBERTO MARTINEZ LOPES

INDEPENDENT DIRECTOR

Born on 20 March 1979.
 Nationality: United Mexican States.

Education:

Graduated from the Monterrey Institute of Technology and higher Education with a bachelor's degree in information systems engineering, from Esade Business and Law School in Barcelona with a Master's degree in Global Business and Administration.

Work experience:

- Mr. Martinez has significant experience in IT, as well as in the consumer goods value chain and supply chain at British American Tobacco. He has held various roles in IT Business Relationship Management and Service Delivery at regional and global levels across the Americas, Europe and North Africa regions.
- From 25 November 2021 — independent director at KazTransOil JSC.

- He does not participate in management bodies of any other organisations.
- He does not hold any shares of the Company or SJCEs.
- He does not hold any shares of the Company's suppliers or competitors.
- He has not performed any transactions with the Company's shares.



HADRIEN FRAISSINET

INDEPENDENT DIRECTOR

Born on 13 December 1979.
 Nationality: Swiss Confederation.

Education:

Has a Bachelor's Degree from Wheaton College (USA, Massachusetts), a Master's Degree in Business Administration (MBA) from Georgetown University (USA) and ESADE Business School (Spain).

Work experience:

- Mr. Fraissinet has significant international experience in private investment and consulting in different economy sectors. He specialises in identifying growth opportunities and defining strategies aimed at gaining added value. Since the start of his career at Rothschild&Co, Mr. Fraissinet has held senior positions at Baring Vostok Capital Partners and at the International Finance Corporation, has been a member of the World Bank, where he managed investments in Africa, Asia, Latin America and Russia & CIS.
- From 28 January 2019 — independent director at KazTransOil JSC.

- He does not participate in management bodies of any other organisations.
- He does not hold any shares of the Company or SJCEs.
- He does not hold any shares of the Company's suppliers or competitors.
- He has not performed any transactions with the Company's shares.

CRITERIA FOR SELECTION AND ELECTION TO THE BOARD OF DIRECTORS

The criteria developed to select and elect members of the Board of Directors, including independent directors and the Chairman of the Board of Directors, are set out in the Republic of Kazakhstan Law On Joint-Stock Companies, the Company's Charter, the Corporate Governance Code and the Regulations on the Company's Board of Directors.

The General Meeting of Shareholders elects members of the Board of Directors using clear and transparent procedures, with due regard to the knowledge, skills, achievements, business reputation and professional experience of candidates. Their contribution to the performance of the Company's Board of Directors is taken into account during re-election of individual members or all members of the Board of Directors for a new term.

A balance of skills, experience and knowledge is maintained among members of the Board of Directors and its Committees to ensure independent, unbiased and effective decision-making, to respect the interests of the Company and the shareholders, as well as to achieve long-term value growth and sustainable development of the Company.

CONFLICT OF INTERESTS

In accordance with the Regulations on the Board of Directors, members of the Board of Directors must adhere to the principle of not allowing conflict of interests in their activities.

Members of the Board of Directors must abstain from actions that would cause or could potentially cause a conflict of interests between them, the Company and shareholders, and in case of presence

or appearance of such conflict, immediately inform the Chairman of the Board of Directors in writing.

A member of the Board of Directors cannot vote on issues when they have interest in them or there is a conflict of interests.

No conflicts of interests were identified in the reporting period.

ACTIVITIES OF THE BOARD OF DIRECTORS

ATTENDANCE OF THE BOARD OF DIRECTORS MEETINGS IN 2021

DIRECTOR	ATTENDANCE OF MEETINGS		TERM AS A MEMBER OF THE BOARD OF DIRECTORS IN THE REPORTING PERIOD
	NUMBER OF MEETINGS ATTENDED	PERCENTAGE OF MEETINGS ATTENDED	
Daniyar Berlibayev	12 of 12	100%	01.01.2021 — 31.12.2021
Marlen Orazbekov	2 of 2	100%	25.11.2021 — 31.12.2021
Dimash Dossanov	12 of 12	100%	01.01.2021 — 31.12.2021
Vinicius Agostini Alves	12 of 12	100%	01.01.2021 — 31.12.2021
Alberto Martinez Lopes	2 of 2	100%	25.11.2021 — 31.12.2021
Almasbek Mukhashov	9 of 9	100%	01.01.2021 — 27.10.2021
Hadrien Fraissinet	12 of 12	100%	01.01.2021 — 31.12.2021

In 2021, the Board of Directors held 12 meetings. At the meetings, the participants reviewed and decided on 118 issues, including those related to the Company's core business:

STRATEGIC DEVELOPMENT:

- on consideration of the Report for 2020 on the implementation of the Development Strategy KazTransOil JSC until 2025;
- on consideration of the Report on the implementation of the Business Plan of KazTransOil JSC for 2020-2024 in terms of the budget for 2020 at the revalued cost of fixed assets;
- on approval of the Business Plans of KazTransOil JSC for 2022–2026 based on the revalued and historical cost of fixed assets.

FINANCIAL AND BUSINESS ACTIVITIES:

- on preliminary approval of the annual financial statements and consolidated annual financial statements of KazTransOil JSC for 2020;
- on convening of the annual General Meeting of KazTransOil JSC Shareholders;
- on approval of interim (semi-annual) financial statements and interim (semi-annual) consolidated financial statements of KazTransOil JSC for the first half of 2021;

- on proposals from the Board of Directors to the General Meeting of Shareholders KazTransOil JSC on the procedure for distributing net income KazTransOil JSC for 2020 and the amount of dividend for 2020 per one ordinary share of KazTransOil JSC;
- on execution of transactions the Company is interested in.

CORPORATE GOVERNANCE:

- on approval of the Annual Report of KazTransOil JSC for 2020;
- on approval of the incentive KPIs for the Company's senior executives, corporate secretary and the Head of the Internal Audit Service of the Company for 2021 and their target values;
- on approval of the Report on the Company's compliance with the concepts and provisions of the Corporate Governance Code for 2020;
- on approval of the annual report of the Board of Directors of KazTransOil JSC on the work done for 2020.

INTERNAL AUDIT:

- on approval of the annual audit plan of the Internal Audit Service of KazTransOil JSC for 2022;
- on approval of the budget of the Internal Audit Service of KazTransOil JSC for 2022;
- hearing reports of the Internal Audit Service of KazTransOil JSC.

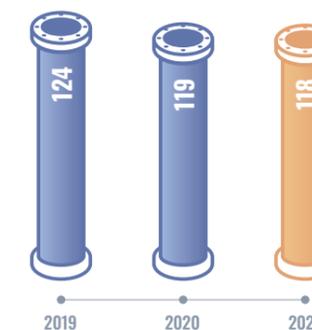
RISK MANAGEMENT AND INTERNAL CONTROL:

- on approval of quarterly reports on occupational and non-occupational risks of KazTransOil JSC, its subsidiaries and jointly controlled entities for the 4th quarter of 2020 and 1-3 quarters of 2021;
- approval of the results of identification and assessment of occupational and non-occupational risks of KazTransOil JSC, its subsidiaries and jointly controlled entities for 2021.

The Board of Directors also considered a number of issues within the competence of the General Meetings of Participants/Shareholders in the Company's subsidiaries and jointly controlled entities.

Additional information on decisions made by the Board of Directors in 2020 is available on the Company's website in the Corporate Governance section.

NUMBER OF ISSUES CONSIDERED AT THE MEETINGS OF THE COMPANY'S BOARD OF DIRECTORS



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RESULTS OF THE COMMITTEES OF THE BOARD OF DIRECTORS

In order to increase the efficiency of the work of the Board of Directors by considering and preparing recommendations on the most important issues requiring special competencies, three committees have been formed under the Board of Directors: Planning, Safety and Environment Committee, HR and Remuneration Committee, and Internal Audit Committee. The Company's Board of Directors appoints the Committee members.

The committees were created for the purpose of active discussion and detailed analysis of certain issues of the Company's management. The Committees are accountable to the Board of Directors in accordance with the powers granted to them by the Board of Directors and the relevant Regulations on the Committees. Members of the Committees are appointed by the decision of the Board of Directors of the Company. The functions, rights and obligations, the procedure for the formation and organization of the work of the Committees are established by the relevant internal documents. These documents are available on the Company's website in the Corporate Governance section.

STRATEGIC PLANNING, SAFETY AND ENVIRONMENT COMMITTEE

MEMBERS OF THE STRATEGIC PLANNING, SAFETY AND ENVIRONMENT COMMITTEE (ELECTED BY THE DECISION OF THE COMPANY'S BOARD OF DIRECTORS DATED 25 NOVEMBER 2021)

NAME	POSITION
Hadrien Fraissinet	Independent Director, Chairman
Vinicius Agostini Alves	Independent Director
Alberto Martinez Lopes	Independent Director

The Committee consists of the members of the Board of Directors and experts with the professional knowledge required for work in the Committee. The Company's Board of Directors determines the membership of the Strategic Planning Committee. Moreover, in accordance with the Company's internal documents, the Committee Chairman is an independent director.

The Committee holds meetings as necessary, but at least once every six months.

THE ROLE OF THE COMMITTEE

The main objective of the Strategic Planning Committee is preliminary review and preparation of recommendations for the Board of Directors on the Company's development strategy, including defining the priority areas.

The Strategic Planning Committee held 2 meetings in presentia in 2021 with considering and developing the recommendations on the following key issues:

- on proposal of the Board of Directors to the General Meeting of Shareholders on the procedure for distributing the net income of KazTransOil JSC for 2020 and the amount of dividend for 2020 per one ordinary share JSC "KazTransOil";
- on consideration of adjusted business plans KazTransOil JSC for 2021-2025 at revalued and historical cost of fixed assets;
- on consideration of the issue of interaction with minority shareholders of KazTransOil JSC;
- on consideration of business plans of KazTransOil JSC for 2021-2025 on the revalued and historical cost of fixed assets;
- on consideration of key indicators of KazTransOil JSC on HSE in 2021.

HR AND REMUNERATION COMMITTEE

MEMBERS OF THE HR AND REMUNERATION COMMITTEE (ELECTED BY THE DECISION OF THE COMPANY'S BOARD OF DIRECTORS DATED 25 NOVEMBER 2021)

NAME	POSITION
Alberto Martinez Lopes	Independent Director, Chairman
Vinicius Agostini Alves	Independent Director
Hadrien Fraissinet	Independent Director

In accordance with the Company's internal documents, the majority of the Committee members, including the Chairman, must be independent directors. The Chairman of the Board of Directors and the General Director (Chairman of the Management Board) must not be the Committee members.

The Committee holds meetings as necessary, but at least once every six months.

THE ROLE OF THE COMMITTEE

The main goal of the HR and Remuneration Committee's activities is assisting the Board of Directors in exercising its powers related to selection, appointment (election), appraisal and remuneration for the members of the Board of Directors, the General Director (Chairman of the Management Board), the members of the Management Board and the Corporate Secretary.

In 2021, the HR and Remuneration Committee held 5 meetings in presentia and 3 in absentia with considering and developing the recommendations on the following key issues:

- on approval of corrected incentive KPIs for some of the Company's senior executives for 2021 and their target values;
- on approval of adjusted motivational key indicators for executives and the corporate secretary KazTransOil JSC for 2021 and their target values;
- on consideration of the issue of determining the quantitative composition, term of office of the Management Board of KazTransOil JSC, election of the General Director (Chairman of the Management Board) and members of the Management Board of KazTransOil JSC;
- on consideration of the issue of determining the size of official salaries and terms of remuneration and bonuses for the General Director (Chairman of the Management Board) and members of the Management Board of KazTransOil JSC;

- on consideration of the issue of approving motivational key performance indicators for executives and the corporate secretary of KazTransOil JSC with actual values and final performance for 2020;
- on consideration of the issue of approval of corporate and functional key performance indicators of the Ombudsman KazTransOil JSC with actual values and final performance for 2020 and remuneration of the Ombudsman KazTransOil JSC based on the results of work for 2020;
- on consideration of the issue of remuneration based on the results of work for 2020 for executives and the corporate secretary KazTransOil JSC;
- on consideration of the issue of appointment as a corporate secretary KazTransOil JSC — Shmanov A.M., on determining the term of his powers, as well as the size of the official salary and remuneration conditions;
- on approval of the adjusted corporate key performance indicators of KazTransOil JSC for 2021 and their target values;
- on approval of the adjusted motivational key performance indicators of the executives and the corporate secretary of KazTransOil JSC for 2021 and their target values;
- on approval of succession cards and succession plans of the members of the Management Board of KazTransOil JSC;

- on approval of individual development plans for members of the Management Board KazTransOil JSC;
- on consideration of the issue of recommendations on the quantitative composition and term of office of the Board of Directors of KazTransOil JSC and the formation of a list of candidates for members of the Board of Directors of KazTransOil JSC;
- on consideration of the issue of recommendations on the extension of the term of office of the Ombudsman of KazTransOil JSC Akbergenov S.I.;
- on consideration of the issue of recommendations on determining the size of the official salary, terms of remuneration and social support for the corporate secretary of KazTransOil JSC.

INTERNAL AUDIT COMMITTEE

MEMBERS OF THE INTERNAL AUDIT COMMITTEE (ELECTED BY THE DECISION OF THE COMPANY'S BOARD OF DIRECTORS DATED 25 NOVEMBER 2021)

NAME	POSITION
Vinicius Agostini Alves	Independent Director, Chairman
Hadrien Fraissinet	Independent Director
Alberto Martinez Lopes	Independent Director

In accordance with the Company's internal documents, the members of the Board of Directors who are also the members of the Committee, including the Committee Chairman, must be independent directors.

If necessary and upon invitation from the Committee Chairman, the Lead Partner and/or other representatives of the Company's external auditor Ernst & Young LLP may attend Committee meetings to jointly consider audit findings.

Internal Audit Committee holds meetings as necessary, but at least once a quarter.

THE ROLE OF THE COMMITTEE

The Internal Audit Committee is assisting the Board of Directors in issues of external and internal audits, financial statements, internal control and risk management, asset valuations, compliance with the Republic of Kazakhstan laws and other issues assigned by the Company's Board of Directors.

In the reporting period, the Internal Audit Committee held 3 meetings in presentia and 2 meetings in absentia with considering and developing the recommendations on the following key issues:

- on preliminary approval of the Company's annual financial statements and consolidated annual financial statements for 2019;
- on consideration of the issue of operating results and financial condition of BOT;
- on consideration of the issue of preliminary approval of the report of the Internal Audit Service of KazTransOil JSC based on the results of work for 2020;
- on consideration of the issue of consideration of the final report on the comprehensive examination of information technologies of KazTransOil JSC;
- on consideration of the report on the implementation of the Action Plan for the implementation of the recommendations of the independent auditor of KazTransOil JSC Ernst & Young LLP based on the results of the audit of the consolidated and separate financial statements of KazTransOil JSC for 2019;

REMUNERATION FOR MEMBERS OF THE BOARD OF DIRECTORS

The procedure for remuneration and cost reimbursement payments to independent directors is established by the Rules on Remuneration and Cost Reimbursement Payments to Independent Directors of NC KazMunayGas JSC Joint-Stock Companies.

The representatives of NC KazMunayGas JSC and the General Director (Chairman of the Management Board), who are members of the Board of Directors do not receive any remuneration for their participation in this body.

Independent directors receive the following remuneration for their duties as the members of the Board of Directors:

- fixed remuneration of 80,000 US dollars per year;
- additional remuneration of 1,000 US dollars for attending in presentia meetings of Committees under the Board of Directors.

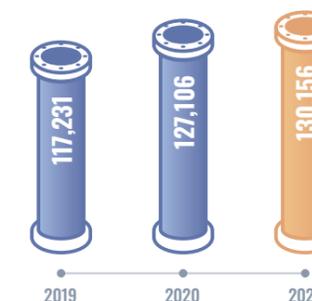
Independent directors also receive reimbursement to cover the costs (travel, accommodation, subsistence) related to travelling to the meetings of the Board of Directors and its Committees held outside

the permanent residence of the independent director.

The total amount of remuneration paid to the Company's independent directors based on their performance in 2021 was 130,156 thousand tenge, including taxes.

Additional information about the terms and conditions of remuneration payments to members of the Board of Directors is available at the Company's website in the Corporate Governance section.

PROFILE OF REMUNERATION PAID TO THE COMPANY'S INDEPENDENT DIRECTORS, THOUSAND TENGE



* including taxes

REMUNERATION PAID TO THE COMPANY'S INDEPENDENT DIRECTORS IN 2021, THOUSAND TENGE

INDEPENDENT DIRECTOR	ANNUAL REMUNERATION	ATTENDANCE AT IN PRESENTIA MEETINGS OF THE COMMITTEES	TOTAL, NET OF TAXES	TOTAL, INCLUDING TAXES
Almasbek Mukhashov	27,573	3,550	31,123	37,394
Vinicius Agostini	35,041	3,579	38,620	44,214
Hadrien Fraissinet	35,041	3,579	38,620	44,214
Alberto Martinez	3,852	434	4,286	4,334
Total:	101,507	11,142	112,649	130,156

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Message from the General Director (Chairman of the Management Board)

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MANAGEMENT BOARD AND ITS ACTIVITIES



The KazTransOil JSC Management Board is a collegial executive body that manages the Company's daily activities.

The main goals of the Management Board are ensuring successful fulfilment of the objectives established for the Company and implementation of the Development Strategy. The Management Board strives to achieve these goals using the main concepts of honesty, integrity, sound judgement, prudence, coherence and the maximum possible respect for the rights and interests of the Company's shareholders and accountability for

COMPOSITION OF THE MANAGEMENT BOARD

In 2021, the Management Board had nine members. The members of the Management Board were re-elected on 23 May 2021 in accordance with the decision of the Company's Board of Directors dated April 22, 2021 (Members of the Management Board are elected for 3 years).

implementing the decisions of the General Meeting of the Company's Shareholders and the Company's Board of Directors.

The Republic of Kazakhstan laws, the Company's Charter, the Corporate Governance Code, the Regulations on the Management Board and other internal regulations of the Company govern the Management Board's activities.

The Management Board is established by the Board of Directors and reports to the Board of Directors on the activities performed to achieve the Company's goals. The Management

Board is chaired by the General Director (Chairman of the Management Board), who manages and coordinates its activities.

The Management Board is responsible for allocating financial and human resources necessary to achieve the goals set by the General Meeting of Shareholders and the Board of Directors.

Additional information about the authority and performance of the Company's Management Board is available on the Company's website in the Corporate Governance section.

COMPOSITION OF THE MANAGEMENT BOARD OF KAZTRANSOIL JSC AS OF DECEMBER 31, 2021

FIRST AND LAST NAME	POSITION
Dimash Dossanov	General Director (Chairman of the Management Board)
Sabit Arynov	Deputy General Director
Yerbolat Mendybayev	Deputy General Director — Director of Oil Transportation Control Centre Branch of KazTransOil Joint-Stock Company
Alen Tanatarov	Deputy General Director — Director of Research and Development Centre Branch of KazTransOil Joint-Stock Company
Zhaiyk Makhin	Deputy General Director
Chinghiz Seissekpenov	Deputy General Director
Shara Adilova	Deputy General Director
Daniyar Mukhamed-Rakhim	Deputy General Director
Zhaidarman Issakov	Deputy General Director



DIMASH DOSSANOV

GENERAL DIRECTOR (CHAIRMAN OF THE MANAGEMENT BOARD) OF KAZTRANSOIL JSC

Born on 2 November 1981.
Nationality: Republic of Kazakhstan.

Education:

Graduated from Al-Farabi Kazakh State University with a degree in International Relations as a qualified International Relations Specialist; T Ryskulov Kazakh Economic University with a degree in Finance and Credit as a qualified Economist. MA in Business Administration (MBA), Georgetown University, Washington, USA.

Work experience:

- Began career in 2002 as a manager of the Small and Medium Business Development Association under the Medeu District Akim's Office in Almaty. In different years he worked in the Ministry of Industry and Trade of the Republic of Kazakhstan. In different years he worked for the Ministry of Industry and Trade of the Republic of Kazakhstan, EP KazMunayGas JSC, NC KazMunayGas JSC, North Caspian Operating Company (NCOC), Kazakhstan-China Pipeline LLP
- From August 6, 2016 to January, 14 2022: General Director (Chairman of the Management Board) of KazTransOil JSC.
- From 6 August 2016 to January 14, 2022 — Chairman of the KazTransOil JSC Management Board.
- From 20 October 2016 to 14 January 2022 — member of the KazTransOil JSC Board of Directors.

- Member of the CPC-R JSC and CPC-K JSC Board of Directors.
- He does not hold any shares of the Company or SJCEs.
- He does not hold any shares of the Company's suppliers or competitors.
- He has not performed any transactions with the Company's shares.



SABIT ARYNOV

DEPUTY GENERAL DIRECTOR AT KAZTRANSOIL JSC

Born on 29 June 1977.
Nationality: Republic of Kazakhstan.

Education:

Graduated from Satpayev Kazakh National Technical University in 1999 with a degree in Mineral Deposit Development Technology and Engineering as a qualified Mining Engineer. Has a Master's degree in Business Administration (MBA), Nazarbayev University.

Work experience:

- Mr. Arynov began his career in 1999 as a process unit repair mechanic at the Atyrau Oil Pumping Station. In different years he worked as an engineer of the exploitation department, dispatcher, deputy head of the exploitation department of the Western branch of the Company, held the position of chief engineer of the Ural Oil Pipeline Department and Mangistau Oil Pipeline Department and General Director of Terminalex LLP
- 2009-2017: Director of the KazTransOil JSC Operation Department.
- 2017: Director of the KazTransOil JSC Western Branch.
- From 3 January 2018: Deputy General Director at KazTransOil JSC.
- From 3 January 2018 to present — member of the KazTransOil JSC Management Board.

- Chairman of the Main Waterline LLP Supervisory Board.
- Mr. Arynov owns 7567 Company shares or 0.0000197% of the total number of the placed shares.
- He does not hold any SJCE shares.
- He does not hold any shares of the Company's suppliers or competitors.
- He has not performed any transactions with the Company's shares.



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YERBOLAT MENDYBAYEV

DEPUTY GENERAL DIRECTOR AT KAZTRANSOIL JSC —
DIRECTOR OF OIL TRANSPORTATION CONTROL CENTRE BRANCH
OF KAZTRANSOIL JOINT-STOCK COMPANY

Born on 12 November 1965.
Nationality: Republic of Kazakhstan.

Education:

Graduated from Lenin Kazakh Polytechnic Institute with a degree in Mechanical Engineering, Metal-Cutting Machines and Tools as a qualified Mechanical Engineer.

Work experience:

- Started his working career in 1988 as a turner — boring machine operator of the "Pre-Caspian Mining and Metallurgical Combine" Repair-Mechanical Plant. Since 1996 he has been working at KazTransOil JSC.
- From 2006 to March 2020: Deputy Director at KazTransOil JSC Eastern Branch for Shipment Operations, Transportation Department Director, Main Control Office Director.
- From 3 February 2020: Part-time Deputy General Director at KazTransOil JSC.
- From 18 March 2020: Deputy General Director at KazTransOil JSC.
- From 7 July 2020: Deputy General Director — Director of Oil Transportation Control Centre Branch of KazTransOil Joint-Stock Company.
- From 18 March 2020 to March 4, 2022 — member of the KazTransOil JSC Management Board.

- He does not participate in management bodies of any other organisations.
- Mr Mendybayev owns 11,243 Company shares or 0.000029% of the total number of the placed shares.
- He does not hold any SJCE shares.
- He does not hold any shares of the Company's suppliers or competitors.
- He has not performed any transactions with the Company's shares.



ALEN TANATAROV

DEPUTY GENERAL DIRECTOR AT KAZTRANSOIL JSC —
DIRECTOR OF RESEARCH AND DEVELOPMENT CENTRE BRANCH
OF KAZTRANSOIL JOINT-STOCK COMPANY

Born on 23 August 1981.
Nationality: Republic of Kazakhstan.

Education:

Graduated from the University of Tulsa (USA), Petroleum Engineering Major. Has a Master's degree in Business Administration (MBA) from the University of Suffolk (USA). In 2016, he studied at Harvard Business School under the Management Personnel Program.

Work experience:

- Began career in 2000 as an engineer at Tengizchevroil LLP. In different years he worked at NC KazMunayGas JSC, EP KazMunayGas JSC, KMG-Kumkol LLP, North Caspian Operating Company (NCOC), United Chemical Company LLP and KLPE LLP.
- 2016-2019: General Director of Kazakhstan-China Pipeline LLP.
- From 9 July 2019: Deputy General Director at KazTransOil JSC.
- From 4 May 2020: Deputy General Director — Director of Research and Development Centre Branch of KazTransOil Joint-Stock Company.
- From 9 July 2019 to February 28, 2022 — Member of the KazTransOil JSC Management Board.
- Chairman of the Supervisory Board at Kazakhstan-China Pipeline LLP.
- He does not hold any shares of the Company or SJCEs.
- He does not hold any shares of the Company's suppliers or competitors.
- He has not performed any transactions with the Company's shares.



ZHAIYK MAKHIN

DEPUTY GENERAL DIRECTOR
AT KAZTRANSOIL JSC

Born on 30 June 1982.
Nationality: Republic of Kazakhstan.

Education:

Graduated from the Moscow State Institute (University) of International Relations under the Ministry of Foreign Affairs of the Russian Federation with a degree in Finance and Credit and a Bachelor's degree in economics. In 2005, he graduated from the same university and was awarded a Master's degree in economics with foreign languages skills in the field of World Economy. In 2014, he graduated from the Russian Presidential Academy of National Economy and Public Administration under the MBA Program in International Business Management with a Master's degree in Business Administration (MBA).

Work experience:

- Mr Makhin started his career in 2005 as a specialist in the Department of Financial and Economical Modeling of Budgeting and Economic Analysis Department at EP KazMunayGaz JSC. In various years he held management positions at EP KazMunayGaz JSC, JV Kazgermunay LLP, Firma Almex Plus LLP.
- 2016-2017: Deputy General Director for Economics at Kazakhstan-China Pipeline LLP.
- December 2017: Deputy General Director for Economics and Finance at KazTransOil JSC.
- From January 3, 2018: Deputy General Director at KazTransOil JSC.
- From 20 December 2017 to present — member of the KazTransOil JSC Management Board.
- Chairman of the Supervisory Board at Batumi Oil Terminal LLC, member of the Supervisory Board at Main Waterline LLP.
- He does not hold any shares of the Company or SJCEs.
- He does not hold any shares of the Company's suppliers or competitors.
- He has not performed any transactions with the Company's shares.



CHINGHIZ SEISSEKENOV

DEPUTY GENERAL DIRECTOR
AT KAZTRANSOIL JSC

Born on 11 April 1981.
Nationality: Republic of Kazakhstan.

Education:

Graduated from Ryskulov Kazakh Economic University with a degree in International Economic Relations, International Currency and Financial Relations as a qualified International Currency and Financial Relations Specialist. In 2005, he completed a postgraduate course at Ryskulov Kazakh Economic University in Finance, Money Circulation and Credit. He has a degree of the Candidate of Economic Sciences. In 2019, he graduated from Leonard N. Stern School of Business at New York University, London School of Economics and Political Science and Ecole Supérieure de Commerce de Paris NES. Has a Master's degree in Business Administration (MBA).

Work experience:

- Began career in 2002 as a manager of Standard Oil Snab LLP. In different years worked in Kazakhstan-China Pipeline LLP, Akitel LLP, Speccontract LLP, MunaiTas LLP, Kazakhstan Petrochemical Industries LLP, Beineu-Shymkent Gas Pipeline LLP and Ortalyk Mining Enterprise LLP.
- 2016-2017: Deputy General Director for Business Support at KazTransOil JSC.
- From 3 January 2018: Deputy General Director at KazTransOil JSC.
- From 24 October 2016 to January 28, 2022 — member of the KazTransOil JSC Management Board.
- Member of the Supervisory Board at Batumi Oil Terminal LLC, member of the Board of Directors at Petrotrans Limited, member of the Supervisory Board at Main Waterline LLP.
- He does not hold any shares of the Company or SJCEs.
- He does not hold any shares of the Company's suppliers or competitors.
- He has not performed any transactions with the Company's shares.



SHARA ADILOVA

DEPUTY GENERAL DIRECTOR AT KAZTRANSOIL JSC

Born on 30 November 1978.
 Nationality: Republic of Kazakhstan.

Education:

Graduated from the University of Massachusetts with a degree in Accounting and Finance. She also has a Master's degree in Business Administration (MBA) from the University of Massachusetts. In 2009, she graduated from the International School of Management and was awarded the academic degree of Doctor of Economic Sciences (PhD).

Work experience:

- She started her career in 1999 as an assistant manager of Standard Oil Snab LLP. In different years she worked in BISS Ltd, Development Bank of Kazakhstan JSC, In different years she worked for BISS Ltd, Development Bank of Kazakhstan JSC, KazMunayGas Refinery and Marketing JSC and NC KazMunayGas JSC.
- 2016-2017: Deputy General Director for Corporate Development and Assets at KazTransOil JSC.
- From 3 January 2018: Deputy General Director at KazTransOil JSC.
- From October 24, 2016 to February 28, 2022 — member of the KazTransOil JSC Management Board.
- Member of the Supervisory Board at Batumi Oil Terminal LLC, member of the Board of Directors at Petrotrans Limited, member of the Supervisory Board at MunaïTas LLP.
- She does not hold any shares of the Company or SJCEs.
- She does not hold any shares of the Company's suppliers or competitors.
- She has not performed any transactions with the Company's shares.



DANIYAR MUKHAMED-RAKHIM

DEPUTY GENERAL DIRECTOR AT KAZTRANSOIL JSC

Born on 29 September 1981.
 Nationality: Republic of Kazakhstan.

Education:

Graduated from Kazakh Humanities and Law University with a degree in Legal Science, Ryskulov Kazakh Economic University with a degree in Economics, the Russian Academy of National Economy and Public Administration under the President of the Russian Federation with a degree of Master of Economics, majoring in Project and Program Administration.

Work experience:

- Began career in 2002 as an inspector, senior inspector of the Financial Police Department in Almaty of the Financial Police Agency of the Republic. In different years he worked in KazMunayGas-Service LLP EP KazMunayGas JSC, KazTransGas CJSC, Corporate Sales Directorate — a branch of Kazakhtelecom JSC, Kazakhstan Petrochemical Industries JSC, KazMunayGas — Refining and Marketing JSC, etc.
- 2017-2018: General Director of Batumi Sea Port LLC.
- From August 2018: Deputy Director at Research and Technology Centre Branch of KazTransOil JSC.
- From November 2019: Director of HR Management and Remuneration Department at KazTransOil JSC.
- From 1 July 2020: Deputy General Director at KazTransOil JSC.
- From 1 July 2020 to January 28, 2022 — member of the KazTransOil Management Board.
- He does not participate in management bodies of any other organisations.
- He does not hold any shares of the Company or SJCEs.
- He does not hold any shares of the Company's suppliers or competitors.
- He has not performed any transactions with the Company's shares.

EVENTS AFTER THE REPORTING DATE

In accordance with the decision of the Board of Directors of KazTransOil JSC dated January 14, 2022, the powers of Dimash Dossanov as the General Director (Chairman of the Board) of KazTransOil JSC were terminated ahead of schedule.

In accordance with the resolution of the Board of Directors of KazTransOil JSC dated January 28, 2022, the powers of Chingiz Seisekenov and Daniyar Mukhamed-Rakhim — members of the Management Board of KazTransOil JSC have been terminated ahead of schedule.

On February 28, 2022 in accordance with the resolution of the Board of Directors of KazTransOil JSC dated February 11, 2022, the powers of Shara Adilova and Alen Tanatarov — members of the Management Board of KazTransOil JSC have been terminated ahead of schedule.

The Board of Directors of "KazTransOil" JSC appointed Talgat Kurmanbayev as the new General Director (Chairman of the Management Board) of "KazTransOil" JSC as of February 23, 2022.

In accordance with the decision of the Board of Directors of the Company dated March 4, 2022, the powers of Yerbolat Mendybaev — member of the Management Board of KazTransOil JSC were terminated ahead of schedule.

MANAGEMENT BOARD PERFORMANCE

In 2021, the Company's Management Board held 33 in presentia meetings. No meetings were held in absentia.

The Company's Management Board reviewed and decided on a total of 182 issues and prepared 167 instructions. As of 31 December 2021, all instructions have been completed. As a result of the Management Board activities, 74 issues were submitted for consideration by the Board of Directors, six of which were submitted for consideration at the General Meeting of the Company's Shareholders.

ZHAIDARMAN ISSAKOV

DEPUTY GENERAL DIRECTOR AT KAZTRANSOIL JSC

Born on 29 October 1965.
 Nationality: Republic of Kazakhstan.

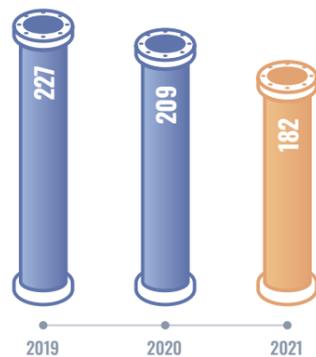
Education:

Graduated from Kirov Kazakh State University with a degree in Law as a qualified Lawyer. In 2003, he studied at the Academy of National Economy under the Government of the Russian Federation majoring in Oil and Gas Industry Law.

Work experience:

- Mr. Issakov began his career in 1989 as a legal adviser at Trade and Procurement Base No. 456 of the Trade Department of the Ministry of Defense of the USSR. In different years he worked in the Ministry of Finance of the Republic of Kazakhstan, in KazTransGas CJSC, CJSC NC Oil and Gas Transportation and JSC NC KazMunayGas.
- 2014-2017: Managing Director for Legal Support at KazTransOil JSC.
- From 3 January 2018: Managing Director at KazTransOil JSC.
- From 8 June 2020: Deputy General Director at KazTransOil JSC.
- From 12 May 2003 to present — member of the KazTransOil JSC Management Board.
- Member of the Supervisory Board at Batumi Oil Terminal LLC.
- He does not hold any shares of the Company or SJCEs.
- He does not hold any shares of the Company's suppliers or competitors.
- He has not performed any transactions with the Company's shares.

NUMBER OF ISSUES CONSIDERED AT THE MEETINGS OF THE COMPANY'S MANAGEMENT BOARD



The participants of the Management Board meetings reviewed the issues and took decisions in a number of key areas, including the following:

STRATEGIC DEVELOPMENT:

- on approval of the KazTransOil JSC Business Plan Implementation Report for 2020-2024 in terms of the budget for 2020 on the revalued value of fixed assets;
- on approval of the KazTransOil JSC Level 1, 2 and 3 business process maps "as will" and the Action Plan for Change Management in KazTransOil JSC.

CORPORATE GOVERNANCE:

- on endorsement of KazTransOil JSC Annual Report for 2020;
- on approval of KazTransOil JSC corporate KPIs for 2022 and the corresponding target values;
- on approval of KazTransOil JSC corporate KPIs with actual values and final performance for 2020.

ATTENDANCE AT THE COMPANY'S MANAGEMENT BOARD MEETINGS IN 2021

MEMBER OF THE MANAGEMENT BOARD	ATTENDANCE OF MEETINGS		TERM AS A MEMBER OF THE MANAGEMENT BOARD IN THE REPORTING PERIOD
	NUMBER OF MEETINGS ATTENDED	PERCENTAGE OF MEETINGS ATTENDED	
Dimash Dossanov	26 of 33	79%	01.01.2021 — 31.12.2021
Sabit Arynov	25 of 33	76%	01.01.2021 — 31.12.2021
Yerbolat Mendybayev	22 of 33	67%	01.01.2021 — 31.12.2021
Alen Tanatarov	28 of 33	85%	01.01.2021 — 31.12.2021
Zhaiyk Makhin	26 of 33	79%	01.01.2021 — 31.12.2021
Chinghiz Seissekenov	23 of 33	70%	01.01.2021 — 31.12.2021
Shara Adilova	28 of 33	85%	01.01.2021 — 31.12.2021
Daniyar Mukhamed-Rakhim	31 of 33	94%	01.01.2021 — 31.12.2021
Zhaidarman Issakov	31 of 33	94%	01.01.2021 — 31.12.2021

FINANCIAL AND BUSINESS ACTIVITIES:

- on endorsement of KazTransOil JSC annual financial statements and consolidated annual financial statements for 2020;
- on endorsement of KazTransOil JSC annual financial statements and consolidated annual financial statements SJCE;
- on approval of the KazTransOil JSC Business Plans for 2022– 2026 on the revalued and historical cost of fixed assets;
- on execution of KazTransOil JSC self-dealing transactions with Samruk-Kazyna JSC group entities.

