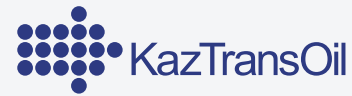




AT THE CORE OF THE ENERGY FLOW



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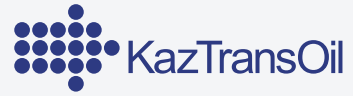
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Company Profile

KAZTRANSOIL JSC IS A PUBLIC COMPANY, 90% OF WHICH ORDINARY SHARES ARE OWNED BY NC KAZMUNAYGAS JSC, AND 10% OF ORDINARY SHARES MINUS 1 SHARE ARE CONTROLLED BY MINORITY SHAREHOLDERS.

The majority of the Company's assets are located in Kazakhstan. The structure of KazTransOil JSC consists of 3 subsidiaries in Kazakhstan, Georgia and the United Arab Emirates, as well as 2 jointly controlled organizations located in Kazakhstan.



Mission

Ensuring maximum benefits for the shareholders of KazTransOil JSC and observing the strategic interests of the state in the field of oil transportation through the main oil pipeline.

Vision

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

Corporate values



SAFETY



EFFICIENCY



DILIGENCE AND PROFESSIONALISM



QUALITY



TRANSPARENCY



44,073
MILLION TONS-KM

oil turnover (consolidated) in 2022

255.6
BILLION TENGE

revenue in 2022

6,705
PERS.

employee headcount in 2022

0

total number of work-related accidents





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Message from the Chair of the Board of Directors

Dear Shareholders, Partners and Colleagues!

THE YEAR 2022 WAS AN IMPORTANT YEAR FOR KAZTRANSOIL JSC. IN THE REPORTING PERIOD, KAZTRANSOIL JSC CELEBRATED ITS 25TH ANNIVERSARY AND I WOULD LIKE TO CONGRATULATE THE SHAREHOLDERS, MEMBERS OF THE BOARD OF DIRECTORS, EMPLOYEES AND PARTNERS OF KAZTRANSOIL JSC ON THIS SIGNIFICANT EVENT!

Over this time, the Company has implemented major projects to develop the pipeline system, ensuring stable supplies of energy resources to the domestic market and strengthening the country's export potential.

KazTransOil JSC, as the national operator of the main oil pipeline of the Republic of Kazakhstan, maintains a strong position in the industry and transports more than 36% of all oil produced in the country and about 99% of supplies to domestic refineries. We are trusted by our domestic and foreign partners. The Company provides services to more than 80 oil companies.

In the reporting year, KazTransOil JSC fulfilled its production and financial indicators in accordance with the approved business plan of the Company for 2022. Consolidated revenue for 2022 increased by 7% as compared to the indicator for 2021 and amounted

to 255.6 billion tenge. Consolidated net income for the year under review amounted to 19.8 billion tenge, down 61% as compared to 2021. Dividend payments for 2021 amounted to 10 billion tenge, or 26 tenge per common share. The reduction of the dividend for 2021 was dictated by the need to ensure the Company's financial stability.

Despite geopolitical challenges, disrupted supply chains and market demand volatility, in 2022 KazTransOil JSC ensured reliable and uninterrupted oil transportation. In addition, taking into account the order of the President of the Republic of Kazakhstan Kassym-Jomart Tokayev, the Company has done a lot of work to increase oil supplies through the Trans-Caspian corridor. For example, in 2022, KazTransOil's subsidiary in Georgia, Batumi Oil Terminal LLC, increased oil cargo transshipment by 22%. This growth was largely due to effective cooperation with Tengizchevroil LLP.

An important result of the Company's activities in the reporting period was the launch of an investment project to upgrade the Astrakhan-Mangyshlak waterline. As a result, its throughput capacity will increase from 110,000 to 170,000 cubic metres per day. This is a strategically important project. Firstly, it is the only source of water for over 35% of the population in the Mangistau region and over 28% of the population in the Atyrau region. Secondly, the availability of Volga water affects the operations of oil and gas production and industrial enterprises in Western Kazakhstan.

The Company is improving its sustainability practices, including operational safety, environmental protection, development and social support for its employees. In the reporting period, the Company achieved zero injuries. In addition, all social obligations to employees were fulfilled. Approximately 3 billion tenge was allocated for these purposes.

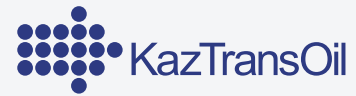


Marat Ormanov

Chair of the Board of Directors of KazTransOil JSC

In 2023, KazTransOil JSC will promote the development of alternative oil export routes. In particular, the Company will provide transportation of 1.5 million tons of oil per year from the Tengiz field in the direction of the Baku-Tbilisi-Ceyhan oil pipeline provided for by the agreement between NC KazMunayGas JSC and the state oil company of the Republic of Azerbaijan SOCAR. In addition, KazTransOil JSC will transport oil through the Transneft trunk oil pipeline system in the direction of the Adamova Zastava oil delivery point for further delivery to the Federal Republic of Germany.

To summarize the year 2022, despite the current situation, I express my gratitude to our shareholders, members of the Board of Directors for their support and understanding in the decisions of the activities of KazTransOil JSC. I also express my gratitude to the partners of the Company for fruitful cooperation and strengthening of business relations. I thank the employees of KazTransOil JSC and its subsidiaries for their selfless work and professionalism for the prosperity of the Republic of Kazakhstan.



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Message from the General Director

(Chair of the Management Board)

Dear Readers!

LET ME PRESENT YOU THE INTEGRATED ANNUAL REPORT OF KAZTRANSOIL JSC, IN WHICH WE REFLECT THE RESULTS OF FINANCIAL AND PRODUCTION ACTIVITIES FOR THE YEAR 2022, AS WELL AS SHARE THE PROSPECTS FOR THE FURTHER DEVELOPMENT OF THE COMPANY.

The reporting year was an anniversary year for KazTransOil JSC and we can summarize some of the results of 25 years of work of the Company. First of all, I would like to note that we have really put together a professional and efficient team of like-minded people, who are genuinely interested in the development of the Company and in achieving positive business results. Largely due to this, for many years KazTransOil JSC has been ensuring uninterrupted and reliable supply of oil to the domestic market of the country, for export and transit.

At the end of 2022, the consolidated oil cargo turnover was 44,073 million tons-km, which is 1% higher than the actual indicator in 2021. The volume of oil transportation separately for KazTransOil JSC amounted to 40,656 thousand tons, decreasing by 1,4% compared to 2021. The decrease in the volume of transportation was mainly due to the decrease in the volume of oil production and delivery, as well as the redistribution of export volumes to the domestic market.

Consolidated revenue of KazTransOil JSC in 2022 increased by 7% compared to the indicator in 2021 and amounted to 255.6 billion tenge. Consolidated net profit for the reporting year amounted to 19.8 billion tenge, decreased by 61% compared to 2021, due to the indexation of salaries of operational personnel of the Company and its subsidiaries and the introduction of a new remuneration system, in accordance with the requirements of the unified remuneration system of NC KazMunayGas JSC, as well as depreciation of fixed assets according to the results of revaluation in 2022.

In 2022, 43,587 million tenge or 99,6% of total capital investments were allocated to maintain the current production level and improve the technical condition of the existing oil pipeline system. These investments are the key to reliable, accident-free and safe oil transportation.

In the reporting year, KazTransOil JSC group of companies continued its work on implementation of strategically important investment projects, including expansion of "Kazakhstan-China" oil pipeline, modernization of the first stage of "Astrakhan — Mangyshlak" waterline, as well as the project on construction of the Kashagan CGTU waterline.

Our Company demonstrates excellent performance in the field of occupational safety in the group of companies of NC KazMunayGas JSC. In 2022, the Company joined the global initiative to promote the "Vision Zero" concept developed by the International Social Security Association. Our investments in building a corporate culture of conscious safety are bearing fruit. As a result of many years of work, indicators of zero injuries have been achieved.

KazTransOil JSC pays special attention to environmental safety and carries out continuous work to minimize the negative impact on the environment. In 2022, the Company approved the Action Plan of KazTransOil JSC for implementation of the Low-Carbon Development Program of NC KazMunayGas JSC for 2022-2031. Also, in the reporting period, all the established energy efficiency targets were achieved.

We realize that long-term sustainable business growth is based on the development of human capital. To attract and retain qualified employees, the Company offers decent working conditions, competitive salaries, maintains a high level of motivation and provides opportunities for professional growth.

One of the priorities of the Company is taking care of the social welfare of our employees and maintaining their healthy lifestyle. In 2022, KazTransOil JSC began construction of 12 multi-purpose sports grounds for shift workers. Last year, we fulfilled all social obligations to the employees. About 3 billion tenge was allocated for these purposes.

In 2023, the Company will contribute to resolving the issues of national energy security and development of alternative routes of oil exports.

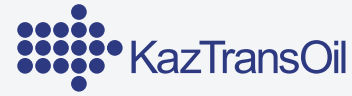
I express my gratitude to our shareholders and partners for their constructive cooperation and trust, and to the entire team of KazTransOil JSC for their contribution to the development of the Company.



Talgat Kurmanbayev

General Director
(Chair of the Management Board)
of KazTransOil JSC





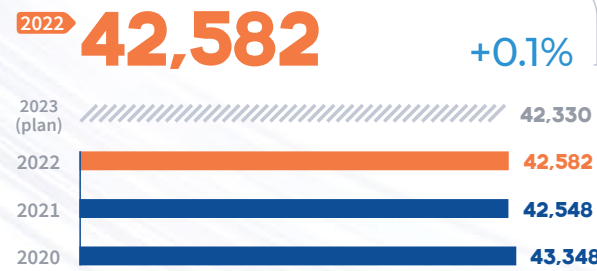
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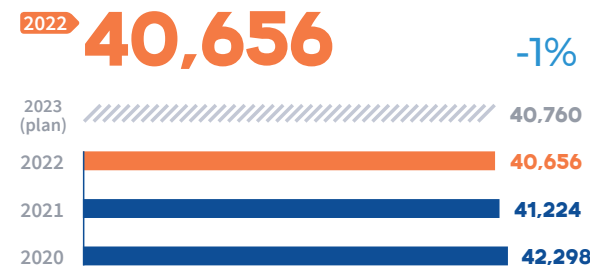
Key indicators 2022

Oil transportation

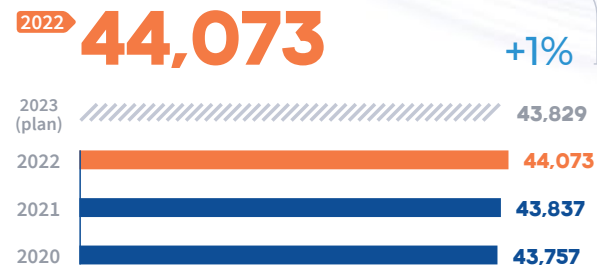
OIL TRANSPORTATION AND PETROLEUM PRODUCT TRANSSHIPMENT (CONSOLIDATED), THOUSAND TONS*



OIL TRANSPORTATION, SEPARATELY FOR KAZTRANSOIL JSC, THOUSAND TONS



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



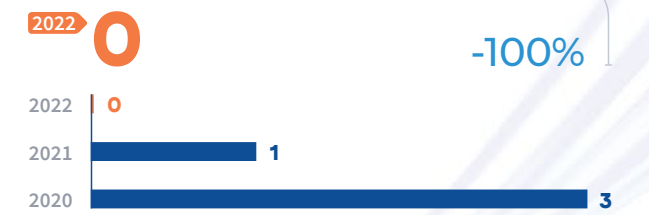
* This indicator is calculated on a consolidated basis, taking into account the volumes of the Company and Batumi Oil Terminal LLC.
 ** The indicator is calculated in a consolidated basis, taking into account the Company's interest in subsidiaries and jointly controlled entities (SJCE).

Sustainable development indicators (separately for KazTransOil JSC)

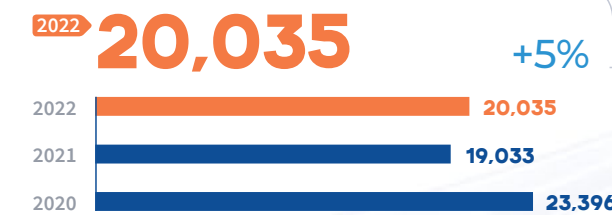
EMPLOYEE HEADCOUNT, PERS.



TOTAL NUMBER OF WORK-RELATED ACCIDENTS



EMISSIONS OF POLLUTANTS, TONS



GREENHOUSE GAS EMISSIONS (SCOPE 1), THOUSAND TONS OF CO₂-EQ.



ENVIRONMENTAL PAYMENTS, MILLION TENGE

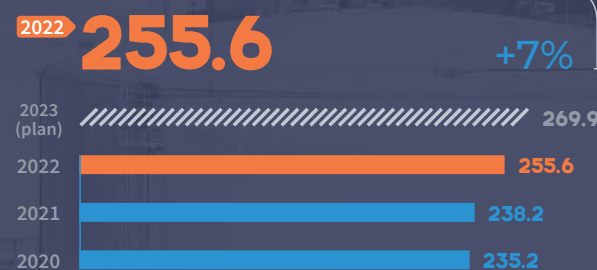


ENERGY INTENSITY OF OIL TRANSPORTATION, TOE/MILLION TONS

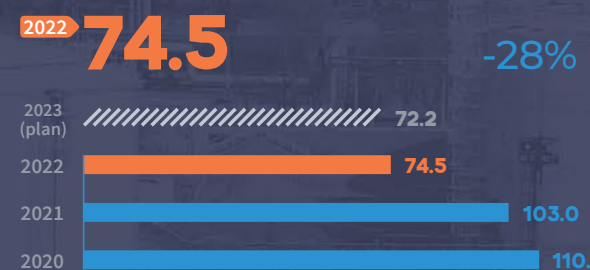


Financial performance*

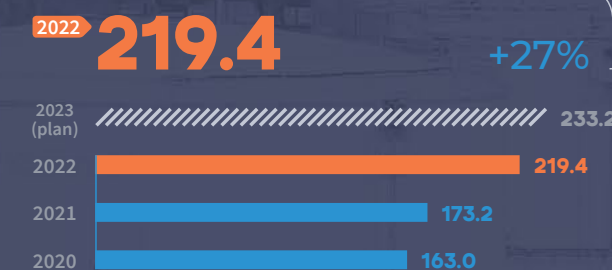
REVENUE, BILLION TENGE



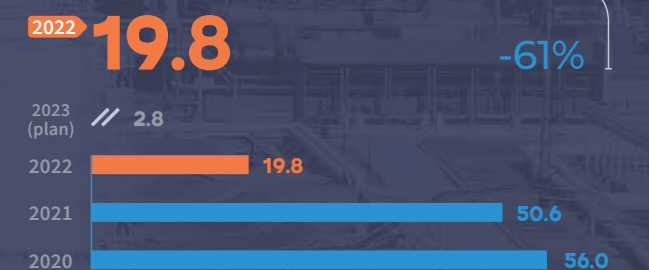
EBITDA, BILLION TENGE



COST OF SALES, BILLION TENGE

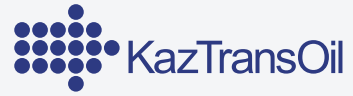


TOTAL PROFIT FOR THE REPORTING YEAR, BILLION TENGE



* The consolidated financial indicators of the Company.





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Layout of Main Pipelines

5,373 KM
| main oil pipelines





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Development Background

In order to comply with the interests of the Republic of Kazakhstan in matters of oil transportation, export and import of oil and oil products, by the Decree of the Government of the Republic of Kazakhstan dated April 2, 1997 No. 461, a closed joint-stock company "National Oil Transportation Company "KazTransOil" was established with 100% participation of the state in its authorized capital.

In 2001, the state-owned block of shares of NOTC KazTransOil CJSC (renamed KazTransOil CJSC) was transferred to the authorized capital of the National Company "Oil and Gas Transportation" Closed Joint-Stock Company, established in accordance with the Decree of the Government of the Republic of Kazakhstan dated May 2, 2001 No. 591.

In May, KazTransOil CJSC was renamed into KazTransOil JSC.

In July, NC KazMunayGas JSC transferred to the Company its 51% stake in the joint venture MunaiTas NWTС JSC.

The Company and the China National Oil and Gas Exploration and Development Corporation established the Kazakh-Chinese Pipeline LLP (KCP LLP) on a parity basis.

In February 2008, the Company acquired 100% of the shares of Batumi Industrial Holdings Limited. As a result of the transaction, the Company received full control over the assets of Batumi Oil Terminal LLC and the exclusive right to manage Batumi Sea Port LLC.

In September, the Company sold its 100% interest in KazTransOil-Service JSC to KazMunayGas-Service LLP under a sales and purchase agreement.

By Decree of the Government of the Republic of Kazakhstan dated October 8, 2012 No. 1273, the Company was determined as the national operator for the main oil pipeline.

In December 2012, KASE started trading on the secondary market in the Company's common shares, which became the first in the Republic of Kazakhstan to place its shares under the People's IPO Program.

Since January, the Company has started transporting Russian oil through the territory of the Republic of Kazakhstan to the People's Republic of China (PRC) in the amount of up to 7 million tons per year.

In August, 0.88% of the shares of "Accumulative Pension Fund of Halyk Bank of Kazakhstan" JSC were sold.

As a result of the liquidation procedures of the subsidiary Batumi Terminals Limited (Cyprus), KazTransOil JSC in March became the owner of 100% of the shares of Petrotrans Limited and in August received a 100% stake in Batumi Oil Terminal LLC, which has the exclusive right to manage 100% -th share in the authorized capital of Batumi Sea Port LLC, owned by the State of Georgia.

In December, Main Waterline LLP was registered with a 100% share of the Company's participation in the authorized capital.

Works were completed on the return of 141,728 tons of process oil owned by KazTransOil JSC and located on the territory of the Russian Federation in the Omsk-Pavlodar main oil pipeline.

From December 1, 2019, commercial accounting of Kazakhstani oil began during transportation for export through the Uzen-Atyrau-Samara main oil pipeline according to the system for measuring the quantity and quality of oil at the DAP 1235 km of the Uzen-Atyrau-Samara oil pipeline, located on the territory of Kazakhstan.

1997

In December, the Company was included in the Republican Section of the State Register of Natural Monopoly Entities in respect of a number of services provided classified as natural monopoly areas, including oil transportation services through trunk pipelines and water supply services through the main water pipeline system.

1998

2001

By Decree of the President of the Republic of Kazakhstan dated February 20, 2002 No. 811, on the basis of the closed joint-stock companies "National Oil and Gas Company "Kazakhoil" and "National Company "Oil and Gas Transportation" reorganized by merger, a closed joint-stock company "National Company "KazMunayGas" was formed, which became the sole shareholder of KazTransOil CJSC.

2002

In June, the Kenkiyak — Atyrau main pipeline was put into operation.

2003

2004

In July, KCP LLP put into operation the main pipeline "Atasu — Alashankou".

Also in July, the Company put into operation the Northern Buzachi — Karazhanbas oil pipeline with a length of 25 km and a design capacity of 3.5 million tons of oil per year.

2006

In January, the Company acquired a 50% stake in Batumi Capital Partners Limited. As a result of the transaction, the Company acquired partial control over the assets of Batumi Oil Terminal LLC.

2007

2008

In September 2009, KCP LLP put into operation the main oil pipeline "Kenkiyak — Kumkol".

2009

In June 2011, the Company received from NC KazMunayGas JSC the Kazakh section of the TON-2 oil pipeline as payment for the Company's shares to be placed in the total amount of 1,700 million tenge.

2011

2012

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

2013

2014

Amendments to the Law of the Republic of Kazakhstan adopted in May "On natural monopolies", according to which oil transportation services for the purpose of transit through the territory of the Republic of Kazakhstan and export outside the Republic of Kazakhstan are excluded from the scope of natural monopolies.

2015

In August, the overhaul of the Kazakh section of the TON-2 main oil pipeline was completed, which made it possible to increase the throughput capacity of this section from 7 million to 11 million tons per year.

In October 2016, the Company began receiving oil from the Kashagan field into the Company's oil trunk pipeline system.

In December, OPS 663 km was commissioned (later renamed OPS after N. Shmanov).

2016

2017

In April, Western and Eastern branches of KazTransOil JSC were deregistered.

In May, a contract was signed for maintenance, repair and emergency response at the facilities of the oil pipeline system CPC-K JSC for 2018–2023.

In August, the reconstruction of the HOPS "Kenkiyak" was completed.

2018

2019

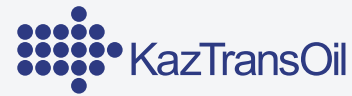
On December 31, 2020, objects were put into operation LACT "Kumkol" and LACT "Kenkiyak".

2020

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

2021





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02 February

ELECTION OF THE GENERAL DIRECTOR (CHAIRMAN OF THE BOARD) OF KAZTRANSOIL JSC

In accordance with the decision of the Board of Directors of KazTransOil JSC, Talgat Nasimullaevich Kurmanbayev was elected as the General Director (Chairman of the Management Board) of KazTransOil JSC from February 23, 2022.

04 April

APPROVAL OF THE TARIFF FOR THE OIL PUMPING SERVICE

By order of the General Director (Chairman of the Management Board) of KazTransOil JSC dated April 15, 2022 No. 24, the tariff for the service of KazTransOil JSC for pumping oil through trunk pipelines for the purpose of export outside the Republic of Kazakhstan in the amount of 8,830.51 tenge per 1 ton per 1000 km (without VAT).

05 May

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The annual General Meeting of Shareholders of KazTransOil JSC dedicated to the results of 2021 was held in the city of Nur-Sultan.



06 June

THE SYSTEM OF REMUNERATION OF PRODUCTION PERSONNEL

From June 1, 2022 in separate structural divisions KazTransOil JSC introduced a new system of remuneration of employees, developed in accordance with the Unified system of remuneration of employees of subsidiaries and affiliates of NC KazMunayGas JSC.

CREDIT RATING

The international rating agency Fitch Ratings has confirmed the long-term issuer default rating of KazTransOil JSC at the level "BBB-", forecast "Stable".

07 July

CONNECTING A SECTION OF THE MAIN WATER CONDUIT

The group of companies KazTransOil JSC completed the connection of the newly built section at 449-499 km of the main water pipeline "Astrakhan — Mangyshlak" after reconstruction.



09 September

PRESENTATION OF THE AWARD

At the 7th Annual Forum of General Directors NC KazMunayGas JSC on the topic "Leadership in the field of industrial safety. New Challenges and Approaches" KazTransOil JSC received an award for the effective implementation of best practices for emergency and crisis management.

CREDIT RATING

The international rating agency S&P Global Ratings has upgraded the long-term issuer default rating of KazTransOil JSC from BB to BB+, with a forecast "Negative".

* On March 9, 2023, the international rating agency S&P Global Ratings revised the forecast on the rating of KazTransOil JSC from "Negative" to "Stable".

10 October

PRESENTATION OF THE AWARD

On the eve of the national holiday Republic Day, workers KazTransOil JSC was awarded state and departmental awards.



12 December

SOCIAL POLITICS

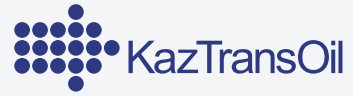
On December 9, 2022, by the decision of the Board of Directors of the Company, the Code of Social Responsibility of KazTransOil JSC was approved.

11 November

DEBT FINANCING

Main Water Supply LLP and Halyk Bank of Kazakhstan JSC signed an Agreement on the provision of a credit line in order to start financing the investment project "Reconstruction and expansion of the main water pipeline "Astrakhan — Mangyshlak" 1st stage".

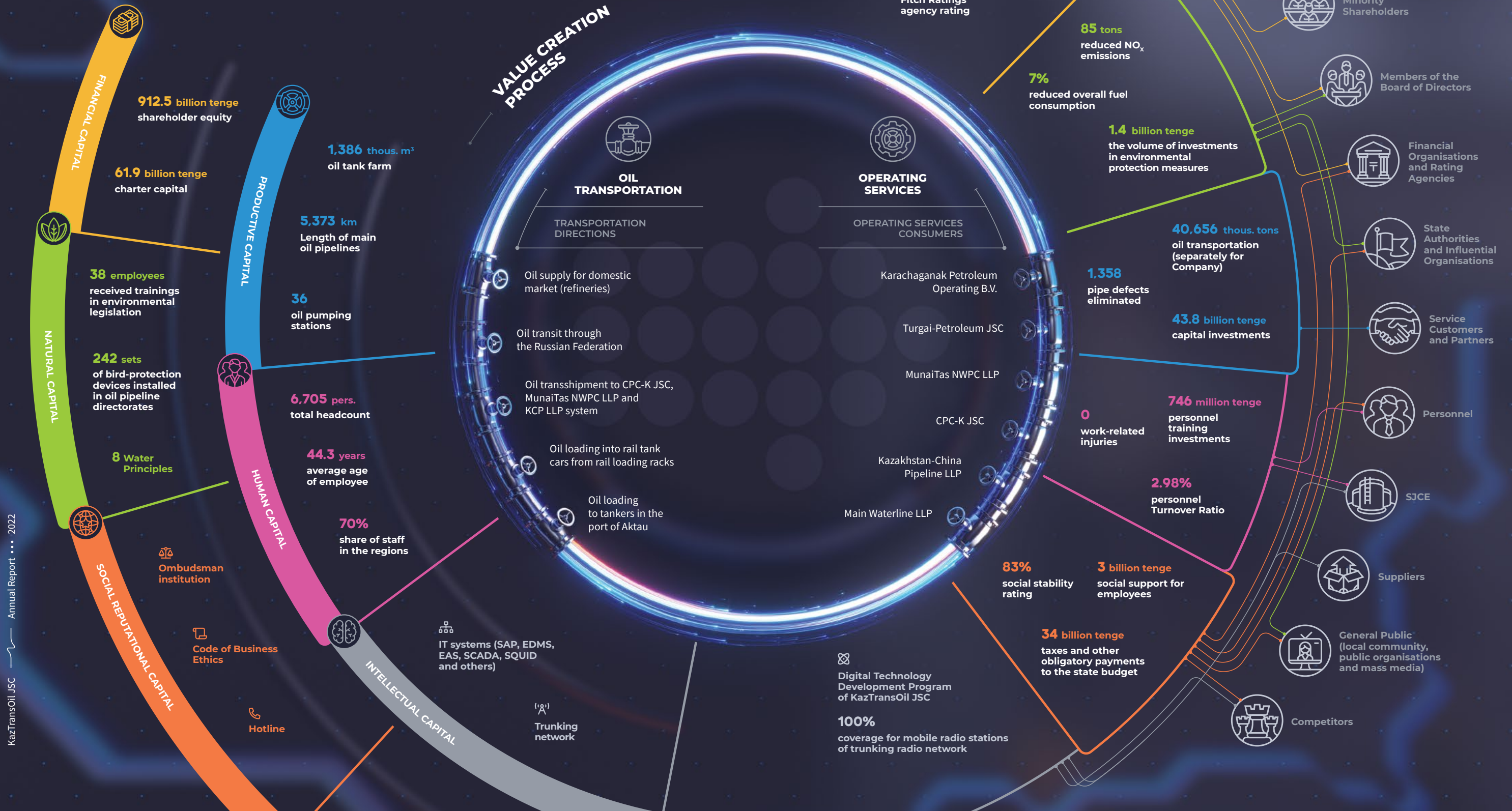


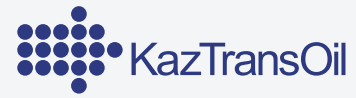


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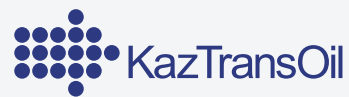


KAZTRANSOIL JSC PERFORMANCE OVER 25 YEARS

939,730 THOUS. TONS

VOLUME OF OIL TRANSPORTATION SEPARATELY FOR KAZTRANSOIL JSC





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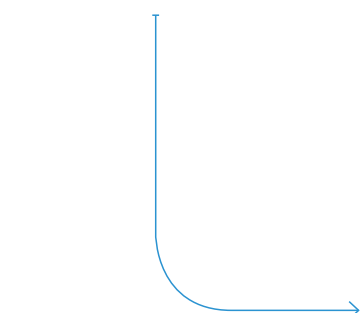
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Company Profile and Activities

MAIN ACTIVITIES



90%

of ordinary shares of KazTransOil JSC owned by NC KazMunayGas JSC

KazTransOil JSC is a public company, 90% of which ordinary shares are owned by NC KazMunayGas JSC, and 10% of ordinary shares minus 1 share are controlled by minority shareholders.

- oil transportation services through main pipelines
- construction and operation of the pipeline system on the territory of the Republic of Kazakhstan and beyond
- organization of transportation of Kazakhstani oil through the pipeline systems of other states
- provision of services for the production, transmission and distribution of thermal energy, transmission of electrical energy and wastewater disposal

THE MAJORITY OF THE COMPANY'S ASSETS ARE LOCATED IN KAZAKHSTAN. THE STRUCTURE OF KAZTRANSOIL JSC CONSISTS OF 3 SUBSIDIARIES IN KAZAKHSTAN, GEORGIA AND THE UNITED ARAB EMIRATES, AS WELL AS 2 JOINTLY CONTROLLED ORGANIZATIONS LOCATED IN KAZAKHSTAN.

Company's Development Strategy up to 2028

MISSION, VISION, VALUES

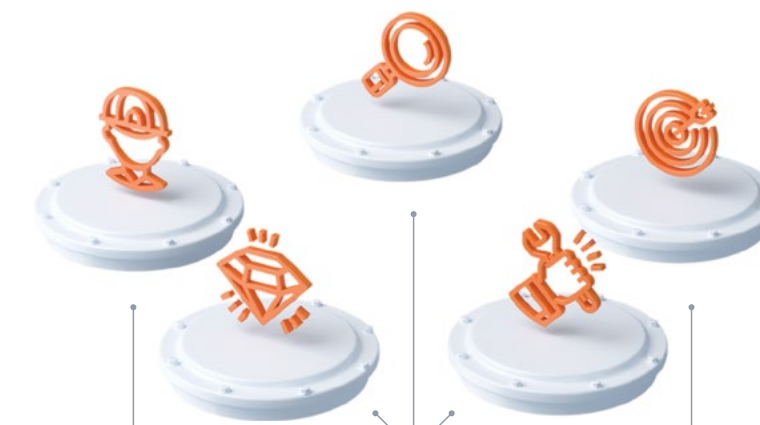
Mission

Ensuring maximum benefits for the shareholders of KazTransOil JSC and observing the strategic interests of the state in the field of oil transportation through the main oil pipeline.

Vision

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

Corporate values



Safety

The company strives to ensure trouble-free operation of production facilities.

Diligence and professionalism

The Company values industriousness in its employees, knowledge of the specifics of the Company's activities, timely and high-quality performance of tasks and ensures continuous improvement of professional competencies and skills.

Quality

The company strives to ensure the proper and high-quality conduct of its work.

Efficiency

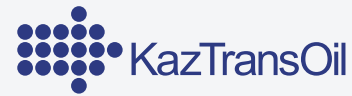
The Company is aware of its responsibility to the state, shareholders, employees and society, in this regard, the profitability and efficiency of operations, the achievement of high results are an indisputable value for the Company. Improving business processes, optimizing costs, focusing on upgrading equipment and investing in the development of production ensure sustainable and stable operation of the Company.

Transparency

The Company seeks to ensure transparency of management, confirmation of its commitment to corporate governance standards.

CORPORATE VALUES ARE REFLECTED IN ALL AREAS OF ACTIVITY OF KAZTRANSOIL JSC AND PLAY A SIGNIFICANT ROLE IN ORGANIZING EMPLOYEE RELATIONS, BUILDING BUSINESS PROCESSES, STRATEGIC PLANNING AND DECISION-MAKING.





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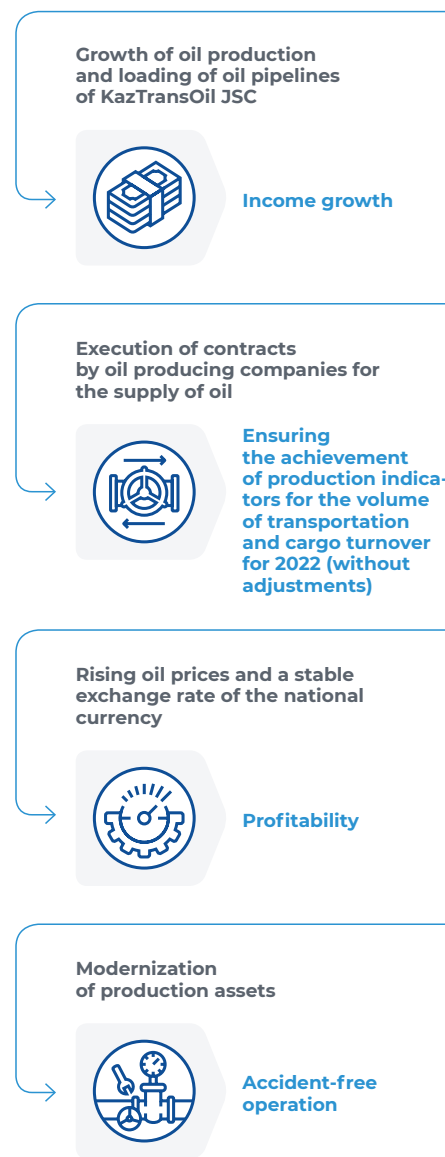
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The implementation of the Strategic Goals is aimed at achieving the Mission and Vision of KazTransOil JSC.

KEY FACTORS AFFECTING THE IMPLEMENTATION OF THE COMPANY'S STRATEGIC GOALS



STRATEGIC DIRECTIONS OF DEVELOPMENT OF KAZTRANSOIL JSC UNTIL 2028

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

The table below shows the results of the implementation of strategic objectives based on the Company's Development Strategy in force in the reporting year.

1 Strategic KPIs of the Company

1.1 CONSOLIDATED OIL TURNOVER (>46 BN TONS-KM BY 2028)

Completion Form (key events for 2022)

Ensuring the fulfillment of production targets in terms of transportation volume and cargo turnover for 2022 (without adjustments):

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

Execution for 2022

FULFILLED

42,582 thous. tons	44,073 million tons-km
consolidated oil transportation volume	consolidated oil turnover
40,656 thous. tons	34,261 million tons-km
separately for the Company	separately for the Company

Key plans for 2023

Ensuring the fulfillment of production targets in terms of transportation volume and cargo turnover for 2023:

- consolidated oil transportation volume — 42,330 thousand tons (separately for the Company — 40,760 thousand tons);
- consolidated oil turnover — 43,829 million tons-km (separately for the Company — 34,386 million tons-km).

1.2 NET INCOME (>43 BILLION TENGE BY 2028)

Completion Form (key events for 2022)

Achievement of consolidated net profit for 2022 at the level of 14.7 billion tenge.

Execution for 2022

FULFILLED

19.8 billion tenge

consolidated net profit

Key plans for 2023

Achievement of consolidated net profit for 2023 at the level of 2.8 billion tenge.

1.3 EBITDA (>75 BILLION TENGE BY 2028)

Completion Form (key events for 2022)

Achievement of consolidated EBITDA for 2022 at the level of 69 billion tenge.

Execution for 2022

FULFILLED

74.5 billion tenge

EBITDA

Key plans for 2023

Achievement of EBITDA for 2023 at the level of 72 billion tenge.

2 Strategic goal 1 "Ensuring the efficient operation of the Company"

2.1 ENSURING POSITIVE PRODUCTION AND FINANCIAL INDICATORS, ENSURING SAFE, HIGH-QUALITY, TIMELY AND UNINTERRUPTED OIL TRANSPORTATION

Completion Form (key events for 2022)

2.1.1 Completion of the subproject Phase I of Kenkiyak — Atyrau Oil Pipeline Section Reversal with a capacity of up to 6 million tons per year of the project Tranche Two at Phase Two of Kazakhstan-China Oil Pipeline Construction. Increasing productivity up to 20 million tons of oil per year/

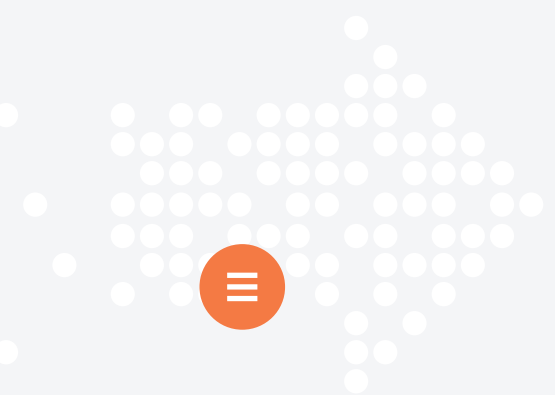
Execution for 2022

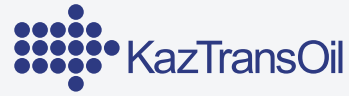
PARTIALLY FULFILLED

- The throughput capacity of the oil pipeline is up to 6 million tons per year in the reverse direction.
- Work continues to complete the construction of administrative facilities.

Key plans for 2023

Ensuring the Russian oil transit in the direction of the Republic of Uzbekistan via Priirtyshsk ERP — Shagyr OLS (subject to the provision of resources by shippers and oil companies).





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2 Strategic goal 1 "Ensuring the efficient operation of the Company"

2.1 ENSURING POSITIVE PRODUCTION AND FINANCIAL INDICATORS, ENSURING SAFE, HIGH-QUALITY, TIMELY AND UNINTERRUPTED OIL TRANSPORTATION

Completion Form (key events for 2022)

2.1.2 Ensuring the share of general and administrative expenses separately for the Company in the total amount of total expenses no more than 7%.

Execution for 2022

FULFILLED

Key plans for 2023

Implementation of activities planned for 2023 by the Plan for increasing net profitability (profitability) KazTransOil JSC, as well as its SJCE.

Completion Form (key events for 2022)

2.1.3 Ensuring the Russian oil transit in the direction of China up to 10 million tons per year.

Execution for 2022

FULFILLED

Key plans for 2023

Ensuring the Russian oil transit in the direction of China up to 10 million tons per year.

Completion Form (key events for 2022)

2.1.4 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 tons per year.

Execution for 2022

FULFILLED

Key plans for 2023

Separate pumping of "low-sulfur" oil along the route "Atyrau — Samara — Novorossiysk" with shipment in a mixture with Siberian Light in the amount of up to 1.0 million tons per year.

Completion Form (key events for 2022)

2.1.5 Compliance with the legislation of the Republic of Kazakhstan on natural monopolies, making appropriate proposals to ensure a flexible and efficient tariff policy of the Company.

Execution for 2022

FULFILLED

Key plans for 2023

Increase in the tariff for the Company's rate for pumping oil through main pipelines for the purpose of export outside the Republic of Kazakhstan.

Completion Form (key events for 2022)

2.1.6 Achievement of the consumer satisfaction rate with the quality of oil transportation services and operator services of at least 97%.

Execution for 2022

FULFILLED

100%

the coefficient of consumer satisfaction with the quality of the services provided for transportation

98%

the coefficient of consumer satisfaction with the quality of the services provided for operator services

Key plans for 2023

Achievement of consumer satisfaction rate with the quality of oil transportation services provided at least 95%. Achieving a customer satisfaction rate with the quality of operator services of at least 96%.

Completion Form (key events for 2022)

2.1.7 Taking measures to reduce / optimize costs.

Execution for 2022

FULFILLED

2.2 IMPLEMENTATION OF MEASURES FOR TRANSFORMATION AND DIGITALIZATION

Completion Form (key events for 2022)

2.2.1 Implementation of the Action Plan to improve the performance of KazTransOil JSC.

Execution for 2022

FULFILLED

- The activities planned for 2022 have been completed.
- Post-project monitoring is underway on the project "Outsourcing of print service in the central office of KazTransOil JSC".

Key plans for 2023

Implementation of the Action Plan to improve the performance of KazTransOil JSC.

Completion Form (key events for 2022)

2.2.2 Implementation of the Digital Technologies Development Program in KazTransOil JSC.

Execution for 2022

FULFILLED

The project "Modernization of software for the electronic archive system OpenText xECM" was implemented.

Key plans for 2023

Implementation of the Roadmap of priority projects on information technology, process control systems and information security.

2.3 R&D AND INNOVATIVE DEVELOPMENT

Completion Form (key events for 2022)

2.3.1 Implementation of the Program for R&D and implementation of innovative projects on new machinery, equipment and technologies for 2022-2026.

Execution for 2022

FULFILLED

Activities planned for 2022 completed.

Key plans for 2023

Implementation of the R&D Program in KazTransOil JSC for 2023-2027.

2.3.2 Key plans for 2023

Implementation of the Plan of KazTransOil JSC for the development/updating of standards for 2023.

2.4 ENSURING THE EFFECTIVE FUNCTIONING OF THE PRODUCTION ASSET MANAGEMENT SYSTEM

Key plans for 2023

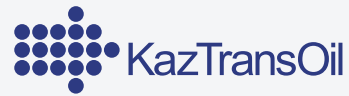
Conclusions based on the results of consideration and analysis of applications from the Company's structural divisions for adjusting the 2023 budget under the items "Capital investments" and "Current repairs".

2.5 MODERNIZATION AND RECONSTRUCTION OF PRODUCTION FACILITIES

Key plans for 2023

Implementation of the plan for the modernization and reconstruction of production facilities for 2023.





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3 Strategic goal 2 "Effective management of SJCE"

3.1 ENSURING THE FINANCIAL SUSTAINABILITY OF SJCE

Completion Form (key events for 2022)

3.1.1 Implementation of measures to reduce the risk of introducing a temporary compensatory tariff, including the development of an action plan to minimize the risk of introducing a temporary compensatory tariff.

Execution for 2022

FULFILLED

Temporary compensatory tariff in MunaiTas NWPC LLP and KCP LLP was not applied.

Key plans for 2023

Elaboration of the issue of increasing the tariff of KCP LLP for pumping oil through main pipelines for the purpose of exporting outside the Republic of Kazakhstan.

Completion Form (key events for 2022)

3.1.2 Taking measures to stabilize the activities of the BOT group of companies and fulfill the established covenants.

Execution for 2022

FULFILLED

Key plans for 2023

Elaboration of the issue of increasing the tariff of KCP LLP for pumping oil through main pipelines for the purpose of exporting outside the Republic of Kazakhstan.

Completion Form (key events for 2022)

3.1.3 Ensuring the approval of tariffs for a regulated service for the supply of water through the main pipeline, ensuring the break-even activity of LLP "Main Water Supply".

Execution for 2022

NOT FULFILLED

Completion Form (key events for 2022)

3.1.4 Carrying out the necessary measures aimed at recovering the historical receivables of counterparties.

Execution for 2022

FULFILLED

3.2 DEVELOPMENT OF SJCE

Completion Form (key events for 2022)

3.2.1 Reconstruction and expansion of the main water pipeline "Astrakhan — Mangyshlak".

Execution for 2022

FULFILLED

In 2022, Main Waterline LLP started implementing the project.

Key plans for 2023

Reaching an agreement with CNPC on expanding the Atyrau — Kenkiyak (up to 12 million tons per year) and Kenkiyak — Kumkol (up to 15 million tons per year) oil pipelines.

3.2.2 Key plans for 2023

Increase in BOT profitability from cargo transshipment in 2023 by 600 million tenge in excess of the approved BOT business plan for 2023-2027.

3.2.3 Key plans for 2023

Completion of the investment project "Reconstruction and expansion of the main water pipeline" Astrakhan — Mangyshlak "1 stage".

3.2.4 Key plans for 2023

Completion of the implementation of the investment project "Construction of the water conduit of the Kashagan CGTP".



4 Strategic goal 3 "Improving the system of corporate governance and sustainable development"

4.1 ENSURING INDUSTRIAL SAFETY

Completion Form (key events for 2022)

4.1.1 Implementation of the Work Plan for the implementation of policies in the field of ensuring physical, internal, personnel security, anti-terrorist security of the facilities of KazTransOil JSC, to combat corruption in the Company for 2022.

Execution for 2022

FULFILLED

Key plans for 2023

Implementation of the Work Plan for the implementation of policies in the field of ensuring physical, internal, personnel security, anti-terrorist security of the facilities of KazTransOil JSC, to combat corruption in the Company for 2023.

Completion Form (key events for 2022)

4.1.2 Implementation of the Work Plan to improve the information security management system for 2022.

Execution for 2022

FULFILLED

Activities planned for 2022 are completed.

Key plans for 2023

Implementation of the Work Plan to improve the information security management system for 2023.

4.1.3 Key plans for 2023

Implementation of the Schedule of work of the permanent commission on production control, safety and labor protection of KazTransOil JSC for 2023.

4.1.4 Key plans for 2023

Amendments to the Industrial Safety Declaration of the Hazardous Production Facility of KazTransOil JSC.

4.2 HEALTH, SAFETY AND ENVIRONMENT

Completion Form (key events for 2022)

4.2.1 Implementation of the activities planned for 2022 by the Action Plan for the development of the management system in the field of health, labor and environment protection of KazTransOil JSC for 2020–2023.

Execution for 2022

FULFILLED

Completion Form (key events for 2022)

4.2.2 Carrying out reclamation of historical pollution at 499 km and 508 km of the main oil pipeline "Uzen — Atyrau — Samara".

Execution for 2022

PARTIALLY FULFILLED

Reclamation work on an area of 2.02 hectares at 508 km of the Uzen-Atyrau-Samara main oil pipeline is scheduled for 2023.

Key plans for 2023

Carrying out reclamation of disturbed lands (historical pollution) at 508 km of the Uzen — Atyrau — Samara MOP.

Completion Form (key events for 2022)

4.2.3 Inventory of greenhouse gas emissions of quota and managed installations.

Execution for 2022

FULFILLED

Key plans for 2023

Inventory of greenhouse gas emissions of quota installations of KazTransOil JSC.

Completion Form (key events for 2022)

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

Execution for 2022

FULFILLED

Completion Form (key events for 2022)

4.2.5 Updating the Regulations on production control over compliance with industrial safety requirements at hazardous production facilities of KazTransOil JSC.

Execution for 2022

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4 Strategic goal 3 "Improving the system of corporate governance and sustainable development"

4.3 ENERGY SAVING AND ENERGY EFFICIENCY IMPROVEMENT

Completion Form (key events for 2022)

4.3.1 Fulfillment (achievement) of the energy goals of KazTransOil JSC for 2022.

Execution for 2022

FULFILLED

Key plans for 2023

Fulfillment (achievement) of the Company's energy goals for 2023.

Completion Form (key events for 2022)

4.3.2 Implementation of measures planned for 2022 by the Action Plan for energy saving and energy efficiency improvement of KazTransOil JSC for 2020–2025.

Execution for 2022

FULFILLED

Key plans for 2023

Implementation of measures planned for 2023 by the Action Plan for energy saving and energy efficiency improvement of KazTransOil JSC for 2020–2025.

4.4 DEVELOPMENT OF HUMAN CAPITAL AND PROTECTION OF HUMAN RIGHTS

Completion Form (key events for 2022)

4.4.1 Updating internal documents in the field of social support for the Company's employees.

Execution for 2022

FULFILLED

By the decision of the Board of Directors of the Company, the Code of Social Responsibility of KazTransOil JSC was approved.

Key plans for 2023

Updating internal documents in the field of human resource management.

Completion Form (key events for 2022)

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

Execution for 2022

FULFILLED

Key plans for 2023

Conducting an assessment of employees of KazTransOil JSC.

4.5 COMPLIANCE WITH THE PRINCIPLES OF HONESTY AND THE CODE OF BUSINESS ETHICS OF JSC

Key plans for 2023

Familiarization of the Company's employees with the principles of the Code of Business Ethics of KazTransOil JSC by sending a presentation and a video about this code, followed by an explanation of its provisions.

4.6 EFFICIENT SUPPLY CHAIN MANAGEMENT

Completion Form (key events for 2022)

4.6.1 Increasing procurement transparency and maintaining fair competition among potential suppliers.

Execution for 2022

FULFILLED

Key plans for 2023

Increasing the transparency of the procurement process and maintaining fair competition among potential suppliers.

Completion Form (key events for 2022)

4.6.2 Inventory management and logistics optimization.

Execution for 2022

FULFILLED

130 days
inventory turnover in 2022
(target 150 days)

Key plans for 2023

Inventory management and logistics optimization.

Completion Form (key events for 2022)

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

Execution for 2022

FULFILLED

55% the level of local content in the procurement of goods
78% in the procurement of works and services

Key plans for 2023

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

Completion Form (key events for 2022)

4.6.4 Increased procurement control through the development and implementation of unified procurement processes for goods, works and services from demand planning to delivery to the end user.

Execution for 2022

FULFILLED

4.7 PRINCIPLES OF TRANSPARENCY AND OPEN COMMUNICATION

Completion Form (key events for 2022)

4.7.1 Implementation of the Communications Plan KazTransOil JSC for 2022.

Execution for 2022

FULFILLED

Key plans for 2023

Organization and holding of live speeches by the heads of structural divisions of the Company's central office with broadcast on the company's official accounts on YouTube and Instagram.

Completion Form (key events for 2022)

4.7.2 Update of the Internal Communications Manual in KazTransOil JSC has been postponed to 2023.

Execution for 2022

NOT FULFILLED

Key plans for 2023

Development of the Internal Communications Regulations in KazTransOil JSC.

Key plans for 2023

4.7.3 Timely provision of responses to requests received by the Company's Rapid Response Center in the WhatsApp messenger at +7 771 101 55 06.

4.8 ENSURING THE FUNCTIONING OF THE INTEGRATED MANAGEMENT SYSTEM

Completion Form (key events 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.

Execution for 2022

FULFILLED

Key plans for 2023

Confirmation of compliance of the Company's IMS with the requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018 based on the results of the inspection (supervisory) audit of the IMS planned to be carried out by the certification body in 2023.

4.9 ENSURING THE FUNCTIONING OF THE RISK MANAGEMENT SYSTEM

Completion Form (key events for 2022)

4.9.1 Ensuring the identification and assessment of production and non-production risks of the Company and its subsidiaries, development of measures to manage them.

Execution for 2022

FULFILLED

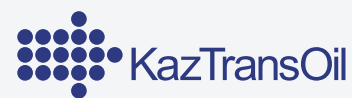
Key plans for 2023

Ensuring the identification and assessment of production and non-production risks of the Company and its SJCE, development of measures for their management for 2024.

Key plans for 2023

4.9.2 Implementation of the Calendar plan-schedule of work on the internal control system of KazTransOil JSC for 2023.





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KEY PERFORMANCE INDICATORS

SINCE 2012, THE RESULTS OF THE COMPANY HAVE BEEN ASSESSED ON THE BASIS OF KEY PERFORMANCE INDICATORS (KPI). KPIS ARE A SET OF INDICATORS THAT DETERMINE THE LEVEL OF ACHIEVEMENT OF THE COMPANY'S STRATEGIC GOALS AND OBJECTIVES, AS WELL AS THE EFFECTIVENESS OF ITS ACTIVITIES.

The Company's KPI system is focused on:

- implementation of the Development Strategy and Business Plan of the Company;
- ensuring the safe and trouble-free operation of the Company;
- continuous improvement of financial and operating results of the Company's activities;
- cascading and decomposition of performance indicators according to the "top-down" principle.

