

**Approved**  
**by the resolution of the Board of Directors**  
**of “KazTransOil” JSC**  
**(minutes of the meeting dated April 13, 2023**  
**No. 6/2023)**

### **Report on compliance of “KazTransOil” JSC with the principles and provisions of the Corporate Governance Code for 2022**

In accordance with the Corporate Governance Code approved by the resolution of the General Meeting of Shareholders of “KazTransOil” JSC (minutes of the meeting No. 3/2016 dated May 27, 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 (hereinafter - the Company), ensure transparency of governance, confirm the Company's commitment to follow the standards of good corporate governance. The principles of the Code are as follows:

1. The Government as a shareholder of “Samruk-Kazyna” JSC\*.
2. Interaction of “Samruk-Kazyna” JSC and organizations. Role of “Samruk-Kazyna” JSC as a national managing holding.
3. Sustainable development.
4. Shareholders' rights and fair treatment of shareholders.
5. 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 necessity of compliance of internal documents and practices of the Company with its principles.

\* The first principle of the Code is specific and refers to the peculiarities of governance of “Samruk-Kazyna” JSC, interaction between “Samruk-Kazyna” JSC and the Government of the Republic of Kazakhstan.

No.	Provision of the Code/ the corporate governance principle	Complied with/not complied with	Measures taken to comply with the provisions of the Code/ the corporate governance principles
1	<b>Interaction of “Samruk-Kazyna” JSC and organizations. Role of “Samruk-Kazyna” JSC as a national managing holding</b>	Complied with	<p>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.</p> <p>The existing system of interaction between shareholders, the Board of Directors and the Management Board is the most important element ensuring the growth of the Company's value and guaranteeing the efficient use of investor funds.</p> <p>The Company approved the Development Strategy of “KazTransOil” JSC until 2028, according to which the mission of the Company is to provide maximum benefits to shareholders of the Company and to observe strategic interests of the state in the field of oil transportation via the main oil pipeline.</p> <p>The Company and its officials shall be responsible for the growth of long-term value and sustainable development of the Company, decisions made and actions/inaction in the manner prescribed by the laws of the Republic of Kazakhstan and internal documents of the Company.</p> <p>One of the main elements of evaluating the performance of the Company's executive body is a system of key performance indicators (hereinafter – KPIs). The list and target values of KPIs are approved by the Company's Board of Directors on an annual basis.</p> <p>Thus, the resolution of the Board of Directors of the Company (minutes No. 12/2021 dated December 10, 2021) approved the Company's corporate KPIs for 2022 and their target values. The resolution of the Board of Directors of the Company (Minutes No. 2/2022 dated January 28, 2022) approved the motivational KPIs of the Company's executives for 2022 and their target values.</p> <p>The achievement of KPIs is evaluated on an annual basis, which affects the remuneration of the Company's executives.</p>
2	<b>Sustainable development</b>	Complied with	Sustainable development is a priority in the Company's activities, the purpose of which is business development along with preservation and protection of the environment and

		<p>natural resources, creation of favorable working conditions, ensuring workplace safety and contributing to the development of local communities in which the Company operates.</p> <p>When carrying out activities in the field of sustainable development, the Company is guided by the principles and provisions enshrined in the UN Global Compact, the ISO 26000 Guidance on Social Responsibility, AA1000 Stakeholder Engagement Standard, GRI Sustainability Reporting, and is governed by a number of internal documents of the Company on specific areas of sustainability activities.</p> <p>The Company ensures development and implementation of a set of legal, socioeconomic, organizational and technical, sanitary and epidemiological, rehabilitation, medical and preventive measures to create and ensure safe and healthy working conditions, prevent industrial injuries and occupational diseases, to create and ensure favorable environmental conditions, biodiversity and human activities in accordance with international standards ISO 14001 and ISO 45001.</p> <p>In 2022, the conformity assessment body TÜV NORD CERT GmbH successfully conducted an inspection audit of the first year of compliance of the quality management system, environmental management system, occupational health and safety management system and energy management system of the Company with the international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018. No inconsistencies were identified in the course of the audit.</p> <p>The Company has identified continuous improvement of energy efficiency as one of its main priorities and keeps working on improving the energy management system in order to reduce energy consumption in accordance with the requirements of the international standard ISO 50001.</p> <p>The Company approved the Map of Stakeholders of “KazTransOil” JSC, which defines a list of stakeholders, which is updated at least once every three years.</p>
2.1	<i>Environmental protection</i>	<p>Environmental protection and environmental safety are important components of the Company's sustainable development.</p> <p>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.</p>