RISK MANAGEMENT AND INTERNAL CONTROL:

- on review of the KazTransOil JSC Risk Committee Performance Report for 2020;
- on approval of the Action Plan for KazTransOil JSC Risk Committee for 2021;
- on preliminary reviews of quarterly reports on occupational and non-occupational risks at KazTransOil JSC and its subsidiaries and jointly controlled entities for Q4 2020 and Q1-Q3 2021;
- on preliminary review of identification and evaluation results on occupational and non-occupational risks at KazTransOil JSC and its subsidiaries and jointly controlled entities for 2022.

RISK COMMITTEE

For the purpose of preliminary consideration of the Company's risk management issues, the Management Board has an advisory and consultative body, the Risk Committee. The function of the Risk Committee includes

a comprehensive review of issues related to risk management of the Company and its SJCEs and preparation of recommendations contributing to the adoption of balanced management decisions by the Management Board.

The Republic of Kazakhstan laws, the Company's Charter, the Corporate Governance Code, the Regulations on KazTransOil JSC Risk Committee and other internal regulations of the Company govern the Risk Committee's activities.

Below are the Committee's key objectives:

- to assist the Company's Management Board in the decision making process with regard to the Company's risk management;
- to prepare recommendations and proposals on introducing and maintaining an effective corporate risk management at the Company;
- to develop processes aimed at identifying, measuring, monitoring and controlling the Company's risks;

- to prepare recommendations and proposals on supervising coordination of the Company's risk management activities.

The General Director (Chairman of the Management Board) is the Chairman of the Risk Committee.

The Risk Committee meetings are held based on the Risk Committee Action Plan approved by the Company's Management Board.

According to the Risk Committee Action Plan for 2021 approved by the decision of the Company's Management Board on 25 January 2021, in current period the Committee held five scheduled meetings which resulted in the following:

- considered and agreement reached on the quarterly reports on occupational and non-occupational risks for the Company and its subsidiaries and jointly controlled entities for Q4 2020 and Q1-Q3 2021;
- reviewed report of General Director of Batumi Oil Terminal LLC on the measures taken and actions performed to decrease the level of occupational/non-occupational risks of Batumi Oil Terminal LLC for 2021;
- considered and agreement reached on the results obtained by identification and assessment of occupational and non-occupational risks for the Company and its SJCE for 2022.

REMUNERATION OF THE MANAGEMENT BOARD MEMBERS

The Company's existing remuneration approach for members of the Management Board is intended to attract and retain highly skilled managers and to ensure that they have a financial incentive to effectively perform the tasks faced by the Company.

The procedure for remuneration and bonus payments to the members of the Company's Management Board is determined by the Regulations on KazTransOil JSC Management Board, the Rules for Performance Appraisal of KazTransOil JSC Executives and Management Employees and the Corporate Secretary, as well as the Rules on Remuneration Payments to KazTransOil JSC Executives and Management Employees, Head of the Internal Audit Service and Corporate Secretary.

The remuneration system for the Chairman and members of the Management Board includes a fixed

remuneration part and a bonus based on annual performance.

In 2021, the members of the KazTransOil JSC Management Board received remuneration for a total amount of 610,336 thousand tenge including VAT.

The bonus based on annual performance is paid to KazTransOil JSC executives within the funds allocated for this purpose in KazTransOil JSC budget upon approval of the Company's consolidated annual financial statements.

The following are the main eligibility criteria for receiving the bonus based on annual performance:

- availability of consolidated total profit in the reporting year;
- attaining the incentive KPIs needed to receive the bonus based on annual performance;

- employee's compliance with the performance and labour discipline rules.

Incentive KPIs, which include corporate and functional KPIs developed using the top-down approach for the strategic goals of NC KazMunayGas JSC and KazTransOil JSC, are used to appraise performance among executives.

The bonus based on an executive's annual performance cannot exceed such executive's three-fold annual remuneration for the time actually worked during the reporting period.

The actual achievement of KPIs by executives is approved by the Company's Board of Directors in view of the established data agreement and verification procedures.



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ROLE AND ACTIVITIES OF THE COMPANY'S CORPORATE SECRETARY



The Company's Corporate Secretary acts in accordance with the Republic of Kazakhstan laws, the Company's Charter, the Corporate Governance Code, the Regulations on KazTransOil JSC Corporate Secretary, other internal regulations of the Company and decisions of the General Meeting of the Company's Shareholders and the Company's Board of Directors.

The Corporate Secretary has sufficient knowledge, experience and qualifications to perform his duties, an impeccable reputation and is trusted by shareholders.

The Company's Corporate Secretary is accountable and reports to the Board of Directors. The Corporate Secretary's main tasks comprise the following:

- to ensure compliance by the Company's units and officials with corporate governance standards and to improve the corporate governance policies and practices;
- to ensure effective activities of the Board of Directors and its Committees;
- to ensure holding of General Meetings of Shareholders;

- to ensure storage, disclosure and submission of material information and to maintain a high level of information transparency;
- to ensure clear and effective communications between the Company and its shareholders and among the Company's units.

Airat Makhambetovich Shmanov was appointed as KazTransOil JSC Corporate Secretary with a term of office of three years by the decision of the KazTransOil JSC Board of Directors dated 2 July 2021.

The objectives, roles, rights, duties and responsibilities of the Company's Corporate Secretary are stipulated in the Corporate Governance Code and the Regulations on the KazTransOil JSC Corporate Secretary.

The Regulations on the Corporate Secretary are available on the Company's website in the Corporate Governance section.

RISK MANAGEMENT



MANAGEMENT APPROACH

Risk management plays an important role in the process of strategic planning, corporate governance and maintaining the financial stability of KazTransOil JSC. The Company's approach to risk management has been developed considering external and internal context and complies with the principles of international risk management standards.

KazTransOil JSC has organized and operates a corporate risk management system (CRMS), which is aimed at ensuring confidence in achieving strategic and operational goals and limiting the impact of risks on the Company's activities. The CRMS is a key component of the corporate governance system aimed at the timely identification, assessment and monitoring of all significant risks, as well as the adoption of timely and adequate measures to reduce risks.

Company's risk management includes the following elements:

- risk control by the Board of Directors and creation of risk-culture;
- continuous analysis of activities and determination of risk appetite;

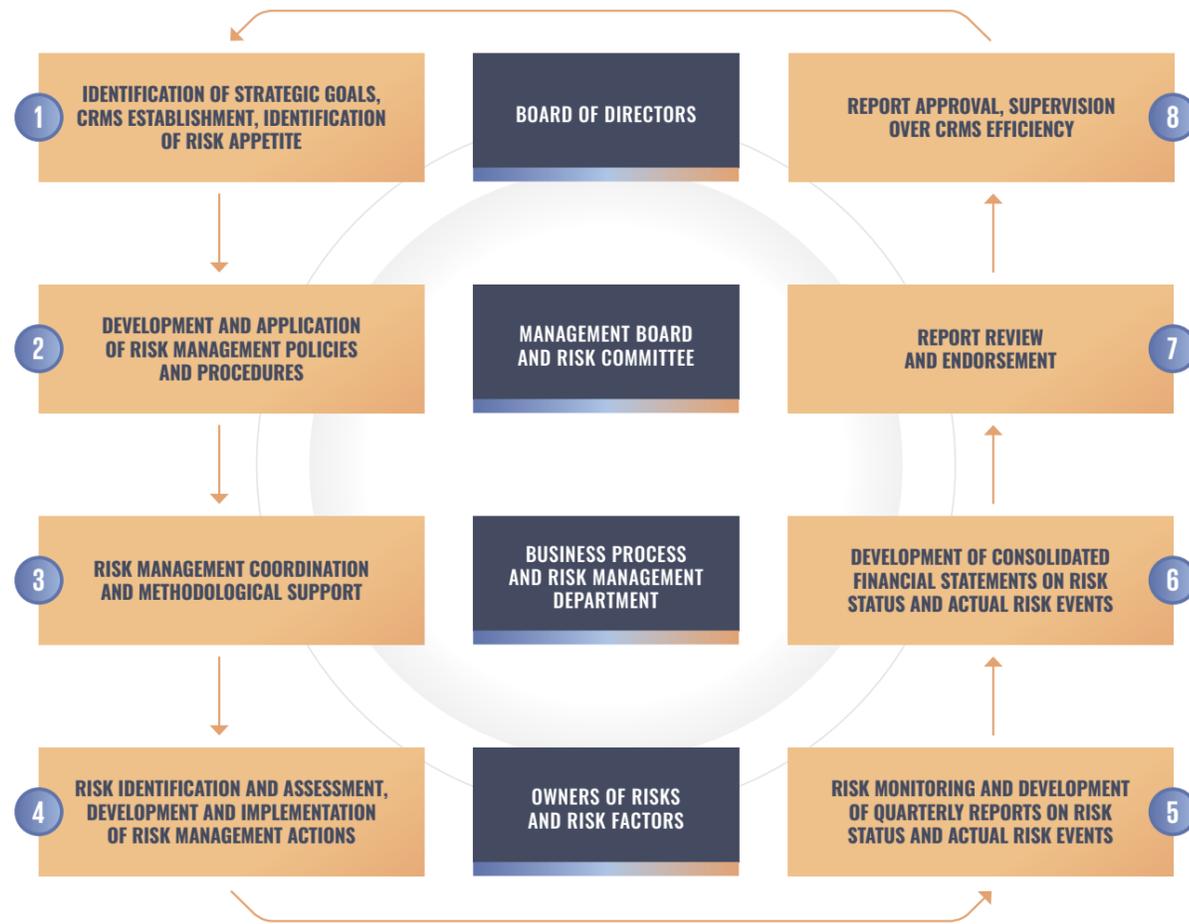
- risk identification and implementation of risk response measures;
- assessment of changes in activities, monitoring of risks and implementation of measures;
- use of information technology and reporting on risk, culture and performance.

Risk management process arrangements at the Company involve continuous information flow and exchange and interaction on risk management issues at all management levels.

Information transfer along a top-down hierarchy facilitates communication of strategic goals, risk appetite level and risk management approaches to risk owners. A bottom-up information flow provides the Company's management with timely and reliable information on the status of the Company's identified risks, changes in likelihood and impact assessments and implementation status of risk management actions.



RISK MANAGEMENT PROCESS MAIN STAGES



The key internal document that governs the CRMS operations is the KazTransOil JSC Corporate Risk Management System Policy which applies to all activities of the Company and SJCE. A unified methodological database is used at the Company that comprises the documents governing the risk management process, including:

- Rules for Occupational and Non-Occupational Risk Management Process at KazTransOil JSC;

- Methodology for Risk Identification and Assessment and Risk Management Method Selection at KazTransOil JSC.

The Company specifically focuses on developing a risk-oriented culture based on high awareness of respective risks and employee engagement in the risk management process. Before making any decision employees ensure that risks are properly considered.

At the time of their recruitment, all employees receive training on the main goals, objectives and concepts as related to CRMS management and operation, which are set forth in the KazTransOil JSC Policy on Corporate Risk Management System. The main requirements stipulated in the CRMS Policy, the ICS Regulations, goals and objectives, risk management concepts and risk terminology are included in the list of general testing questions used to qualify the Company's personnel and to employ candidates for certain positions.

RISK MANAGEMENT SYSTEM STRUCTURE

The Company's Board of Directors plays a key role in managing and supervising the CRMS and ICS operation. The Company's Management Board is responsible for developing and applying internal controls and risk management policies and procedures. The Risk Committee under the Management Board plays a key role in aligning and tracking the efficiency of the risk management process.

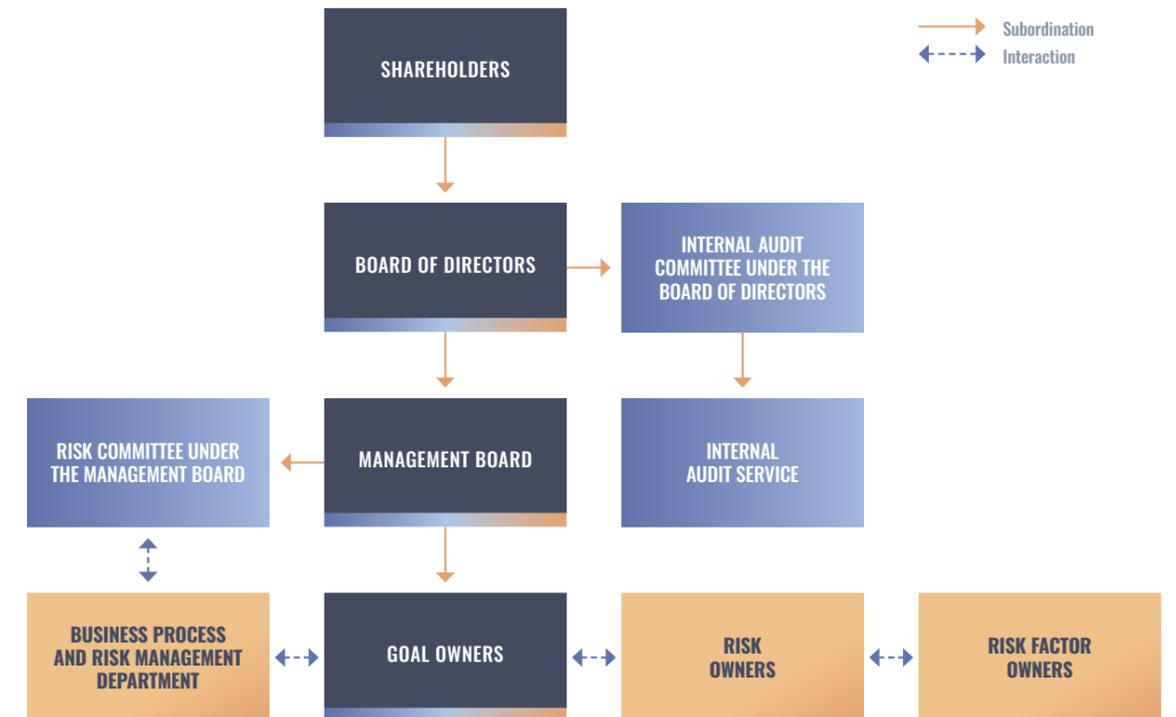
The Business Process and Risk Management Department is responsible for coordinating and providing continuous methodological support of the risk management

process. This department renders continuous advisory and methodological assistance on identification, analysis and assessment of the risks faced by the Company's SBUs and SJCEs.

The employees of the Company's headquarters, SBUs and SJCEs are intensively involved in the risk management process. A risk coordinator is appointed in each business unit of the Company's headquarters who is responsible for risk management arrangements and coordination in the business unit and interaction with the Business Processes

and Risk Management Department. Risk managers are appointed at SBUs and SJCEs who are responsible for risk management arrangements and coordination. In 2021, an annual automated corporate testing of the Company's risk coordinators in the field of CRMS was conducted to identify the need for risk training.

KAZTRANSOIL JSC CRMS ORGANIZATIONAL STRUCTURE



RISK REGISTER AND MAP

Identification and assessment of risks is carried out on the basis of the Risk Identification and Assessment Methodology, the choice of risk management methods in KazTransOil JSC, as well as according to the Unified Risk Classifier of NC KazMunayGas JSC and its subsidiaries and affiliates.

All risks of the Company are assigned to 2 registers — the area of production and non-production risks, the sources of which are the corresponding risk factors. Risks are assessed using qualitative and quantitative tools that take into account the likelihood of occurrence and impact when a risk occurs. In order to ensure an acceptable level of residual risk, risk management measures are being developed.

Proposals for risk management methods and measures are submitted by risk/risk factor owners and included in the risk management action plan.

The choice of the most suitable option is made considering:

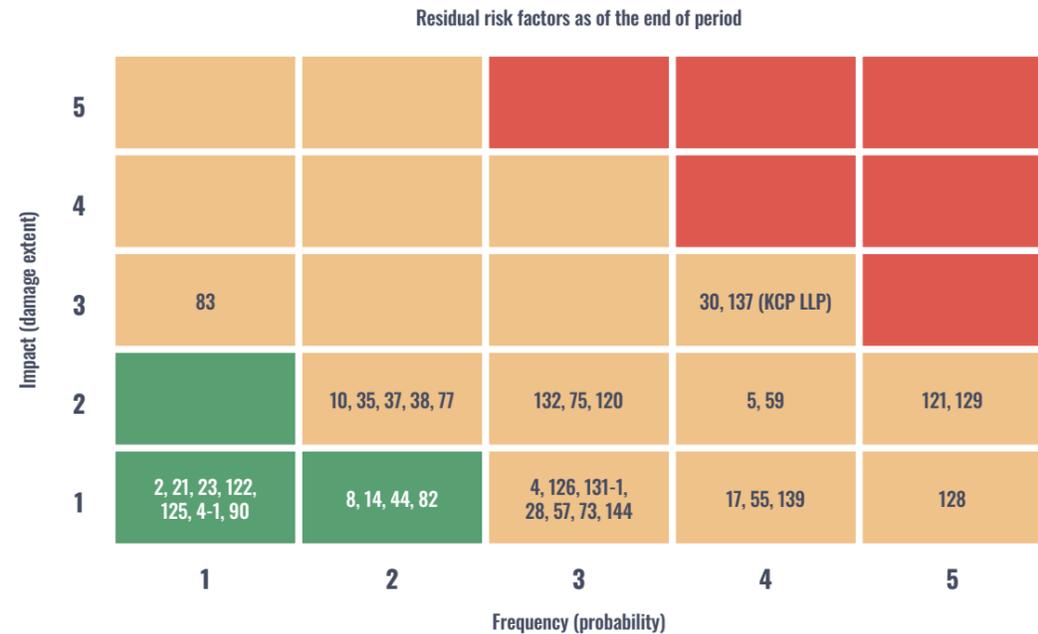
1. compliance with legal and regulatory requirements;
2. compliance with the development strategy, business plan and other plans of the Company;
3. balancing the costs associated with a particular method against the benefits it entails, and other direct and indirect costs;
4. availability of necessary resources.

The register and map of the area of production risks of KazTransOil JSC and its SJCE consist of 37 production

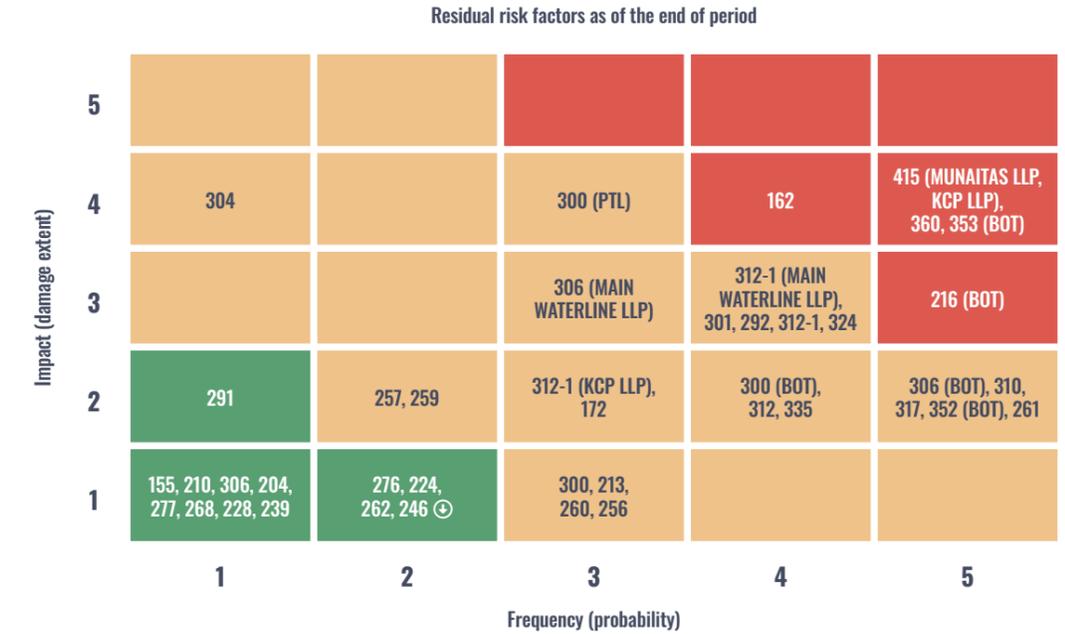
risk factors that are not critical for the Company in terms of their predictive impact on achieving production goals for 2021. For 11 of those internal risk factors, the frequency (probability) was reassessed downward based on the results of incident/failure statistics for production processes.

Register and map of the area of non-production risks KazTransOil JSC and its SJCE consist of 42 non-production risk factors, including 5 critical ones in terms of their predictive impact on the achievement of the Company's non-production goals for 2021. During the reporting period, 1 risk factor "No. 300. Decrease in demand for services/products (PTL)", associated with the actual failure of PTL to meet the approved production targets for 2021 was added.

KAZTRANSOIL JSC PRODUCTION RISK MAP



KAZTRANSOIL JSC NON-PRODUCTION RISK MAP



RISK MANAGEMENT MEASURES

In order to reduce the likelihood of risk events occurring, the heads of the SBU and SJCE of KazTransOil JSC took the necessary preventive measures during 2021. The Company also took appropriate corrective actions to address the realized risks to minimize possible financial losses.

All planned work on the Company's risk management in 2021 was fully completed, including key risks. The key risks include those with a damage impact of more than 3 points, which is typical for risks in the red and yellow border areas in the risk map of KazTransOil JSC.

ACTIONS TAKEN ON KEY RISKS

01.

PRODUCTION RISKS



NON-COMPLIANCE WITH PRODUCTION PRACTICES

Risk factor

30. Incorrect actions/errors by personnel

Actions taken in 2021 to reduce risk

Core actions:

- timely updating of technological regulations for the safe operation of the Company's oil pipelines;
- timely development and provision of optimal technological regimes for the technological sections of the Company's oil pipelines;
- internal audit of the Company's IMS for compliance with the requirements of the international standard ISO 50001:2018.

Daily actions:

- Qorgau cards application;
- internal control in the field of safety and labor protection and production control;
- carrying out BSS and driving safety.

Annual actions:

- testing knowledge on safety and labor protection of managers and specialists of the SBU from among the members of the Permanent Examination Commission.

Actions taken when needed:

- participation in the investigation of accidents;
- distribution and communication to all employees of the Company of the "Overview of the incident" associated with incorrect / incorrect actions of the personnel;
- review and approval of safety and labor protection briefing programs;
- updating the collection of topics for the Safety Minutes.



NON-COMPLIANCE WITH PRODUCTION PRACTICES

Risk factor

121. Disruptions in external power supply

Actions taken in 2021 to reduce risk

Permanent actions according to norms and schedules of technical maintenance and technical repair:

- ensuring internal control in the field of safety and labor protection and production control at the facilities of main oil pipeline on a permanent basis as part of a permanent commission within the established time limits;
- ensuring the optimal technological mode of pumping, ensuring safe and trouble-free operation of main oil pipeline;
- automatic regulation of operation modes of main oil pipeline and OPS, control of automatic protection of all technical equipment from exceeding the maximum permitted parameters;
- interaction with power transmission organizations as risk events (incidents, faults) occur.

Annual actions:

- conclusion of the necessary contracts for maintenance and repair of power equipment.



NON-COMPLIANCE WITH PRODUCTION PRACTICES

Risk factor

129. Environmental impacts, natural disasters

Actions taken in 2021 to reduce risk

Permanent actions:

- development of OTM plans to ensure the reliability of main oil pipeline, OTM for the preparation of main pipeline facilities for operation during the spring flood, OTM for the preparation of production facilities for operation in the autumn-winter period;
- carrying out the planned scope of work on the diagnostics of the technical condition of structures, pipelines and equipment;
- conclusion of agreements on voluntary insurance of property against damage.



NON-COMPLIANCE WITH PRODUCTION PRACTICES

Risk factor

137. Shareholder (member) decisions that impact the Company's activities (KCP LLP)

Actions taken in 2021 to reduce risk

Conclusion of an agreement for the operation of oil pipelines for 2021.

02.

NON-PRODUCTION RISKS



INCOME REDUCTION

Risk factor

162. Low quality of approved plans (incorrect investment program planning)

Actions taken in 2021 to reduce risk

Regular actions:

- submission of an application for adjustment of the approved Investment Program to the authorized bodies;
- control over ensuring the full implementation of the activities of the Investment Program.



INCOME REDUCTION

Risk factor

415. Second Stage of the Second Phase of Kazakhstan-China Pipeline Construction. Increase in Throughput Capacity to 20 Million Tonnes of Oil per Year (MunaiTas LLP KCP LLP)

Actions taken in 2021 to reduce risk

Actions taken when needed:

- submission by the contractor of a report on the work done during the reporting period, with the inclusion of all necessary information in the report;
- monitoring compliance with approved design solutions during construction and installation works, as well as monitoring compliance with safety rules by independent technical inspectors;
- application of penalties, use of bank guarantees provided by the contractor in accordance with the terms of the EPC-2 contract;
- consideration of engineering and technical documentation for compliance with the decisions made in the basic design by the representative of architectural supervision. In case of non-compliance, the contractor shall provide the necessary justifications.



COST INCREASE

Risk factor

216. Incorrect account of production (BOT)

Actions taken in 2021 to reduce risk

Monthly actions:

- carrying out an inventory of oil product remains and reconciliation with customers on oil product remains;
- reconciliation of oil products balances with the balances reflected in the customs department of the revenue service by uploading information on balances from the portal of the revenue service of the Ministry of Finance of Georgia;
- carrying out work with contractors to pay the amounts of the main tax as a result of detected customs violations;
- reflection of the amount of possible losses based on the results of the inventory in the created financial reporting reserves;
- carrying out work on appealing against illegally assessed taxes and fines in order to apply a complaint in accordance with the tax code of Georgia.





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ACTIONS TAKEN ON KEY RISKS (CONTINUED)

02.

NON-PRODUCTION RISKS

<p>COST INCREASE</p> <p>Risk factor</p> <p>353. Lawsuits (BOT)</p> <p>Actions taken in 2021 to reduce risk</p> <p>Permanent actions:</p> <ul style="list-style-type: none"> • carrying out legal examination of contracts; • continuation of claims and lawsuits; • carrying out preventive measures (strengthening monitoring on the execution and execution of the terms of contracts); • negotiations with contractors on peaceful settlement of disputes. 	<p>COST INCREASE</p> <p>Risk factor</p> <p>360. "Fragile supply chain"</p> <p>Actions taken in 2021 to reduce risk</p> <p>Permanent actions:</p> <ul style="list-style-type: none"> • carrying out work to control the execution of work under the plans for current repairs and capital investments; • implementation of control and monitoring of the work schedule for the timely conclusion of contracts and the implementation of the current repair and capital investments plan; • the application of penalties for delay in fulfilling contractual obligations, as well as the replacement of defective goods within the framework of the supplier's warranty obligations. <p>Annual actions and actions taken when needed:</p> <ul style="list-style-type: none"> • timely conclusion of a contract for current repairs and overhaul; • sending letters to contractors about the need to take measures aimed at speeding up work at the Facility and their timely delivery on time in accordance with the terms of the Contract; • implementation of timely submission of applications for adjusting capital investments plan at a meeting of the Company's Budget Commission; • carrying out work to adjust the approved Investment Program for 2021 in connection with the transfer of undisbursed funds to 2022. 	<p>INCOME REDUCTION</p> <p>Risk factor</p> <p>292. Non-performance of relationship conditions by strategic partners (non-performance or improper performance of contractual obligations by service customers)</p> <p>Actions taken in 2021 to reduce risk</p> <p>Permanent actions:</p> <ul style="list-style-type: none"> • conducting continuous quality control of transported oil in accordance with the terms of contracts for the provision of oil transportation services; • taking into account all the necessary instruments and reagents in the formation of annual applications; • conducting work with the Ministry of Energy of the Republic of Kazakhstan. 	<p>INCOME REDUCTION</p> <p>Risk factor</p> <p>301. Oil supply reduction or suspension</p> <p>Actions taken in 2021 to reduce risk</p> <p>Permanent actions:</p> <ul style="list-style-type: none"> • conclusion of long-term contracts with strategic partners for the provision of services for core activities; • creating conditions for attracting additional volumes of oil. <p>Actions taken when needed:</p> <ul style="list-style-type: none"> • use of alternative oil transportation routes. 	<p>INCOME REDUCTION</p> <p>Risk factor</p> <p>312-1. Decisions made by the authorised body in the field of tariff regulation</p> <p>Actions taken in 2021 to reduce risk</p> <p>Continuous work with structural divisions of the Company, as well as, if necessary, work with authorized bodies.</p> <p>Regular actions:</p> <ul style="list-style-type: none"> • timely development (adjustment) of draft standards for emissions into the environment, obtaining positive conclusions from the state ecological expertise; • Ensuring timely receipt of permits for emissions in the declared volume; • control over compliance with limits on emissions into the environment; • carrying out industrial environmental control in accordance with the concluded contract; • obligatory ecological insurance; • removal, placement and disposal of municipal solid waste and production waste at the designated storage sites, in accordance with the concluded agreements; • export and reception of sewage according to the concluded contracts; • verification of documents for obtaining quotas (verification of greenhouse gas emissions inventory reports for quota subjects) in accordance with the concluded agreement; • making regulatory environmental payments. 	<p>INCOME REDUCTION</p> <p>Risk factor</p> <p>300. Reduced demand for services/ products (PTL)</p> <p>Actions taken in 2021 to reduce risk</p> <p>Permanent actions:</p> <ul style="list-style-type: none"> • holding negotiations and technical meetings by the owners of main oil pipelines and main water conduits; • implementation of all corporate procedures for coordinating the budget and concluding contracts on time. 	<p>INCOME REDUCTION</p> <p>Risk factor</p> <p>306. Non-payment of accounts receivable (BOT)</p> <p>Actions taken in 2021 to reduce risk</p> <p>Permanent actions:</p> <ul style="list-style-type: none"> • continuation of work on collection of receivables of the group; • conducting claim work on problematic receivables; • creation of provisions for all overdue receivables, which are reflected in the expenses of the previous and reporting periods. 	<p>INCOME REDUCTION</p> <p>Risk factor</p> <p>312-1. Decisions made by the authorised body in the field of tariff regulation (Main Waterline LLP)</p> <p>Actions taken in 2021 to reduce risk</p> <p>Regular actions:</p> <ul style="list-style-type: none"> • conducting monthly monitoring of the implementation of the tariff estimate; • timely submission of an application for approval of the investment program and tariff estimates.
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ACTIONS TAKEN ON KEY RISKS (CONTINUED)

02.

NON-PRODUCTION RISKS



COST INCREASE

Risk factor

310. Premeditated illegal actions by third parties

Actions taken in 2021 to reduce risk

Regular actions:

- fixing the responsibility of the security organization for the occurrence of tie-ins and unauthorized withdrawal of oil under the contract for the provision of services for the protection of the Company's facilities;
- development of plans for joint organizational and preventive measures with the security organization, law enforcement agencies and SBU to counteract criminal tie-ins, theft of oil and inventory at the Company's facilities / memorandums of cooperation and interaction between the department of internal affairs of the regions, KMG-Security LLP and main oil pipeline departments .
- introduction and operation of technical systems and means of protection of international traffic;
- participation in the work of the Coordinating Council of the Republic of Kazakhstan to ensure the rule of law, law and order and the fight against crime;
- ensuring the availability of an effective system of physical protection of the Company's assets (technical reinforcement of facilities, provision of high-quality security services by contractors);
- development/updating of the Company's internal documents on the protection of the Company's facilities.



COST INCREASE

Risk factor

317. Environmental impacts, natural disasters (including the COVID-19 pandemic)

Actions taken in 2021 to reduce risk

Regular actions:

- holding CMT meetings on prevention and non-proliferation of COVID-19 diseases in the Company;
- publication of memos, posters and video materials on the prevention of COVID-19 developed by the Ministry of Health of the Republic of Kazakhstan through the Company's internal channels. All materials are posted on the Company's corporate portal, in the "COVID-19 Status" section;
- full provision of all SBUs with the necessary supplies of PPE and disinfectants for workers;
- introduction of restrictions by relevant orders.



COST INCREASE

Risk factor

324. Unauthorised external access to the corporate network

Actions taken in 2021 to reduce risk

Permanent actions:

- use of anti-virus software;
- timely installation of software database updates;
- use of a firewall;
- timely conclusion of a contract for technical support;
- enabling automatic updating of anti-virus databases;
- use of intrusion prevention systems and firewalls;
- monitoring the rights of users in accordance with the authorities on the basis of the Report on the movement of personnel of employees of the central office;
- password complexity control by software/system method;
- continuous monitoring of compliance by the Company's employees with the policy on the use of passwords and the protection of information about passwords;
- use of authentication means resistant to attacks;
- control of compliance of information on the hiring, transfer and dismissal of the Company's employees with the current user permissions to access the Company's resources.



COST INCREASE

Risk

352. Interpretation of tax legislation by tax authorities during tax audits (BOT)

Actions taken in 2021 to reduce risk

Continuation of work on appealing the accrued taxes and fines. Maintaining constant control over the correctness of the preparation of tax reporting and the timeliness of its submission to the tax authorities of the Republic of Kazakhstan. Also monitoring and analysis of tax legislation requirements.

RISK MANAGEMENT SYSTEM INFORMATION EXCHANGE CHANNELS

Information transfer along a top-down hierarchy facilitates communication of strategic goals, risk appetite level and risk management approaches to risk owners. A bottom-up information flow provides the Company's management with timely and reliable information on the status of the Company's identified risks, changes in likelihood and impact assessments and implementation status of risk management actions.

The risk reporting system in place at the Company supports the CRMS operations and facilitates adoption of balanced management decisions. Quarterly reports on the Company's risk trends are submitted to the Risk Committee, Management Board and Board of Directors.

There is a unified electronic database on actual risk events on the corporate portal in order to record and subsequently review the data on such events at the Company. Maintenance of the electronic database facilitates collection of the data required to perform quantitative assessments of risks and risk factors and to prepare analytical risk reports.

RISK MANAGEMENT SYSTEM EFFICIENCY MONITORING

The Company constantly monitored the status of occupational and non-occupational risks and their inherent risk factors and implementation of the respective risk management actions, recorded the actual risk events in the actual risk events electronic database and prepared quarterly reports for review by the Company's management in the reporting period.

Based on the results of the monitoring, the planned or implemented measures were corrected, or additional ones were developed.

PLANS FOR 2022 AND MEDIUM-TERM PLANS

In 2022, KazTransOil JSC will continue work:

- on financial risk management, taking into account the newly developed Methodology of KazTransOil JSC for setting limits on counterparty banks, approved by the decision of the Board of Directors of the Company as of January 28, 2022;
- on the development of the Regulations for the management of the business continuity system of KazTransOil JSC, taking into account the Policy for the Business Continuity Management System of KazTransOil JSC, approved by the decision of the Board of Directors of the Company dated November 12, 2021.



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INTERNAL AUDIT



The Company's Internal Audit Service is directly subordinate and accountable to the Board of Directors.

The main goal of the Internal Audit Service is to submit independent and unbiased information to the Board of Directors to help ensure effective management at the Company by implementing systemic improvements to risk management, internal control and corporate governance processes.

The Republic of Kazakhstan laws, the Company's Charter and the provisions of the following internal regulations govern the operation of the Internal Audit Service:

- Regulations on the KazTransOil JSC Internal Audit Service;
- Manual on Internal Audit Arrangements at KazTransOil JSC.

The Internal Audit Service is governed by the underlying concepts of the International Standards for Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (ISPPIA) and the Code of Business Ethics developed by the Institute of Internal Auditors.

Seven audits were conducted in 2021 in accordance with the Annual Audit Plan of the Internal Control Service for 2021. A comprehensive audit was held

to examine production, operational and financial processes at BOT, BSP and MunaiTas LLP. Moreover, an audit of the process of carrying out treasury operations in the Company, an audit of the process of ensuring safety and labor protection, industrial and fire safety, environmental protection in the Company, an audit of the process of providing operator services in the Company, as well as an audit of the process of capital construction and overhaul in Companies were performed.