The Company has a KPI system that includes:

- KPI of the Company as a whole (corporate KPI);
- KPI of executives (members of the Management Board);
- KPI of managerial employees;
- KPI of heads of structural subdivisions of the Company, heads of branches, representative offices and other separate structural divisions of the Company, head of the Company's Operator Services Department;

- KPI of employees of the central office and department of operator services.

Corporate KPI and KPI of executives are approved by the Board of Directors of the Company. KPI of managerial employees, heads of branches, representative offices and other separate structural divisions of the Company, head of the Company's Operator Services Department are approved by the Management Board of the Company. The KPIs of employees of the central office and the Department of Operator Services are approved by the General Director (Chairman of the Management Board), supervising Deputy General Directors and Managing Directors of the Company.

Based on the results of six and nine months of the reporting year, the performance of corporate KPIs and KPIs of executives is monitored. After the end of the reporting year, the actual values of efficiency of all levels are calculated.

On December 10, 2021, the Board of Directors of KazTransOil JSC approved the corporate KPIs of KazTransOil JSC for 2022 and their target values, which provide for financial and economic indicators, production performance indicators of the Company's activities and indicators in the field of labor protection. At the same time, on August 19, 2022, the Board of Directors of KazTransOil JSC approved the adjusted corporate KPIs of KazTransOil JSC for 2022 and their target values.

ADJUSTED CORPORATE KPIS FOR 2022

KPI	Unit	2022 target	Fact 2022 (estimated)
Execution of the capital investment plan (separately for KazTransOil JSC)	%	100	91.93
Oil turnover (consolidated)*	million tons-km	43,138	44,294
Reducing the Lost Time Injury Frequency Rate (LTIR)	%	100	100
EBITDA (consolidated)**	million tenge	45,330	74,527
Implementation of investment projects	%	100	95
Development of the Action Plan of KazTransOil JSC for the implementation of the Low-Carbon Development Program of NC KazMunayGas JSC for the period 2022–2031	date	31.03.2022	15.03.2022

* Taking into account the underdeclared and / or underdelivered volume of oil arising from factors beyond the control of the management of KazTransOil JSC, a decrease in production in the Republic of Kazakhstan under the OPEC+ agreement.

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

IN ORDER FOR 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.

KEY KPIS FOR 2022 RELATED TO ESG ISSUES

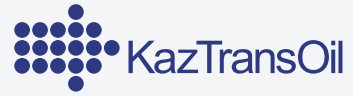
KPI	Unit	2022 target	Fact 2022
The number of emergency situations that resulted in a stoppage of production or environmental damage during the provision of services for the operation of trunk oil pipelines owned by third parties (operator services) that arose through the fault of KazTransOil JSC	Unit	0	0
Number of accidents resulting in production shutdown or environmental damage during oil transportation	Unit	0	0
Prevention of traffic accidents, accidents with the release of oil in KazTransOil JSC	Point	0	0
Implementation of the Action Plan for the development of a management system in the field of health, labor and environment protection in KazTransOil JSC for 2022	Unit	3	3
Conducting an inventory of greenhouse gas emissions from quota installations	yes/no	yes	yes
Prevention of fires at the facilities of KazTransOil JSC	Unit	0	0
Achievement of the target indicator of specific energy consumption per oil turnover	%	4.68	4.49
Minimization of collective complaints on issues of labor relations in KazTransOil JSC	pcs	0	0
The share of local content in the procurement of goods, works, services and goods of the "Economy of simple things", machine-building, chemical industries for KazTransOil JSC	%	61	60
Conclusion of off-take agreements for the implementation of import substitution projects	pcs	4	6

In accordance with the indicators of the Company's Business Plan for 2023–2027 and the recommendations of NC KazMunayGas JSC, on December 9, 2022, the Board of Directors of KazTransOil JSC approved the corporate KPIs of KazTransOil JSC for 2023 and their target values.

CORPORATE KPIS FOR 2023

KPI	Unit	2023 target
Development of oil transportation routes for export	%	100%
Implementation of investment projects	%	100%
EBITDA (consolidated)	million tenge	75,861
Oil turnover (consolidated)	million tons-km	44,268
Comprehensive indicator for industrial safety	%	100%
Size of the carbon footprint	tons	409,216





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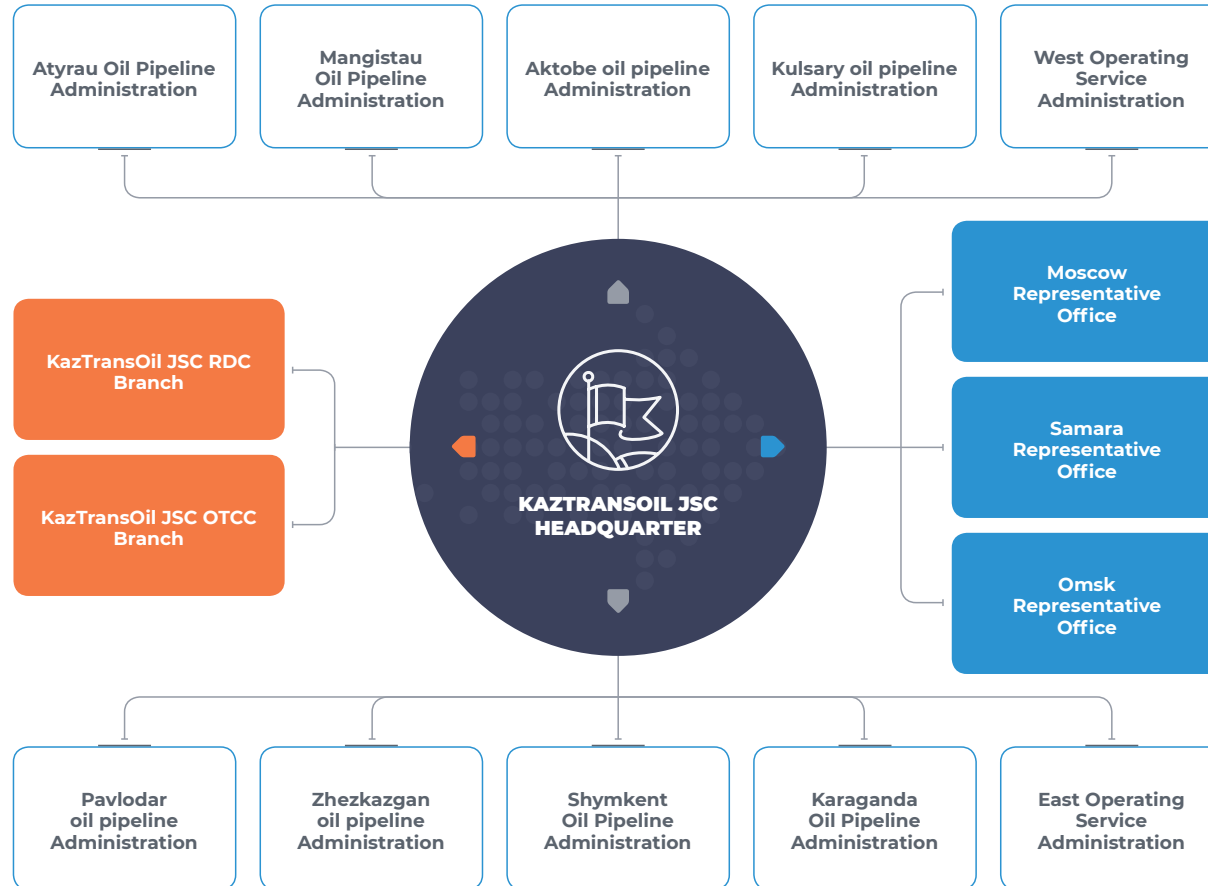
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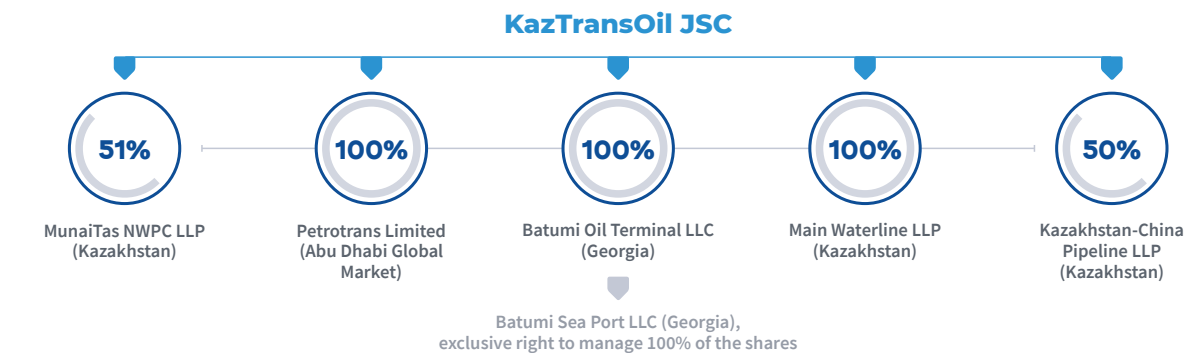
Business structure

ORGANIZATIONAL STRUCTURE OF THE COMPANY



COMPANY'S SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES

STRUCTURE OF SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES





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01

Main Waterline LLP

KAZTRANSOIL JSC OWNS A 100% STAKE IN THE AUTHORIZED CAPITAL OF MAIN WATERLINE LLP.

The main activity of the company is the provision of services for the supply of water through main pipelines to the population, agricultural producers, oil and gas producing, industrial and municipal enterprises, the provision of services for the production, transmission and distribution of thermal energy, as well as the provision of services for the transmission of electrical energy.

The water conduit "Astrakhan — Mangyshlak", built in one thread with a length of 2105 km, serves to supply the Volga water to the Atyrau and Mangystau regions. Currently, the consumers of the Volga water are the settlements of these regions, oil and gas companies and other industrial enterprises located along the route of the main water pipeline.

The water pipeline is the only centralized source of water supply for consumers in the Kurmangazy, Isatai and Zhylyoi districts of the Atyrau region with an actual annual water supply of 8.7 million m³, as well as for the city of Zhanaozen, Beineu, Mangistau, Karakiya and Tupkaragan districts of the Mangystau region with an annual water supply 17.5 million m³. The population consuming water is more than 35% of the population of Mangistau region and more than 28% of the population of Atyrau region.

The volume of water supply for 2022 amounted to 29,786 thousand m³, of which the main share of water supply falls on utilities — 50.6%, and oil and gas companies — 39.4%. Water supply to industrial enterprises amounted

to 9%, to agricultural producers — 0.5%, to the population and budgetary organizations — 0.5%.

The decrease in the net loss of Main Waterline LLP in 2022 compared to 2021 is due to an increase in the average water supply tariff and an increase in the volume of water supplied to oil and gas producing enterprises.

IN 2023, MAIN WATERLINE LLP SETS ITSELF THE FOLLOWING TASKS:

- completion of the investment project "Reconstruction and expansion of the main water pipeline "Astrakhan — Mangyshlak" 1 stage";
- completion of the construction of a water conduit to the Kashagan CGTP;
- ensuring uninterrupted water supply to the western regions of Kazakhstan.



02

Batumi Oil Terminal LLC

BATUMI OIL TERMINAL LLC (BOT) IS A 100% SUBSIDIARY OF KAZTRANSOIL JSC. THROUGH BOT, THE DIRECT OWNERSHIP AND MANAGEMENT OF PRODUCTION ASSETS IN GEORGIA IS CARRIED OUT.

The main activity of BOT is to provide services for the transshipment, pumping, storage of oil, oil products and gas, as well as products of their processing using its own berths, technological pipelines and tanks.

The competitive advantage of BOT is the flexibility in storage and transshipment of various grades of oil and oil products (including liquefied petroleum gas). BOT capacities include 132 tanks, process pipeline systems, 6 unloading racks, 3 berths and 1 remote mooring.

The growth in the volume of transshipment of oil and oil products based on the results of the activities of BOT amounted to 1,927 thousand tons, which is 45% more than in 2021. This is due to the following factors:

- an increase in transshipment volumes of dark oil products by 586,000 tons due to an increase in nominations from the consignor: due to changes in the geopolitical situation, volumes of Kazakh fuel oil began to arrive;
- an increase in the volume of oil transshipment due to the transshipment of oil by Tengizchevroil LLP in the amount of 172 thousand tons;
- an increase in gas transshipment volumes by 91 thousand tons due to the diversification of volumes from the Russian Federation (Temryuk);
- a decrease in transshipment volumes of light oil products by 247 thousand tons, which was due to a decrease in nominations from the.

At the end of 2022, consolidated net income BOT (consolidation with Batumi

Sea Port LLC) (at the Company level) amounted to 7,987 million tenge against the plan of 1,729 million tenge, which is 451% or 6,258 million tenge above the plan. The increase in net profit of BOT in 2022 by 5,515 million tenge compared to the fact of 2021 is mainly due to an increase in operating income due to an increase in the volume of transshipment of oil and oil products, as well as financing income due to the receipt of financial income from the modification loan from Petrotrans Limited.

IN 2023, BOT SETS ITSELF THE FOLLOWING TASKS:

- fulfillment of production and financial indicators of the business plan, taking into account the safety of production activities and environmental protection;
- development of additional areas and diversification of activities.



29,786
THOUS. M³

water supply in 2022

395
PERS.

number of personnel in 2022

KEY PERFORMANCE RESULTS OF MAIN WATERLINE LLP

Performance	2020	2021	2022
Financial results			
Net loss, million tenge	-3,813	-4,541	-3,842
Operating results			
Water supply, thousand m ³	28,406	29,387	29,786
Unauthorized tie-ins, ea.	0	0	0
Sustainability indicators			
Number of personnel, pers.	374	376	395
Air emissions, tons	18.5	51.9	16
Wastewater discharges, tons	8.1	21.7	23
Waste recycling, tons	144.6	301.5	198
Accidents, units	0	0	0
Power consumption, million kWh	105	109	106

1,927
THOUS. TONS

oil and petroleum product transshipment in 2022

1,191
PERS.

number of personnel in 2022

KEY RESULTS OF BOT ACTIVITY

Performance	2020*	2021*	2022*
Financial results			
Net income/loss, million tenge	-327	2,472	7,987
Operating results			
Oil and petroleum product transshipment, thousand tons	1,051	1,324	1,927
Unauthorized tie-ins, pcs.	0	0	0
Sustainability indicators			
Number of personnel, pers.	1,234	1,195	1,191
Air emissions, tons	280	400	449
Discharges into wastewater, tons	68	68	59
Volume of recycled waste, tons	330	465	616
Accidents, units	2	1	2
Electricity consumption, million kWh	10	10	13

* According to the audited consolidated financial statements of BOT (consolidation with Batumi Sea Port LLC).



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03

Petrotrans Limited Company

PETROTRANS LIMITED (PTL) IS A 100% SUBSIDIARY OF KAZTRANSOIL JSC, WHICH PROVIDES FREIGHT FORWARDING SERVICES ALONG THE TRANSCAUCASIAN CORRIDOR.

PTL provides transportation services from the Caspian region through Georgia and carries out business and operational activities related to the provision of services for the forwarding of oil and oil products.

Clients are offered a comprehensive service — delivery of oil and oil products by rail from the Russian-Azerbaijani border to the Batumi oil terminal, monitoring and dispatching of deliveries, unloading oil products from tank cars, unloading products from tanks and storing them on the territory of BOT.

The occurrence of a net loss in 2022 is due to the recognition of a financial expense for discounting loans in the amount of 7,985 million tenge, which arose as a result of the restructuring of loans issued in favor of BOT.

Excluding the recognition of finance costs, PTL's net profit for 2022 is 1,315 million tenge against the plan of 812 million tenge, which is 162% or 502 million tenge above the target. The increase in the net result in 2022 by 1,076 million tenge compared to the fact of 2021 is mainly due to an increase in operating income due to an increase in the volume of oil and oil products transshipment.

The growth in the volumes of transshipment of oil and oil products based on the results of PTL's activities for 2022 by 493% compared to 2021 is due to the following factors:

- attracting additional volume of oil transshipment. No oil was transshipped in 2021;
- increase in the volume of transshipment of liquefied gas;
- attraction of additional volumes of transshipment of dark oil products.

IN 2023, PTL SETS ITSELF THE FOLLOWING GOALS:

- fulfillment of production and financial indicators of the business plan, taking into account the safety of production activities and environmental protection;
- development of alternative directions from the seaport of Aktau (Kazakhstan) to BOT;
- diversification of activities.



www.petrotrans.kz

04

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%).

Kazakhstan-China Pipeline LLP was created for the design, construction and operation of the Atasu — Alashankou and Kenkiyak — Kumkol oil pipelines, which are part of the Kazakhstan-China oil pipeline system.

The main activity of KCP LLP is the provision of services for the transportation of oil through trunk pipelines. The length of the main oil pipeline "Atasu — Alashankou" is 965.1 km, "Kenkiyak — Kumkol" — 794.26 km.

Net income in 2022 increased by 27% compared to 2021, which is largely due to an increase in overall income, including from core activities due to an increase in oil transportation volumes. At the same time, there is an increase in the negative exchange rate difference and corporate income tax expenses.

The volume of oil transportation through the main oil pipelines of KCP LLP in 2022 increased by 10% compared to 2021. The growth in transportation volumes is associated with an increase in oil supplies from the western region in connection with the commissioning of the Kenkiyak — Atyrau oil pipeline reverse project in mid-2021.

IN 2023, KCP LLP SETS ITSELF THE FOLLOWING TASKS:

- ensuring the financial stability of the company;
- ensuring a zero level of injuries and accidents at work, as well as uninterrupted, safe and energy-efficient operation of the main and auxiliary equipment of the MOP of KCP LLP;
- implementation of organizational and technical measures to ensure the reliability of the MOP of KCP LLP.



www.kcp.kz

691
THOUS. TONS

oil and petroleum product transshipment in 2022

11
PERS.

number of personnel in 2022

KEY RESULTS OF PTL ACTIVITIES

Performance	2020	2021	2022
Financial results			
Net income/loss, million tenge	977	239	- 6,670
Operating results			
Oil and petroleum product transshipment, thousand tons	310	140	691
Tie-ins, ea	0	0	0
Sustainability indicators			
Number of personnel, pers.	12	12	11

19,235
THOUS. TONS

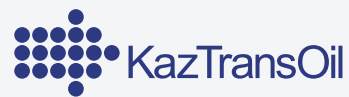
oil transportation in 2022

188
PERS.

number of personnel in 2022

KEY RESULTS OF ACTIVITY OF KCP LLP

Performance	2020	2021	2022
Financial results			
Net income, million tenge	16,984	23,216	29,451
Operating results			
Oil transportation, thousand tons	15,883	17,411	19,235
Oil turnover, million tons-km	14,368	15,592	17,315
Unauthorized tie-ins, pcs.	0	0	1
Sustainability indicators			
Number of personnel, pers.	184	185	188
Air emissions, tons	183	175	193
Waste recycling, tons	62.2	37.4	26.1
Accidents, units	0	0	0
Power consumption, million kWh	41.3	47	50.5



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05 MunaiTas NWPC LLP

MUNAITAS NWPC LLP IS A JOINT VENTURE BETWEEN KAZTRANSOIL JSC (51%) AND CNPC EXPLORATION AND DEVELOPMENT COMPANY LTD (49%).

MunaiTas NWPC LLP established to implement the project for the design, financing, construction and operation of the Kenkiyak-Atyrau oil pipeline, which is part of the Kazakhstan-China oil pipeline system.

The main activity of MunaiTas NWPC LLP is the provision of services for the transportation of oil through the main pipeline. The length of the oil pipeline "Kenkiyak — Atyrau" is 455.10 km, the volume of the tank farm is 40 thousand m³.

Net income in 2022 compared to the fact of 2021 is 5.7% higher due to an increase in operating income due to an increase in oil transportation volumes.

In 2022, the volume of oil transportation by MunaiTas NWPC LLP increased by 31% compared to 2021 due to changes in the volume of oil delivered by shippers. In 2022, the volume of oil transportation to the domestic market (in the reverse direction to load refineries) increased by 64% compared to 2021.

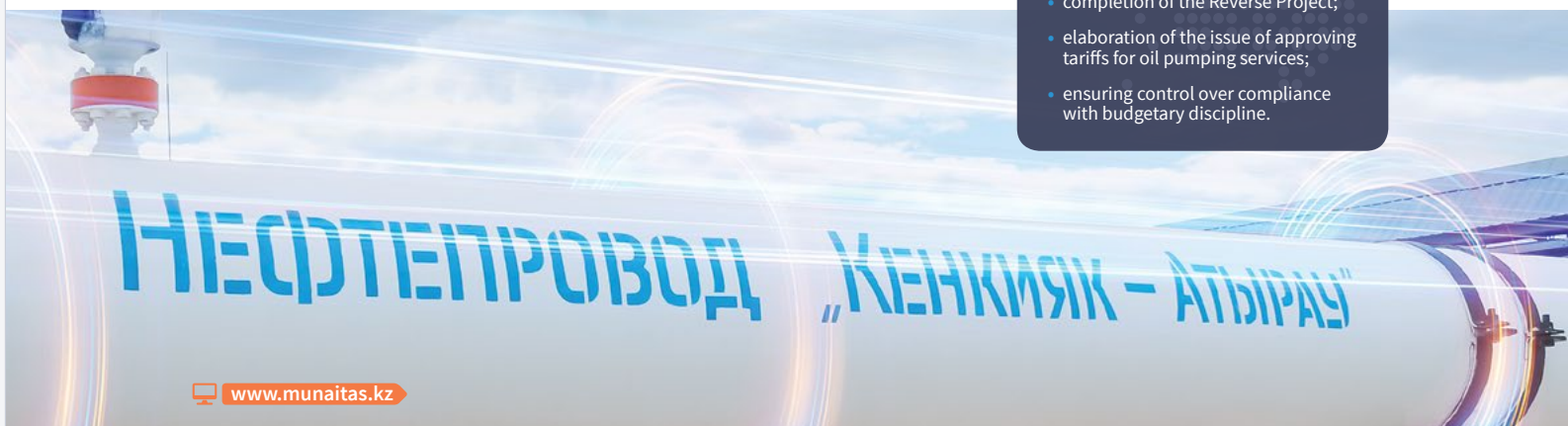
The decrease in emissions of pollutants into the atmosphere compared to 2021 is due to the lower volume of filling oil tanks.

The increase in the volume of disposed oily waste compared to 2021 is due to the fact that in 2022 a cleaning device was launched monthly and in the 3rd quarter of 2022, work was carried out on in-line diagnostics.

The increase in electricity consumption in 2022 is due to the fact that PS Aman worked for 6 months in 2021, while in 2022 it worked for all 12 months. The scope of work provides for the operation of four pumps, each with a capacity of 1 500 kW.

IN 2023, MUNAITAS NWPC LLP SETS ITSELF THE FOLLOWING TASKS:

- organization and coordination of work on labor protection, ensuring preventive work to prevent industrial injuries;
- ensuring safe and uninterrupted transportation of oil;
- completion of the Reverse Project;
- elaboration of the issue of approving tariffs for oil pumping services;
- ensuring control over compliance with budgetary discipline.



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 2022, KazTransOil JSC continued measures to improve the efficiency of operations and optimize business processes, as provided for in the Action Plan to improve the performance of KazTransOil JSC.

Project "Standardization of the number and structure of KazTransOil JSC"

The project is aimed at improving the efficiency of the activities of KazTransOil JSC through the rational distribution of responsibilities and functions between different levels of management, the formation of an optimal basis for the further development of priority areas of the Company's activities.

The implementation of the project assumed the receipt of qualitative

benefits, such as the development of an internal document regulating the procedure for the formation of the Company's structure, the target structure and target staffing tables of the Company.

In 2022, the Management Board of KazTransOil JSC approved the following documents, which are key indicators for achieving the project goal:

- Rules for the formation of the structure of KazTransOil JSC, structures of the central office and separate structural divisions of KazTransOil JSC;
- target structure of KazTransOil JSC;
- target staffing of the central office of KazTransOil JSC;
- target staffing of a separate structural subdivision of KazTransOil JSC.

In August 2022, the project was closed.

Project "Improving the level of competence of employees of KazTransOil JSC in the use of IT systems"

The project is aimed at increasing the productivity of the Company's employees, whose job duties require practical skills in working in information systems (SAP ERP HCM, EDMS).

Based on the results of the analysis of the state of human resource management subprocesses, competency matrices, test questions for assessing the level of knowledge of work in information sys-

tems (SAP ERP HCM, EDMS) and a training plan for employees to increase the level of knowledge in the above information systems were formed and approved. In December 2022, the project was closed.

In addition, the Company carries out post-project monitoring under the project provided for by the Action Plan to improve the efficiency of KazTransOil JSC, which is in post-monitoring.

Thus, the projected positive economic effect on the implemented project "Outsourcing of printing service in the central office of KazTransOil JSC for 5 years (2020-2024), taking into account the fact for 2020-2022, amounted to about 325 million tenge.

PLANS FOR 2023 AND MEDIUM TERM

In 2023, it is planned to implement projects to improve the efficiency of activities provided for by the Action Plan to improve the efficiency of KazTransOil JSC, as well as post-project monitoring of the implemented project in order to analyze the achievement of the planned benefits.

5,606
THOUS. TONS

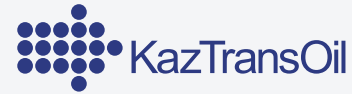
volume of oil transportation in 2022

104
PERS.

number of personnel in 2022

KEY PERFORMANCE RESULTS MUNAITAS NWPC LLP

Performance	2020	2021	2022
Financial results			
Net income, million tenge	2,428	2,314	2,447
Operating results			
Volume of oil transportation, thousand tons	3,321	4,273	5,606
Oil turnover, million tons-km	1,322	1,725	2,264
Unauthorized tie-ins, pcs.	0	0	0
Sustainability indicators			
Number of personnel, pers.	110	109	104
Air emissions, tons	37.5	58.1	34.5
Volume of disposed oily waste, tons	0	27.5	47.5
Accidents, units	0	0	0
Electricity consumption, thousand kWh	390	4,156	13,200



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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.

ACCORDING TO THE LEGISLATION OF THE REPUBLIC OF KAZAKHSTAN ON NATURAL MONOPOLIES, KAZTRANSOIL JSC IS A SUBJECT OF NATURAL MONOPOLY IN THE FOLLOWING AREAS:



services for the transportation of oil and (or) oil products through main pipelines, with the exception of their transportation for the purpose of transit through the territory of the Republic of Kazakhstan and export outside the Republic of Kazakhstan;



electric power transmission services;



services for the production, transmission and distribution of thermal energy;



sewage disposal services.

TARIFFS FOR THE SERVICES OF KAZTRANSOIL JSC FOR PUMPING OIL TO THE DOMESTIC MARKET THROUGH THE SYSTEM OF TRUNK OIL PIPELINES AS OF DECEMBER 31, 2022, TENGE/1000 TONS-KM

Direction	01.01.2022 – 31.08.2022	01.09.2022 – 30.11.2022	01.12.2022 – 31.12.2022
To the domestic market of the Republic of Kazakhstan	3,728.82	4,328.04	4,355.57

Rate for oil transportation services to the domestic market of the Republic of Kazakhstan are approved by the authorized body in the field of natural monopolies.

Calculation of rate for services for the transportation of oil to the domestic market of the Republic of Kazakhstan is carried out in accordance with the Rules for setting tariffs, approved by order of the Minister of National Economy of the Republic of Kazakhstan dated November 19, 2019 No. 90.

TARIFFS FOR THE SERVICES OF KAZTRANSOIL JSC FOR PUMPING OIL TO THE DOMESTIC MARKET THROUGH THE SYSTEM OF TRUNK OIL PIPELINES AS OF DECEMBER 31, 2022, TENGE/1000 TONS-KM

Direction	01.01.2022 – 31.05.2022	01.06.2022 – 31.12.2022
For export outside the Republic of Kazakhstan	7,358.76	8,830.51

Rate for oil transportation services for the purpose of export outside the Republic of Kazakhstan and transit through the territory of the Republic of Kazakhstan are approved by the Company independently.

To calculate rate for oil transportation services for export and transit, the Company has developed and applies the Methodology for calculating rate for the services of KazTransOil JSC for oil transportation through trunk pipelines for the purpose of export outside the Republic of Kazakhstan and transit through the territory of the Republic of Kazakhstan.

More detailed information on the current and approved rates of the Company in 2022 is provided in Appendix 2.



TARIFFS FOR SERVICES FOR THE TRANSPORTATION OF OIL THROUGH THE COMPANY'S TRUNK PIPELINE SYSTEM FOR THE PURPOSE OF TRANSIT THROUGH THE TERRITORY OF THE REPUBLIC OF KAZAKHSTAN AS OF DECEMBER 31, 2022

Direction	Unit	01.01.2022 – 31.12.2022
Transit through the Kazakhstan section of the main pipeline "TON-2"	tenge/1,000 tons-km	4,292.40
Transit to the PRC	USD/ton	4.23
Transit to the Republic of Uzbekistan	USD/ton	25.12
Transit to the Kyrgyz Republic	USD/ton	25.12

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

The company, in addition to the main activity, provides additional services related to the sphere of natural monopoly: services for the transmission of electrical energy; manufacturing services; transmission and distribution of thermal energy; sewage disposal services. Rates for these services are approved by the authorized body in the field of natural monopolies.

REPORTING TO CONSUMERS AND OTHER STAKEHOLDERS

In accordance with the Law of the Republic of Kazakhstan "On Natural Monopolies", KazTransOil JSC, no later than August 1 of the current calendar year and May 1 of the next calendar year, reports on the results of the six months and the year on the implementation of the approved rate estimate, on the implementation of the approved investment program, on compliance with quality indicators and reliability of regulated services and the achievement of performance indicators for natural monopoly entities in relation to consumers and other interested parties.

The objectives of the annual reporting activities are to ensure publicity and transparency in the regulation of the activities of a natural monopoly entity,

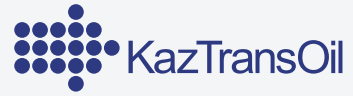
as well as to achieve a balance of interests of consumers and natural monopoly entities. The report contains the following information:

- general information about the subject of natural monopoly;
- on the execution of the approved investment program;
- on itemized execution of the approved rate estimate;
- on compliance with indicators of quality and reliability of regulated services;
- on the achievement of performance indicators of the activity of the subject of natural monopoly;
- on the main financial and economic performance indicators for the reporting period;

- on the volume of provided regulated services for the reporting period;
- on the ongoing work with consumers of regulated services;
- on the prospects for activity (development), incl. possible changes in tariffs for regulated services.

On April 29, 2022 and July 29, 2022, KazTransOil JSC reported to consumers on the implementation of the approved rate estimates, on the implementation of the approved investment program, on compliance with quality and reliability indicators of regulated services and achievement of performance indicators to consumers and other stakeholders for 2021 and the first half of 2022, respectively.





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INVESTMENT PROGRAMME

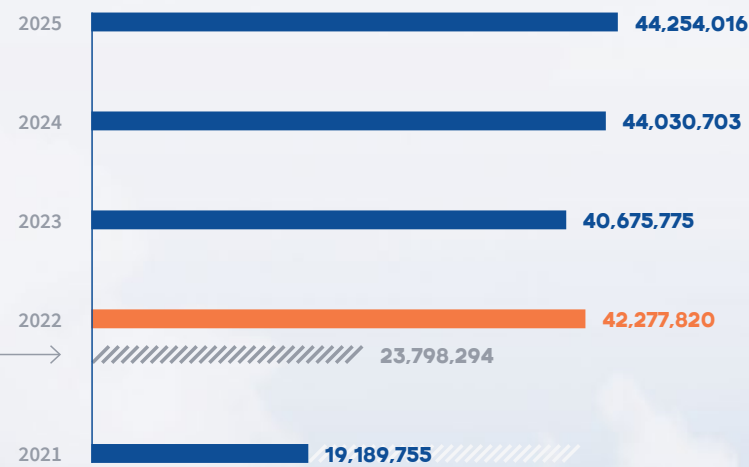
The Company's investment program is aimed at ensuring reliable and trouble-free operation of trunk oil pipelines and trunk oil pipeline facilities, which includes measures to replace sections of trunk oil pipelines, reconstruct and build reservoirs, build and reconstruct chemical laboratory buildings, build and reconstruct main pumping stations, start-up and reception chambers cleaning devices, replacement of technological pipelines, production and technological communications and process control systems, as well as the purchase of vehicles and special equipment for industrial purposes.

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 was approved by a joint order of the Ministry of Energy of the Republic of Kazakhstan dated November 18, 2020 No. 397 and the Regulation of Natural Monopolies dated November 12, 2020 No. 61-OD.

By the joint order of the Regulation of Natural Monopolies dated November 30, 2022 No. 201-OD and the Ministry of Energy of the Republic of Kazakhstan dated December 6, 2022 No. 406, amendments were made to the joint order of the Ministry of Energy of the Republic of Kazakhstan dated November 18, 2020 No. 397 and 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.

Measures of the investment program postponed from 2021 to 2022 for reasons beyond the control of the entity

INVESTMENT PROGRAM OF KAZTRANSOIL JSC FOR 2021-2025 AS OF DECEMBER 31, 2022, THOUSAND TENGE



42.277 BILLION TENGE

total investments under the Investment Programme of KazTransOil JSC in 2022

ANTI-COMPETITIVE BEHAVIOR

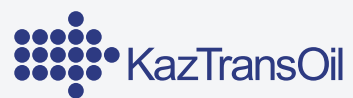
GRI 3-3, GRI 206-1

During the reporting period, the Company was involved in 4 cases of administrative offenses in connection with violations of the legislation of the Republic of Kazakhstan on natural monopolies, 2 administrative cases on appealing the temporary compensatory tariff (of which 1 administrative case was considered partially in favor of the Company).

PLANS FOR 2023 AND MEDIUM TERM

1. Revision of the rate and rate estimate for a regulated service for pumping oil to the domestic market of the Republic of Kazakhstan, taking into account the increase in costs under the payroll fund item under the Law of the Republic of Kazakhstan "On Natural Monopolies".
2. An increase in the rate for the service of KazTransOil JSC for pumping oil through main pipelines for the purpose of exporting outside the Republic of Kazakhstan.





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KazTransOil JSC Annual Report 2022



KAZTRANSOIL JSC PERFORMANCE OVER 25 YEARS

785,018 MILLION TONS·KM

OIL TURNOVER SEPARATELY FOR KAZTRANSOIL JSC





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Economic and sector review

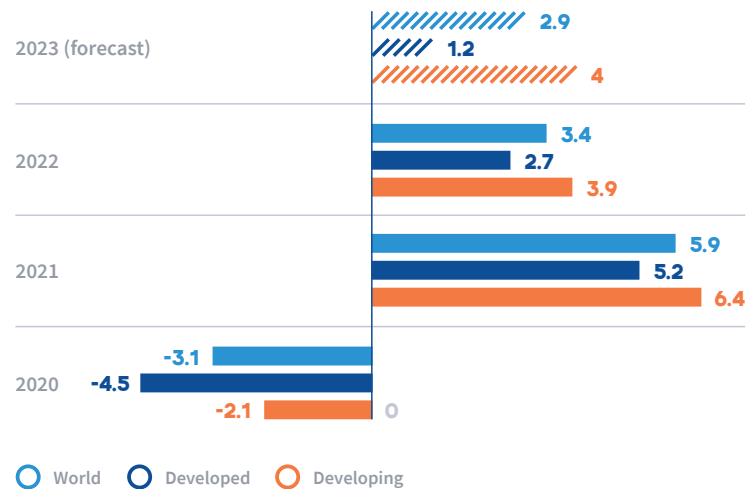
ECONOMIC REVIEW

In 2022, countries around the world continued to struggle with the economic crisis caused by the COVID-19 coronavirus infection pandemic, and also faced the economic consequences of the geopolitical situation in the world. Despite the possibility of a global recovery of the world economy in the first half of 2022, incoming economic data indicated a loss of momentum amid geopolitical and social tensions. At the end of 2022, the global economy showed a decline of 3.4%. The gross domestic product (GDP) of developed economies, according to the International Monetary Fund (IMF), showed a slow growth rate of 2.7%, while for developing countries this figure was 3.9%.

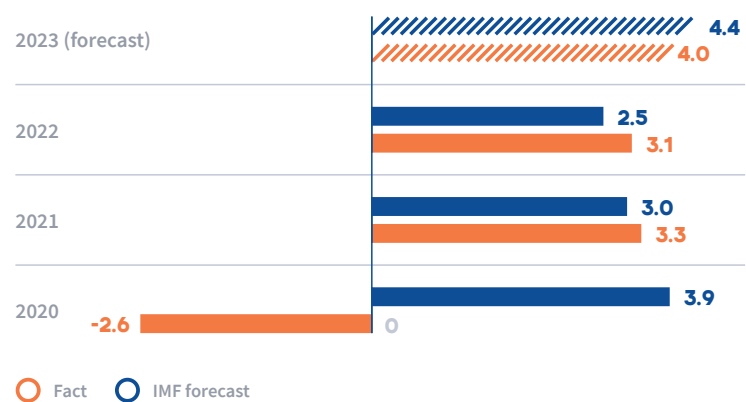
KAZAKHSTAN'S GDP, AFTER THE STRONGEST DECLINE IN TWENTY YEARS, BEGAN TO RECOVER AT THE END OF 2020 AND GREW BY 3.1% BY THE END OF 2022. IN PARTICULAR, GROWTH IN THE REAL SECTOR AMOUNTED TO 3.2%, AND IN THE SERVICE SECTOR — 2.5%. AT THE SAME TIME, THE INFLATION RATE WAS 20.3%.

Data from the Ministry of National Economy of the Republic of Kazakhstan.

WORLD GDP DYNAMICS, DEVELOPED AND DEVELOPING COUNTRIES (IMF), %



DYNAMICS OF GDP IN KAZAKHSTAN WITH FORECAST (IMF), %



3.4%
Global GDP in 2022

3.1%
Kazakhstan GDP growth by the end of 2022

KazTransOil JSC — Annual Report — 2022

GLOBAL HYDROCARBONS MARKET

By the end of 2022, along with some weakening of the geopolitical factor, with an increase in the number of vaccinated against COVID-19 and the easing of restrictions, as well as with the prevalence of global supply over demand, oil prices began to decline.

Thus, in the third quarter of 2022, the price per barrel of Brent fell by 12% qoq, reaching \$98 per barrel, and by the end of the year, the price dropped to \$77 per barrel.

The high level of supply and lower prices were caused by the increase in US oil inventories, as well as the stabilization of the situation in China, the largest importer of crude oil. An increase in US fuel inventories outweighed a 5.2 million barrel decline in crude oil inventories. According to the US Energy Information Administration, the stocks of petroleum products in the US rose by 6.2 million barrels (the growth forecast was 2.2 million barrels).

OIL PRODUCTION AND TRANSPORTATION IN KAZAKHSTAN

IN 2022, THE VOLUME OF OIL PRODUCTION IN THE REPUBLIC OF KAZAKHSTAN AMOUNTED TO 84.2 MILLION TONS, WHICH IS 1.9% LOWER COMPARED TO THE PREVIOUS YEAR. THE VOLUME OF EXPORT OF KAZAKH OIL ALSO DECREASED BY 4.8% AND AMOUNTED TO 64.3 MILLION TONS.

OIL AND GAS CONDENSATE PRODUCTION IN KAZAKHSTAN, MILLION TONS



EXPORT VOLUMES OF KAZAKH OIL, MILLION TONS



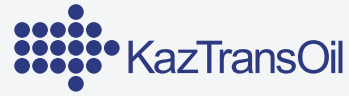
EXPORT VOLUMES OF KAZAKHSTANI OIL AND GAS CONDENSATE, MILLION TONS

Export direction	2020	2021	2022	Change, %
Oil pipeline "Atyrau — Samara"	13.5	11.2	8.4	-25
KCP oil pipeline	51.8	53.2	52.0	-2
Oil pipeline "Atasu — Alashankou"	0.6	0.9	1.26	40
Port of Aktau	2.1	2.1	2.27	8
Railway	0.5	0.2	0.4	100
Total	68.5	67.6	64.3	-5

* Approximately 1.0 million tons were delivered to Pavlodar Petrochemical Plant LLP (PPCR LLP) in transit through the territory of the Russian Federation along the Samara — TON-2 — Priirtyshsk — PPCR route.

** The volume of transportation amounted to 11.26 million tons, including transit deliveries to China in the amount of 10 million tons.





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Traditionally, almost all oil produced in Kazakhstan is exported through the territory of the Russian Federation. In 2022, about 98% of Kazakh oil exports were in transit through Russia via the CPC, Atyrau-Samara oil pipelines, through the port of Aktau, as well as by rail.

In 2022, in addition to the Russian direction, Kazakh oil was exported to China, Baku, the port of Batumi, as well as to Uzbekistan.

In connection with the completion in 2017 of the project to expand the capacity of the KCP oil pipeline, as well as the greatest economic attractiveness, almost all oil produced in the Republic of Kazakhstan from the Tengiz, Kashagan and Karachaganak fields is exported via the CPC. At the same time, in 2019, KCP shareholders decided to implement the KCP Oil Pipeline Debottlenecking Project to increase its capacity to 81.5 million tons per year, incl. at the Kazakhstan site up

to 72.5 million tons per year. In connection with the upcoming increase in oil production at the Tengiz and Kashagan fields, the increase in oil production in the Republic of Kazakhstan now and in the future, it is planned that the resources will be sent for export through the KCP oil pipelines.

In 2022, the export of Kazakh oil via the KCP route reached 52.0 million tons, accounting for more than 80% of the total export of Kazakh oil for the reporting year.



The Atyrau-Samara oil pipeline is the second largest export of Kazakh oil to the world market. Oil is delivered through the Atyrau-Samara oil pipeline and further through the Transneft system to the Baltic terminal of Ust-Luga and the Black Sea port of Novorossiysk. In 2022, 8.4 million tons of Kazakh oil were transported through the Atyrau-Samara oil

pipeline. The decrease in oil supplies via the Atyrau-Samara oil pipeline compared to 2021 is due to a general decrease in oil delivery to the system of main oil pipelines, the redistribution of supplies to the domestic market and to other directions, including in the reverse direction via the Kenkiyak-Atyrau oil pipeline and for export through the port of Aktau.

The volume of transportation of Kazakhstani oil through the Atasu-Alashankou oil pipeline in 2022 increased by 40% and amounted to 1.26 million tons, not including the transit of Russian crude oil, which amounted to 10 million tons.

52.0
MILLION TONS

Kazakhstani oil export via KCP oil pipeline in 2022

8.4
MILLION TONS

Kazakhstani oil export via "Atyrau — Samara" oil pipeline in 2022

1.26
MILLION TONS

Kazakhstani oil export via "Atasu — Alashankou" oil pipeline in 2022

Company performance in 2022

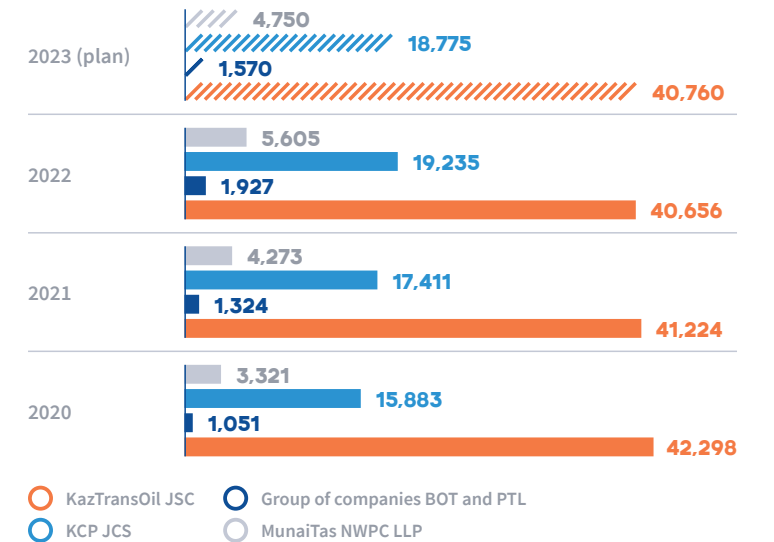
OIL TRANSPORTATION

Oil transportation is the main strategic activity of KazTransOil JSC and the key profit center of the Company, which ensures its stable operation.

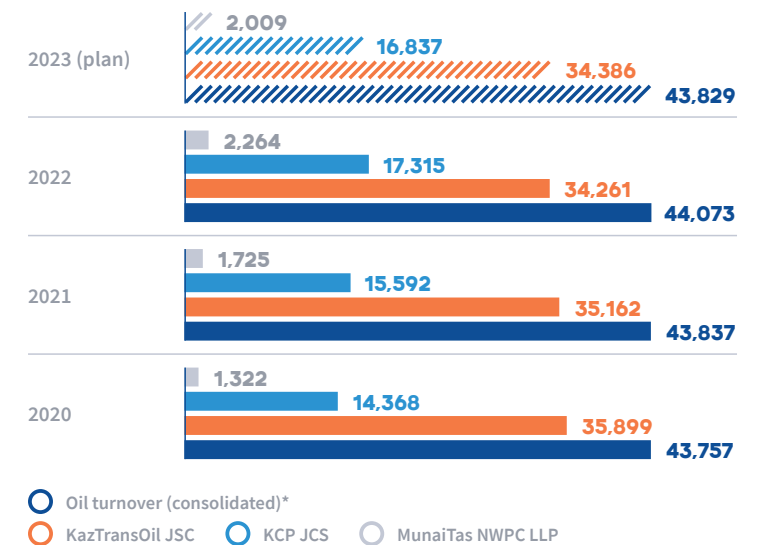
Oil is transported through the Company's oil trunk pipeline system in accordance with oil supply schedules approved by the Ministry of Energy of the Republic of Kazakhstan, in accordance with contracts concluded with consumers, in the following areas:

- supply of oil for export via the Atyrau — Samara oil pipeline (through the territory of the Russian Federation);
- supply of oil to the domestic market: to Atyrau Refinery LLP, PetroKazakhstan Oil Products LLP (PKOP LLP), Pavlodar Petrochemical Plant LLP (PPCP LLP) and CASPI BITUM LLP;
- shipment of oil to tankers in the port of Aktau;
- transshipment of oil to the system of CPC-K JSC, MunaiTas NWPC LLP and KCP LLP;
- loading oil into tank cars from the railway overpass of Shagyr OLS and PS named after T. Kasymov.

VOLUME OF OIL TRANSPORTATION, THOUSAND TONS



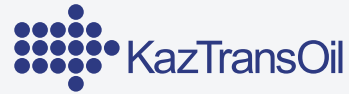
OIL TURNOVER, MILLION TONS-KM



Oil turnover (consolidated)*
KazTransOil JSC KCP JCS MunaiTas NWPC LLP

* Oil turnover is calculated taking into account the share of participation of KazTransOil JSC in jointly controlled organizations.





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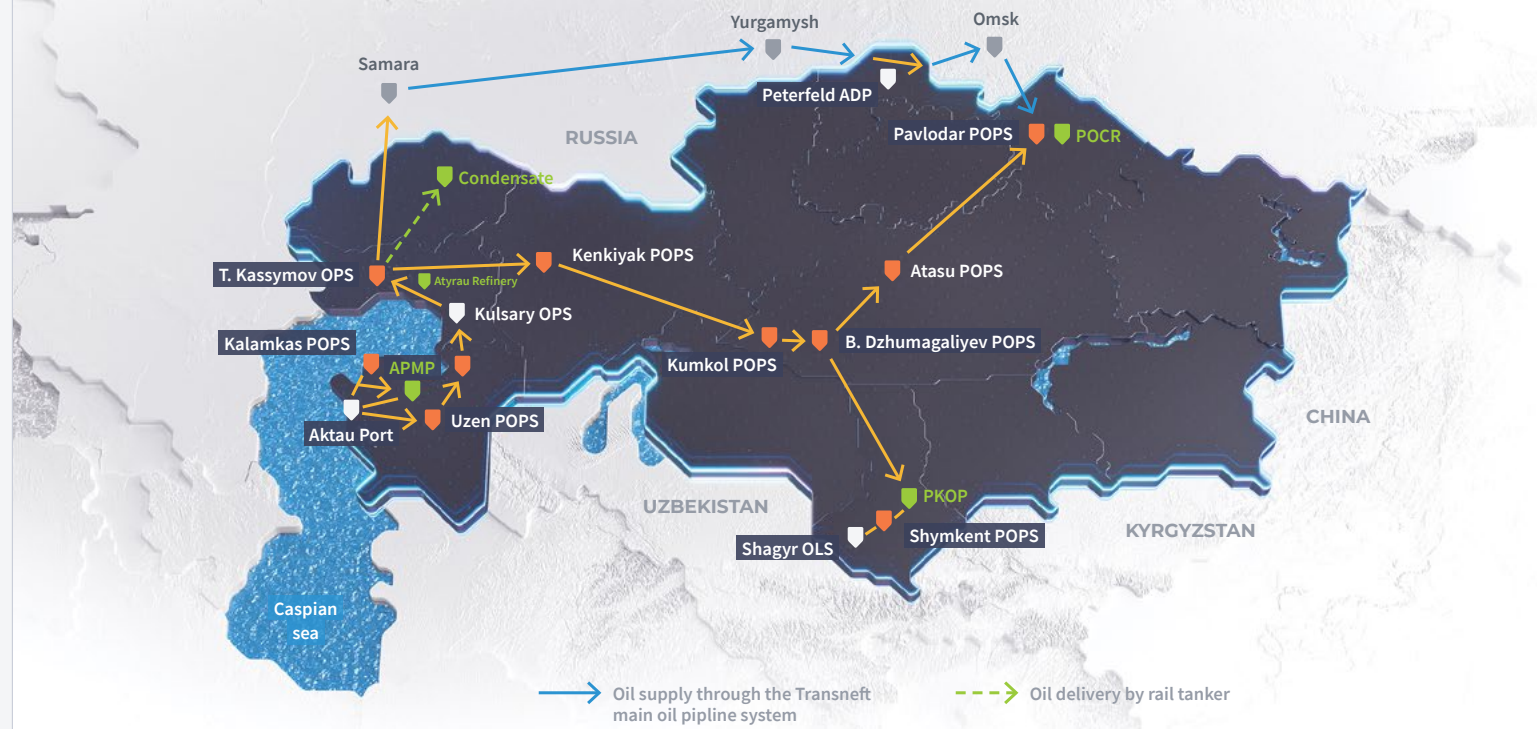
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OIL SUPPLIES TO REFINERIES DIRECTIONS



17,905
THOUS. TONS

volume of oil supply to refineries in the Republic of Kazakhstan in 2022

2,268
THOUS. TONS

oil shipment through the port of Aktau in 2022

29
THOUS. TONS

shipped from the overpass of the Shagyr OLS in the direction of the Republic of Uzbekistan in 2022

VOLUMES OF OIL TRANSPORTATION IN DIRECTIONS THROUGH THE SYSTEM OF MAIN OIL PIPELINES OF KAZTRANSOIL JSC, THOUSAND TONS

Direction	2020	2021	2022	2023 (plan)
To oil refineries				
Atyrau Refinery LLP	4,962	5,452	5,261	5,250
PKOP LLP	4,796	5,169	6,206	6,000
PNHZ LLP	4,998	5,389	5,517	5,300
CASPI BITUM LLP	854	929	922	1,000
Transit through the territory of the Russian Federation				
Oil pipeline "Atyrau — Samara"	14,478	12,173	9,438	9,352
Shipment through the port of Aktau				
Shipment to tankers in Aktau POPS	2,098	2,106	2,268	2,500
Transshipment of oil to pipeline companies				
KCP LLP (oil pipeline "Atasu — Alashankou")	10,550 (including transit 9,989)	10,957 (including transit 9,989)	11,251 (including transit 9,989)	11,082 (including transit 10,000)
CPC-K JSC (CPC oil pipeline)	502	490	1,146	1,523
MunaiTas NWPC LLP	2,980	3,954	5,310	4,434
KCP LLP (Kenkiyak-Kumkol oil pipeline)	5,227	6,274	8,102	7,695
Railway overpasses				
Railway overpass of PS named after T. Kasymov	123	51	96	120
Railway overpass Shagyr OLS	354	40	29	120

The decrease in the volume of oil transportation is associated with a general decrease in the delivery of oil by some consumers of services from the Kashagan field, as well as in connection with the natural decline in production and delivery of oil to the system of main oil pipelines of KazTransOil JSC (Ozenmunaigas JSC, JV Kazgermunai LLP, CNPS — Aktobemunaigas JSC).

