

KPI SYSTEM

The performance evaluation system is among the Company's strategic and day-to-day management tools that makes sure the Company's operations are aligned with its strategic goals.

The KPI system relies on the following principles:

- Balance between production, financial and economic KPIs and KPIs in the areas of sustainable development, corporate governance, social, and environmental aspects;
- Breakdown of strategic KPIs into operational KPIs and their cascading on a top-down basis along the organisational structure and by type of activity.

KPIs are also part of the motivation system for executives, with remuneration for the reporting year linked to progress against motivational KPIs.

Distribution of corporate and functional KPIs across the final performance by members of the Management Board, %:

Executives	Corporate KPIs	Functional KPIs
Chairman of the Management Board	100	0
Members of the Management Board (other than the Chairman of the Management Board)	70	30

Motivational KPIs include:

- corporate KPIs, which are common to all of the Company's Management Board members and heads of departments and are based on strategic targets and priorities for the reporting period;
- functional KPIs, which are individual KPIs of the Company's Management Board members and heads of departments and are based on important objectives set out for a specific leader.

KPIs and targets for members of KMG's Management Board are approved annually by KMG's Board of Directors. Performance evaluation for awarding bonuses is carried out after the Company has analysed its financial and economic results for the reporting year.

Motivational KPIs for 2021 were developed based on the sustained need for the management to focus on operational efficiency improvements and on ESG aspects of the Company's operations.

Set out below is performance against corporate KPIs in 2021:

No.	KPI	Unit	2021		Comment on performance in 2021
			Target	Actual ¹	
1	FCF available for development and distribution as dividends ²	KZT bln	-176	360	Target met
2	Net asset value (NAV)	KZT bln	9,005	8,506	Above target ³
3	Debt/EBITDA ⁴	Ratio	4	2,4	Above target
4	Performance under investment projects	%	90	44	Below target
5	Operational efficiency improvement	%	94	98	Target met
6	ESG Rating	Rating	65	72	Above target
7	Local content across KMG Group ⁵	%	71	77	Above target

¹ The final approval by the KMG Board of Directors of the actual values for 2021 is expected in June 2022, and therefore the values indicated in the table may be slightly adjusted.

² Cash flow from operating activities (excluding joint ventures and associates) less maintenance CAPEX.

³ On November 9, 2021, KMG transferred 100% of the shares of KazTransGas JSC in favor of Samruk-Kazyna JSC. Therefore KazTransGas JSC was excluded from the consolidation perimeter. This factor was not taken into account when forming the planned NAV indicator. The actual figure with KazTransGas JSC is 10,255 bln tenge, which is higher than the plan.

⁴ As per approved methodology of JSC Samruk-Kazyna.

⁵ A composite indicator reflecting performance against local content targets set across KMG Group.