The audits conducted by the Internal Audit Service in 2021 identified a total of 105 findings and resulted in 185 recommendations.

Based on the recommendations issued by the Internal Audit Service, Corrective Action Plans were developed and approved to address the revealed non-compliances.

The plans to be implemented by the Internal Audit Service in 2022 are as follows:

- to assess business processes, policies and procedures in the Company's main disciplines;
- to monitor implementation of the recommendations issued by the Internal Audit Service of the Company, NC KazMunayGas JSC and the Company's external auditor.

EXTERNAL AUDIT



The Company engages an independent audit firm to verify correctness of financial statements.

The KazTransOil JSC Policy on Engaging Audit Firm Services governs the Company's interaction with the external auditor. This Policy is aimed at ensuring effective engagement of audit firm services (including non-audit services provided by audit firms), implementing unified procedures on their selection and maintaining the independent status by KazTransOil JSC auditors in the course of audit and non-audit services to rule out any conflicts of interest.

The main criteria used to choose audit organisation are the: quality of services, prompt and timely provision of services and cost of services.

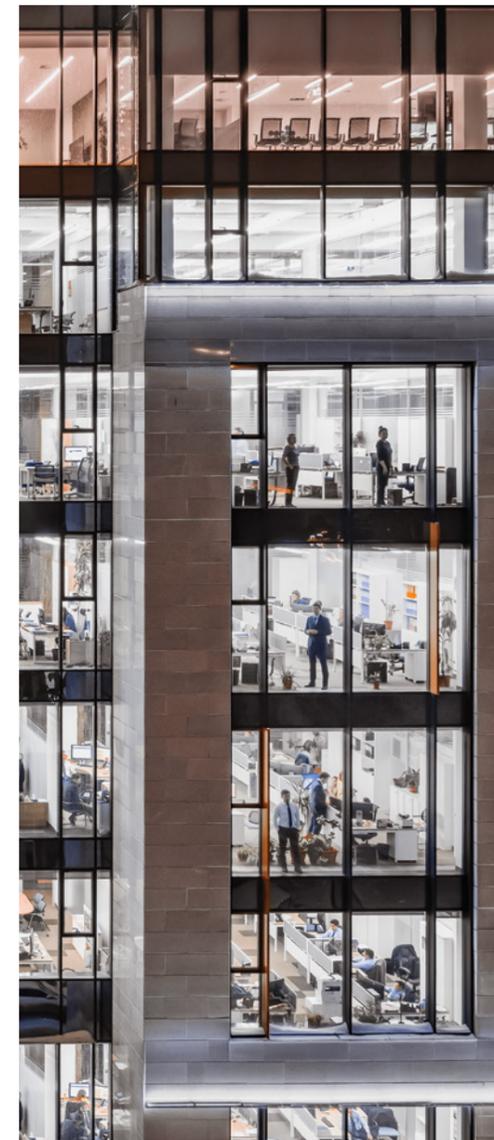
The quality of the audit firm services is also determined based on the following criteria:

- qualification level of the audit firm's specialists;
- work experience of the audit firm's specialists on both Kazakhstan and international markets;
- knowledge of the audit firm's specialists in the oil and gas sector;
- availability of a dedicated technical support group (experts on IFRS accounting issues in the oil and gas sector) in Kazakhstan or the audit firm's commitment to establish such group.

On November 12, 2021, the Board of Directors of the Company determined the payment for the audit organization's services of auditing the financial statements of KazTransOil JSC for 2022-2024 in the amount of 252,442,000 tenge including VAT. On January 5, 2022, a decision was adopted at the extraordinary General Meeting of Shareholders of the Company, to appoint Ernst & Young LLP as the auditor for the Company for 2022-2024.

The amount of annual remuneration, including VAT, for 2022, 2023 and 2024, payable to the audit organization for the audit of financial statements amounted 90,573,280 tenge, 94,197,600 tenge, 97,964,160 tenge respectively.

In the reporting period, Ernst & Young LLP did not provide any advisory services unrelated to the audit of financial statements.



ANTI-CORRUPTION



In its daily activities, the Company is governed by transparency good faith and ethical business conduct and also makes continuous efforts to identify and respond to any type of corruption and fraud.

Pursuant to the anti-corruption policy of the Republic of Kazakhstan and in accordance with the Republic of Kazakhstan Law On Anti-Corruption Actions, the Company takes action to prevent corruption, foster anti-corruption culture, prevent and resolve conflicts of interest.

Anti-corruption policies are implemented at the Company by the Corporate Security Department.

The following documents are the main internal regulations that cover anti-corruption issues at the Company:

- Business Ethics Code of KazTransOil JSC;
- Anti-corruption Policy of KazTransOil JSC;
- Anti-corruption standards of KazTransOil JSC;
- KazTransOil JSC Regulations on Anti-Corruption Monitoring and Internal Analysis of Corruption Risks;
- KazTransOil JSC Violation Risk Management Policy;
- KazTransOil JSC Policy on Settling Conflicts of Interest between Officials and Employees.

The Company uses the following key tools and mechanisms in its anti-corruption activities:

- anti-corruption monitoring;
- corruption risk identification, assessment and management;
- feedback channels to report corruption events;
- introduction of an anti-corruption section in all agreements with the Company's contractors (applicable starting from 2019);
- information provided to employees and contractors;
- regular testing of employees to check the knowledge of the main provisions stipulated in the Company's Business Ethics Code.

In the period from April 5, 2021 to May 11, 2021, the Company conducted an internal analysis of corruption risks for the period 2019-2020 in the following areas: provision of oil transportation services, human resource management, organization of procurement of goods, works and services, settlement of conflicts of interest.

Based on the results of the analysis of corruption risks, an Action Plan for the prevention of corruption risks was prepared based on the results of an internal analysis of corruption risks in KazTransOil JSC for the period from 2019 to 2020. The activities of the plan are being implemented in accordance with the approved deadlines.

In accordance with the Law of the Republic of Kazakhstan "On Combating Corruption", the Company constantly monitors the submission of income and property declarations by candidates for positions in accordance with this Law and their spouses.

In 2021, the following activities were implemented aimed at promoting high ethical business standards and rejection of corruption in any of its manifestations:

- In September 2021, for the management, employees of the Company, SBU and SJCE, representatives of the Department of the Anti-Corruption Agency of the Republic of Kazakhstan in Nur-Sultan held an online seminar on the topic "Innovation in anti-corruption legislation and the formation of an ideology of integrity".
- Conference calls were held with specialists from the SBU corporate security services in order to take preventive measures to prevent corruption offences. In addition, employees of KazTransOil JSC took part in a conference call of NC KazMunayGas JSC on issues of improving the culture of compliance.

CORRUPTION AND FRAUD FACTS

within the Company

PLANS FOR 2022 AND MEDIUM-TERM PLANS

1. Forming the anti-corruption culture;
2. Developing the Company's internal anti-corruption documents.

To inform the Company's employees about the work of the "hotline", stands, posters with the contacts of the "hotline" of the Center for Social Interaction and Communications were placed in the administrative buildings Samruk-Kazyna JSC.

During the reporting period, there were no reports of corruption offenses on the hotline of the Company, no facts of corruption and fraud within the Company were identified.

In addition, it should be noted that in order to implement the requirements of the legislation of the Republic of Kazakhstan on combating corruption in terms of determining, from January 1, 2022, in the subjects of the quasi-public sector, independent of the executive body, officials of the subject of the quasi-public sector of anti-corruption compliance services, accountable to the board of directors, the supervisory board (if any) or another independent management body, by the decision of the Company's Board of Directors dated December 10, 2021, the structure of the Company's central office was approved, providing for the resubordination of the current KazTransOil JSC compliance control service to the Board of Directors of the Company.

- In 2021, employees of the Company's compliance control service were trained in the field of implementing international compliance standards, maintaining an anti-corruption policy, as well as employees of the Company's corporate security department and the Company's SBU corporate security services on the topic: Innovation in anti-corruption legislation and the formation of an ideology of integrity.

- In order to form an anti-corruption culture, the Company is working to raise the awareness of employees in the field of combating corruption. In this regard, the corporate television channel of the Company "KTO info" broadcast videos on compliance with anti-corruption legislation in terms of giving gifts and the launch of the All-Republican anti-corruption project "Adaldyk alany" throughout the Company.

The Internet resource of KazTransOil JSC https://kaztransoil.kz/ru/ustoychivoe_razvitie/protivodeystvie_korruptcii/ contains information about a special dedicated line "No Corruption" — **5213@kaztransoil.kz, hotline: +7 (717) 255-52-10.**



CORPORATE ETHICS



The Company's employees are united by common values and mission, which are an integral part of the business and underlie the activities of KazTransOil JSC.

Corporate values such as safety, professionalism, efficiency and quality, which allow doing business in accordance with high ethical standards, are enshrined in the code of business ethics of KazTransOil JSC.

The Code also provides the principles and norms of business conduct in the Company. The Company, her officials and employees carry out their activities on the basis of fixed principles.

PRINCIPLES OF BUSINESS ETHICS



OPENNESS

The Company is committed to maximum openness and reliability of information about the Company, its achievements and performance, with due account to protection of information constituting a commercial, official or other secret protected by law. Officials and employees strive to be open for meetings, discussions and dialogue, building long-term cooperation with colleagues and stakeholders based on respect for mutual interests, rights and balance between interests of the Company and stakeholders.



RESPONSIBILITY

The Company is aware of its social responsibility for influence on economy, environment and society, and its responsibility to shareholders for increasing the long-term value and sustainable development in the long-term. Officials and employees shall make deliberate and rational decisions and perform actions at any level with high degree of responsibility. All officials and employees of the Company are equally responsible for the assumed obligations regardless of their status and position.



TRANSPARENCY

The Company's decisions and actions shall be clear and transparent for stakeholders. The Company honestly informs shareholders and other stakeholders about state of business in a timely manner pursuant to the established procedure. The Company is committed to increase transparency and availability of information by improving quality of reporting and accounting in accordance with the laws. Disclosure of information stipulated by the laws and internal documents of the Company by the officials and employees shall be performed with due regard to protection of information constituting a commercial, official or other secret protected by law.



ETHICAL CONDUCT

The Company strives to be trustworthy for shareholders, other stakeholders and for public in general. Trust originates from consistent commitment to high ethic norms.



LAWFULNESS

Decisions and actions of the Company, its officials and employees shall comply the laws, internal documents of the Company, including the Charter, Corporate Governance Code, KazTransOil JSC Development Strategy, resolutions of the Company's General Meeting of Shareholders.



FAIRNESS AND MERITOCRACY

The Company is committed to fair and objective evaluation of individual efforts, abilities and achievements of each employee, promotes formation of the culture of understanding, engagement and support of employees at all levels.



ENVIRONMENTAL RESPONSIBILITY

The Company in its activities strives to minimise negative environmental and social impact of its operations through careful attitude to resources, introduction of up-to-date environmental management systems and standards.



RESPECT

The Company ensures observance and respect of the rights and interests of all stakeholders, which arise from the laws, concluded contracts and indirectly as part of business relations.



NO CONFLICTS OF INTERESTS

The Company and stakeholders shall act towards each other as fair, responsible, honest and loyal as possible, take measures to prevent, identify and avoid conflicts of interests.



CORRUPTION INTOLERANCE

The Company does not tolerate any form of corruption. In its interaction with all stakeholders, the Company strives to develop a constructive dialogue to increase their awareness about the Company's anti-corruption actions.

Employees have the right for fair and just treatment regardless of sex, race, nationality, language, origin, property or occupational position, place of residence, relation to religion and political views. The company does not allow antisocial and unethical behavior that can harm the reputation of KazTransOil JSC in the present and future.

The priorities of KazTransOil JSC in the field of human rights include their importance and universality, fully support the fundamental principles established in the Universal Declaration of Human Rights, the Convention for the Protection of Human Rights and Fundamental Freedoms and other recognized international documents in the field of human rights, as well as the following from the Constitution and legislation of the Republic of Kazakhstan.

Training of the Company's personnel is a strategically important task. The Company provides its employees with opportunities for continuous improvement of professional competencies. On September 3, 2021, members of the Board of Directors attended training on corporate values, ethical standards and principles reflected in the Code of Business Ethics of KazTransOil JSC. More than 3,000 employees of the Company have been tested.

The Company understands its responsibility to society and future generations for sustainable use of natural resources and preserving favourable environment, ensuring energy saving, decreasing negative environmental impact, introducing innovative technologies aimed at careful and responsible use of resources and time, increasing labour efficiency. Each employee is responsible for sustainable use of natural resources and environmental protection at their workplaces, in the process of planning and decision-making.

The Company has a developed internal communications system allowing the management to receive the latest information from any employee and other stakeholders on suspected corruption events, as well as other abuses and violations.

KazTransOil JSC has the following communication channels for accepting the mentioned information/applications:

- Blog of the General Director (Chairman of the Management Board) on the website of KazTransOil JSC — https://kaztransoil.kz/en/blog_of_the_general_director/greeting/;
- Helpline at: **+7 (717) 255-52-10**;
- Special hot line "No to Corruption!" — e-mail: **5213@kaztransoil.kz**
- Instant text-messaging systems at: **+7 (776) 044-52-13** (WhatsApp, Telegram).

An ombudsman processed the information received via helpline and e-mail. The General Director personally considers applications submitted to the blog of the General Director (Chairman of the Management Board). The Department of Public Relations and Internal Communications prepares responses to the applications and agrees them with the Company's General Director (Chairman of the Management Board).

The received reports are processed and then considered according to the Republic of Kazakhstan Law On Procedure for Consideration of Applications from Individuals and Legal Entities. The special hotline is available 24/7. Applications are considered from 9:00 to 18:30 on workdays.

MANAGING CONFLICT OF INTERESTS



KazTransOil JSC pays considerable attention and takes measures to regulate possible conflicts of interest at all levels of management.

The Company seeks to maintain a balance of interests between shareholders and management and ensure their interaction based on trust and high standards of business culture and ethical standards.

KazTransOil JSC operates in accordance with the legislation of the Republic of Kazakhstan, as well as internal regulatory documents that demonstrate such procedures as risk management, disclosure of data confidentiality, prevention of conflicts of interest, fraud detection:

- KazTransOil JSC Business Ethics Code;
- KazTransOil JSC Violation Risk Management Policy;
- KazTransOil JSC Policy on Settling Conflicts of Interest between Officials and Employees.

These documents are mandatory for use by all participants in the process of managing the risk of violations, and also establish the obligations of officials and employees of the Company to prevent conflicts of interest and the procedure for their settlement.

The policy sets out the rules and principles to ensure transparency and independence in transactions with related parties, as well as in other situations where a potential conflict of interest exists.

In the event of a conflict of interest, its participants seek ways to resolve them through negotiations in order to ensure effective protection of the interests of the Company and stakeholders.

The Company strives to exclude any conflicts of interests between the Company, officials and employees. Personal interests of the officials and employees must not influence unbiased performance of their duties.

Officials and employees in their relations with legal entities and individuals are obliged to abstain from actions posing risk of the conflict of interests. They shall avoid financial and other business connections, and participation in joint work with the organisations which activities can cause a conflict of interests and interfere with the Company's efficient operations.

Officials and employees are obliged to immediately inform of any commercial or other interest (direct or indirect) in transactions, contracts,

projects connected with the Company, or related to other issues, threat to financial or other interests of the Company, occurrence of third-party personal interests that may bring up a conflict of interests.

Changes and additions to the Policy on settlement of the conflict of interests of officials and employees of KazTransOil JSC are made by the decision of the Board of Directors.

In 2021, no conflicts of interests were identified in the Company.



conflict of interest presence identified in the Company in 2021



OMBUDSMAN INSTITUTION



In order to promote the principles of corporate ethics and ensure an impartial settlement of corporate conflicts and ethical violations, an ombudsman institution operates in KazTransOil JSC. The activities of the Ombudsman of the Company are regulated by the legislation of the Republic of Kazakhstan, the Charter, the Regulations on the Ombudsman of KazTransOil JSC, the Code of Business Ethics of KazTransOil JSC and other internal documents.

The creation of the institute of ombudsmen in KazTransOil JSC is aimed at improving corporate governance in the Company and bringing it in line with the best corporate governance practices, designed to ensure the dissemination of business ethics in the Company, independent and impartial consideration of all violations in the field of ethics, requirements of the Company's internal documents and legislation Republic of Kazakhstan.

The Ombudsman's key objectives are:

- assisting in resolving labour disputes, conflicts, social and labour problems, and compliance with the corporate ethics principles by employees;

- contributing to improvement of the KazTransOil JSC rating and image by early prevention and settlement of disputes and conflicts;
- ensuring informal communication between managers and employees and, based on this, timely identifying problems and areas for improvement, making proposals for improvement of policies and procedures of the Company and SJCE;
- assisting the stakeholders in ethical issues arising during their interaction with the Company.

The principal functions of the Ombudsman are:

- consulting the applying employees, members of labour disputes, conflicts and assisting them in finding the mutually acceptable, constructive and feasible resolution with due regard to norms of the laws of the Republic of Kazakhstan and the confidentiality principle, if necessary;
- assisting in resolving the employees' social and labour disputes, and in observance of the corporate ethics principles by employees;
- developing recommendations for persons involved in disputes, conflict or problem situations, on the settlement of disputes (conflicts);

- consulting the managers on resolving and preventing the systemic, legal or organisational disputes (conflicts) and on issues of compliance with the corporate ethics principles;
- explaining provisions of Business Ethics Code of KazTransOil JSC to the Company's managers, employees and stakeholders in case of their application, consulting on ethical issues;
- submission for consideration by the relevant bodies of the Company and managers of the problematic issues identified by him, which are of a systemic nature and require them to take appropriate decisions (comprehensive measures), put forward constructive proposals for their solution;
- making proposals to improve the Company's internal documents within its competence;
- adoption of other advisory measures, including those aimed at restoring violated rights and legitimate interests.

By the decision of the Board of Directors of KazTransOil JSC from November 1, 2021, the term of office of the Ombudsman of the Company Akbergenov Serik Ishanbekovich was extended for 2 years.

10 APPLICATIONS

received by the Company's Ombudsman through various communication channels in 2021

Together with the Department of Human Resources Management, the Ombudsman of the Company participated in the development of a presentation on the Code of Business Ethics of KazTransOil JSC for further training and familiarization of the members of the Board of Directors, the Management Board and employees of the Company.

KazTransOil JSC has organised and functioning mechanisms for direct communication with the Ombudsman, which can be used by both employees and stakeholders:

- in oral form via confidential help line: **+7 (717) 255-52-10**;
- in written form to help e-mail — **doverie@kaztransoil.kz**.

In addition, appeals on paper can be sent to the Ombudsman of the Company at the address: **non-residential premises 12, Esil District, Nur-Sultan, Republic of Kazakhstan, 010000, with a note on the envelope (package) "To the Ombudsman of KazTransOil JSC"**. The Ombudsman receives such envelopes (packages) from the administrative office unopened.



By the Ombudsman's request, NC KazMunayGas JSC provided information on the work done to ensure social stability among employees and on the Ombudsman's activities on a quarterly basis.

In 2021, the Company's Ombudsman received 10 applications through various communication channels (in 2020 — 27 appeals), of which only 1 appeal was anonymous (in 2020 there were 12 anonymous appeals). A significant decrease in the number of appeals to the Ombudsman is due to the well-organized work of the Company in terms of personnel and social policies, ensuring the proper level of production culture, providing the heads of departments with feedback from employees through receptions on personal issues, timely informing employees of the Company's departments on issues of interest through the available communication channels.

NUMBER OF APPLICATIONS RECEIVED IN 2020 BY TOPICS



NUMBER OF APPLICATIONS RECEIVED BY BUSINESS UNITS OF KAZTRANSOIL JSC

BUSINESS UNIT	2020	2021
Headquarters	1	1
Atyrau Oil Pipeline Administration	3	0
East Operator Services Administration	8	2
West Operator Services Administration	0	1
Zhezkazgan Oil Pipeline Administration	2	0
Shymkent Oil Pipeline Administration	3	0
Pavlodar Oil Pipeline Administration	0	1
SJCE	1	1
Anonymous applications	3	0
Stakeholders	0	2
Outsource	6	2
Total applications	27	10

The most popular and main communication channels are the phone helpline (5 calls) and the mail helpline (5 calls).

Due to the absence of requests, appeals and in connection with quarantine measures related to the COVID-19 coronavirus pandemic, personal reception of employees of the Company's divisions and other citizens was not held in the reporting period.

As a whole, in the previous year, there was no serious conflict situations and gross violations of the Business Ethics Code and the Violation Risk Management Policy at KazTransOil JSC. Actual absence of applications from

stakeholders during the year is probably due to correct relations and maximum compliance with interests of individuals and legal entities within the Company's activities.

The Ombudsman of KazTransOil JSC processed all applications jointly with the involved business units of the Company's headquarters and separate business units in accordance with the Law of the Republic of Kazakhstan On Consideration of Applications from Individuals and Legal Entities and the Regulations on KazTransOil JSC Ombudsman. The applicants received answers to all their requests in appropriate format.

COMPLIANCE CONTROL SERVICE



The Company has a compliance control service in place, with its main goal to ensure the Company's compliance with the Republic of Kazakhstan laws, regulatory acts and internal regulations governing disclosure of information about the Company and insider information in order to prevent potential violations of the requirements imposed on KazTransOil JSC as a listed company.

In 2021, 66 publications were posted on the website of JSC Kazakhstan Stock Exchange (KASE) with information regarding corporate events and changes in the Company's activities. 33 publications were posted on the website of the Financial Statements Depository with information regarding corporate events and changes in the Company's activities.

In 2021, 142 employees as the Company's insiders, completed the training course "Training for insiders of JSC KazTransOil" on compliance with the requirements of the legislation of the Republic of Kazakhstan and the requirements of the exchange on manipulation on the securities market

The training course covered the specific features of insider information disclosure, potential risks associated with unauthorised use of insider information and types of liability envisaged by the Republic of Kazakhstan laws for violations in this area, and also addressed case studies based on daily activities.

142 **EMPLOYEES**

completed the training course «Training for insiders of KazTransOil JSC»



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TRANSPARENCY

Corporate values of KazTransOil JSC

THE COMPANY STRIVES TO ENSURE THE TRANSPARENT MANAGEMENT, CONFIRMING ITS COMMITMENT TO THE CORPORATE GOVERNANCE STANDARDS.



FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

05



This section presents the results obtained from discussions and review by the Company's management. It is aimed at disclosing information on KazTransOil JSC's current financial position, impact of production performance and changes in the external environment on the Company's financial indicators.

This Report is based on KazTransOil JSC audited annual consolidated financial statements prepared in accordance with IFRS, and should be read in conjunction with the annual consolidated financial statements and accompanying notes, as well as other information presented in other sections of the Report.

The Consolidated Statement of Comprehensive Income includes income and expenses of the Company and its subsidiaries, namely BOT Petrotrans Limited and Main Waterline LLP (hereinafter jointly referred to as "the Group"). The financial performance of the jointly controlled entities, namely KCP LLP and MunaiTas LLP is presented on an equity basis under Share in (Loss)/Profit of Jointly Controlled Entities item.

- decrease in operating expenses due to the write-off of VAT in 2020, which is not offset against the transfer of property 0-56 km of the Astrakhan-Mangyshlak waterline in the form of a contribution to the share capital of Main Waterline LLP;

- decrease in general and administrative expenses, which is mainly due to the absence of sponsorship expenses in the reporting period. In 2020, in order to support the state policy in the fight against coronavirus infection, lung ventilators in the amount of 1 billion tenge were purchased and transferred to healthcare organizations of the Republic of Kazakhstan.

The consolidated revenue for 2021 amounted to 238,222 million tenge. The Company's consolidated net profit in 2021 amounted to 50,607 million tenge.

KEY CONSOLIDATED FINANCIAL PERFORMANCE



Changes in the financial performance achieved by the Group in 2021 as compared to 2020 are due to the following main factors:

- increased cost of sales due to the indexation of the wages of the Company's production personnel, increased electricity tariff, revaluation of process oil and the resumption of air patrols in 2021;

- foreign exchange loss from BOT due to change in exchange rate of Georgian lari to US dollar. Decreased foreign exchange gain due to revaluation of book value of funds and bank deposits with second-tier banks in foreign currency (US dollar). Thus, during 2020 there was a significant increase in the exchange rate (as of December 31, 2019 and 2020 — 382.59 tenge and 420.91 tenge, respectively, i.e. an increase in the exchange rate by 38.32 tenge) compared to 2021 (by 31 December 2020 and 2021 — 420.91 tenge and 431.8 tenge, respectively, i.e. an increase in the exchange rate by 10.89 tenge);

- increase of share in the profits of jointly controlled entities due to a decrease in foreign exchange expenses, including foreign currency loan of KCP LLP as a result of the recalculation of the liability at the end of the reporting period;
- increase in revenue due to the income accrued in the reporting year (depreciation of deferred income) due to the gratuitous transfer of the industrial water wateline Kulsary — Tengiz to Tengizchevroil LLP, as well as an increase in transshipment of dark and light oil products and oil resulted by attracting additional volumes of oil products mostly of Turkmen origin;

GROUP'S FINANCIAL PERFORMANCE, MILLION TENGE

CONSOLIDATED INDICATORS	2019	2020	2021	DIFFERENCE, %
Revenues	239,626	235,222	238,176	1.3
Cost of sales	-159,872	-163,017	-173,246	6.3
Gross profit	79,754	72,205	64,930	-10.1
General and administrative expenses	-17,878	-16,614	-15,550	-6.4
Miscellaneous operating income	1,558	3,168	3,095	-2.3
Miscellaneous operating expenses	-3,707	-3,604	-1,263	-65.0
Reversal of impairment/(impairment) of fixed assets and intangible assets, net	-13,185	14	-	-100.0
Operating profit	46,542	55,170	51,213	-7.2
Net foreign exchange profit (loss)	104	4,910	-88	-101.8
Financial income	2,675	3,055	3,201	4.8
Financial costs	-3,884	-3,775	-4,116	9.0
Share in profit of jointly controlled entities	13,638	9,730	12,788	31.4
Profit before tax	59,075	69,090	62,998	-8.8
Corporate income tax expenses	-13,954	-13,136	-12,391	-5.7
Consolidated net profit for the reporting period	45,121	55,954	50,607	-9.6

INCOME BREAKDOWN (EXCLUDING THE SHARE IN JOINTLY CONTROLLED ENTITIES), %

CONSOLIDATED INDICATORS	2019	2020	2021
Revenues	98.2	95.5	97.4
Financial income	1.1	1.2	1.3
Miscellaneous income*	0.7	3.3	1.3

* Other operating income, exchange gain, reversal of fixed assets and intangible assets impairment, net.

In 2021, the share of revenue in the total profit made up 97.4%, while in 2020 it was 95.5%.

Revenue for 2021 amounted to 238 176 million tenge, which is 1.3% or 2,954 million tenge more than in 2020.

REVENUE BREAKDOWN, MILLION TENGE

CONSOLIDATED INDICATORS	2019	2020	2021	DIFFERENCE, %
Revenues, including:	239,626	235,222	238,176	1.3
Crude oil transportation*	199,874	194,051	191,849	-1.1
Pipeline operations and maintenance services	16,077	17,067	18,091	6
Transshipment of oil and petroleum products and transportation by rail	4,438	6,152	7,044	14.5
Water supply	7,577	6,643	9,051	36.2
Oil freight forwarding and sea port services	5,637	6,620	7,192	8.6
Fees for under-delivered oil	5,249	2,791	3,407	22.1
Other revenues	774	1,898	1,540	-18.9

* The Crude Oil Transportation section includes oil transfer, unloading, loading and transshipment via KazTransOil JSC main oil pipeline system.

CRUDE OIL TRANSPORTATION

KazTransOil JSC's revenue from crude oil transportation in 2021 reduced by 2,202 million tenge as compared to 2020, which was mainly caused by reduced oil turnover separately at KazTransOil JSC by 15% (from 14,982 million tonne-km to 12,803 million tonne-km) due to reduction oil delivery by consumers due to reduced production of oil in the Republic of Kazakhstan under the OPEC+ deal and natural decrease of oil production rate.

OPERATION AND MAINTENANCE OF MAIN OIL PIPELINES OWNED BY THIRD PARTIES

Revenue from operation and maintenance of main oil pipelines increased by 6% or 1,024 million

tenge mainly due to putting Aman OPS into operation (MunaiTas LLP) on July 1, 2021, increased cost of contracts (resulted by inflation of Company's expenses) and completion of additional works according to field tickets.

TRANSHIPMENT OF OIL AND PETROLEUM PRODUCTS AND TRANSPORTATION BY RAIL

In 2021, revenues from transshipment and transportation of oil and petroleum products by the Company's foreign subsidiaries (BOT and Petrotrans Limited) increased by 14.5% or 891 million tenge as compared to the same period of the previous year.

This growth was mainly due to increased transshipment of dark and light oil products and oil.

WATER SUPPLY

Revenue from water supply increased by 36.2% or 2,408 million tenge, mainly due to income accrued in the reporting period (amortization of deferred income) followed by gratuitous transfer of the industrial water wateline Kulsary-Tengiz to Tengizchevroil LLP. Should be noticed that there is no influence of this operation on net profit due to the same amount was recognized as depreciation expense (in cost). Also in 2021 there was increase in water intake volumes by oil and gas producing and industrial enterprises.

OIL FREIGHT FORWARDING AND SEA PORT SERVICES

Revenue reduced by 8.6% or 572 million tenge due to increased dry cargo transshipment volumes and tow revenues.

FEES FOR UNDER-DELIVERED OIL

In the reporting period, the fee for under-delivered oil increased by 616 million tenge (by 22.1%), from 2,791 million tenge to 3,407 million tenge. Revenue for under-delivered oil is acknowledged based on contracts for oil transportation on a "pump or pay" basis. In the reporting year of 2021, 1,184 thousand tonnes of oil were under-delivered out of 1,377 thousand tonnes declared by the shippers.

OTHER REVENUES

Other revenues decreased in 2021 by 18.9% or 358 million tenge as

compared to 2020, mainly due to decreased income from oil products storage followed by penalties for tanker demurrage and cargo storage.

FINANCIAL INCOME

Financial income in 2021 amounted to 3,201 million mainly due to fees related to free cash from the Company's operating activities placed on deposits in 2021. Interest income on bank deposits and current accounts in the reporting period amounted to 2,866 million tenge, while in 2020 the same income was 2,658 million tenge.

EXPENSES

The total expenses in 2021 amounted to 194,263 million tenge, which is 3.9% more than the total expenses in 2020 (187,010 million tenge).

BREAKDOWN OF EXPENSES, %

CONSOLIDATED INDICATORS	2019	2020	2021
Cost of sales	80.5	87.2	89.2
General and administrative expenses	9	8.9	8.0
Depreciation of fixed and intangible assets	6.6	-	-
Financial costs	2	2.0	2.1
Miscellaneous expenses*	1.9	1.9	0.7

* Miscellaneous operating costs and net foreign exchange losses, net.

The cost of sales in 2021 amounted to 173,246 million tenge, which is 6.3% or 10 229 million tenge more than in 2020. This growth is mainly due to the following factors:

- increased personnel expenses due to indexation of salary of the KazTransOil JSC production personnel;
- increase in electricity costs due to increase in energy tariffs, as well as the volume of transshipment of bulk oil and dry cargo (BOT);

- increase in tax expenses, mainly property tax as a result of revaluation of process oil;
- increase in environmental protection costs due to increase in the volume of work on land reclamation followed by historical pollution;
- increase in air patrol costs due to the resumption of flights from the second quarter of 2021.

At the same time, certain items saw reduction in the reporting period as compared to 2020, including:

- expenses for depreciation of long-term assets due to the fact that at the end of 2020 certain items of fixed assets, which (subjects to replacement in subsequent periods) of the Company were depreciated.

COST OF SALES BREAKDOWN, %

CONSOLIDATED INDICATORS	2019	2020	2021
Personnel expenses	34.2	34.8	35.5
Depreciation and amortisation	32.8	32.6	30.1
Fuel and materials	5.5	5.2	5.4
Taxes other than income tax	5.4	5.2	5.4
Capital asset operation, repair and maintenance expenses	5.2	5.2	4.8
Power	4.3	4.4	5.0
Security services	3.3	3.5	3.5
Gas expenses	1.7	1.6	1.7
Rail transportation services	1.0	1.5	1.6
Food and accommodation	1.3	1.2	1.2
Environmental Protection	1.3	1.0	1.4
Air surveillance services	0.1	-	0.3
Miscellaneous	3.9	3.7	4.0

General and administrative costs in 2021 amounted to 15,550 million tenge, which is 6.4% less than in 2020 (16,614 million tenge).

BREAKDOWN OF GENERAL AND ADMINISTRATIVE EXPENSES, %

CONSOLIDATED INDICATORS	2019	2020	2021
Personnel expenses	53.7	57.6	63.2
Depreciation and amortisation	7.8	9.7	9.4
Charity expenses	12.5	8.7	-
Office maintenance	2.9	3.2	3.7
Consulting services	2.0	1.8	2.1
Accrual of credit loss contingencies	1.2	1.7	0.2
Repair and maintenance	1.6	1.6	1.8
Secondment services	1.4	1.6	1.7
Accrual of expenses on short-term reserves	1.8	1.5	5.6
Taxes other than income tax	2.2	1.5	2.1
Materials and fuel	0.3	1.5	0.4
Refundable VAT write-off expenses	0.6	1.2	0.5
Informational support	0.7	0.9	0.9
Communication services	0.9	0.7	0.8
Travel expenses	1.9	0.5	1.4
Bank services	0.4	0.4	0.4
Insurance and security	0.3	0.3	0.3
Advertising expenses	0.6	0.1	0.1
Miscellaneous	7.5	5.5	5.4

Reduction of consolidated general and administrative expenses in 2020 as compared to 2019 was mainly due to there were no sponsorship expenses in the reporting period. In 2020, in order to support the state policy to fight against coronavirus infection, lung ventilators in the amount of 1 billion tenge were purchased and transferred to healthcare organizations of the Republic of Kazakhstan.

This decrease was partially offset by the recognition in the reporting

period of a tax reserve accrued based on the results of an inventory of BOT oil products and a tax audit of BSP conducted in the reporting period.

Financial costs amounted to 4,116 million tenge, which is 341 million tenge more than in 2020. The increase is due to the accrual of discount depreciation on estimated liabilities (on decommissioning of assets and land reclamation, as well as on employee benefits) as a result of an increase in their book value at the beginning of the year.

SHARE IN PROFIT OF JOINTLY CONTROLLED ENTITIES

The recognised share of the Company profit in the financial performance of jointly controlled entities increased from 9,730 million tenge in 2020 to 12,788 million tenge in 2021.

SHARE OF KAZTRANSOIL JSC IN PROFIT OF JOINTLY CONTROLLED ENTITIES, MILLION TENGE

INDICATORS	2019	2020	2021	DIFFERENCE, %
Share in profit of MunaiTas LLP	943	1,238	1,180	-4.7
Share in profit of KCP LLP	12,696	8,492	11,608	36.7
Total:	13,638	9,730	12,788	31.4

KCP LLP

Net profit of KCP LLP for 2021 amounted to 23 216 million tenge, the corresponding share of the Company is 11 608 million tenge. Increase in net profit compared to 2020 is mainly due to decrease in foreign exchange expenses on KCP LLP foreign currency loan in the reporting period as a result of the recalculation of liability at the end of the reporting period.

MUNAITAS LLP

Net profit of MunaiTas LLP for 2021 amounted to 2 314 million tenge, the corresponding share of the Company is 1 180 million tenge. Decrease compared to 2020 is due to increase in production costs and decrease in other income. At the same time, there is increase in income from core activities (increase in the volume of oil transportation).

INCOME TAX

Corporate income tax expenses in 2021 amounted to 12 391 million tenge, which is 5,7% less than in 2020 (13 136 million tenge).