In 2022, the volume of oil supplies to the refineries of the Republic of Kazakhstan increased by 5.7% and amounted to 17,905 thousand tons. The supply of oil for loading the refineries of the Republic of Kazakhstan is carried out on the basis of monthly approved schedules of the Ministry of Energy of the Republic of Kazakhstan.

The decrease in oil supplies via the Atyrau-Samara oil pipeline by 22.5% compared to 2021 is due to a general decrease in oil delivery to the system of main oil pipelines, the redistribution of supplies to the domestic market and to other directions, including in the reverse direction through the oil pipeline "Kenkiyak — Atyrau" and for export through the port of Aktau. The main directions of oil supply by Kazakh shippers through the territory of the Russian Federation for export are the port of Ust-Luga and the port of Novorossiysk.

In 2022, 2,268 thousand tons of oil were shipped through the port of Aktau, which is 7.7% more than in 2021. This increase is mainly due to the redistribution of the volumes of the Total E & P Dunga

GmbH branch in the Republic of Kazakhstan from the Atyrau-Samara direction. Oil was loaded into tankers in the port of Aktau for its further delivery in the direction of the ports of Makhachkala and Baku.

In 2022, the shipment of oil from the overpass of the Shagyr OLS in the direction of the Republic of Uzbekistan continued, which amounted to 29 thousand tons. Also, oil was shipped from the loading rack of the T. Kasymov PS for export and domestic delivery in the amount of 96 thousand tons.

The increase in oil transshipment volumes to the CPC-K JSC system compared to 2021 is due to the fact that in order to ensure safe and non-stop oil transportation, as well as to maintain the maximum technical capability of the Atyrau-Samara oil pipeline, the resources of Kashagan shippers were attracted.

KazTransOil JSC has implemented and effectively operates a quality management system with guidance for use that meets the requirements of ISO 9001:2015 "Quality Management System. Requirements", which is part of the IMS.

In order to continuously improve the quality of the services provided, in 2022 the Company conducted a survey to assess the satisfaction of consumers of oil transportation services. Based on the results of the survey, the overall satisfaction rate was 100%.

100%

customer satisfaction with the quality of operator services for 2022

PLANS FOR 2023 AND MEDIUM TERM

1. Ensuring the discharge of oil by Tengizchevroil LLP and loading it into tankers in the amount of 1.5 million tons per year along the Aktau — Baku — Tbilisi — Ceyhan route from the resources of Tengizchevroil LLP.
2. Ensuring the supply of oil through the Atyrau-Samara oil pipeline in the direction of Adamova Zastava ODP (in the direction of Germany) in the amount of up to 1.2 million tons.
3. As part of the optimal loading of the oil pipeline system of KazTransOil JSC, ensuring the transit of Russian oil in the direction of the Republic of Uzbekistan along the route Priirtyshsk ERP — Shagyr OLS in the amount of up to 300 thousand tons.



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OPERATION AND RELIABILITY

The Company is constantly working to ensure the trouble-free and safe operation of main pipelines and production facilities for the main and auxiliary purposes.

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

33%

decrease of the number of incidents at the Company's production facilities in 2022

The work in this area is supervised by the Operations Department.

WORKS TO ENSURE THE SAFETY OF PRODUCTION AND INCREASE THE EFFICIENCY OF PRODUCTION PROCESSES

1 Event
ORGANIZATION AND IMPLEMENTATION OF PLANS FOR ORGANIZATIONAL AND TECHNICAL MEASURES

RESULTS

40 events
| up preparation of objects of main oil pipelines for the spring-flood period

71 events
| to ensure the reliability of the main oil pipelines

47 events
| preparation of facilities of the Company's main oil pipelines for work in the autumn-winter period

2 Event
PROTECTION OF OBJECTS OF MAIN PIPELINES FROM CORROSION

RESULTS

Internal anti-corrosion coating applied to

10 tanks

3 Event
CARRYING OUT DIAGNOSTIC WORK

RESULTS

323.7 km
| in-line diagnostics of main pipelines using methods such as calibration, profilometry, as well as a method using an in-line magnetic and ultrasonic projectile

4 oil heating furnaces
| passed technical diagnostics and expert examination

31 reservoirs
| were inspected

12,213 linear meters
| of technological pipelines was inspected

4 Event
AIR AND AUTOMOBILE PATROLLING OF MAIN PIPELINES

RESULTS

5,373 km
| air and ground patrolling of main oil pipelines was carried out

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

RESULTS

37.3 km
| of new sections of oil pipelines were connected

6 Event
MONITORING THE INTEGRITY OF MAIN OIL PIPELINES

RESULTS

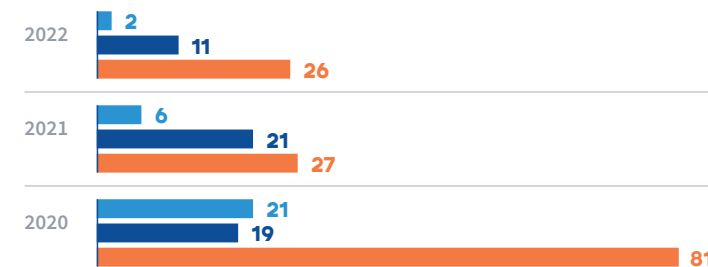
1,358 defects
| in pipes of main oil pipelines were eliminated

7 Event
TAKING MEASURES TO PREVENT ACCIDENTS

RESULTS

0 accidents
| recorded during the reporting period

INCIDENTS AT THE COMPANY'S PRODUCTION FACILITIES



- Malfunctions of mechanical, energy and technological equipment of the main activity
- Malfunctions of the equipment of the automation system of the main activity
- Malfunctions of equipment for industrial and technological communication of the main activity

PIPELINE STOCK AND PRODUCTION FACILITIES

The total length of the Company's main oil pipelines is 5,373.133 km.

Transportation of oil through main oil pipelines is provided by 36 oil pumping stations, 68 oil heating furnaces, and a tank farm for oil storage with a total volume of 1,386 thousand m³.

Oil transshipment is provided by five loading and unloading railway racks, appropriate equipment for loading oil into tankers, installed at three operating berths of the offshore oil loading terminal of the port of Aktau.

The power supply of oil pumping stations is carried out from 35-220 kV substations in the amount of 14 units and indoor switchgears ZRU-6-10 kV in the amount of 52 units.

216 units of the main pumping units, 848 units (without trailers) of motor vehicles are in operation.

For space heating in winter, 42 units of boiler houses with 89 hot water and 3 steam boilers are operated.

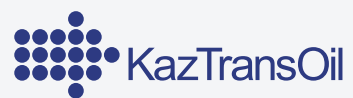


ZHEKAZGAN OIL PIPELINE ADMINISTRATION 30 YEARS

For KazTransOil the year 2022 was marked by anniversary dates: it is the 25th anniversary of the founding of the Company and the 30th anniversary of Zhezkazgan Oil Pipeline Administration.

30 years is not only a jubilee, it is a milestone which allows us to look back and remember the way we have travelled, and above all, it is an opportunity to analyse what has happened over a certain period of time. With the support of the primary trade union organisation, a gala evening was held in the Zhezkazgan Oil Pipeline Administration to celebrate Oil and Gas Workers Day and the 30th anniversary of the Zhezkazgan Oil Pipeline Administration, which brought together pensioners and management staff.





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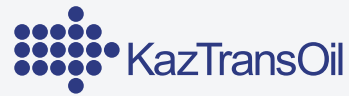
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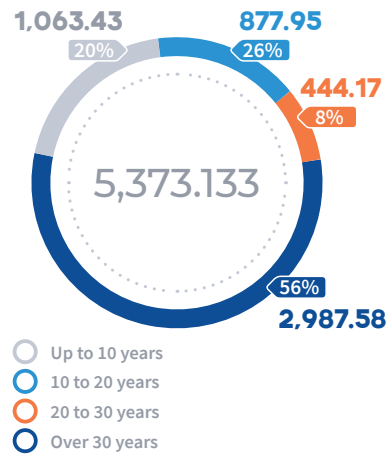
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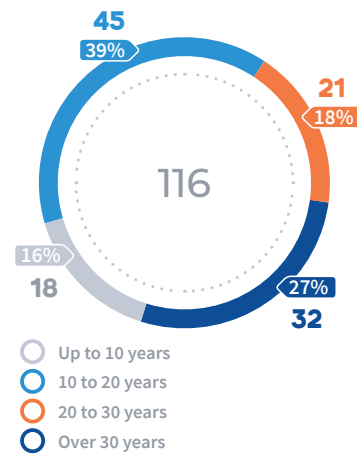
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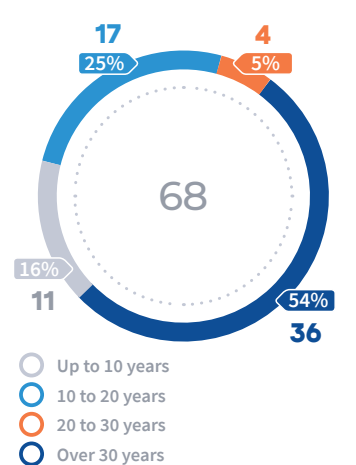
AGE STRUCTURE OF MAIN PIPELINES AS OF DECEMBER 31, 2022, KM



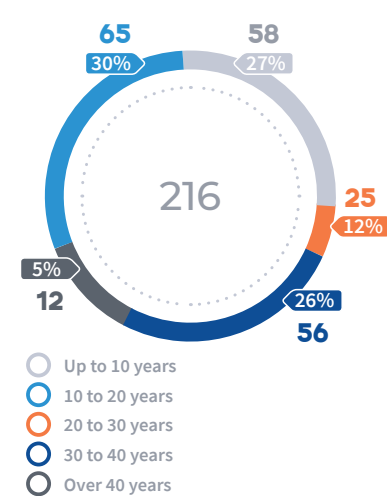
AGE STRUCTURE OF THE TANK FARM AS OF DECEMBER 31, 2022, UNITS



AGE STRUCTURE OF OIL HEATING FURNACES AS OF DECEMBER 31, 2022, UNITS



AGE STRUCTURE OF THE MAIN PUMPING EQUIPMENT AS OF DECEMBER 31, 2022, PCS.



THE MAIN SHARE IN THE AGE STRUCTURE OF MAIN OIL PIPELINES — 2,987.581 KM (55.6%) — ARE PIPELINES OVER 30 YEARS OLD.

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.

In order to maintain and improve the technical condition of the existing oil pipeline system in 2022, the Company made capital investments in the total amount of 43,760 million tenge, excluding VAT.

As part of the implementation of the capital investment plan, the Company carries out: construction, reconstruction and partial replacement of main oil pipelines; renewal of equipment and special equipment due to their wear and tear; staffing of working teams for the purpose of high-quality and timely carrying out of current maintenance and current repairs; routine work on diagnostics.

Overhaul of pipelines, construction, modernization and other related work can reduce the risk of downtime and emergencies, increase the safety level of oil trunk pipeline facilities, which will ensure reliable, trouble-free, safe and uninterrupted provision of oil transportation services in the future.

TOTAL AMOUNT OF CAPITAL INVESTMENTS, MILLION TENGE

Performance	2020	2021	2022	2023 (plan)*
Capital investments of KazTransOil JSC**, including:	49,715	61,263	43,760	143,229
- to new projects	78	325	171	85,518
- to maintain the current level of production	49,635	60,873	43,587	57,708
- administrative nature	3	65	2	3

* In accordance with the Business Plan of KazTransOil JSC for 2023–2027, approved by the decision of the Board of Directors of the Company dated December 9, 2022.

** The consolidated volume of capital investments of the Company and its subsidiaries is indicated).

The results on capital investments for 2022 show that the main resources of the Company were directed to maintain the current level of production. So, in 2022, 99% of the total capital investments were allocated for this area.

43,760
MILLION TENGE
capital investments in 2022

99%
of the total capital investments were allocated to maintain the current level of production

PLANS FOR 2023 AND MEDIUM TERM

- Preparation of objects of main oil pipelines for spring floods and for work in the autumn-winter period.
- Carrying out in-line diagnostics of 849 km of main pipelines.
- Elimination of 1,312 defects in the pipe of main oil pipelines and inspection of 29 units of tanks.
- Technical diagnostics and expert examination of 28 oil heating furnaces and examination of 9,832 running meters of process pipelines.
- Connection of 104.2 km of new sections of oil pipelines.



KAZTRANSOIL EMPLOYEE BECAME A PRIZE-WINNER IN THE "ENBEK ZHOLY" COMPETITION

Every year, the Ministry of Labor and Social Protection of the Republic of Kazakhstan holds the national competition "Yenbek Zholy" among labor dynasties and production workers. This year, 522 applications were submitted from all over Kazakhstan to participate in the categories "Best Labor Dynasty", "Best Mentor of Working Youth" and "Best Young Production Worker".

According to the results of the regional stage of the competition, Azamat Mashanov, a young specialist of the Mangistau Oil Pipeline Department, a mechanic of the Karazhanbas OPS, took 1st place in the category "Best Young Production Worker".



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Reconstruction of main oil pipelines with replacement of the main pipe in 2022

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 2022, the Company carried out the following overhaul activities:

- Replacement of the pipeline in sections 0–8 km and 18–20 km with a total length of 9.3 km and a diameter of 530 mm of the Martyshi-Ayrau main oil pipeline. The facility was put into operation on May 23, 2022.
- Replacement of the pipeline in the section 1502.4–1506.4 km with a total length of 4 km and a diameter of 820 mm of the Pavlodar-Shymkent main oil pipeline. The facility was put into operation on July 1, 2022.
- Reconstruction of the main oil pipeline “Pavlodar — Shymkent” in sections 539.2–540.4 km with a total length of 1.2 km and a diameter of 820 mm. The facility was put into operation on December 27, 2022.
- Replacement of the pipeline in the section 715–724.5 km with a total length of 9.5 km and a diameter of 820 mm of the Pavlodar-Shymkent main oil pipeline, with the construction of roadways along the section 715–724.5 km and culverts. The facility was put into operation on September 8, 2022.
- Replacement of the pipeline in the section 1191–1236 km with a total length of 45 km and a diameter of 720 mm of the Uzen — Atyrau — Samara main oil pipeline. The facility was put into operation on December 30, 2022.

PLANS FOR 2023 AND MEDIUM TERM

1. Reconstruction of the underwater crossing at 122 km and 148 km of the main oil pipeline “Pavlodar — Shymkent” through the channel named after K. Satpaev.
2. Replacement of the pipeline in sections 190–230 km, 244–267 km, 409–422.5 km with a total length of 76.5 km and a diameter of 1020 mm of the main oil pipeline “Uzen — Atyrau — Samara”. Duration of construction is 5 years.

ACTIONS TAKEN TO PROVIDE OPERATING SERVICES

Operator services of KazTransOil JSC are activities for the operation, including maintenance of oil trunk pipelines owned by third parties, as well as activities for the maintenance and repair of water conduits of the group of companies of NC KazMunayGas JSC. Operator services are one of the main areas of activity aimed at expanding the boundaries of servicing oil pipelines of third-party organizations.

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

The management of these types of activities in the Company is carried out by the Department of Operator Services (DOD), as well as the personnel of the West Operator Services Administration (WOSA) and the East Operator Services Administration (EOSA).

The Company provides operator services to the following organizations:

- KCP LLP;
- MunaiTas NWPC LLP;
- Karachaganak Petroleum Operating B.V. (KPO);
- Turgai Petroleum JSC;
- CPC-K LLP;
- Main Waterline LLP.

The total length of the serviced oil pipelines is 3,327.56 km, with the total staffing of the Company's personnel involved — 1,311 people, including preschool educational institutions — 21 people, WOSA — 635 people, EOSA — 655 people.

As part of the provision of operator services, 11 oil pumping stations, 3 oil heating furnaces, an oil storage tank farm with a total volume of 265.14 thousand m³, owned by third parties, are serviced.



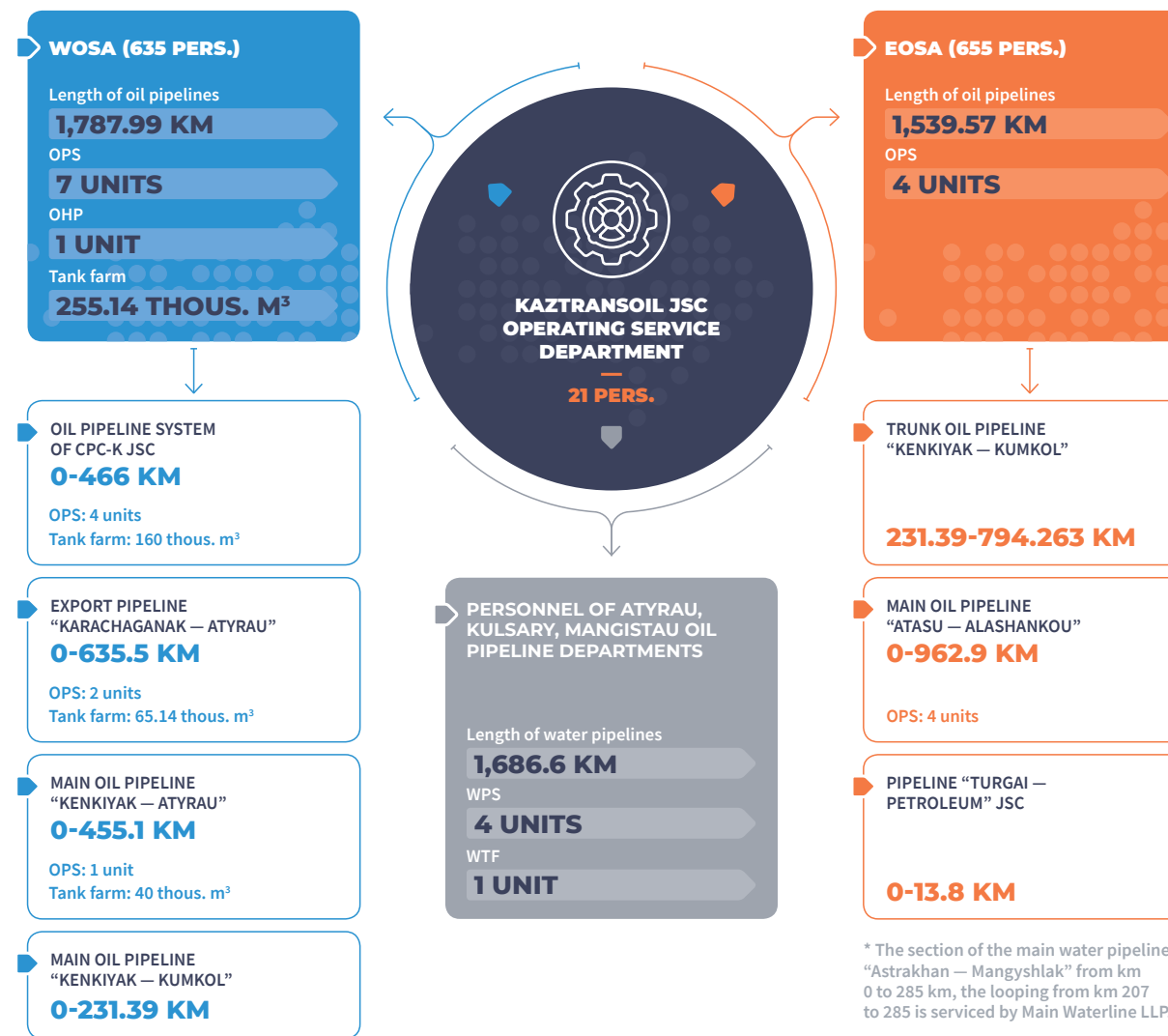
3,327.56 KM

the total length of the serviced oil pipelines

1,311 PERS.

total number of staff involved in the provision of operator services

ORGANIZATIONAL STRUCTURE OF OPERATOR ACTIVITIES



* The section of the main water pipeline “Astrakhan — Mangyshlak” from km 0 to 285 km, the looping from km 207 to 285 is serviced by Main Waterline LLP.





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Income from activities for the provision of operator services for 2022 increased by 32% compared to 2021 and amounted to 24,874 million tenge. The growth of indicators is observed for all projects due to the increase in the payroll fund for the Company's employees.

Consumers of the Company's operator services place high demands on the qualifications of personnel, the level of industrial safety and labor protection, as well as technical equipment. To ensure compliance with the requirements of consumers, the Company invests available free funds in the development of this area.

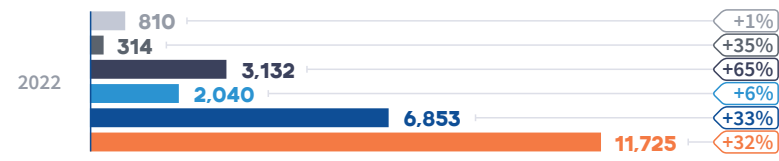
The Company continuously monitors compliance with the requirements in the field of industrial safety and labor protection when providing services to consumers. The main dispatching department of the OTCC Branch of KazTransOil JSC around the clock monitors the receipt of messages about violations and / or incidents at the serviced facilities.

THE COMPANY'S INCOME FROM ACTIVITIES FOR THE PROVISION OF OPERATOR SERVICES*, MILLION TENGE



* The data includes the amount of income from the provision of services by Main Waterline LLP.

THE COMPANY'S INCOME FROM ACTIVITIES FOR THE PROVISION OF OPERATOR SERVICES IN THE CONTEXT OF CONSUMERS, MILLION TENGE



- KCP LLP
- CPC-K JSC
- Turgai Petroleum JSC
- MunaiTas NWPC LLP
- Karachaganak Petroleum Operating B.V. CJSC
- Main Waterline LLP

29 DEFECTS

of oil trunk pipelines were eliminated by the operator services departments

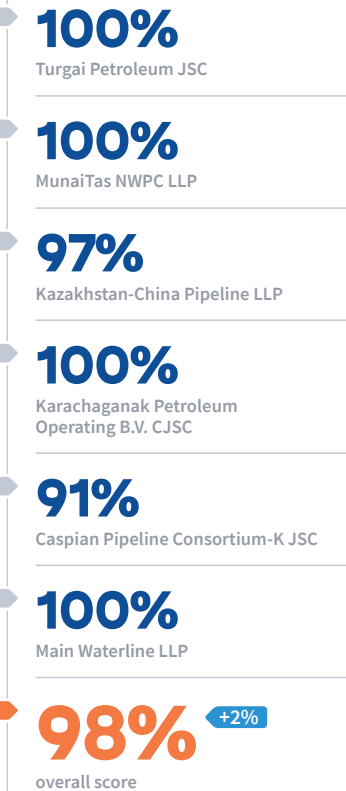
0 failures of the main equipment, emergency situations that led to environmental pollution during the reporting period

IN 2022, IN ORDER TO ENSURE THE RELIABILITY OF PRODUCTION FACILITIES OWNED BY THIRD-PARTY ORGANIZATIONS AND AS PART OF THE PREPARATION OF FACILITIES FOR OPERATION DURING THE AUTUMN-WINTER AND FLOOD PERIODS, 29 DEFECTS IN OIL TRUNK PIPELINES WERE ELIMINATED BY THE OPERATOR SERVICES DEPARTMENTS, INCLUDING:

- 3** defects on the oil pipeline "Tengiz – Novorossiysk"
- 20** defects on the oil pipeline "Kenkiyak – Kumkol"
- 6** defects on the oil pipeline "Atasu – Alashankou"

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

IN 2022, A CONSUMER SURVEY WAS CONDUCTED TO ASSESS THE QUALITY LEVEL OF THE PROVISION OF OPERATOR SERVICES IN ACCORDANCE WITH THE REQUIREMENTS OF ISO 9001:2015. ACCORDING TO THE RESULTS OF THE SURVEY, THE OVERALL ASSESSMENT WAS 98%, WHICH IS 2% HIGHER THAN THE LEVEL OF 2021.



Based on the results of the analysis of the questionnaire submitted by CPC-K JSC for 2021, the Company took measures to increase competence, improve the quality of maintenance and staff skills. During 2022, the Company repeatedly conducted training for specialists involved in servicing the CPC oil pipeline system in external training centers, monthly emergency response training was carried out in order to improve the practical skills of the Company's employees in emergency response. The result of the work carried out is letters of thanks received from CPC-K JSC, as well as an increase in the satisfaction rating from 77% in 2021 to 91% in 2022.

This year, oil pipeline owners reimbursed the Company's expenses aimed at preventing the spread of COVID-19 for 2020–2021, as well as the costs associated with increasing wage growth for all employees of the Company as part of the Decree of the Government of the Republic of Kazakhstan on increasing the income of the population of the country and the transition of the Company along with other subsidiaries and affiliates of the NC KazMunay-Gas JSC group of companies for a new wage system.

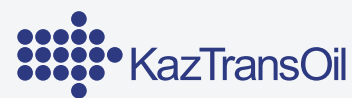
As part of the tasks to improve the quality of services for the operation and maintenance of trunk oil pipelines and water lines of third parties, the Company achieved the following goals in 2022:

- ensured trouble-free provision of operator services;
- a high level of consumer satisfaction with operator services was ensured (98% was achieved in the reporting year against the plan of 97%);
- within the free funds of the budget for 2022, the vehicle fleet and emergency repair equipment were updated in order to improve the processes of maintenance and repair of equipment;
- measures were taken to increase the profitability of the services provided for the operation of oil pipelines owned by third parties;
- between the Company and Kazakhstan-China Pipeline LLP, MunaiTas NWPC LLP signed long-term contracts for operation for 2022–2024;
- between the Company and Karachaganak Petroleum Operating B.V. CJSC Addendum No. 06 dated September 26, 2022 to the contract for the provision of services for the operation and maintenance of the Karachaganak — Atyrau transport system was concluded.

PLANS FOR 2023 AND MEDIUM TERM

As part of ensuring satisfaction with the services for the operation and maintenance of oil trunk pipelines and water lines of third parties, the Company continues to set the following goals and objectives:

- trouble-free provision of operator services;
- consumer satisfaction index with operator services — at least 96%;
- ensuring the profitability of the services provided for the operation of oil pipelines owned by third parties;
- technical re-equipment and equipping with modern equipment for high-quality and timely repair of main oil pipelines;
- prolongation of the existing contract for the maintenance of CPC-K JSC facilities, ensuring an increase in profitability from the provision of services until the end of 2023 and the conclusion of a new contract for the maintenance of CPC-K JSC facilities from 2024;
- conclusion of a new contract for the provision of services for the operation and maintenance of the Karachaganak-Atyrau transport system or the extension of an existing contract to ensure an increase in profitability from the provision of services.



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Investment activities

KAZTRANSOIL JSC IS IMPLEMENTING A NUMBER OF IMPORTANT INVESTMENT PROJECTS AIMED AT CREATING A DIVERSIFIED, RELIABLE AND SAFE PIPELINE SYSTEM. IN 2022, THE IMPLEMENTATION OF PRIORITY PROJECTS FOR THE EXPANSION AND RECONSTRUCTION OF THE OIL AND WATER PIPELINE SYSTEM 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 decides on the approval of projects in accordance with the Rules for Consideration and Monitoring of Investment Projects of KazTransOil JSC and its subsidiaries and jointly controlled organizations.

IMPLEMENTATION OF INVESTMENT PROJECTS IN 2022

Expansion of the oil pipeline “Kazakhstan-China”

One of the largest and 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 trunk oil pipeline system.

The project involves a phased increase in the throughput capacity of the oil pipeline in all sections as the volume of transportation to the domestic market and for export to China increases through the construction of new and reconstruction of existing oil pumping stations, as well as the replacement of the oil pipeline in the relevant sections.

As part of the first stage, in 2006, the Atasu-Alashankou oil pipeline with a length of 965.1 km was built and put into operation.

In 2009, the Kenkiyak-Kumkol oil pipeline with a length of 794.26 km was put into operation.

The project participants are KazTransOil JSC, MunaiTas NWPC LLP and KCP LLT, each of which acts as the owner of the corresponding section of the Kazakhstan-China oil pipeline. Financing is carried out at the expense of the project participants' own funds.

The Company, together with MunaiTas NWPC LLP, is implementing the investment project “The first stage of the reverse of the section of the Kenkiyak-Atyrau oil pipeline with a capacity of up to 6 million tons per year” within the framework of the project “The second stage of the second stage of the construction of the Kazakhstan-China oil pipeline”. Increasing productivity up to 20 million tons of oil per year.

The purpose of the project is to ensure the technical possibility of supplying West Kazakhstan oil to Pavlodar Petrochemical Plant LLP and PetroKazakhstan Oil Products LLP as part of ensuring the energy security of the Republic of Kazakhstan, as well as increasing export capacity.

As part of the Kenkiyak-Atyrau oil pipeline reverse project, the following work was performed in 2021-2022:

- technological facilities of PS Aman were put into operation;
- heating furnaces were put into operation;
- objects of the supply gas pipeline to the heating furnaces were put into operation.

In connection with the completion of work on technological facilities, it is possible to transport oil in reverse mode. Thus, the main goal of the project was achieved.

In total, the project disbursed 29,058 million tenge, of which 1,095 million tenge in 2022.

Reconstruction and expansion of the water pipeline “Astrakhan — Mangyshlak” 1st stage”

In order to increase the capacity of the main water pipeline “Astrakhan — Mangyshlak” and upgrade worn-out equipment to meet the existing deficit, as well as taking into account the prospective growth in the volume of water consumption in Atyrau and Mangystau regions, the project “Reconstruction and expansion of the main water pipeline” Astrakhan — Mangyshlak “(1st stage) is being implemented”.

The project is socially significant and is being 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 Socio-Economic Development of Atyrau and Mangystau Regions for 2021-2025. The initiator of the project is Main Water Supply LLP.

As part of the implementation of the first stage of the project, it is planned to build a second line of the water conduit with a length of 151 km and bypass the village of Beineu with a length of 25 km. 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 Mangystau regions. In 2022, Main Waterline LLP started the implementation of the project. Borrowed funds are the source of financing.





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Construction of a water conduit for the Kashagan unit

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 building a water pipeline from the Astrakhan-Mangyshlak main water pipeline to the associated gas processing plant at the Kashagan field, Main Water Supply LLP initiated the construction the corresponding conduit.

The choice of the location of the water conduit 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.

It is planned to connect the projected water conduit at 335 km of the main water conduit "Astrakhan — Mangyshlak". The length of the conduit will be 25.15 km.

In 2022, the development of a working draft was completed. On August 24, 2022, a positive conclusion was received from the State Expertise RSE.

PLANS FOR 2023 AND MEDIUM TERM

1. Completion of the project "Reconstruction and expansion of the main water pipeline "Astrakhan — Mangyshlak" 1 stage".
2. Completion of the construction of the water conduit of the Kashagan unit.

25.15

KM

the length of the conduit under the project "Construction of the water conduit of the Kashagan CGTP"



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Digitalization and automation of processes

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.

DIGITALIZATION GOALS AND AREAS

The main documents that determine the area of development of digitalization and automation of the Company's processes are: the Digitalization Concept of KazTransOil JSC and the Program for the Development of Digital Technologies of KazTransOil JSC, including the Project Roadmap.

The implementation of projects in this area is carried out by the relevant departments: the Department of Information Technology, the Department of Telecommunications, APCS and MO together with the Department of Corporate Security.

Since 2018, the Company has been implementing the Concept of Digitalization, which determines the main directions for improving the activities of KazTransOil JSC through the introduction of modern digital technologies and the deployment of an effective information and communication infrastructure.

To implement the Concept, two key goals and nine key areas of development were identified.

THE CONCEPT OF DIGITALIZATION OF KAZTRANSOIL JSC

GOALS IN THE FIELD OF DIGITALIZATION

- 1 EFFICIENT PROCESS MANAGEMENT AND COMPLIANCE WITH THE GLOBAL PACE OF DEVELOPMENT THROUGH THE USE OF DIGITAL TECHNOLOGIES
- 2 IMPROVING THE LEVEL OF SAFETY AND LABOR PROTECTION THROUGH THE INTRODUCTION OF THE BEST WORLD PRACTICES AND INITIATIVES

DEVELOPMENT VECTORS

- 1 ENSURING THE RELIABILITY OF THE EXISTING INFRASTRUCTURE
- 2 IMPLEMENTATION OF INNOVATIONS



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THE MAIN AREAS OF DIGITALIZATION



IMPLEMENTATION OF A PERIMETER VIDEO SURVEILLANCE SYSTEM AND AN ACCESS CONTROL SYSTEM AT THE COMPANY'S PRODUCTION FACILITIES

The main goal of the project is the creation 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 allows you to streamline the access control mode at the facilities using technical access devices, such as a turnstile with a system reader, barriers and readers with electromechanical locks.

In 2022, the Company implemented perimeter video surveillance systems and access control systems at two production facilities: PS Beyneu and PS Shagyr.

IMPLEMENTATION OF INDUSTRIAL AND TECHNOLOGICAL COMMUNICATION PROJECTS

In 2022, in order 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:

- completed the 2nd stage of the project for the retrofitting of the automation system for the technical accounting of the equipment of station and linear facilities for industrial and technological communications;
- the first part of the project was implemented to modernize the dispatching, operational and technological communications at the Atyrau Oil Pipeline Administration (the project is planned to be fully completed in 2023);

- reconstruction of the communication system of the points of control and management of the Atyrau and Kulsary oil pipeline departments;
- providing a full coverage area with stable radio communications along the main oil pipelines of the Karaganda, Pavlodar and Mangystau oil pipeline departments;
- supply and installation of network security devices in the Pavlodar oil pipeline department, the branch of the RDC Branch of KazTransOil JSC and the central office of the Company.

The implemented projects make it possible to increase the battery life of the equipment from 4 hours to 36 hours (in the event of a power outage), expand the radio coverage of mobile radio stations up to 100% and reduce the risk of downtime and emergencies on the Company's production and technological network.

PLANS FOR 2023 AND MEDIUM TERM

1. Reconstruction of the automatic fire alarm system and electrical fire extinguishing control at nine production facilities of the Company.
2. Implementation of a video surveillance system and an access control system at nine production facilities of the Company.
3. Ensuring high-quality and uninterrupted operation of production and technological communications for the management of the Company's main pipelines.



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CORPORATE SECURITY SYSTEM MANAGEMENT

KAZTRANSOIL JSC IS AWARE OF THE STRATEGIC IMPORTANCE OF THE SYSTEM OF MAIN OIL PIPELINES, WHICH PROVIDES RAW MATERIALS FOR REFINERIES IN KAZAKHSTAN AND OIL EXPORT ROUTES. THESE CIRCUMSTANCES PLACE HIGH DEMANDS ON ISSUES RELATED TO CORPORATE SECURITY AND ASSET PROTECTION. FOR THIS PURPOSE, PERMANENT PROTECTION OF THE MAIN PIPELINE AND ROUND-THE-CLOCK MONITORING OF OIL LEAK DETECTION SYSTEMS AND OIL PIPELINE PROTECTION SYSTEMS WERE ORGANIZED.

Corporate security issues are managed by the Corporate Security Department. Detection of illegal actions and intrusions into the protected zone of the pipeline is carried out at the level of the central office, as well as in the process of interaction of all CSOs, including mobile security teams and emergency services of KazTransOil JSC.

The company is actively implementing measures to introduce engineering and technical security equipment in accordance with the Plan for equipping the facilities of KazTransOil JSC with engineering and technical security equipment for 2023-2027, developed taking into account the norms of the Law of the Republic of Kazakhstan "On countering terrorism". According to this Plan, a security perimeter alarm and video surveillance system is being implemented at the Company's production and technological facilities.

PARTICIPANTS IN THE COMPANY'S ASSET SECURITY SYSTEM



Implementation of a security perimeter alarm system and video surveillance

In order to detect unauthorized tie-ins, the linear part of the main pipeline is equipped with pipeline protection and leak detection systems.

THUS, IN 2022, WORK WAS CARRIED OUT TO RECONSTRUCT THE PROTECTION SYSTEM FOR THE OIL PIPELINES OF THE ZHANAZHOL — KENKIYAK OIL PIPELINE AND THE ALIBEKMOLA — KENKIYAK OIL PIPELINE.

The system of protection of main oil pipelines performs automated monitoring of linear objects of pipelines in real time, with an alarm in case of detection of unauthorized tie-ins in the security zone of the oil pipeline.

Also in 2022, an access control and management system was introduced at PS Beyneu, Shagyr OLS, work began at PS named after A. Kultumieva, OPS "Northern Buzachi", OPS "Bolshoy Chagan", which made it possible to streamline the access control regime at the facilities using technical access devices, such as a turnstile with a system reader, barriers and readers with electromechanical locks.

During the year, the Company interacted with authorized bodies on countering terrorist threats, theft of oil and inventory, and activities related to the investigation of criminal cases and litigation, as well as conducting joint exercises.

In addition, the Company regularly conducts training and preventive security measures, as well as training sessions involving employees of production facilities in order to simulate situations related to the implementation of alleged threats.

RESULTS OF COOPERATION IN SECURITY FIELD

KazTransOil JSC actively cooperates with the territorial bodies of internal affairs and security organization — "KMG-Security" LLP. Memorandums have been signed between the companies, according to which the parties promptly exchange relevant information, jointly develop a strategy for combating crimes at facilities, form proposals for improving legislation on the protection of main oil pipelines.

In order to reduce the number of illegal actions, in 2022 the Company, together with law enforcement agencies and national security agencies, continued to work to accompany the revealed facts of criminal encroachments at the Company's facilities in order to initiate criminal cases, accompany them to trial and further compliance of the sentences against criminals.

As part of the joint work of the parties at the facilities of KazTransOil JSC, surveys, 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, communications and alerts of the Company were carried out.

As a result of the aforementioned cooperation, in 2022, there were no unauthorized taps into the main oil pipelines of KazTransOil JSC.

PLANS FOR 2023 AND MEDIUM TERM

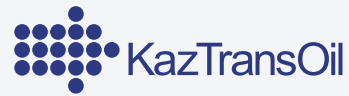
1. Completion of the implementation of the perimeter video surveillance system and the access control and management system at the OPS im. A. Kultumieva, Northern Buzachi OPS, Bolshoi Chagan OPS, as well

as the introduction of these systems at the Alibekmola HOPS, Karmanovo OHS, Martyshi OPS, Inder OPS, Makat OPS, Sakharny OHS.

2. Interaction with authorized bodies on countering terrorist threats, theft

of oil and inventory items, as well as on activities related to the investigation of criminal cases and litigation, conducting joint exercises.





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Information Security

INFORMATION SECURITY SYSTEM MANAGEMENT

THE INFORMATION SECURITY OF THE COMPANY IS ONE OF THE IMPORTANT FACTORS IN ENSURING THE SUSTAINABLE FUNCTIONING OF KAZTRANSOIL JSC IN THE CONTEXT OF DIGITALIZATION AND THE DEVELOPMENT OF INFORMATION TECHNOLOGIES.

KazTransOil JSC has an Information Security Management System (ISMS). The ISMS is organized in accordance with the requirements of the legislation of the Republic of Kazakhstan and the international standard ISO/IEC 27001:2013.

To effectively manage information security, the Company performs an assessment of information security risks on a quarterly basis. In 2022, there were no cases of high and medium severity incidents that had or could have a significant impact on business continuity.

The Company also conducted a scheduled audit for compliance with the requirements of the international standard ISO/IEC 27001:2013 of the information security management system. The audit was carried out by the international certification body "TÜV AUSTRIA Standards and Compliance".

As a result of the audit, the Company confirmed compliance with the requirements of the international standard ISO/IEC 27001:2013 of the information security management system, and also expanded the scope of certification in relation to the maintenance process of the APCS hardware and software complex.

IN ACCORDANCE WITH THE ANNUAL ISMS IMPROVEMENT PLAN, KAZTRANSOIL JSC IMPLEMENTS A NUMBER OF MEASURES TO MANAGE INFORMATION SECURITY ISSUES TO ENSURE THE PROPER LEVEL OF INFORMATION SECURITY, WHICH IN PARTICULAR INCLUDES:

- 1 conducting a quarterly risk assessment related to information security and developing risk management measures;
- 2 conducting supervisory audits of the ISMS for compliance with international requirements;
- 3 conducting internal audits in the CAP for compliance with corporate regulations and approaches;
- 4 providing protection against virus threats based on the best world practices and technologies;
- 5 development of information security culture among the Company's personnel.

In 2022, the planned activities of the Roadmap to increase the level of security of applications and systems of KazTransOil JSC from cyber risks for 2021–2025 were implemented within the approved budget for 2022.

DEVELOPMENT OF INFORMATION SECURITY IN THE COMPANY

In 2022, projects were implemented to additionally equip the Company's facilities with network security tools based on NGFW-class solutions, the user account management system in information systems was upgraded, and a system for detecting and responding to targeted attacks on the Company's IT infrastructure is being phased in.

The implementation of these projects complemented the complex of software and hardware solutions aimed at reducing the likelihood of information security incidents.

In 2022, the Company entered into agreements with leading companies in the field of cyber security to conduct

pilot tests of advanced systems for detecting cyber incidents and ensuring the protection of industrial control systems. Based on the results of the pilot tests, reports were generated for further analysis and consideration of the possibility of introducing new software and hardware solutions for information security.

PLANS FOR 2023 AND MEDIUM TERM

The Company intends to continue to work on improving the information security management system in the OSB and SJCEs, improving the quality of monitoring and responding to information security incidents. The following events are planned for 2023:

1. Implementation of measures to update internal regulatory documents, taking into account the changing requirements of external and internal stakeholders.
2. Study and application of advanced methods and technologies to ensure information security.
3. Improving the quality of processing information security events by acquiring the service of an operational information security center.





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R&D and innovation and technical development

KAZTRANSOIL JSC IN ITS OIL TRANSPORTATION ACTIVITIES FACES SPECIAL TECHNOLOGICAL CHARACTERISTICS, WHICH IMPLIES A SCIENTIFIC AND TECHNICAL APPROACH AND SCIENCE-BASED SOLUTIONS.

This specificity of the work is aimed at developing recommendations for the subsequent implementation of modern technical solutions, new equipment and technologies aimed at optimizing / modernizing existing technological processes (operating oil heating furnaces, pumping units, oil pipeline facilities security systems, etc.).

To solve urgent problems in the field of scientific and innovative technological development, the Program for R&D and the implementation of innovative projects on new machinery, equipment and innovative technologies for 2021–2025 (R&D Program) is being implemented on an ongoing basis.

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.

OBJECTIVES OF THE R&D PROGRAM

1

Improving the reliability of the main pipeline system

2

Development of automation systems, improving the safety of facilities

3

Reduce costs and improve operating cost efficiency

4

Implementation of energy and resource saving technologies

R&D AND ENGINEERING RESULTS IN 2022

In accordance with the approved R&D Program for 2022, the following research works were carried out:

- 1 Study of innovative methods for diagnosing technological pipelines of oil pumping stations by the method of long-wave ultrasonic flaw detection (LRUT) in comparison with the methods of EMAT-IFSE, SRUT, SCT, ultrasonic testing.
- 2 Conducting pilot tests of Zinga anti-corrosion coating in laboratory and field conditions.
- 3 Study of rheological/physico-chemical parameters and forecasting of viscosity-temperature parameters of oil mixtures flow during joint transportation of various types of oil along the Company's oil pipeline routes.
- 4 Corrosion monitoring of the Company's main oil pipelines.
- 5 Study of the technical condition, mechanical and physico-chemical properties of the pipe fragment metal and approbation of the use of the obtained parameters for calculating the residual life of the pipeline.

In total, within the framework of R&D, 15 planned studies, 1 innovative project and 10 additional works were carried out, all of which were 100% completed.

DEVELOPMENT AND APPROVAL OF STANDARDS

In 2022, in accordance with the Plan of KazTransOil JSC for the development/ updating of standards for 2022, 7 standards of the Company were developed:

- 1 Changes to the standard Main oil pipelines. Conservation of the linear part.
- 2 Changes to the standard Main oil pipelines. Specifications for the manufacture and installation of couplings with technological rings (type P2, P5, P5U), branch pipes with an elliptical bottom and a reinforcing lining (type P7).
- 3 Changes to the standard Information and computer technology and organizational technology. Consumption rates of spare parts and materials for maintenance and repair.
- 4 Changes to the standard Main oil pipelines. Equipment and facilities for oil pumping stations. Operation, maintenance and repair.
- 5 Standard Main oil pipelines. Cleaning the internal cavity (standard revised).
- 6 Changes to the standard Maintenance, maintenance and overhaul of motor vehicles, tractors and special equipment. Consumption rates of spare parts and materials.
- 7 Standard "Unified standard color schemes for painting objects and equipment of main pipelines" (the standard has been developed).



15 STUDIES

1 INNOVATIVE PROJECT

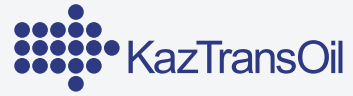
10 ADDITIONAL WORKS

carried out and 100% completed as part of R&D

PLANS FOR 2023 AND MEDIUM TERM

1. Implementation of activities under the R&D Program for 2023-2027 in 2023.
2. Implementation of the Plan for the development/ updating of the Company's standards for 2023.
3. Implementation of measures for rationalization activities of the Company.





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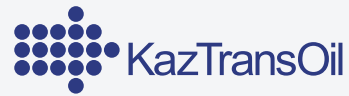
KAZTRANSOIL JSC PERFORMANCE OVER 25 YEARS

519,100 MILLION TENGE

TAX PAYMENTS

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Sustainable development management

IN RECENT YEARS, AS GLOBAL AWARENESS OF THE IMPORTANCE OF ESG ISSUES HAS GROWN, THE SUSTAINABILITY AGENDA HAS RAPIDLY GAINED RELEVANCE. WE ARE PROUD TO SAY THAT KAZTRANSOIL JSC HAS BEEN PAYING ATTENTION TO SUSTAINABLE DEVELOPMENT ISSUES AND HAS BEEN PUBLISHING NON-FINANCIAL REPORTS FOR MORE THAN A DECADE, DISCLOSING INFORMATION ON THE MANAGEMENT OF ENVIRONMENTAL AND SOCIAL ASPECTS OF ITS ACTIVITIES ANNUALLY AS PART OF ITS ANNUAL REPORTS.

Thanks to the active and concerted efforts of the Company's business units to develop ESG practices, the Company has achieved significant results, which are detailed in the pages of this section. In 2022, in addition to the mandatory ongoing work in each of the areas of sustainable development, the Company has done a great deal to ensure the social wellbeing and comfort of our employees. KazTransOil JSC does not plan to stop there: this section presents KazTransOil JSC's ambitious plans for 2023, aimed at further developing our responsible business practices and approaches.



MANAGEMENT APPROACH

GRI 2-12, GRI 2-13, GRI 2-14

KazTransOil JSC pays special attention to sustainable development in its activities. Improvement of corporate governance and sustainable development is an integral part of the Company's development strategy until 2028.

The Company formulated a mission in the field of sustainable development, which is to make a positive contribution to the socio-economic development of the regions in which it operates, in accordance with the principles of environmental and social responsibility, so as to meet the needs of the present and preserve and increase the opportunities of future generations. In order to achieve this goal, KazTransOil JSC continuously works to improve its practices in the field of sustainable development, following six basic principles.

SUSTAINABLE DEVELOPMENT PRINCIPLES OF KAZTRANSOIL JSC

- 1 Ensuring effective and uninterrupted business
- 2 Minimising adverse environmental impacts
- 3 Rational and effective use of natural resources
- 4 Professional development and social assistance
- 5 Ensuring occupational safety
- 6 Production assets management

The Company's key sustainability principles are reflected in key ESG policies and documents:

- Quality policy of KazTransOil JSC;
- Policy of KazTransOil JSC in the fields of health, labor and environmental protection;
- Anti-corruption policy of KazTransOil JSC;
- Dividend policy of KazTransOil JSC;
- Environmental policy of KazTransOil JSC;
- Personnel policy of KazTransOil JSC for 2021–2025;
- Energy policy of KazTransOil JSC;
- Code of corporate governance;
- Code of business ethics of KazTransOil JSC;
- Social responsibility code of KazTransOil JSC;
- KazTransOil JSC's health and safety code "Golden Rules";
- Conflict of interest resolution policy for KazTransOil JSC officials and employees;
- 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;
- Collective agreement between KazTransOil JSC and employees KazTransOil JSC (Collective Bargaining Agreement);
- Communications Plan KazTransOil JSC.

The Board of Directors and the Executive Committee are actively involved in the management of sustainability issues. The Board regularly reviews issues related to the Company's ESG activities. The Strategic Planning, Safety and Environment Committee supports the implementation of sustainable development principles. Members of the Board of Directors are involved in the consideration of sustainability issues.

Sustainability issues are managed at all organisational levels of the Company's management. Individual issues are managed by the relevant departments at head office level and at SBU level — services and departments responsible for specific areas of sustainable development, such as human resources, occupational health and safety and environmental protection. The work of the services and departments is coordinated and reconciled through direct interaction with the Company's head office.

International standards with which KazTransOil JSC complies in its sustainable development activities:

- 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 2022, THE COMPANY PERFORMED CERTIFICATION AUDITS BY INDEPENDENT BODIES TO CONFIRM COMPLIANCE WITH INTERNATIONAL STANDARDS AND TO RENEW INTERNATIONAL CERTIFICATES FOR A NEW THREE-YEAR PERIOD.