		<p>The Company strictly adheres to the requirements of the Environmental Code of the Republic of Kazakhstan, advanced international standards, the Environmental Policy of “KazTransOil” JSC and other internal documents of the Company, conducts identification and assessment of environmental aspects, ensures transparency and openness of its actions in the field of environmental protection.</p> <p>In 2022, 1,435 million tenge was spent on the implementation of environmental measures, which is 34.6% less than the same indicator in 2021, and made payments for emissions in the amount of 85 million tenge in the reporting period.</p> <p>In 2022, the Company was held administratively liable for non-compliance with the requirements of the Environmental Code of the Republic of Kazakhstan with the imposition of penalties in the form of administrative fines (including penalties) in the amount of 3,860.81 thousand tenge. Administrative fines were timely paid.</p> <p>In 2022, there were no emergencies with oil releases that caused environmental damage during oil transportation.</p>
2.2	<i>Occupational health and safety</i>	<p>In the field of occupational health and safety, the Company strives to ensure accident-free operation of production facilities, creates and maintains 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, the Health and Safety Policy of “KazTransOil” JSC, as well as internal documents of the Company.</p> <p>Creating a safe working environment, internal prevention, striving to minimize the risks associated with work activities, and training are daily contributions to the development and improvement of a safe work culture.</p> <p>The Company annually invests significant financial resources in the development of the occupational health and safety management system. The volume of investments in 2022 amounted to 4,877.7 million tenge.</p> <p>The Company has all the training programs prescribed by state requirements in the field of occupational health and safety. In 2022, 434 employees of the Company underwent compulsory training in occupational health and safety, 5,586 employees of the Company underwent training in industrial safety requirements, and 849 employees of the Company underwent training in fire safety.</p>

		<p>As part of an internal health and safety audit in 2022, 11 inspections of the production facilities of separate structural subdivisions and 2 inspections of the Company's representative offices were carried out.</p> <p>On August 31, 2022, the Company became officially part of the global initiative to promote Zero Injuries and was certified with a commitment to comply with the Vision Zero Golden Rules.</p> <p>On September 8, 2022, within the framework of the Annual Forum of General Directors of “NC “KazMunayGas” JSC Group, the Company was awarded for implementation of the Crisis Management Team.</p> <p>In 2022, there were no work-related accidents at the Company.</p>
2.3	<i>Personnel and social policy</i>	<p>Improvement of the Company's personnel policy is seen as one of the most important factors for the Company's sustainable long-term development.</p> <p>The Company has the Personnel Policy of “KazTransOil” JSC for 2021-2025, which defines a system of principles and key areas in the Company's human resources management.</p> <p>The Company builds its social policy in accordance with the legislation of the Republic of Kazakhstan, the Code of Social Responsibility of “KazTransOil” JSC and the collective agreement concluded with the collective of employees of the Company.</p> <p>The main areas of the Company's Personnel Policy include organizational structure management, personnel planning and selection management, target-setting and evaluation of employee performance, personnel reserve management, training and development, development of young employees, management of material and non-material rewards, management of engagement and social stability.</p> <p>The personnel selection procedure in the Company is carried out in accordance with the Rules of 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, and transparent competitive procedures are applied when recruiting personnel for vacant positions/working professions, including with the use of testing elements.</p> <p>In 2022, 383 new employees were accepted into the Company, of which 58 – to the central office, 325 – to separate structural divisions. The age of most of the newly hired employees ranges from 30 to 50 years.</p>

		<p>In 2022, 15,884 events were held on staff training and development programs. A total of 6,175 employees were trained in 2022. The cost of training in 2022 amounted to 780 million tenge.</p> <p>The Company has formed a talent pool, the purpose of which is to motivate talented employees by providing opportunities for career growth and development. In 2022, the number of talent pool was 29 people. In 2022, 4 employees of the Company were transferred as part of the talent pool.</p> <p>The Company pursues the policy of internal rotation. 36 employees of the management staff of separate structural subdivisions and structural subdivisions of the central office were rotated.</p> <p>An important area of the Company's personnel policy is work with young professionals. A comprehensive approach is implemented to attract young professionals to work in the Company and work with young personnel, which is enshrined in the Youth Policy of "KazTransOil" JSC. In 2022, as part of the 25th anniversary of the Company, a Youth Forum was held with the participation of 50 young professionals.</p> <p>In 2022, there were no cases involving discrimination against job candidates or employees on any grounds.</p>
2.4	<i>Procurement system and local content</i>	<p>Given the scale of the Company's business, an effective procurement system and timely provision of the Company with high-quality goods, works and services are essential to its sustainable development.</p> <p>When selecting suppliers, the Company is guided by the Procurement Procedure for "Sovereign Wealth Fund "Samruk-Kazyna" JSC and legal entities, fifty or more percent of the voting shares (stakes) of which directly or indirectly belong to "Samruk-Kazyna" JSC on the right of ownership or trust management.</p> <p>In 2022, the Company entered into contracts, including long-term purchases, to the amount of 155.9 billion tenge.</p> <p>The actual share of local content in the Company's procurements for 2022 was: for goods 55%, for works and services 78%.</p> <p>Information on the procurement of goods, works and services by the Company (procurement plans, announcements, results protocols, contracts, etc.) is posted and formed on the e-procurement portal of "Samruk-Kazyna" JSC <a href="http://zakup.sk.kz">zakup.sk.kz</a>.</p>