CORPORATE INCOME TAX EXPENSES, MILLION TENGE

CONSOLIDATED INDICATORS	2019	2020	2021	DIFFERENCE, %
Current corporate income tax expenses	18,191	17,315	16,164	-6.6
Savings on deferred income tax	-4,237	-4,180	-3,773	-9.7
Income tax	13,954	13,136	12,391	-5.7

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ASSETS, EQUITY AND LIABILITIES



ASSETS, EQUITY AND LIABILITIES, MILLION TENGE

CONSOLIDATED INDICATORS	FOR THE YEAR ENDED ON 31 DECEMBER			
	2019	2020	2021	DIFFERENCE, %
Assets	912,813	859,162	983,163	14.4
Long-term assets	808,124	748,298	901,119	20.4
Current assets	104,689	110,865	82,043	-26.0
Equity and liabilities	912,813	859,162	983,163	14.4
Equity	702,979	652,518	737,108	13.0
Long-term liabilities	135,135	127,578	167,447	31.3
Current liabilities	74,699	79,066	78,607	-0.6

In 2021 the Company's assets increased by 14.4%. The increase is mainly due to the revaluation of process oil, as well as an increase in machinery and equipment due to the reconstruction

of equipment for oil pumping stations, communication systems, power supply and fire extinguishing, commissioning capital construction in progress for Main Waterline LLP and BOT.

BREAKDOWN OF FIXED ASSETS, MILLION TENGE

CONSOLIDATED INDICATORS	2019	2020	2021	DIFFERENCE, %
Pipelines	227,757	235,930	244,029	3.4
Process oil	166,122	100,346	201,418	100.7
Machinery and equipment	155,519	142,242	173,967	22.3
Buildings and constructions	85,201	85,467	84,747	-0.8
Construction in progress	49,264	53,202	49,635	-6.7
Land	23,949	25,676	26,148	1.8
Transportation assets	18,118	18,650	18,037	-3.3
Miscellaneous	8,492	5,969	5,092	-14.7
Total:	734,422	667,480	803,073	20.3

The equity capital increased by 13% or 84,590 million tenge mainly due to increase of increase in the amount of reserves for revaluation of assets.

The Company's current liabilities at the end of 2021 amounted to 78,607 million tenge, decrease by 458 million tenge compared to 2020 (79,066 million tenge) is mainly due to decreased trade and other payables,

which is associated with repayment of debts to suppliers for capital works (replacement of main oil pipeline, etc.), supply of fixed assets and rendered services recognized at the end of 2020 and during 2021.

PERFORMANCE INDICATOR

KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATORS	2019	2020	2021	DIFFERENCE, %
EBITDA*, million tenge	115,766	110,382	103,038	-6.7
EBITDA margin (EBITDA to revenue ratio), %	48.3	46.9	43.3	-7.7
Gross profit rate (gross profit to revenue ratio), %	33.3	30.7	27.3	-11.1
Net profit rate (net profit to revenue ratio), %	18.8	23.8	21.2	-10.9

* Other operating expenses and net foreign exchange loss.

The table below shows the EBITDA operating indicator components based on the profit for the reporting year.

EBITDA CALCULATION, MILLION TENGE

INDICATORS	2019	2020	2021	DIFFERENCE, %
Profit for the reporting year	45,121	55,954	50,607	-9.6
+ income tax expenses	13,954	13,136	12,391	-5.7
Profit before tax	59,075	69,090	62,998	-8.8
+ net foreign exchange loss	-	-	88	-
- net foreign exchange income	104	4,910	-	-100.0
+ financial costs	3,884	3,775	4,116	9.0
- financial income	2,675	3,055	3,201	4.8
+ share in loss of jointly controlled entities	-	-	-	-
- share in profit of jointly controlled entities	13,638	9,730	12,788	31.4
Operating profit	46,542	55,170	51,213	-7.2
+ depreciation and amortization	53,890	54,791	53,658	-2.1
+ other operating costs	3,707	3,604	1,263	-65.0
- other operating income	1,558	3,168	3,095	-2.3
- reversal of impairment/(impairment) of fixed assets and intangible assets, net	-13,185	14	-	-100.0
EBITDA*	115,766	110,382	103,038	-6.7

* The indicator was calculated without consideration of adjustments provided in the revised EBITDA KPI approved by resolution of the Board of Directors of KazTransOil JSC dated August 6, 2021.



KEY PERFORMANCE INDICATORS, %

DESCRIPTION	2019	2020	2021
ROA (net profit/total annual average assets)	5.3	6.3	5.5
ROE (net profit/total annual average equity)	6.8	8.3	7.3

LIQUIDITY AND FINANCIAL STABILITY INDICATORS

The main source of the Company's liquidity and financial stability is the cash generated from its core activities.

The liquidity indicator shows the Company's ability to meet its short-

term obligations based on its current assets. The total (current) liquidity ratio indicates the coverage of current liabilities by current assets. As shown in the table below, 1 tenge of current liabilities is averagely covered by 1.04 tenge of current assets.

LIQUIDITY RATIOS

CONSOLIDATED INDICATORS	STANDARD CRITERIA	2019	2020	2021
Liquidity coverage ratio (current assets / current liabilities)	1.5 — 2.5	1.40	1.40	1.04
Quick liquidity ratio ((current assets — inventories) / current liabilities)	1.5 — 2.5	1.32	1.30	0.94

The quick liquidity ratio reflects the portion of current liabilities that can be covered not only from cash available to the Company, but also from expected receipts for services rendered (cash and cash equivalents and short-term accounts receivable). Decrease in the quick liquidity ratio

is due to decrease in the volume of bank deposits and cash and cash equivalents, which is mainly due to their use for the payment of dividends to the Company's shareholders, as well as for capital investments, current expenses and tax liabilities.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Group as of 31 December 2021 amounted to 40,499 million tenge.

CASH TURNOVER, MILLION TENGE

CONSOLIDATED INDICATORS	FOR THE YEAR ENDED ON 31 DECEMBER			
	2019	2020	2021	DIFFERENCE, %
Net cash flow from operating activities	94,363	95,505	86,977	-8.9
Net cash flow used in investing activities	-57,336	-27,250	-45,969	68.7
Net cash flow used in financing activities	-41,853	-47,434	-52,802	11.3
Net change in cash and cash equivalents	-4,826	20,821	-11,795	-156.6
Net exchange difference	208	2,534	280	-89.0
Change in contingency for expected credit losses	-11.42	10.5	-1.0	-109.5
Cash and cash equivalents as of the beginning of the period	33,279	28,649	52,015	81.6
Cash and cash equivalents as of the end of the period	28,649	52,015	40,499	-22.1

Net positive cash flows from the Group's operating activities in 2021 amounted to 86,977 million tenge, which is 8.9% less than in 2020. The main factor influencing the decline in this indicator is an increase in payments for production costs and a decrease in revenues from core activities.

Net negative cash flows used in the investment activities of the Group in 2021 amounted to 45,969 million

tenge, which differs from the figure for 2020 by 68.7%. This change is mainly due to the payment by Main Waterline LLP for capital investments (mainly for the project "Replacement of the Pipeline at the Outlet of WPS-8, section 449-499 km of the Astrakhan — Mangyshlak water pipeline").

Net negative cash flows used in the financial activities of the Company

in 2021 amounted to 52,802 million tenge, which is 11.3% higher than in 2020. The changes are related to the payment of dividends in 2021 based on the results of 2020 in the amount of 50,771 million tenge (based on 132 tenge per 1 ordinary share of KazTransOil JSC). In 2020, dividends paid based on the results of 2019 amounted to 45,386 million tenge (based on 118 tenge per one ordinary share of KazTransOil JSC).



06. APPENDICES



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103-3	Management evaluation	HR Management, Remuneration and Incentives, p. 95
202-1	Ratio of standard salary of entry-level employees of different sex to set minimum salary in significant regions of the company's activities	HR Management, Remuneration and Incentives, p. 95
204. Procurement practices		
103-1	Materiality and limits	Report Overview, p. 08
103-2	Management approaches	Procurement System and Local Content Development, p. 121
103-3	Management evaluation	Procurement System and Local Content Development, p. 121
204-1	Share of expenses on local suppliers in significant regions of the company's activities	Procurement System and Local Content Development, p. 121
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103-1	Materiality and limits	Report Overview, p. 08
103-2	Management approaches	Corruption Management, p. 164
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205-3	Confirmed corruption cases and measures taken	Corruption Management, p. 164
206. Anti-competitive behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no cases of violation of legislation and regulatory requirements in the socio-economic sphere in KazTransOil JSC, which would have led to the imposition of significant fines or application of non-financial sanctions in the reporting period.
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303. Water		
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305. Emissions		
103-2	Management approaches	Environmental Protection, Ambient Air Impact, p. 114
305-1	Direct greenhouse gas emissions (Scope 1)	Environmental Protection, Greenhouse Gas Emissions, p. 114
305-7	Emission of NO _x , SO _x and other significant pollutants into the atmosphere	Environmental Protection, Ambient Air Impact, p. 114
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103-2	Management approaches	Environmental Protection, Management Framework and Tools, p. 113
307-1	Violation of environmental legislation and regulatory requirements	Environmental Protection, Investments and Environmental Payments, p. 113
CATEGORY: SOCIAL		
103. Management approaches		
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103-2	Management approaches	HR Management, Management Framework and Tools, p. 90
103-3	Management evaluation	HR Management, Management Framework and Tools, p. 90
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401-1	Newly hired employees and turnover of labour	HR Management, Staff Headcount and Structure, p. 91 HR Management, Personnel Recruitment, p. 93
401-2	Benefits provided to full-time employees, not provided to temporary or part-time employees	HR Management, Staff Headcount and Structure, p. 91
401-3	Maternity leave	HR Management, Social Policy, p. 99
402. Interaction of employees with management		
402-1	Minimum period for notification of any significant changes in organisation activities and indication of the period in the collective arrangement	HR Management, Staff Headcount and Structure, p. 91
403. Health and safety at work place		
403-1	Health and labour protection system at work place	Occupational Safety and Health, p. 104
403-2	Identification of hazard, risk assessment, investigation of accidents	Occupational Safety and Health, p. 104
403-3	Health protection service	Occupational Safety and Health, p. 104
403-4	Participation of employees, counselling and communication on labour protection and safety at work place	Occupational Safety and Health, p. 104

INDICATOR INDEX	INDICATOR NAME	SECTION AND PAGE IN THE REPORT/COMMENT
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403-6	Promotion of employees' health	Occupational Safety and Health, p. 104
403-7	Prevention and mitigation of health consequences and labour safety directly related to business relations	Occupational Safety and Health, p. 104
403-8	Employees covered by health and labour protection system at work place	Occupational Safety and Health, p. 104
403-9	Industrial injuries	Occupational Safety and Health, Occupational Injuries, p. 108 <i>Lost time injury frequency rate per 1,000 people = (number of accidents related to production) / (average number of production personnel) * 1,000</i> <i>LTIFR = (lost time injury frequency rate) * 200,000 / (total time worked)</i>
404. Training and education		
404-1	Average number of training hours	HR Management, Personnel Training, p. 96
404-2	Skill development programs and employee adaptation programs	HR Management, Personnel Training, p. 96
405. Diversity and equal opportunities		
405-1	Diversity of management bodies and employees	HR Management, Staff Headcount and Structure, p. 91
406. Non-discrimination		
406-1	Cases of discrimination and implemented corrective actions	HR Management, Management Framework and Tools, p. 90
412. Human rights assessment		
412-2	Employee training on human rights policies or procedures	Corporate Ethics, p. 166
419. Socioeconomic compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	There were no cases of violation of legislation and regulatory requirements in the socio-economic sphere in KazTransOil JSC, which would have led to the imposition of significant fines or application of non-financial sanctions in the reporting period.

APPENDIX 2. INDEX OF UN GLOBAL COMPACT PRINCIPLES AND SUSTAINABLE DEVELOPMENT GOALS

UN GLOBAL COMPACT PRINCIPLES	CORRESPONDING UN SUSTAINABLE DEVELOPMENT GOALS (SDG)	EVIDENCE OF KAZTRANSOIL JSC OPERATIONS COMPLIANCE WITH THE PRINCIPLES AND SDG	SECTION AND PAGE OF THE REPORT
HUMAN RIGHTS PRINCIPLES			
Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights	SDG 16. Peace, justice and strong institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	<ul style="list-style-type: none"> Business ethics standards established by the Company's Business Ethics Code; Institution of ombudsman whose contact details are given on the Company's website. 	Company's Business Ethics Code, p. 166 The Ombudsman Institution, p. 170
Principle 2. Businesses should not be complicit in human rights abuses			
LABOUR PRINCIPLES			
Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	SDG 8. Decent work and economic growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	<ul style="list-style-type: none"> Collective Agreement covering 100% of the Company's personnel; Social Responsibility Code; Company's HR Policy; Company's Social Policy; Company's Golden Rules Occupational Health and Safety Code; Company's Health, Safety and Environment Policy; ISO 14001 certificate acknowledged by an international accredited body; Investments in health and safety for the amount of 3,75 billion tenge in 2021. 	HR Management and Social Policy, p. 90 Occupational Health and Safety, p. 104
Principle 4. Business should promote elimination of all forms for all of forced and compulsory labour	SDG 4. Quality education Ensure inclusive and equitable quality education and promote lifelong learning opportunities.		
Principle 5. Business should uphold effective abolition of child labour	SDG 3. Good health and well-being Ensure healthy lives and promote well-being for everyone at all ages.		
Principle 6. Business should uphold elimination of discrimination in respect of employment and occupation			
ENVIRONMENTAL PRINCIPLES			
Principle 7. Business should uphold a precautionary approach to environmental challenges	SDG 13. Climate action Take urgent action to combat climate change and its impacts.	<ul style="list-style-type: none"> Water Management Rules; Environmental Management Rules; Waste Management Rules; ISO 14001:2015 certificate acknowledged by an international accredited body; Investments in environmental protection activities for the amount of 2.2 billion tenge in 2021; ISO 50001:2018 certified by an internationally accredited body; RDC Branch of KazTransOil JSC. 	Environmental Protection, p. 112
Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility	SDG 6. Clean water and sanitation Ensure availability and sustainable management of water and sanitation for all.		
Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies	SDG 17. Partnership for the goals Strengthen the means of implementation and revitalise the global partnership for sustainable development.		
	SDG 7. Affordable and clean energy Ensure access to affordable, reliable, sustainable and modern energy for all.		
	SDG 9. Industry, innovation and infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.		
ANTI-CORRUPTION PRINCIPLES			
Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery	SDG 16. Peace, justice and strong institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	<ul style="list-style-type: none"> Company's Business Ethics Code; Company's Anti-Corruption Standards; Company's Violation Risk Management Policy; Policy on Settling Conflicts of Interest between the Company's Officials and Employees; Blog of the General Director (Chairman of the Board) on the KazTransOil JSC's website; helpline at +7 (7172) 555-210; Special "No to Corruption" hotline 5213@kaztransoil.kz and other information in the separate section of the Company's website devoted to corruption management issues https://www.kaztransoil.kz/ru/ustoychivoe_razvitie/protivodeystvie_korruptcii/; No violations of the Republic of Kazakhstan anti-corruption laws in the Company in 2020. 	Corruption Management, p. 164

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Message from the General Director (Chairman of the Management Board)

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Audited Consolidated Financial Statements

List of abbreviations

Contact details

APPENDIX 3. LIST OF TRANSACTIONS KAZTRANSOIL JSC IS INTERESTED IN, WHICH WERE CONCLUDED BY KAZTRANSOIL JSC IN 2021

No	TRANSACTION	DECISION MADE BY KAZTRANSOIL JSC BODY
CPC-K JSC		
1	Change Order No. 2 to Service Contract No. K-OD-18-0078//OS125/2018 of 16 May 2018	Decision of the Board of Directors of KazTransOil JSC (MoM No. 12/202 of 10 December 2021)
TURGAI-PETROLEUM JSC		
2	Oil Supply Contract	Decision of the Board of Directors of KazTransOil JSC (MoM No. 5/2021 of 25 June 2021)
3	Additional Agreement No. 3 to Contract for Oil Transportation Services No. TR 25/2019//KZ-18-8100-0500 of 23 November 2018	Decision of the Board of Directors of KazTransOil JSC (MoM No. 5/2021 of 25 June 2021)
Mangistaumunaigas JSC		
4	Agreement for Handover and Takeover of Natural Gas for Kalamkas HOPS and Karazhanbas OPS of KazTransOil Mangistau Oil Pipeline Administration	Decision of the Board of Directors of KazTransOil JSC (MoM No. 1/2021 of 29 January 2021)
5	Additional Agreement No. 1 to Contract for Oil Transportation Services No.1719-13.01//No.EX44/2020 of 24 April 2020	Decision of the Board of Directors of KazTransOil JSC (MoM No. 1/2021 of 29 January 2021)
6	Contract for Provision of Services for Organisation of Oil Transportation through the Territories of Foreign States	Decision of the Board of Directors of KazTransOil JSC (MoM No. 10/2021 of 12 November 2021)
7	Contract for Oil Transportation Services	Decision of the Board of Directors of KazTransOil JSC (MoM No. 10/2021 of 12 November 2021)
CNPC-AMG JSC		
8	Agreement on the establishment of the right of limited use (servitude) of a land plot	Decision of the Board of Directors of KazTransOil JSC (MoM No. 4/2021 of 27 May 2021)
9	Contract for Provision of Services for Organisation of Oil Transportation through the Territories of Foreign States	Decision of the Board of Directors of KazTransOil JSC (MoM No. 4/2021 of 27 May 2021)
10	Additional Agreement No. 2 to Contract for Oil Transportation Services No. TR05/2020//3859U of 18 October 2019	Decision of the Board of Directors of KazTransOil JSC (MoM No. 4/2021 of 27 May 2021)
Kazakhoil-Aktobe LLP		
11	Agreement on the establishment of the right of limited use (servitude) of a land plot	Decision of the Board of Directors of KazTransOil JSC (MoM No. 4/2021 of 27 May 2021)
12	Contract for Provision of Services for Organisation of Oil Transportation through the Territories of Foreign States	Decision of the Board of Directors of KazTransOil JSC (MoM No. 10/2021 of 12 November 2021)
13	Additional Agreement No. 1 to Contract for Oil Transportation Services NoTR 03/2021//60CS-L1Yk20 of 11 December 2020	Decision of the Board of Directors of KazTransOil JSC (MoM No. 10/2021 of 12 November 2021)
Kazgermunai JV LLP		
14	Additional Agreement No. 1 to Contract for Oil Transportation Services NoTR 01/2021 of 23 December 2021	Decision of the Board of Directors of KazTransOil JSC (MoM No. 10/2021 of 12 November 2021)
CNPC Kazakhstan B.V.		
15	Additional Agreement No. 2 to Contract for Provision of Services for Organisation of Oil Transportation through the Territories of Foreign States No. EX07/2020 of 13 December 2019	Decision of the Board of Directors of KazTransOil JSC (MoM No. 10/2021 of 12 November 2021)
16	Additional Agreement No.3 to Contract for Oil Transportation Services No. TR 20/2019 of 10 December 2018	Decision of the Board of Directors of KazTransOil JSC (MoM No. 10/2021 of 12 November 2021)

No	TRANSACTION	DECISION MADE BY KAZTRANSOIL JSC BODY
PetroKazakhstan Oil Products JSC		
17	Agreement for the provision of water supply services and waste water reception in Shymkent, Shymkent Power Supplies of KazTransOil JSC	Decision of the Board of Directors of KazTransOil JSC (MoM No. 02/2021 of 4 March 2021)
PetroKazakhstan Kumkol Resources JSC		
18	Additional Agreement No.2 to Contract for Oil Transportation Services No. TR 14/2020//1908045 of 18 October 2019	Decision of the Board of Directors of KazTransOil JSC (MoM No. 10/2021 of 12 November 2021)
Karazhanbasmunai JSC		
19	Contract for Provision of Services for Organisation of Oil Transportation through the Territories of Foreign States	Decision of the Board of Directors of KazTransOil JSC (MoM No. 10/2021 of 12 November 2021)
20	Additional Agreement No. 2 to Contract for Oil Transportation Services No. TR 04/2020//19-KN11-0338 of 25 October 2019	Decision of the Board of Directors of KazTransOil JSC (MoM No. 10/2021 of 12 November 2021)
KMK M JSC		
21	Contract for Provision of Services for Organisation of Oil Transportation through the Territories of Foreign States	Decision of the Board of Directors of KazTransOil JSC (MoM No. 10/2021 of 12 November 2021)
22	Additional Agreement No. 3 to Contract for Oil Transportation Services No. TR 03/2019 of 21 November 2018	Decision of the Board of Directors of KazTransOil JSC (MoM No. 10/2021 of 12 November 2021)
Transtelecom JSC		
23	Additional Agreement No. 5 to Contractor Agreement No. CC301/2018 of 18 January 2018	Decision of the Board of Directors of KazTransOil JSC (MoM No. 1/2021 of 29 January 2021)
24	Additional Agreement No. 2 to Contractor Agreement No. ACS 97/2019 of 29 December 2018	Decision of the Board of Directors of KazTransOil JSC (MoM No. 1/2021 of 29 January 2021)
25	Agreement on the purchase of services for the organization of the data transmission channel Shymkent Oil Pipeline management — Shagyr	Decision of the Board of Directors of KazTransOil JSC (MoM No. 02/2021 of 4 March 2021)
26	Agreement on the purchase of services for the organization of a data transmission channel Pavlodar-hymkent	Decision of the Board of Directors of KazTransOil JSC (MoM No. 02/2021 of 4 March 2021)
27	Agreement on the purchase of services for the organization of the data channel Pavlodar-Karaganda	Decision of the Board of Directors of KazTransOil JSC (MoM No. 02/2021 of 4 March 2021)
28	Agreement on the purchase of services for the organization of data channel Karaganda oil pipeline control — KEGOC	Decision of the Board of Directors of KazTransOil JSC (MoM No. 02/2021 of 4 March 2021)
29	Contract for the Procurement of Services for Providing Access to the Internet for the Needs of the Departments of the Eastern Region of KazTransOil JSC	Decision of the Board of Directors of KazTransOil JSC (MoM No. 02/2021 of 4 March 2021)
30	Contract for the procurement of services for the organization of the main data transmission channel Atyrau-Nur-Sultan (Astana)	Decision of the Board of Directors of KazTransOil JSC (MoM No. 02/2021 of 4 March 2021)
31	Agreement on the purchase of services for the organization of data channel Uralsk-Aktau	Decision of the Board of Directors of KazTransOil JSC (MoM No. 02/2021 of 4 March 2021)
32	Agreement on the procurement of services for providing access to the Internet for the needs of the central office of KazTransOil JSC	Decision of the Board of Directors of KazTransOil JSC (MoM No. 02/2021 of 4 March 2021)

No	TRANSACTION	DECISION MADE BY KAZTRANSOIL JSC BODY
Main Waterline LLP		
33	Additional Agreement No. 1 to the contract for the provision of maintenance and repair services of the main waterways of December 23, 2020 No. 511587/2020/2	Decision of the Management Board of KazTransOil JSC (MoM No. 14 of 16 June 2021)
34	Contract for Property Transfer as an Additional Contribution to the Main Waterline LLP Authorised Capital	Decision of the Management Board of KazTransOil JSC (MoM No. 23 of 19 October 2021)
35	Contract for Main Waterline Maintenance and Repair	Decision of the Management Board of KazTransOil JSC (MoM No. 33 of 31 December 2021)
Ozenmunaigas JSC represented by NC KazMunayGas JSC		
36	Contract for Provision of Services for Organisation of Oil Transportation through the Territories of Foreign States	Decision of the Management Board of KazTransOil JSC (MoM No. 23 of 19 October 2021)
37	Contract for Oil Transportation Services	Decision of the Management Board of KazTransOil JSC (MoM No. 23 of 19 October 2021)
Embamunaigas JSC represented by NC KazMunayGas JSC		
38	Contract for Provision of Services for Organisation of Oil Transportation through the Territories of Foreign States	Decision of the Management Board of KazTransOil JSC (MoM No. 19 of 18 August 2021)
39	Contract for Provision of Services for Organisation of Oil Transportation through the Territories of Foreign States	Decision of the Management Board of KazTransOil JSC (MoM No. 23 of 19 October 2021)
40	Contract for Oil Transportation Services	Decision of the Management Board of KazTransOil JSC (MoM No. 23 of 19 October 2021)

No	TRANSACTION	DECISION MADE BY KAZTRANSOIL JSC BODY
OOO KazMunayTeniz LLP		
41	Contract for Provision of Services for Organisation of Oil Transportation through the Territories of Foreign States	Decision of the Management Board of KazTransOil JSC (MoM No. 23 of 19 October 2021)
42	Contract for Oil Transportation Services	Decision of the Management Board of KazTransOil JSC (MoM No. 23 of 19 October 2021)
Kazakhturkmunai LLP represented by NC KazMunayGas JSC		
43	Contract for Oil Transportation Services	Decision of the Management Board of KazTransOil JSC (MoM No. 23 of 19 October 2021)
44	Contract for Provision of Services for Organisation of Oil Transportation through the Territories of Foreign States	Decision of the Management Board of KazTransOil JSC (MoM No. 23 of 19 October 2021)
KMG Kashagan B.V. PLLC		
45	Contract for Oil Transportation Services	Decision of the Management Board of KazTransOil JSC (MoM No 30 of 15 December 2021)
46	Additional Agreement No. 2 to Contract for Provision of Services for Organisation of Oil Transportation through the Territories of Foreign States No. EX 21/2020 of 27 December 2019	Decision of the Management Board of KazTransOil JSC (MoM No 30 of 15 December 2021)
MunaiTas LLP		
47	Contract for Maintenance of Main/Local Pipelines and Similar Networks/Systems (operation of Kenkiyak-Ayrau main oil pipeline facilities and structures)	Decision of the Management Board of KazTransOil JSC (MoM No 27 of 30 November 2021)
Urikhtau Operating LLP represented by NC KazMunayGas JSC		
48	Additional agreement No. 1 to the contract for the provision of oil transportation services dated November 25, 2020 No. TR 09/2021//513-46	Decision of the Management Board of KazTransOil JSC MoM No. 23 of 19 October 2021)

APPENDIX 4. REPORT ON KAZTRANSOIL JSC COMPLIANCE WITH THE PRINCIPLES AND PROVISIONS OF THE CORPORATE GOVERNANCE CODE FOR 2021

In accordance with the Corporate Governance Code approved by the decision of the General Meeting of Shareholders of KazTransOil JSC dated May 27, 2016 (Minutes No. 3/2016) (hereinafter — the Code), the Corporate Secretary prepares a report on compliance/non-compliance with the principles and provisions of the Code on an annual basis.

The objectives of the Code are to improve corporate governance in KazTransOil JSC, ensure transparency of management, confirm the Company's commitment to follow the standards of good corporate governance. The principles of the Code are:

1. The Government as a shareholder of Samruk-Kazyna JSC.
2. Interaction of Samruk-Kazyna JSC and organizations. The role of Samruk-Kazyna JSC as the national managing holding.
3. Sustainable development.
4. Shareholder rights and equitable treatment of shareholders.
5. The effectiveness of the Board of Directors and the executive body.
6. Risk management, internal control and audit.
7. Transparency.

The Company, understanding the importance of corporate governance, pays great attention to the need for the Company's internal documents and practices to comply with its principles.

CORPORATE GOVERNANCE CODE STANDARD/CORPORATE GOVERNANCE PRINCIPLE

1 INTERACTION OF SAMRUK-KAZYNA JSC AND ORGANIZATIONS. THE ROLE OF SAMRUK-KAZYNA JSC AS THE NATIONAL MANAGING HOLDING



Actions implemented to comply with Governance Management Standards/Principles

The Company's corporate governance system ensures proper management and control over its activities and is aimed at the growth of long-term value and sustainable development.

An effective system of interaction between shareholders, the Board of Directors and the Management Board is the most important element to ensure the growth of the Company's value and guarantee that investors' money is used effectively. The Company approved the Development Strategy of KazTransOil JSC until 2028, the mission of which is to ensure maximum benefits for shareholders of the Company and compliance with the strategic interests of the state in the field of oil transportation via the main oil pipeline.

The Company and its officials are responsible for the growth of long-term value and sustainable development of the Company, and the decisions made and actions/inactions taken in accordance with the procedure established by the legislation of the Republic of Kazakhstan and internal documents.

One of the main elements of evaluating the performance of the Company's executive body is the KPI system. The list and target values of KPIs are approved by the Board of Directors of the Company.

Thus, by resolution of the Board of Directors of the Company dated January 29, 2021 the Company's KPIs for 2021 and their target values were approved. The same decision of the Board of Directors approved motivational KPIs for the Company's executives for 2021 and their target values.

KPIs are assessed on an annual basis, which affects the remuneration of the Company's executives.

2 SUSTAINABLE DEVELOPMENT



Actions implemented to comply with Governance Management Standards/Principles

Sustainable development is a priority in the Company's activities, the goal of which is business development along with preserving and protecting the environment, creating favorable working conditions, ensuring workplace safety and contributing to the development of the local communities in which the Company operates.

The Company's sustainable development activities are governed by the principles and provisions set forth in the UN Global Compact, ISO 26000 Guidance on Social Responsibility, AA1000 Stakeholder Engagement Standard, GRI Sustainability Reporting, and are regulated by a number of internal documents of the Company on specific areas of sustainable development.

The Company ensures development and implementation of a set of legal, socio-economic, organizational and technical, sanitary and epidemiological, rehabilitation, medical and preventive measures to create and ensure safe and healthy working conditions at work, prevent industrial injuries and occupational diseases, to create and ensure favorable environmental conditions, biodiversity and human activity in accordance with international standards ISO 14001 and ISO 45001.

Based on the results of the certification audit of the Company's IMS conducted in 2021, the compliance of the Company's IMS with the requirements of international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and ISO 50001:2018 for a three-year period.

The Company has identified continuous improvement of energy efficiency as one of its main priorities and continues to work on improving the functioning of the energy management system to reduce energy consumption in accordance with the requirements of the international standard ISO 50001.

The Company approved the Stakeholders' Map of KazTransOil JSC, which defines a list of stakeholders, which is updated at least once every three years.

2.1 ENVIRONMENTAL PROTECTION

Actions implemented to comply with Governance Management Standards/Principles

Environmental protection and environmental safety are important components of the Company's sustainable development.

The Company pays great attention to measures to minimize the negative impact of its activities on the environment and implement the principles of rational use of natural resources.

The Company strictly adheres to the requirements of the Environmental Code of the Republic of Kazakhstan, advanced international standards, provisions of the Health, Safety and Environment Policy of KazTransOil JSC and other internal corporate documents, conducts identification and assessment of environmental aspects, ensures transparency and openness of its actions in the field of environmental protection.

According to the results of the inspection audit, the certification body TUV NORD CERT GmbH in 2021 confirmed that the health, safety and environment management system of KazTransOil JSC meets the requirements of international standards ISO 14001:2015 and ISO 45001:2018, and also covers all areas of the Company's production activities. The environmental management system is part of the IMS of the Company.

During the reporting period, the Company invested in environmental protection 2 194 million tenge, which is 67% more than the same indicator of 2020, and made payments for emissions in the amount of 91 million tenge in the reporting period.

There were no emergencies resulting in environmental damage during oil transportation in 2021.

CORPORATE GOVERNANCE CODE STANDARD/CORPORATE GOVERNANCE PRINCIPLE (CONTINUED)

2.2 HEALTH AND SAFETY

Actions implemented to comply with Governance Management Standards/Principles

In the field of occupational health and safety, the Company strives to ensure accident-free operation of production facilities, creates and maintain safe working conditions, takes care of the health of employees and clearly follows the requirements of the legislation of the Republic of Kazakhstan, international and national standards, provisions of the Policy of KazTransOil JSC in the field of health, safety and environment, as well as internal documents of the Company.

Creation of safe working conditions, internal prevention, striving to minimize the risks associated with production activities, training are daily contributions to the development and improvement of the culture of safe work.

The Company annually invests significant financial resources into the development of the occupational health and safety management system. The volume of investments in 2021 amounted to 2,558 million tenge.

The Company has all the training programs prescribed by state requirements in the field of industrial safety and labor protection. In 2021, 923 employees of the Company underwent compulsory training on occupational health and safety, and 1,207 employees underwent training on fire-technical minimum.

During 2021, the Company registered 1 work-related accident and was investigated in accordance with the requirements of the legislation of the Republic of Kazakhstan.

As a result of the investigation, it was found that in this case the cause of injury was a defect in the installed during repair of the bushing insulator (microcrack) of the electric motor.

2.3 HR AND SOCIAL POLICY

Actions implemented to comply with Governance Management Standards/Principles

Improvement of the personnel policy of KazTransOil JSC is considered as one of the most important factors for sustainable long-term development of the Company.

On September 3, 2021, the Board of Directors approved the Personnel Policy of KazTransOil JSC for 2021-2025, which determines the system of principles, key areas and levels of personnel management.

The Company builds its HR and social policy in accordance with the legislation of the Republic of Kazakhstan and the collective agreement concluded with the collective of employees of the Company.

On June 7, 2021, an additional agreement to the Collective Agreement was concluded between the employees' trade unions and the Company. The prerequisites for amending the Collective Agreement were amendments made to the labor legislation of the Republic of Kazakhstan, as well as the reasons associated with the need to ensure the safety of life and health of employees during the pandemic COVID-19.

In 2021 an assessment of managerial potential of members of the Management Board, heads of structural subdivisions of the central office, including the Department of Operator Services of the Company, and SBU, based on a combined assessment of personal and managerial potential HOGAN Assessments and assessment of the immediate supervisor, was carried out. The purpose of the assessment is to identify the strengths and areas for development of the evaluated managers.

The indicator of involvement of the personnel of KazTransOil JSC is the SAMRUK RESEARCH SERVICES index (SRS index).

The SRS index in 2021 was 88%, which includes:

- Engagement Index 91%;
- Social Well-Being Index 71%;
- Social Tranquility Index 93%.

2.4 PROCUREMENT SYSTEM AND LOCAL CONTENT

Actions implemented to comply with Governance Management Standards/Principles

An effective procurement system and timely provision of the Company with quality goods, works and services is important for the sustainable development of the Company's business, given its scale.

When selecting suppliers, the Company is guided by the Procedure for Procurement by the Joint Stock Company National Welfare Fund Samruk-Kazyna and legal entities, fifty or more percent of voting shares (participatory interest) of which are directly or indirectly owned by Samruk-Kazyna JSC on the right of ownership or trust management.

In 2021, the Company entered into contracts, including long-term procurements, to the amount of 95.6 billion tenge.

The actual share of the local content in the procurement of the Company in 2021 amounted to: 55% for goods, works and services — 75%.

Information on procurement of goods, works and services by the Company is posted and formed on the e-procurement portal of Samruk-Kazyna JSC zakup.sk.kz.

In the field of human resources management the Company works in such areas as improvement of the organizational structure, personnel development, labor efficiency management, implementation of the main tasks and directions of the youth policy, formation and development of the corporate culture.

The personnel selection procedure in the Company is carried out in accordance with the Rules for competitive selection of personnel for vacant positions and working professions in KazTransOil JSC. The Company searches for and selects qualified specialists, maintains a database of candidates, introduces transparent competitive procedures in the selection of personnel for vacant positions/working professions, including the use of elements of testing.

In 2021, the Company hired 328 new employees, of which 25 were employees of the central office and 303 were employees of separate structural subdivisions. Most of the newly hired employees are between 30 and 50 years old.

In 2021, 739 events were held under personnel training and development programs. A total of 6,610 employees were trained in 2021. The total cost of training in 2021 amounted to 637 million tenge.

The Company formed a personnel reserve, the purpose of which is to ensure the continuity and education of its own management personnel. The Company pursues a policy of internal rotation and consistent appointment of employees to managerial positions as part of the development of practices of the personnel reserve.

In 2021, two employees of the Company who were in the personnel reserve were transferred to managerial positions. From blue-collar employees to engineers and technicians.

An important area of the Company's personnel policy is work with young professionals. A comprehensive approach is implemented to attract young specialists to work for the Company and work with young personnel, which is enshrined in the Youth Policy.

In 2021, there were no cases of discrimination against candidates for jobs or employees on any grounds.