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Sustainable Development Model

STAKEHOLDERS

- Major Shareholder
- Minority Shareholders
- Members of the Board of Directors
- Financial Organisations and Rating Agencies
- State Authorities and Influential Organisations
- Service Customers and Partners
- Personnel
- SJCE
- Suppliers
- General Public (local community, public organisations and mass media)
- Competitors

SUSTAINABLE DEVELOPMENT PRINCIPLES



SUPPORT AND COMMITMENT TO UN INITIATIVES



COMPLIANCE TO INTERNATIONAL STANDARDS

GRI ISO AccountAbility

COMPLIANCE WITH THE MAIN CORPORATE STANDARDS

- Policy of KazTransOil JSC in the fields of health and safety;
- Environmental policy of KazTransOil JSC;
- Personnel policy of KazTransOil JSC;
- Anti-corruption policy of KazTransOil JSC;
- Energy policy of KazTransOil JSC;
- Social responsibility code of KazTransOil JSC;
- Code of business ethics of KazTransOil JSC.

STRATEGIC INITIATIVES, RESULTS AS OF 2022

DEVELOPING AN ENERGY SAVING SYSTEM AND IMPROVING ENERGY EFFICIENCY

- 5.8% decrease in the consumption of fuel and energy resources
- 4.49 TOE / million tons-km energy intensity of oil transportation
- 7.9% the decrease in natural gas consumption
- An external audit confirmed the compliance of the Company's IMS with the requirements **ISO 50001:2018**

REDUCTION OF OCCUPATIONAL INJURIES

- 4.9 billion tenge investments in occupational health and safety
- 5,586 employees were trained on the issue of industrial safety
- 0 occupational accidents
- 1,875 "KORGAU" cards
- 0 LTIR
- An external audit confirmed the compliance of the Company's IMS with the requirements **ISO 45001:2018**

REDUCING THE NEGATIVE IMPACT ON THE ENVIRONMENT

- 1.4 billion tenge the volume of investments in environmental protection measures
- 12% reduction in nitrogen oxides (NO_x) emissions
- 3.5 ha contaminated land were restored
- 16.3% reduction in water consumption
- 76% reduction of total waste generation
- 0 accidents resulting in environmental damage during oil transportation

IMPROVEMENT OF THE EVALUATION SYSTEM AND PERSONNEL DEVELOPMENT

- 746 million tenge personnel training investments
- 5,300 employees trained and retrained at the Training Centre



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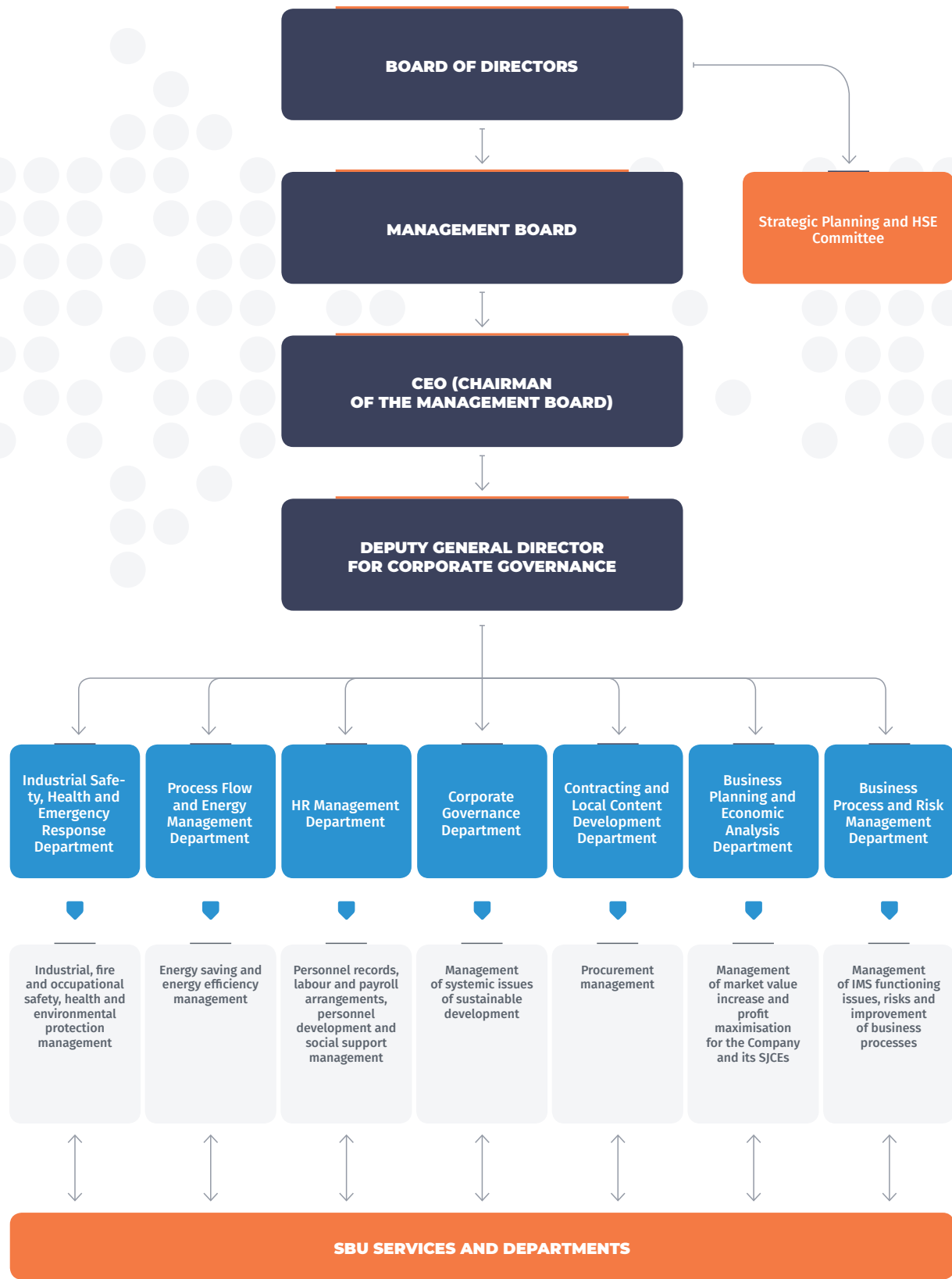
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SUSTAINABLE DEVELOPMENT MANAGEMENT ORGANISATION AS OF DECEMBER 31, 2022



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THE COMPANY'S STRATEGIC SUSTAINABLE DEVELOPMENT INITIATIVES



UN GLOBAL SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Recognising the importance of companies around the world working together to achieve a sustainable future, KazTransOil JSC fully supports international sustainable development initiatives, including the UN Sustainable Development Goals. KazTransOil JSC works to contribute to their achievement through responsible business conduct,

application of best corporate governance practices, minimisation of environmental impact, effective human resources management, provision of safe working conditions and accident-free operation of production facilities.

KazTransOil JSC understands the importance of all 17 UN Sustainable Develop-

ment Goals and has identified nine main goals, the achievement of which will have the greatest impact on the Company's activities. The main results of the Company contributing to these goals in 2022 are shown in the following table.



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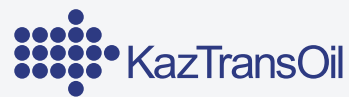
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CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

SDG	Goal
	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
	Substantially increase the number of young people and adults with marketable skills, including vocational and technical skills, for employment, decent jobs, and entrepreneurship
	Ensure continuous improvement of the water management process and involve stakeholders in this process
	Ensure access to affordable, reliable, sustainable and modern energy for all
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
	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
	Take urgent action to combat climate change and its impacts
	Promote peaceful and inclusive societies for sustainable development, providing access to justice for all and building effective, accountable and participatory institutions at all levels
	Strengthen the means of implementation and revitalise the global partnership for sustainable development

Our liabilities	Key indicators as of 2022	
<ul style="list-style-type: none"> Take care of occupational health and safety in the work-place; Prevent fatalities and significantly reduce occupational diseases 	<p>0 cases of workplace injuries in 2022 — zero injuries achieved</p>	<p>866 million tenge costs of sanitary-epidemiological and curative-preventive measures</p> <p>Integrated command and staff exercise to eliminate conditional emergency situation with the participation of CMT</p>
<ul style="list-style-type: none"> Providing training opportunities for employees; Collaboration with universities and training experts; Organization of training programs and internship programs for students and alumni 	<p>746 million tenge was spent on training, which 17% more than in 2021</p>	<p>by 11 areas of occupational health and safety employees were trained</p>
<ul style="list-style-type: none"> Ensure the rational use of water resources and the prevention of unauthorized use; Introduction of new management systems and innovative technologies; 	<p>16.3% decrease of water consumption during the reporting period compared to 2021</p>	<p>The action Plan for possible reduction of freshwater consumption, reduction of normatively treated water discharges through increased reuse or recycling of water resources, reduction of water losses of KazTransOil JSC for 2023-2027 has been approved</p>
<ul style="list-style-type: none"> Reduce overall energy consumption 	<p>5,094 thous. kWh the total reduction in electricity consumption resulting from the main measures</p>	<p>4,897 thous. m³ the total reduction in natural gas consumption</p>
<ul style="list-style-type: none"> 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 	<p>The remuneration of employees in the same positions does not depend on gender or other characteristics</p>	<p>159.17 thous. tenge the minimum wage in the company in 2022</p>
<ul style="list-style-type: none"> 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 	<p>43.760 billion tenge the amount of investments in 2022</p>	<p>15 studies carried out in 2022</p> <p>1 innovation project</p> <p>10 additional works</p>
<ul style="list-style-type: none"> 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 	<p>-99% reduction in nitrous oxide (N₂O) emissions into the atmosphere</p>	<p>The Company has an action plan for the reduction of pollutants and greenhouse gases in KazTransOil JSC until 2030</p>
<ul style="list-style-type: none"> 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 	<p>>3,000 employees have been trained and tested on the Code of Business Ethics</p>	<p>The Compliance Control Service organised a seminar-meeting on the main directions of the Anti-Corruption Policy Concept in the Republic of Kazakhstan for 2022-2026 in Astana</p> <p>An internal analysis of the risks of corruption for the period 2021-2022 was carried out on the issues of monitoring the execution of procurement contracts, single source procurement, security, health and emergency situations</p>
<ul style="list-style-type: none"> Support sustainable development initiatives promoted by the global community; Collaborate with others in the industry; Build mutually beneficial relationships with local communities 	<p>98% degree of customer satisfaction for operator services</p>	<p>100% degree of customer satisfaction for oil transportation</p>



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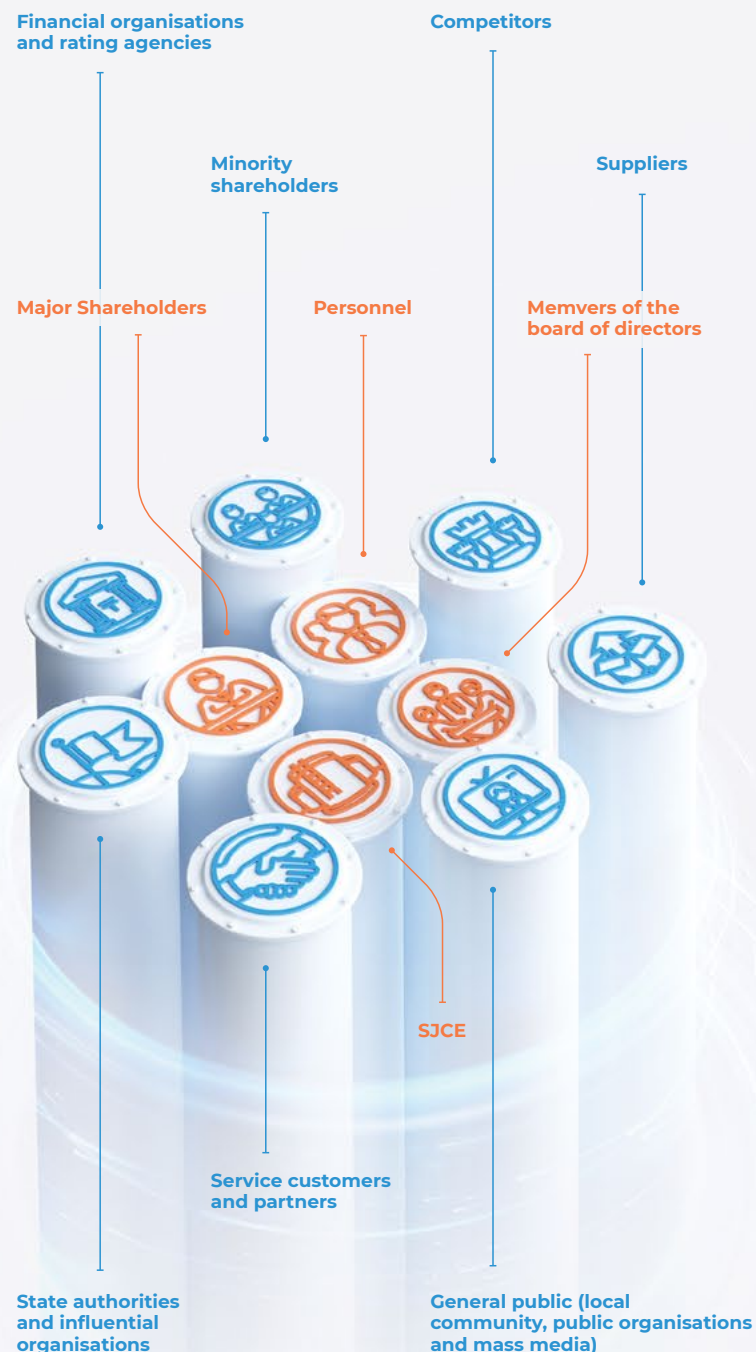
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STAKEHOLDER ENGAGEMENT

LIST OF STAKEHOLDERS

- INTERNAL STAKEHOLDERS
- EXTERNAL STAKEHOLDERS



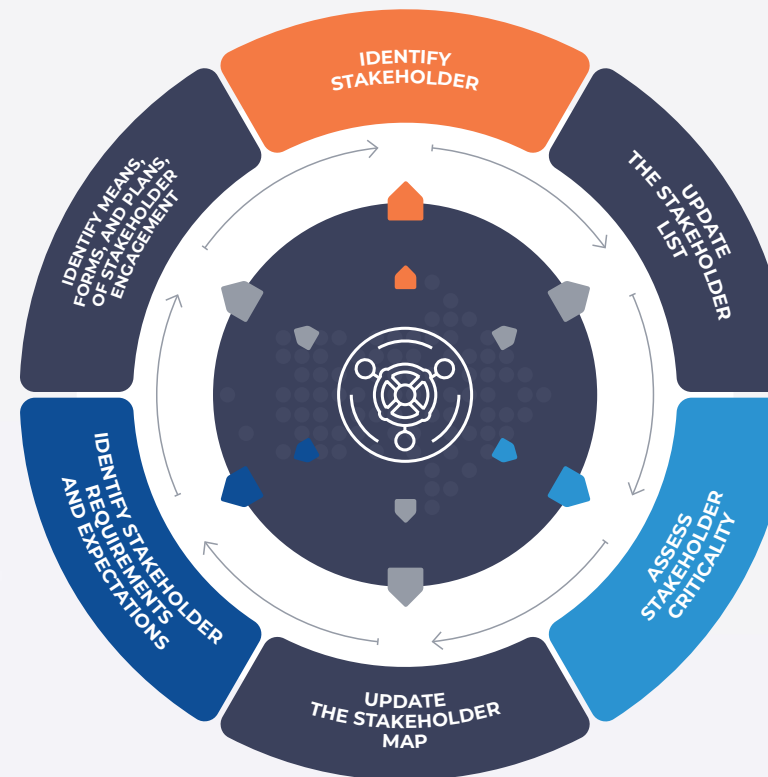
As the national operator of the main oil pipeline of the Republic of Kazakhstan, the Company is aware of the high level of its responsibility in matters of interaction with stakeholders. KazTransOil JSC continuously works to establish and maintain open and trusting relations with them, based on the principles of honesty, fairness, integrity, transparency and responsibility. In addition, an important principle of the Company's interaction with stakeholders is to define their needs and expectations in accordance with the requirements of the management system standards implemented in the Company (ISO 9001, ISO 14001, ISO 45001, ISO 50001).

Corporate documents reflecting the Company's priorities for stakeholder engagement:

- Dividend policy of KazTransOil JSC;
- Anti-corruption policy of KazTransOil JSC;
- Code of business ethics of KazTransOil JSC;
- KazTransOil JSC anti-corruption standards;
- Regulations for the formation of the stakeholder card of KazTransOil JSC;
- KazTransOil JSC's rules of counterparty due diligence.

The list of stakeholders includes both internal (within the Company and its SJCE) and external (outside the Company and its SJCE) stakeholders.

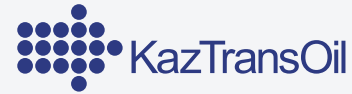
STAKEHOLDER ENGAGEMENT PROCESS



In order to identify the needs and interests of stakeholders in a timely manner, the Company has established a process of interaction with stakeholders. The list of stakeholders of KazTransOil JSC and its subsidiaries is drawn up every three years. For this purpose, an internal survey and analysis of the Company's environment is carried out by structural divisions and subsidiaries, studying their relations with people (natural and legal entities) whose interests are affected within the scope of their activities. It is planned to update the list of the Company's stakeholders in 2023.

THE COMPANY ENGAGES WITH ITS STAKEHOLDERS ON AN ONGOING BASIS. AS A RESULT OF IDENTIFYING STAKEHOLDER NEEDS AND EXPECTATIONS, THE COMPANY DEVELOPS A LIST OF MATERIAL ISSUES AND A HOLISTIC VIEW OF THE ACTIVITIES REQUIRED FOR EFFECTIVE STAKEHOLDER ENGAGEMENT.





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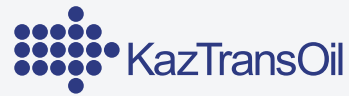
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STAKEHOLDER ENGAGEMENT

EXTERNAL STAKEHOLDERS

EXTERNAL STAKEHOLDERS	Stakeholder requirements	Stakeholder expectations	Actions taken in 2022 by stakeholders		
<p>Minority shareholders (including organisations and individuals representing interests of shareholders)</p>	<ul style="list-style-type: none"> Respect for shareholders' rights; Growth of shareholder value and business sustainability; Compliance with the effective laws 	<ul style="list-style-type: none"> Effective corporate governance; Ensuring positive production and financial performance; Information openness and transparency 	<p>The Annual General Meeting of the Company was held on 19 May 2022</p>	<p>26 tenge per ordinary share of the Company — Dividends for 2021 were paid on 13 June 2022</p>	<p>6 meetings were held with minority shareholders</p>
<p>State authorities and influential organisations</p>	<ul style="list-style-type: none"> Compliance with current legislation and the strategic interests of the State in the field of oil transport; Payment of taxes and duties; Anti-corruption 	<ul style="list-style-type: none"> Effective corporate governance; Information openness and transparency 	<p>34.0 billion tenge taxes and other obligatory payments to the state budget were paid at the end of 2022</p>	<p>In April 2022, the company submitted reports on the implementation of the approved tariff estimates for 2021 and on the implementation of the approved investment programme of the company for 2021-2025 in relation to the indicators for 2021</p>	<p>On 17 November 2022, the Company participated in the "Issuer Day on KASE"</p>
<p>Financial organisations and rating agencies</p>	<ul style="list-style-type: none"> Compliance with the effective laws; Compliance with contractual obligations 	<ul style="list-style-type: none"> Effective corporate governance; Information openness and transparency 	<p>Conducted meetings and conference calls with rating agencies and second-tier banks</p>	<p>The Company's rating: Fitch Ratings — "BBB-", outlook "Stable", date affirmed — 27 June 2022; S&P Global Ratings — "BB+", outlook "Negative", date upgraded — 29 September 2022 (outlook revised to "Stable" on 9 March 2023)</p>	
<p>Service customers and partners</p>	<ul style="list-style-type: none"> Compliance with the effective laws; Compliance with contractual obligations; Ensuring industrial safety; Preventing corruption; Full and timely disclosure of any changes in tariff policy; Provision of quality services 	<ul style="list-style-type: none"> Stability and financial sustainability of the Company; Information openness and transparency; Flexible and efficient tariff policy; Effective corporate governance 	<p>87 oil producers were using the Company's services in 2022</p>	<p>98% satisfaction rate of service users for operator services</p>	<p>On 13 July 2022, Trunk Water LLP held a public hearing to consider an application for approval of a tariff and tariff estimate for the provision of regulated water supply services through trunk pipelines for 2022-2026</p>
<p>Competitors</p>	<ul style="list-style-type: none"> Compliance with the effective laws; Respecting the principles of integrity and business ethics 	<ul style="list-style-type: none"> Strategic engagement for sustainable competitiveness; Information openness and transparency 	<p>On 14 September 2022, the Company participated in an event organised by CPC-K JSC on the occasion of Security Day 2022</p>	<p>The Company, together with CPC-K JSC, participated in the 17th and 18th IAOT Board Meetings</p>	
<p>Suppliers</p>	<ul style="list-style-type: none"> Compliance with contractual obligations; Transparent competitive procurement procedures; Anti-corruption 	<ul style="list-style-type: none"> KazTransOil JSC stability and financial integrity 	<p>155.8 billion tenge the amount of contracts concluded by Company with suppliers in 2022</p>	<p>All Company's contracts include an anti-corruption chapter</p>	<p>Procurement procedures are carried out via the e-procurement portal ZAKUP.SK.KZ</p>
<p>General public (local community, public organisations and mass media)</p>	<ul style="list-style-type: none"> Compliance with the effective laws; Respecting the principles of integrity and business ethics 	<ul style="list-style-type: none"> 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 	<p>65 press releases were published on the Company's website</p>	<p>1,548 information and image materials were published on the websites of news agencies, national and regional media</p>	<p>On 26 March 2022, the Company participated in the international ecological action "Earth Hour"</p>
			<p>Responses were prepared to 17 media enquiries</p>		<p>On 28-30 September 2022 Company took part in KIOGE</p>



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STAKEHOLDER ENGAGEMENT

INTERNAL STAKEHOLDERS

	Stakeholder requirements	Stakeholder expectations	Actions taken in 2022 by stakeholders		
<p>Major shareholder</p>	<ul style="list-style-type: none"> Ensuring shareholder rights; Compliance with the effective laws; Effective corporate governance; Anti-corruption 	<ul style="list-style-type: none"> Growth in shareholder value and business continuity; Information openness and transparency; Ensuring a positive production and financial performance 	<p>34,261 million tons-km oil turnover (separate for the company)</p>	<p>74,475 million tenge EBITDA in 2022</p>	<p>Contracts concluded by the Company include provisions reflecting the Company's anti-corruption policy, as well as sanction clauses</p>
<p>Members of the Board of Directors</p>	<ul style="list-style-type: none"> Ensuring shareholder rights; Compliance with the effective laws; Compliance with business ethics standards 	<ul style="list-style-type: none"> Growth in shareholder value and business continuity; Information openness and transparency; Effective corporate governance according to the best international practices; Absence of corruption 	<p>40,656 thous. tons transport volume (separate for the company)</p>	<p>0 lost time accidents related to work activities</p>	<p>The reports on the results of the development and operation of the sustainable development system, compliance of KazTransOil JSC with the principles and provisions of the corporate governance Code for 2021, the Report for 2021 on the implementation of the development strategy of KazTransOil JSC until 2028 were submitted to the Board of Directors of the Company</p>
<p>Personnel</p>	<ul style="list-style-type: none"> Compliance with the effective laws Compliance with business ethics standards Anti-corruption 	<ul style="list-style-type: none"> Stability and financial security of the Company; Competitive salary levels; Safe and pleasant working conditions; Providing opportunities for professional development and career growth; Social support for employees and their families, as well as for veterans and retirees; Absence of corruption 	<p>36 employees were rotated by the Company from the management of the SBUs and structural subdivisions of the Company's headquarters</p>	<p>Since 24 March 2022, the Company has launched a new project: RRC, which operates 24/7 and receives questions, appeals and complaints from the Company's employees. In 2022, 301 complaints were received</p>	<p>In 2022, the project of live broadcasting of speeches by members of the Company's Management Board and heads of SBUs was launched. During the implementation of the live broadcasting project, 14 broadcasts took place</p>
<p>Subsidiaries and jointly-controlled entities (SJCE)</p>	<ul style="list-style-type: none"> Compliance with current legislation; Participation in SJCE management bodies and in audit commissions to audit financial and economic activities; Compliance with business ethics; Effective corporate governance 	<ul style="list-style-type: none"> KazTransOil JSC stability and financial integrity; Information openness and transparency of KazTransOil JSC; Joint participation in investment projects; Joint participation in task force groups and meetings 	<p>6 university students received practical training at Main Water-line LLP's production facilities</p>	<p>about 3.0 billion tenge social payments</p>	<p>2 meetings with the Company's trade union held Batumi Oil Terminal LLC in 2022</p>
			<p>Cultural events and celebrations were held in honour of the 25th anniversary of the Company</p>	<p>Batumi Oil Terminal LLC Code of Ethics was updated in accordance with the requirements of Georgian legislation</p>	<p>No cases of corruption were detected in the company during the reporting period</p>
			<p>Decisions were made as a Participant, Partner, Shareholder of SJCE, as well as decisions of the Supervisory Board, Meeting of Directors</p>	<p>Participation in working groups, meetings, sessions on the activities of Sistema SJCE and implementation of investment projects</p>	<p>Audit commissions of SJCE carried out audits of financial and economic activities</p>
			<p>Monitoring the implementation of the recommendations of the SJCE Audit Commissions. The Board of Directors of the company received a report from the management of SJCE on the status of implementation</p>	<p>Batumi Oil Terminal LLC ensured compliance with commitments on minimum volumes of transshipment through berths of Batumi Sea Port LLC</p>	<p>Work was undertaken to establish a compliance function in SJCE</p>

MEMBERSHIP IN ASSOCIATIONS

GRI 2-28

Recognising the important role of business and collaborative efforts in achieving sustainable development goals, the Company actively participates in professional and industry initiatives that facilitate the exchange of professional experiences and address industry level challenges.



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.

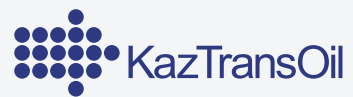
In addition to the activities of the permanent expert panels, the Association's main operations include biannual Management Board meetings, conferences, exhibitions and seminars, technical visits and knowledge sharing.



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.



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Environmental Protection

ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE ISSUES ARE VERY RELEVANT FOR KAZTRANSOIL JSC DUE TO THE SPECIFIC NATURE OF OUR ACTIVITIES, AND WE PAY CLOSE ATTENTION TO THESE ISSUES EVERY YEAR. IT IS IMPORTANT TO NOTE THAT IN 2022, SIGNIFICANT WORK WAS CARRIED OUT TO CALCULATE THE COMPANY'S GREENHOUSE GAS EMISSIONS AND CAPTURE IN ACCORDANCE WITH THE INTRODUCTION OF NEW METHODOLOGIES FOR THEIR CALCULATION.



1,435 MILLION TENGE

total environmental protection investments in 2022

Recognising its responsibility to prevent negative impacts on the environment, the Company is constantly researching and analysing technologies and opportunities to improve our environmental practices. Over the next few years, KazTransOil JSC plans to implement a number of measures aimed at optimising the technological processes involved in our production activities of the Company. We responsibly declare that KazTransOil JSC will continue to work to ensure a high level of environmental safety.

MANAGEMENT APPROACH

GRI 3-3

KazTransOil JSC recognises the importance of climate change issues and is aware of its responsibility to minimise its negative impact on the environment in accordance with the Company's Environmental policy.

The health, safety and environment management system (HSE-MS) and the environmental protection management cover all areas of the Company's production activities, which implement a wide range of activities and initiatives within the framework of environmental management, including:

- compliance with the requirements of the legislation of the Republic of Kazakhstan in the field of environmental protection, international and national standards, internal Company documents in HSE;
- measures for continuous improvement of the ISO 14001:2015 environmental management system;
- identification and assessment of environmental aspects, directing investments to the implementation of environmental management measures;

- carrying out industrial environmental controls with the involvement of contractors (laboratories);
- concluding annual contracts for compulsory environmental insurance in the event of accidental pollution;
- improving the environmental culture and skills of staff and popularising environmental protection activities.

Environmental monitoring of the Company's facilities is carried out by the contractor on a quarterly basis, which includes:

- atmospheric air monitoring in sanitary protection zones and in the vicinity of pollutant emission sources;
- soil monitoring;
- groundwater monitoring;
- surface water monitoring;
- waste water monitoring.

The Company is constantly improving its environmental management and risk management methods and approaches, instilling an environmental culture at its production sites and allocating the necessary resources for environmental protection.

THE COMPANY CONDUCTED ENVIRONMENTAL PROTECTION TRAINING ON "EXPLANATION OF THE RULES OF NEW ENVIRONMENTAL CODE" IN 2022.

38 EMPLOYEES

received trainings in environmental legislation in 2022





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MANAGEMENT FRAMEWORK AND TOOLS

GRI 3-3

Environmental protection issues are managed at two levels. At head office the work is coordinated by the health, safety and environment department, while at the level of the SBU the work is coordinated by the relevant departments.

The environmental management system is part of the IMS, is ISO 14001:2015 certified and covers all areas of the company's production activities.

INVESTMENTS AND ENVIRONMENTAL PAYMENTS

The Company continuously implements a number of measures to reduce its negative impact on the environment. The Company's expenditure on environmental protection consists of two parts:

- 1 environmental payments for emission of pollutants into the air, content of pollutants in waste water discharges, disposal of production and consumption waste;
- 2 expenditure on environmental protection actions aimed at meeting the requirements of the environmental legislation of the Republic of Kazakhstan.

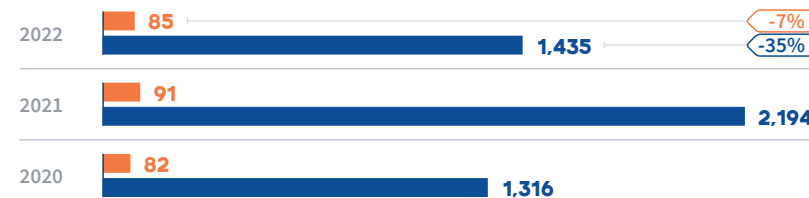
85 MILLION TENGE

the Company's payments for negative impact on the environment in 2022

0 OIL SPILL EMERGENCIES

causing environmental damage during oil transportation

ENVIRONMENTAL PROTECTION EXPENSES, MILLION TENGE



○ Current environmental expenses: ←
○ Environmental payments

In 2022, 1 435 million tenge will be spent on environmental protection actions, which is 34.6% less than in 2021. The decrease in spending on environmental protection actions is due to the reduction in the scope of work on the reclamation of disturbed lands (historical pollution) on the Uzen — Atyrau — Samara and Uzen — Zhetybai — Atyrau main oil pipelines.

The Company's payments for negative impact on the environment in 2022 was 85 million tenge, which is 6.6% less than in 2021.

In 2022, KazTransOil JSC was found administratively liable for non-compliance with the requirements of the Environmental code of the Republic of Kazakhstan and administrative fines were imposed in the amount of 3,860.8 thousand tenge. The fines were paid on time.

In 2022, there were no oil spill emergencies causing environmental damage during oil transportation.

AIR EMISSIONS

GRI 3-3

DURING THE REPORTING PERIOD, THE COMPANY DID NOT EXCEED THE SET VALUES.

KazTransOil JSC attaches great importance to the management of pollutant emissions into the atmosphere. The Company implements a number of actions to protect the atmosphere in accordance with the Procedure for management of air pollutant emissions of KazTransOil JSC.

Since 2021, the action Plan for the reduction of pollutants and greenhouse gases in KazTransOil JSC until 2030 has been in force, which includes a wide range of actions aimed at reducing pollutant emissions. In order to prevent and reduce the negative impact on the atmosphere, the Company implements the following actions:

- 1 optimizing the combustion process in the furnaces of oil-fired pre-heaters and hot water boilers;
- 2 preventing oil evaporation by installing pontoons in oil storage tanks;
- 3 reducing hydrocarbon emissions by means of a gas equalisation system (tank farms, fuel tanks at petrol stations) and vapour recovery;
- 4 monitoring of air emissions.

In 2022, KazTransOil's RDC Branch developed draft standards of permissible emissions for all objects of the Company's SBU, which provide for the control of compliance with regulations on sources of pollutant emissions.

-12% reduction of nitrogen oxide (NO_x) emissions

-12% reduction of carbon monoxide (CO) emissions

VOLUME OF AIR EMISSIONS, TONS

GRI 305-7

Indicator	2020	2021	2022	Change, %
Air emission volume, including:	23,396	19,033	20,035	5
- NO _x	642	689	604	-12
- SO _x	93	81	91	12
- CO _x	273	265	234	-12
- other air emission categories	22,388	17,998	19,106	6

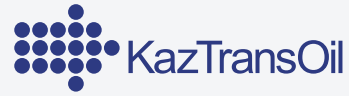
The main sources of the company's impact on atmospheric air are oil storage tanks, oil heating furnaces, oil loading and unloading racks and boiler units.

In 2022, the total emissions of pollutants into the atmosphere did not exceed the set values. Significant reductions in gases were: nitrogen oxides (12%) and carbon monoxide (12%).

PLANS FOR 2023 AND MEDIUM-TERM PLANS

1. Re-equipment of VST-20000 m³ No.7 pontoon at T. Kasymov OPS in 2024.
2. Replacement of oil-fired water boilers of Peterfeld LOCS with industrial inductive-conductive electric boilers.





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CLIMATE CHANGE

GRI 3-3

KazTransOil JSC recognises the importance of taking action to combat climate change and reduce greenhouse gas emissions. The Company has undertaken voluntary commitments to reduce greenhouse gas emissions into the atmosphere.

The Company has an action plan for the reduction of pollutants and greenhouse gases in KazTransOil JSC until 2030.

In 2022, the greenhouse gas emissions monitoring plan for 2022-2025 was approved. The calculation of greenhouse gas emissions and the preparation

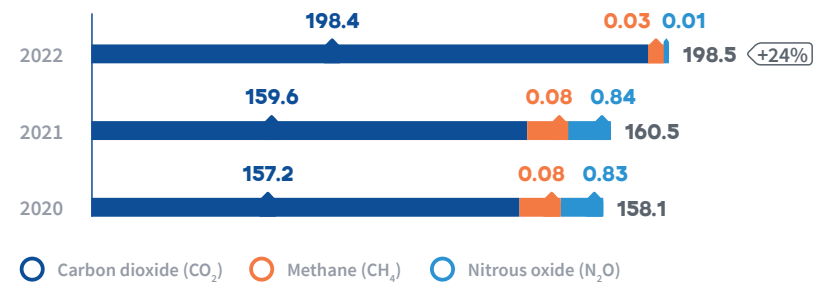
of the greenhouse gas inventory report are based on the approved methodologies:

- methodological guidelines for the calculation of greenhouse gas emissions into the atmosphere from oil production, transport and storage facilities;
- methodological guidelines for calculating greenhouse gas emissions from thermal power plants and boiler houses;
- global warming coefficients according to the assessment report of the Intergovernmental Panel on Climate Change.

-63%

reduction of methane (CH₄) emissions

GREENHOUSE GAS EMISSIONS (DIRECT EMISSIONS SCOPE 1), THOUSAND TONS CO₂-EQ. GRI 305-1



The main sources of direct greenhouse gas emissions in the company are oil-fired furnaces, boilers, diesel power plants, welding equipment and compressors.

The increase in Scope 1 greenhouse gas emissions is due to an increase in the emission factor used to calculate greenhouse gas emissions in accordance with the new "Methodology for Calculating Greenhouse Gas Emissions and Absorption".



-99%

reduction of nitrous oxide (N₂O) emissions

ADAPTATION TO CLIMATE CHANGE

GRI 305-5

In 2022, as part of the Action Plan of KazTransOil JSC to implement the Low Carbon Development Programme of NC KazMunayGas JSC for 2022-2031, actions for energy efficiency, increasing the share of alternative energy sources and organisational actions were developed and approved, including:

1. modernisation of linear control and monitoring stations, electrochemical protection equipment with reconstruction of power supply systems of the main oil pipeline facilities in various sections;
2. organising measures to improve the methods of calculating emissions and absorption of greenhouse gases;
3. training of the KazTransOil JSC working group on low-carbon development.

KazTransOil JSC action Plan for the Implementation of NC KazMunayGas JSC Low-Carbon Development Program for 2022-2031

The Action Plan of KazTransOil JSC for the implementation of the Low Carbon Development Program of NC KazMunayGas JSC for 2022-2031 was approved by the General Director (Chairman of the Board) of KazTransOil JSC in 2022. The program was developed for a ten-year period to reduce greenhouse gas emissions. The document reflects a broad list of activities aimed at improving energy efficiency, increasing the share of renewable energy sources, as well as describing organisational actions. The aim of the document is to reduce total annual greenhouse gas emissions by 22,417 tons of CO₂-eq. by 2031.

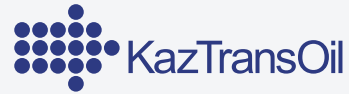
The plan specifies 34 activities, expected effects and deadlines:

1. replacement of station exterior lighting with energy-saving LED lights;
2. replacement of three-phase oil power transformers with energy-efficient sealed three-phase oil transformers;
3. optimisation of technological equipment;
4. training the Company's employees in low-carbon development.

As a result of the actions taken to replace the outdoor lighting at the stations with energy-saving LED lights, replace the pumping unit and optimise the operation of the hot oil pipeline, the total reduction in greenhouse gas emissions in 2022 is 10,643.7 tons of CO₂-eq.

PLANS FOR 2023 AND MEDIUM-TERM PLANS

1. Reconstruction of furnaces Opornaya No. 3 OHS and A. Kultumiev No. 2 OPS.
2. Replacement of power transformers of Priirtyshsk ERP of Pavlodar Oil Pipeline Department from 10 kV 630 kVA to 250 kVA.
3. Reconstruction of the main pumping station Zhetybai of the Mangistau Oil Pipeline Department.



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WATER RESOURCES

GRI 3-3

KazTransOil JSC withdraws water in accordance with the requirements of the Water code of the Republic of Kazakhstan and concluded contracts, while not significantly affecting water bodies. The main objectives of water management in KazTransOil JSC are:

- 1 defining key water management principles to be applied mandatorily in all structural units;
- 2 ensuring continuous improvement of the water management process;
- 3 ensuring stakeholder involvement in the water management process.

The action Plan for possible reduction of fresh water consumption, reduction of normatively treated water discharges through increased reuse or recycling of water resources, reduction of water losses of KazTransOil JSC for 2023-2027 has been approved. In order to monitor the Company's impact on the environment, groundwater, surface water and wastewater are monitored through laboratory testing of water and the level of wastewater treatment.

401.8 THOUS. M³

water intake volume in 2022

-16.3%

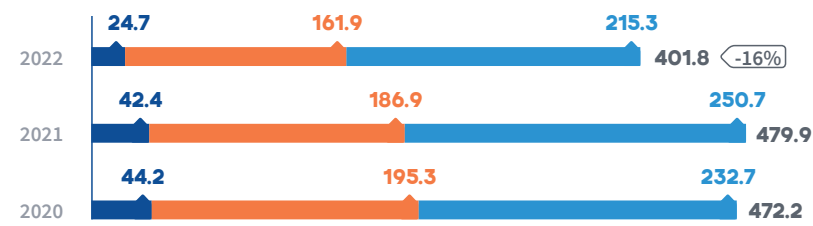
reduction in water intake in 2022

The volume of water consumed in the reporting period was 401,8 thousand m³, decreased by 16,3% compared to the previous year. The main sources of water supply are groundwater and purchases from third parties under water supply contracts, accounting for 40,3% and 53,5% of total water consumption respectively.

GRI 303-5

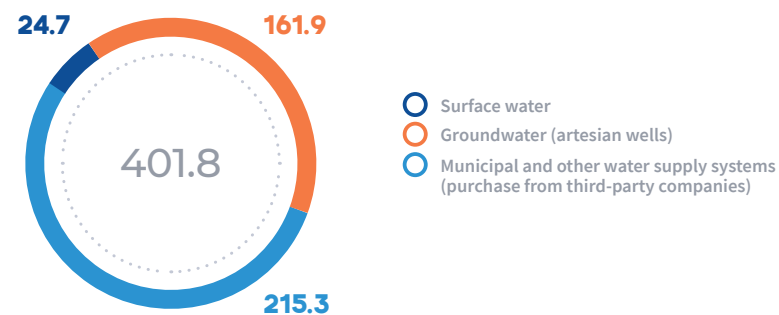
In 2022, total water withdrawal in the regions with observed water scarcity decreased by 16,3%. Surface water abstraction also decreased by 41,7% compared to 2021.

TOTAL AMOUNT OF WATER WITHDRAWN BY SOURCES, THOUSAND M³ GRI 303-3



- Surface water
- Groundwater (artesian wells)
- Municipal and other water supply systems (purchase from third-party companies)

TOTAL WATER WITHDRAWAL IN REGIONS WITH OBSERVED WATER DEFICIT, THOUSAND M³ GRI 303-3



- Surface water
- Groundwater (artesian wells)
- Municipal and other water supply systems (purchase from third-party companies)

In November 2022, the Zhezkagan oil pipeline department of KazTransOil JSC implemented a project for the construction of a biochemical treatment system at Barsengir OPS. This system will allow to improve the quality of process water discharged into the evaporation pond, which will meet the requirements of the Environmental code of the Republic of Kazakhstan and help to minimise the impact on water resources.

The volume of wastewater discharged was 222 thousand m³, the same as the previous year. In the reporting year, the volume of wastewater discharged into external waters decreased by 16,3%. All wastewater discharges are classified as normatively clean according to the level of treatment.

The investigation of environmental incidents related to water bodies is carried out in accordance with the rules of water management of KazTransOil JSC.

PLANS FOR 2023 AND MEDIUM-TERM PLANS

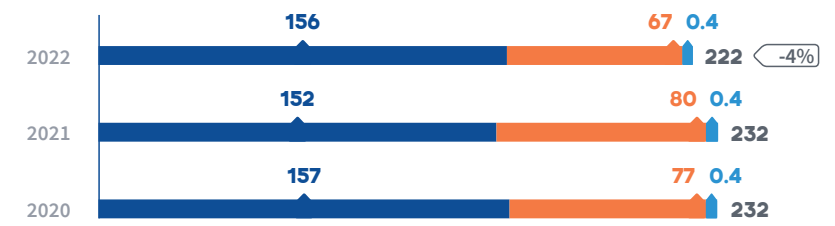
1. Increased reuse or recycling of water resources.
2. Reducing water consumption by using treated wastewater to irrigate green areas.
3. Replacement of the existing wastewater treatment plants "Biox-50" and "WTF-15".

TOTAL VOLUME OF WITHDRAWAL WATER BROKEN DOWN INTO FRESH AND OTHER WATER, THOUSAND M³ GRI 303-3

Indicator	2020	2021	2022	Change, %
Fresh water*	472.2	479.9	401.8	-16
Other water	0	0	0	-

* Fresh water — water with a total mineralisation of 1000 mg/l or less; other water — water with a total mineralisation of more than 1000 mg/l.

VOLUME OF WASTEWATER DISCHARGES BY DISCHARGE FACILITY, THOUSAND M³ GRI 303-4



- Discharge into surface water including swamps, rivers and lakes
- Discharge into evaporation (holding) ponds, filtration fields
- Discharge into third-party water bodies

TOTAL VOLUME OF WASTEWATER DISCHARGES BROKEN DOWN INTO FRESH AND OTHER WATER, THOUSAND M³ GRI 303-4

Indicator	2020	2021	2022	Change, %
Fresh water	232	232	222	-4
Other water	0	0	0	-





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WASTE MANAGEMENT

GRI 3-3

SAFE WASTE MANAGEMENT IS ONE OF THE MAIN POINTS OF ENVIRONMENTAL PLANNING AND MANAGEMENT IN THE COMPANY AND IS ORGANISED IN ACCORDANCE WITH THE APPLICABLE LAWS AND REGULATIONS OF THE REPUBLIC OF KAZAKHSTAN, REQUIREMENTS OF INTERNATIONAL STANDARDS, AS WELL AS INTERNAL STANDARDS OF KAZTRANSOIL JSC.

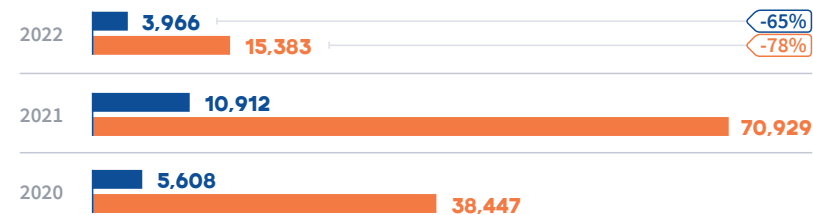
In connection with the entry into force of the Environmental code of the Republic of Kazakhstan from 1 July 2021 and the establishment of new requirements in the field of waste management, the waste management Regulations of KazTransOil JSC were updated in 2021 with the aim of defining the requirements and distribution of responsibilities in the management of waste generated in the course of the Company's production activities.

GRI 306-1

Production processes that generate waste at the facilities of KazTransOil JSC can be classified as follows:

- production processes related to transportation and storage of hydrocarbon raw materials;
- machine-tool equipment operation;
- welding operations;
- repair, construction and maintenance activities.

TOTAL WASTE GENERATION BY HAZARDOUS AND NON-HAZARDOUS WASTE, TONS



○ Hazardous waste ○ Non-hazardous waste

-76%

reduction of waste generation in 2022

In 2022 total waste generation was 19,349 tons, a decrease of 76% compared to 2021. The main reason for the decrease in waste generation is the decrease in the amount of reclamation of disturbed lands in the reporting year.

There is no accumulation of hazardous waste at the company's sites. Waste from production activities is transferred to specialised companies for further recycling or disposal.

PLANS FOR 2023 AND MEDIUM-TERM PLANS

- Quantification of indirect energy emissions of greenhouse gases;
- Return of the liquid phase of the crude oil from the sludge surface to the OPS/HOPS reservoir.

LAND RESOURCES

KAZTRANSOIL JSC IS RESPONSIBLE FOR THE PRESERVATION OF SOIL RESOURCES AT THE SITES OF ITS PRODUCTION ACTIVITIES. THE COMPANY CARRIES OUT ACTIVITIES TO REHABILITATE HISTORICALLY CONTAMINATED LAND AND MONITORS SOIL CONTAMINATION ON A QUARTERLY BASIS WITH THE INVOLVEMENT OF INDEPENDENT, ACCREDITED THIRD-PARTY ORGANISATIONS.

3.5
HECTARES

of contaminated land were restored in 2022

KazTransOil JSC has also undertaken to reclaim land contaminated in the 1950s and 1960s. This work is being carried out in phases in accordance with the approved project for the reclamation of disturbed land.

RECLAMATION OF DISTURBED LANDS (HISTORICAL POLLUTIONS)

Indicator	2020	2021	2022	Change, %
Reclamation of disturbed lands (historical pollution), ha	4.0	8.0	3.5	-56
Costs for reclamation of disturbed lands (historical pollution), million tenge incl. VAT	1,185.4	2,074.4	746.5	-64

The restoration of historically contaminated land along the main oil pipelines "Uzen — Atyrau — Samara", "Uzen — Zhetybai — Aktau" continued in 2022. During the year, 3,5 hectares of contaminated land were restored.

IMPACT ON BIODIVERSITY

In certain situations, overhead power lines (OPL) are the cause of electrocution of large and medium-sized birds, including those listed in the Red Book of the Republic of Kazakhstan. The main bird species susceptible to electrocution are the steppe eagle, the eagle owl and, to a lesser extent, the golden eagle, the saker falcon and others.

IN 2022, WORK WAS CARRIED OUT TO INSTALL BIRD PROTECTION DEVICES, WHICH SIGNIFICANTLY REDUCED THE LIKELIHOOD OF BIRD MORTALITY. A TOTAL OF 242 SETS WERE INSTALLED IN THE ZHEZKAZGAN, SHYMKENT AND ATYRAU OIL PIPELINE ADMINISTRATIONS.

In 2022, KazTransOil JSC participated in the round table "Birds and energy: in search of sustainable development".





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Energy Consumption and Energy efficiency

ONE OF THE COMPANY'S KEY PRIORITIES IS TO IMPROVE THE ENERGY EFFICIENCY OF PRODUCTION PROCESSES. THE GENERAL DIRECTOR (CHAIRMAN OF THE MANAGEMENT BOARD) OF KAZTRANSOIL JSC ANNUALLY APPROVES THE ENERGY EFFICIENCY TARGETS FOR THE SBUS AND THE COMPANY, WHICH ARE AIMED AT REDUCING THE SPECIFIC CONSUMPTION OF ENERGY AND NATURAL GAS, AS WELL AS THE OVERALL CONSUMPTION OF ENERGY RESOURCES.



the total reduction in electricity consumption resulting from the main measures

By the end of 2022, the Company managed to achieve all established target energy efficiency indicators, which was made possible by optimal planning of technological modes of operation of main oil pipelines. In addition, an external certification body conducted an inspection audit of compliance

of the energy management system with the requirements of the standard and did not reveal any inconsistencies in the Company. KazTransOil JSC appreciates efforts of each employee aimed at achieving the common goal in the field of energy saving and energy efficiency.

MANAGEMENT APPROACH

GRI 3-3

One of the key areas of the Company's sustainable development activities is optimising the use of energy resources. The Company attaches great

importance to improving the energy efficiency of production processes. The Company has adopted the Energy Policy of KazTransOil JSC, which

focuses on the efficient use of energy resources.