3	<b>Rights of shareholders (participants) and fair treatment of shareholders (participants)</b>	Complied with	<p>Maximum open and effective interaction with shareholders is one of the key principles of the Company's activities. The basic rights of shareholders are exercised in accordance with the legislation of the Republic of Kazakhstan and the Charter of “KazTransOil” Joint-stock Company (hereinafter – the Charter).</p> <p>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 laws of the Republic of Kazakhstan, shareholders have the right to participate in the General Meeting of Shareholders of the Company and vote in person or through their representative by proxy.</p> <p>The issues of information disclosure are regulated by the legislation of the Republic of Kazakhstan, the Charter and the Rules of interaction between structural subdivisions of “KazTransOil” JSC when posting information on the Internet resources of the depository of financial statements and “Kazakhstan Stock Exchange” JSC, on the corporate website of the Company.</p> <p>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 about the Company's activities and exercise their right to receive dividends. The procedure and practices of General Meetings of Shareholders ensure equal treatment of all shareholders.</p> <p>The major shareholder of the Company is “NC “KazMunayGas” JSC, which owns 90% of the Company's common shares.</p> <p>On October 30, 2012, 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, entered into the Relationship Agreement which establishes 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.</p> <p>Information affecting the interests of shareholders is timely posted on the Company's corporate website, the Internet resources of “Kazakhstan Stock Exchange” JSC and the Depository of Financial Statements.</p> <p>On May 19, 2022, the Annual General Meeting of Shareholders of the Company was held, at which the following issues were considered:</p> <ol style="list-style-type: none"> <li>1. On approval of the annual financial statements and consolidated annual financial</li> </ol>
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		<p>statements of “KazTransOil” JSC for 2021.</p> <p>2. On approval of the procedure for distribution of net income of “KazTransOil” JSC for 2021, making decision on payment of dividends on ordinary shares and approval of the amount of dividend per one ordinary share of “KazTransOil” JSC.</p> <p>3. On approval of the Annual Report of the Board of Directors of “KazTransOil” JSC on the work done in 2021.</p> <p>4. On appeals of shareholders of “KazTransOil” JSC for 2021 against actions of “KazTransOil” JSC and its officials and the results of their consideration.</p> <p>5. On early termination of powers of a member of the Board of Directors of “KazTransOil” JSC D. Berlibayev.</p> <p>6. On election of a member of the Board of Directors of “KazTransOil” JSC and its Chair.</p> <p>On January 25, 2022, an extraordinary General Meeting of Shareholders was held by absentee voting, at which the following issues were considered:</p> <p>1. On determination of the auditing organization carrying out the audit of “KazTransOil” JSC for 2022-2024, and procurement of its services by way of tender through competitive negotiations.</p> <p>2. On determination of the quantitative composition and term of office of the Counting Commission of “KazTransOil” JSC, election of its members.</p> <p>On April 12, 2022, an extraordinary General Meeting of Shareholders of the Company was held by absentee voting, which considered the issue of electing a member of the Board of Directors of “KazTransOil” JSC.</p> <p>On October 19, 2022, an extraordinary General Meeting of Shareholders of the Company was held by absentee voting, at which the issue of introducing amendments and additions to the Charter was considered.</p> <p>The Company has the Investor Relations Service whose main task 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.</p>
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4	<b>Effectiveness of the Board of Directors and the executive body</b>	Complied with	<p>The Board of Directors is the management body of the Company, which provides strategic management of the Company, supervises the activities of the Company's Management Board within its competence and is responsible to the General Meeting of Shareholders for effective management and proper control over the Company's activities in accordance with the existing decision-making system.</p>