CORPORATE GOVERNANCE CODE STANDARD/CORPORATE GOVERNANCE PRINCIPLE (CONTINUED)

3 RIGHTS OF SHAREHOLDERS (PARTICIPANTS) AND EQUITABLE TREATMENT OF SHAREHOLDERS (PARTICIPANTS)



Actions implemented to comply with Governance Management Standards/Principles

Maximum open and effective interaction with shareholders is one of the key principles of the Company. The basic rights of shareholders are exercised in accordance with the legislative acts and the Charter of the KazTransOil Joint Stock Company.

Corporate governance in the Company is built in such a way as to ensure equal rights and fair treatment of all shareholders. In accordance with the legislation of the Republic of Kazakhstan, shareholders have the right to participate in the General Meeting of Shareholders and vote in person or through their representative by proxy.

The issues of information disclosure are regulated by the legislation of the Republic of Kazakhstan, the Charter and the rules of interaction between the structural subdivisions of KazTransOil JSC when posting information on the Internet resources of the depository of financial statements and KASE, the corporate website of KazTransOil JSC.

The Board of Directors of the Company guarantees fair treatment of all shareholders, enables them to participate in the management of the Company through the General Meeting of Shareholders, receive information on the activities of the Company and exercise their right to receive dividends. The procedure and procedures of the General Shareholders' Meetings ensure equal treatment of all shareholders.

The Company's major shareholder is NC KazMunayGas JSC, which owns 90% of the Company's ordinary shares.

A Relationship Agreement was concluded between the Company and NC KazMunayGas JSC, as its major shareholder, in connection with the initial public offering of the Company's shares on the Kazakhstan Stock Exchange on 30 October 2012, which sets out transparent market principles of interaction between the Company and its major shareholder and allows the Company to act in the interests of all its shareholders.

Information affecting shareholders' interests is timely posted on the Company's Internet resource, KASE Internet resources and the depository of financial statements.

The Company has an investor relations service, the main task of which is to organize effective communications between the Company's management and the investment community (potential investors, minority shareholders and professional securities market participants) in order to maintain and strengthen the Company's reputation as an investment-attractive company.

The Annual General Shareholders Meeting was held on May 26, 2021, at which the following matters were considered:

1. On approval of the annual financial statements and consolidated annual financial statements of KazTransOil JSC for 2020.
2. On approval of the order of distribution of the net income of KazTransOil JSC for 2020, making decisions on payment of dividends on ordinary shares and approval of the amount of the dividend per one ordinary share of KazTransOil JSC.
3. On approval of the annual report of the Board of Directors on the work performed in 2020.
4. On appeals of the Company's shareholders for 2020 on the actions of KazTransOil JSC and its officials and the results of their consideration.
5. On making amendments and addenda to the Charter of KazTransOil JSC.

An Extraordinary General Meeting of Shareholders was held on November 5, 2021, at which the following matters were considered:

On introduction of amendments and additions to the Charter of KazTransOil JSC.

An Extraordinary General Meeting of Shareholders was held on November 25, 2021 to consider the following matters:

1. On early termination of powers of the members of the Board of Directors of KazTransOil JSC.
2. On determination of the quantitative composition, term of powers of the Board of Directors of KazTransOil JSC, election of its members, including the Chairman of the Board of Directors.
3. On determining the amount and terms of payment of remuneration and compensation of expenses to independent directors

The shareholders and stakeholders also receive information through the annual report, which includes, inter alia, the report of the Board of Directors of the Company and the audited annual financial statements.

4 EFFICIENCY OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BODY



Actions implemented to comply with Governance Management Standards/Principles

The Board of Directors is the management body of the Company, which provides strategic management of the Company, supervises the activities of the Management Board within its competence and is responsible to the General Meeting of Shareholders for effective management and proper control over the Company in accordance with the current decision-making system.

In accordance with the Company's Charter, the Board of Directors consists of 6 members. In accordance with the share capital structure (90% of the total number of ordinary shares is owned by NC KazMunayGas JSC) two members of the Board of Directors are representatives of the major shareholder — NC KazMunayGas JSC. Three members of the Board of Directors are independent directors, which allows to ensure protection of rights and interests of minority shareholders in accordance with the best international practices of corporate governance. The General Director (Chairman of the Management Board) of the Company is also a member of the Board of Directors.

All members of the Board of Directors have an impeccable business reputation and significant experience in the industry.

The criteria for selection of members of the Board of Directors, including independent directors are determined by the Law of the Republic of Kazakhstan On Joint Stock Companies, the Charter, Corporate Governance Code and Regulations on the Board of Directors of KazTransOil JSC. The activity report of the Board of Directors is disclosed annually in the Annual Report of the Company.

In 2021, the Board of Directors held 12 meetings in present where it considered and made decisions on 118 issues of the key areas of the Company's activities. The Board of Directors also considered a number of issues attributed to the competence of general meetings of participants/shareholders of SJCE.

The Board of Directors reviewed key changes in the Company's operations and management reporting on a monthly basis.

Additional information about the decisions made by the Board of Directors in 2021 is available on the Company's website in the Corporate Governance section.

The following Committees of the Board of Directors function for preliminary consideration of the most important issues and preparation of recommendations to the Board of Directors:

- Strategic Planning, Safety and Environment Committee;
- Internal Audit Committee;
- HR and Remuneration Committee.

The members of the Committees are appointed by the Company's Board of Directors. The procedure for forming and organizing the activities of the Committees is stipulated by their respective regulations.

During 2021, the Strategic Planning, Safety and Environment Committee held two meetings in present, the Internal Audit Committee three meetings in present and two meetings by absentee voting, the Human Resources and Compensation Committee five meetings in present and three meetings by absentee voting.

The members of the Board of Directors, except for independent directors, shall work without remuneration. The procedure for payment of remuneration and (or) reimbursement of expenses to independent directors is regulated by the Rules for remuneration and reimbursement of expenses of independent directors of joint stock companies of NC KazMunayGas JSC.

The Management Board of the Company is a collegial executive body that manages the current activities of the Company and performs its functions based on the Charter, Regulations on the Management Board of KazTransOil JSC and other internal documents of the Company.

The Management Board is headed by the General Director (Chairman of the Management Board). The competence of the Management Board and the powers of the General Director (Chairman of the Management Board) of the Company are determined by Article 12 of the Charter.

During 2021 the Company's Management Board held 33 meetings in present. The Management Board made decisions on a total of 182 issues, 167 instructions were given, and there were no unexecuted instructions. At the same time 74 items considered by the Management Board were submitted for consideration to the Board of Directors, 6 items were submitted for consideration to the Company's General Shareholders Meeting. Within the framework of the meetings held, issues were considered and decisions were made on such key areas as strategic development, corporate governance, financial and business activities, risk management and internal control, among others.

CORPORATE GOVERNANCE CODE STANDARD/CORPORATE GOVERNANCE PRINCIPLE (CONTINUED)

5 RISK MANAGEMENT, INTERNAL CONTROL AND AUDIT



Actions implemented to comply with Governance Management Standards/Principles

An important element of the Company's corporate governance system is the risk management system, which includes the corporate risk management system CRMS and ICS.

CRMS is a set of principles, methods and procedures to ensure the organization and effective functioning of the risk management process at all levels of the Company. The Company's CRMS is aimed at timely identification, assessment, monitoring and mitigation of potential risk events that may adversely affect the achievement of strategic and operational objectives of the Company.

The Board of Directors plays a key role in the organization and oversight of the effective functioning of the CRMS. Responsibility for the development and application of policies and procedures of internal control and risk management lies with the Management Board of the Company.

Identification and assessment of risks in the Company is carried out according to the Unified Risk Classifier of NC KazMunayGas JSC and its subsidiaries and affiliates. Thus, all risks of the Company are divided into two categories — production and non-production risks, the sources of which are determined by the relevant risk factors (causes).

Throughout 2021, we continuously monitored the status of production and non-production risks and their inherent risk factors, as well as the implementation of measures to manage them. Quarterly reports on risk dynamics were submitted to the Risk Committee, the Management Board and the Board of Directors of the Company.

In order to record and further analyze data on realized risks, the Company has a unified electronic database on realized risk events on the corporate portal. Maintenance of this database contributes to accumulation of statistics required for risk and risk-factor assessment and reporting.

In 2021, work was carried out to identify and assess the risks for 2022, for which preventive and corrective measures were developed. The results of this work have been approved by the Company's Board of Directors.

The ICS of the Company is aimed at timely identification and analysis of process level risks inherent in the Company's activities, as well as identification and analysis of control procedures to manage these risks in three key areas of ICS: operating activities, preparation of financial statements and compliance with legal and regulatory

requirements.

The Company has an IAS to monitor the Company's financial and economic activities, evaluate internal controls, manage risks, execute corporate governance documents and provide advice to improve the Company's operations.

The Service reports directly to the Board of Directors and is accountable to it for its work.

The activity of the Service is supervised by the Internal Audit Committee of the Board of Directors.

The Service operates in accordance with the Annual Audit Plan approved by the Company's Board of Directors.

During the reporting period, in accordance with the IAS Work Plan for 2021, seven audits were conducted of the production, operating and financial processes of the Company and SJCE.

Based on the results of the audits conducted by the Internal Audit Service in 2021, 105 discoveries were made and 185 recommendations were issued.

It should be noted that under the recommendations of the Service issued in 2021, the audited entities have developed and approved Plans of corrective actions for the detected discrepancies.

In addition, it should be noted that in order to implement the requirements of the legislation of the Republic of Kazakhstan on combating corruption in terms of determination of anticorruption compliance services independent from the executive body, officials of the quasi-public sector entity, reporting to the Board of Directors, Supervisory Board (if any) or other independent management body, the Board of Directors, by its resolution dated December 10, 2021, from January 1, 2022 approved the structure of the Company's central office, which provides for the re-subordination of the Company's existing compliance control service to the Board of Directors.

6 TRANSPARENCY



Actions implemented to comply with Governance Management Standards/Principles

The Company ensures timely and full disclosure of information to stakeholders on all aspects of its activities, with the exception of cases where the information constitutes a commercial, official or other secret protected by law, guided by:

- Law of the Republic of Kazakhstan dated 13 May 2003 "On Joint Stock Companies";
- Law of the Republic of Kazakhstan dated July 2, 2003 "On Securities Market";
- The Law of the Republic of Kazakhstan dated 28 February 2007 "On Accounting and Financial Reporting";
- Resolution of the Board of the National Bank of the Republic of Kazakhstan No. 189 of August 27, 2018 "On Approval of the Rules for Disclosure of Information by Issuers, Requirements for the Content of Information to be Disclosed by Issuers, and Terms for Disclosure of Information by Issuers on the Financial Reporting Depository Internet Resource";
- The Listing Rules approved by the decision of the Board of Directors of Kazakhstan Stock Exchange JSC (Minutes No. 15 dated April 27, 2017) and the Listing Rules approved by the decision of the Board of Directors of Kazakhstan Stock Exchange JSC (Minutes No. 14 dated March 10, 2021);
- The Rules of Information Disclosure by Securities Admission initiators, approved by the decision of the Board of Directors of Kazakhstan Stock Exchange JSC (Minutes No. 14 dated March 10, 2021);
- The Charter and the Corporate Governance Code, the Rules on Information Disclosure of KazTransOil JSC, the Rules of internal control over the disposal and use of insider information of KazTransOil JSC, the rules of interaction between the structural units of KazTransOil JSC when posting information on the Internet resources of the financial statements depository and Kazakhstan Stock Exchange JSC, the Internet resource of KazTransOil JSC and other internal documents of the Company.

The information on compliance with the Rules of internal control over disposal and use of insider information of KazTransOil JSC and the report on the results of training of the Company's insiders for 2021 were considered at the Internal Audit Committee of the Board of Directors of the Company on 4 March 2021.

During the period from November 22 to 23, 2021 the compliance-control service conducted training for employees of the Company, who are insiders, by conducting a training seminar in the online mode in the form of a video conference on "Training for insiders of KazTransOil JSC on compliance with the legislation of the Republic of Kazakhstan and stock exchange requirements on manipulation on the securities market". During the training, certain features of insider information disclosure, possible risks associated with the misuse of insider information, types of liability provided for by the legislation of the Republic of Kazakhstan for violations in this area were considered, and specific practical situations were analyzed.

In general, the work aimed at improving the Company's transparency through the timely disclosure of relevant information on the Company's activities is carried out in a proper manner.

There were no instances of untimely submission of information or comments to the relevant materials by the regulatory authorities.

The Company prepares annual, semi-annual and quarterly financial statements in accordance with the International Financial Reporting Standards. The reports are posted on the Internet resources of the depository of financial statements, the stock exchange and the corporate Internet resource of the Company in a timely manner.

External audit of the Company's financial statements for 2021 was conducted by Ernst & Young LLP which confirmed the reliability of reflection of the Company's financial position as of December 31, 2021, as well as financial results and cash flows for the year ended on that date, in accordance with the International Financial Reporting Standards.

APPENDIX 5. AUDITED CONSOLIDATED FINANCIAL STATEMENTS



FOR THE YEAR ENDED 31 DECEMBER 2021 WITH THE INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report

To the Shareholders and Board of Directors of KazTransOil JSC

Opinion

We have audited the consolidated financial statements of KazTransOil JSC and its subsidiaries (hereinafter, the Group), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Key audit matter	How our audit addressed the key audit matter
<p>Fair value of property, plant and equipment</p> <p>Property, plant and equipment makes up a significant portion of the Group's assets as at 31 December 2021.</p> <p>In accordance with the accounting policy of the Group, property, plant and equipment is measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. At each reporting date management of the Group assesses how significantly the fair value of its property, plant and equipment differs from the carrying value.</p> <p>For the assessment of the possible changes in fair value of specialized assets, except property, plant and equipment of Major Waterlines, management of the Group determines the present value of expected future cash flows from the use of property, plant and equipment.</p> <p>For the assessment of the possible changes in fair value of specialized assets of Major Waterlines management of the Group determines the replacement cost of the assets.</p> <p>For the assessment of the possible changes in fair value of non-specialized assets management of the Group determines the market prices for similar assets.</p> <p>We believe that this matter was the most significant in our audit due to the significance of the carrying value of the property, plant and equipment and the high level of subjectivity in respect of assumptions underlying the assessment of the fair value of property, plant and equipment.</p> <p>Information about the assessment of the changes in fair value of property, plant and equipment is disclosed in Note 5 to the consolidated financial statements.</p>	<p>We obtained from the management of the Group its assessment of the possible changes in fair value of property, plant and equipment.</p> <p>In the analysis of the present value of expected future cash flows from the use of property, plant and equipment, we compared input data used by management with the Group's most recent business plans. We assessed underlying assumptions and compared them with historical data.</p> <p>We compared discount rate and long-term growth rate used in the calculations with available external information.</p> <p>We checked arithmetical accuracy of the calculations of the present value of expected future cash flows.</p> <p>In the analysis of the market prices of similar assets, we compared prices used by management with available market data for similar items.</p> <p>In the analysis of the replacement cost of the assets, we analyzed the assumptions related to price indices used and recalculated the replacement cost using the available data on construction services price indices.</p> <p>We checked mathematical accuracy of the replacement cost and accrued depreciation calculations.</p>

Other information included in the Group's Annual report 2021

Other information consists of the information included in the Group's Annual Report 2021 other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the committee on internal audit of the board of directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

The committee on internal audit of the board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the committee on internal audit of the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the committee on internal audit of the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the committee on internal audit of the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Adil Syzdykov.

 <p>Adil Syzdykov Auditor</p>	 <p>Rustamzhan Sattarov General Director Ernst and Young LLP</p>
<p>Auditor Qualification Certificate No. МФ - 0000172 dated 23 December 2013</p>	<p>State audit license for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005</p>
<p>050060, Republic of Kazakhstan, Almaty Al-Farabi Ave., 77/7, Esentai Tower</p>	
<p>5 March 2022</p>	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF TENGE	NOTES	31 DECEMBER 2021	31 DECEMBER 2020
ASSETS			
Non-current assets			
Property, plant and equipment	6	803,073,178	667,480,058
Right-of-use assets	7	1,111,472	2,547,819
Intangible assets	8	7,352,234	7,167,364
Investments in joint ventures	9	74,096,113	63,422,815
Advances to suppliers for property, plant and equipment	10	6,443,725	74,922
VAT recoverable	14	4,356,465	2,047,148
Other long-term accounts receivable	12	913,384	983,401
Bank deposits	16	1,424,328	3,569,402
Investments in bonds	19	-	913,746
Deferred tax assets	35	2,254,677	-
Other non-current assets		93,701	90,917
		901,119,277	748,297,592
Current assets			
Inventories	11	8,141,938	8,234,956
Trade and other accounts receivable	12	7,143,184	4,266,802
Advances to suppliers	13	414,279	724,318
Prepayment for income tax		1,777,447	1,350,911
VAT recoverable and other prepaid taxes	14	8,149,910	8,014,017
Other current assets	15	5,896,254	8,285,445
Bank deposits	16	8,665,145	27,342,909
Investments in bonds	19	753,707	-
Cash and cash equivalents	17	40,498,972	52,014,612
		81,440,836	110,233,970
Non-current assets held for sale	18	602,408	630,839
		82,043,244	110,864,809
Total assets		983,162,521	859,162,401

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

IN THOUSANDS OF TENGE	NOTES	31 DECEMBER 2021	31 DECEMBER 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	20	61,937,567	61,937,567
Treasury shares repurchased from shareholders	20	(9,549)	(9,549)
Asset revaluation reserve	20	285,685,165	221,632,815
Foreign currency translation reserve	20	40,632,765	38,325,342
Other capital reserves	20	(4,310,257)	(5,999,468)
Retained earnings		353,172,325	336,631,554
Total equity		737,108,016	652,518,261
Non-current liabilities			
Employee benefit obligations	21	21,433,483	21,559,008
Deferred tax liabilities	35	81,019,373	62,221,923
Provision for asset retirement and land reclamation obligation	26	34,547,151	33,688,837
Contract liabilities to customers	22	30,179,505	8,693,200
Lease liabilities	24	267,714	1,415,473
		167,447,226	127,578,441
Current liabilities			
Current part of employee benefit obligations	21	722,893	693,235
Income tax payable		1,129,157	1,057,326
Trade and other accounts payable	23	20,020,122	22,352,736
Lease liabilities	24	1,393,200	1,994,823
Contract liabilities to customers	22	21,850,025	21,470,201
Other taxes payable	25	6,191,424	5,418,739
Provisions	26	1,441,364	1,269,350
Other current liabilities	27	25,859,094	24,809,289
		78,607,279	79,065,699
Total liabilities		246,054,505	206,644,140
Total equity and liabilities		983,162,521	859,162,401
Book value per ordinary share (in Tenge)	20	1,897	1,678

Signed and approved for issue on 5 March 2022.

General Director (Chairman of the Management Board)



[Signature]

Kurmanbayev TN.

Chief Accountant

[Signature]

Sarmagambetova M.K

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IN THOUSANDS OF TENGE	NOTES	FOR THE YEAR ENDED 31 DECEMBER	
		2021	2020
Revenue	28	238,176,116	235,222,082
Cost of sales	29	(173,246,278)	(163,016,593)
Gross profit		64,929,838	72,205,489
General and administrative expenses	30	(15,549,677)	(16,614,132)
Other operating income	31	3,095,309	3,182,010
Other operating expenses	32	(1,262,616)	(3,603,608)
Operating profit		51,212,854	55,169,759
Net foreign exchange (loss)/gain, net		(88,376)	4,910,340
Finance income	33	3,201,187	3,054,504
Finance costs	34	(4,116,159)	(3,775,306)
Share in income of joint ventures	9	12,788,333	9,730,312
Profit before income tax		62,997,839	69,089,609
Income tax expense	35	(12,390,832)	(13,135,711)
Net profit for the year		50,607,007	55,953,898
Earnings per share (in Tenge)	20	132	145

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

IN THOUSANDS OF TENGE	NOTES	FOR THE YEAR ENDED 31 DECEMBER	
		2021	2020
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange difference from translation of foreign operations of the Group		2,307,423	588,033
Total other comprehensive income to be reclassified to profit or loss in subsequent periods, net		2,307,423	588,033
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods			
Revaluation and impairment of property, plant and equipment of the Group, net	6	101,153,661	(65,719,882)
Income tax effect	35	(20,230,732)	13,143,976
		80,922,929	(52,575,906)
Reversal/(charge) of provision for asset retirement and land recultivation obligation of the Group	26	185,471	(4,516,118)
Income tax effect	35	(37,094)	903,224
		148,377	(3,612,894)
Charge of provision for asset retirement and land recultivation obligation of joint ventures		(392,854)	(1,652,105)
Income tax effect		78,571	330,421
	9	(314,283)	(1,321,684)
Actuarial income/(loss) from employee benefit obligations of the Group	21	1,737,723	(4,220,893)
Income tax effect	35	(47,760)	116,009
		1,689,963	(4,104,884)
Actuarial loss from employee benefit obligations of joint venture		(940)	(1,440)
Income tax effect		188	288
	9	(752)	(1,152)
Total other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods, net		82,446,234	(61,616,520)
Total other comprehensive income/(loss) for the year, net of tax		84,753,657	(61,028,487)
Total comprehensive income/(loss) for the year, net of tax		135,360,664	(5,074,589)

Signed and approved for issue on 5 March 2022.

General Director (Chairman of the Management Board)



[Signature]

Kurmanbayev TN.

Chief Accountant

[Signature]

Sarmagambetova M.K

CONSOLIDATED STATEMENT OF CASH FLOWS

IN THOUSANDS OF TENGE	NOTES	FOR THE YEAR ENDED 31 DECEMBER	
		2021	2020
Cash flows from operating activities			
Profit before income tax		62,997,839	69,089,609
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation and amortization	29, 30	53,658,036	54,791,095
Share in income of joint ventures	9	(12,788,333)	(9,730,312)
Finance costs	34	4,116,159	3,775,306
Finance income	33	(3,201,187)	(3,054,504)
Amortization of deferred income	22, 31	(1,667,283)	(267,758)
Reversal and revision of estimates on provision on asset retirement and land recultivation obligation, net	31	(1,528,063)	(1,112,046)
Employee benefit obligations, current and past services costs	29, 30	982,173	1,023,026
Loss on disposal of property, plant and equipment and intangible assets, net	32	440,587	118,644
Charge of other current provisions, net	29, 30, 31, 32	354,482	1,021,404
Charge/(reversal) of impairment of property, plant and equipment and intangible assets, net	31, 32	336,434	(14,020)
Income on recognition of inventory	31	(182,492)	(8,512)
Net foreign exchange loss/(gain)		88,376	(4,910,340)
Write-off of VAT recoverable	30, 32	74,466	2,024,266
Gain on disposal of non-current assets held for sale, net	31	(46,677)	(63,446)
Charge of expected credit losses, net	30	27,052	289,261
Actuarial loss	32	20,748	188,150
Impairment of non-current assets held for sale	32	7,942	232,631
Charge of provision for obsolete inventories	30	2,243	177,757
Others		79,530	(19,982)
Operating cash flows before working capital changes		103,772,032	113,550,229
(Increase)/decrease in operating assets			
Inventories		989,971	(3,352,128)
Trade and other accounts receivable		(2,684,856)	1,534,858
Advances to suppliers		323,595	542,323
VAT recoverable and other prepaid taxes		(1,841,880)	(3,073,474)
Other current assets		2,355,460	(1,377,045)
Increase/(decrease) in operating liabilities			
Trade and other accounts payable		438,924	1,510,905
Contract liabilities to customers		(2,034,063)	2,320,518
Other taxes payable		310,394	(166,796)
Other current and non-current liabilities and employee benefit obligations		(968,596)	(1,782,731)
Cash generated from operating activities		100,660,981	109,706,659
Income taxes paid		(16,170,464)	(16,528,263)
Interest received		2,486,301	2,326,147
Net cash flows from operating activities		86,976,818	95,504,543

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

IN THOUSANDS OF TENGE	NOTES	FOR THE YEAR ENDED 31 DECEMBER	
		2021	2020
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(69,751,893)	(41,831,440)
Placement of bank deposits		(30,111,954)	(37,281,605)
Withdrawal of bank deposits		51,499,583	56,416,891
Dividends received from joint venture	9	1,800,000	–
Proceeds from disposal of property, plant and equipment and non current assets held for sale		412,935	218,487
Proceeds from bonds redemption	19	182,430	227,749
Contribution to charter capital of a joint venture	37	–	(5,000,000)
Net cash flows used in investing activities		(45,968,899)	(27,249,918)
Cash flows from financing activities			
Dividends paid	20	(50,770,909)	(45,386,116)
Payment of lease liabilities	24	(2,031,517)	(2,047,939)
Net cash flows used in financing activities		(52,802,426)	(47,434,055)
Net change in cash and cash equivalents		(11,794,507)	20,820,570
Net foreign exchange difference		279,916	2,534,462
Change in allowance for expected credit losses	17	(1,049)	10,489
Cash and cash equivalents at the beginning of the year		52,014,612	28,649,091
Cash and cash equivalents at the end of the year	17	40,498,972	52,014,612

Signed and approved for issue on 5 March 2022.

General Director (Chairman of the Management Board)



[Signature]

Kurmanbayev I.N.

Chief Accountant

[Signature]

Sarmagambetova M.K



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Contact details

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN THOUSANDS OF TENGE	SHARE CAPITAL	TREASURY SHARES REPURCHASED FROM SHAREHOLDERS	ASSET REVALUATION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	OTHER CAPITAL RESERVES	RETAINED EARNINGS	TOTAL
As at 31 December 2020	61,937,567	(9,549)	221,632,815	38,325,342	(5,999,468)	336,631,554	652,518,261
Net profit for the year	-	-	-	-	-	50,607,007	50,607,007
Other comprehensive income	-	-	80,757,023	2,307,423	1,689,211	-	84,753,657
Total comprehensive income for the year	-	-	80,757,023	2,307,423	1,689,211	50,607,007	135,360,664
Amortization of revaluation reserve for revalued property, plant and equipment	-	-	(16,704,673)	-	-	16,704,673	-
Dividends (Note 20)	-	-	-	-	-	(50,770,909)	(50,770,909)
As at 31 December 2021	61,937,567	(9,549)	285,685,165	40,632,765	(4,310,257)	353,172,325	737,108,016
As at 31 December 2019	61,937,567	(9,549)	299,585,499	37,737,309	(1,893,432)	305,621,572	702,978,966
Net profit for the year	-	-	-	-	-	55,953,898	55,953,898
Other comprehensive loss	-	-	(57,510,484)	588,033	(4,106,036)	-	(61,028,487)
Total comprehensive loss for the year	-	-	(57,510,484)	588,033	(4,106,036)	55,953,898	(5,074,589)
Amortization of revaluation reserve for revalued property, plant and equipment	-	-	(20,442,200)	-	-	20,442,200	-
Dividends (Note 20)	-	-	-	-	-	(45,386,116)	(45,386,116)
As at 31 December 2020	61,937,567	(9,549)	221,632,815	38,325,342	(5,999,468)	336,631,554	652,518,261

Signed and approved for issue on 5 March 2022.

General Director (Chairman of the Management Board)

Chief Accountant



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Kurmanbayev TN.

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Sarmagambetova M.K



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL

On 2 May 2001, the Government of the Republic of Kazakhstan issued a resolution to create a new closed joint stock company National Company "Transportation of Oil and Gas" (hereinafter — "TNG") owned by the Government. Based on that resolution, the Committee for State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan transferred the "KazTransOil" CJSC NOTC shares to TNG, and, as a result, "KazTransOil" CJSC NOTC was re-registered and renamed as "KazTransOil" CJSC.

Under Decree of the President of the Republic of Kazakhstan dated on 20 February 2002, on the basis of closed joint stock companies, National Oil and Gas Company "Kazakhoil" and National Company "Transport of Oil and Gas", reorganized by merger, the National Company "KazMunayGas" Closed Joint-Stock Company was created and became the sole shareholder of "KazTransOil" CJSC.

On 31 May 2004 in accordance with the requirements of Kazakhstani legislation, "KazTransOil" CJSC was re registered as "KazTransOil" JSC (hereinafter — "Company").

As at 31 December 2021 10% of shares of the Company are owned by minority shareholders who acquired them within the "People's IPO" program. The major shareholder of the Company, who owns the controlling interest of the Company (90%) is National Company "KazMunayGas" JSC (hereinafter "KMG" or "Parent Company"). 90% of KMG shares are owned by Sovereign Wealth Fund "Samruk-Kazyna" JSC (hereinafter — "Samruk-Kazyna"), controlled by the Government of the Republic of Kazakhstan. 10% of KMG shares are owned by the National Bank of the Republic of Kazakhstan.

As at 31 December 2021 and 2020 the Company had ownership interest in the following companies:

	PLACE OF INCORPORATION	PRINCIPAL ACTIVITIES	OWNERSHIP	
			31 DECEMBER 2021	31 DECEMBER 2020
"MunaiTas" LLP (hereinafter — "MunaiTas")	Kazakhstan	Oil transportation	51%	51%
"Kazakhstan-China Pipeline" LLP (hereinafter — "KCP")	Kazakhstan	Oil transportation	50%	50%
"Batumi Oil Terminal" (hereinafter — "BOT")*	Georgia	Forwarding, transshipment and storage of oil and oil products and operating of Batumi Sea Port	100%	100%
"Petrotrans Limited" (hereinafter — "PTL")	United Arab Emirates	Forwarding of oil and oil products	100%	100%
"Main Waterline" LLP (hereinafter — "Main Waterline")	Kazakhstan	Water transportation	100%	100%

* BOT has the exclusive right to manage 100% of the shares of "Batumi Sea Port" LLC (hereinafter — "BSP").

The Company and its subsidiaries are hereinafter referred to as the "Group".

The Company's head office is located in Nur-Sultan, Kazakhstan, at 20 Turan Avenue.

The Company has production facilities, which are located in Mangystau, Atyrau, Western-Kazakhstan, Aktubinsk, Karaganda, Pavlodar, Turkestan, North — Kazakhstan regions of the Republic of Kazakhstan and in Shymkent, also the Company has branches, which are located in Almaty (Research and Development Centre) and in Nur-Sultan (Oil Transportation Control Centre) and representative offices in Russian Federation (Moscow, Omsk and Samara).

The Company is the national operator of the Republic of Kazakhstan on the main oil pipeline. The Group operates network of main oil pipelines of 5,373 km and water pipelines of 2,105 km. The company provides services on oil transportation via main pipelines, a transport expedition of Kazakhstani oil via pipeline networks of other states, services for the operation and maintenance of oil pipelines of other companies, including joint ventures of the Group. Group's joint ventures MunaiTas and KCP own Kenkiyak-Atyrau, Kenkiyak-Kumkol, and Atasu-Alashankou pipelines mainly used for transportation of Kazakhstani crude oil, and also for transit of Russian oil to China.

The Company is a natural monopolist and, respectively, is subject to regulation of the Committee on Regulation of Natural Monopolies, Protection of Competition and Consumer rights of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter — "CRNM"). CRNM is responsible for approving the methodology for calculating the tariff and tariff rates for oil transportation in domestic market of the Republic of Kazakhstan.

1. GENERAL (CONTINUED)

According to the Law of the Republic of Kazakhstan On Natural Monopolies transit of crude oil through the pipelines on the territory of the Republic of Kazakhstan and export from the Republic of Kazakhstan are excluded from the regulation of natural monopolies.

Starting from 1 January 2021 to 30 November 2021, the approved temporary tariff for pumping oil to the domestic market was 4,355.57 Tenge per ton for 1,000 kilometers without VAT. Starting from 1 December 2021 to 31 December 2021, the approved temporary tariff for pumping oil to the domestic market was 4,328.04 Tenge per ton for 1,000 kilometers without VAT (from 1 January to 31 December 2020 — 4,109.50 Tenge per ton for 1,000 kilometers without VAT).

Starting from 1 January 2022 to 31 December 2022, the approved temporary tariff for pumping oil to the domestic market will be 3,728.82 Tenge per ton for 1,000 kilometers without VAT.

Starting from 1 April 2018 to 29 February 2020 tariff for pumping oil on export from the Republic of Kazakhstan equals to 6,398.92 Tenge per ton for 1,000 kilometers without VAT. Starting from 1 March 2020, the tariff for this service was increased to 7,358.76 Tenge per ton for 1,000 kilometers without VAT.

Tariff for pumping oil for transit through Kazakhstani part of main oil pipeline “Tuymazy — Omsk — Novosibirsk-2” starting from 1 April 2018 is 4,292.40 Tenge per ton for 1,000 kilometers.

Starting from 1 January 2019 tariff for transportation of Russian oil through the territory of Kazakhstan to the People's Republic of China on the route border of Russian Federation-border of Republic of Kazakhstan (Priirtyshsk) — Atasu (Republic of Kazakhstan) — Alashankou (People's Republic of China) is 4.23 US Dollars per ton (in Priirtyshsk — Atasu sector).

In general, tariff rates are based on the cost of capital return on operating assets. In accordance with the legislation of the Republic of Kazakhstan on regulation of natural monopolies, tariff rates cannot be lower than the expenditures required to provide services, and should provide for entity's profitability at the level ensuring effective functioning of a natural monopoly.

These consolidated financial statements were approved by Internal Audit Committee of the Company's Board of Directors and signed by the General Director (Chairman of the Management Board) and the Chief Accountant on 5 March 2022.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group (hereinafter — “the consolidated financial statements”) have been prepared in accordance with International Financial Reporting Standards (hereinafter — “IFRS”) as issued by the International Accounting Standards Board (hereinafter — “IASB”).

The consolidated financial statements have been prepared on a historical cost basis, except for property, plant and equipment, which are stated at revalued amounts, and other items described in the accounting policies and notes to the consolidated financial statements.

The consolidated financial statements are presented in Tenge and all amounts are rounded to the nearest thousands, except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. INTEREST IN A JOINT VENTURE

The Group has interests in joint operations in the form of joint ventures.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Factors considered in determining joint control are similar to the factors considered in determining the existence of control of subsidiaries.

The Group's investment in its joint ventures is accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1. INTEREST IN A JOINT VENTURE (CONTINUED)

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The Group's share of profit or loss of a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax of the joint venture.

Financial statements of joint ventures are prepared for the same reporting period as for the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on own investments in its joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in a joint venture is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in consolidated statement of comprehensive income under "Share in profit or loss of joint ventures".

Upon loss of significant influence over the joint control over the joint ventures, the Group measures and recognises its remaining investment at its fair value. Any differences between the carrying amount of the former jointly controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal are recognised in statement of comprehensive income.

4.2. FOREIGN CURRENCY TRANSLATION

The Group's consolidated financial statements are presented in Tenge. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Functional currency of the Company, Main Waterline and the joint ventures MunaiTas and KCP is Tenge. Functional currency of PTL and BOT is US Dollar, functional currency of BSP is Georgian Lari.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction first qualified for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All exchange differences arising from repayment and recalculation of monetary items, are included in consolidated profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Tenge at the rate of exchange prevailing at the reporting date and their income statements are translated at weighted average currency exchange rates. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange at the reporting date.

Exchange rates

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange (hereinafter — "KASE") are used as official currency exchange rates in the Republic of Kazakhstan.

Weighted average currency exchange rates for the year ended 31 December 2021 and 2020 are as follows:

TENGE	FOR THE YEAR ENDED 31 DECEMBER	
	2021	2020
US Dollars	426.06	413.46
Russian Rubles	5.78	5.73
Euro	503.96	472.05
Georgian Lari	133.39	134.02

As at 31 December the currency exchange rates of KASE are as follows:

TENGE	2021	2020
US Dollars	431.80	420.91
Russian Rubles	5.76	5.62
Euro	489.10	516.79
Georgian Lari	140.74	128.92

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3. CURRENT VERSUS NON-CURRENT CLASSIFICATION OF ASSETS AND LIABILITIES

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.4. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive income.

Additional disclosures are provided in *Note 18*. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

4.5. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation models that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** — quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2** — valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- **Level 3** — valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group and external appraisers also compare changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purposes of the disclosure of the fair value the Group classified assets and liabilities based on their nature, characteristics and risks inherent in them, as well as the applicable level in the fair value hierarchy, as described above.

An analysis of the fair value of property, plant and equipment and additional information about the methods of its definition are provided in *Note 5*.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment initially are recognized at cost. The subsequent accounting is at fair value less accumulated depreciation (except for land, technological oil and construction in process) and impairment losses recognized after the date of the revaluation.