The main objectives in the area of energy resources management are:

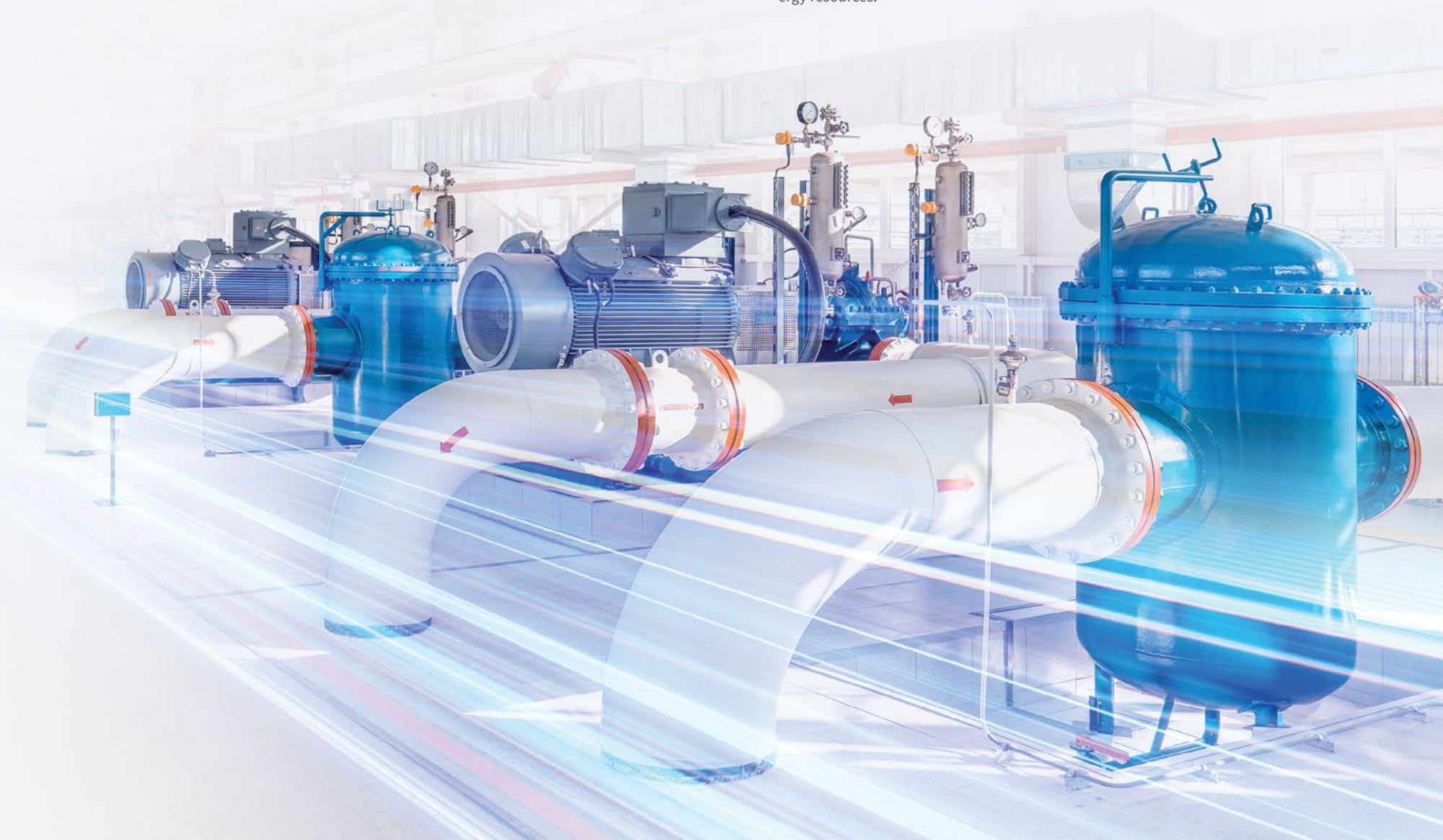
- ensuring compliance with legal and other requirements applicable to the Company in the area of energy conservation and energy efficiency;
- continuously improving energy performance and enhance the suitability, adequacy and effectiveness of the energy management system;
- ensuring the availability of information and resources necessary to meet energy objectives;
- improving the company's energy saving activities by implementing energy saving measures, clearly defining the rights, duties and responsibilities of the company's employees for their implementation;

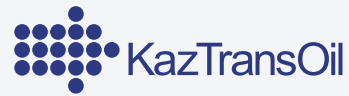
- purchasing energy efficient equipment, works and services that improve energy performance;
- reducing the negative impact on the environment as a result of rational use of energy resources;
- increasing the level of competence of employees in the field of energy saving and energy efficiency improvement.

Each year, energy efficiency targets for the SBU and the Company as a whole are approved by the Company's General Director (Chairman of the Management Board), such as:

- reduction in specific consumption of all types of energy (per oil turnover);
- reduction of specific electricity consumption (per oil handled);
- reduction of specific gas consumption per oil through "hot" oil pipelines;
- reduction in total consumption of energy resources.

ACCORDING TO THE RESULTS OF 2022, THE COMPANY ACHIEVED ALL ITS GOALS IN THE FIELD OF ENERGY EFFICIENCY, WHICH BECAME POSSIBLE DUE TO THE OPTIMAL PLANNING OF TECHNOLOGICAL REGIMES OF TRUNK OIL PIPELINES OPERATION. THE COMPANY AWARDED CERTIFICATES OF HONOUR TO INDIVIDUAL EMPLOYEES FOR THEIR CONTRIBUTION TO ENERGY SAVING AND ENERGY EFFICIENCY.





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MANAGEMENT FRAMEWORK AND TOOLS

GRI 3-3

The unit responsible for energy efficiency is the KazTransOil JSC technological regimes and energy management department, which develops targets and monitors their implementation on a monthly basis, ensuring timely and effective control over the achievement of the set targets.

The Company has implemented an energy management system that meets the requirements of the international standard ISO 50001:2018 "Energy Management System" and covers energy consuming equipment from

the SBU to the corporate level. In 2022, TÜV NORD CERT GmbH, an external authorised body, successfully carried out an inspection audit of the compliance of the energy management system with the requirements of the standard, during which no non-conformities were found.

The technological regimes and energy management department of KazTransOil JSC conducts an annual analysis of the Company's compliance with applicable legislative, regulatory and other requirements in the field of energy conservation and energy efficiency.

As a result, it was determined that all requirements of the Law of the Republic of Kazakhstan "Energy saving and energy efficiency" will be met in 2022.

The Company approved the KazTransOil JSC action Plan for energy savings and energy efficiency improvement for 2020-2025, which includes important actions for energy-saving as the replacement of main pumping units with units of higher efficiency, the reconstruction of oil-fired furnaces, and the reconstruction of the main pumping station of Zhetybai OPS.

ENERGY CONSUMPTION

GRI 302-1

-7.9%

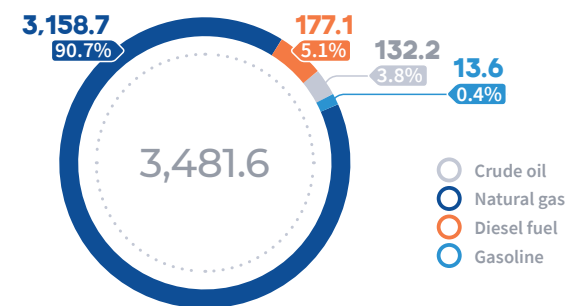
the decrease in natural gas consumption

The decrease in natural gas consumption by 7,9% is due to the optimisation of temperature regimes of the Company's "hot" oil pipelines in the summer period of 2022. The volume of oil consumption decreased by 2,7% due to an increase in average monthly air temperatures in 2022 compared to 2021 in the eastern regions of the Republic of Kazakhstan.

In order to reduce operating costs, the Company monitors the dynamics of the energy intensity indicator of oil pumping.

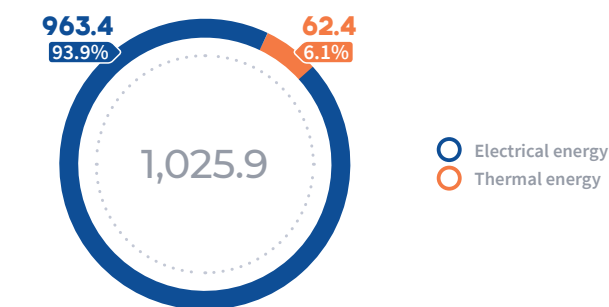
TOTAL CONSUMPTION OF NON-RENEWABLE SOURCES BY FUEL TYPE, TJ

GRI 302-1

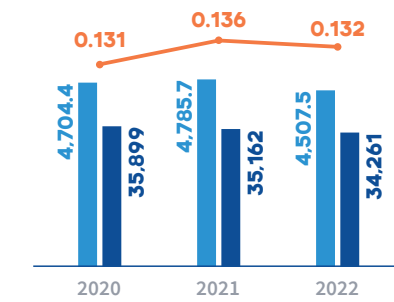


TOTAL ENERGY PURCHASED FOR OWN USE BY TYPE OF ENERGY, TJ

GRI 302-1



ENERGY INTENSITY



- Total energy consumption, TJ
- Oil turnover (separately for KazTransOil JSC), million tons-km
- Energy consumption for oil transportation*, TJ/million tons-km

* 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

-3.3%

reduction of the Company's per unit energy consumption in 2022

In the reporting period, 9 166 million tenge was spent on the purchase of energy resources. In 2022, the Company achieved a 3,3% reduction in specific energy consumption compared to the previous year. The decrease in energy intensity was achieved against the background of a 2,6% decrease in the turnover of oil separately for the Company and a 5,8% decrease in the consumption of fuel and energy resources compared to 2021.

ENERGY SAVING

GRI 305-5

In 2022, the Company implemented the KazTransOil JSC Energy Conservation and Energy Efficiency Action Plan. During the reporting period, 11 energy saving actions were planned and implemented. The following actions to optimise energy consumption were implemented in 2022:

- replacement of 5 pumping units at Pavlodar HOPS, Ekibastuz OPS, Stepnoye OPS and B. Dzhumagaliyev HOPS with pumping OPS with pumping units of higher efficiency. As a result of these actions, the specific power consumption for oil pumping at the Pavlodar — Atasu technological section was reduced by 11% and at the Dzhumagaliyev — Atasu section by 16%;

- the introduction of a frequency-controlled drive at the Uzen GP 11% reduction in specific power consumption for oil pumping at the Uzen — Atyrau section;
- optimisation of the temperature operation mode of the "hot" Atyrau — Samara oil pipeline by improving the rheology of the oil mixture in the summer period (redistribution of Mangyshlak oil) allowed to shut down oil-fired furnaces on this oil pipeline from June to August 2022 and to save gas consumption in volume terms by 4,9 million m³.

In 2022, the total reduction of electricity consumption as a result of the main actions will amount to 5,094 thousand kWh, and the total reduction of natural gas consumption will amount to 4,897 thousand m³.

KazTransOil production processes are quite energy intensive, so the Company's current challenge is to find and implement solutions to reduce energy consumption.

KazTransOil JSC uses 396 solar power units with a total capacity of 39,6 kW at the communication nodes of the linear part of the main oil pipelines. A 20 kW wind power plant is also used.

PLANS FOR 2023 AND MEDIUM-TERM PLANS

- Ensuring the achievement of KazTransOil JSC's energy targets for 2023;
- Optimizing the temperature regimes of the "hot" Atyrau — Samara oil pipeline;
- Ensuring the implementation of the Company's energy saving and energy efficiency improvement plan for 2020-2025.

KAZTRANSOIL JSC EMPLOYEE WON THE "UZDIK MAMAN" COMPETITION

Aleksandr Eremin, electrician for repair and maintenance of electrical equipment at Pavlodar Oil Pipeline Department, became a bronze medalist in the "Uzdik Maman" competition among employees of production professions of Samruk-Kazyna Group of Companies. Total work experience in the electric power industry is more than 10 years.



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HR management

AT KAZTRANSOIL JSC, WE BELIEVE THAT ALL THE ACHIEVEMENTS OF THE COMPANY, WHICH WE ARE PROUD OF, WERE MADE POSSIBLE SOLELY THANKS TO OUR EMPLOYEES. CARING FOR EMPLOYEES IS AN IMPORTANT ASPECT OF OUR DAILY ACTIVITIES, AND IN 2022 WE PAID SPECIAL ATTENTION TO SUPPORTING THE WELL-BEING AND PEACE OF MIND OF OUR EMPLOYEES. IN THE REPORTING YEAR, THE CODE OF SOCIAL RESPONSIBILITY OF KAZTRANSOIL JSC WAS APPROVED, IN WHICH, AMONG OTHER THINGS, WE REFLECTED OUR COMMITMENTS TO ENSURE THE DEVELOPMENT OF EMPLOYEES, THEIR SOCIAL SUPPORT, PROVIDING FEEDBACK.



Our colleagues have a high level of knowledge and skills, and this is a reason for our pride and confidence in the future of the Company. We provide opportunities for professional and personal career growth for each employee, provide comfortable working conditions and a high level of corporate culture, and maintain an open and constructive dialogue through multiple communication channels.

KazTransOil JSC — Annual Report ... 2022

MANAGEMENT APPROACH

Today the team of the Company unites over 6,700 specialists in 15 regions of the Republic of Kazakhstan. The personnel policy of KazTransOil JSC is based on effective recruitment, personnel development and retaining 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 guarantees employees rigorous observance of human rights, including their labor rights. Human rights issues are given special attention in determining wages and implementing personnel and social policies. The Company does not discriminate on the basis of age, culture, religion, race or other grounds to the professional qualities of 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.

In the Company, the Personnel Policy of KazTransOil JSC for 2021-2025 is in effect, 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.

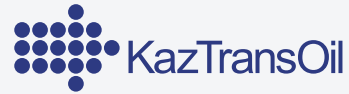
MANAGEMENT FRAMEWORK AND TOOLS

The Human Resources Management Department is responsible for managing personnel and social policy issues, as well as issues concerning corporate culture. 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. Internal communications are the responsibility of the the Department of Public Relations and Internal Communications.

In 2022, the Board of Directors of the Company approved new internal documents in the field of personnel management: the Code of Social Responsibility of KazTransOil JSC and Parameters of the Employee Remuneration System of KazTransOil JSC — Rules of organization and remuneration of employees of the separate business unit KazTransOil JSC.

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

- 1 an effective employee remuneration and assessment system based on actual KPIs;
- 2 professional training and development programmes for employees;
- 3 a social package that includes financial and non-financial benefits for employees and their families;
- 4 engagement with trade unions;
- 5 an advanced digital internal communication system;
- 6 a talent pool programme aimed at creating broad career development opportunities for employees at different levels;
- 7 improving the corporate culture management, increasing the social stability;
- 8 a rotation programme for SBU and headquarters department managers;
- 9 on-the-job training at the Company's production facilities;
- 10 regular meetings between the Company's management and personnel;
- 11 annual surveys to measure engagement and the social stability level (SAM- RUK RESEARCH SERVICES).



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CODE OF SOCIAL RESPONSIBILITY

On December 9, 2022, the Board of Directors of the Company approved the Code of Social Responsibility of KazTransOil JSC, which provides, among other things, priority areas in the field of social responsibility of the Company to its employees, including various types of social support.

The document takes into account modern standards of relations between business and society, as well as changes in the Company's business structure and optimization of some of its business processes (sponsorship, outsourcing of some areas of activity, social infrastructure). In addition,

the Code has been prepared taking into account the provisions and principles set out in the Corporate Governance Code of KazTransOil JSC and the Corporate Social Responsibility Code of NC KazMunayGas JSC and defines the corporate social responsibility strategy of the Company.

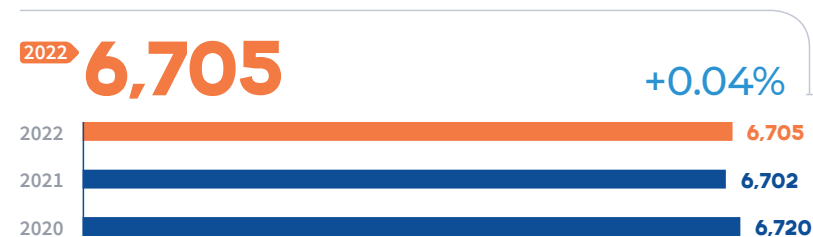
STAFF HEADCOUNT AND STRUCTURE

AT DECEMBER 31, 2022, THE COMPANY HAD 6,705 EMPLOYEES, MOST OF THE EMPLOYEES WORKED UNDER THE TERMS OF A PERMANENT EMPLOYMENT CONTRACT AND FULL EMPLOYMENT.

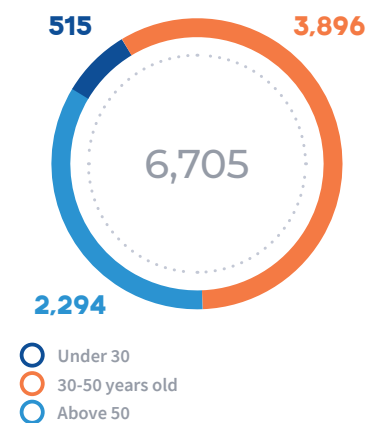
The company adheres to the principles of equality. When hiring a potential candidate, only professional qualities are evaluated. The gender structure of KazTransOil JSC personnel is traditionally dominated by male employees, due to the production specifics of the Company's activities. The share of male employees in the total number of employees in the reporting period was 82%.

In 2021, the Company's average age stayed almost unchanged at 44.3 years. The majority of the Company's personnel are between the ages of 30 and 50 (58%).

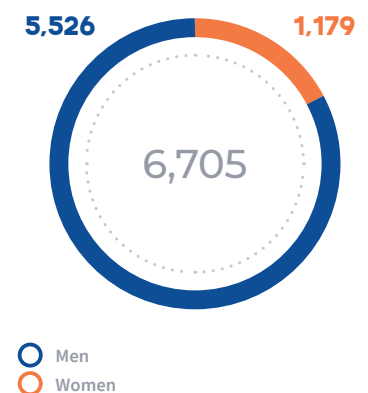
STAFF HEADCOUNT PROFILE, PERS. GRI 2-7



STAFF STRUCTURE BY AGE AS OF DECEMBER 31, 2022, PERS. GRI 405-1



STAFF STRUCTURE BY GENDER AS OF DECEMBER 31, 2022, PERS. GRI 405-1



84%

the share of the Company's employees under indefinite-term employment contracts in 2022

In the reporting period, the share of the Company's employees under indefinite-term employment contracts was 84% of the total headcount of KazTransOil JSC.

In 2022, 100% of employees of KazTransOil JSC had full-time employment.

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 Company hired 383 new employees in the reporting year, including 58 headquarters employees and 325 SBU employees. Most newly hired employees are aged 30 to 50.

As part of an integrated approach to attract and develop young professionals who have successfully completed paid professional practice at the Company's production facilities, KazTransOil JSC hired 1 graduate in 2022.

STRUCTURE OF GOVERNING BODIES BY AGE AS OF DECEMBER 31, 2022, PERS. GRI 405-1

Category	Total	Under 30		30-50 years old		Above 50	
		Pers.	Share, %	Pers.	Share, %	Pers.	Share, %
Board of Directors	6	0	0	5	83.3	1	16.7
Management Board	6	0	0	4	67.0	2	33.0

STRUCTURE OF GOVERNING BODIES BY GENDER AS OF DECEMBER 31, 2022, PERS. GRI 405-1

Category	Total	Men		Women	
		Pers.	Share, %	Pers.	Share, %
Board of Directors	6	6	100	0	0
Management Board	6	6	100	0	0

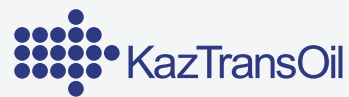
The Personnel Policy of KazTransOil JSC for 2021-2025 sets out the following principles and tasks facing the Company as part of the recruitment process:

- 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.

NUMBER OF NEWLY HIRED WORKERS, PERS. GRI 401-1

Description	2020	2021	2022	Change, %
Total Company:	279	328	383	17
<i>By gender:</i>				
- Women	60	46	64	39
- Men	219	282	319	13
<i>By age:</i>				
- Under 30	111	136	129	-5
- 30-50 old years	154	174	217	60
- Above 50	14	18	37	106





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NUMBER OF EMPLOYEES BY REGIONS AS OF DECEMBER 31, PERS.

GRI 401-1



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PERSONNEL TURNOVER

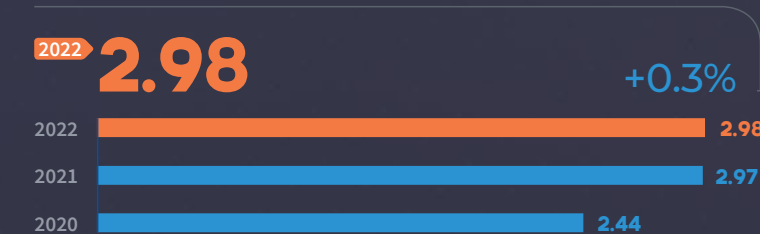
GRI 401-1

In 2022, the turnover ratio was 2.98%, which is slightly more than in 2021. Low turnover proves that the Company is capable of retaining its employees by providing favourable work conditions.

KazTransOil JSC is constantly improving 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 Company's employees in 2022 was 14 years.

PERSONNEL TURNOVER RATIO*, %

GRI 401-1



* 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.

GRI 402-1

The minimum notice period for employees in case of termination of employment contracts due to reduction in number or staff of employees is one month in accordance with the Labor Code of the Republic of Kazakhstan. In addition, the minimum notice period is fixed in the Collective Agreement. In 2022, there were no cases of filing claims by the Company's employees for non-compliance with this requirement.



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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 Companies of the Republic of Kazakhstan;
- a two-component remuneration system consisting of fixed and variable components;
- indexation of personnel salary.

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 themselves, depending on the length of service. In addition, the Company has stimulating additional payments and allowances (for professional skills, mentoring), as well as holiday bonuses.

In 2022, a new system of remuneration of employees of the Company's oil pipeline administrations and operator service administrations was introduced, which was developed in accordance with the United System of Remuneration of Employees of Subsidiaries and Affiliates of NC KazMunayGas JSC.

In 2022, 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 2022, the minimum remuneration at the Company amounted to 159.17 thousand tenge (remuneration of a cleaner of production and office premises of Bolshoi Chagan OPS of WOSA), which is 2.65 times higher than the minimum remuneration in the operating regions.

GRI 402-1

Benefits provided to personnel employed on a full-time contract are also provided to employees employed on a temporary contract. Such benefits include health insurance, employee accident and injury insurance in the performance of employment (work) duties, a child care leave before they reach the age of three, and additional leave for employees with disabilities, as provided for in the Collective Agreement. Pension programs are available to employees who have retired from the Company and have at least 5 years of uninterrupted service with the Company.



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PERSONNEL TRAINING

GRI 404-2

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.

KazTransOil JSC 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, ecology and other directions.

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

GRI 404-2

In Aktau, the Training Center of the Mangistau Oil Pipeline Administration of KazTransOil JSC operates. The training center provides programs for on-the-job training and development. In 2022, more than 5,300 Company employees were trained under these programs.



III FORUM OF THE COMPANY'S YOUNG PROFESSIONALS' COUNCIL

In August 2022, the III Forum of the Council of Young Specialists of KazTransOil JSC was held in Shymkent city, dedicated to the 25th anniversary of KazTransOil JSC. The 50 most active young employees of the Company came together for training, exchange of experience and networking.

The main purpose of the event was to create conditions for the implementation of initiatives significant for the Company by young employees, as well as their participation in rationalisation, innovation and innovative projects that help to save energy or financial resources, improve working conditions and the environment.

TRAINING AREAS

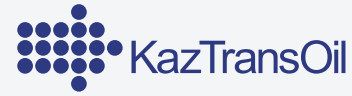


746 MILLION TENGE +22%

was spent on training in 2022

6,175 EMPLOYEES

were trained in 2022



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NUMBER OF EMPLOYEES TRAINED AS OF DECEMBER 31, 2022

GRI 404-1

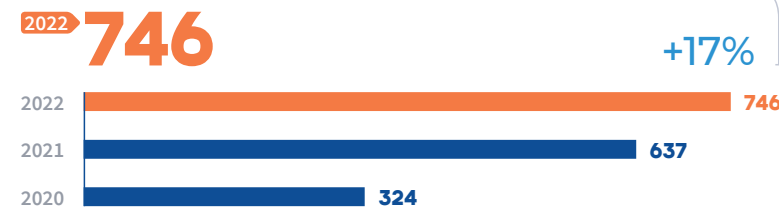
Indicator	Total	By gender groups		By all employee categories		
		Women	Men	Managerial positions	Specialists	Workers
Total headcount, persons	6,705	1,179	5,526	819	1,925	3,961
Number of training hours, hours	116,841	18,648	98,193	14,412	34,111	68,318
Number of employees trained, persons	6,175	880	5,295	598	1,520	4,057
Average total number of training hours per employee per year*, hours	17	3	83	18	18	17

* Average total number of training hours per category employee = Total number of training hours provided for each category of employees / Total number of employees in the category.

In the Company in 2022 spent 780 million tenge on training, which is 22% more than in 2021. The increase in costs is due to the absence 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, 6 175 employees of the Company were trained in 2022.

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.

PERSONNEL TRAINING INVESTMENTS, MILLION TENGE



NUMBER OF TRAINEES AT PRODUCTION FACILITIES AS OF DECEMBER 31, 2022, PERS.

Description	Quantity
Headquarters	25
KazTransOil JSC RDC Branch	2
Atyrau Oil Pipeline Administration	69
Kulsary Oil Pipeline Administration	41
Mangistau Oil Pipeline Administration	21
East Operating Service Administration	13
Aktobe Oil Pipeline Administration	31
Zhezkazgan Oil Pipeline Administration	49
Karaganda Oil Pipeline Administration	42
Pavlodar Oil Pipeline Administration	41
Shymkent Oil Pipeline Administration	27

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.

207 STUDENTS IN UNIVERSITIES

154 STUDENTS IN COLLEGES

completed an internship at the production facilities of KazTransOil JSC in 2022

TALENT POOL

GRI 404-2

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

CATEGORIES OF KAZTRANSOIL JSC PERSONNEL RESERVE

- A** Heads of various levels of the Company's management (managerial employees and top managers of SBU, except for representative offices)
- B** Heads of the SBU (except for the first heads), heads of structural subdivisions of the headquarters, heads of departments and services of the SBU
- C** Line managers
- D** Non-Line Managers SBU Engineering and Technical Employees

29 PERS.

the number of the personnel reserve in 2022

In 2022, the number of the personnel reserve was 29 people. 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.

56 employees were transferred to engineering jobs inside the Company during the reporting period.

PERSONNEL ROTATION

As part of the improvement of the personnel development system, the introduction of rotation as the optimal method of staff recruitment over the past 3 years has shown its effectiveness and promise. KazTransOil JSC has adopted the practice of rotation of managers of oil pipeline administrations and administrations of operator services and branches, as well as managers of the structural business units of the central office.

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 2022, 36 managers of oil pipeline administrations, operator service administrations, branches and structural business units of the Company's Headquarters were rotated.





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KAZTRANSOIL LIFE



KAZTRANSOIL'S TEAM WON MEDALS IN THE NK KAZMUNAIGAS JSC SPARTAKIADA GAMES

The team of KazTransOil JSC became the main prize-winner of the Spartakiada Games held in Atyrau among subsidiaries and affiliates of NC KazMunayGas JSC from 8 to 11 August 2022. Our athletes won 6 gold and 3 bronze medals.

A total of 15 teams, with a total number of participants exceeding 400 people took part in the competition. The Spartakiada was held in 10 sports: table tennis, tennis, volleyball, basketball, swimming, mini-football, togyzkumalak, chess, athletics and tug-of-war.

EVENT AFTER THE REPORTING PERIOD

On February 23, 2023, a new Collective Agreement between KazTransOil JSC and employees of KazTransOil JSC for 2023-2026 was approved upon expiration of the Collective Agreement of the Company. In the reporting period, in preparation for the implementation of this plan, the Company carried out comprehensive work on the development of the document. Its main results include the development of new types of social benefits. In addition, the proposals of trade unions to improve working conditions were considered and adopted.

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.

In 2022, the Company had a Collective Agreement in effect dated February 27, 2020, concluded for a three-year period, the goals of which are:

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

KazTransOil JSC pays special attention to industry veterans. Thus, in 2022, 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 more than 1,800 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.

Construction of universal sports grounds

In order to improve social welfare and maintain a healthy lifestyle, as well as to organize leisure activities for employees working on a rotational basis at the Company's production facilities, KazTransOil JSC launched a project to build 12 universal sports fields (soccer / volleyball / basketball) in 2022.

In 2022 the construction of two sports grounds at Kalamkas HOPS of Mangystau Oil Pipeline Administration and on the industrial base of Zhezkazgan Oil Pipeline Administration. The project is designed for the years 2022-2023. The cost of one universal sports ground is about 30 million tenge.

In 2022, the rate of employees returning to work at the end of maternity leave to care for a child before they reach the age of three was 100%.

In 2022, the Company met all obligations stipulated in the Collective Agreement. The Company's social assistance costs for its employees and their families totaled approximately 3 billion tenge.

CONTEST AND REWARD POLICY

The Company has developed and operates the Rules on the procedure for awarding and encouraging employees of Kaztransoil JSC, its subsidiaries and jointly-controlled entities and KazTransOil JSC veterans, which 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 2022

- 1 **IN HONOR OF THE PROFESSIONAL HOLIDAY — OIL AND GAS EMPLOYEES DAY IN THE REPUBLIC OF KAZAKHSTAN:**
 - **36 employees** of the Company were awarded medals and badges of the Ministry of Energy of the Republic of Kazakhstan, Certificates of Honor and Letters of Gratitude from the Republic of Kazakhstan Ministry of Energy;
 - **15 employees** — badges and Certificates of Honor of Samruk-Kazyna JSC;
 - **24 Employees** — Certificates of Merit and commemorative plaques NC KazMunayGas JSC;
 - **152 employees** — by Certificates of Honor and Letters of Gratitude from KazTransOil JSC.
- 2 **IN HONOR OF THE NATIONAL HOLIDAY — REPUBLIC DAY:**
 - Order "Yenbek Danky" of the second degree was awarded to **Alpysbayev Baurzhan Makhmudovich**;
 - Medal "Eren enbegi ushin" — **Bondar Grigory Petrovich** and **Osphanov Seitkasym Nurmakhanbetovich**;
 - Certificate of Honor of the Republic of Kazakhstan — **Toktasynov Zhamaladin Ramazanuly**;
 - **4 employees** of the Company were awarded Certificates of Honor and Letters of Gratitude from the Republic of Kazakhstan Ministry of Energy;
 - **4 employees** — Certificate of Honor, badge of honor and Letters of Gratitude from Samruk-Kazyna JSC;
 - **8 Employees** — Certificates of Honor, Commemorative Plaques of NC KazMunayGas JSC;
 - **3 Employees** — Certificates of Honor and Letters of Gratitude from KazTransOil JSC.
- 3 **IN HONOR OF THE ENERGY SAVING DAY:**
 - The Certificate of Honor of NC KazMunayGas JSC was awarded to **Gavrilov Aleksandr Pavlovich**.

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 Engage-

ment and Communications Centre is the authorised SRS research organisation.

To identify the SRS index, a telephone survey of the Company's operational personnel is conducted. The survey includes 60 questions in four areas

of the index: engagement, social well-being, social calm and non-tolerance of corruption. In 2022, 1,682 employees of oil pipeline and operator service administrations were surveyed.

The SRS index in 2022 was 83%, which is 6% less than in 2021.



SRS INDEX OF THE COMPANY, %

Indicator	2020	2021	2022	Change, %
SRS index (agreg.)	91	88	83	-6
Engagement index	93	91	82	-10
Social welfare index	80	71	85	20
Social contentment index	93	93	87	-6



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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 AND OSD FOR 2019–2025 (PROGRAM).

In pursuance of the Program, an annual plan of measures is developed and approved for the implementation of the Program for Development and Use of the National Language at KazTransOil JSC Headquarters and OSD (Plan).

In 2022, all activities of the Plan in four directions have been implemented:

The first direction — 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:

- the electronic catalog for searching samples of documents of the central office and the OSD of the Company in the state language in the EDMS was updated;
- the database of standard templates of letters and memos in the BRD of the Company's structural subdivisions was updated;
- the Company's corporate information portal updated its database of Internet resources for learning the state language.

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

- a contest “Qualified specialist” was held among the employees of the Company's Headquarters and AOE's to mark the Independence Day of the Republic of Kazakhstan;
- a contest “The best structural subdivision that speaks the state language” was held between SBU of the Company's subsidiaries and affiliates on the occasion of the Independence Day of the Republic of Kazakhstan;
- as part of the celebration of the 150th anniversary of A. Baitursynov, the Company held a relay race (flash mob), in which employees of Zhezkazgan, Pavlodar and Karaganda oil pipeline administrations and members of the conversation club of the Headquarters “Let's Speak Kazakh!”.

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

- a training course in the state language was organized for the employees of the Company's SBU (Zhezkazgan, Pavlodar, Karaganda Oil Pipeline Administrations) in a distance format.

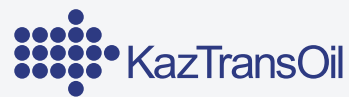
In the fourth direction — document flow in the state language:

- the Rules of documentation and documentation management in KazTransOil JSC made changes in terms of full transition of record keeping to the state language. At the end of 2022 the rate of outgoing documents and internal correspondence (memos), prepared in the state language increased to 98%;
- a corresponding setting was created in the memos module, when internal correspondence without text in kazakh language will not be sent for approval and signing;
- quarterly submission of information on document flow in the state language to NC KazMunayGas JSC and the Company's management;
- quarterly informing employees at KTO info info@kaztransoil.kz about the tools developed (electronic dictionary, electronic catalog of sample documents, templates of memos and letters, etc.) and the possibility of using them in the independent preparation of draft documents in the state language.

PLANS FOR 2023 AND MEDIUM-TERM PLANS

1. To develop and implement a system of distance learning and testing of employees.
2. To assess the knowledge of the Company's personnel.
3. To implement the action plan for 2023 “Support for young specialists” of KazTransOil JSC.
4. To update internal documents in the field of social support.
5. To develop and approve the Social Stability Improvement Plan (SRS) of KazTransOil JSC.
6. To construct twelve multi-purpose sports grounds.
7. To develop and implement a system of analytical reporting on human resource management.
8. To implement the project “Automation of management reporting on HR of KazTransOil JSC”.
9. To execute the approved Action Plan for 2023 on the implementation of the Program for Development and Use of the National Language at KazTransOil JSC Headquarters and OSD for 2019–2025.
10. To increase the share of document turnover in the state language in separate business units of the Company.
11. To organize courses in the state language.
12. To organize events aimed at expanding the use of the state language.





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Anti-discrimination and Equal opportunities

KAZTRANSOIL JSC IS ONE OF THE LARGEST EMPLOYEES OF THE REPUBLIC OF KAZAKHSTAN, AND EVERY DAY OUR COMPANY MAKES DECISIONS THAT AFFECT THOUSANDS OF OUR EMPLOYEES. ENSURING COMPLIANCE WITH HUMAN RIGHTS, NON-DISCRIMINATION AND EQUAL OPPORTUNITIES FOR ALL IS AN INTEGRAL PART OF OUR DAILY WORK WITH EMPLOYEES.



KazTransOil JSC has a policy of non-discrimination on any basis, and all appeals related to the topic of discrimination received at the initiative reporting channels of Samruk-Kazyna JSC and the Company are reviewed in detail by the Compliance Control Service.

To achieve high standards of non-discrimination, the Company refers to the recommendations of international initiatives in this area. In particular, we follow the principles of the UN Global Compact in the area of human rights and labour relations, which, in turn, are based on the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

MANAGEMENT APPROACH

KazTransOil JSC ensures equal rights and opportunities for all employees and excludes conditions for gender inequality and any kind of discrimination. The Company does not discriminate on the basis of gender, race, nationality, religion or any other grounds not related to professional qualities, as well as granting any privileges and benefits to individual employees, except on the basis of legislation and/or internal documents.

All employees of KazTransOil JSC have equal opportunities to realize their labor rights and freedoms. The Company actively participates in negotiations with employees on the conclusion, amendments and additions to the Collective Agreement, complies with the terms of the negotiations and ensures the work of the relevant joint commissions, provides information necessary for the negotiations, and strictly complies

with the provisions of the Collective Agreement. According to labor law, any employee has the right to participate, through his or her representatives, in collective bargaining and the drafting of a collective agreement, as well as to become acquainted with the signed Collective Agreement.

MANAGEMENT FRAMEWORK AND TOOLS

Equal Opportunity is managed by the Department of Human Resources Management. All emerging issues of discriminatory nature are considered with the direct participation of the Compliance Control Service of KazTransOil JSC.

The main tools for managing the above issues are the following procedures and internal documents, including:

- Code of business ethics of KazTransOil JSC;
- Code of Social Responsibility of KazTransOil JSC;
- Collective agreement between KazTransOil JSC and employees KazTransOil JSC;
- Procedure for consideration of appeals of individuals and legal entities received by the Rapid Response Center of KazTransOil JSC;
- Activity of the working group for consideration of anonymous appeals of the headquarters and the SBU, created by order of the General Director (Chairman of the Management Board) or his deputy / head of the SBU or his deputy.

ANTI-DISCRIMINATION

GRI 406-1

Any employee has the right to leave an appeal through the Company's internal communication channels, including appeals on human rights and non-discrimination issues. In the reporting period, the Compliance Control

Service received several inquiries concerning discrimination issues. Everyone case was reviewed in detail by compliance-control service employees in accordance with the provisions of internal documents regulating

the activities of the service. According to the results of consideration of the appeals, the facts of discrimination confirmation in KazTransOil JSC in the reporting period has not been revealed.

EQUAL OPPORTUNITIES

THERE ARE NO DIFFERENCES IN THE COMPANY'S REMUNERATION SYSTEM DEPENDING ON GENDER DIFFERENCES. SALARY LEVELS OF EMPLOYEES ARE LINKED TO THEIR POSITIONS, I.E. WOMEN AND MEN WORKING IN THE SAME POSITION RECEIVE THE SAME SALARY AND OTHER BENEFITS.

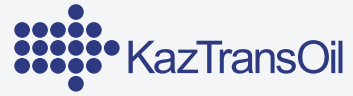
The minimum remuneration is traditionally higher than the minimum remuneration in the Company's operating regions. In the reporting period, the level of minimum remuneration in the Company amounted to 159,17 thousand tenge, which is 2,65 times higher than this indicator in the country.

Remuneration in KazTransOil JSC is based on the principle of gender equality.

GRI 202-2

KazTransOil JSC aims to improve its approach to gender equality in the Board of Directors, Management Board, senior managers of structural subdivisions and services of the Headquarters, heads of services of the SBU. In 2022, the proportion of senior managers hired from the local community* was 100%, including both men and women.

* The term "local community" refers to persons who were born or have the legal right to reside indefinitely in the country in which the Company operates (the Republic of Kazakhstan).



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Occupational Safety and Health

THE SAFETY OF EMPLOYEES IS OUR HIGHEST VALUE. IN 2022, KAZTRANSOIL JSC MANAGED TO ACHIEVE ZERO INJURY RATES. WE ARE CONVINCED THAT OCCUPATIONAL HEALTH AND SAFETY ISSUES MUST AND WILL REMAIN OUR TOP PRIORITIES IN OUR FUTURE WORK AND COMPANY DEVELOPMENT. AS A LARGEST OIL COMPANY WITH THE STATUS OF A NATIONAL OPERATOR AND A STAFF OF MORE THAN SIX THOUSAND PEOPLE, KAZTRANSOIL JSC TREATS WITH DUE RESPONSIBILITY THE OCCUPATIONAL HEALTH AND SAFETY OF ITS EMPLOYEES AND EMPLOYEES OF CONTRACTORS.



4,888 MILLION TENGE

total investment in occupational health and safety in 2022

In 2022, the Company joined the global initiative to promote the "Vision Zero" concept developed by the International Social Security Association.



KazTransOil JSC Annual Report ••• 2022



MANAGEMENT APPROACH

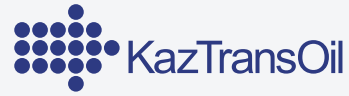
Ensuring safe working conditions and minimizing the risks associated with production activities are one of the key areas of the Company's Development Strategy.

The Company complies with national occupational safety and health legislations, as well as with international and sectoral standards. In addition, in its activities, KazTransOil JSC is guided by the Policy of KazTransOil JSC in the field of health, labor and environment protection, based on the commitment of senior management to preserve the life and health of employees and involvement of each employee in improving the safety culture at work. The management of KazTransOil JSC follows the principles of zero injuries, minimization of accidents and incidents, as well as traffic accidents.

The Company is fully aware of its responsibilities to ensure occupational safety and to protect the lives of employees. The Company's objectives in meeting these responsibilities include:

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

0 OCCUPATIONAL ACCIDENTS



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KazTransOil JSC has developed a set of measures for its timely response to emergencies, including measures to ensure fire safety and safety in the operation of the Company's vehicles. As part of improving fire safety practices in 2022, KazTransOil JSC continued to organize voluntary fire formations. In the reporting year, the number of employees in volunteer fire formations amounted to more than 1000 people. In addition, in the reporting year a new Agreement for the provision of fire safety services at the objects of KazTransOil JSC for 2022-2025 was concluded.

Occupational health and safety management system complies with the legislation of the Republic of Kazakhstan and sectoral standards.

In order to ensure automation of monitoring of the technical condition of buildings, facilities, fire-extinguishers and dangerous technical devices, data on the list of buildings and facilities, technical devices, as well as a list of fire-extinguishers are entered in the SAP TOPO module, their monitoring is conducted.

According to the Action Plan on development of the management system in the field of health, safety and environment of KazTransOil JSC, the following key internal documents were created and updated in the reporting period:

- Regulations on the Health, Safety and Environment Committee of KazTransOil JSC;
- Regulations on the operational control over compliance with industrial safety requirements at hazardous production facilities of KazTransOil JSC;
- Regulations on the Permanent Committee on Occupational Health and Safety of KazTransOil JSC;
- Regulations on Occupational Health and Safety Risk Management in KazTransOil JSC;
- Regulations for conducting an internal investigation of incidents in KazTransOil JSC;
- Procedure for determining the competence of employees of occupational health and safety services of KazTransOil JSC in the field of health, safety and environment;
- Program of introduction training on occupational safety and health.

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.

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

- 1 failure-free operation of its production facilities;
- 2 compliance with the Republic of Kazakhstan health and safety laws, international and national standards;
- 3 implementation of the Qorgau map;
- 4 provision control of the required protective clothes, footwear and by other means personal protective equipment;
- 5 assessments of occupational safety risks, prevention of occupational injuries;
- 6 a set of reliability and safety actions in accordance with the Industrial Safety Declaration of the Hazardous Production Facility;
- 7 operation of Industrial Councils at SBUs;
- 8 monthly meetings with employees on occupational health, safety and environmental issues;
- 9 conducting a Safety Moment;
- 10 occupational health and safety and fire safety training of employees within the scope of the fire and occupational safety basics.

EMPLOYEES COVERED BY OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEMS IN THE WORKPLACE*, PERS. GRI 403-8



○ Employees of the Company ○ Contractors' employees**

* Passed the internal audit procedure and the procedure of independent audit / certified by a third party.

** The number of contractors' employees providing construction, capital repair and other services with presence at the facilities of KazTransOil JSC is taken into account.

SAFETY CULTURE AT WORK

GRI 403-1

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 initiative 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.

THE LEVEL OF WORK PERFORMANCE SAFETY GRI 403-1

Indicator	2020	2021	2022	Change, %
Behavioral observations related to work safety	3,516	2,667	1,541	-42
Behavioral observations related to driving safety	2,917	1,577	1,380	-12

For all revealed facts of unsafe organization and performance of works, we talked to employees and pointed out to them the inconsistencies that had occurred, developed appropriate corrective measures. The decrease in the number of behavioral observations is associated with the introduction of the institution of filling out the Qorgau map.



BEST TECHNICAL INSPECTOR FOR OCCUPATIONAL SAFETY AND HEALTH

Denis Beloglazov, a leading specialist in energy management at the Atyrau Oil Pipeline Department, became the "Best Technical Inspector for Labour Protection of the Federation of Trade Unions of the Republic of Kazakhstan" in the oil and gas sector.

Denis Beloglazov together with the trade union and MAC of Atyrau Oil Pipeline Department of KazTransOil JSC participated in inspections of conditions and occupational safety at workplaces, developed and recommended measures aimed at improvement of occupational safety and health, reduction of occupational injuries and occupational diseases, which are included in the plan of organizational and technical measures of the enterprise.

IN ORDER TO MAINTAIN FEEDBACK WITH EMPLOYEES, THE COMPANY HAS A HELP DESK FOR HEALTH, SAFETY AND ENVIRONMENTAL ISSUES: HSE@KAZTRANSOIL.KZ.



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OCCUPATIONAL HAZARD AND RISK ASSESSMENT

GRI 403-2

Management of industrial safety issues in the Company is based on a risk-oriented approach. The Company regularly assesses risks associated with personnel, processes, working conditions, and equipment at all levels of management in order to improve industrial safety and health.

Pursuant to the Regulations on Health and Safety Risk Management of KazTransOil JSC, 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.

KazTransOil JSC conducts checks of units in the format of behavioral security audits, during which the employee identifies risks and dangers. Risk is assessed at least once a year. Occupational health and safety service employees are

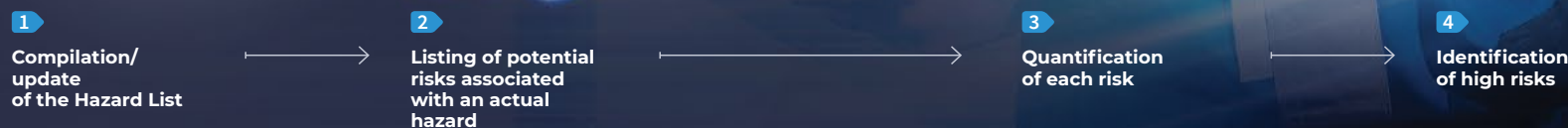
involved in the assessment process along with the relevant divisions. The identified risks are subject to reassessment in the event of an emergency or an accident, as well as in the event of significant changes in the production activities. Measures to mitigate high health and safety risks are elaborated based on risk assessment.

In addition, the Company also regularly conducts risk assessment training for personnel involved in ensuring occupational safety and health. This ensures an increase in the quality and accuracy of the risk management procedure.

As part of an internal occupational health and safety audit, in 2022, seven SBU production facilities and two representative were inspected. For all identified discrepancies, corrective measures were developed with control over their implementation in a timely manner.



STAGES OF OCCUPATIONAL HEALTH AND SAFETY RISK ASSESSMENT

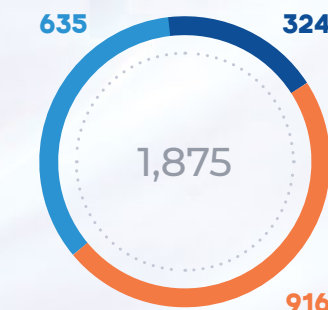


QORGAU MAP

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, the Company's employees had 1,875 Qorgau maps filled out, of which 1,645 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.

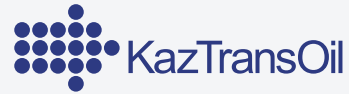
NUMBER OF QORGAU CARDS BY OBSERVATION TYPE IN 2022



- Unsafe action
- Hazard
- Suggestion

The company implements the following measures to develop the practice of using the Qorgau map:

- the electronic platform Qorgau operates 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.



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CRISIS MANAGEMENT TEAM (CMT)

KazTransOil JSC is aware of the extent of its responsibility to respond to emergencies and is constantly working to improve processes within the Company. In order to effectively respond to emergencies in 2022, KazTransOil JSC deployed CUCS as part of a command-staff exercise at the HOPS Aktau.

As part of the improvement program in the field of industrial safety "HSE Wheel of Efficiency" of NC KazMunayGas JSC On September 8, 2022, at the Annual Forum of General Directors of NC KazMunayGas JSC group of companies, the Company was awarded for effective implementation of best practices for emergency and crisis management — implementation of the Crisis Management Team.

On October 7, 2022 a complex command post exercise on the liquidation of a simulated emergency situation was successfully carried out at the Aktau HOPS of Mangistau Oil Pipeline Administration of the Company with the participation of the CMT, the Incident Management Team of Mangistau Oil Pipeline Administration, the Crisis Management Team of NC KazMunayGas JSC and Samruk-Kazyna JSC.

INVESTMENTS IN OCCUPATIONAL HEALTH AND SAFETY

KazTransOil JSC recognizes the importance of improving its occupational health and safety management system and regularly invests in the development of practices in this direction. In 2022 the amount is 4,888 million tenge, which is 29% more than in 2021. Investments were increased in such directions as "Fire Safety" and "Occupational Safety".

INVESTMENT IN OCCUPATIONAL HEALTH AND SAFETY, MILLION TENGE

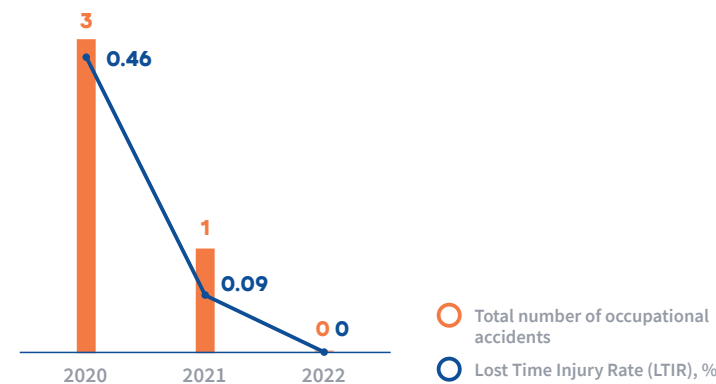
Description	2020	2021	2022	Change, %
Occupational safety	253	151	310	105
Health	897	881	866	-2
Industrial safety	249	182	180	-1
Fire safety	887	1,344	2,412	79
Personal protective equipment	1,100	1,195	1,120	-6
Total:	3,386	3,753	4,888	30

OCCUPATIONAL INJURIES

KazTransOil JSC aims for zero injuries through the implementation of measures aimed at improving industrial safety. On August 31, 2022, the Company officially joined the global initiative to promote Vision Zero Injuries and was certified with a commitment to comply with the Vision Zero Golden Rules. In 2022, there were no work-related accidents. In 2022, there were no work-related accidents.

NUMBER OF OCCUPATIONAL ACCIDENTS AMONG THE COMPANY'S EMPLOYEES

GRI 403-9



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 and implemented the following documents in the field of safety and labor protection, which apply to contractors:

- "Golden Rules" code of KazTransOil JSC in the sphere of safety and labour protection;

- "Requirements for contractors" ST;
- Instruction on conducting HSE inspections of contractors;
- Mandatory section in contracts, which spell out clear obligations of the contractor in matters of safety and labor protection.

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.

As part of the work to ensure vehicle safety, KazTransOil JSC monitors indicators of deviation from driving in a safe style at the oil pipeline administrations of KazTransOil JSC through the GPS monitoring system for vehicles. In 2022, there were no cases of contractors' employees being injured.

HEALTH

GRI 403-6

The company recognizes the importance of maintaining and supporting the health of employees and pays special attention to this direction. KazTransOil JSC carries out work on the prevention of infectious and non-infectious diseases, including occupational illnesses, as well as 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.

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



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.





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6,120
EMPLOYEES

passed a compulsory medical examination in 2022

The number of employees of KazTransOil JSC who passed the mandatory periodic medical examination in 2022 is 6,120 people (according to the final acts provided), which is 97% of the total number of employees subject to mandatory periodic medical examination. The remaining 3% of employees are employees who have terminated their employment with the Company or who have gone a child care leave before they reach the age of three a mandatory 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.

INDUSTRIAL SAFETY

GRI 403-7

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 2022, no man-caused accidents were recorded during operation of the Company's main oil pipelines and other production facilities.

However, in 2022 there was 1 fire recorded. On September 26, 2022, while driving along the Chulak – Kurgan HOPS route – 1,503 km Pavlodar – Shymkent MOP, there was smoke from under the cab of an excavator based on KAMAZ 43118 (2019 model year). Based on the results of the investigation, it was found that the operating parameters of the excavator before the fire were in technically sound condition, there were no violations of fire safety requirements by the Company's employees, and there were no victims. The sum of the insurance payment amounted to 35 million tenge.