			<p>In accordance with the 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 Company's Board of Directors are representatives of the major shareholder – “NC “KazMunayGas” JSC. Three members of the Company's Board of Directors are independent directors, which makes it possible to protect the rights and interests of minority shareholders in accordance with international best practices in corporate governance. The General Director (Chair of the Management Board) of the Company is also a member of the Board of Directors.</p> <p>All members of the Company's Board of Directors have an impeccable business reputation and considerable experience in the industry.</p> <p>The criteria for the 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, the Code and the Regulations on the Board of Directors of “KazTransOil” JSC.</p> <p>A report on the activities of the Board of Directors shall be disclosed annually in the Company's Annual Report.</p> <p>In 2022, 21 in-person meetings of the Board of Directors were held, at which 180 issues in key areas of the Company's activities were considered and resolved. The Board of Directors also considered a number of issues referred to the competence of the general meetings of participants/shareholders of the Company's subsidiaries and jointly controlled entities (hereinafter – SJCEs).</p> <p>The Board of Directors considered key changes in the Company's operations and management reporting on a monthly basis.</p> <p>For preliminary consideration of the most important issues and preparation of recommendations to the Board of Directors, the Company has the following Committees of the Board of Directors:</p> <ul style="list-style-type: none"> <li>– Strategic Planning, Safety and Environmental Protection Committee;</li> <li>– Internal Audit Committee;</li> <li>– Nomination and Remuneration Committee.</li> </ul> <p>The members of the Committees are appointed by the Board of Directors of the Company.</p>
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			<p>The procedure for the formation and organization of activities of the Committees is provided for in the relevant regulations on them.</p> <p>During 2022, there were 3 in-person meetings and 1 meeting by absentee vote of the Strategic Planning, Safety and Environmental Protection Committee, 3 in-person meetings and 5 meetings by absentee vote of the Internal Audit Committee, and 3 in-person meetings and 7 meetings by absentee vote of the Nomination and Remuneration Committee.</p> <p>Members of the Board of Directors, with the exception of independent directors, serve on a non-remunerated basis. The procedure for payment of remuneration and (or) reimbursement of expenses to independent directors shall be governed by the Rules for remuneration and reimbursement of expenses of independent directors of “NC “KazMunayGas” JSC.</p> <p>The Management Board of the Company is a collegial executive body, which manages the current activities of the Company and performs its functions on the basis of the Charter, Regulations on the Management Board of “KazTransOil” JSC and other internal documents of the Company.</p> <p>The Company's Management Board is headed by the General Director (Chair of the Management Board). The competence of the Management Board and the powers of the General Director (Chair of the Management Board) of the Company are determined by Article 12 of the Charter.</p> <p>During 2022, the Company's Management Board held 43 in-person meetings. A total of 236 issues were resolved at the meetings of the Company's Management Board. During the meetings, among other things, issues were considered and resolutions were adopted in such key areas as strategic development, corporate governance, financial and business operations, risk management and internal control.</p>
5	<b>Risk management, internal control and audit</b>	Complied with	<p>An important element of the Company's corporate governance system is the risk management system, which includes the corporate risk management system (hereinafter – CRMS) and the internal control system (hereinafter – ICS).</p> <p>The CRMS is a set of principles, methods and procedures that ensure the organization and effective functioning of the risk management process at all management levels of the Company. The CRMS is aimed at timely identification, assessment, monitoring and</p>