In identifying excess of technological oil the Group assesses whether the transferred item from customers meets the definition of an asset, and if it is so, recognizes the transferred asset as property, plant and equipment. At initial recognition such property, plant and equipment is measured at zero cost and revalued at each reporting date.

The Group periodically engages independent appraisers to revalue property, plant and equipment to their fair value. According to Accounting Policy property, plant and equipment is revalued each 3 years (except for technological oil, which is revalued during the period when the fair value changes) in order to ensure that fair value of the revalued asset does not significantly differ from its book value.

Any revaluation surplus is recorded in other comprehensive income and, credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognized as expense in the statement of comprehensive income, in this case the increase is recognized through profit in the statement of comprehensive income. A revaluation deficit is recognized as expense in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets' original cost. Additionally, accumulated depreciation and impairment as at the revaluation date, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Further detailed information about the recognized asset retirement and land reclamation obligation is disclosed in *Notes 5, 26*.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	YEARS
Buildings and constructions	5-50
Machinery and equipment	3-30
Pipeline systems	15-30
Other transportation assets	5-12
Other	2-10

According to the Group's accounting policy technological oil, construction in progress and land are not subject to depreciation.

An item of property, plant and equipment and any significant part initially recognized is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.7. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization is provided on a straight-line basis over the estimated useful economic life of the assets. Intangible assets are generally amortized over seven-ten years. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognised.

4.8. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit (hereinafter — "CGU") fair value less costs to sell and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less selling costs, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8. IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations (including impairment on inventories) are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for the previously overvalued property, plant and equipment when the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount previously conducted revaluation.

At each reporting date the Group makes an assessment as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. Previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised through profit or loss, unless the asset is carried at revalued amount. In the latter case the reversal is treated as a revaluation increase.

Information on impairment of non-financial assets is disclosed in *Notes 5, 6*.

4.9. FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way" trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term bank deposits, trade and other receivables, and investments in bonds.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other accounts receivables, funds in credit institutions (cash and cash equivalents, bank deposits).

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group includes bonds of "Special financial company DSFK" LLP to this category (*Note 19*).

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group doesn't have financial assets of this category.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9. FINANCIAL ASSETS (CONTINUED)

Subsequent measurement (continued)

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group doesn't have financial assets of this category.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised (e.g., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

4.10. IMPAIRMENT OF FINANCIAL ASSETS

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions (*Note 5*);
- Trade and other accounts receivable (*Note 12*);
- Bank deposits (*Note 16*);
- Cash and cash equivalents (*Note 17*).

The Group recognises an allowance for expected credit losses (ECLs) for all loans and other debt financial assets that are not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. ECLs are discounted at an approximation of the original effective interest rate for a similar instrument with a similar credit rating.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision model that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For funds in credit institutions (bank deposits, cash and cash equivalents), investments in bonds, the Group calculated ECLs based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Also it is considered a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

4.11. FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other accounts payable and lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Trade and other accounts payable and lease liabilities

After initial recognition, trade and other accounts payable and lease liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income or loss when the liabilities are derecognised as well as through the effective interest rate amortization process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income as income or expense.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12. OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.13. INVENTORIES

Inventories are stated at the lower of cost and net realizable value.

Cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cost of inventories is determined by using of FIFO basis.

4.14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

4.15. PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss excluding any reimbursement.

The Group records a provision on asset retirement and land reclamation obligation. Provisions on asset retirement and land reclamation obligation are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the asset retirement and land reclamation obligation. The unwinding of the discount is expensed as incurred and recognised in the consolidated statement of comprehensive income as a finance cost.

The estimated future costs on asset retirement and land reclamation obligation are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset (*Notes 5, 26*).

4.16. EMPLOYEE BENEFITS

The Group provides long-term employee benefits to employees before, on and after retirement, in accordance with the Collective agreements between the Group and its employees and Company's Rule of social support of non-working pensioners and disabled people. The Collective agreement provides for one-off retirement payments, financial aid for employees' disability, anniversaries and funeral. The entitlement to benefits is usually conditional on the employee remaining in service up to retirement age.

The expected costs of the benefits associated with one-off retirement payments are accrued over the period of employment using the same accounting methodology as used for defined benefit post-employment plans with defined payments on the end of labor activity. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred.

Other movements are recognised in the current period, including current service cost, any past services cost and the effect of any curtailments or settlements.

The most significant assumptions used in accounting for defined benefit obligations are discount rate and mortality rate. The discount rate is used to determine the net present value of future liabilities and each year the unwinding of the discount on those liabilities is charged to the consolidated statement of comprehensive income as interest cost. The mortality assumption is used to project the future stream of benefit payments, which is then discounted to arrive at a net present value of liabilities.

The results of the revaluation of employee benefits obligations, including actuarial gains and losses, are recognized by the Group as follows:

- Remuneration after termination of employment through other comprehensive income. In subsequent periods, the revaluation results will not be reclassified to profit or loss;
- Other long-term benefits through profit or loss.

Net interest is calculated by applying the discount rate to the net defined benefit obligations or asset, The Company recognises the following changes in the net defined benefit obligation under "cost of sales", "administration expenses" and "finance expenses" in consolidated statement of comprehensive income (by function):

- Service costs comprising current service costs, past-service costs;
- Net interest expense or income.

Employee benefits are considered as other long-term employee benefits. The expected cost of these benefits is accrued over the period of employment using the same accounting methodology as used for the defined benefit plan.

These obligations are valued by independent qualified actuaries on an annual basis.

More information is disclosed in *Notes 5, 21*.

4.17. REVENUE AND OTHER INCOME RECOGNITION

The Group's activities mainly relates to the transportation of oil and water through main pipelines on the territory of the Republic of Kazakhstan, as well as to the transshipment of oil and oil products in Georgia.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

The Group has concluded that it is acting as a principal in all of its revenue arrangements (as it typically controls the goods or services before transferring them to the customer), except for transportation expedition contract where the Group is acting as an agent for which the Group recognizes revenue commission for its services.

In the consolidated financial statements, the Group generally recognizes revenue for the following types:

Rendering of transportation services

Revenue from rendering of transportation and transshipment services is recognized at a point in time on the basis of actual volumes of oil and water transported during the reporting period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.17. REVENUE AND OTHER INCOME RECOGNITION (CONTINUED)

Rendering of pipeline operation and maintenance services

Revenues from pipeline operation and maintenance services are recognized over time, as the buyer simultaneously receives and benefits from the performance of the Group's contractual obligations.

Rendering of other services

Revenue from rendering of other services is recognized as services are provided.

Interest income

For all financial instruments measured at amortized cost and at fair value through profit or loss, as well as at fair value through other comprehensive income, interest income or expense are recognized using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the consolidated statement of comprehensive income.

Dividends

Dividend income is recognized when the Group's right to receive the payment is established (on the date of dividends approval).

Fees for undelivered oil volumes

Income from fees for undelivered oil volumes is recognized for nominated and non-delivered oil volumes under oil transportation contracts on "ship or pay" terms.

In preparing to adopt IFRS 15, the Group is considering the following:

Variable consideration

IFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue.

The variable consideration is absent in contracts with customers, due to the absence of discounts, credit payment, concessions in price, incentives, bonuses for results or other similar items. This update will have no effect on revenue recognition.

Principal versus agent considerations

IFRS 15 requires assessment of whether the Group controls a specified good or service before it is transferred to the customer/customer's buyer.

The Group determined that it acts as a principal for all contracts under which revenue is recognized (since it controls the promised service before it is transferred to customer or to customer's buyer), except for contracts on oil transportation coordination services where Group determined that it does not control the services before they are accepted by the customer's buyer. Hence, Group is an agent, rather than principal in these contracts on oil transportation coordination services.

Advances received from customers

Advance payments received from customers are contractual obligations. The contractual obligations are the obligation to transfer to the buyer the goods or services for which the Group has received compensation from the buyer. If the buyer pays compensation before the Group transfers the product or service to the buyer, the contractual obligation is recognized at the time the payment is made or at the time the payment becomes payable (whichever is earlier). Contractual liabilities are recognized as revenue when the Group fulfills its contractual obligations.

Under IFRS 15, the Group must determine whether there is a significant financing component in its contracts.

The Group receives only short-term advances from its customers. They are presented as part of advances received. The Group determined that the length of time between the delivery of the services to the customer by the Group and the time when the customer pays for such services is relatively short. Therefore, the Group has concluded that given contracts do not contain significant financing component.

In accordance with the requirements for the consolidated financial statements, the Group has detailed information on revenue recognized under contracts with customers in categories reflecting how economic factors influence the nature, size, timing and uncertainty of revenue and cash flows. Disclosure of detailed revenue is discussed in *Note 28*.

The recognition and measurement requirements in IFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property and equipment and intangible assets), when that disposal is not in the ordinary course of business. These changes did not affect to the consolidated financial statements of the Group.

4.18. TAXES

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised in other comprehensive income is recognised in equity and not in the statement of comprehensive income. Management of the Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.18. TAXES (CONTINUED)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Value added tax (VAT)

VAT related to sales is payable to the budget when goods are shipped or services are rendered. Input VAT can be offset against output VAT upon the receipt of a tax invoice from a supplier.

Revenue, expenses and assets are recognized after deduction of VAT, except for instances, where amount of VAT is recognized as a part of costs for asset acquisitions or as a part of expenses.

Tax legislation allows the settlement of VAT on a net basis. Accordingly, VAT related to sales and purchases unsettled at the balance sheet date is stated in the consolidated statement of financial position on a net basis.

Due to specifics of tax legislation and the Group's operations a certain part of input VAT can be carried over into subsequent years. Such portion of VAT is classified as long-term asset and assessed for impairment and considered as a corporate asset allocated to existing CGU.

Receivables and payables are stated including VAT

The net amount of sales tax recoverable from or payable to, the taxation authority is included as part of VAT recoverable, other taxes prepaid and other taxes payable in the statement of financial position.

4.19. EQUITY

Share capital

External costs directly attributable to the issue of new shares, excluding business combinations are shown as a deduction from the proceeds from share issue in equity.

Treasury shares repurchased from shareholders

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

Dividends

The Group recognises a liability to make cash or non-cash distributions to shareholders, when the distribution is authorised and the distribution is no longer at the discretion of the Company. According to legislation of the Republic of Kazakhstan, distribution is authorised by the shareholders. A corresponding amount is recognised directly in equity.

At the moment of distribution of non-monetary assets the difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in consolidated statement of comprehensive income.

Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before consolidated financial statements are authorized for issue.

4.20. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The applied accounting policy is in line with the accounting policy applied in the previous reporting year, with the exception of the acceptance of the following new IFRS effective from 1 January 2021.

New standards, interpretations and amendments adopted by the Group

Interest Rate Benchmark Reform — Phase 2 — Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

The Group intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued *Covid-19-Related Rent Concessions — amendment to IFRS 16 Leases*. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

New standards, interpretations and amendments adopted by the Group (continued)

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid 19 related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Issuance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required.

Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1 Clarification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 and 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

Reference to the Conceptual Framework — Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations* — *Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities that would be within the scope IAS 37 or IFRIC 21 *Leases*, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use — Amendments to IAS 16

In May 2020, the IASB issued *Property, Plant and Equipment — Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Onerous Contracts — Cost of Fulfilling a Contract — Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are executed unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards — Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 *First-time Adoption of International Financial Standards*. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

IFRS 9 Financial Instruments — Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Standards issued but not yet effective (continued)

IAS 41 Agriculture — Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 *Agriculture*. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

Definition of Accounting Estimates — Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Financial risk management and policies (*Note 39*);
- Sensitivity analyses disclosures (*Note 39*).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value measurement of the Group's property, plant and equipment

The Group accounts the property, plant and equipment at revalued amounts. The last revaluation of property, plant and equipment was carried out during 2019. For this purpose, during 2019 the Group engaged independent external appraisers to perform valuation of its property, plant and equipment.

The valuation methods used by the Group in assessment and analyses of the fair value of property, plant and equipment are considered from the perspective of the best and most efficient use of the valued asset. The best and most efficient use of the Group's assets, except BOT and Main Waterline, is their use in operating activities. The best and most efficient use of the BOT's assets is their realization. The best and most efficient use of the Main Waterline's assets is their use in conjunction with the assets of oil production companies in the region.

The initial data used to determine the fair value of the Group's office buildings in the cities of the Republic of Kazakhstan with the relevant land plots, land plots in Georgia (Batumi), as well as vehicles and certain other non specialized assets, refer to Level 2 in the fair value hierarchy (unquoted observable inputs).

The remaining property, plant and equipment of the Group are specialized and the initial data used for determining their fair value refer to Level 3 in the fair value hierarchy (unobservable inputs).

The methodology used in valuation of the specialized assets of the Group's companies, except BOT, was initially based on the valuation of the depreciable replacement cost ("cost method"). The fair value of BOT's assets was determined using market approach.

As part of the valuation of the fair value, the appraiser performed a test for adequate profitability using the income approach to determine the amount of economic depreciation of the Group's specialized items of property, plant and equipment. The recoverable amount of the property, plant and equipment of the Group companies, excluding BOT and Main Waterline, was determined by the discounted cash flow model. Cash flow forecasting was based on business plans of the Group's companies approved by the management of the Group. The following main assumptions were applied in the income approach:

	CASH-GENERATING UNIT	
	OIL TRANSPORTATION (COMPANY)	BSP
Discount rate (WACC)	13.94%	11.82%
Long-term growth rate	3.29%	2%

The 2019 assessment results obtained from the income approach were lower than those measured at the amortized replacement cost and, therefore, were taken as the fair value of the Group's corresponding property, plant and equipment. The results of assessing by the income approach are most sensitive to the changes of discount rate and long-term growth rate indicators and also to the forecasts regarding the volumes of sales of services provided and the level of tariffs for services provided.

According to the results of an independent assessment in 2019, the carrying value of property, plant and equipment of the Group (excluding technological oil) increased by 71,339,490 thousand Tenge.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Estimates and assumptions (continued)

At each reporting date the Group assesses if there is any difference between the carrying amount of property, plant and equipment and the amount which was determined using the fair value at the reporting date. As at 31 December 2021, the Group's management revised its estimates in relation to the fair value of property, plant and equipment. To assess possible fluctuations in the fair value of the Group's specialized assets, excluding Main Waterline and BOT, the Group's management calculated the present value of expected future cash flows from the use of property, plant and equipment. To assess possible fluctuations in the fair value of the specialized assets of Main Waterline, the Group's management calculated the replacement cost of the assets. To assess possible fluctuations in the fair value of BOT's assets and the Group's non specialized assets, the Group's management determined the market prices for similar assets.

Based on the results of the analysis, the Group's management determined that at the end of 2021 there were no significant differences between the carrying amount of the Group's property, plant and equipment and their fair value.

Revaluation of technological oil

Technological oil is revalued at each reporting date, due to the fact that fluctuations are quite frequent and significant. Technological oil of the Company was revalued on each reporting date of interim periods and on 31 December 2021 and 2020.

Input data for determining the fair value of technological oil refer to Level 2 in the fair value hierarchy (unquoted observable inputs).

The following judgments were taken into account by the Group's management when determining fair value of technological oil:

- Technological oil is an integral part of the process of operating the pipeline without which the transportation is not possible and, accordingly, the object of valuation is a specialized asset;
- Technological oil cannot be sold or otherwise disposed due to regulations imposed by CRNM;
- Tariffs are being closely monitored by CRNM and the Government (except export tariffs and transit through the territory of Kazakhstan) to ensure they will not adversely affect general price index in the country, and thus may be set at the level which will not allow to recover cost of oil, if it was valued at international market price;
- And if the Group needs to buy additional oil to fill in new parts of pipeline, it would use the terms of the transportation agreements, according to which the oil extracting entities, upon the request of the Group, provide oil to fill the system of the Group's main pipelines;
- For the oil extracting entities there is an internal or tolling price for oil, which is delivered to the refineries of the KMG Group.

Taking into account all these factors as at 31 December 2021 the fair value of the Group's technological oil was determined based on the price of 76,648 Tenge per ton (as at 31 December 2020: 38,336 Tenge per ton). Other comprehensive income from the effect of the change in fair value of the technological oil during 2021 was equal to 100,258,238 thousand Tenge (during 2020: other comprehensive loss of 66,267,938 thousand Tenge). In addition, during 2021 other comprehensive income from the revaluation of technological oil surplus (net of with the oil shortage write-off in 230,517 thousand Tenge) in the amount of 998,073 thousand Tenge (during 2020: 492,886 thousand Tenge) and a loss from the write-off of oil shortage in the amount of 183,922 thousand Tenge were recognized (*Note 6*). During 2021 as a result of revaluation the net other comprehensive income was equal to 101,256,311 thousand Tenge (during 2020: other comprehensive loss for 65,775,052 thousand Tenge) (*Note 6*).

The volume of oil in the pipeline as at 31 December 2021 amounted to 2,628 thousand tons (31 December 2020: 2,618 thousand tons). According to the results of stock count of oil held at the end of 2021 the surpluses in the amount of 16,029 tons (for 2020: 12,857 tons) and shortage in the amount of 5,730 tons in the reporting period (for 2020: 176 tons) were recognized.

Useful lives of items of property, plant and equipment

The Group assesses the remaining useful lives of items of property, plant and equipment at least at each financial year end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Asset retirement and land reclamation obligation

According to the Law of the Republic of Kazakhstan About the Main Pipeline which came into force on 4 July 2012, the Group has a legal obligation to decommission its oil pipelines at the end of their operating life and to restore the land to its original condition. Activities on land reclamation are carried out when replacing the pipelines at the end of their useful life.

Asset retirement and land reclamation obligation is estimated based on the value of the work to decommission and rehabilitate calculated by the Group in accordance with the technical regulations of the Republic of Kazakhstan. Pipeline decommission expense as at 31 December 2021 is equal to 6,922 thousand Tenge per kilometer (as at 31 December 2020: 6,560 thousand Tenge).

Reserve on liquidation of landfills and waste management is also reflected within the asset retirement and land reclamation obligation. The reserve was created in 2013 in accordance with the requirements of Environmental Code of the Republic of Kazakhstan, which states that the owner of the landfills has to create a liquidation fund for reclamation of land and for monitoring of environmental impact right after the closure of the landfill.

The reserve was determined at the end of the reporting period using the projected inflation rate for the expected period of fulfillment of obligations, and the discount rate at the end of the reporting period which is presented below:

AS A PERCENTAGE	2021	2020
Discount rate	6.72%	6.71%
Inflation rate	5.49%	5.54%
Period of fulfillment of obligations	13 years	14 years

As there is no an active market for highly liquid corporate bonds in the Republic of Kazakhstan and due to the insufficiency of transactions on government bonds the Group considers to use risk-free rates of US Treasury bonds as an estimated discount rate adjusted for country risk and inflation rate of the Republic of Kazakhstan with maturities corresponding to the expected duration of the asset retirement and land reclamation obligation.

As at 31 December 2021 the carrying amount of the asset retirement and land reclamation obligation was 34,547,151 thousand Tenge (31 December 2020: 33,688,837 thousand Tenge) (*Note 26*).

Assessing the cost of rehabilitation of the environment is subject to potential changes in environmental requirements and interpretations of the law. Furthermore uncertainties in the estimates of these costs include potential changes in regulatory requirements, alternative disposal and recovery of damaged land and levels of discount and inflation rates, and the time, when such obligations will be due.

Sensitivity analysis of asset retirement and land reclamation obligation for the change in significant assumptions as at 31 December 2021 is as follows:

IN THOUSANDS OF TENGE	(DECREASE)/ INCREASE IN RATE	(DECREASE)/ INCREASE IN LIABILITY
Discount rate	-0.5%	2,156,637
	+0.5%	(2,019,710)
Inflation rate	-0.5%	(2,051,842)
	+0.5%	2,171,926

Reserves for the impairment of advances to suppliers

The Group recognized reserve for the impairment of long-term and short-term advances to suppliers. In estimating the reserve historical and anticipated suppliers performance are considered. Changes in the economy, industry and specific characteristics may affect the reserves recorded in the consolidated financial statements.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Estimates and assumptions (continued)

Reserves for the impairment of advances to suppliers (continued)

As at 31 December 2021 and 2020 these reserves have been created for the amount of 831,136 thousand Tenge and 811,543 thousand Tenge, respectively (Notes 10, 13).

Allowances for financial assets

The Group recognises allowances for expected credit losses for trade accounts receivable and funds in credit institutions (cash and cash equivalents, bank deposits).

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated expected credit losses based on lifetime of these financial instruments. The Group used a provision model that is prepared taking into account historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For funds in credit institutions (bank deposits, cash and cash equivalents), investments in bonds, the Group calculated expected credit losses based on the 12-month period. The 12-month expected credit losses is the portion of lifetime expected credit losses that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit losses.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Also it is considered a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. As at 31 December 2021 and 2020 allowance for expected credit losses was created in the amount of 5,621,137 thousand Tenge and 5,565,145 thousand Tenge, respectively (Notes 12, 16, 17).

Tax provision

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of inspections by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax inspections and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the country.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The amount of recognized deferred tax assets as at 31 December 2021 was 2,254,677 thousand Tenge (Note 35). As at 31 December 2021 and 2020 the Group did not have unrecognized deferred tax assets.

Employee benefits

The cost of defined long-term employee benefits to employees before, on and after retirement and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

As there is no an active market for highly liquid corporate bonds of the Republic of Kazakhstan and due to the insufficiency of transactions on government bonds the Group uses risk-free rates of US Treasury bonds as an estimated discount rate, with maturities corresponding to the expected term for fulfilling of employee benefits obligations adjusted for country risk and inflation rate of the Republic of Kazakhstan.

The mortality rate is based on publicly available mortality tables. Increase in future salary and pension is based on expected future inflation rates for the respective country.

Principal actuarial assumptions used for valuation of employee benefit obligations as at 31 December 2021 and 2020 were as follows:

	2021	2020
Discount rate	6.72%	6.71%
Future salary increase	5.43%	5.34%
Mortality rate	5.81%	5.81%

As at 31 December 2021 the average period of post-retirement benefit obligations were 18.2 years (as at 31 December 2020: 18.8 years).

Sensitivity analysis of employee benefit obligations for the change in significant estimates as at 31 December 2021 is as follows:

IN THOUSANDS OF TENGE	(DECREASE)/ INCREASE IN RATE	(DECREASE)/ INCREASE IN OBLIGATION
Discount rate	-0.5%	1,369,187
	+0.5%	(1,252,123)
Future financial aid increase	-1%	(2,526,651)
	+1%	2,749,369
Future salary increase	-1%	(235,735)
	+1%	274,217
Life duration	-1 year	(227,884)
	+1 year	226,914

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6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 31 December 2020 and 2021 are as follows:

IN THOUSANDS OF TENGE	LAND	PIPELINES	TRANSPORTATION ASSETS	BUILDINGS AND CONSTRUCTIONS	MACHINERY AND EQUIPMENT	TECHNOLOGICAL OIL	OTHER	CONSTRUCTION IN PROGRESS	TOTAL
Gross carrying amount as at 1 January 2020	23,949,576	233,143,081	19,294,537	87,817,200	165,639,253	166,121,927	10,110,133	49,263,659	755,339,366
Foreign currency translation	1,786,462	–	93,151	(196,814)	37,229	–	889	38,166	1,759,083
Additions	–	23,130	3,055,322	203,791	1,652,443	–	238,965	44,537,447	49,711,098
Disposals	(60,483)	(330,858)	(20,737)	(38,917)	(183,241)	(1,064)	(238,333)	(17,542)	(891,175)
Additions in estimates on asset retirement and land reclamation obligation (Note 26)	–	410,941	–	–	–	–	–	–	410,941
Reversal/(charge) of impairment (through revaluation reserve)	–	65,834	–	–	–	(65,775,052)	–	–	(65,709,218)
Reversal of impairment (through profit and loss)	–	–	–	–	–	–	–	49,202	49,202
Transfers to non-current assets held for sale (Note 18)	–	–	(51,399)	(5,867)	–	–	–	–	(57,266)
Transfers from construction-in-progress	–	22,171,009	430,258	6,892,147	10,584,438	–	330,920	(40,408,772)	–
Transfers to intangible assets (Note 8)	–	–	–	–	–	–	–	(226,536)	(226,536)
Transfers and reclassifications	–	(100,889)	(84,688)	52,494	112,641	–	20,442	–	–
Gross carrying amount as at 31 December 2020	25,675,555	255,382,248	22,716,444	94,724,034	177,842,763	100,345,811	10,463,016	53,235,624	740,385,495
Foreign currency translation	506,451	–	259,284	686,073	361,773	–	13,158	47,265	1,874,004
Additions	1,523	12,750	1,527,383	81,208	26,580,431	–	450,942	58,093,571	86,747,808
Disposals	(4,057)	(3,373,320)	(106,422)	(374,488)	(659,473)	(183,922)	(347,115)	(64,680)	(5,113,477)
Additions in estimates on asset retirement and land reclamation obligation (Note 26)	–	340,189	–	–	–	–	–	–	340,189
Revaluation of impairment (through revaluation reserve)	–	–	–	–	–	101,256,311	–	–	101,256,311
Transfers to non-current assets held for sale (Note 18)	(31,068)	–	(4,631)	(13,495)	–	–	–	–	(49,194)
Transfers from construction-in-progress	–	24,370,001	624,475	5,736,955	29,370,511	–	830,901	(60,932,843)	–
Transfers to intangible assets (Note 8)	–	–	–	–	–	–	–	(341,793)	(341,793)
Transfers and reclassifications	–	–	–	–	–	–	(8,171)	8,171	–
Gross carrying amount as at 31 December 2021	26,148,404	276,731,868	25,016,533	100,840,287	233,496,005	201,418,200	11,402,731	50,045,315	925,099,343

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6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

IN THOUSANDS OF TENGE	LAND	PIPELINES	TRANSPORTATION ASSETS	BUILDINGS AND CONSTRUCTIONS	MACHINERY AND EQUIPMENT	TECHNOLOGICAL OIL	OTHER	CONSTRUCTION IN PROGRESS	TOTAL
Accumulated depreciation and impairment as at 1 January 2020	–	(5,385,993)	(1,176,504)	(2,616,469)	(10,120,061)	–	(1,618,342)	–	(20,917,369)
Foreign currency translation	–	–	2,230	5,298	(694)	–	(1,094)	–	5,740
Depreciation charge	–	(14,227,031)	(2,914,998)	(6,657,563)	(25,640,576)	–	(3,111,750)	–	(52,551,918)
Disposals	–	155,266	8,439	11,252	171,681	–	236,852	–	583,490
Impairment (through profit and loss)	–	(1,068)	(2,663)	–	–	–	–	(31,451)	(35,182)
Impairment (through revaluation reserve)	–	(4,209)	(2,267)	(1,627)	–	–	–	(2,561)	(10,664)
Subtraction of accumulated depreciation and impairment due to revaluation (Note 18)	–	–	18,000	2,466	–	–	–	–	20,466
Transfers and reclassifications	–	10,508	1,356	(364)	(11,473)	–	(27)	–	–
Accumulated depreciation and impairment as at 31 December 2020	–	(19,452,527)	(4,066,407)	(9,257,007)	(35,601,123)	–	(4,494,361)	(34,012)	(72,905,437)
Foreign currency translation	–	–	(68,363)	(41,725)	(76,393)	–	(2,284)	–	(188,765)
Depreciation charge	–	(14,981,077)	(2,951,544)	(7,012,540)	(24,471,447)	–	(2,155,754)	–	(51,572,362)
Disposals	–	1,773,496	105,084	210,649	622,867	–	341,373	–	3,053,469
Impairment (through profit and loss)	–	(11,387)	–	–	(709)	–	–	(324,338)	(336,434)
Impairment (through revaluation reserve)	(14,838)	(31,127)	–	–	(2,643)	–	–	(54,042)	(102,650)
Transfers to non-current assets held for sale (Note 18)	14,838	–	1,822	7,458	–	–	–	–	24,118
Transferred to intangible assets (Note 8)	–	–	–	–	–	–	–	1,896	1,896
Accumulated depreciation and impairment as at 31 December 2021	–	(32,702,622)	(6,979,408)	(16,093,165)	(59,529,448)	–	(6,311,026)	(410,496)	(122,026,165)
As at 31 December 2021									
Gross carrying amount	26,148,404	276,731,868	25,016,533	100,840,287	233,496,005	201,418,200	11,402,731	50,045,315	925,099,343
Accumulated depreciation and impairment	–	(32,702,622)	(6,979,408)	(16,093,165)	(59,529,448)	–	(6,311,026)	(410,496)	(122,026,165)
Net book value	26,148,404	244,029,246	18,037,125	84,747,122	173,966,557	201,418,200	5,091,705	49,634,819	803,073,178
As at 31 December 2020									
Gross carrying amount	25,675,555	255,382,248	22,716,444	94,724,034	177,842,763	100,345,811	10,463,016	53,235,624	740,385,495
Accumulated depreciation and impairment	–	(19,452,527)	(4,066,407)	(9,257,007)	(35,601,123)	–	(4,494,361)	(34,012)	(72,905,437)
Net book value	25,675,555	235,929,721	18,650,037	85,467,027	142,241,640	100,345,811	5,968,655	53,201,612	667,480,058

The carrying value of each revalued class of property, plant and equipment that would have been recognized in the consolidated financial statements had the assets been carried at cost less any accumulated depreciation and any accumulated impairment loss is as follows:

IN THOUSANDS OF TENGE	LAND	PIPELINES	TRANSPORTATION ASSETS	BUILDINGS AND CONSTRUCTIONS	MACHINERY AND EQUIPMENT	TECHNOLOGICAL OIL	OTHER	CONSTRUCTION IN PROGRESS	TOTAL
As at 31 December 2021	20,102,948	185,514,566	16,818,436	64,592,153	148,909,207	30,324,706	4,521,158	49,698,567	520,481,741
As at 31 December 2020	19,626,982	171,963,756	16,799,118	63,016,044	110,093,905	30,405,235	4,880,812	53,213,837	469,999,689

As at 31 December 2021 and 2020 construction in progress mainly includes the following production facilities:

- Replacement of pipeline sections of main oil pipelines;
- Replacement of pipeline sections of main waterline;
- Replacement, reconstruction and construction of the objects of main oil pipelines and main waterline (pumping stations, roads along the highways, communication lines, power supply).

As at 31 December 2021:

- The gross carrying amount and corresponding accumulated depreciation of fully depreciated plant and equipment still in use were 3,540,654 thousand Tenge (31 December 2020: 3,537,132 thousand Tenge);
- Construction in progress included materials and spare parts in the amount of 4,187,311 thousand Tenge (31 December 2020: 3,667,280 thousand Tenge), which were acquired for construction works.

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In April 2021 Main Waterline LLP received free of charge a new waterline for technical water Kulsary-Tengiz (first stage) that was built on the funds of customer of water transportation services under the agreement on cooperation on the construction of a waterline for the amount 24,987,181 thousand Tenge (Note 22).

Depreciation for the year ended 31 December 2021, included in the cost of construction in progress amounted to 20,337 thousand Tenge (for the year ended 31 December 2020: 22,253 thousand Tenge).

7. RIGHT-OF-USE ASSETS

Right-of-use assets as at 31 December 2020 and 2021 are as follows:

IN THOUSANDS OF TENGE	RIGHT-OF-USE ASSETS				TOTAL
	LAND AND OTHER ASSETS	TRANSPORTATION ASSETS	BUILDINGS AND CONSTRUCTIONS	MACHINERY, EQUIPMENT AND TRANSFER DEVICES	
Net book value as at 1 January 2020	86,468	3,257,637	288,488	269,451	3,902,044
Additions (Note 24)	216,948	-	119,511	-	336,459
Disposals	-	-	(4,687)	(38,193)	(42,880)
Transfer to intangible assets (Note 8)	(117,514)	-	-	-	(117,514)
Amortization charge	(106,950)	(1,254,808)	(115,286)	(64,563)	(1,541,607)
Amortization on disposals	-	-	3,678	7,639	11,317
Net book value as at 31 December 2020	78,952	2,002,829	291,704	174,334	2,547,819
Additions (Note 24)	-	-	4,407	-	4,407
Disposals	(4,361)	-	(4,748)	-	(9,109)
Revaluation (Note 24)	-	-	7,071	-	7,071
Amortization charge	(5,722)	(1,254,808)	(122,732)	(64,563)	(1,447,825)
Amortization on disposals	4,361	-	4,748	-	9,109
Net book value as at 31 December 2021	73,230	748,021	180,450	109,771	1,111,472
As at 31 December 2021					
At cost	127,453	6,106,397	521,187	303,459	7,058,496
Accumulated amortization	(54,223)	(5,358,376)	(340,737)	(193,688)	(5,947,024)
Net book value	73,230	748,021	180,450	109,771	1,111,472
As at 31 December 2020					
At cost	131,814	6,106,397	514,457	303,459	7,056,127
Accumulated amortization	(52,862)	(4,103,568)	(222,753)	(129,125)	(4,508,308)
Net book value	78,952	2,002,829	291,704	174,334	2,547,819

8. INTANGIBLE ASSETS

Intangible assets as at 31 December 2020 and 2021 are as follows:

IN THOUSANDS OF TENGE	LICENSES	SOFTWARE	RIGHT FOR LAND USE	OTHER	TOTAL
Net book value as at 1 January 2020	507,052	1,011,249	6,183,026	26,770	7,728,097
Additions	22,871	12,779	-	-	35,650
Transfers from construction in progress (Note 6)	102,574	123,962	-	-	226,536
Amortization charge	(177,410)	(325,054)	(213,412)	(3,947)	(719,823)
Transfers from right-of-use assets (Note 7)	117,514	-	-	-	117,514
Disposals	(15,213)	(57,954)	-	-	(73,167)
Transfers and reclassifications	1,935	(1,935)	-	-	-
Accumulated depreciation on disposal	15,213	57,954	-	-	73,167
Foreign currency translation	1,977	-	(222,587)	-	(220,610)
Net book value as at 31 December 2020	576,513	821,001	5,747,027	22,823	7,167,364
Additions	2,556	-	11,078	8,707	22,341
Transfers from construction in progress (Note 6)	4,833	142,181	-	192,883	339,897
Amortization charge	(174,121)	(267,330)	(212,604)	(4,131)	(658,186)
Disposals	(10,357)	(299,001)	-	(42,021)	(351,379)
Accumulated depreciation on disposal	10,357	299,001	-	42,021	351,379
Foreign currency translation	2,092	-	478,031	695	480,818
Net book value as at 31 December 2021	411,873	695,852	6,023,532	220,977	7,352,234
As at 31 December 2021					
At cost	1,467,316	4,860,351	8,907,587	253,543	15,488,797
Accumulated amortization and impairment	(1,055,443)	(4,164,499)	(2,884,055)	(32,566)	(8,136,563)
Net book value	411,873	695,852	6,023,532	220,977	7,352,234
As at 31 December 2020					
At cost	1,459,593	5,017,171	8,198,470	93,279	14,768,513
Accumulated amortization and impairment	(883,080)	(4,196,170)	(2,451,443)	(70,456)	(7,601,149)
Net book value	576,513	821,001	5,747,027	22,823	7,167,364

9. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures as at 31 December 2020 and 2021 are as follows:

IN THOUSANDS OF TENGE	KCP	MUNAITAS	TOTAL
As at 1 January 2020	29,567,404	25,447,935	55,015,339
Changes in accounting policy	8,491,918	1,238,394	9,730,312
Share in income of joint ventures	(1,150,944)	(171,892)	(1,322,836)
As at 31 December 2020	36,908,378	26,514,437	63,422,815
Share in income of joint ventures	11,608,225	1,180,108	12,788,333
Share in other comprehensive loss of joint ventures	(305,412)	(9,623)	(315,035)
Dividends	(1,800,000)	–	(1,800,000)
As at 31 December 2021	46,411,191	27,684,922	74,096,113

The following tables below show summarized financial information about joint ventures, including the Group's proportionate share:

IN THOUSANDS OF TENGE	KCP			
	31 DECEMBER 2021	31 DECEMBER 2020	50%	100%
Assets and liabilities of joint ventures				
Current assets	40,337,525	80,675,050	35,114,810	70,229,620
Non-current assets	101,235,203	202,470,406	107,775,535	215,551,070
Current liabilities	(28,468,773)	(56,937,546)	(22,730,676)	(45,461,352)
Non-current liabilities	(66,692,764)	(133,385,528)	(83,251,291)	(166,502,582)
Net assets / net book value of investment	46,411,191	92,822,382	36,908,378	73,816,756
Additional information				
Cash and cash equivalents	29,199,195	58,398,390	24,593,042	49,186,084
Short-term financial liabilities, net of trade and other payables and provisions	(22,308,592)	(44,617,184)	(17,764,072)	(35,528,144)
Long-term financial liabilities, net of trade and other payables and provisions	(47,196,527)	(94,393,053)	(66,833,998)	(133,667,995)

Long-term and short-term financial liabilities of KCP are represented by liabilities under loan agreement from 27 June 2018 with the Industrial and Commercial Bank of China Limited jointly with Industrial and Commercial Bank of China in Almaty JSC, acting as an agent. The loan amount was 540 million US Dollars (equivalent to 191,756,400 thousand Tenge at the date of attraction), the loan period is 6 years with the possibility of early repayment. The purpose of the loan is to refinance the loans from Industrial and Commercial Bank of China and ING Bank N.V. and Industrial and Commercial Bank of China and Industrial and Commercial Bank of China in Almaty JSC. As a result of refinancing, the bank margin was reduced from 3.96% to 2.375% and the deadlines for the final repayment of the principal debt were postponed from 2023 to 2024.