The Company regularly takes measures aimed at improving the industrial and fire safety management system. So in 2022, the following main events were held:

- 1 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;
- 2 a contract was concluded for the maintenance of hazardous production facilities of the Company by a professional paramilitary emergency service;
- 3 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;
- 4 775 fire-technical classes, 7 fire-technical drills were held, 17 064 fire drills were conducted, 465 volunteer firefighters were trained, 849 employees were trained in fire safety in the scope of the fire-technical minimum;
- 5 5 586 employees of the Company were trained and retrained on the issue of industrial safety;
- 6 Contracts are signed in accordance with the established procedure for the provision of services to protect the Company's facilities from fires. The quality of the services provided is periodically checked, and work is carried out to continuously improve them.

OCCUPATIONAL HEALTH AND FIRE SAFETY TRAINING

GRI 403-5

KazTransOil JSC implements a regular training of managers and specialists in all envisaged training programs in the field of occupational health and safety in accordance with the requirements of the legislation.

KazTransOil JSC regularly improves the knowledge of its personnel on occupational health and safety issues. In the reporting year, the number of employees who completed occupational safety training increased by 4% compared with 2021. All contractors' employees receive induction training in occupational health and safety. Additional training on occupational health and safety for contractors' employees is not carried out.

EMPLOYEE TRAINING ON OCCUPATIONAL HEALTH AND SAFETY IN THE WORKPLACE, PERS. GRI 403-5

Indicator	2020	2021	2022	Change, %
Number of employees who completed training	4,645	5,795	6,020	4
Average hours of training per employee	24	32	21	-34

TRAINING ON OCCUPATIONAL HEALTH AND SAFETY IN 2022, PERS. GRI 403-5

Types of courses	Number
Occupational health and safety	434
Industrial safety	5,586
Fire safety induction	849
Training for non-medical personnel	960
Defensive Driving	977
Safe Driving in Winter time	977
NEBOSH IGC (International Occupational Health and Safety Certificate)	1
IOSH Managing Safely (International Certificate for Safe Work Management)	1
Traffic safety management, vehicle inspection	977
Safety rules for HIFs when working at height and steeplejack work	544
Rules of the road of the Republic of Kazakhstan. Fundamentals of road safety	977

SAFETY DAY CPC JSC

In September 2022, the team of KazTransOil JSC became a nominee of the Safety Day contest of CPC JSC. Approximately 700 employees of CPC contractors and partners participated in the competition, which was organized in Atyrau for the first time, and consisted of 28 teams. KazTransOil JSC was

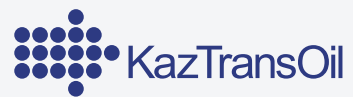
represented by employees of the West Operations Services Administration, Atyrau Oil Pipeline Administration and a separate team of Main Waterline LLP. During the competition, the teams performed tasks in seven directions, from investigation and determining the cause of the incident to prompt action

in emergency situations. The organizers highly appreciated the strategic abilities of the teams representing our Company in the field of compliance with the rules of industrial safety, occupational safety and environmental protection, actions in the preservation of environmental safety at work.

PLANS FOR 2022 AND MEDIUM-TERM PLANS

1. To organize and conduct surveys and targeted inspections of the Company's occupational health and safety.
2. To implement the activities of the Zero Injury Concept Vision Zero Program in KazTransOil JSC.
3. To organize occupational health and safety knowledge checks in KazTransOil JSC.
4. To monitor indicators of deviation from safe driving style at KazTransOil's oil pipeline administrations through the GPS monitoring system for vehicles.
5. Replacement of water-heating boilers LOCS "Peterfeld" and Priirtyshsk ERP working on oil with industrial inductive-cognitive electric boilers in 2025-2026.
6. Construction of a block-modular building "First Aid Post" at the Prorva OPS of the Kulsary Oil Pipeline Administration. The construction is included in the Program of construction and repair of social and administrative facilities of KazTransOil JSC for 2023-2027.
7. Construction of a fire station at the Atasu HOPS of the Karaganda Oil Pipeline Administration.





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External Communications

KAZTRANSOIL JSC CONSTANTLY MAINTAINS CONSTRUCTIVE COMMUNICATION WITH EMPLOYEES AND ALL STAKEHOLDERS. THE COMPANY HAS AN INTEGRATED SYSTEM OF INTERNAL COMMUNICATIONS DESIGNED TO IMPROVE THE EFFICIENCY OF FEEDBACK. FOR EXAMPLE, ALL STRUCTURAL UNITS, OFFICES AND REPRESENTATIVES OF THE COMPANY REGULARLY HOLD MANDATORY SCHEDULED MEETINGS OF MANAGEMENT WITH LABOR COLLECTIVES TO DISCUSS SOCIAL, EVERYDAY LIFE AND PRODUCTION ISSUES.

In 2022, the Company's work in corporate communications was aimed at strengthening and developing existing tools for communicating with target audiences. Managing communication issues between management, employees and other stakeholders is regulated by the Department of Public Relations and Internal Communications of KazTransOil JSC. 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 on interaction between structural divisions of KazTransOil JSC when posting information on the Internet resource of KazTransOil JSC;
- Media plan of KazTransOil JSC;
- Brand book of KazTransOil JSC.

FEEDBACK CHANNELS

KazTransOil JSC understands the importance of considering the opinions of employees in the Company's activities and provides an opportunity for each employee to submit questions and appeals and receive a timely response. For this purpose, the Company has the following feedback mechanisms:

- Hotline of Samruk-Kazyna JSC;
- Hotline Nysana;
- electronic information system of trust of KazTransOil JSC — doverie@kaztransoil.kz;
- General Director's blog;
- A special dedicated line of the Company "No Corruption!";
- Rapid Response Center (RRC).



1,548 MATERIALS

were published on the websites of news agencies, national and regional media

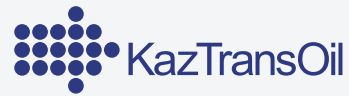
All received appeals are registered by the Documentary Support Department and forwarded to the General Director (Chairman of the Board) or the relevant head of the Company, whose competence includes the issue. Anonymous appeals are forwarded to members of the working group for reviewing

anonymous appeals of the Central Office/SGC (working group). All appeals received are checked and, if necessary, investigated and appropriate corrective and preventive measures are taken.

In 2022, the working group reviewed appeals concerning labour violations, re-

muneration, social and living conditions, provisions of the Collective Agreement, situations of conflict of interest in performance of job duties, non-compliance with the requirements of the concluded contract. According to the results of the inspections, the information contained in the appeals was not confirmed.





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RAPID RESPONSE CENTER (RRC)

In 2022, in order to ensure the effective functioning of feedback in KazTransOil JSC through messenger WhatsApp, the operation of the RRC was launched, in accordance with the Rules of Document Management IMS of KazTransOil JSC. For receiving messages in the messenger WhatsApp account operates RRC number +7 771 101 55 06.

Appeals on issues related to the activities of the Company, its officers and other employees are accepted for consideration in kazakh and russian languages. The term of consideration of appeals registered in the Document Support Department is set in accordance with Responses to appeals are sent by structural units via e-mail to the RRC

coordinator on the day of their signing (approval). The Department of Public Relations and Internal Communications provides the General Director (Chairman of the Management Board) of the Company or his deputy with a monthly report on consideration of the appeals received during the reporting month, on the 15th day of the month following the reporting month.

In accordance with the document Procedure of consideration of appeals of individuals and legal entities received by the Rapid Response Center of KazTransOil JSC, official investigations are carried out on anonymous appeals. In the reporting period, three internal investigations were conducted.

As of December 31, 2022, there were 301 appeals, including 7 anonymous appeals. The main topics of appeals are questions about the availability of vacancies, opportunities for internships, as well as social and labor issues of employees.

301
APPEALS

received by the RRC in 2022

CHANNELS OF COMMUNICATIONS

In addition to feedback mechanisms, an important factor affecting the business reputation of the Company is corporate communications. In 2022 KazTransOil JSC had 6 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 www.kaztransoil.kz;
- corporate information portal;
- mobile application of KazTransOil JSC;
- corporate television;
- unified information mailing KTOinfo;
- official accounts of KazTransOil JSC in social networks LinkedIn, Facebook, Instagram, Youtube.

In order to create effective mechanisms for direct communication of the Company, as well as to inform the public about the main results, news of KazTransOil JSC in the reporting period were published 65 press releases on the corporate Internet resource of the Company www.kaztransoil.kz. In addition, in 2022 the Company published 1,548 materials relating to the activities of KazTransOil JSC in the media at the national and regional level, including various news agencies of the Republic of Kazakhstan. In social networks there were published 1021 posts on industrial, economic and social topics of the Company.

In order to cover the activities of KazTransOil JSC management in 2022, there were organized and held 14 live broadcasts for all employees with the opportunity to ask questions on all matters of interest, as well as receive answers.

SIGNIFICANT EVENTS, ACTIVITIES AND PROJECTS IN 2022

KazTransOil JSC maintains active communication on issues related to its activities. In 2022, the Company took part in industry and thematic events, and also actively interacted with the media.

25th Anniversary of KazTransOil JSC

2022 was a significant year for the Company — it was 25 years since the foundation of KazTransOil JSC. Was prepared a special report on the activities of KazTransOil JSC. Published a series of articles and posts on the Company's achievements over a quarter of a century. The Anniversary date was marked with congratulatory words on behalf of the Company's management.

As part of the 25th Anniversary of KazTransOil JSC in Shymkent in April-May of the reporting period in order to promote a healthy lifestyle, a spartakiad was held, which was attended by more than 500 employees of KazTransOil JSC and SJCE. In addition, other major celebrations took place. Among them are: Sports contest "Let's go a compete!"; Gala concert, young forum, intellectual competition "What? Where? When? ". It is also worth noting the "Best Specialist" contest, the winner of which took part in similar contests of NC KazMunayGas JSC and Samruk-Kazyna JSC.

Kazakhstan International Oil and Gas Exhibition KIOGE-2022

KazTransOil JSC's exposition at the KIOGE-2022 exhibition included a presentation of a thematic video dedicated to the contribution of the Compa-

ny's employees to the socio-economic development of the country. During the three days of the exhibition more than 50 companies have shown interest in cooperation with KazTransOil JSC.

Support for Young People

In order to ensure the involvement of the Company's young people, a young people's forum was held in Shymkent, which was attended by 50 young specialists. At the forum, innovative ideas of young people were noted, and training sessions on topics relevant to young specialists were held.

Ecology and Safety

In 2022, the Company continued to carry 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", educational events on environmental literacy and competitions.

Use of the state language

In 2022, events to support the state language among the Company's employees were widely publicized. Contests have been held "Qualified specialist", "The best structural subdivision that speaks the state language".

PLANS FOR 2023 AND MEDIUM-TERM

1. To publish materials related to the implementation of the Vision Zero Injury Concept Implementation Program.
2. To conduct a survey among the Company's employees to determine the rating of managers.
3. To organize and develop RRC activities.
4. To create and approve the broadcasting grid of the Company's corporate television.
5. To organize and conduct live broadcasts with the participation of the Company's management.
6. To coordinate the production of a new television studio in the building of the headquarters of KazTransOil JSC.



"WHAT? WHERE? WHEN?" GAME WAS HELD IN KAZTRANSOIL JSC

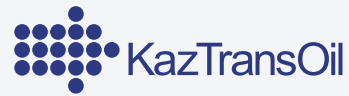
In December 2022, intellectual games "WHO-Quiz" and "What? Where? When?" were held among the employees of KazTransOil JSC in the capital city. The best players from each "WHO-Quiz" team took part in the "What? Where? When?" game.

The Company's employees plunged into the atmosphere of an intellectual game. The broadcast took place live on the corporate YouTube channel.

The best player was Aidar Abdullayev, head of the Chulak Kurgan POPS of Shymkent Oil Pipeline Administration, who received a crystal owl and a certificate. The best question among the viewers was asked by the head of the electrochemical protection and overhead line section of Pavlodar oil pipeline Administration Oleg Sviridov.

KAZTRANSOIL LIFE





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Anti-corruption

KAZTRANSOIL JSC ATTACHES GREAT IMPORTANCE TO MAINTAINING OUR BUSINESS REPUTATION AND SEEKS TO CONTINUOUSLY ENHANCE THE CONFIDENCE OF OUR EMPLOYEES AND STAKEHOLDERS. WE RECOGNIZE THAT OUR REPUTATION FOR HONESTY AND INTEGRITY IS ONE OF OUR MOST VALUABLE ASSETS. KAZTRANSOIL JSC'S FIRM STAND AGAINST CORRUPTION REFLECTS OUR COMMITMENT TO HIGH ETHICAL STANDARDS OF BUSINESS CONDUCT AND IS ONE OF THE FUNDAMENTAL PRINCIPLES OF OUR ACTIVITIES. STRICTLY FOLLOWING THE HIGH STANDARDS OF BUSINESS ETHICS, KAZTRANSOIL JSC IMPOSES REQUIREMENTS ON ITS COUNTERPARTIES IN THE FIELD OF PREVENTION OF CORRUPTION OFFENSES AND FORMATION OF ZERO TOLERANCE FOR CORRUPTION.

IN ITS ACTIVITIES, KAZTRANSOIL JSC ADHERES TO THE DIRECTION OF ACHIEVING AN ATMOSPHERE OF INTOLERANCE TO ANY MANIFESTATION OF CORRUPTION AMONG EMPLOYEES BY CREATING VALUE AND MORAL GUIDELINES.

GRI 205-1, 205-2, 205-3

APPROACH TO ANTI-CORRUPTION MANAGEMENT

KazTransOil JSC has a compliance control service, the competence of which includes issues aimed at the prevention of corruption, formation of an anti-corruption culture, prevention and resolution of conflicts of interest, compliance with regulatory requirements in terms of disclosure of information about the Company, disposal and use of insider information.

In order to implement the requirements of the legislation of the Republic of Kazakhstan on anti-corruption, the compliance control service reports to the Board of Directors of KazTransOil JSC from January 1, 2022.

The following documents are the main internal regulations that cover anti-corruption and anti-fraud issues at the Company:

- Anti-corruption Policy of KazTransOil JSC;

- KazTransOil JSC Violation Risk Management Policy;
- Business Ethics Code of KazTransOil JSC;
- Anti-corruption standards of KazTransOil JSC;
- KazTransOil JSC Rules for Management Conflicts of Interest between Officials and Employees;
- Regulation on counterparty due diligence of KazTransOil JSC.

The Company uses the following key tools and mechanisms in its anti-corruption activities:

- anti-corruption monitoring;
- internal analysis of corruption risks in the Company;
- corruption risk identification, assessment and management;
- feedback channels to report corruption events;

- carrying out the counterparty due diligence procedure;
- introduction of an anti-corruption section in all agreements concluded by the Company with its counterparties;
- information provided to employees and contractors about the state policy against corruption and the Company's standards for ethical business conduct.

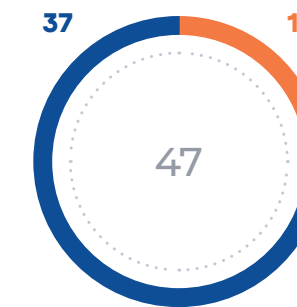
GRI 205-2

On May 25, 2022 the compliance control service of the Company jointly with the Department of the Agency for counteraction of corruption (Anti-corruption service) organized a seminar-meeting in Astana, where the employees of the Company (management, heads and employees of structural divisions) were informed about the main directions of the concept of anti-corruption policy in the Republic of Kazakhstan for 2022-2026, and also about the measures of counteraction of corruption that the Company is implementing.

In order to improve the competence of the Company's employees in the field of anti-corruption, in December 2022 there was held a training on Anti-corruption compliance in the enterprises of the quasi-sector, which was attended by 47 heads of oil pipeline departments, including 11 in the Atyrau region, 11 — in Karaganda region, 15 — in Astana city, 3 — in Aktobe region, 5 — in Shymkent city and 2 — in Ulytau region.

In 2022, employees of the Company's compliance control service were trained in the implementation of the anti-corruption management system in accordance with the ISO 37001 standard, the implementation of international compliance standards, as well as in the field of sanctions compliance.

TOTAL NUMBER OF EMPLOYEES BY CATEGORY THAT HAVE RECEIVED TRAINING ON ANTI-CORRUPTION



○ Managerial positions
○ Specialists

21
APPEALS

received by the Company's Hotlines

MEASURES IMPLEMENTED IN THE REPORTING PERIOD

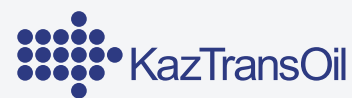
During the reporting period, in accordance with the requirements of the Law of the Republic of Kazakhstan On Anti-corruption actions, control was exercised over the submission of asset, liability/income and property declarations by candidates for managerial positions in the Company/SJCE and their spouses, also candidates for positions performing managerial functions in the Company/ SJCE and candidates for positions of heads of structural subdivisions of the Company/SJCE were checked for their affiliation with officials of the Company/SJCE, conflicts of interest were checked when candidates were ap-

pointed to these positions, and consent to anti-corruption restrictions was given by the above-mentioned candidates.

In February 2022, the provisions of the Anti-corruption Policy of KazTransOil JSC and Anti-corruption standards, which stipulate the responsibility of the CEO (Chairman of the Management Board) of the Company for committing corruption offenses by his direct subordinate employees, were updated.

In December 2022, the Company carried out an internal analysis of corruption risks for the period 2021-2022

on the issues of monitoring the execution of procurement contracts, single-source procurement, safety, health and emergency situations. Based on the results of the analysis of corruption risks, an action plan was prepared to eliminate corruption risks identified by the internal analysis of corruption risks for the period 2021-2022. In addition, monitoring of the implementation of measures to prevent corruption risks based on the results of the internal analysis of corruption risks in KazTransOil JSC for the period from 2019 to 2020 is carried out on a systematic basis.



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SUBDIVISIONS AND BUSINESS PROCESSES ASSESSED FOR RISKS RELATED TO CORRUPTION GRI 205-1

Description	2019-2020	2021-2022
Total number of structural subdivisions for which corruption-related risks were assessed, ea.	4	5
Share of structural subdivisions for which corruption-related risks were assessed, %	15	19

During the reporting period, the Company carried out work aimed at creating anti-corruption compliance services in SJCE. The Company's compliance control service provides methodological support to SJCE in organizing the compliance function.

In order to form an anti-corruption culture, the Company is working to raise the awareness of employees in the field of combating corruption. The Company uses internal and external information channels to disseminate information on compliance with anti-corruption legislation, the functioning of the hotline of Samruk-Kazyna JSC (<https://sk-hotline.kz>), a special dedicated line of the Company "No to Corruption!" (5213@kaztransoil.kz) (hereinafter — hotlines), and prohibition of gift-giving.

In addition, on a periodic basis, information is sent to the structural subdivisions of the Company and SJCE on the issues of anti-corruption legislation of the Republic of Kazakhstan and its application in relation to officials and other employees of the Company. Explanatory work is carried out with the employees of the Company and SJCE in terms of the need to comply with the require-

ments of the legislation in the field of combating corruption. As part of familiarization with the requirements in the field of combating corruption, settlement of conflicts of interest, as well as informing about the requirements for the Company as a listed company, compliance-control service employees provide instructions to new employees, which explain the requirements in these areas.

On the Company's official website, in the Contacts and Anti-corruption sections https://kaztransoil.kz/ru/us-toychivoe_razvitie/protivodeystvie_korruptcii/ in the state, Russian and English languages, as well as on the Company's official Instagram page (@kaztransoil.official), information about the hotlines functioning in the Company is posted. Complaints, including anonymous ones, received to the hotlines and through other official channels, are reviewed according to the established procedures. Information on the results of consideration of appeals is sent to the compliance service of NC KazMunayGas JSC and applicants (except for anonymous appeals).

During the reporting period, the hotlines received 21 calls. No facts of corruption and fraud within the Company were revealed.

It should be noted that in 2022, employees of the Company participated in a survey to determine the index of intolerance to corruption in the group of companies of NC KazMunayGas JSC. The results of this survey revealed that 86% of employees of the Company know where to go if they witnessed a corruption offence, which indicates a high level of awareness in the ongoing anti-corruption work in KazTransOil JSC. 81% of employees believe that the Company will take the necessary measures after considering their reports on possible violations, and 4% of employees witnessed or heard from colleagues and acquaintances about cases of corruption in the Company over the past year.

In general, in the past year the Company did not experience any serious conflict situations or gross violations of Business Ethics Code and the Company's Violation Risk Management Policy.

PLANS FOR 2023 AND MEDIUM-TERM PLANS

1. Continuing work aimed at developing an anti-corruption culture in the Company and SJCE.
2. Further work on building a compliance risk management system (including sanctions risks) in the Company's SJCE.

Economic performance

THE COMPANY MAKES A SIGNIFICANT CONTRIBUTION TO THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE COUNTRY AND ACTIVELY PARTICIPATES IN THE DEVELOPMENT OF THE REGIONS IN WHICH IT OPERATES.

PAYMENTS TO GOVERNMENT

Approach to tax

GRI 207-1, 207-2

The Company is a responsible and conscientious taxpayer and pays the applicable taxes. In order to standardize the methodological and organizational accounting process, the Company developed the Tax Accounting Policy of KazTransOil JSC, which regulates the tax accounting procedure.

In 2022, our Company became a participant in the pilot project on horizontal monitoring, thus reflecting the commitment to minimize risks within tax accounting. Also in 2022, the Company was assigned a low taxpayer risk level based on the results of categorization by the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan. The Company is committed to continuous improvement of its approach to taxation and economic performance.

GRI 201-1, 202-2, 204-1

The Company strives to have a positive economic and social impact in the regions where it operates by creating jobs and improving infrastructure.

The Company applies the generally established taxation procedure. The Company complies with regulatory requirements in the field of taxation in accordance with the tax legislation of the Republic of Kazakhstan.

In order to standardize the approach to tax accounting, the Company adopted the Tax Accounting Policy of KazTransOil JSC approved

by the Board of Directors of the Company in December 2018. The officers responsible for compliance with the Tax Accounting Policy of KazTransOil JSC are the General Director (Chairman of the Management Board) of the Company and (or) his authorized person, heads of structural subdivisions of the Company/SBU of the Company and the Director of the tax planning and accounting department.

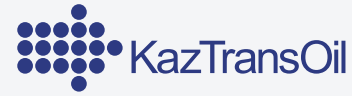
Tax governance, control, and risk management

Tax planning and accounting issues in the Company are supervised by the Tax Planning and Accounting Department whose tasks include fulfilling the Company's tax obligations in accordance with the tax legislation of the Republic of Kazakhstan, as well as ensuring timely measures to prevent and/or minimize the negative consequences of tax risks for the Company.

In accordance with the order of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan dated June 14, 2022 No. 402, the Company was included in the list of taxpayers participating in the pilot project on horizontal monitoring.

Horizontal monitoring is a form of control in which the taxpayer provides real-time access to accounting and tax accounting data to the tax authorities, preventing future tax risks





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The main purpose of horizontal monitoring is timely response and prevention of risky operations and violations of tax and other legislation by taxpayers by establishing access to the information systems of participants in the horizontal monitoring pilot project.

The main advantages of horizontal monitoring pilot project for taxpayers include the following:

- exclusion of horizontal monitoring participants from the monitoring of large taxpayers;
- remote information interaction with the tax authorities, which will reduce the cost of paperwork between the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan and the taxpayer;

- reducing tax risks for taxpayers and avoiding penalties based on the results of tax audits;
- payment of penalty at a reduced 0.65-fold base rate of the National Bank of the Republic of Kazakhstan;
- resolution of controversial issues by the conciliation commission;
- increasing the investment attractiveness of companies through trusting partnerships with the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan;
- refund of excess VAT in a simplified procedure in the amount of 80%.

Tax risks are identified at the stage of concluding contracts and agreements, and their expertise is carried out.

ACCORDING TO THE RESULTS OF CATEGORIZATION OF TAXPAYERS BY THE STATE REVENUE COMMITTEE OF THE MINISTRY OF FINANCE OF THE REPUBLIC OF KAZAKHSTAN, THE COMPANY WAS ASSIGNED A LOW RISK LEVEL.

GRI 201-4

During the reporting period, the Company received no financial assistance from the government, including tax relief and tax credits, subsidies, awards, financial assistance from export credit agencies, or other financial benefits received or receivable from any government for any operation.

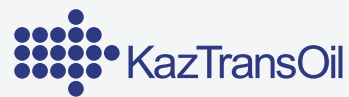
PLANS FOR 2023 AND MEDIUM-TERM PLANS

1. Ensuring planning of the Company's obligations to pay taxes and other obligatory payments to the budget.
2. Timely and complete fulfillment by the Company of tax obligations to the budget and fulfillment of the obligation to calculate, accrue and pay social payments to non-budgetary funds.
3. Ensuring timely measures to prevent and/or minimize the negative consequences of the Company's tax risks.

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BILLION TENGE

taxes and other obligatory payments to the state budget





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Procurement System and Local Content Development

A WELL-FUNCTIONING PROCUREMENT SYSTEM PLAYS A KEY ROLE IN THE SUSTAINABLE DEVELOPMENT OF KAZTRANSOIL JSC'S BUSINESS. THE COMPANY ADHERES TO THE PRINCIPLES OF TRANSPARENCY, OPTIMAL SPENDING OF FUNDS AND FAIR COMPETITION, WHICH ARE THE BASIS OF OUR CORPORATE PROCUREMENT SYSTEM. INCREASING THE TRANSPARENCY AND OPENNESS OF THE PROCUREMENT PROCESS IS ENSURED BY THE MECHANISM OF STANDARDIZATION OF PROCUREMENT CONTRACTS.

In order to implement the state policy on the development of the national economy and local content, our Company strives to give preference to local suppliers when procuring goods and services. Following the principles of responsible and ethical business conduct, we impose strict requirements on business partners in the area of non-corruption and are happy to cooperate with suppliers who share our values.

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.

NUMBER OF VENDORS BROKEN DOWN BY CATEGORY, 2022



1,142

number of local suppliers

155,851 MILLION TENGE

the number of contracts concluded by Company with suppliers in 2022

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

GRI 204-1

The amount of contracts concluded by the Company with local suppliers in the reporting year amounted to 155,780 million tenge. The number of local suppliers in 2022 compared to 2021 increased by 19.7% and amounted to 1,142 suppliers of KazTransOil JSC.

As of the end of 2022 the share of local content in purchases of KazTransOil JSC made up 73%, including 55% for goods and 78% for works and services.

TOTAL NUMBER OF SUPPLIERS

GRI 204-1



The share of local content in the procurement of goods, works and services is monitored on the portal of the authorized body.

In 2022, the total number of business partners informed about the Company's Anti-corruption policies was 1,154.

INFORMATION ON THE COMPANY'S ANTI-CORRUPTION POLICIES AND PRACTICES

GRI 205-2

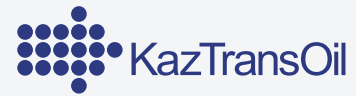
Indicator	2020		2021		2022	
	Total	Share, %	Total	Share, %	Total	Share, %
Total number of business partners informed about the Company's anti-corruption policies	783	100	965	100	1,154	100

PLANS FOR 2023 AND MEDIUM-TERM PLANS

In 2023 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 2023 and 2023-2027 years. Further monitoring

over the local content in procurement of goods, works and services is also envisaged: achievement of the level of local content in the procurement of goods at 55%, the achievement of the level of local content in the procurement of works and services at 75%.





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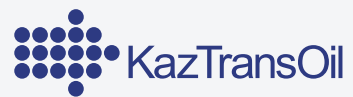
KazTransOil JSC Annual Report 2022



KAZTRANSOIL JSC PERFORMANCE OVER 25 YEARS

435,675 MILLION TENGE

DIVIDEND PAYMENT



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Corporate governance system and its basic principles

KAZTRANSOIL JSC CONSIDERS CORPORATE GOVERNANCE AS A KEY FACTOR IN THE LONG-TERM VALUE AND SUSTAINABLE DEVELOPMENT OF THE COMPANY, ITS COMPETITIVENESS AND INVESTMENT ATTRACTIVENESS.

GRI 2-9

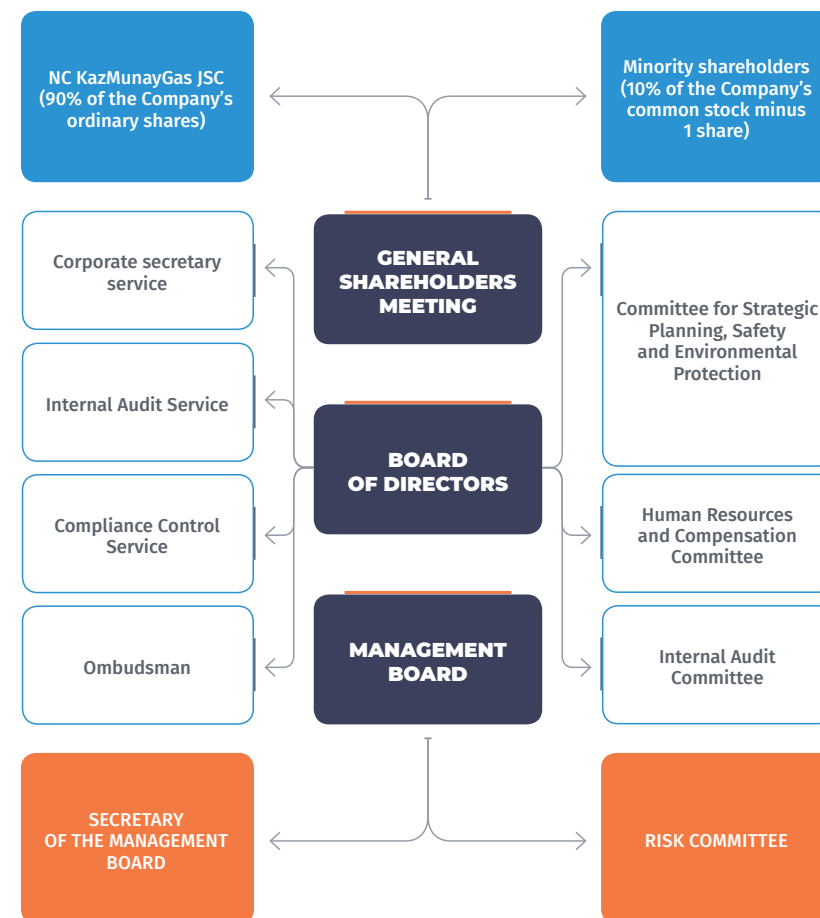
Corporate governance of KazTransOil JSC is a set of processes that ensure management and control over the activities of the Company, as well as the system of relationships between shareholders, the Board of Directors, the executive body and stakeholders.

KazTransOil JSC is building a system of corporate governance of the Company in accordance with the legislation of the Republic of Kazakhstan, the Charter of the Company and the Code of Corporate Governance.

The Company's bodies that make decisions on the key issues of the Company's activities and exercise general management are:

- General Meeting of Shareholders (supreme body);
- Board of Directors (management body);
- The Management Board (executive body).

THE COMPANY'S CORPORATE GOVERNANCE SYSTEM





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Report on compliance with the Corporate Governance Code

The objectives of the Corporate Governance Code are to improve corporate governance in KazTransOil JSC, ensure transparency of governance, 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. Role of Samruk-Kazyna JSC as a national managing holding.**
- 3 Sustainable development.**
- 4 The rights of shareholders and fair treatment of shareholders.**
- 5 The effectiveness of the Board of Directors and the executive body.**
- 6 Risk management, internal control and audit.**
- 7 Transparency.**

THESE PRINCIPLES CORRESPOND TO THE BEST PRACTICES OF CORPORATE GOVERNANCE AND ARE IMPORTANT FOR INCREASING THE LONG-TERM VALUE, INVESTMENT ATTRACTIVENESS AND SUSTAINABLE DEVELOPMENT OF THE COMPANY AS A WHOLE.

The Company, understanding the importance of corporate governance, pays great attention to the need for compliance of internal documents and practices of the Company with the principles of corporate governance.

A full report on the compliance of KazTransOil JSC with the principles and provisions of the Corporate Governance Code for 2022 is available on the Internet resource of the Company in the section "Corporate Governance".

General Meeting of Shareholders

The General Meeting of Shareholders is the supreme management body of the Company, which carries out its activities in accordance with the Law of the Republic of Kazakhstan "On Joint Stock Companies", the Charter of the Company and the Regulations on the General Meeting of Shareholders KazTransOil JSC.

The Company strives to ensure equal and fair treatment of all shareholders in exercising their right to participate in the management of the Company. The main way for shareholders to exercise their rights is to participate in the Annual General Meeting of Shareholders and Extraordinary General Meetings of Shareholders.

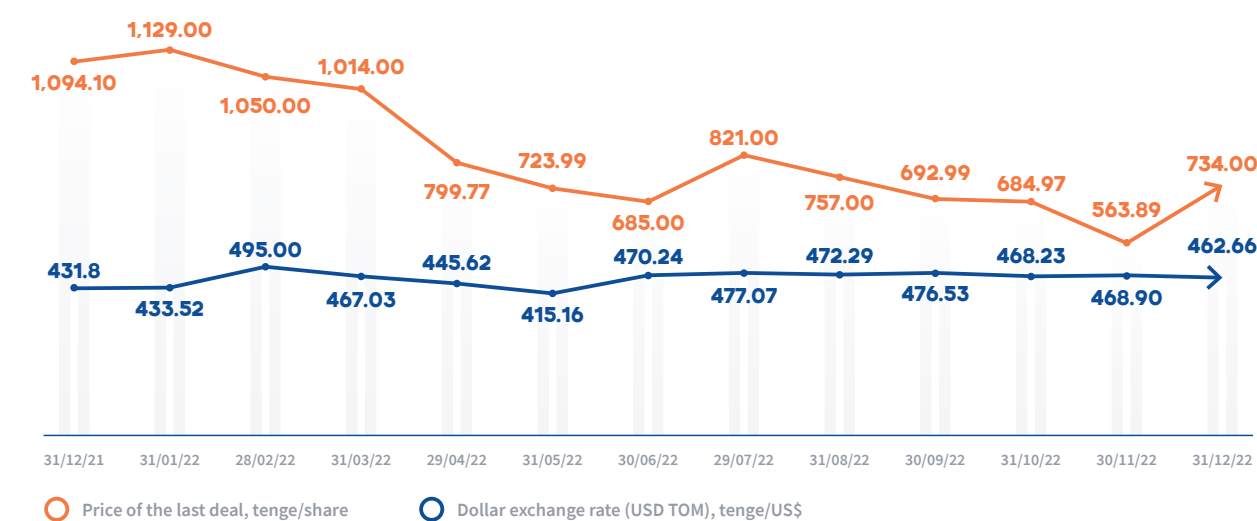
The procedure for holding the General Meeting of Shareholders is aimed at ensuring the observance of shareholder rights and meets all the requirements of the applicable law, as well as the best international practices of corporate governance.

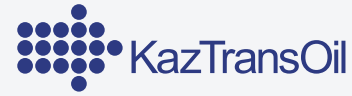
SHARE CAPITAL STRUCTURE

As of December 31, 2022, there were outstanding and paid 384,635,599 common shares of the Companies, of which:

- 8,463,559 ordinary shares or 10% less one share were placed by subscription on the KASE, of which 7,500 ordinary shares were repurchased by the Company at the request of a shareholder;
- 1 (one) common share of the Company is not placed.
- 346,172,040 ordinary shares, or 90% of the total number of issued and outstanding shares, are owned by NC KazMunayGas JSC;

CHANGE IN THE MARKET VALUE OF SHARES OF KAZTRANSOIL JSC IN 2022, TENGE





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INFORMATION ON GENERAL MEETINGS OF KAZTRANSOIL JSC SHAREHOLDERS HELD IN 2022

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders was held on May 19, 2022 KazTransOil JSC, at which the following issues were considered:

- 1 On approval of the annual financial statements and consolidated annual financial statements of KazTransOil JSC for 2021.**
- 2 On approval of the order of distribution of net income of KazTransOil JSC for 2021, making decisions on payment of dividends on common shares and approval of the amount of dividend per one common share of KazTransOil JSC.**
- 3 On approval of the annual report of the Board of Directors KazTransOil JSC on the work performed in 2021.**
- 4 On the appeals of the shareholders of KazTransOil JSC for 2021 on the actions of KazTransOil JSC and its officials and the results of their consideration.**
- 5 On early termination of powers of a member of the Board of Directors of KazTransOil JSC Berlibayev D.A.**
- 6 On the election of a member of the Board of Directors of KazTransOil JSC and its Chair man.**

THE ANNUAL GENERAL MEETING OF SHAREHOLDERS WAS HELD ON MAY 19, 2022 KAZTRANSOIL JSC.

Extraordinary General Meetings of Shareholders

An Extraordinary General Meeting of Shareholders of KazTransOil JSC was held on January 25, 2022 by absentee voting to consider the following issues:

- 1 On determination of the auditing company performing the audit of KazTransOil JSC for 2022-2024 and procurement of its services.**
- 2 On determination of the quantitative composition and term of office of the counting commission of KazTransOil JSC, election of its members.**

On April 12, 2022 an Extraordinary General Meeting of the Shareholders of KazTransOil JSC was held by absentee voting to consider the issue On the election of a member of the Board of Directors of KazTransOil JSC.

The Extraordinary General Meeting of Shareholders of KazTransOil JSC was held on October 19, 2022 by absentee voting to consider the issue "On amendments and additions to the Charter of KazTransOil JSC.

3

extraordinary General Meetings of Shareholders of KazTransOil JSC in 2022

DIVIDEND POLICY

The Dividend Policy of KazTransOil JSC was developed in order to maintain a balance of interests of the Company and its shareholders, to ensure the greatest transparency for shareholders and all stakeholders, the procedure for determining the amount of dividends and the procedure for their payment.

The Dividend Policy establishes an amount for payment of dividends of not less than 40% of net income

of the Company. The actual amount of dividends may reach or exceed 100% of the Company's net income, if it does not contradict the Company's obligations.

For purposes of calculating dividends, the highest consolidated or separate net income shall apply. The Management Board of the Company reserves the right to propose the level of dividend payments below the norm of 40%, based

on the Company's actual results for the relevant financial year, industry-wide development dynamics and capital (investment) expenditure program.

By the decision of the annual General Meeting of Shareholders, 10,000,330,574 tenge, or 26 tenge per one ordinary share of the Company, was allocated for the payment of dividends for 2021. The payment of dividends for 2021 was completed on June 13, 2022.

DYNAMICS OF DIVIDEND PAYMENTS, TENGE

Period for which dividends are paid	Dividend payment start date	Amount of dividend per share	Payment amount
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
01.01.2021 — 31.12.2021	13.06.2022	26	10,000,330,574

INFORMATION DISCLOSURE

INFORMATION DISCLOSURE BY THE COMPANY ENSURES ITS AVAILABILITY TO ALL INTERESTED PARTIES, REGARDLESS OF THE PURPOSE OF OBTAINING THIS INFORMATION.

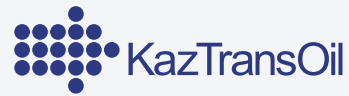
Information disclosure by the Company ensures its availability to all interested parties, regardless of the purpose of obtaining this information. Information disclosure is carried out in accordance with the Law of the Republic of Kazakhstan "On the Securities Market", the Law of the Republic of Kazakhstan "On Joint Stock Companies", the Rules for Disclosing Information by Securities Admission Initiators JSC "Kazakhstan Stock Exchange", the Charter of the Company, as well as other requirements of the legislation of the Republic of Kazakhstan and internal documents of the Company.

Building effective interaction with shareholders, based on the principles of information transparency and mutual respect, is one of the Company's priorities. In order to ensure feedback between the Company and its shareholders, potential investors, analysts, representatives of the investment community in general and professional securities market participants, the Company has an investor relations service.

According to KASE experts, the Company is one of the leaders in terms of the number of information publications in addition to listing requirements.

The company will continue to work to maintain information transparency and effective disclosure of information to stakeholders.

ON FEBRUARY 17, KAZAKHSTAN STOCK EXCHANGE JSC AWARDED KAZTRANSOIL JSC WITH THE DIPLOMA "FOR STRIVING FOR TRANSPARENCY" BASED ON THE RESULTS OF 2022 (A LISTED COMPANY OF THE NON-FINANCIAL SECTOR OF THE ECONOMY).



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Board of Directors

THE BOARD OF DIRECTORS IS THE COMPANY'S MANAGEMENT BODY THAT PROVIDES STRATEGIC MANAGEMENT OF THE COMPANY AND CONTROLS THE ACTIVITIES OF THE COMPANY'S MANAGEMENT BOARD WITHIN ITS COMPETENCE. THE BOARD OF DIRECTORS IS ACCOUNTABLE TO THE GENERAL MEETING OF SHAREHOLDERS AND IS RESPONSIBLE FOR EFFECTIVE MANAGEMENT AND PROPER CONTROL OVER THE COMPANY'S ACTIVITIES IN ACCORDANCE WITH THE EXISTING DECISION-MAKING SYSTEM.

In its activities, the Board of Directors is guided by the Law of the Republic of Kazakhstan "On Joint Stock Companies", other legislative acts of the Republic of Kazakhstan, decisions of the General Meeting of Shareholders, the Company's Charter, the Corporate Governance Code and the Regulations on the Board of Directors of KazTransOil JSC.

In accordance with its competence, the Board of Directors determines the Company's strategy and priority areas of development, 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 regularly monitors the implementation of the Company's priority development areas, establishes key performance indicators for the Company's development plan and monitors their implementation. The Board of Directors also monitors the implementation of the Company's Development Strategy, including providing the necessary resources to achieve its goals.

COMPOSITION OF THE BOARD OF DIRECTORS

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 of KazTransOil JSC are representatives of a major shareholder — NC KazMunayGas JSC. Three members of the Board of Directors KazTransOil JSC are independent directors, which allows to ensure protection of rights and interests

of minority shareholders in accordance with the best international corporate governance practices. The General Director (Chairman of the Management Board) of the Company was also elected to the Board of Directors.

The Chairman of the Board of Directors of the Company is Marat Ormanov, a representative of NC KazMunayGas JSC.

All members of the Company's Board of Directors have a high professional reputation and considerable experience in the industry. All members of the Board of Directors have the necessary knowledge and competencies in strategic planning, financial reporting and auditing, business planning and project management.



MARAT ORMANOV

Chairman of the Board of Directors of KazTransOil JSC, Representative of NC KazMunayGas JSC

Citizenship: Republic of Kazakhstan. Born on October 6, 1971.

Graduated from Sevastopol Higher Naval Engineering School with a degree in NPP mechanical engineer (nuclear power plants), Kainar University with qualification of a "Specialist in International Economic Relations with knowledge of foreign language", Ufa State Petroleum Technical University — EMBA "Effective Management in Oil and Gas Transportation Enterprises", Master's degree in Business Administration (MBA) in JSC "Kazakhstan-British Technical University".

Work experience

- From 2001 to 2019: Director of the representative office of NMSC Kazmortransflot LLP, Commercial Director, Deputy General Director for Commercial Issues, Deputy General Director for Corporate Development, General Director of NMSC Kazmortransflot LLP.
- December 2019 to June 2020: Managing Director for oil transportation of NC KazMunayGas JSC.
- From July 2020 to the present: Director of the Transportation and Logistics Department of NC KazMunayGas JSC.
- Since May 19, 2022: Chairman of the Board of Directors of KazTransOil JSC, representative of NC KazMunayGas JSC.

- Chairman of the Supervisory Board of NMSC Kazmortransflot LLP, Chairman of the Supervisory Board of KMG Systems & Services LLP, Chairman of the Supervisory Board of KMG Automation LLP, member of the Board of Directors of CPC-R JSC.
- Does not hold any shares in the Company or in Subsidiaries and jointly controlled entities.
- Does not hold any shares in the Company's suppliers or competitors.
- He did not conduct any transactions with the Company's shares.



MARLEN ORAZBEKOV

Member of the Board of Directors of KazTransOil JSC, Representative of NC KazMunayGas JSC

Citizenship: Republic of Kazakhstan. Born July 29, 1972.

He graduated from the Tselinograd Civil Engineering Institute with a degree in "Automobiles and the automotive industry" and the Karaganda Institute of Actual Education "Bolashak" at the Karaganda Buketov State University named after E.A. Buketov with a degree in jurisprudence.

Work experience

- June 2019 to January 2020: Director of the Department of Consolidated and Coordinated Work of NC KazMunayGas JSC.
- From January 2020 to September 2022: Chief of Staff of NC KazMunayGas JSC.
- September 2022 to present: Deputy General Director for Business Support of Private Company with Limited Liability "KMG Kashagan B.V."
- Since November 25, 2021: member of the Board of Directors of KazTransOil JSC, representative of NC KazMunayGas JSC.

- He is not a member of management bodies of other organizations.
- Does not hold any shares in the Company or in Subsidiaries and jointly controlled entities.
- Does not hold any shares in the Company's suppliers or competitors.
- He did not conduct any transactions with the Company's shares.



TALGAT KURMANBAYEV

Member of the Board of Directors of KazTransOil JSC, General Director (Chairman of the Management Board) of KazTransOil JSC

Citizenship: Republic of Kazakhstan. Born on July 8, 1979.

In 2000, he graduated from the Kazakh State Law Academy (KazGUA), with a degree in Jurisprudence. In 2006 he graduated from Kazakh State National Technical University named after K. Satpayev with a degree in "Design, Construction and Operation of Gas and Oil Pipelines and Gas and Oil Storages".

Work experience

- From 2015 to 2020: Deputy General Director, General Director of KazMunaiGaz-Aero LLP.
- From 2020 to 2022: Deputy Director of the Department of Oil Industry Development of the Ministry of Energy of the Republic of Kazakhstan.
- From February 23, 2022 to present: General Director (Chairman of the Management Board) of KazTransOil JSC.
- Since April 12, 2022: member of the Board of Directors of KazTransOil JSC.

- He is not a member of the management bodies of other organizations.
- Does not hold any shares in the Company or in Subsidiaries and jointly controlled entities.
- Does not hold any shares in the Company's suppliers or competitors.
- He did not conduct any transactions with the Company's shares.



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INDEPENDENT DIRECTORS

The presence of independent directors on the Company's Board of Directors is conditioned by the desire to achieve the best balance of experience, skills and qualifications of the Board members. Independent directors bring to the Board of Directors valuable experience in corporate governance and risk management, as well as international experience, strategic vision and deep understanding of the specifics of the oil transportation industry.

In addition to participating on the Board of Directors, independent directors chair committees of the Board of Directors, actively participate in the discussion of issues on the agenda of the meetings, and ensure that objective decisions are made in the interests of all shareholders.

During the reporting period, the Company's independent directors fully complied with the independence criteria established by the legislation of the Re-

public of Kazakhstan, the Company's Charter and the Regulations on the Board of Directors of the Company.

Additional information about the procedure for electing independent directors is available on the Company's website in the "Corporate Governance" section.

CRITERIA FOR SELECTION AND ELECTION TO THE BOARD OF DIRECTORS

The criteria for the selection and election of members of the Board of Directors, including independent directors, and the Chairman of the Board of Directors are determined by the Law of the Republic of Kazakhstan "On Joint Stock Companies", the Company's Charter, the Corporate Governance Code and the Regulations on the Board of Directors of the Company.

The General Meeting of Shareholders elects members of the Board of Directors based on clear and transparent procedures, taking into account the competencies, skills, achievements, business reputation and professional experience of the candidates. When re-electing individual members of the Board of Directors or its full composition for a new term, their contribution to the effectiveness of the Company's Board of Directors is taken into account.

The Company's Board of Directors and its committees maintain a balance of skills, experience and knowledge to ensure independent, objective and effective decision-making in the interests of the Company and shareholders, growth in long-term value and sustainable development of the Company.

CONFLICT OF INTERESTS

GRI 2-15

In accordance with the Regulations on the Board of Directors, members of the Board of Directors must adhere to the principle of avoiding conflicts of interest in their activities.

Board members must refrain from actions that will or could potentially lead to a conflict of interest between them, the Company and shareholders, and, if such conflict exists or arises, immediately notify the Chairman of the Board of Directors in writing.

A member of the Board of Directors may not vote on issues in which he/she has an interest or has a conflict of interest.

NO CASES OF CONFLICTS OF INTEREST WERE IDENTIFIED IN THE REPORTING PERIOD.



VINICUS AGOSTINI ALVES

Independent Director

Nationality: Federative Republic of Brazil. Born on March 8, 1981

Graduated from Universidade Federal de Minas Gerais (Brazil) with a BA in Business Administration, McDonough Business School, Georgetown University (USA) and ESADE Business School (Spain). He holds a Master's degree in Business Administration (MBA).

Work experience

- He has experience in industries such as cybersecurity, steel manufacturing, mining, logistics, telecommunications and management consulting. He is currently Head of Strategy & Marketing at Exceda (a provider of cloud computing and web security in Latin America and the United States), coordinating the launch of operations in seven countries of the region.
- While at Usiminas (Brazil), he coordinated the long-term strategic plan of the company with the board and major shareholders (Nippon Steel, Ternium/Tenaris groups).
- Since January 28, 2019: Independent Director of KazTransOil JSC.

- He is not a member of management bodies of other organizations.
- Does not hold any shares in the Company or in Subsidiaries and jointly controlled entities.
- Does not hold any shares in the Company's suppliers or competitors.
- He did not conduct any transactions with the Company's shares.



ALBERTO MARTINEZ LOPEZ

Independent Director

Citizenship: United States of Mexico. Born on March 20, 1979.

Graduated from the Monterrey Institute of Technology and higher Education with a bachelor's degree in information systems engineering, a Master's degree in Global Business and Administration from Esade Business and Law School in Barcelona. Entrepreneurial & business innovation studies from London Business School & HEC Paris.

Work experience

- Mr. Martinez has significant experience in business transformation & digital business strategy, scope of experience covers the entire consumer goods value chain from manufacturing and supply chain to marketing and sales as well as agricultural commodity (tobacco) supply operations at British American Tobacco. He has held various roles in IT Business Relationship Management, Digital Strategy and Service Delivery at regional and global levels across the Americas, Europe, and North Africa regions.
- Since November 25, 2021: Independent Director of KazTransOil JSC.

- He is not a member of management bodies of other organizations.
- Does not hold any shares in the Company or in Subsidiaries and jointly controlled entities.
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HADRIEN FRAISSINET

Independent Director

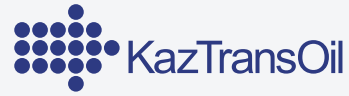
Citizenship: Swiss Confederation. Born on December 13, 1979.

Holds a BA from Wheaton College (USA, Massachusetts) and an MBA from Georgetown University (USA) and Business School ESADE (Spain)

Work experience

- He has significant international experience in private equity and consulting in various sectors of the economy. He specializes in identifying growth opportunities as well as defining value-added strategies. Since the beginning of his career at Rothschild & Co, he has held senior positions at Baring Vostok Capital Partners and International Finance Corporation, a member of the World Bank Group, where he worked and managed investments in Africa, Asia, Latin America, Russia and the CIS.
- Since January 28, 2019: Independent Director of KazTransOil JSC.