		<p>reduction of potential risk events that may adversely affect the achievement of strategic and operational objectives of the Company.</p> <p>The Company's Board of Directors plays a key role in organizing and overseeing the effective functioning of the CRMS. The Company's Management Board is responsible for developing and applying internal control and risk management policies and procedures.</p> <p>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).</p> <p>During 2022, continuous monitoring of the state of production and non-production risks and their inherent risk factors, the implementation of measures to manage them was carried out. Quarterly reports on risk dynamics were submitted for review to the Risk Committee, the Management Board and the Board of Directors of the Company.</p> <p>In order to record and further analyze data on realized risks, the Company has a unified electronic database of realized risk events on the corporate portal. Maintaining this database contributes to the accumulation of statistics necessary to conduct risk assessment and risk factors, as well as the preparation of reports.</p> <p>In 2022, work was carried out to identify and assess the risks for 2023, for which measures of preventive and corrective impact were developed. The results of this work were approved by the Board of Directors of the Company.</p> <p>The ICS 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 the ICS: operating activities, preparation of financial statements and compliance with legal and regulatory requirements.</p> <p>In order to further improve the ICS, the following activities were implemented in 2022:</p> <ul style="list-style-type: none"> <li>• the Internal Control System Policy of “KazTransOil” JSC, approved by the resolution of the Board of Directors of the Company (minutes of the meeting dated June 24, 2022 No. 11/2022), was updated;</li> </ul>
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			<p>(included in the Non-SDN Menu-Based Sanctions List) and “Transneft-Service” JSC (a subsidiary of “Transneft” PJSC), payment under which is subject to the provisions of OFAC Directive 3. No significant risks in checking the reliability of the Company's counterparties were established.</p> <p>In December 2022, the Company conducted an internal analysis of corruption risks for 2021-2022 on the issues of monitoring the execution of procurement contracts, single-source procurement, safety, health and emergency situations. No significant corruption risks in the Company's activities were identified.</p> <p>In order to build an anti-corruption culture, the Company works to raise employees' awareness of anti-corruption issues and promote high ethical standards of business conduct. Thus, in May 2022 jointly with the Department of the Anti-Corruption Agency (Anti-Corruption Service) a seminar-meeting was held in Astana on the main directions of the Concept of Anti-Corruption Policy in the Republic of Kazakhstan for 2022-2026, as well as on measures to combat corruption, implemented by the Company, and in December 2022 a training was held on “Anti-Corruption Compliance in the Enterprises of Quasi-Public Sector”. According to the survey to determine the index of intolerance to corruption conducted in the group of companies of “NC “KazMunayGas” JSC in June 2022, the Company ranks first in the rating of surveyed companies on the index of intolerance to corruption.</p> <p>During the reporting period, the “Hotline” received 21 appeals. No facts of corruption and fraud within the Company were revealed.</p>
6	Transparency	Complied with	<p>The Company ensures timely and full disclosure of information to stakeholders on all aspects of its activities, except where the information constitutes a commercial, official or other legally protected secret, guided by the following documents:</p> <ul style="list-style-type: none"> <li>• Law of the Republic of Kazakhstan dated May 13, 2003 “On Joint-stock Companies”;</li> <li>• Law of the Republic of Kazakhstan dated July 2, 2003 “On Securities Market”;</li> <li>• Law of the Republic of Kazakhstan dated February 28, 2007 “On Accounting and Financial Reporting”;</li> <li>• Resolution No. 189 of the Management Board of the National Bank of the Republic of Kazakhstan dated August 27, 2018 “On approval of the Rules of information disclosure</li> </ul>

		<p>by the issuer, the Requirements for the content of information to be disclosed by the issuer, as well as the terms for disclosure by the issuer on the web resource of the depository of financial statements”;</p> <ul style="list-style-type: none"> <li>• Listing Rules, approved by resolution of the Board of Directors of “Kazakhstan Stock Exchange” JSC (minutes No. 15 dated April 27, 2017) and Listing Rules, approved by resolution of the Board of Directors of “Kazakhstan Stock Exchange” JSC (minutes No. 14 dated March 10, 2021);</li> <li>• Rules for disclosure of information by the initiators of admission of securities, approved by resolution of the Board of Directors of “Kazakhstan Stock Exchange” JSC (minutes No. 14 dated March 10, 2021);</li> <li>• Charter, Code, Guidelines on Information Disclosure of “KazTransOil” JSC, Rules of internal control over the disposal and use of insider information of “KazTransOil” JSC, Rules of interaction between structural subdivisions of “KazTransOil” JSC when placing information on the web resources of the depository of financial statements and “Kazakhstan Stock Exchange” JSC and other internal documents of the Company.</li> </ul> <p>According to the results of 2022, the Company became one of the leaders in the number of publications of information in addition to the listing requirements of “Kazakhstan Stock Exchange” JSC and was awarded the diploma “For Striving for Transparency”.</p> <p>In 2022, 177 employees who are insiders of the Company underwent training on “Insider Information: Issues of Legal Regulation and Responsibility of the Company and its Insider Employees”. During the training, the features of insider information disclosure, the possible risks associated with the misuse of insider information, the types of liability provided for by the legislation of the Republic of Kazakhstan for violations in this area were discussed, and specific practical situations that arise in the course of daily work were analyzed.</p> <p>In general, the work to improve the Company's transparency by timely disclosure of relevant information about the Company's activities is carried out in an appropriate manner.</p> <p>There were no instances of untimely submission of information or comments to the relevant materials by the regulatory authorities.</p> <p>The Company prepares annual, semi-annual and quarterly financial statements in accordance with International Financial Reporting Standards. Reports are posted on the web</p>
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			<p>resources of the Depositary of Financial Statements, “Kazakhstan Stock Exchange” JSC and the Company's corporate website in a timely manner.</p> <p>The Company's 2022 financial statements were externally audited by “Ernst &amp; Young” LLP, which confirmed the fair presentation of the Company's financial position as of December 31, 2022, as well as its financial results and cash flows for the year then ended in accordance with International Financial Reporting Standards.</p>
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