The Company along with the second participant of KCP did not guarantee the loan.

As at 31 December 2021 total payable under loan including interest equals to 321,932 thousand US Dollars (equivalent to 139,010,237 thousand Tenge), as at 31 December 2020 to 401,977 thousand US Dollars (equivalent to 169,196,139 thousand Tenge).

IN THOUSANDS OF TENGE	MUNAITAS			
	31 DECEMBER 2021	31 DECEMBER 2020	51%	100%
Assets and liabilities of joint ventures				
Current assets	7,607,439	14,916,548	8,075,485	15,834,286
Non-current assets	23,982,568	47,024,643	22,374,126	43,870,835
Current liabilities	(1,177,905)	(2,309,618)	(1,154,719)	(2,264,155)
Non-current liabilities	(2,727,180)	(5,347,412)	(2,780,455)	(5,451,873)
Net assets / net book value of investment	27,684,922	54,284,161	26,514,437	51,989,093
Additional information				
Cash and cash equivalents	3,713,748	7,281,859	4,430,616	8,687,482
Short-term financial liabilities, net of trade and other payables and provisions	–	–	–	–
Long-term financial liabilities, net of trade and other payables and provisions	–	–	–	–

IN THOUSANDS OF TENGE	KCP			
	FOR THE YEAR ENDED 31 DECEMBER 2021	FOR THE YEAR ENDED 31 DECEMBER 2020	50%	100%
Information on profit or loss and other comprehensive income of joint ventures for the year				
Revenue	37,009,274	74,018,547	38,913,981	77,827,962
Income from continuing operations for the year	11,608,225	23,216,450	8,491,918	16,983,836
Income from discontinued operations for the year	–	–	–	–
Other comprehensive loss	(305,412)	(610,824)	(1,150,944)	(2,301,888)
Total comprehensive income	11,302,813	22,605,626	7,340,974	14,681,948
Dividends	(1,800,000)	(3,600,000)	–	–
Additional information				
Depreciation and amortization	(7,545,965)	(15,091,930)	(7,362,363)	(14,724,725)
Interest income	112,918	225,835	111,604	223,208
Interest expense	(2,375,151)	(4,750,302)	(3,777,288)	(7,554,576)
Loss on exchange differences	(1,349,933)	(2,699,866)	(6,665,780)	(13,331,560)
Income tax expense	(2,983,438)	(5,966,876)	(2,829,302)	(5,658,604)

9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

IN THOUSANDS OF TENGE	MUNAITAS			
	FOR THE YEAR ENDED 31 DECEMBER 2021		FOR THE YEAR ENDED 31 DECEMBER 2020	
	51%	100%	51%	100%
Information on profit or loss and other comprehensive income of joint ventures for the year				
Revenue	5,205,111	10,206,100	3,825,734	7,501,439
Income from continuing operations for the year	1,180,108	2,313,937	1,238,394	2,428,224
Income from discontinued operations for the year	-	-	-	-
Other comprehensive loss	(9,623)	(18,868)	(171,892)	(337,043)
Total comprehensive income	1,170,485	2,295,069	1,066,502	2,091,181
Dividends	-	-	-	-
Additional information				
Depreciation and amortization	(1,508,053)	(2,956,966)	(1,109,565)	(2,175,618)
Interest income	363,533	712,810	437,091	857,041
Income tax expense	(315,721)	(619,061)	(311,078)	(609,957)

10. ADVANCES TO SUPPLIERS FOR PROPERTY, PLANT AND EQUIPMENT

Advances to suppliers for property, plant and equipment as at 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Advances to third parties for property, plant and equipment and construction services	7,274,223	885,818
Less: impairment allowance	(830,498)	(810,896)
Total	6,443,725	74,922

Movement in reserve for impairment of advances given to suppliers for property, plant and equipment was as follows:

IN THOUSANDS OF TENGE	2021	2020
As at 1 January	810,896	741,920
Foreign currency translation	19,602	68,976
As at 31 December	830,498	810,896

11. INVENTORIES

Inventories as at 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Spare parts	3,281,213	3,254,942
Goods	1,508,412	426,763
Fuel	1,382,563	2,398,257
Construction materials	819,295	787,269
Overalls	555,781	717,797
Chemical reagents	194,259	278,469
Other	400,415	371,459
Total	8,141,938	8,234,956

12. TRADE AND OTHER ACCOUNTS RECEIVABLE

Other long-term accounts receivable as at 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Other accounts receivable from third parties	1,059,900	1,146,596
Less: allowance for expected credit losses	(146,516)	(163,195)
Total	913,384	983,401

Movement in allowance for expected credit losses related to other long-term accounts receivable is as follows:

IN THOUSANDS OF TENGE	2021	2020
As at 1 January	163,195	77,485
(Reversal)/charge for the year, net (Note 30)	(16,679)	85,710
As at 31 December	146,516	163,195

Current trade and other accounts receivable as at 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Trade accounts receivable from third parties	8,841,213	6,871,092
Trade accounts receivable from related parties (Note 37)	3,034,307	1,966,138
Other accounts receivable from third parties	710,537	701,529
Other accounts receivable from related parties (Note 37)	509	509
Less: allowance for expected credit losses	(5,443,382)	(5,272,466)
Total	7,143,184	4,266,802

12. TRADE AND OTHER ACCOUNTS RECEIVABLE (CONTINUED)

Movement in allowance for expected credit losses related to trade and other receivables is as follows:

IN THOUSANDS OF TENGE	2021	2020
As at 1 January	5,272,466	4,763,120
Charge for the year, net (Note 30)	43,731	203,551
Currency translation	127,185	305,795
As at 31 December	5,443,382	5,272,466

Trade and other accounts receivable as at 31 December 2021 and 2020 are denominated in the following currencies:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Tenge	5,121,063	3,666,155
US Dollar	2,013,051	591,799
Russian Ruble	2,161	2,113
Other currency	6,909	6,735
Total	7,143,184	4,266,802

Information on the Group's exposure to credit risk from trade and other accounts receivable using the estimated reserves model as at 31 December is provided:

IN THOUSANDS OF TENGE	TRADE AND OTHER ACCOUNTS RECEIVABLE					TOTAL
	PAST DUE PAYMENTS					
	UNEXPIRED	LESS THAN 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 TO 12 MONTHS	MORE THAN 1 YEAR	
As at 31 December 2021						
Estimated total gross carrying value at default	5,997,888	2,009,702	116,284	156,909	5,365,683	13,646,466
Expected credit losses	(180,630)	(42,010)	(19,709)	(26,595)	(5,320,954)	(5,589,898)
As at 31 December 2020						
Estimated total gross carrying value at default	4,639,148	338,154	107,892	139,708	5,460,962	10,685,864
Expected credit losses	(190,891)	(16,485)	(19,751)	(25,880)	(5,182,654)	(5,435,661)

13. ADVANCES TO SUPPLIERS

Advances to suppliers as at 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Advances to third parties	413,848	329,525
Advances to related parties (Note 37)	1,069	395,440
	414,917	724,965
Less: impairment	(638)	(647)
Total	414,279	724,318

14. VAT RECOVERABLE AND OTHER PREPAID TAXES

VAT recoverable and other prepaid taxes as at 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Current VAT recoverable	7,647,401	7,465,375
Non-current VAT recoverable	4,356,465	2,047,148
Other taxes prepaid	502,509	548,642
Total	12,506,375	10,061,165

15. OTHER CURRENT ASSETS

Other current assets as at 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Due for oil transportation coordination services	5,378,118	8,150,231
Deferred expenses from third parties	309,530	31,183
Prepaid insurance	171,623	70,638
Due from employees	19,266	15,504
Other	17,717	17,889
Total	5,896,254	8,285,445

16. BANK DEPOSITS

Bank deposits as at 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Short-term bank deposits — US Dollars	8,636,000	27,359,150
Long-term bank deposits — Tenge	1,426,867	3,588,695
Accrued interest on deposits — Tenge	31,380	35,293
Accrued interest on deposits — US Dollars	1,583	34,824
Less: allowance for expected credit losses	(6,357)	(105,651)
Total	10,089,473	30,912,311

Movement in allowance for expected credit losses on short-term bank deposits is as follows:

IN THOUSANDS OF TENGE	2021	2020
As at 1 January	86,358	59,604
(Reversal)/charge for the year, net (Notes 33, 34)	(82,540)	26,754
As at 31 December	3,818	86,358

16. BANK DEPOSITS (CONTINUED)

Movement in allowance for expected credit losses on long-term bank deposits is as follows:

IN THOUSANDS OF TENGE	2021	2020
As at 1 January	19,293	18,413
(Reversal)/charge for the year, net (Notes 33, 34)	(16,754)	880
As at 31 December	2,539	19,293

As at 31 December 2021 and 2020 bank deposits comprised of the following:

- US Dollars denominated deposits with maturity from 3 to 12 months, with interest 0.6% per annum (as at 31 December 2020: from 0.5% to 0.55% per annum), maturing in June 2022 (as at 31 December 2020: from January to June 2021);
- Restricted long-term bank deposits with interest from 2% to 3.5% per annum maturing in 2028 and in 2030, arranged for the purpose of preferential lending rates for the Company's employees for the purchase of residential property (as at 31 December 2020: from 2% to 3.5% per annum maturing in 2028 and in 2030, respectively).

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Time deposits with banks — Tenge	20,630,285	34,440,034
Current accounts with banks — US Dollar	17,073,471	6,263,193
Current accounts with banks — Tenge	2,425,219	10,948,018
Current accounts with banks — Lari	339,827	326,205
Current accounts with banks — other currency	29,900	35,099
Other current accounts with banks	24,923	25,639
Cash in hand	229	257
Less: allowance for expected credit losses	(24,882)	(23,833)
Total	40,498,972	52,014,612

Movement in allowance for expected credit losses on cash and cash equivalents is as follows:

IN THOUSANDS OF TENGE	2021	2020
As at 1 January	23,833	34,322
Charge/(reversal) for the year, net (Notes 33, 34)	488	(8,327)
Foreign currency translation	561	(2,162)
As at 31 December	24,882	23,833

As at 31 December 2021 current accounts and time deposits with maturity less than 3 months in Tenge placed with Kazakhstani banks carried interest ranging from 6.75% to 9.05% per annum (as at 31 December 2020: from 6.50% to 8.40% per annum).

Interest for current accounts placed in US Dollars ranged as at 31 December 2021 and 2020 from 0.25% to 3% per annum (as at 31 December 2020: from 0.25% to 4% per annum).

18. NON-CURRENT ASSETS HELD FOR SALE

Changes in non-current assets held for sale for the twelve-month period ended 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	2021	2020
As at 1 January	630,839	879,814
Transfers from property, plant and equipment (Note 6)	25,076	36,800
Sold	(45,565)	(53,144)
Impairment for the year (Note 32)	(7,942)	(232,631)
As at 31 December	602,408	630,839

As at 31 December 2021 and 2020 non-current assets held for sale are represented by property of the administrative building in Almaty, as well as unused vehicles. The Group intends to recover their carrying amount through sale rather than through continuing use. These assets were recognized at the lower of their carrying amount and fair value less costs to sell and are available for immediate sale in their present condition. At the end of the reporting period, the carrying amount of the given assets does not exceed their fair value less costs to sell.

The net amount of income from the sale of non-current assets held for sale during 12 months 2021 amounted to 46,677 thousand Tenge (during 12 months 2021: 63,446 thousand Tenge) (Note 31).

19. INVESTMENTS IN BONDS

In December 2017, in accordance with the Decision of the Government of the Republic of Kazakhstan dated 7 November 2017, the Group purchased bonds of "Special Financial Company DSFK" LLP (hereinafter — "DSFK bonds") using the funds placed with RBK Bank JSC. The nominal amount of the bonds was 5,019,520 thousand Tenge, the number of bonds is 5,019,520 thousand units. DSFK bonds carry coupon interest of 0.01% per annum and mature in 15 years. The above mentioned bonds are secured by a financial guarantee of "Kazakhmys Corporation" LLP of 1,379,913 thousand Tenge. The guarantee is exercisable upon request of the Group not earlier than the fifth anniversary after the inception of the bonds.

As the guarantee expires in December 2022 and the Group intends to immediately exercise the right to claim it, the carrying amount of the investment in the bonds was reclassified to current assets as at 31 December 2021.

In 2021 the Group revised the fair value of bonds based on the market interest rate of 13.05% and, as a result, recognized income from revision of bond's fair value in the amount of 22,391 thousand Tenge (in 2020: the Group revised the fair value of bonds based on the market interest rate of 12.29% and, as a result, recognized income from revision of bond's fair value in the amount of 221,984 thousand Tenge) (Note 33). Thus, the book value of the investments in bonds as at 31 December 2021 amounted to 753,707 thousand Tenge (as at 31 December 2020: 913,746 thousand Tenge).

During the 2021 and 2020 years the issuer repurchased 182,430 thousand units of bonds and 227,749 thousand units of bonds at a price of 1 Tenge per 1 bond, respectively.

20. EQUITY

Share capital

As at 31 December 2021 and 2020 the Company's share capital comprised of 384,635,600 common shares authorized, issued and fully paid in the amount of 62,503,284 thousand Tenge, except for 1 share, which was authorized but not issued and not paid.

20. EQUITY (CONTINUED)

Share capital (continued)

As at 31 December 2021 and 2020 the share capital was equal to 61,937,567 thousand Tenge, net of consulting costs related to the issuance of shares in the amount of 565,717 thousand Tenge.

Treasury shares repurchased from shareholders

In 2016 based on request of a minority shareholder and the subsequent decision of the Board of Directors, the Company repurchased the announced common shares in the amount of 7,500 units for 9,549 thousand Tenge.

Asset revaluation reserve

Revaluation reserve was formed based on revaluation and devaluation of property, plant and equipment of the Group and share in the asset revaluation reserve of the joint ventures.

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Revaluation reserve for property, plant and equipment of the Group	258,179,742	191,551,374
Share in the asset revaluation reserve of the joint ventures	27,505,423	30,081,441
Total	285,685,165	221,632,815

Foreign currency translation reserve

As at 31 December 2021 foreign currency translation reserve was equal to 40,632,765 thousand Tenge (as at 31 December 2020: 38,325,342 thousand Tenge). Change in foreign currency translation reserve is due to the translation of the operations of the foreign subsidiaries as a result of changes in exchange rates (Note 4.2).

Other capital reserves

As at 31 December 2021 other capital reserves represent a loss amounted to 4,310,257 thousand Tenge (as at 31 December 2020: 5,999,468 thousand Tenge). Change in this reserve is due to recognition of actuarial losses from revaluation of the Group's and joint ventures' employee benefits obligations under defined benefit plans. Actuarial gains from revaluation of the Group's employee benefits obligations under defined benefit plans amounted to 1,737,723 thousand Tenge (Note 21), income tax effect of which amounted to 47,760 thousand Tenge (Note 35). For the same period of 2020 actuarial loss from revaluation of the Group's employee benefits obligations under defined benefit plans amounted to 4,220,893 thousand Tenge (Note 21), income tax effect of which amounted to 116,009 thousand Tenge (Note 35).

Dividends

During 2021 the Company accrued and paid dividends as the result of 2020 year to the shareholders based on the decision of the general meeting of shareholders dated 26 May 2021 in the amount 50,770,909 thousand Tenge (calculated as 132 Tenge per 1 share), including 45,694,709 thousand Tenge (Note 37) related to KMG and 5,076,200 thousand Tenge related to minority shareholders.

During 2020 the Company accrued and paid dividends as the result of 2019 year to the shareholders based on the decision of the general meeting of shareholders dated 27 May 2020 in the amount 45,386,116 thousand Tenge (calculated as 118 Tenge per 1 share), including 40,848,301 thousand Tenge (Note 37) related to KMG and 4,537,815 thousand Tenge related to minority shareholders.

Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period.

Since the Company, as the Parent of the Group, does not issue convertible financial instruments, basic earnings per share of the Group are equal to diluted earnings per share.

The following reflects the net profit and share data used in the basic earnings per share computations:

IN THOUSANDS OF TENGE	2021	2020
Net profit for the period attributable to ordinary equity holders of the Parent of the Group	50,607,007	55,953,898
Weighted average number of ordinary shares for the year for basic earnings per share	384,628,099	384,628,099
Basic earnings per share, in relation to profit for the year attributable to ordinary equity holders of the Company, as a Parent company of the Group (in Tenge)	132	145

Book value per ordinary share

Book value per ordinary share is calculated in accordance with requirements of KASE of the Parent of the Group is as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Total assets	983,162,521	859,162,401
Less: intangible assets (Note 8)	(7,352,234)	(7,167,364)
Less: total liabilities	(246,054,505)	(206,644,140)
Net assets for calculation of book value per ordinary share	729,755,782	645,350,897
Number of ordinary shares	384,628,099	384,628,099
Book value per ordinary share (in Tenge)	1,897	1,678

21. EMPLOYEE BENEFIT OBLIGATIONS

The Group has employee benefit obligations, mainly consisting of additional payments for pensions and jubilee obligations, applicable to all employees. These payments are unfunded.

Employee benefit obligations as at 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Non-current portion of employee benefit obligations	21,433,483	21,559,008
Current portion of employee benefit obligations	722,893	693,235
Total	22,156,376	22,252,243

21. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Changes in the present value of employee benefit obligations for the years ended 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	2021	2020
Employee benefit obligations as at 1 January	22,252,243	16,415,247
Interest cost (Note 34)	1,465,083	1,166,996
Current services cost (Notes 29, 30)	982,173	1,023,026
Actuarial loss through profit and loss (Note 32)	20,748	188,150
Actuarial (gain)/loss through other comprehensive income (Note 20)	(1,737,723)	4,220,893
Benefits paid	(826,148)	(762,069)
Employee benefit obligations as at 31 December	22,156,376	22,252,243

22. CONTRACT LIABILITIES TO CUSTOMERS

Long-term contract liabilities to customers as at 31 December 2021 and 31 December 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Deferred income from related parties (Note 37)	21,516,739	-
Deferred income from third parties	8,662,766	8,693,200
Total	30,179,505	8,693,200

Short-term contract liabilities to customers as at 31 December 2021 and 31 December 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Advances received from related parties (Note 37)	11,118,754	13,151,992
Advances received from third parties	7,977,802	7,663,873
Current part of deferred income from related parties (Note 37)	2,082,265	-
Current part of deferred income from third parties	671,204	654,336
Total	21,850,025	21,470,201

Deferred income from related parties relates to the free of charge receipt of the new waterline for technical water Kulsary Tengiz (first stage) that was built on the funds of customer of water transportation services under the agreement on cooperation on the construction of a waterline for the amount 24,987,181 thousand Tenge (Note 6). As the Group has to provide the appropriate volume and rate of water supply to the facilities of the customer via the waterline of technical water Kulsary-Tengiz for the entire period of operations of given customer of water transportation services, the received waterline was recognized as a non-cash consideration from the customer for the services provided. The Group recognized the contract liability and property, plant and equipment for the indicated amount with amortization period up to April 2033, using the term of the subsoil use contract of the customer of services as an assumption on the amortization period. The amortization of contract liability for the period is recognized by the Group as revenue from the provision of water transportation services in the amount of 1,388,177 thousand Tenge.

Revenue recognized in respect of contracts with customers

During the current reporting period, the revenue in the amount of 20,035,986 thousand Tenge was recognized in respect of contract liabilities to customers as at the beginning of the reporting period (2020: 17,679,111 thousand Tenge).

23. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as at 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Accounts payable to third parties for goods and services	17,784,506	20,148,254
Accounts payable to related parties for goods and services (Note 37)	1,059,611	1,607,708
Other accounts payable to third parties	1,176,005	596,774
Total	20,020,122	22,352,736

Trade and other accounts payable included payables to related and third parties, related to property, plant and equipment and construction in progress in the amount of 9,542,331 thousand Tenge (as at 31 December 2020: 14,387,429 thousand Tenge), including the overhaul with the replacement of main oil pipeline sections.

Trade and other accounts payable as at 31 December 2021 and 2020 are in the following currencies:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Tenge	18,176,135	21,732,754
US Dollars	1,423,305	276,413
Russian Rubles	7,880	5,156
Euro	1,295	2,525
Other currency	411,507	335,888
Total	20,020,122	22,352,736

24. LEASE LIABILITIES

Lease liabilities as at 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Current portion of obligations	1,393,200	1,994,823
Non-current portion of obligations	267,714	1,415,473
Total	1,660,914	3,410,296

Changes in the present value of obligations for the twelve months ended 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	2021	2020
As at 1 January	3,410,296	4,803,665
Revaluation (Note 7)	7,071	-
Payments for the period	(2,031,517)	(2,047,939)
Unwinding of discount on obligations (Note 34)	270,657	494,662
Additions for the period (Note 7)	4,407	336,459
Transfer to trade payables	-	(141,081)
Disposals for the period	-	(35,470)
As at 31 December	1,660,914	3,410,296

24. LEASE LIABILITIES (CONTINUED)

The information below describes the cost of expenses reflected in the consolidated statement of comprehensive income for 2021 and 2020:

IN THOUSANDS OF TENGE	FOR THE YEAR ENDED 31 DECEMBER 2021	FOR THE YEAR ENDED 31 DECEMBER 2020
Right-of-use assets amortization (Note 7)	1,447,825	1,541,607
Unwinding of discount on obligations (Note 34)	270,657	494,662
Low-value assets lease expenses (Notes 29, 30)	46,179	30,907
Total	1,764,661	2,067,176

25. OTHER TAXES PAYABLE

Other taxes payable as at 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Personal income tax	3,581,447	3,134,337
Withholding tax at the source of payment to non-residents	1,131,316	1,037,543
Social tax	680,913	725,436
Property tax	328,083	123,686
VAT payable	18,651	24,986
Other taxes	451,014	372,751
Total	6,191,424	5,418,739

26. PROVISIONS

Movements in provisions for the years ended 31 December 2020 and 2021 are as follows:

Short-term provisions

IN THOUSANDS OF TENGE	TAX PROVISIONS (BOT, BSP)	OTHER PROVISIONS	TOTAL
As at 1 January 2020	179,052	127,501	306,553
Charge and reversal for the year, net (Notes 29, 30, 32)	255,932	765,472	1,021,404
Provisions used	–	(77,851)	(77,851)
Foreign currency translation	(2,289)	21,533	19,244
As at 31 December 2020	432,695	836,655	1,269,350
Charge/(reversal) for the year, net (Notes 30, 31)	873,423	(518,941)	354,482
Provisions used	–	(298,533)	(298,533)
Transfers and reclassifications		6,391	6,391
Foreign currency translation	103,277	6,397	109,674
As at 31 December 2021	1,409,395	31,969	1,441,364

Tax provisions

As at 31 December 2021 the Group's tax reserves include provisions of BOT in the amount of 976,300 thousand Tenge, accrued based on discrepancies identified as a result of inventory count of oil products and provisions of BSP in the amount of 433,095 thousand Tenge (Note 38), accrued based on the tax audit results (as at 31 December 2020: 260,543 thousand Tenge and 172,152 thousand Tenge, respectively).

Long-term provisions

Asset retirement and land reclamation obligation

As at 31 December 2021 and 2020, the Company revised the long-term provisions considering current best estimate. Assumptions used and the sensitivity to changes in the discount and inflation rates are reflected in Note 5.

IN THOUSANDS OF TENGE	2021	2020
As at 1 January	33,688,837	27,780,887
Charge for the year through asset (Note 6)	340,189	410,941
Revision of estimates through other comprehensive (income)/loss	(185,471)	4,516,118
Reversal through profit and loss (Note 31)	(1,322,294)	(1,195,741)
Revision of estimates through profit and loss (Note 31)	(205,769)	83,695
Unwinding of discount (Note 34)	2,231,659	2,092,937
As at 31 December	34,547,151	33,688,837

27. OTHER CURRENT LIABILITIES

Other current liabilities as at 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	31 DECEMBER 2021	31 DECEMBER 2020
Salaries and other compensations	11,625,437	10,893,589
Accounts payable for oil transportation coordination services to related parties (Note 37)	8,873,343	7,701,845
Accounts payable for oil transportation coordination services to third parties	4,163,649	4,878,213
Accounts payable to pension fund	912,044	952,276
Other accruals	284,621	383,366
Total	25,859,094	24,809,289

Salaries and other compensations comprise of current salary payable, remunerations based on the year results and vacation payments payable.

28. REVENUE

Revenue for the years ended 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	2021				
	OIL TRANSPORTATION AND RELATED SERVICES	OIL TRANSSHIPMENT	WATER TRANSPORTATION	OTHERS	TOTAL SEGMENTS
Crude oil transportation	191,849,479	-	-	-	191,849,479
Pipeline operation and maintenance services	18,091,320	-	-	-	18,091,320
Water transportation	-	-	9,051,473	-	9,051,473
Oil transshipment and railway shipment	-	7,044,050	-	-	7,044,050
Seaport services	-	-	-	6,611,173	6,611,173
Fees for undelivered oil volumes	3,407,088	-	-	-	3,407,088
Oil transportation coordination services	581,187	-	-	-	581,187
Oil storage services	52,925	-	-	-	52,925
Other	45,746	-	2,871	1,438,804	1,487,421
Total	214,027,745	7,044,050	9,054,344	8,049,977	238,176,116
Geographic regions					
Kazakhstan	188,066,665	3,516,699	9,054,344	-	200,637,708
Russia	25,961,080	-	-	-	25,961,080
Georgia	-	2,868,236	-	7,870,180	10,738,416
Other states	-	659,115	-	179,797	838,912
Total revenue under contracts with customers	214,027,745	7,044,050	9,054,344	8,049,977	238,176,116
Timing of revenue recognition					
At a point in time	195,936,425	7,044,050	9,054,344	8,049,977	220,084,796
Over time	18,091,320	-	-	-	18,091,320
Total	214,027,745	7,044,050	9,054,344	8,049,977	238,176,116

IN THOUSANDS OF TENGE	2020				TOTAL SEGMENTS
	OIL TRANSPORTATION AND RELATED SERVICES	OIL TRANSSHIPMENT	WATER TRANSPORTATION	OTHERS	
Crude oil transportation	194,051,103	-	-	-	194,051,103
Pipeline operation and maintenance services	17,066,891	-	-	-	17,066,891
Water transportation	-	-	6,643,175	-	6,643,175
Oil transshipment and railway shipment	-	6,152,285	-	-	6,152,285
Seaport services	-	-	-	5,933,564	5,933,564
Fees for undelivered oil volumes	2,790,960	-	-	-	2,790,960
Oil transportation coordination services	686,051	-	-	-	686,051
Oil storage services	80,927	-	-	-	80,927
Other	44,878	-	2,639	1,769,609	1,817,126
Total	214,720,810	6,152,285	6,645,814	7,703,173	235,222,082
Geographic regions					
Kazakhstan	189,286,371	3,332,074	6,645,814	-	199,264,259
Russia	25,434,439	-	-	-	25,434,439
Georgia	-	2,103,685	-	6,503,312	8,606,997
Other states	-	716,526	-	1,199,861	1,916,387
Total revenue under contracts with customers	214,720,810	6,152,285	6,645,814	7,703,173	235,222,082
Timing of revenue recognition					
At a point in time	197,653,919	6,152,285	6,645,814	7,703,173	218,155,191
Over time	17,066,891	-	-	-	17,066,891
Total	214,720,810	6,152,285	6,645,814	7,703,173	235,222,082

For the year ended 31 December 2021 revenue from the five major customers amounted to 48,807,792 thousand Tenge, 31,154,096 thousand Tenge, 12,279,512 thousand Tenge, 11,403,005 thousand Tenge and 5,669,602 thousand Tenge (for 2020: revenue from these customers amounted to 49,310,766 thousand Tenge, 33,747,370 thousand Tenge, 12,399,989 thousand Tenge, 11,120,462 thousand Tenge and 6,081,249 thousand Tenge, respectively).

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29. COST OF SALES

Cost of sales for the years ended 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	2021	2020
Personnel costs	61,566,739	56,718,591
Depreciation and amortization	52,201,466	53,173,092
Taxes other than income tax	9,436,495	8,533,127
Materials and fuel	9,432,337	8,553,505
Electric energy	8,587,955	7,105,495
Repair and maintenance	8,261,419	8,425,072
Security services	6,098,889	5,681,646
Gas expense	2,957,696	2,671,579
Railway services	2,858,437	2,514,250
Environmental protection	2,361,777	1,670,489
Food and accommodation	2,131,772	1,929,573
Post-employment benefits (Note 21)	925,416	972,123
Business trip expenses	883,427	662,038
Insurance	822,292	719,451
Outstaffing services	486,417	429,386
Air services	481,475	-
Communication services	373,371	384,323
Diagnostics of production assets	346,156	365,939
Transportation services	127,848	150,251
Leases of low-value assets (Note 24)	19,337	4,446
Accrual of provision for environmental protection (Note 26)	-	446
Other	2,885,557	2,351,771
Total	173,246,278	163,016,593

The increase in personnel costs in the reporting period is mainly due to the indexation of salary, as well as changes in the wage system for employees of the Company's production divisions.

30. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	2021	2020
Personnel costs	9,834,304	9,567,728
Depreciation and amortization	1,456,570	1,618,003
Charge of short-term provisions (Note 26)	873,423	255,932
Office maintenance	575,699	532,254
Taxes other than income tax	328,000	251,026
Auditing and consulting services	321,232	290,935
Repair and maintenance	281,691	268,532
Outstaffing services	267,819	258,762
Business trip expenses	213,294	81,354
Social sphere expenses	143,092	76,060
Information services	136,447	151,603
Communication services	126,778	114,302
Write-off of VAT recoverable	74,466	200,563
Bank costs	69,942	68,632
Materials and fuel	65,123	250,842
Post-employment benefits (Note 21)	56,757	50,903
Charge of allowance for expected credit losses, net (Note 12)	27,052	289,261
Leases of low-value assets (Note 24)	26,842	26,461
Charge of provision for obsolete inventories, net	2,243	177,757
Charity expenses	-	1,440,953
Other	668,903	642,269
Total	15,549,677	16,614,132

Charity expenses for 2020 are associated with the purchase in August of 2020 of artificial lung ventilation devices for the amount of 1,000,000 thousand Tenge, which were donated as sponsorship to health care organizations of the Republic of Kazakhstan in order to support government policy in the fight against coronavirus infection with Covid 19 and also are associated with the sponsorship assistance provided by the Company in 2020 in the amount of 405,809 thousand Tenge as additional financing for the construction of an object in the city of Turkestan in pursuance of the instructions of the Head of the Country dated 29 September 2018.

31. OTHER OPERATING INCOME

Other operating income for the years ended 31 December 2021 and 2020 is as follows:

IN THOUSANDS OF TENGE	2021	2020
Income from revision of estimates and reversal of provision on asset retirement and land recultivation obligation, net (Note 26)	1,528,063	1,112,046
Income from reversal of provisions (Note 26)	518,941	-
Amortization of deferred revenue	279,106	267,758
Income from fines and penalties	218,409	1,497,383
Income from sale of inventories, net	190,320	127,934
Income from recognition of inventories	182,492	8,512
Income from reimbursement of insurance payment	60,010	496
Income from sale of non-current assets held for sale, net (Note 18)	46,677	63,446
Income from reversal of property, plant and equipment impairment (Note 6)	-	14,020
Other income	71,291	90,415
Total	3,095,309	3,182,010

32. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	2021	2020
Loss on disposal of property, plant and equipment and intangible assets, net	440,587	118,644
Loss on impairment of property, plant and equipment (Note 6)	336,434	-
Actuarial loss (Note 21)	20,748	188,150
Impairment of non-current assets held for sale (Note 18)	7,942	232,631
Loss on write-off of VAT on disposed property, plant and equipment	-	1,823,703
Charge of current provisions, net (Note 26)	-	765,026
Other expenses	456,905	475,454
Total	1,262,616	3,603,608

33. FINANCE INCOME

Finance income for the years ended 31 December 2021 and 2020 is as follows:

IN THOUSANDS OF TENGE	2021	2020
Interest income on bank deposits and current accounts	2,866,486	2,658,267
Unwinding of discount on long-term receivables	197,740	13,736
Reversal of allowance for expected credit losses on cash and cash equivalents and bank deposits, net (Notes 16, 17)	98,806	-
Income from revision the fair value of bonds (Note 19)	22,391	221,984
Other finance income	15,764	160,517
Total	3,201,187	3,054,504

34. FINANCE COSTS

Finance costs for the years ended 31 December 2021 and 2020 are as follows:

IN THOUSANDS OF TENGE	2021	2020
Unwinding of discount on asset retirement and land recultivation obligation (Note 26)	2,231,659	2,092,937
Interest cost on employee benefit obligations (Note 21)	1,465,083	1,166,996
Unwinding of discount on lease liabilities (Note 24)	270,657	494,662
Charge of allowance for expected credit losses of cash and cash equivalents, bank deposits, net (Notes 16, 17)	-	19,307
Other finance costs	148,760	1,404
Total	4,116,159	3,775,306

35. INCOME TAX EXPENSE

Income tax expense for the years ended 31 December 2021 and 2020 is as follows:

IN THOUSANDS OF TENGE	2021	2020
Current income tax expense	15,872,679	17,245,410
Prior years adjustments	290,975	69,953
Deferred income tax benefits	(3,772,822)	(4,179,652)
Income tax expense	12,390,832	13,135,711

A reconciliation of income tax expense on accounting profit, multiplied by income tax rate and current income tax expense for the years ended 31 December 2021 and 2020 is as follows:

IN THOUSANDS OF TENGE	2021	2020
Profit before income tax	62,997,839	69,089,609
Statutory rate	20%	20%
Income tax expense on accounting profit	12,599,568	13,817,922
Prior years adjustments	290,975	69,953
Intragroup income and non-deductible losses of foreign operations, net	812,305	461,358
Non-deductible expense on long-term employee benefit obligations	424,310	409,939
Gain on surplus of technological oil	254,487	123,695
Revision of estimates on taxable temporary differences related to property, plant and equipment	(147,200)	(212,064)
Non-deductible expense on disposal of property, plant and equipment	320,782	32,978
Other non-deductible expenses, net	393,272	377,992
Tax effect of other adjustments		
Profit of joint ventures recognized based on equity method	(2,557,667)	(1,946,062)
Income tax expense reported in the consolidated statement of comprehensive income	12,390,832	13,135,711

Starting from 1 January 2020 amendments to the Tax Code of the Republic of Kazakhstan came into force in terms of taxation of controlled foreign companies (hereinafter — "CFC").

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35. INCOME TAX EXPENSE (CONTINUED)

According to the Tax Code a CFC is an entity which meets the following conditions at the same time:

1. A non-resident legal entity.
2. 25 and more percent of the participation interest (voting shares) in the entity directly or indirectly, or constructively belong to a legal entity or an individual which is the resident of the Republic of Kazakhstan.
3. The effective income tax rate of a non-resident legal entity is less than 10 percent.