- He is not a member of management bodies of other organizations.
- Does not hold any shares in the Company or in Subsidiaries and jointly controlled entities.
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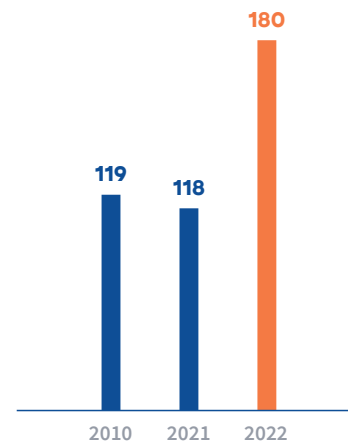
ACTIVITIES OF THE BOARD OF DIRECTORS

21 MEETINGS

of the Company's Board of Directors were held in 2022

In 2022, 21 in-person meetings of the Board of Directors were held, at which 180 issues were considered and resolved, including the following key areas of the Company's business.

NUMBER OF ISSUES CONSIDERED AT MEETINGS OF THE BOARD OF DIRECTORS OF THE COMPANY, UNITS



ATTENDANCE AT BOARD OF DIRECTORS MEETINGS IN 2022

Director*	Meeting attendance		Period of being a member of the Board of Directors during the reporting period
	Number of meetings attended	Percentage of meetings attended	
Daniyar Berlibayev	8 out of 8	100%	01.01.2022 — 19.05.2022
Marat Ormanov	13 out of 13	100%	19.05.2022 — 31.12.2022
Marlen Orazbekov	21 out of 21	100%	01.01.2022 — 31.12.2022
Talgat Kurmanbayev	15 out of 15	100%	12.04.2022 — 31.12.2022
Vinicus Agostini Alves	21 out of 21	100%	01.01.2022 — 31.12.2022
Alberto Martinez Lopez	21 out of 21	100%	01.01.2022 — 31.12.2022
Hadrien Fraissinet	21 out of 21	100%	01.01.2022 — 31.12.2022

- * In accordance with the decisions of the General Meeting of Shareholders of the Company:
- from April 12, 2022, the General Director (Chairman of the Management Board) of the Company Talgat Kurmanbaev was elected to the Board of Directors;
 - On May 19, 2022, the powers of Daniyar Berlibayev, a member of the Board of Directors of the Company, were terminated ahead of schedule;
 - Since May 19, 2022, Marat Ormanov, a representative of NC KazMunayGas JSC, has been elected to the Board of Directors.

Strategic development

- consideration of the Report for 2021 on the implementation of the Development Strategy of KazTransOil JSC until 2028;
- consideration of the Report on implementation of the Business Plan of KazTransOil JSC for 2021-2025 in terms of the budget for 2021 on the revalued value of fixed assets;
- approval of the Business Plans of KazTransOil JSC for 2023-2027 on the revalued and historical cost of fixed assets

Financial and economic activities

- on convening the Annual General Meeting of Shareholders of KazTransOil JSC;
- preliminary approval of the annual financial statements and the consolidated annual financial statements of KazTransOil JSC for 2021;
- approval of the interim (semi-annual) financial statements and interim (semi-annual) consolidated financial statements of KazTransOil JSC for the first half of 2022;
- proposals of the Board of Directors to the General Meeting of Shareholders KazTransOil JSC on the procedure for distribution of net income KazTransOil JSC for 2021 and the amount of dividend for 2021 per ordinary share of KazTransOil JSC;
- conclusion of transactions in which KazTransOil JSC is an interested party.

Internal audit

- approval of the annual audit plan of the Internal Audit Service of KazTransOil JSC for 2023;
- approval of the budget of the Internal Audit Service KazTransOil JSC for 2023;
- hearing of reports of the Internal Audit Service KazTransOil JSC.

Corporate governance

- approval of the Annual Report of KazTransOil JSC for 2021;
- approval of the motivational key performance indicators of the executives, Corporate Secretary and Head of the Internal Audit Service of KazTransOil JSC for 2022 and their target values;
- approval of the Report on compliance of KazTransOil JSC with the principles and regulations of the Corporate Governance Code for 2021;
- approval of the Annual report of the Board of Directors KazTransOil JSC on the work performed in 2021.

Risk management and internal control

- approval of quarterly reports on production and non-production risks of KazTransOil JSC and its Subsidiaries and jointly controlled entities;
- approval of the results of identification and assessment of production and non-production risks of KazTransOil JSC and its Subsidiaries and jointly controlled entities for 2023.

The Board of Directors also considered a number of issues referred to the competence of general meetings of participants/shareholders of the Company's Subsidiaries and jointly controlled entities.

PERFORMANCE RESULTS OF THE COMMITTEES OF THE BOARD OF DIRECTORS

In order to improve the effectiveness of the Board of Directors by considering and preparing recommendations on the most important issues requiring special competencies, the Board of Directors has formed three committees: the Strategic Planning, Safety and Environment Committee, the Human Resources and Compensation Committee, and the Internal Audit Committee. The members of the Committees are appointed by the decision of the Company's Board of Directors.

The Committees were established for the purpose of active discussion and detailed analysis of individual issues of the Company's management. The Committees are accountable to the Board of Directors in accordance with the authority granted to them by the Board of Directors and the relevant Regulations on the Committees. The members of the Committees are appointed by resolution of the Board of Directors of the Company. Functions, rights and duties, procedure for formation and organization of 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.

180 ISSUES

were considered and resolved by the Company's Board of Directors



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STRATEGIC PLANNING, SAFETY AND ENVIRONMENT COMMITTEE

The Committee consists of members of the Board of Directors and experts who have the necessary professional knowledge to work in the Committee. The quantitative composition of the Committee is determined by the Board of Directors of the Company, and in accordance with the internal documents of the Company, the Chairman of the Committee is an independent director.

MEETINGS OF THE COMMITTEE ARE HELD AS NECESSARY, BUT AT LEAST ONCE EVERY SIX MONTHS.

4

MEETINGS

were held by the Strategic Planning, Safety and Environment Committee in 2022

COMPOSITION OF THE STRATEGIC PLANNING, SAFETY AND ENVIRONMENT COMMITTEE (ELECTED BY DECISION OF THE BOARD OF DIRECTORS ON NOVEMBER 25, 2021)

Full name	Position
Hadrien Fraissinet	Independent Director, Chairman
Vinicus Agostini Alves	Independent Director
Alberto Martinez Lopez	Independent Director

The role of the Committee

The main tasks of the Strategic Planning, Safety and Environment Committee are preliminary consideration and preparation of recommendations to the Board of Directors on the Company's development strategy, including identification of priority areas of activity, as well as sustainable development.

During 2022, three in-person meetings of the Committee and one meeting by absentee voting were held, at which the following key issues were considered and recommendations were made:

- on recommendations to the Board of Directors of KazTransOil JSC for preparation of proposals to the General Meeting of Shareholders of KazTransOil JSC on the procedure for distribution of net income of KazTransOil JSC for 2021 and the amount of dividend for 2021 per common share of KazTransOil JSC;
- on consideration of the Report on the results of development and operation of the sustainable development system of KazTransOil JSC for 2021;
- on recommendations to the Board of Directors of KazTransOil JSC on the approval of business plans of KazTransOil JSC for 2023-2027 on the revalued and historical cost of fixed assets;
- on recommendations on the issue of interaction with minority shareholders of KazTransOil JSC;
- on consideration of updated information on the impact of sanctions against the Russian Federation on the activities of KazTransOil JSC and its subsidiaries and jointly controlled entities.

HUMAN RESOURCES AND COMPENSATION COMMITTEE

According to the Company's internal documents, most members of the Committee, including the Chairman of the Committee, must be independent directors. The Chairman of the Board of Directors and General Director (Chairman of the Management Board) of the Company shall not be members of the Committee.

COMPOSITION OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE (ELECTED BY DECISION OF THE COMPANY'S BOARD OF DIRECTORS ON NOVEMBER 25, 2021)

Full name	Position
Alberto Martinez Lopez	Independent Director, Chairman
Vinicus Agostini Alves	Independent Director
Hadrien Fraissinet	Independent Director

The role of the Committee

The main purpose of the Human Resources and Compensation Committee is to assist the Board of Directors in exercising its powers relating to the selection, appointment (election), evaluation and remuneration of members of the Board of Directors, General Director (Chairman of the Management Board) and members of the Management Board, Corporate Secretary.

During 2022, three meetings of the Human Resources and Compensation Committee were held in person and seven meetings were held by absentee vote, at which the following key issues were reviewed and recommendations were made:

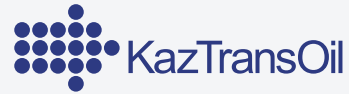
- on recommendations on the issue of approval of motivational key performance indicators of the executives for 2022 and their target values;
- on recommendations on the issue of approval of motivational key performance indicators of the Corporate Secretary of KazTransOil JSC for 2022 and their target values;
- on recommendations on the issue of approval of corporate and functional key performance indicators of the Ombudsman of KazTransOil JSC for 2022 and their target values;
- on recommendations on the issue of consideration of the Report on the performance results of the Ombudsman of KazTransOil JSC for 2021;
- on recommendations on the issue of approval of motivational key performance indicators of executives and Corporate Secretary of KazTransOil JSC with actual values and final results for 2021.

MEETINGS OF THE COMMITTEE ARE HELD AS NECESSARY, BUT AT LEAST TWICE A YEAR.

10

MEETINGS

were held by the Human Resources and Compensation Committee in 2022



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INTERNAL AUDIT COMMITTEE

In accordance with the Company's internal documents, the members of the Board of Directors who are members of the Committee, including the Chairman of the Committee, must be independent directors.

If necessary, the lead partner and/or other representatives of the Company's external auditor, "Ernst & Young" LLP, may attend Committee meetings at the invitation of the Committee Chairman in order to jointly review audit results.

MEETINGS OF THE INTERNAL AUDIT COMMITTEE ARE HELD AS NECESSARY, BUT AT LEAST ONCE A QUARTER.

8

MEETINGS

were held by the Internal Audit Committee in 2022

COMPOSITION OF THE INTERNAL AUDIT COMMITTEE (ELECTED BY DECISION OF THE COMPANY'S BOARD OF DIRECTORS ON NOVEMBER 25, 2021)

Full name	Position
Vinicus Agostini Alves	Independent Director, Chairman
Hadrien Fraissinet	Independent Director
Alberto Martinez Lopez	Independent Director

The role of the Committee

The activities of the Internal Audit Committee are aimed at assisting the Board of Directors of the Company on issues of external and internal audit, financial reporting, internal control and risk management, asset valuation, compliance with the legislation of the Republic of Kazakhstan, as well as on other issues on behalf of the Board of Directors of the Company.

In the reporting period, the Internal Audit Committee held three meetings in-person and five meetings by absentee voting, at which recommendations were developed on the following main issues:

- on preliminary approval of the separate and consolidated financial statements of KazTransOil JSC for 2021;
- on preliminary approval of the report of the Internal Audit Service of KazTransOil JSC on the results of work for 2021;
- on consideration of information on compliance with the Rules of internal control over the disposal and use of insider information of KazTransOil JSC and the report on the results of training of KazTransOil JSC insiders for 2021;
- on preliminary approval of the annual audit plan of the Internal Audit Service of KazTransOil JSC for 2023;
- on preliminary approval of the budget of the Internal Audit Service of KazTransOil JSC for 2023;
- on preliminary approval of the Strategic Plan of the Internal Audit Service of KazTransOil JSC for 2023-2025;
- on preliminary approval of the functional key performance indicators of the Internal Audit Service of KazTransOil JSC and its Head for 2023.

Additional information on the requirements to the composition, tasks and competencies of the Committees under the Board of Directors and the procedure for holding the meetings of the Committees is available on the Company's web-site in the section "Corporate Governance".

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

The procedure for payment of compensation and reimbursement of expenses of independent directors is established by the Rules for payment of compensation and reimbursement of expenses of independent directors of joint stock companies NC KazMunayGas JSC.

Representatives of NC KazMunayGas JSC, as well as the General Director (Chairman of the Management Board) on the Board of Directors of the Company do not receive compensation for their work in this body.

Additional information on the terms of compensation to members of the Board of Directors is available on the Company's website in the "Corporate Governance" section.

For the performance of the duties of the members of the Board of Directors of the Company independent directors receive:

- fixed compensation in the amount of 80 thousand US dollars per year;
- additional compensation for participation in face-to-face meetings of Committees under the Board of Directors in the amount of USD 1,000.

Independent directors are also compensated for expenses (travel, accommodation, per diems) associated with travel to meetings of the Board of Directors and Committees of the Board of Directors of the Company held outside the place of permanent residence of an independent director.

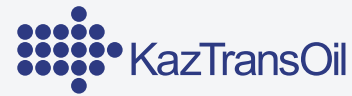
The total amount of accrued compensation to independent directors of the Company based on the results of their work for 2022 amounted to 137,277 thousand tenge, including taxes.

COMPENSATION ACCRUED TO INDEPENDENT DIRECTORS OF THE COMPANY IN 2022, THOUSAND TENGE

Independent Director	Annual compensation	For participation in an in-person meeting of the Committees	Total excluding taxes	Total including taxes
Vinicus Agostini Alves	37,060	3,688	40,748	45,879
Hadrien Fraissinet	37,060	3,688	40,748	45,629
Alberto Martinez Lopez	37,060	3,688	40,748	45,769
Total:	111,180	11,064	122,244	137,277

DYNAMICS OF COMPENSATION OF INDEPENDENT DIRECTORS OF THE COMPANY, THOUSAND TENGE, INCLUDING TAXES





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Management Board

THE MANAGEMENT BOARD OF KAZTRANSOIL JSC IS A COLLEGIAL EXECUTIVE BODY THAT MANAGES THE CURRENT ACTIVITIES OF THE COMPANY.

The main objectives of the Management Board are to ensure the effective implementation of the Company's objectives and the implementation of the Development Strategy. In carrying out these objectives, the Management Board is guided by the following basic principles: honesty, integrity, prudence, diligence, regularity, as well as maximum respect for the rights and interests of shareholders of the Company and accountability to the decisions of the General Meeting of Shareholders and the Board of Directors of the Company.

The Management Board is governed by the laws of the Republic of Kazakhstan, the Company's Charter, the Code of Corporate Governance, the Regulations on the Management Board and other internal documents of the Company.

The Management Board is formed by the Board of Directors and reports to the Board of Directors on the work done to achieve the goals of the Company. The Management Board is headed by the General Director (Chairman of the Management Board), who organizes and coordinates its work.

The Management Board is responsible for allocation of financial and human resources to achieve the goals set by the General Meeting of Shareholders and the Board of Directors.

Additional information about the powers of the Company's Management Board is available on the Company's Internet resource in the "Corporate Governance" section.

COMPOSITION OF THE MANAGEMENT BOARD

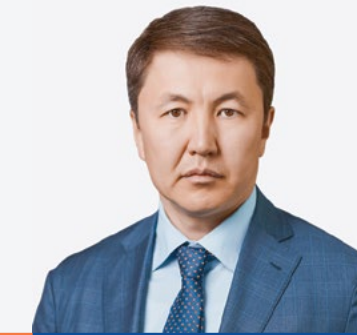
In accordance with the decisions of the Board of Directors of the Company:

- On January 14, 2022 the authorities of Dimash Dosanov as General Director (Chairman of the Management Board) of the Company were prematurely terminated;
- Talgat Kurmanbayev was elected as the General Director (Chairman of the Management Board) of the Company on 23 February 2022.

As of December 31, 2022 the following members of the Management Board KazTransOil JSC had six members.

COMPOSITION OF THE MANAGEMENT BOARD OF KAZTRANSOIL JSC AS OF DECEMBER 31, 2022

First name, last name	Position
Talgat Kurmanbayev	General Director (Chairman of the Management Board)
Sabit Arynov	Deputy General Director for Production
Erik Sagiyev	Deputy General Director for Transportation
Amirzhan Ospanov	Deputy General Director for Economics and Finance
Gaziz Koshanov	Managing Director for Social and Labor Relations and General Affairs
Zhaydarman Issakov	Managing Director for Legal Affairs



TALGAT KURMANBAYEV

General Director (Chairman of the Management Board)

Citizenship: Republic of Kazakhstan. Born on July 8, 1979.

In 2000, he graduated from the Kazakh State Law Academy (KazGUA), with a degree in Jurisprudence. In 2006 he graduated from Kazakh State National Technical University named after K. Satpayev with a degree in "Design, Construction and Operation of Gas and Oil Pipelines and Gas and Oil Storages".

Work experience

- He began his career in 2000 as a manager at Munai-Transco JV CJSC. In different years he worked at KazTransOil JSC, KazMunayTeniz IOC LLP, NC KazMunay-Gas JSC and Samruk-Kazyna JSC.
- 2015-2020: Deputy General Director, General Director of KazMunayGas-Aero JSC.
- February 2020 to February 2022: Deputy Director of the Department of Oil Industry Development of the Ministry of Energy of the Republic of Kazakhstan.
- From February 23, 2022 to the present: General Director (Chairman of the Management Board) of KazTransOil JSC.
- Member of the Board of Directors of KazTransOil JSC since April 12, 2022.

- Does not hold any shares in the Company or in Subsidiaries and jointly controlled entities.
- Does not hold any shares in the Company's suppliers or competitors.
- He did not conduct any transactions with the Company's shares.



SABIT ARYNOV

Deputy General Director for Production*

Citizenship: Republic of Kazakhstan. Born on June 29, 1977.

In 1999, he graduated from the Kazakh National Technical University named after K. I. Satpayev, majoring in "Technology and Techniques of Exploration of Mineral Deposits", qualification — mining engineer. He has a Master's degree in Business Administration (MBA), Nazarbayev University.

Work experience

- He began his career in 1999 as a mechanic for the repair of technological installations at the Atyrau Oil Pumping Station. Over the years, he worked as an engineer of the operation department, a dispatcher, held the position of chief engineer of the Ural Oil Pipeline Administration and Mangistau Oil Pipeline Administration, General Director of Terminallex LLP, Director of the Operations Department and Director of the Western Branch of KazTransOil JSC.
- From January 2018 to February 2022: Deputy General Director General of KazTransOil JSC.
- From 1 March 2022 to 2 March 2023: Deputy General Director of KazTransOil JSC for production.
- From January 3, 2018 to March 2, 2023: member of the Management Board of KazTransOil JSC.

- Chairman of the Supervisory Board of Main Waterline LLP.
- Member of the Supervisory Board of MunaiTas NWPC LLP.
- Holds 7 567 shares in the Company, or 0,00197% of the total number of outstanding shares.
- Does not hold any shares in the Company or in Subsidiaries and jointly controlled entities.
- Does not hold any shares in the Company's suppliers or competitors.
- He did not conduct any transactions with the Company's shares.



ERIC SAGIYEV

Deputy General Director for Transportation

Citizenship: Republic of Kazakhstan. Born on September 22, 1984.

Graduated from the West Kazakhstan University named after M. Utemisov with a degree in Technological Machines and Equipment, Kazakh State Law University named after M. S. Narikbayev (KAZGUU) with a degree in Jurisprudence.

Work experience

- He started his career in 2002 as a logistics specialist in the construction company Bonatti SpA. In different years worked in Karachaganak Petroleum Operating B.V., Intergasstroy JSC, Top-Oil Srl, Stroygazconsulting LLP.
- From April 2016 to June 2021: Chairman of the board of the Astana entrepreneurs association "Saryarka", a member of the regional council of Atameken NCE.
- From March 2022 to April 2022: Deputy general director for Transportation — Director of the OTCC Branch of KazTransOil JSC.
- From April 11, 2022 to the present: Deputy general director for Transportation of KazTransOil JSC.
- Since March 5, 2022 up to the present time: member of the Management Board of KazTransOil JSC.

- Chairman of the Supervisory Board of Batumi Oil Terminal LLC.
- Chairman of the Supervisory Board of Batumi Sea Port LLC.
- Director of Petrotrans Limited.
- Does not hold any shares in the Company or in Subsidiaries and jointly controlled entities.
- Does not hold any shares in the Company's suppliers or competitors.
- He did not conduct any transactions with the Company's shares.

*In accordance with the decision of the Board of Directors of the Company, the authorities of Sabit Arynov, a member of the Management Board of KazTransOil JSC, were prematurely terminated on March 2, 2023.



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AMIRZHAN OSPANOV

Deputy General Director for Economics and Finance

Citizenship: Republic of Kazakhstan. Born on December 14, 1975.

In 1998, he graduated from the Seifullin Agrarian University with a degree in Accounting and Audit. In 2010 graduated from The Robert Gordon University with MBA degree.

Work experience

- He began his career in 1998 as an assistant at the S. Seifullin Agrarian University. In different years, he worked at the Committee for State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan, NC KazMunayGas JSC, KazTransOil JSC, NCOC, ALMEX Plus LLP, BI Development LLP, Ottau Development, Kazkommertsbank JSC.
- From July 2018 to July 2021: Deputy Director of the Business Planning Department; Head of the Department of NC KazMunayGas JSC.
- July 2021 to June 2022: Deputy General Director for Economics and Finance of Drilling & Services LLP.
- From June 15, 2022 to the present: Deputy General Director for Economics and Finance of KazTransOil JSC.
- From June 15, 2022 to the present: member of the Management Board of KazTransOil JSC.

- Member of the Supervisory Board of Main Waterline LLP.
- Does not hold any shares in the Company or in Subsidiaries and jointly controlled entities.
- Does not hold any shares in the Company's suppliers or competitors.
- He did not conduct any transactions with the Company's shares.



GAZIZ KOSHANOV

Managing Director for Social and Labor Relations and General Issues

Citizenship: Republic of Kazakhstan. Born on January 13, 1964.

In 1988, he graduated from Karaganda Polytechnic Institute with a degree in Mineral Processing. In 2005 he graduated from Kazakh National Technical University named after K. I. Satpayev with a degree in Design, Construction and Operation of Gas and Oil Pipelines and Gas and Oil Storages. In 2019, he graduated from the Russian State University of Oil and Gas named after I. M. Gubkin with a degree in "Energy Business Management. Project Management" with the award of MBA degree.

Work experience

- He started his career in 1988 as a shift foreman at the Zheзда ore processing plant. In different years he worked at KazakhOil-Products LLP, KazMunayGas Trading House JSC, KazMunayGas Onimderi LLP.
- From November 2017 to April 2019: First Deputy General Director, Deputy General Director for Development, Advisor to the General Director KazMunayGas-Aero LLP.
- From April 2019 to April 2022: Deputy General Director of PetroRetail PFS LLP.
- From April 11, 2022 to the present: Managing Director for Social and Labor Relations and General Issues of KazTransOil JSC.
- Since April 15, 2022 up to the present time: member of the Management Board of KazTransOil JSC.

- He is not part of the management bodies of other organizations.
- Does not hold any shares in the Company or in Subsidiaries and jointly controlled entities.
- Does not hold any shares in the Company's suppliers or competitors.
- He did not conduct any transactions with the Company's shares.



ZHAYDARMAN ISSAKOV

Managing Director for Legal Affairs

Citizenship: Republic of Kazakhstan. Born on October 29, 1965.

Graduated from the Kazakh State University named after S. M. Kirov with a degree in Law, majoring in Jurisprudence, qualification — lawyer. In 2003 he completed training in the Academy of National Economy affiliated to the Government of the Russian Federation; specialization of the training is "the lawyer in oil and gas field".

Work experience

- He began his career in 1989 as a legal advisor 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, KazTransGas limited company, NC Oil and Gas Transportation limited company and NC KazMunayGas JSC. He has been working at KazTransOil JSC since October 2002.
- From January 2018: Managing Director of KazTransOil JSC.
- From June 2020 to February 2022: Deputy General Director of KazTransOil JSC.
- From March 1, 2022 to the present: Managing Director for Legal Issues of KazTransOil JSC.
- From May 12, 2003 to the present: member of the Management Board of KazTransOil JSC

- Chairman of the Supervisory Board of Kazakhstan-China Pipeline LLP.
- Member of the Supervisory Board of Batumi Oil Terminal LLC.
- Does not hold any shares in the Company or in Subsidiaries and jointly controlled entities.
- Does not hold any shares in the Company's suppliers or competitors.
- He did not conduct any transactions with the Company's shares.

ACTIVITIES OF THE MANAGEMENT BOARD

ATTENDANCE AT MEETINGS OF THE MANAGEMENT BOARD OF THE COMPANY IN 2022

Member of the Board*	Meeting attendance		Period of being a member of the Management Board during the reporting period
	Number of meetings attended	Percentage of meetings attended	
Talgat Kurmanbayev	35 out of 37	95%	23.02.2022 — 31.12.2022
Dimash Dosanov	0 out of 1	0%	01.01.2022 — 14.01.2022
Sabit Arynov	35 out of 43	81%	01.01.2022 — 31.12.2022
Erik Sagiyev	27 out of 35	77%	05.03.2022 — 31.12.2022
Amirzhan Ospanov	21 out of 21	100%	15.06.2022 — 31.12.2022
Gaziz Koshanov	30 out of 31	97%	15.04.2022 — 31.12.2022
Zhaydarman Issakov	42 out of 43	98%	01.01.2022 — 31.12.2022
Chingiz Seisekenov	2 out of 3	67%	01.01.2022 — 28.01.2022
Daniyar Muhamed-Rahim	2 out of 3	67%	01.01.2022 — 28.01.2022
Alen Tanatarov	6 out of 7	86%	01.01.2022 — 28.02.2022
Shara Adilova	5 out of 7	71%	01.01.2022 — 28.02.2022
Erbolat Mendybayev	6 out of 8	75%	01.01.2022 — 04.03.2022
Arman Maikenov	3 out of 5	60%	01.03.2022 — 14.04.2022
Zhaiyk Makhin	15 out of 19	79%	01.01.2022 — 20.05.2022

* In accordance with the decisions of the Board of Directors of the Company:

- On January 28, 2022, the powers of members of the Management Board of the Company Chingiz Seisekenov and Daniyar Muhamed-Rahim were terminated ahead of schedule;
- On February 28, 2022, the powers of the members of the Management Board of the Company Shara Adilova and Alen Tanatarov were terminated ahead of schedule;
- From March 1 to April 14, 2022, Arman Maikenov was a member of the Management Board of the Company;
- On March 4, 2022, the powers of Erbolat Mendybayev, a member of the Management Board of the Company, were prematurely terminated;
- On May 20, 2022, the powers of Zhaiyk Makhin, a member of the Management Board of the Company, were prematurely terminated.

During the meetings, issues were considered and decisions were made on the following key areas, among others:

Strategic development:

- approval of the Report for 2021 on the implementation of the Development Strategy of KazTransOil JSC until 2028;
- approval of the Report on Implementation of the Business Plan of KazTransOil JSC for 2021-2025 in terms of the budget for 2021 for the revalued value of fixed assets;
- approval of draft business plans of KazTransOil JSC for 2023-2027 on the revalued and historical cost of fixed assets.

Financial and economic activity

- approval of the annual financial statements and the consolidated annual financial statements of KazTransOil JSC for 2021;
- approval of the net income distribution procedure KazTransOil JSC for 2021 and the amount of dividend for 2021 per ordinary share of KazTransOil JSC;
- approval of the Annual financial statements and consolidated annual financial statements of subsidiaries and jointly controlled entities;
- preliminary consideration of the issue of entering into the transactions in which the Company has an interest.

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IN-PERSON MEETINGS

of the Board were held in 2022

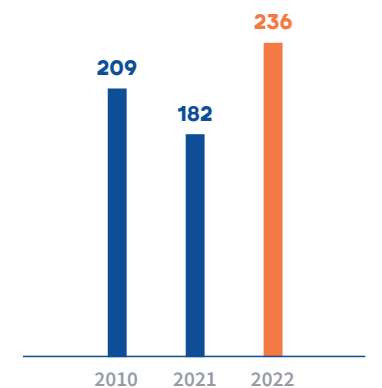
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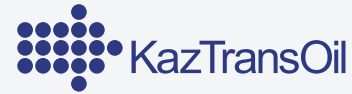
ISSUES

considered at meetings of the Company's Management Board

During 2022, the Management Board of the Company held 43 in-person meetings. There were no meetings in absentia. In total, the Management Board of the Company made decisions on 236 issues.

NUMBER OF ISSUES CONSIDERED AT MEETINGS OF THE COMPANY'S MANAGEMENT BOARD, UNITS.





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- approval of the Annual Report of KazTransOil JSC for 2021;
- approval of corporate key performance indicators of KazTransOil JSC with actual values and final results for 2021.

Risk management and internal control

- approval of quarterly reports on production and non-production risks of KazTransOil JSC and its subsidiaries and jointly controlled entities;
- approval of the results of identification and assessment of production and non-production risks of KazTransOil JSC and its subsidiaries and jointly controlled entities for 2023;
- approval of the Regulations on the business continuity management system of KazTransOil JSC;
- approval of the Matrix of Risks and Controls of Corporate Governance of KazTransOil JSC.

RISK COMMITTEE

For the purpose of preliminary consideration of issues related to making decisions on the Company's risk management, the Management Board has an advisory and consultative body, the Risk Committee. Decisions of the Risk Committee are recommendatory in nature. The functions of the Risk Committee include reviewing issues related to risk management of the Company and its Subsidiaries and jointly controlled entities, and preparing recommendations to help the Management Board make balanced risk-oriented management decisions.

Meetings of the Risk Committee are held in accordance with the Work Plan of the Risk Committee approved by the Management Board of the Company.

In its activities, the Risk Committee is guided by the Regulations on the Risk Committee of KazTransOil JSC and other internal documents of the Company.

The main tasks of the Risk Committee are:

- assistance to the Management Board of the Company in making decisions in the field of risk management of the Company;
- preparation of recommendations and proposals for the organization and maintenance of effective risk management of the Company;
- development of processes designed to identify, measure, monitor and control the Company's risks;
- preparation of recommendations and proposals to control the coordination of the Company's risk management activities.

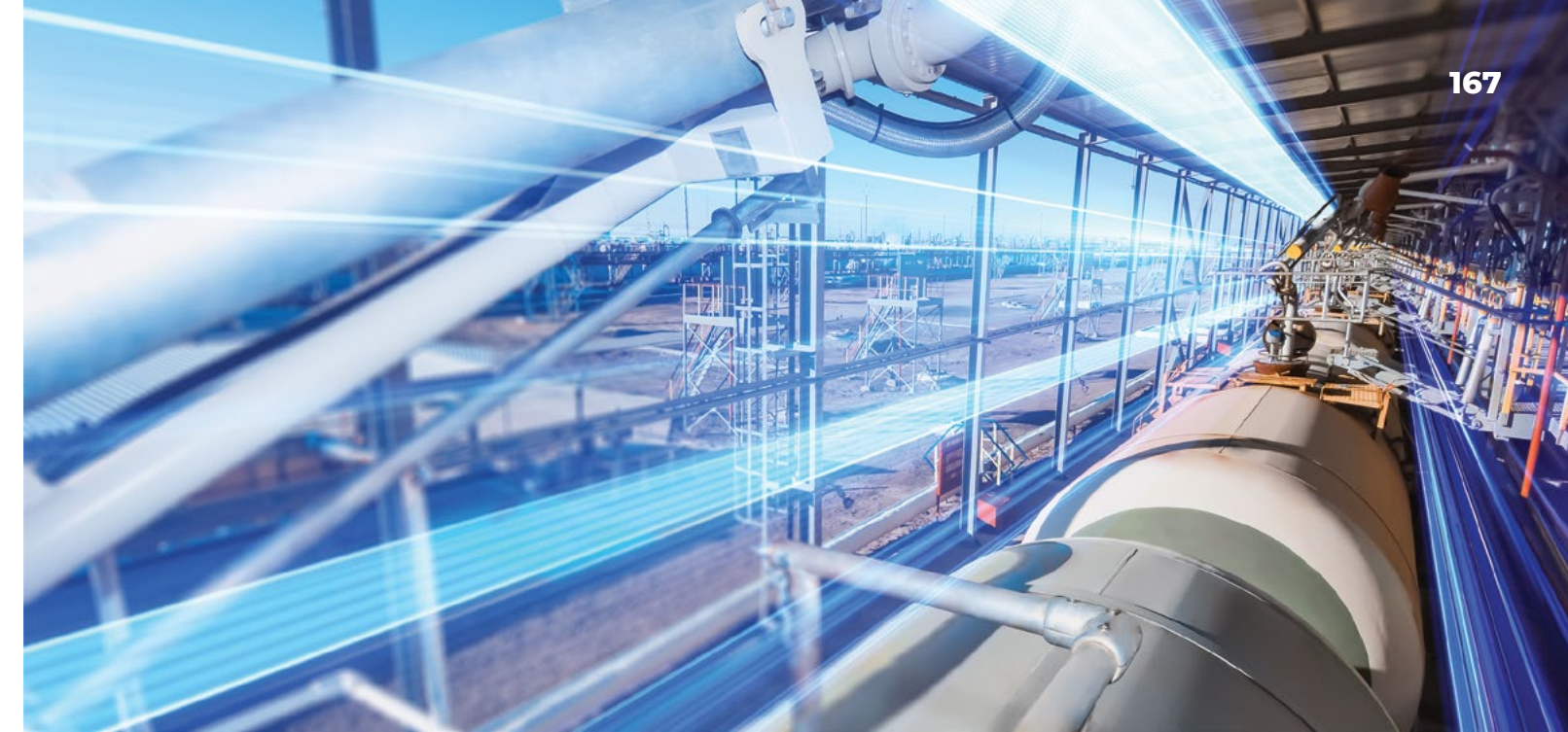
The Chairman of the Risk Committee is the General Director (Chairman of the Management Board).

According to the Work Plan of the Risk Committee of KazTransOil JSC for 2022, approved by the decision of the Management Board of the Company (minutes of the meeting dated January 21, 2022 №2), during the reporting period, the Risk Committee held six meetings, at which:

- reviewed and agreed on quarterly reports on production and non-production risks of the Company and its Subsidiaries and jointly controlled entities for the 4th quarter of 2021 and the 1st-3rd quarters of 2022;
- considered the risk associated with illegal actions by third parties;
- reviewed and agreed upon the results of identification and assessment of production and non-production risks of the Company and its Subsidiaries and jointly controlled entities for 2023;
- the calendar plan-schedule of work on the internal control system of KazTransOil JSC for 2023 was considered and agreed upon.

6 MEETINGS

Risk Committee held in 2022



REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD

The Company's approach to compensation of members of the Management Board is aimed at attracting and retaining highly qualified managers and ensuring their financial interest in the effective performance of tasks faced by the Company.

The procedure for compensation and bonus payment to the members of the Management Board of the Company is determined by the Regulations on the Management Board of KazTransOil JSC, the Rules for Evaluation of Performance of the Executive and Managerial Personnel and the Corporate Secretary of KazTransOil JSC, as well as the Rules for Compensation to Executive and Managerial Personnel, Head of the Internal Audit Service and the Corporate Secretary of KazTransOil JSC.

The compensation system for the Chairman and members of the Management Board includes a permanent part of the salary and compensation based on the results of work for the year.

For 2022, members of the Management Board of KazTransOil JSC received compensation in the total amount of 601,895,102 tenge.

Compensation based on the results of work for the year to the executives of KazTransOil JSC is paid within the monetary funds provided for these purposes in the budget of KazTransOil JSC after approval of the consolidated annual financial statements of the Company.

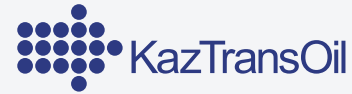
The main conditions for payment of compensation based on the results of the year are:

- availability of consolidated final profit for the reporting year;
- the fulfillment of motivational KPIs for the payment of compensation based on the results of work for the year;
- observance of performance and labor discipline by the employee.

When assessing the performance of executives, motivational KPIs are applied, which include corporate and functional KPIs developed by cascading the strategic goals NC KazMunayGas JSC and KazTransOil JSC.

The amount of compensation based on the annual performance results of an executive employee may not exceed three times the annual amount of the executive employee's salary for the time actually worked in the reporting period.

The actual performance of the executive officers' KPIs is approved by the Company's Board of Directors, subject to the established procedures for approval and verification of data.



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Role and activities of the Company's Corporate Secretary

The Corporate Secretary carries out his/her activities in accordance with the legislation of the Republic of Kazakhstan, the Charter of the Company, Corporate Governance Code, Regulations on the Corporate Secretary of KazTransOil JSC, other internal documents of the Company, as well as decisions of the General Meeting of Shareholders and the Board of Directors of the Company.

The Corporate Secretary has the knowledge, experience and qualifications sufficient to perform his/her duties, has an impeccable reputation and enjoys the confidence of shareholders.

The Corporate Secretary of the Company is accountable and subordinate in his/her activity to the Board of Directors. The main tasks of the Corporate Secretary include:

- ensuring that the Company's bodies and officers comply with corporate governance standards, and improving corporate governance policies and practices;
- ensuring effective performance of the Board of Directors and its Committees;
- ensuring that General Meetings of Shareholders are held;

- ensuring storage, disclosure and provision of material information and maintaining a high level of information transparency;
- ensuring clear and effective interaction between the Company and its shareholders, as well as between the Company's bodies.

By the decision of the Board of Directors of KazTransOil JSC, Shmanov Airat was appointed Corporate Secretary of KazTransOil JSC with a term of office of three years from July 2, 2021.

The tasks, functions, rights, duties and responsibilities of the Corporate Secretary of the Company are set out in the Corporate Governance Code and the Regulation on the Corporate Secretary of KazTransOil JSC.

The Regulations on the Corporate Secretary are available on the website of the Company in the section "Corporate Governance".

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Risk management

MANAGEMENT APPROACH

RISK MANAGEMENT PLAYS AN IMPORTANT ROLE IN THE PROCESS OF STRATEGIC PLANNING, CORPORATE GOVERNANCE AND MAINTENANCE OF FINANCIAL STABILITY OF KAZTRANSOIL JSC. THE APPROACH TO RISK MANAGEMENT IS REFLECTED IN THE POLICY ON CORPORATE RISK MANAGEMENT SYSTEM OF THE COMPANY (CRMS).

KazTransOil JSC has organized and operates the CRMS, which is aimed at ensuring confidence in achieving the set strategic and operational objectives and limiting the impact of risks on the Company's activities. The CRMS is a key component of the corporate governance system aimed at timely identification, assessment and monitoring of all significant risks, as well as taking timely and adequate measures to reduce the level of risks.

The Company's risk management includes the following management elements:

- control of risks by the Board of Directors and the creation of a risk culture;
- continuous analysis of activities and determination of risk appetite;
- identification of risks and implementation of measures to respond to risks;
- assessment of changes in activities, monitoring of risks and execution of measures;
- use of information technologies, risk reporting.

Organization of the risk management process in the Company ensures a continuous flow and exchange of information, as well as interaction on risk management issues at all levels of management. Risk management is a mandatory function of each employee of the Company, responsibility for which is set out in job descriptions.

Information transmitted vertically from top to bottom helps communicate strategic objectives, risk appetite levels and approaches to risk management to risk owners. The "bottom-up" information flow provides the Company's management with timely and reliable information on the status of identified risks of the Company, changes in the assessment of probability and impact of their realization, as well as on the status of implementation of risk management measures.



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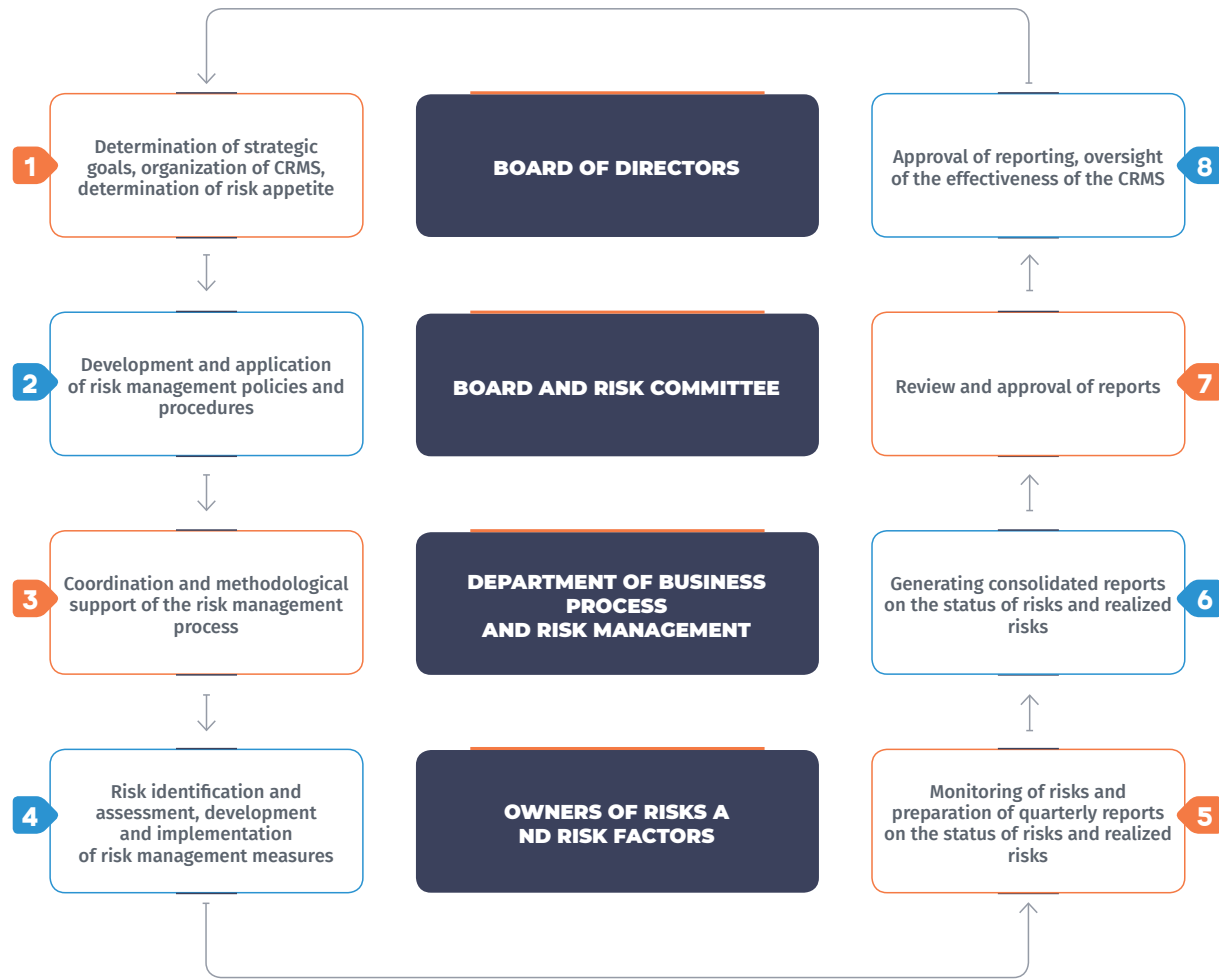
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THE MAIN STAGES OF THE RISK MANAGEMENT PROCESS



The main methodological documents regulating the CRMS are, among others:

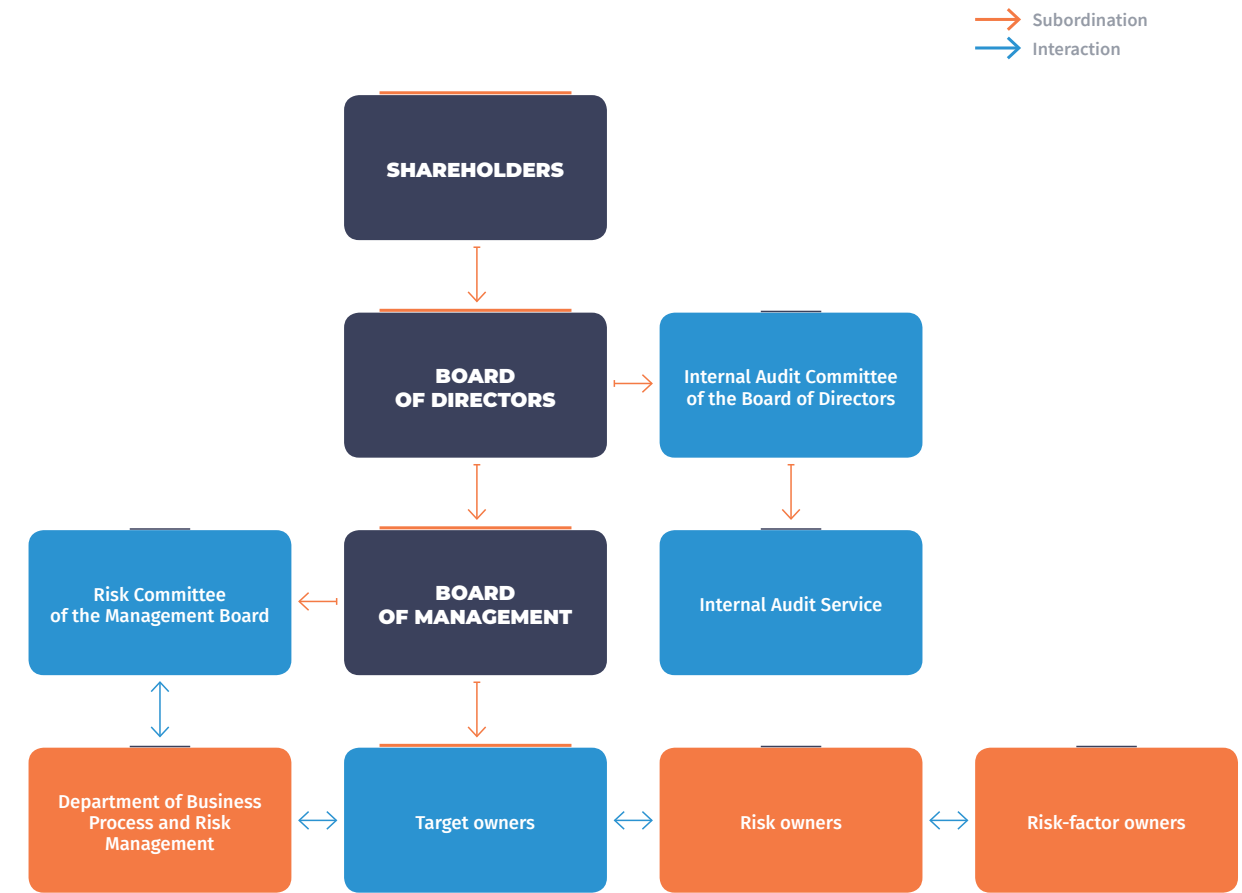
- Rules of organization of the process of management of production and non-production risks in KazTransOil JSC;
- Methodology for identification and assessment of risks, selection of risk management methods in KazTransOil JSC;
- Internal documents of the Company regulating the description of activities and key business processes, management decision-making, etc.

RISK MANAGEMENT SYSTEM STRUCTURE

The Company's Board of Directors plays a key role in organizing control and oversight over 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. The Risk Committee, which reports to the Management Board, plays a key role in building and monitoring the effectiveness of the risk management process.

Coordination and ongoing methodological support of the risk management process is provided by the Business Process and Risk Management Department. The Department provides ongoing advisory and methodological support in identifying, analyzing and assessing the risks of the Company's Separate structural units and SJCEs.

ORGANIZATIONAL STRUCTURE OF THE COMPANY'S CRMS



RISK REGISTER AND MAP

Identification and assessment of risks in terms of their projected impact on the achievement of production and non-production objectives for the planned year is carried out annually in accordance with the Uniform Risk Classifier of NC KazMunayGas JSC and its subsidiaries and affiliates and the Methodology for identification and assessment of risks, selection of risk management methods in KazTransOil JSC.

All risks of the Company are classified into two registers — the area of production and non-production risks, the sources of which are the relevant risk factors.

Risks are assessed using qualitative and quantitative tools that take into account the probability of occurrence and impact when the risk occurs. Risk management measures are developed to ensure an acceptable level of residual risk. Proposals for risk management methods and measures are submitted by risk owners/risk factors and are included in the risk management plan.

The results of identification and assessment of risks/risk factors that may adversely affect the objectives in 2023, is clearly reflected in the Risk Map of the Company.

For the purpose of the account and the further analysis of the statistical data on the realized risks in the Company on a corporate portal the uniform electronic database on the realized risk events is maintained.

During the reporting period, continuous monitoring of the state of production and non-production risks and inherent risk factors, the implementation of measures for their management, as well as the accounting of realized risks in the electronic database of realized risk events and the preparation of quarterly reports for review by the Company's management was carried out.



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MAP OF THE PRODUCTION RISK AREA OF KAZTRANSOIL JSC



MAP OF THE AREA OF NON-PRODUCTION RISKS OF KAZTRANSOIL JSC



BREAKDOWN OF THE RISK MAP. RISKS AND RISK-FACTORS

Nº	Risk/risk-factor
Non-compliance with technological mode	
4	Failures and failures of the complex of technical and software means of the APCs: technical means, software
4-1	Failures and failures of the complex of technical and software means of the automation system of power equipment: technical means, software
137	Decision-making on the part of shareholders (participants) affecting the company's activities (KCP LLP, MunaiTas NWPC LLP)
132	Non-performance / poor performance of obligations on the part of counterparties (for goods / works / services / providing information / payment)
131-1	Intentional/unintentional unlawful acts on the part of third parties (accidents caused by third parties)
131	Intentional/unintentional unlawful acts by third parties
130	Military actions
129	Natural influences and disasters
128	Failures of technologically related equipment outside the Delivery and acceptance point
125	Failures in the provision of communication services
122	Failures in the gas supply
121	Failures in the supply of external power supply
Untimely/low-quality replacement of technological equipment	
144	The presence of a factory defect in the new equipment, identified during its operation
145	Termination of the production of the necessary equipment / necessary spare parts by the manufacturer
90	Supply of low-quality spare parts and materials for repairs / Supply of low-quality equipment
Decrease in income	
301	Reduction or termination of oil supplies
291	Changing the terms of relations with strategic partners
292	Failure to comply with the terms of the relationship by strategic partners (non-performance or improper performance of contractual obligations on the part of service consumers)
300 (BOT)	Reduced demand for services/products (BOT)
306	Non-return of accounts receivable
306	Non-return of accounts receivable (BOT)
306	Non-return of accounts receivable (PTL)
306	Non-return of accounts receivable (Main Waterline LLP)
304	Non-performance by counterparty banks of their obligations
312-1	Decision-making by the authorized body in the field of tariff regulation (Main Waterline LLP)
415	2nd stage of the 2nd stage of construction of the oil pipeline "Kazakhstan – China". Increasing productivity up to 20 million tons of oil per year (MunaiTas NWPC LLP)
416	Reconstruction and expansion of the main water pipeline "Astrakhan – Mangyshlak" 1st stage (Main Waterline LLP)
417	Construction of the Kashagan Integrated gas treatment unit (Main Waterline LLP)
204	Lack of mechanisms to prevent the possible appearance in the media of knowingly false or distorted information about the company's activities, negatively affecting its reputation
Rise of expenses	
352	Interpretation of tax legislation by tax authorities during tax audits
352	Interpretation of tax legislation by tax authorities during tax audits (BOT)
353	Lawsuits
353	Lawsuits (BOT)
347	Failure to perform obligations on the part of counterparties (for goods / works / services / providing information / payment)
360	"Fragile Supply Chain"
310	Intentional unlawful actions on the part of third parties
324	Unauthorized outside access to the corporate network
317	Natural influences, disasters (including pandemics)
216	Incorrect accounting of production products (BOT)
268	Illegal actions of a corrupt nature
276	Failure (loss) of existing software
277	Failure of existing server hardware



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RISK MANAGEMENT MEASURES

In order to reduce the likelihood of occurrence of risks in 2022, the managers of Separate structural units and SJCEs of KazTransOil JSC carried out the necessary preventive measures. The Company also took appropriate corrective actions on the realized risks in order to minimize possible financial losses.