The profit of CFC indicated in its separate financial statements is a subject of income tax for resident company of the Republic of Kazakhstan.

The Group's management has analysed and determined that the following companies of the Group fall under the definition of CFC: BOT, PTL and BSP. In this respect, the Company, as the parent company of the Group, has included in its taxable income for 2021 the

IN THOUSANDS OF TENGE	31 DECEMBER 2021	CHARGED TO PROFIT AND LOSS	CHARGED TO OTHER COMPREHENSIVE INCOME	OTHER	31 DECEMBER 2020	CHARGED TO PROFIT AND LOSS	CHARGED TO OTHER COMPREHENSIVE INCOME	OTHER	1 JANUARY 2020
Deferred tax assets									
Employee benefits and other employee related accrued liabilities	2,328,920	106,132	(47,760)	(9)	2,270,557	(21,351)	116,009	(81)	2,175,980
Reserve for impairment of advances to suppliers	10,780	(1)	-	-	10,781	-	-	-	10,781
Provision for obsolete and slow-moving inventories	1,034	(39,821)	-	-	40,855	(3,386)	-	-	44,241
Provision for assets retirement and land recultivation obligation and other provisions	6,909,433	140,661	(37,094)	68,038	6,737,828	187,420	903,224	82,188	5,564,996
Lease liabilities	292,202	(392,152)	-	2,295	682,059	(280,486)	-	39,076	923,469
Taxes payable	138,148	(3,669)	-	-	141,817	22,652	-	-	119,165
Revaluation of investments in bonds	19,679	(119,104)	-	-	138,783	61,538	-	-	77,245
Transfer of losses for subsequent periods	-	(2,464,878)	-	-	2,464,878	913,214	-	-	1,551,664
Unrealized income from intragroup transactions	105,823	18,760	-	-	87,063	(178,797)	-	-	265,860
Provision for expected credit losses	256,276	14,544	-	-	241,732	25,044	-	-	216,688
Discount on long-term accounts receivables	188,397	(39,532)	-	-	227,929	1,172	-	-	226,757
Deferred income	4,719,801	4,719,801	-	-	-	-	-	-	-
Less: deferred tax assets net off deferred tax liabilities	(12,715,816)	-	-	328,466	(13,044,282)	-	-	(1,867,436)	(11,176,846)
Deferred tax assets	2,254,677	1,940,741	(84,854)	398,790	-	727,020	1,019,233	(1,746,253)	-
Deferred tax liabilities									
Property, plant and equipment	(93,512,895)	1,542,516	(20,230,732)	(68,038)	(74,756,641)	3,137,998	13,143,976	(77,475)	(90,961,140)
Right-of-use assets	(222,294)	289,565	-	(2,295)	(509,564)	314,634	-	(43,789)	(780,409)
Add: deferred tax assets net off deferred tax liabilities	12,715,816	-	-	(328,466)	13,044,282	-	-	1,867,436	11,176,846
Deferred tax liabilities	(81,019,373)	1,832,081	(20,230,732)	(398,799)	(62,221,923)	3,452,632	13,143,976	1,746,172	(80,564,703)
Net deferred income tax liabilities	(78,764,696)	3,772,822	(20,315,586)	(9)	(62,221,923)	4,179,652	14,163,209	(81)	(80,564,703)

The deferred taxes on property, plant and equipment represent differences between tax and book base of property, plant and equipment due to different depreciation rates in tax and accounting books and impairment of property, plant and equipment.

profits of BSP and PTL. The taxable income of the Company for 2020 included the profit of individual BSP and PTL companies, BOT's figures were not included in the Company's taxable income as BOT recognized a net loss in its separate financial statements for 2020.

In accordance with provisions of the Tax Code of the Republic of Kazakhstan that was effective until 1 January 2020, the profits of non-resident companies of the Group were not included in the taxable income of the Company since the Republic of Kazakhstan has international treaties concluded with Georgia and the United Arab Emirates that regulate issues of double taxation.

Deferred income tax balances, calculated by applying the statutory income tax rates in effect at the respective statement of financial position dates to the temporary differences between the basis of assets and liabilities and the amounts reported in the consolidated financial statements, comprised the following at 31 December:

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

36. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its services and has four reportable segments, as follows:

- Oil transportation and related services;
- Oil transshipment;
- Water transportation;
- Other segments.

Segments that are identified, but do not separately exceed quantitative limits (amount of separate segment revenue comprises less than 10% of combined revenue) are combined in "Other segments". Such services include transshipment of dry cargo (sugar-airbrick, ammonium nitrate, cement, grain, sunflower and oil cake) in BSP with operation of dry cargo, ferry and container terminals, and also passenger terminal services.

Oil transportation and related services provided by the Company, which do not exceed quantitative limits and are intimately connected with the Group's main operating activities, or with main asset of the Group — pipelines, such as: oil storage, expedition services, services on support and maintenance of pipelines, are included into service related to oil transportation. Separate management report is not provided to the Management of the Group on some types of these services and accordingly they cannot be identified as separate segments.

Services on transshipment of oil and oil-products through BSP with operation of BOT are included in "Oil transshipment" segment. Revenue from oil terminal is generated through storage, transshipment of oil and oil products and expedition. Expedition services rendered by PTL, represent transshipment of oil and oil-products services through railway from Azerbaijanian-Georgian border to oil terminal in Batumi. This type of activity is directly related to oil transshipment, and therefore is not shown as a separate segment.

IN THOUSANDS OF TENGE	FOR THE YEAR ENDED 31 DECEMBER 2021						FOR THE YEAR ENDED 31 DECEMBER 2020					
	OIL TRANSPORTATION AND RELATED SERVICES (KAZAKHSTAN)	OIL TRANSSHIPMENT (GEORGIA)	WATER TRANSPORTATION (KAZAKHSTAN)	OTHER	ADJUSTMENTS AND EXCEPTIONS	TOTAL SEGMENTS (CONSOLIDATED)	OIL TRANSPORTATION AND RELATED SERVICES (KAZAKHSTAN)	OIL TRANSSHIPMENT (GEORGIA)	WATER TRANSPORTATION (KAZAKHSTAN)	OTHER	ADJUSTMENTS AND EXCEPTIONS	TOTAL SEGMENTS (CONSOLIDATED)
Revenue												
External customers	214,027,745	7,044,050	9,054,344	8,049,977	–	238,176,116	214,720,810	6,152,285	6,645,814	7,703,173	–	235,222,082
Intersegmental	805,240	–	77,950	–	(883,190)	–	771,041	–	77,076	–	(848,117)	–
Total revenue	214,832,985	7,044,050	9,132,294	8,049,977	(883,190)	238,176,116	215,491,851	6,152,285	6,722,890	7,703,173	(848,117)	235,222,082
Financial results												
(Charge)/reversal of impairment of property, plant and equipment and intangible assets through profit and loss	(336,434)	–	–	–	–	(336,434)	(35,182)	49,202	–	–	–	14,020
Depreciation and amortization	(46,189,522)	(806,532)	(5,680,766)	(981,216)	–	(53,658,036)	(49,286,407)	(822,372)	(3,695,387)	(986,929)	–	(54,791,095)
Interest income	2,235,726	31,528	492,291	106,941	–	2,866,486	2,110,771	46,308	354,411	146,777	–	2,658,267
Share in income of joint ventures	12,788,333	–	–	–	–	12,788,333	9,730,312	–	–	–	–	9,730,312
Income tax (expense)/benefits	(13,429,793)	–	1,092,248	(72,430)	19,143	(12,390,832)	(13,911,276)	–	911,068	(68,634)	(66,869)	(13,135,711)
Segment profit/(loss) for the period	49,500,742	(1,601,985)	(4,537,552)	2,779,614	4,466,188	50,607,007	55,346,099	(2,468,769)	(3,825,374)	3,615,299	3,286,643	55,953,898
Other disclosures												
Total assets	910,330,857	30,810,657	94,232,078	29,827,018	(82,038,089)	983,162,521	774,775,719	38,864,304	59,337,371	16,914,690	(30,729,683)	859,162,401
Total liabilities	200,598,316	7,611,338	26,322,626	13,222,148	(1,699,923)	246,054,505	188,729,640	8,339,490	1,751,086	11,120,863	(3,296,939)	206,644,140
Investments in joint ventures (Note 9)	74,096,113	–	–	–	–	74,096,113	63,422,815	–	–	–	–	63,422,815
Capital expenditures	38,214,943	1,125,651	20,557,347	944,574	(131,737)	60,710,778	47,033,059	1,088,228	1,031,386	709,084	(115,009)	49,746,748
Property, plant and equipment	38,206,236	1,125,651	20,557,347	930,940	(131,737)	60,688,437	47,027,731	1,076,238	1,019,470	702,469	(114,810)	49,711,098
Intangible assets	8,707	–	–	13,634	–	22,341	5,328	11,990	11,916	6,615	(199)	35,650

37. RELATED PARTY TRANSACTIONS

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related party transactions were made on terms agreed to between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

The following tables provide the total amount of transactions, which have been entered into with related parties during 2021 and 2020 and the related balances as at 31 December 2021 and 2020.

Trade and other accounts receivables from related parties are as follows:

IN THOUSANDS OF TENGE	NOTES	31 DECEMBER 2021	31 DECEMBER 2020
Trade and other accounts receivable from related parties			
Trade accounts receivable from joint ventures		1,169,519	969,932
Trade accounts receivable from entities under common control of Samruk-Kazyna Group		953,600	460,816
Trade accounts receivable from entities under common control of KMG		911,188	535,390
Total trade accounts receivable from related parties	12	3,034,307	1,966,138
Other accounts receivables from entities under common control of KMG and Samruk-Kazyna Group		509	509
Total other accounts receivable from related parties	12	509	509
Less: allowance for expected credit losses		(7,311)	(5,055)
Total		3,027,505	1,961,592

Advances provided to related parties are as follows:

IN THOUSANDS OF TENGE	NOTES	31 DECEMBER 2021	31 DECEMBER 2020
Advances paid to related parties			
Advances paid to entities under common control of Samruk Kazyna Group		1,069	1,104
Advances paid to entities under common control of KMG		–	394,336
Total advances paid to related parties	13	1,069	395,440

Contract liabilities to customers to related parties are as follows:

IN THOUSANDS OF TENGE	NOTES	31 DECEMBER 2021	31 DECEMBER 2020
Contract liabilities to customers to related parties			
Non-current part of deferred income under contracts with entities under common control of KMG		21,516,739	–
Total non-current contract liabilities to customers to related parties	22	21,516,739	–
Advances received from entities under common control of KMG		10,949,194	12,896,046
Advances received from entities under common control of Samruk Kazyna Group		169,560	255,946
Current part of deferred income under contracts with entities under common control of KMG		2,082,265	–
Total current contract liabilities to customers to related parties	22	13,201,019	13,151,992
Total contract liabilities to customers to related parties		34,717,758	13,151,992

Trade and other accounts payable to related parties are as follows:

IN THOUSANDS OF TENGE	NOTES	31 DECEMBER 2021	31 DECEMBER 2020
Trade accounts payable to related parties for goods and services			
Trade accounts payable to entities under common control of KMG		563,504	507,202
Trade accounts payable to entities under common control of Samruk Kazyna Group		484,562	1,087,746
Trade accounts payable to joint ventures		11,545	12,760
Total trade accounts payable to related parties for goods and services	23	1,059,611	1,607,708

Other current liabilities to related parties are as follows:

IN THOUSANDS OF TENGE	NOTES	31 DECEMBER 2021	31 DECEMBER 2020
Accounts payable for oil transportation coordination services to related parties			
Accounts payable for oil transportation coordination services to entities under common control of KMG		8,873,343	7,701,845
Total of accounts payable for oil transportation coordination services to related parties	27	8,873,343	7,701,845
Employee benefits obligation of key management personnel			
Employee benefits obligation of key management personnel		26,649	62,412
Total employee benefits obligation of key management personnel		26,649	62,412
Total other current liabilities to related parties		8,899,992	7,764,257

37. RELATED PARTY TRANSACTIONS (CONTINUED)

During the years ended 31 December the Group had the following transactions with the related parties:

IN THOUSANDS OF TENGE	FOR THE YEAR ENDED 31 DECEMBER 2021	FOR THE YEAR ENDED 31 DECEMBER 2020
Sales to related parties		
Revenue from main activities with entities under common control of KMG	122,869,017	122,418,453
Revenue from main activities with joint ventures	10,807,469	10,147,818
Revenue from main activities with entities under common control of Samruk Kazyna Group	7,585,939	7,401,728
Income from other activities with entities under common control of KMG	3,297	65,916
Income from other activities with entities under common control of Samruk Kazyna Group	22,351	42,856
Total	141,288,073	140,076,771

Revenue from main activities with entities under common control of KMG is related to the services of oil and water transportation.

Purchase of services and assets from related parties is as follows:

IN THOUSANDS OF TENGE	FOR THE YEAR ENDED 31 DECEMBER 2021	FOR THE YEAR ENDED 31 DECEMBER 2020
Purchases from related parties		
Purchases of services from entities under common control of KMG	5,651,453	5,476,823
Purchases of services from entities under common control of Samruk Kazyna Group	2,032,314	1,873,448
Purchases of services from joint ventures	83,678	134,193
Purchases of property, plant and equipment and intangible assets from entities under common control of Samruk-Kazyna Group	–	2,665,102
Purchases of property, plant and equipment and intangible assets from entities under common control of KMG	–	9,657
Purchases of inventory from entities under common control of Samruk Kazyna Group	14,825	180
Purchases of inventory from entities under common control of KMG	166	153
Other additions of property, plant and equipment (non-monetary reimbursement of services) from entities under common control of KMG	24,987,181	–
Total	32,769,617	10,159,556

Cash flows to related parties related to the payment of dividends are as follows:

IN THOUSANDS OF TENGE	NOTES	FOR THE YEAR ENDED 31 DECEMBER 2021	FOR THE YEAR ENDED 31 DECEMBER 2020
Cash flows to related parties			
Dividends paid to the KMG	20	(45,694,709)	(40,848,301)
Dividends received from a joint venture	9	1,800,000	–
Repayment of contribution liability to charter capital of MunaiTas		–	(5,000,000)
Total		(43,894,709)	(45,848,301)

Total accrued compensation to key management personnel for the year ended 31 December 2021 amounts to 740,492 thousand Tenge (for the year ended 31 December 2020: 793,977 thousand Tenge). Payments to key personnel consist primarily of payroll costs and remuneration established by contracts and Company's internal regulations.

38. CONTINGENT LIABILITIES AND COMMITMENTS

Operating environment

Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Kazakhstan economy continued to be impacted by a volatility in crude oil prices and a continuing devaluation of Kazakhstani Tenge. The combination of the above along with other factors resulted in reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding economic growth. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Coronavirus pandemic (Covid-19)

In December 2019, news from China emerged regarding the outbreak of a new virus. In March 2020, the World Health Organization declared the outbreak of a new type of coronavirus Covid-19 as pandemic. In response to the pandemic, Kazakh authorities launched a range of measures to constrain the spread and mitigate the impact of Covid-19, such as movement prohibitions and restrictions, quarantine, self-isolation and restrictions on commercial activities, including business closures. Some of the specified above measures were subsequently moderated. The Group's activities were not suspended during the quarantine period, the work of office employees was organized remotely.

The Covid-19 epidemic spreads globally, having a drastic negative effect on the entire global economy. As at the date of issuance of these financial statements, the situation is still developing, to date there has been no significant effect on the Group's revenue. Management will continue to monitor the potential effects of the specified above events and will take all necessary measures to prevent negative impacts on the business.

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not usual, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe.

Penalties are generally 80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for five calendar years proceeding the year of review. Under certain circumstances reviews may cover longer periods.

Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued as at 31 December 2021. As at 31 December 2021 the Management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Group's tax positions will be sustained, except as provided for or otherwise disclosed in these consolidated financial statements.

Transfer pricing control

Transfer pricing control in Kazakhstan has a very wide scope and applies to many transactions that directly or indirectly relate to international business regardless of whether the transaction participants are related or not. The transfer pricing legislation requires that all taxes applicable to a transaction should be calculated based on market price determined in accordance with the "arm's length" principle.

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Taxation (continued)

Transfer pricing control (continued)

The transfer pricing law is not explicit and there is little precedence with some of its provisions. Moreover, the law is not supported by detailed guidance. As a result, application of transfer pricing control to various types of transactions is not clearly regulated.

Because of the uncertainties associated with the Kazakhstan transfer pricing legislation, there is a risk that the tax authorities may take a position that differs from the Group's position, which could result in additional taxes, fines and interest as at 31 December 2021.

As at 31 December 2021 the Management believes that its interpretation of the transfer pricing legislation is appropriate and that it is probable that the Group's positions with regard to transfer pricing will be sustained.

Tax liabilities of enterprises in Georgia

BSP

In 2015 Revenue Service of the Ministry of Finance of Georgia (hereinafter — "Revenue Service") additionally accrued taxes and fines in the amount of 7,289 thousand Georgian Lari (equivalent to 1,025,854 thousand Tenge) as a result of tax inspections of BSP for the period of 2010-2014. As a result of appeals carried during the period from 2015 to 2020 against Revenue Service's decisions, the amount of additionally accrued taxes and fines was reduced and as at 31 December 2021 amounted to 5,915 thousand Georgian Lari (equivalent to 832,477 thousand Tenge).

At the end of 2021 the amount of recognized tax liabilities by BSP was 4,062 thousand Georgian Lari (equivalent to 571,686 thousand Tenge), including provisions for taxes in the amount of 3,106 thousand Georgian Lari (equivalent to 433,095 thousand Tenge), while as at the end of 2020 the tax liability amounted to 2,296 thousand Georgian Lari (equivalent to 295,058 thousand Tenge), including tax provisions amounting to 1,340 thousand Georgian Lari (equivalent to 172,152 thousand Tenge) (*Note 26*). The remaining amount of 1,853 thousand Georgian Lari (equivalent to 260,791 thousand Tenge) was not recognized as additional liabilities, since the management believes that BSP's appeal will be successful and estimates the possibility of an outflow of financial resources in this regard as being remote.

As at 31 December 2021 BSP continues challenging the decisions of Revenue Service in the prescribed manner.

BOT

In December 2021 BOT received from Revenue Service a tax audit report for the period from 1 July 2018 to 15 February 2021, according to which taxes and fines were additionally accrued in the amount of 2,605 million Georgian Lari (equivalent to 366,628 million Tenge). On 20 January 2022 BOT appealed against the tax audit report to the Revenue Service. Due to the taxes and fines presented, by the notification of the Revenue Service dated 3 January 2022, the tax lien/mortgage right arose on all types of BOT property in the total amount of 59.2 million US Dollars (equivalent to 25,563 million Tenge).

Environmental obligations

The enforcement of environmental regulation in Kazakhstan is evolving and subject to ongoing changes. Potential liabilities which may arise as a result of changes in legislation cannot be reasonably estimated. Under existing legislation management believes that there are no probable or possible liabilities which could have a material adverse effect on the Group's financial position or results of operations, except for those disclosed in these consolidated financial statements (*Notes 5, 26*).

Insurance matters

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available.

The Group has insurance coverage over property, third party liability in respect of property or environmental damage arising from accidents on Company's property or relating to the Group's operations.

Contractual commitments

As at 31 December 2021 the Group had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 51,532,032 thousand Tenge (as at 31 December 2020: 42,183,935 thousand Tenge). These contractual commitments are a part of the investment program.

Share of the Group as at 31 December 2021 in contractual obligations of joint ventures to acquire property, plant and equipment, and construction services amounted to 642,814 thousand Tenge (as at 31 December 2020: 2,901,809 thousand Tenge).

Investment program commitments of the Company

In November 2020, by a joint order of the Ministry of Energy of the Republic of Kazakhstan and the CRNM, an investment program for the period 2021-2025 was approved, according to which the Company has an obligation to fulfill the investment program in the period from 2021 to 2025 for the total amount of 214.2 billion Tenge. As at 31 December 2021, the balance of obligation under the investment program to be fulfilled was 184.5 billion Tenge.

Legal proceedings

Legal proceedings BOT with business counterparties

On 19 December 2016 the proposal from the law enforcement agencies of Georgia on the implementation of the court ruling was received, which contains the claim of business counterparties of BOT (hereinafter — "plaintiffs") that BOT should not use its dominant position in the market, as well as the requirements on conclusion of the agreement on services. According to this definition, the court decided to arrest the property owned by BOT — the land plot (c. Batumi) and buildings and constructions located on it. The total carrying amount of this property as at 31 December 2020 was 4.82 million US Dollars (equivalent to 2,081 million Tenge). This arrest restricts the alienation of the arrested property, but does not affect the operational and economic activities of BOT. On 23 December 2016, BOT appealed the above decision in the court. The BOT management believes that the plaintiffs' claims against the BOT are unfounded and sent to the court a response on the statement of claim with the position of the BOT in this case.

On 12 February 2019, the court decided in favor of the plaintiffs, and also partially satisfied the claim of the BOT. As a result of the court decision, BOT's net liabilities to business counterparties amounted to 18.95 million US Dollars (equivalent to 8.183 million Tenge). On 27 February 2020 the court of appeal cancelled the decision dated 12 February 2019 and redirected the case to the court of first instance. As per ruling dated 11 November 2021, the court fully satisfied the claims of business counterparties. The decision of the court has not entered into force. On 24 December 2021, BOT appealed against the court decision dated 11 November 2021 to the court of appeal.

Claim of business counterparty to BOT

On 21 January 2021, the court received a claim from one of the BOT business counterparties on compensation of unearned revenue for the amount 12.5 million US Dollars (equivalent to 5,398 million Tenge), as well as establishing fixed tariffs for transshipment, without the right to change them unilaterally. Earlier, in 2014 BOT and a business counterparty concluded construction agreements, according to which the business counterparty acquired the right to build tanks on the territory of BOT and for BOT services for cargo transshipment. According to the business counterparty, BOT does not comply with the terms of these agreements, in connection with which it initiated the specified claims.

38. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

Legal proceedings (continued)

Claim of business counterparty to BOT (continued)

As per court ruling dated 27 January 2021, a ban was imposed on the alienation and mortgage encumbrance on a land plot in Batumi with a carrying amount of 8.3 million US Dollars (equivalent to 3,584 million Tenge) as a security for this claim.

On 12 February 2021, BOT filed a complaint to the court against the specified above ruling and also filed a response to the business counterparty's claim. By the decision of the court of appeal dated 16 April 2021, BOT rejected the satisfaction of the complaint related to the appeal against the court ruling dated 27 January 2021. According to the decision dated 16 July 2021, the court fully satisfied the claims of the business counterparty. The decision of the court has not entered into force. On 20 August 2021, BOT filed an appeal against the court decision dated 16 July 2021.

As at 31 December 2021 BOT continues to appeal against the specified above claim in the prescribed manner.

Legal proceedings of BOT against the Georgian Railway

In 2005, Georgian Railway JSC (hereinafter — “GR”) filed a claim to the court against BOT for the recovery of the 14 million Lari (equivalent to 1,970 million Tenge) for using tank wagons and storing cargo due to idle tank wagons in dead ends of BOT in the period related to 2003. On 16 April 2019 the court partially satisfied the claim of the GR in the amount of 8.4 million Lari (equivalent to 1,182 million Tenge). On 16 April 2020 BOT filed a cassation appeal to the Supreme Court of Georgia. As of 31 December 2021 the Group did not recognize any additional commitments on this matter, as management assesses the risk of an outflow of financial resources as possible.

The termination of the BSP management agreement

In accordance with BSP Management agreement between BOT and the Georgia Government, the last one has the right for termination of this agreement, in case the BSP in the course of 2 years does not meet its obligations on minimum volume of transshipment, which is 4 million tons per year. In addition, if the transshipment volume is less than 6 million tons per year, BOT shall pay the penalties according to the Agreement conditions

The management of the Group believes, as at 31 December 2021, BSP was not subject to the risk of termination of this agreement by the Georgia Government, since the actual transshipment through the BSP for 12 months 2021 amounted to 6.2 million tons (during 2020: 5.9 million tons).

Obligations under the loan agreement

On 28 December 2021 Main Waterline entered into a loan agreement with Eurasian Development Bank. The credit line is 123,652,111 thousand Tenge, the interest rate is 11% per annum for tranches in Tenge and 8.5% per annum for tranches in Rubles, the loan term is 180 months from the date of the first tranche issue. The purpose of this loan is to finance the project “Reconstruction and expansion of the main water pipeline “Astrakhan-Mangyshlak” 1 stage”. As at the date of this letter, the loan agreement has not entered into force, as the parties have not completed the corporate procedures required by the terms of the agreement.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has trade receivables and cash and cash equivalents that arise directly from its operations.

The Group is exposed to market risk that comprises: credit risk, currency risk and liquidity risk. The management of the Group reviews and agrees policies for managing each of these risks which are summarized below.

Credit risk

The Group enters into transactions with creditworthy counterparties only. The clients wishing to trade on a commercial loan terms are subject to a credit check procedure.

The receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Maximum exposure is the carrying amount. There are no significant concentrations of credit risk within the Group.

The Group places deposits with Kazakhstani and foreign banks (Notes 16 and 17). Management of the Group reviews credit ratings of these banks periodically to eliminate extraordinary credit risk exposure. In accordance with IFRS 9, the Group accruals allowances for expected credit losses in respect of funds with credit institutions.

The table below shows the balances of bank deposits and cash and cash equivalents at the reporting date using the “Moody's”, “Fitch” and “Standard & Poor's” credit ratings.

BANK	LOCATION	RATING		31 DECEMBER 2021	31 DECEMBER 2020
		31 DECEMBER 2021	31 DECEMBER 2020		
SB “Sberbank” JSC	Kazakhstan	BBB-/Stable	–	16,442,240	–
“ForteBank” JSC	Kazakhstan	B+/Positive	B/Stable	16,309,521	424
“Halyk Bank of Kazakhstan” JSC	Kazakhstan	BB+/Stable	BB+/Stable	13,161,137	79,906,160
Halyk Bank of Georgia	Georgia	BB+/Stable	BB/Stable	2,752,725	1,766,559
Emirates NBD Bank PJSC	UAE	A+/Stable	A+/Stable	1,691,793	1,081,318
TBC Bank	Georgia	Ba2/Stable	Ba2/Stable	128,245	90,075
Hellenic Bank	Cyprus	B1/Positive	B3/Positive	53,111	30,726
Bank of Georgia	Georgia	Ba2/Stable	Ba2/Stable	43,612	47,984
“Sberbank” PJSC	Russia	BBB/Stable	BBB/Stable	5,832	3,413
“Altyn Bank” JSC (SB China Citic Bank Corporation Ltd)	Kazakhstan	–	BBB-/Stable	–	7
Total				50,588,216	82,926,666

Liquidity risk

The Group monitors its risk to a shortage of funds using a current liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., accounts receivables, other financial assets) and projected cash flows from operations.

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2021 and 2020 based on contractual undiscounted payments.

IN THOUSANDS OF TENGE	ON DEMAND	LESS THAN 1 YEAR	1 TO 2 YEARS	2 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
As at 31 December 2021						
Trade and other accounts payable	–	20,020,122	–	–	–	20,020,122
Lease liabilities	–	1,434,031	216,564	79,630	384,927	2,115,152
Total	–	21,454,153	216,564	79,630	384,927	22,135,274
As at 31 December 2020						
Trade and other accounts payable	–	22,352,736	–	–	–	22,352,736
Lease liabilities	–	2,049,633	1,404,906	264,618	251,585	3,970,742
Total	–	24,402,369	1,404,906	264,618	251,585	26,323,478

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk

The table below shows the total amount of foreign currency denominated assets and liabilities that give rise to foreign exchange exposure.

IN THOUSANDS OF TENGE	US DOLLAR	RUSSIAN RUBLE	EURO	OTHER CURRENCIES	TOTAL
At 31 December 2021					
Assets	27,720,287	32,061	–	346,736	28,099,084
Liabilities	1,423,305	7,880	1,295	411,507	1,843,987
At 31 December 2020					
Assets	34,162,608	28,373	8,839	332,940	34,532,760
Liabilities	276,414	5,156	2,525	335,887	619,982

The Group does not have formal arrangements to mitigate foreign exchange risks of the Group's operations. The Group also has transactional currency exposures. Such exposure arises from revenues in US Dollars.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar, Euro and Russian Ruble exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no significant impact on the Group's equity.

IN THOUSANDS OF TENGE	2021		2020	
	INCREASE/DECREASE IN US DOLLAR EXCHANGE RATE	EFFECT ON PROFIT BEFORE TAX	INCREASE/DECREASE IN US DOLLAR EXCHANGE RATE	EFFECT ON PROFIT BEFORE TAX
US Dollar	+13.00%	3,418,608	+14.00%	4,744,067
	-10.00%	(2,629,698)	-11.00%	(3,727,481)
Russian Ruble	+13.00%	3,144	+15.00%	3,483
	-13.00%	(3,144)	-15.00%	(3,483)
Euro	+13.00%	(168)	+14.00%	884
	-10.00%	130	-11.00%	(695)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

As at 31 December 2021 and 2020 the Group does not have significant debts. The Group has sufficient cash, exceeding its debt as at the reporting date.

Fair value of financial instruments

The carrying amount of cash, bank deposits, trade and other accounts receivable, loans, trade and other accounts payable and other current liabilities approximates their fair value due to the short-term maturity of these financial instruments.

40. SUBSEQUENT EVENTS

On 2 January 2022 protests started in Mangystau region of the Republic of Kazakhstan related to significant increase in the liquified natural gas retail price. These protests spread to other cities and resulted in riots, damage to property and loss of life. On 5 January 2022 the government declared a state of emergency.

As a result of the above protests and state of emergency the President of the Republic of Kazakhstan has made certain public announcements regarding possible measures including amendments to the tax legislation, introducing measures for financial stability, controlling and stabilizing the inflation rate and Tenge exchange rate.

On 19 January 2022 the state of emergency was lifted. These events have not materially impacted the Group's operations. The impact on the Group's operations of any new measures that may be taken by the Government cannot be estimated.

Due to the hostilities started on the territory of Ukraine in February 2022, new economic sanctions against the Russian Federation have been tightened and introduced by the European Union, the United States of America and other countries. As at the date of issuance of the consolidated financial statements, the management of the Group jointly with the authorized bodies of the Republic of Kazakhstan and KMG has been assessing the possible impact of these sanctions on the Group's operations related to the export of Kazakhstani oil through Russian pipelines and/or the transit of Russian oil through the Company's pipelines.

In addition, due to the growth of geopolitical tensions, there is a significant volatility increase in the stock and currency markets, as well as a significant depreciation of Tenge against major world currencies.

As at 5 March 2022, the exchange rate of US Dollar at the end of the session on the KASE amounted to 503.30 Tenge per 1 US Dollar.

APPENDIX 6. LIST OF ABBREVIATIONS

CPC-K JSC	Caspian Pipeline Consortium Joint-Stock Company
Samruk-Kazyna JSC	Sovereign Wealth Fund Samruk-Kazyna Joint-Stock Company
MunaiTas NWPC JSC	MunaiTas North-Western Pipeline Company Joint-Stock Company
NC KazMunayGas JSC	National Company KazMunayGas Joint-Stock Company
EP KazMunayGas JSC	Exploration and Production KazMunayGas Joint-Stock Company
APMS	Automatic Process Management System
APMS&MS	Automatic Process Management System and Metrological Support
BOT	Batumi Oil Terminal LLC
BOT	Batumi Oil Terminal Limited Liability Company
OPL	Overhead power lines
WPS	Water pumping station
FOL	Fibre optic communication lines
EOSA	KazTransOil JSC East Operator Services Administration
HOPS	Head Oil Pumping Station
OSD	Operator Services Department
SJCE	Subsidiaries and Jointly Controlled Entities
NOTC KazTransOil CJSC	National Oil Transportation Company KazTransOil Closed Joint-Stock Company
WOSA	KazTransOil JSC West Operator Services Administration
IMS	Integrated Management System
Lung ventilator	Lung ventilation apparatus
Company	KazTransOil JSC
Contract EPC	Engineering, procurement and construction
KPI	Key performance indicators
KPO	Karachaganak Petroleum Operating BV
NMRC	Natural Monopoly Regulation Committee under the Republic of Kazakhstan Ministry of National Economy
CRMS	Corporate Risk Management System
CPC	Caspian Pipeline Consortium
CMT	Crisis Management Team
LOCS	Line operations control station
BVS	Block valve station
IAOT	International Association of Oil Transporters
MOP	Main oil pipeline
IFRS	International Financial Reporting Standards
VAT	Value-added tax
R&D	Research and development
OLS	Oil Loading Station
Refinery	Oil refinery
OPS	Oil Pumping Station
HSE	Health, safety and environment
UN	United Nations
EP	Environmental Protection
SBU	Separate business units

OPEC+	Organisation of Petroleum Exporting Countries
ATA	Administrative and technical actions
SW	Software
DED	Design estimate documentation
CTP	Custody Transfer Point
BOS	Behavioral observation for safety
ICS	Internal Control System
PPE	Personal protective equipment
LACT	Automatic Custody Transfer System
MM	Mass media
OHS	Oil heating station
GRI Standards	GRI (Global Reporting Initiative) Standards on Sustainability Reporting
ISMS	Information Security Management System
EDMS	Electronic Document Management System
Atyrau Refinery	Atyrau Refinery LLP
KCP LLP	Kazakhstan-China Pipeline LLP
MunaiTas LLP	MunaiTas North-Western Pipeline Company Limited Liability Partnership
Main Waterline LLP	Main Waterline LLP
PKOP	PetroKazakhstan Oil Products LLP
FS	Feasibility study
CGTP	Complex Gas Treatment Plant
RDC Branch of KazTransOil JSC	Research and Development Centre Branch of KazTransOil Joint-Stock Company
OTCC Branch of KazTransOil JSC	Oil Transportation Control Centre Branch of KazTransOil Joint-Stock Company
UN SDG	United Nations Sustainable Development Goals
TON-2	Tuimazy — Omsk — Novosibirsk-2 Main Oil Pipeline
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
HAZOP	Hazard and Operability Study
HSE	Health, Safety & Environment system
KASE	Kazakhstan Stock Exchange
LTIFR	Lost Time Injury Frequency Rate
LTIR	Lost Time Injury Rate
MBA	Master of Business Administration
OHSAS 18001:2007	OHSAS 18001:2007 International Standard: Occupational Health and Safety Management Systems. Requirements
PTL	Petrotrans Limited Company
ROA	Return on Assets (net profit/average annual amount of assets)
ROE	Return on Equity (net profit/average annual amount of equity)
SAP	Systems, Applications and Products in Data Processing — specialised software for automation of enterprise business processes
SCADA	Supervisory Control and Data Acquisition — a software package used for development or online maintenance of monitoring or control object data collection, processing, display and archiving systems

Message from the Chairman
of the Board of Directors

Message from the General Director
(Chairman of the Management Board)

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Contact details

CONTACT DETAILS



KAZTRANSOIL JSC

12 NRB, 20 Turan Ave.,
Essil District, Nur-Sultan, 010000,
Republic of Kazakhstan

phone: +7 (7172) 555-145
fax: +7 (7172) 555-148



KAZTRANSOIL.KZ

CORPORATE GOVERNANCE DEPARTMENT

phone: +7 (7172) 555-346
email: Keldibekova@kaztransoil.kz

INVESTOR RELATIONS SERVICE

phone: +7 (7172) 555-049
email: Masalin@kaztransoil.kz

OMBUDSMAN

phone: +7 (7172) 555-041
email: doverie@kaztransoil.kz

DEPARTMENT OF PUBLIC RELATIONS AND INTERNAL COMMUNICATIONS

phone: + 7 (7172) 555-135, 555-134

AUDITOR'S CONTACT DETAILS

Ernst & Young LLP

77/7 Al-Farabi ave.,
Esentai Tower, Almaty, 050060,
Republic of Kazakhstan

phone: +7 (727) 258-04-00, 258-59-60

CONTACT DETAILS OF SECURITIES REGISTRAR

Central Securities Depository JCS

28 Samal-1microdistrict, Almaty,
050051, Republic of Kazakhstan

phone: +7 (727) 312-33-04