PREVENTIVE MEASURES FOR KEY RISKS

01 Production risks

RISK "NON-COMPLIANCE WITH TECHNOLOGICAL MODE"

121 Failures in the supply of external power supply

122 Failures in the gas supply

128 Failures of technologically related equipment outside the Delivery and acceptance point

131 Intentional/unintentional unlawful acts by third parties

137 Decision-making on the part of shareholders (participants) affecting the company's activities (KCP LLP)

Measures planned to manage risks and their risk factors

- Ensuring optimum technological mode of pumping, ensuring safe and accident-free operation of pipelines, development of process maps of oil transportation equipment protection.
- Ensuring operability of standby equipment.
- Ensuring automatic regulation of operation modes of main oil pipelines and oil pumping stations, control of automatic protections of all technical equipment from exceeding the maximum permissible parameters.
- Maintenance and technical repair of equipment.
- Development and implementation of organizational and technical measures to ensure the reliability of main oil pipelines.
- Organization of monitoring at the facilities of the main oil pipelines.

125 Failures in the provision of communication services

Measures planned to manage risks and their risk factors

- Control and monitoring of fulfillment of contractual obligations by contractors.
- Control over timely implementation of maintenance and repair of production and technological communication facilities.
- Planning of modernization and reconstruction

129 Natural influences, disasters

Measures planned to manage risks and their risk factors

- Development and implementation of organizational and technical measures to ensure the reliability of main oil pipelines and preparation of main pipeline facilities for operation during the spring flood, preparation of production facilities for operation in the autumn-winter period.
- Carrying out the planned scope of work to diagnose the technical condition of structures, pipelines and equipment.
- Development of emergency response plans.
- Interaction with local meteorological and environmental services.
- Annual conclusion of voluntary property damage insurance contracts.

130 Military actions

Measures planned to manage risks and their risk factors

- Formation of a mobilization plan for pumping in case of military operations.
- Formation of a mobilization reserve in case of war.

131-1 Intentional/unintentional unlawful acts on the part of third parties (accidents caused by third parties)

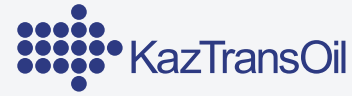
Measures planned to manage risks and their risk factors

- Timely organization of professional training of the driving staff, briefings, knowledge testing.
- Providing personnel with the necessary documentation on road safety, posters, video information.
- Control of speed limits by means of GPS system.
- Internal control in the field of safety and labor protection/production control.
- Implementation of the Regulations on the application of the card "KORGAU".
- Conducting briefings for drivers of the Company on "Defensive Driving Training" (Defensive Driving Training).
- Ensuring timely conclusion and administration of the contract for mandatory medical examination, including daily pre-shift and annual periodic medical examinations.

132 Non-performance / poor performance of obligations on the part of counterparties (for goods / works / services / providing information / payment)

Measures planned to manage risks and their risk factors

- Control and monitoring of the fulfillment of contractual obligations by contractors. Compliance with the scientific and technical documentation governing the requirements for the installation of equipment.
- Control over fulfillment and results of the performed works/services. Checking the completeness and quality of the work performed during the installation of equipment, upon completion of the work, signing the acceptance certificate of the contracted work.
- Initiation of letters to counterparties in case of schedule delays / failure to fulfill contractual obligations.
- Internal control in the field of health and safety / production control.



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PREVENTIVE MEASURES FOR KEY RISKS

01 Production risks

RISK "NON-COMPLIANCE WITH TECHNOLOGICAL MODE"

4 Failures and failures of the complex of technical and software means of the APCS: technical means, software

4-1 Failures and failures of the complex of technical and software means of the automation system of power equipment: technical means, software

Measures planned to manage risks and their risk factors

- Maintenance and technical repair of equipment.
- Conducting checks of protections and interlocks of the complex of technical and software tools of the automated control system of technological processes.
- Maintaining an emergency stockpile.
- Internal control in the field of safety and labor protection/production control.
- Accounting for the movement and calibration of measuring instruments.
- Quality control of work performed/services rendered.
- Planning of modernization and reconstruction.

RISK "UNTIMELY / POOR QUALITY REPLACEMENT OF TECHNOLOGICAL EQUIPMENT"

90 Supply of low-quality spare parts and materials for repairs / Supply of low-quality equipment

144 Presence of a factory defect in the equipment detected during its operation

145 Termination of the production of the necessary equipment / necessary spare parts by the manufacturer

Measures planned to manage risks and their risk factors

- Checking incoming equipment for compliance with the technical specification (incoming inspection).
- Conducting tests for durability, tightness prior to the start of work.
- Internal health and safety / production control.
- Strengthening the responsibility of applicants-initiators in the formation of technical specifications of spare parts and materials, namely for the completeness and reliability of technical specifications.
- Creation of de-blocking levels (approval hierarchy) of application requirements in the accounting system.
- Formation of an album of prices for the corresponding year after the approval of applications, namely with the coordination of the need for documentation requirements for delivery (metrological certification, inclusion of measuring instruments in the State measuring system of the Republic of Kazakhstan, permission of the authorized body for the use of goods at hazardous production facilities).
- Maintaining an emergency stock of equipment.
- Search and purchase of alternative equipment / necessary spare parts.

02 Non-production risks

RISK "DECREASE IN INCOME"

312-1 Decision-making by the authorized body in the field of tariff regulation (Main Waterline LLP)

416 Reconstruction and expansion of the main water pipeline "Astrakhan – Mangyshlak" 1st stage (Main Waterline LLP)

417 Construction of the Kashagan Integrated gas treatment unit (Main Waterline LLP)

Measures planned to manage risks and their risk factors

- Monitoring the implementation of cost items approved in the tariff estimate.
- Timely application for approval of the investment program and tariff estimates.
- Control over compliance with fire safety, occupational health and safety measures and regulations.
- Conducting a quality and thorough selection of contractors.
- Control over the organization and implementation of construction and installation works.
- Control over compliance with the capital investment budget.
- Supervision of the works schedule observance.
- Continued work with the authorized body in the field of tariff regulation.
- Attraction of alternative sources of financing.

THE RISK OF "RISE OF EXPENSES"

360 "Fragile Supply Chain"

Measures planned to manage risks and their risk factors

- Timely conclusion of contracts.
- Control and monitoring of the work schedule for the timely conclusion of contracts and execution of the plan of current repairs and capital investments.
- Application of penalties for late performance of contractual obligations, as well as replacement of defective goods within the warranty obligations of the supplier.

353 Lawsuits (BOT)

353 Lawsuits

Measures planned to manage risks and their risk factors

- Conducting a legal review of contracts.
- Conclusion of contracts providing for the risks of liability of the parties for breach of obligations.
- Preparation and signing of acts of reconciliation of mutual settlements with counterparties.
- Control and monitoring of the fulfillment of conditions, rights and obligations of the parties under the supervised contracts.



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PREVENTIVE MEASURES FOR KEY RISKS

02 Non-production risks

RISK "DECREASE IN INCOME"

301 Reduction or termination of oil supplies

291 Changing the terms of relations with strategic partners

Measures planned to manage risks and their risk factors

- Conclusion of long-term contracts with strategic partners for the provision of services for core activities.
- Creating conditions for attracting additional volumes of oil.
- Negotiations with strategic partners.
- Use of alternative oil transportation routes.
- Carrying out corporate procedures for budget approval and conclusion of contracts for operation and maintenance of pipelines as part of the operator activity.

292 Failure to comply with the terms of the relationship by strategic partners (non-performance or improper performance of contractual obligations on the part of service consumers)

300 Reduced demand for services/products (BOT)

Measures planned to manage risks and their risk factors

- Continuous quality control of transported oil in accordance with the terms of contracts for the provision of oil transportation services.
- Equipping chemical laboratories with all necessary devices and reagents.
- Monitoring of changes in market conditions.
- Work with Georgian state authorities, as well as economic entities of Georgia on the implementation of the instructions given following the results of the meetings between the state authorities of Georgia and the Republic of Kazakhstan on the development of oil and dry cargo transportation, as well as the improvement of port management conditions.
- Maintaining the existing types of cargo and attracting additional cargo flows (including the Trans-Caspian International Transport Route (TITR) within the framework of participation in the Association of Legal Entities "International Association Trans-Caspian International Transport Route").
- Consideration of potential opportunities for the use of the Black Sea-Caspian region for transportation of various cargoes from Kazakhstan.
- Application of flexible and effective tariff policy in relation to the services provided.
- Carrying out work to reduce the cost of production by optimizing costs to obtain competitive tariffs.
- Participation in the formation of tariffs for multi-modal transport on the TITR route.

306 Non-return of accounts receivable

Measures planned to manage risks and their risk factors

- Control and monitoring of accounts receivable.
- Control and monitoring of the procurement of goods, works and services in terms of the provision by suppliers of contract enforcement in accordance with the procurement procedures.
- Work on the restructuring of accounts receivable.
- Carrying out expert examinations of concluded contracts.
- Continuous monitoring of compliance with the terms of contracts by counterparties.
- Timely issuance of preliminary invoices and reconciliation acts for cargo handling and storage.

304 Non-performance by counterparty banks of their obligations

Measures planned to manage risks and their risk factors

- Analysis of financial instruments and collection of conditions offered on them in order to choose the most optimal way of investing temporarily free funds.
- Compliance with the Corporate Standard of Samruk-Kazyna JSC on setting limits on counterparty banks.
- Analysis of the financial stability of counterparty banks.
- Monitoring of the credit ratings of the second-tier banks of the Republic of Kazakhstan.
- Monitoring of currency position, assessment of changes in exchange rates (USD/KZT, EUR/KZT, RUB/KZT, etc.) based on the analysis of global and local markets.
- Monitoring of financial risks within the reporting management system.

415 2nd stage of the 2nd stage of construction of the oil pipeline "Kazakhstan-China". Increasing productivity up to 20 million tons of oil per year (MunaiTas NWPC LLP)

Measures planned to manage risks and their risk factors

- Control over compliance with fire safety, occupational health and safety measures and regulations.
- Control over the organization and conduct of construction and installation works.
- Control over the contractor's compliance with the approved project schedule.
- Control over compliance with the design solutions.
- Monitoring by the representative of the designer's supervision of the compliance with the design solutions adopted in the basic project.
- Quarterly monitoring of the financial and economic performance of the project.



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PREVENTIVE MEASURES FOR KEY RISKS

02 Non-production risks

THE RISK OF "RISE OF EXPENSES"

204 Lack of mechanisms to prevent the possible appearance in the media of knowingly false or distorted information about the company's activities, negatively affecting its reputation

Measures planned to manage risks and their risk factors

- Communications with external and internal audiences to maintain a positive reputation and image of the Company.
- Prompt preparation of information based on internal investigations, immediate placement in news agencies before negative publications in the media.
- Organization of briefings, press conferences, speeches by the Company's management to inform the media about emergency situations and measures aimed at their elimination, or various events related to the Company's activities.

352 Interpretation of tax legislation by tax authorities during tax audits (KazTransOil JSC, BOT)

Measures planned to manage risks and their risk factors

- For KazTransOil JSC:
 - Control over correctness of tax reporting by tax specialists and timeliness of its submission to the tax authorities of the Republic of Kazakhstan.
 - Control over the completeness and timeliness of the payment of taxes and other obligatory payments to the budget of the Republic of Kazakhstan.
 - Reconciliation of accounting data on taxes with the data of personal accounts on taxes.
 - If necessary, additional tax reports are submitted to the tax authorities of the Republic of Kazakhstan (analysis, preparation, recalculation of previously submitted tax reports and amendments thereto).
 - Annual tax review / audit / analysis of tax risks.
 - Annual professional development of tax specialists in the field of tax legislation of the Republic of Kazakhstan and accounting legislation.
- Subscription to the information resource on changes and amendments to the tax legislation of the Republic of Kazakhstan.
- 9. Membership in the Association of Taxpayers of Kazakhstan.
- By BOT:
 - Control over the correctness of tax reporting and timeliness of its submission to the tax authorities of Georgia.
 - Monitoring and analysis of requirements of tax legislation of Georgia.

347 Failure to perform obligations on the part of counterparts (for goods / works / services / providing information / payment)

Measures planned to manage risks and their risk factors

- Timely organization and provision of working conditions.
- Control and monitoring of the schedule of works / delivery of goods.
- Finding alternative solutions

310 Intentional unlawful actions on the part of third parties

Measures planned to manage risks and their risk factors

- Fixing the responsibility of the security organization for the occurrence of taps 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 the Separate structural units to combat criminal taps, theft of oil and inventories at the facilities of the Company / memorandums of cooperation and interaction between the Department of Internal Affairs of the regions, LLP "KMG-Security" and the Separate structural units .
- Implementation and operation of technical systems and means of protection of main oil pipelines.
- Participation in the work of the Coordinating Council of the Republic of Kazakhstan on ensuring law and order and combating crime.
- Ensuring an effective system of physical protection of the Company's assets (technical reinforcement of facilities, provision of quality security services by counterparties).
- Development/updating of internal documents on facility security issues.

324 Unauthorized outside access to the corporate network

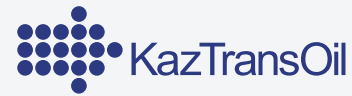
Measures planned to manage risks and their risk factors

- Using anti-malware tools and timely updates of antivirus databases, controlling their updating.
- Testing and checking software updates before they are installed.
- Control over the use of unlicensed software in the Company.
- Conducting explanatory work to raise staff awareness of the threats posed by malicious software.
- Monitoring user rights.
- Monitoring the security of user accounts and passwords.
- Monitoring the presence of vulnerabilities in the Company's resources.
- Upgrading network security devices.
- Monitoring information security events of systems and devices connected to the Information Security Operations Center.

317 Natural influences, disasters (including pandemics)

Measures planned to manage risks and their risk factors

- Publication of memos, posters and videos on the prevention of viral diseases, COVID-19, developed by the Ministry of Health of the Republic of Kazakhstan in the internal channels of the Company.
- Providing employees with the necessary stocks of personal protective equipment and disinfectants.
- Strengthening security measures at production facilities.
- Organization of information interaction with law enforcement and other state authorities on timely response to emerging security threats.
- Ensuring information security when using the Company's resources.



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PREVENTIVE MEASURES FOR KEY RISKS

02 Non-production risks

THE RISK OF "RISE OF EXPENSES"

216 Incorrect accounting of production products (BOT)

Measures planned to manage risks and their risk factors

- Conducting an inventory of petroleum product balances and reconciliation with customers for petroleum product balances.
- Conducting a monthly reconciliation of petroleum product balances with the balances recorded in the Customs Department of the Revenue Service
- by uploading information on balances from the Revenue Service portal of the Ministry of Finance of Georgia.
- Working with counterparties on payment of basic tax amounts as a result of detected customs offenses.

THE RISK OF "RISE OF EXPENSES"

268 Illegal actions of a corrupt nature

Measures planned to manage risks and their risk factors

- Identification of causes and conditions conducive to corruption, analysis of the results of audits conducted by the IAS, as well as the results of internal investigations, internal analysis of the exposure of key business processes of the Company to corruption risks, through the communication channels of the Hotlines.
- Preventing and resolving conflicts of interest.
- Timely implementation of the action plan to minimize/prevent/eliminate corruption risks, monitoring the implementation of action plans to minimize/prevent/eliminate corruption risks.
- Conducting introductory briefings of newly hired employees of the Company with anticorruption internal documents, the Code of Business Ethics of KazTransOil JSC, settlement of the conflict of interests.
- Conducting preventive, informational and explanatory work on compliance with the requirements of applicable anticorruption legislation of the Republic of Kazakhstan and internal documents of the Company, as well as on the prevention and counteraction to fraud and corruption.

276 Failure (loss) of existing software

277 Failure of existing server hardware

Measures planned to manage risks and their risk factors

- Providing technical support for software and maintenance of information systems.
- Ensuring the implementation of the regulations for making changes to the software.
- Creating backup copies of the software.
- Ensuring the backup of server equipment components.
- Ensuring timely execution of contracts for technical support or maintenance (including peak load accounting).
- Ensuring compliance with the rules of operation of the server equipment.

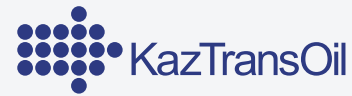
Internal control system

IN ORDER TO FURTHER IMPROVE THE INTERNAL CONTROL SYSTEM (ICS), WHICH IS AIMED AT TIMELY IDENTIFICATION AND ANALYSIS OF PROCESS LEVEL RISKS INHERENT IN THE ACTIVITIES OF THE COMPANY, AS WELL AS IDENTIFICATION AND ANALYSIS OF CONTROL PROCEDURES TO MANAGE THESE RISKS IN THREE KEY AREAS — OPERATING ACTIVITIES, PREPARATION OF FINANCIAL STATEMENTS AND COMPLIANCE WITH LEGAL AND REGULATORY REQUIREMENTS — THE FOLLOWING ACTIVITIES WERE IMPLEMENTED IN 2022:

In 2023, in accordance with the Work Schedule for the Internal Control System of KazTransOil JSC for 2023, approved by the General Director (Chairman of the Management Board) of KazTransOil JSC, the development and approval of flowcharts and matrices of risks and controls by business processes, preparation of reports on the analysis of the design efficiency of control procedures is planned.

- 1 by the decision of the Board of Directors of KazTransOil JSC a new version of the Internal Control System Policy of KazTransOil JSC was approved;
- 2 by the decision of the Board of Directors of KazTransOil JSC the Regulation on the internal control system of KazTransOil JSC was approved in a new version;
- 3 the decision of the Management Board of KazTransOil JSC approved the Matrix of risks and controls of the corporate level of KazTransOil JSC.





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Internal Audit

THE INTERNAL AUDIT SERVICE OF THE COMPANY IS DIRECTLY SUBORDINATE AND ACCOUNTABLE TO THE BOARD OF DIRECTORS.

The main objective of the Internal Audit Service is to provide the Board of Directors with independent and objective information designed to ensure effective management of the Company by implementing a systematic approach to the improvement of risk management, internal control and corporate governance processes.

In carrying out its functional duties, the Internal Audit Service is guided by the legislation of the Republic of Kazakhstan, the Company's Charter, as well as the provisions of the following internal documents:

- Regulations on the Internal Audit Service of KazTransOil JSC;
- Guidelines on the organization of internal audit in KazTransOil JSC.

The activities of the Internal Audit Service are based on the basic principles of the International Professional Standards of Internal Audit (ISPPIA) and the Code of Ethics developed by the Institute of Internal Auditors.

In 2022, seven audits were carried out in accordance with the Annual Audit Plan of the Internal Audit Service for 2022. In particular, comprehensive audits of production, operational, financial processes in Batumi Oil Terminal LLC, Batumi Sea Port LLC, Kazakhstan-China Pipeline LLP, Main Waterline LLP, as well as in Mangistau, Zhezkazgan and Aktobe oil pipeline departments were carried

out. In total, as a result of inspections carried out in 2022, the Internal Audit Service identified 103 detections and issued 209 recommendations.

Based on the recommendations issued by the Internal Audit Service, the audited entities developed and approved Corrective Action Plans for the detected nonconformities.

In 2023, the Internal Audit Service's activities are planned to include:

- conducting an assessment of the effectiveness of business processes, policies, procedures in the main areas of the Company's activities.
- monitoring the implementation of recommendations issued by the Internal Audit Service of the Company and NC KazMunayGas JSC.

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External audit

IN ORDER TO CONFIRM THE RELIABILITY OF THE FINANCIAL STATEMENTS, THE COMPANY ENGAGES AN INDEPENDENT AUDITOR.

Interaction of the Company with the external auditor is regulated by the Policy of KazTransOil JSC in the field of attraction of services of audit organizations. The objectives of this Policy are the organization of effective activities to attract the services of audit organizations (including non-audit services provided by audit organizations), introduction of unified procedures for their selection, as well as ensuring that the auditors of KazTransOil JSC maintain the status of independence in providing audit and non-audit services and avoiding conflicts of interest.

The main criteria used in selecting an audit firm are: quality of services; promptness and timeliness of services; cost of services.

In this case the quality of services of the audit firm is determined by the following factors:

- the level of qualification of the specialists of the auditing company;
 - the experience of the specialists of the auditing company both in Kazakhstan and on the international market;
 - knowledge of specialists in the audit organization in the oil and gas industry;
 - availability of a specialized technical support group (experts in IFRS accounting in the oil and gas sector of economy) in Kazakhstan or provision by an audit organization of a commitment to create such a group.
- On November 12, 2021, the Board of Directors of the Company determined

the amount of payment to the audit firm for the audit of the financial statements KazTransOil JSC for the years 2022-2024 in the amount of 252,442,000 tenge, excluding VAT. On January 25, 2022, at the Extraordinary General Meeting of the Company's shareholders, the decision was made to appoint "Ernst & Young" LLP as the audit company to perform the audit of the Company for the period from 2022 to 2024.

The amount of annual remuneration, including VAT for 2022, 2023 and 2024, payable to the audit organization for the audit of the financial statements is 90,573,280 tenge, 94,197,600 tenge and 97,964,160 tenge, respectively.

In the reporting period "Ernst & Young" LLP did not provide consulting services not related to audit of financial statements.



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Corporate Ethics

THE COMPANY'S TEAM IS UNITED BY COMMON VALUES AND MISSION, WHICH FORM AN INTEGRAL PART OF THE BUSINESS AND UNDERLIE THE ACTIVITIES OF KAZTRANSOIL JSC.

Corporate values, such as safety, professionalism, efficiency and quality, which allow conducting business in accordance with high ethical standards, are enshrined in the Code of Business Ethics of KazTransOil JSC.

The Code also provides for the principles and norms of business conduct in the Company. The Company, its officials and employees carry out their activities on the basis of these principles.



Managing Conflict of Interest

KazTransOil JSC strives to ensure a fair, objective and independent decision-making process in the interests of the Company, its shareholders and investors, 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 norms. In order to fulfill its tasks, the Company carries out its activities in accordance with the legislation of the Republic of Kazakhstan, as well as internal documents that regulate such procedures as combating corruption and fraud, identifying corruption risks in the Company's business processes, preventing conflicts of interest and settling them.

The main internal documents of the Company regulating the issues of business conduct, prevention of conflicts of interest and their settlement are:

- The Code of Business Ethics of KazTransOil JSC;
- Rules for Management of Conflict of Interests of Officials and Employees of KazTransOil JSC.

In 2022, the Company implemented the following activities aimed at promoting high ethical standards of doing business, management of conflicts of interest:

- in accordance with the requirements of the Law of the Republic of Kazakhstan "On Combating Corruption", control was exercised over submission by candidates for positions and their spouses of declarations on assets and liabilities / income and property, as well as inspection of candidates for positions in the Company / SJCE for their affiliation with the Company of officials / presence of conflict of interest when appointing candidates to senior positions in the Company / SJCE, as well as submission by candidates

for these positions of consent to accept anti-corruption;

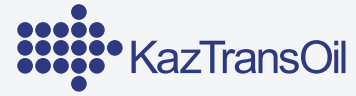
- the Company implemented a process for checking the reliability of counterparties of the Company in accordance with the Regulation on Checking the Reliability of Counterparties of KazTransOil JSC approved in November 2022;
- in April 2022, in order to raise awareness of employees, a conference call was held with the participation of heads of structural subdivisions of the central office, separate structural subdivisions of the Company, HR services on issues related to the process of disclosure of situations of conflict of interest / identification of potential situations of conflict of interest;
- disclosure of information on the conflict of interest / potential conflict of interest by the Company's management employees in the Compliance Control system, implemented by NC KazMunay-Gas JSC, as a result of which the Company took regulatory measures.

ENSURING COMPLIANCE WITH THE REQUIREMENTS REGARDING DISCLOSURE OF INFORMATION ABOUT THE COMPANY, DISPOSAL AND USE OF INSIDER INFORMATION

In 2022 152 publications with information on corporate events and changes in the Company's activities were posted on the Internet resource of Kazakhstan Stock Exchange JSC (KASE). 26 publications with information on corporate events and changes in the Company's activities were posted on the Internet resource of the depository of financial statements.

In 2022, 177 employees, who are insiders of the Company, received 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 considered, and specific practical situations arising in the course of daily work were analyzed.



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Ombudsman Institution

IN ORDER TO PROMOTE THE PRINCIPLES OF CORPORATE ETHICS AND ENSURE IMPARTIAL SETTLEMENT OF CORPORATE CONFLICTS AND ETHICAL VIOLATIONS, KAZTRANSOIL JSC HAS AN OMBUDSMAN INSTITUTION.

The activities of the Ombudsman of the Company are regulated by the legislation of the Republic of Kazakhstan, the Charter, Regulations on the Ombudsman KazTransOil JSC, the Code of Business Ethics of KazTransOil JSC and other internal documents.

The Ombudsman is appointed by decision of the Board of Directors and is accountable to this body, which ensures the independence, impartiality and confidentiality of his work. From November 1, 2018 to June 12, 2022 Akbergenov Serik Ishanbekovich was the Ombudsman of the Company. By the decision of the Board of Directors of the Company dated May 19, 2022 the powers of the Ombudsman of KazTransOil JSC Akbergenov Serik Ishanbekovich were prematurely terminated from June 13, 2022.

Establishment of the ombudsman institution in KazTransOil JSC is aimed at improving corporate governance in the Company and bringing it in line with the best corporate governance practices and is designed to ensure the dissemination of business ethics

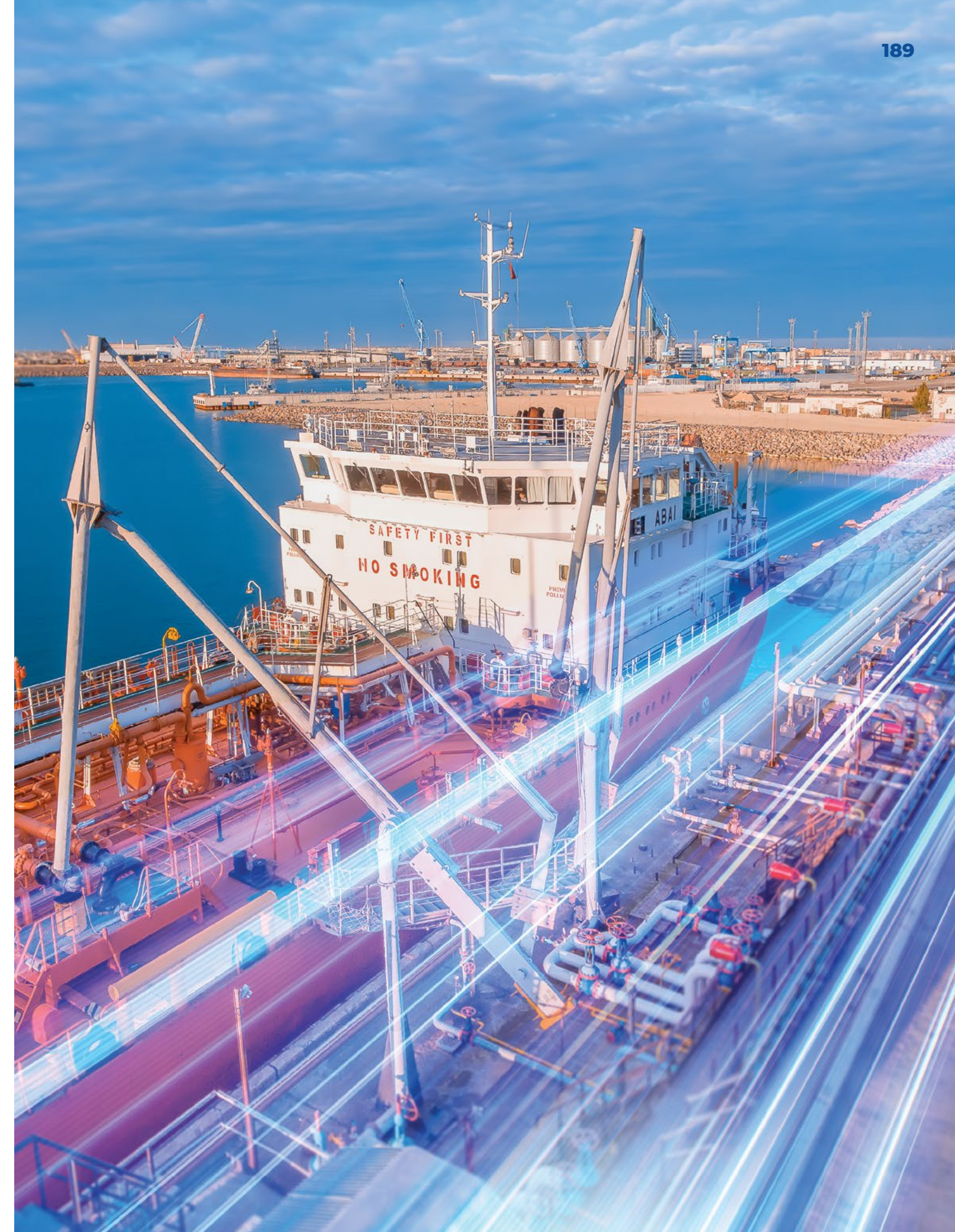
in the Company, independent and impartial consideration of all ethical violations, requirements of internal documents of the Company and legislation of the Republic of Kazakhstan.

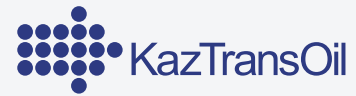
The main tasks of the ombudsman are:

- assisting in the resolution of labor disputes, conflicts, problematic issues of social and labor character, as well as in the observance of the principles of business ethics by employees;
- helping to improve the Company's rating and image through early warning and resolution of disputes and conflicts;
- ensuring informal communication between managers and employees, timely identification on this basis of problems and areas for improvement, making proposals to improve the policies and procedures of the Company and SJCEs;
- assistance to stakeholders on ethical issues that arise in the course of their interaction with the Company.

The main functions of the ombudsman are:

- advising employees, participants of labor disputes, conflicts and assisting them in developing a mutually acceptable, constructive and implementable solution, taking into account the norms of the legislation of the Republic of Kazakhstan and, if necessary, the principle of confidentiality;
- assisting in solving problematic social and labor issues of employees, as well as in compliance with the principles of corporate ethics by employees;
- advising managers on the resolution and prevention of disputes (conflicts) of a systemic, legal and organizational nature, as well as on compliance with the principles of corporate ethics;
- taking other measures of a recommendatory nature, including those aimed at restoring violated rights and legitimate interests.





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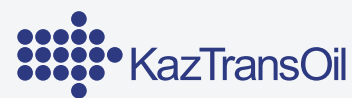


KAZTRANSOIL JSC PERFORMANCE OVER 25 YEARS

2,300 KM

SECTIONS OF MAIN OIL PIPELINES BUILT AND REPLACED





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This section is the result of discussions and analysis by the management of the Company and is aimed at disclosing information on the current financial position of KazTransOil JSC, the impact of the results of production activities and changes in the external environment on the financial performance of the Company.

This review is based on the audited annual consolidated financial statements of KazTransOil JSC prepared in accordance with IFRS and should be read in conjunction with the annual consolidated financial statements and accompanying notes, as well as with other information provided in other sections of the Report.

The consolidated statement of comprehensive income includes income and expenses of the Company and its subsidiaries – BOT, PTL, Main Waterline LLP (Group). Financial results of jointly controlled entities – KCP LLP and MunaiTas NWPC LLP – are recognized using the equity method under “Share in profit/(loss) of jointly controlled entities”.

In 2022, the revenue share of total revenues was 97.0%, while in 2021 the revenue share reached 97.4%.

Revenues for 2022 amounted to 255,627 million tenge, which is 7% higher than in 2021, or by 17,451 million tenge.

Key consolidated financial performance

The change in the financial result achieved by the Group in 2022 as compared to the results for 2021 is due to the following main factors:

- Increased cost of sales;
- Increase in other expenses (including impairment of fixed assets);
- Decrease in other income;
- Increase in general and administrative expenses;
- Increased financial expenditures;
- Increasing revenues;
- Increasing the share in the profits of jointly controlled entities;
- Receiving income from exchange rate differences;
- Increased financial income.

Consolidated revenues for 2022 amounted to 255,627 million tenge. Consolidated net profit of the Company for 2022 amounted to 19,802 million tenge.

FINANCIAL INDICATORS OF THE GROUP, MILLION TENGE **GRI 201-1**

Consolidated figures	2020	2021	2022	Variation 2022-2021, %
Revenue	235,222	238,176	255,627	7
Cost of sales	-163,017	-173,246	-219,435	27
Gross profit	72,205	64,930	36,193	-44
General and administrative expenses	-16,614	-15,550	-16,539	6
Other operating income	3,182	3,095	2,028	-34
Other operating expenditure	-3,604	-1,263	-13,923	1003
Operating profit	55,170	51,213	7,758	-85
Foreign exchange gain (loss), net	4910	-88	1,945	-2300
Financial income	3,055	3,201	4,029	26
Financial costs	-3,775	-4,116	-4,779	16
Share in profits of jointly controlled entities	9,730	12,788	15,974	25
Profit before tax	69,090	62,998	24,926	-60
Income tax expense	-13,136	-12,391	-5,124	-59
Consolidated net profit for the period	55,954	50,607	19,802	-61

Transportation of crude oil

Proceeds from crude oil transportation in 2022 decreased by 6,933 million tenge compared with 2021 mainly due to the decrease in oil export turnover by 19.2% (from 12,803 mn tons-km to 10,345 mn tons-km) as a result of reduction in oil delivery by consignors, including from the Kashagan field, and reallocation of export volumes for the domestic market. At the same time, the decrease in revenue was affected by the application of a temporary compensatory tariff for oil pumping services to the domestic market of Kazakhstan in 2022. This decrease was partially offset by the 20% increase in the export tariff from June 1, 2022 (from 7,358.76 tenge to 8,830.51 tenge per ton per 1,000 km) and increase in revenue from transit of Russian oil to China due to the growth of US dollar exchange rate against tenge.

INCOME STRUCTURE (EXCLUDING SHARE IN PROFITS OF JOINTLY CONTROLLED ENTITIES), %

Consolidated figures	2020	2021	2022
Revenue	95.5	97.4	97.0
Financial income	1.2	1.3	1.5
Other income*	3.3	1.3	1.5

* Other operating income, foreign exchange gain, reversal of impairment of fixed and intangible assets, net

REVENUE STRUCTURE, MILLION TENGE

Consolidated figures	2020	2021	2022	Variation 2022-2021, %
Revenue, including:	235,222	238,176	255,627	7
Transportation of crude oil*	194,051	191,849	184,916	-4
Pipeline operation and maintenance services	17,067	18,091	24,064	33
Transshipment of oil and petroleum products and transportation by rail	6,152	7,044	22,499	219
Water supply	6,643	9,051	11,930	32
Oil and seaport freight forwarding services	6,620	7,192	8,537	19
Payment for undelivered oil volumes	2,791	3,407	1,790	-47
Other revenue	1,898	1,540	1,892	23

* Section “Transportation of crude oil” includes services of pumping, discharge, loading and transshipment of oil, carried out through the system of main oil pipelines KazTransOil.

Operation and maintenance of trunk oil pipelines owned by third parties

Revenue from operation and maintenance of main oil pipelines increased by 33%, or 5,973 million tenge, due to an increase in the cost of services in 2022 and commissioning from July 1, 2021 of “Aman” oil pipeline.

Transshipment of oil and petroleum products and transportation by rail

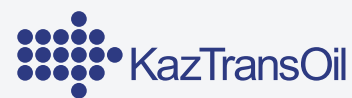
In 2022 revenues from transshipment and transportation of oil and oil products at the Company’s foreign subsidiaries (BOT and PTL) increased by 219.4%, or 15,455 million tenge, compared to the same period last year.

This increase was mainly due to an increase in transportation by railroad, transshipment and storage of oil, oil products, gas and dry cargo.

Water supply

Revenue from water supply increased by 31.8% or 2,878 million tenge as a result of a gratuitous receipt of technical water pipeline “Kulsary-Tengiz” from Tengizchevroil LLP in April 2021 and pumping station of technical water in November 2022 (amortization of future income), increase in tariff for water transportation for oil and gas producing companies from October 1, 2022 (by 168%, from 504 tenge/cubic meter to 1350.17 tenge/cubic meter), as well as an increase in the volume of water intake by oil and gas producing enterprises.





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Oil and seaport freight forwarding services

Revenues increased by 18.7%, or 1,345 million tenge, due to an increase in dry cargo transshipment and tug revenues.

Payment for undelivered oil volumes

During the reporting period payment for undelivered volumes of oil decreased by 1,618 million tenge (by 47.5%), from 3,407 million tenge to 1,790 million tenge. Revenue for under-delivered volume of oil is recognized on the basis of concluded contracts for oil transportation on the terms "pump or pay". In 2022 the Company under-delivered 701 thousand tons of oil out of the 1,134 thousand tons declared by the consignors of oil (in 2021 1,184 thousand tons out of 1,377 thousand tons).

Other revenue

Other revenues increased in 2022 by 22.8%, or by 352 million tenge compared to the fact of 2021, which is mainly due to the growth of income from storage and operations related to transshipment and transportation, as a result of changes in the accounting system of BOT (the introduction of separate accounting for operations related to transshipment).

Financial income

Financial income in 2022 amounted to 4 029 million tenge and was mainly due to an increase in interest income on deposits and current accounts of the Group due to an increase in interest rates.

Expenses

Total expenses for 2022 amounted to 254,676 million tenge, which is 31% higher than total expenses for 2021 (194,175 million tenge).

STRUCTURE OF EXPENSES, %

Consolidated Indicators	2020	2021	2022
Cost of sales	87.2	89.2	86.2
General and administrative expenses	8.9	8.0	6.5
Impairment of fixed and intangible assets	0.0	0.2	5.1
Financial expenses	2.0	2.1	1.9
Other expenses*	1.9	0.7	5.5

* Other operating expenses and foreign exchange loss, net

The cost of sales for 2022 is 219,435 million tenge, which is 27% higher than in 2021, or by 46,188 million tenge. The growth is mainly due to the following factors:

- increase in personnel costs due to the indexation of wages of the Group's production personnel, as well as the introduction of a new remuneration system in the Company;
- increase in expenses for railroad services mainly due to the increase in the volume of oil and gas transportation, as well as the increase in the tariff for gas transportation services;
- an increase in security costs mainly due to an increase in the cost of services as a result of wage indexation of contractor personnel;
- increase in tax expenses mainly due to the property tax as a result of the increase in the book value of fixed assets at the end of 2022, including due to the revaluation of fixed assets;
- increase in electricity costs due to an increase in energy tariffs, as well as the volume of oil and dry cargo transshipment (BOT).

At the same time, in the reporting period compared to 2021, there was a decrease in expenditures on certain items, including:

- expenditures on environmental protection due to a decrease in the amount of work performed to reclaim contaminated land (historical contamination) as compared to 2021.

COST OF SALES STRUCTURE, %

Consolidated Indicators	2020	2021	2022
Personnel costs	34.8	35.5	40.6
Depreciation and amortization	32.6	30.1	24.4
Fuel and materials	5.2	5.4	4.1
Taxes, other than income tax	5.2	5.4	5.0
Expenses for maintenance, repair and service of fixed assets	5.2	4.8	4.0
Electricity	4.4	5.0	4.4
Security services	3.5	3.5	4.4
Gas expenses	1.6	1.7	1.5
Railroad service	1.5	1.6	6.0
Meals and accommodation	1.2	1.2	1.0
Travel expenses	0.4	0.5	0.4
Environmental Protection	1.0	1.4	0.7
Air Patrol Services	0.3	0.3	0.3
Other	0.0	0.3	0.3

General and administrative expenses in 2022 were 16,539 million tenge, which is 6% higher than in 2021 (15,550 million tenge).

STRUCTURE OF GENERAL AND ADMINISTRATIVE EXPENSES, %

Consolidated Indicators	2020	2021	2022
Personnel costs	57.6	63.2	66.8
Depreciation and amortization	9.7	9.4	8.7
Charity expenses	8.7	0.0	0.0
Office Maintenance	3.2	3.7	3.0
Consulting services	1.8	2.1	2.6
Accrual of allowance for expected credit losses	1.7	5.8	1.8
Repairs and maintenance	1.6	1.8	2.1
Outstaffing services	1.6	1.7	1.8
Accrual of expenses on short-term reserves	1.5	0.0	0.0
Taxes, other than income tax	1.5	2.1	1.6
Materials and fuel	1.5	0.4	0.4
Expenses on write-off of VAT for reimbursement	1.2	0.5	0.8
Information support	0.9	0.9	0.9
Communication services	0.7	0.8	0.6
Travel expenses	0.5	1.4	1.5
Bank services	0.4	0.4	0.4
Insurance and security	0.3	0.3	0.3
Advertising costs	0.1	0.1	0.1
Other	5.5	5.4	6.4

Share in profits of jointly controlled entities

Recognized share of profit of the Company in the financial results of jointly controlled entities increased from 12,788 million tenge in 2021 to 15,974 million tenge in 2022.

SHARE OF KAZTRANSOIL JSC IN PROFITS OF JOINTLY CONTROLLED ENTITIES, MILLION TENGE

Indicators	2020	2021	2022	Change 2022-2021,%
Share in profits of MunaiTas NWPC LLP	1,238	1,180	1,248	5.8
Share in profits of KCP LLP	8,492	11,608	14,726	26.9
Total:	9,730	12,788	15,974	24.9

KCP LLP. Net income of KCP LLP for 2022 amounted to 29,451 million tenge, the Company's corresponding share — 14,726 million tenge.

MunaiTas NWPC LLP. The net profit of MunaiTas NWPC LLP for 2022 amounted to 2,447 million tenge, the corresponding share of the Company is 1,248 million tenge.

The increase in the Company's share in profits of jointly-controlled entities is mainly due to the growth of income from oil transportation.

Income tax

Corporate income tax expenses in 2022 amounted to 5,124 million tenge, which is 58.6% less than in 58.6% less than in 2021 (12 391 million tenge).

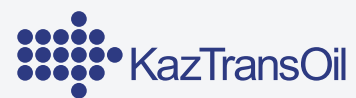
CORPORATE INCOME TAX EXPENSES, MILLION TENGE

Consolidated Indicators	2020	2021	2022	Change 2022-2021,%
Current income tax expense	17,315	16,164	11,145	-31
Savings on deferred income tax	-4,180	-3,773	-6,021	60
Income tax	13,136	12,391	5,124	-59

In 2022, compared to the 2021 fact, the increase in consolidated general and administrative expenses was primarily due to an increase in the salaries of the administrative staff of the Company and Main Waterline LLP as a result of their indexation as of January 1, 2022.

At the same time, the tax provisions decreased during the reporting period for (In 2021, BOT accrued provisions for taxes and penalties as a result of the 2021 petroleum product inventory and tax audit).

Finance costs amounted to 4,779 million tenge, an increase of 663 million tenge over 2021. The increase is mainly due to an increase in amortization of discount on estimated liabilities as a result of accrual of new provisions for decommissioning of OPS.



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Assets, equity and liabilities

ASSETS, EQUITY AND LIABILITIES, MILLION TENGE

Consolidated Indicators	For the year ended December 31			
	2020	2021	2022	Change 2022-2021, %
Assets	859,162	983,163	1,235,418	26
Long-term assets	748,298	901,119	1,114,340	24
Current assets	110,865	82,043	121,078	48
Equity and liabilities	859,162	983,163	1,235,418	26
Equity	652,518	737,108	912,453	24
Long-term liabilities	127,578	167,447	231,362	38
Current liabilities	79,066	78,607	91,602	17

In 2022, the Company's assets increased by 26%. The main factors behind the increase in the value of assets are:

- an increase in the value of the Group's fixed assets as a result of their revaluation;
- an increase in the value of investments in jointly controlled entities

due to the share in the profits of these entities received in the reporting period, as well as an increase in the value of their fixed assets as a result of revaluation;

- an increase in advances paid to suppliers for fixed assets, mainly for the project "Reconstruction and expansion of the main water pipeline "Astrakhan-Mangyshlak", Phase 1".

STRUCTURE OF FIXED ASSETS, MILLION TENGE

Consolidated Indicators	2020	2021	2022	Change 2022-2021, %
Pipelines	235,930	244,029	288,749	18
Process oil	100,346	201,418	223,788	11
Machinery and equipment	142,242	173,967	246,416	42
Buildings and constructions	85,467	84,747	114,312	35
Construction in progress	53,202	49,635	28,277	-43
Land	25,676	26,148	35,758	37
Transport assets	18,650	18,037	25,560	42
Other	5,969	5,092	11,735	130
Total:	667,480	803,073	974,596	21

Equity capital increased by 24%, or 175,345 million tenge, mainly due to an increase in the amount of asset revaluation reserves.

Current liabilities of the Company according to the results of 2022 made up Current liabilities of the Company for 2022 amounted to 91 602 million tenge, increase by 12 995 million tenge compared to 2021 Current liabilities (78 607 million tenge) were caused mainly by an increase in liabilities on contracts with customers, taxes payable and other current liabilities.

Performance Indicators**KEY PERFORMANCE INDICATORS**

Key financial indicators	2020	2021	2022	Change 2022-2021, %
EBITDA*, million tenge	110,382	103,038	74,527	-28
EBITDA margin (EBITDA to revenue ratio), %	46.9	43.3	29.2	-33
Gross profit margin (gross profit to revenue ratio), %	30.7	27.3	14.2	-48
Net profit rate (ratio of net profit to revenue), %	23.8	21.2	7.7	-64

* The indicator is calculated without taking into account the adjustments provided for in the adjusted EBITDA KPI, approved by the decision of the Board of Directors of KazTransOil JSC from June 24, 2022.

The table below provides information on the components of operating EBITDA, based on the profit for the reporting year.

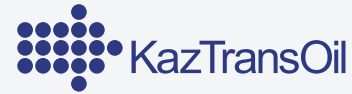
EBITDA CALCULATION, MILLION TENGE

Indicators	2020	2021	2022	Change 2022-2021, %
Profit for the reporting year	55,954	50,607	19,802	-61
+ income tax expense	13,136	12,391	5,124	-59
Profit before income tax	69,090	62,998	24,926	-60
+ loss from exchange rate difference (net)	-	88	0	-100
- foreign exchange gain (net)	4,910	0	1,945	100
+ financial expenses	3,775	4,116	4,779	16
- financial income	3,055	3,201	4,029	26
+ shares in losses of jointly controlled entities	-	0	0	0
- share in profits of jointly controlled entities	9,730	12,788	15,974	25
Operating profit	55,170	51,213	7,758	-85
+ depreciation and amortization	54,791	53,658	54,874	2
+ other operating expenses	3,604	926	1,011	9
- other operating income	3,168	3,095	2,028	-34
- reversal of impairment / (impairment) of property, plant and equipment and intangible assets, net	14	-336	-12,912	3738
EBITDA*	110,382	103,038	74,527	-28

* The indicator is calculated without taking into account the adjustments provided for in the adjusted EBITDA KPI, approved by the decision of the Board of Directors of KazTransOil JSC from June 24, 2022.

KEY PERFORMANCE INDICATORS, %

Name	2020	2021	2022
ROA (net profit/average annual amount of assets)	6.3	5.5	1.8
ROE (net profit / average annual amount of equity)	8.3	7.3	2.4



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Liquidity and financial stability indicators

The main source of liquidity and financial stability The Company's main source of liquidity and financial stability is cash generated by its core business activities.

The liquidity ratio characterizes the Company's ability to meet its short-term

obligations based on its current assets. General (current) liquidity ratio characterizes to what extent current liabilities are covered by current assets. As it can be seen from the table below, on average 1 tenge of current liabilities is covered by 1.32 tenge of current assets.

LIQUIDITY RATIOS

Consolidated Indicators	Normative criteria	2020	2021	2022
Total Liquidity Ratio (Current Assets / Current Liabilities)	1.5-2.5	1.40	1.04	1.32
Quick Liquidity Ratio ((Current Assets – Inventories) / Current Liabilities)	1.5-2.5	1.30	0.93	1.23

The quick liquidity ratio characterizes the part of current liabilities that can be repaid not only with the Company's available cash, but also with expected receipts for services rendered (cash and cash equivalents, short-term accounts receivable). The increase in the quick

liquidity ratio is due to an increase in bank deposits and cash and cash equivalents, which is mainly due to the non-execution of the capital investment program in 2022 due to circumstances beyond the Company's control. These funds are scheduled for disbursement in 2023.

Cash and cash equivalents

The Group's cash and cash equivalents as of 31 December 2022 amounted to 85,158 million tenge.

CASH TURNOVER, MILLION TENGE

Consolidated Indicators	For the year ended December 31			
	2020	2021	2022	Change 2022-2021, %
Net cash flows from operating activities	95,505	86,977	73,513	-15
Net cash flows used in investing activities	-27,250	-45,969	-47,288	3
Net cash flows (used in)/generated from financing activities	-47,434	-52,803	17,011	-132
Net change in cash and cash equivalents	20,821	-11,795	43,236	-467
Net exchange difference	2,534	280	1,425	409
Change in provision for expected credit losses	11	-1	-2	90
Cash and cash equivalents at the beginning of the period	28,649	52,015	40,499	-22
Cash and cash equivalents at the end of the period	52,015	40,499	85,158	110



Net positive cash flows from operating activities of the Group in 2022 amounted to 73,513 million tenge, which is 15% lower than in 2021. The main factor that influenced the decrease of this indicator is an increase in payments for production costs, mainly due to an increase in wages of the Group's production personnel.

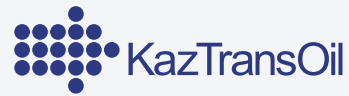
Net negative cash flows used in the Group's investment activities in 2022 were as follows Net negative cash used in the Group's investing activities in 2022 amounted to 47,288 million tenge, up 3% for 2021.

Net positive cash flows from financing activities of the Group in 2022 amounted to 17,011 million tenge, while in 2021 net negative cash flows used in financing activities of the Company

amounted to 52,802 million tenge. The changes are connected with dividends payment: in 2022 dividends for 2021 will be 10 000 million tenge (on the basis of 26 tenge per 1 ordinary share of the Company).

The changes are connected with payments of dividends: in 2022 on results of the Company's activity in 2021 made 10,000 million tenge (on calculation as 26 tenge per one common share of the Company), in 2021 (on results of activity in 2020) — 50,771 million tenge (on calculation as 132 tenge per one common share of the Company). In addition, in the reporting period, Main Water-line LLP received a loan (first tranche) in the amount of 29.6 billion tenge to finance the project "Reconstruction and expansion of the main water pipeline "Astrakhan — Mangyshlak" 1st stage).





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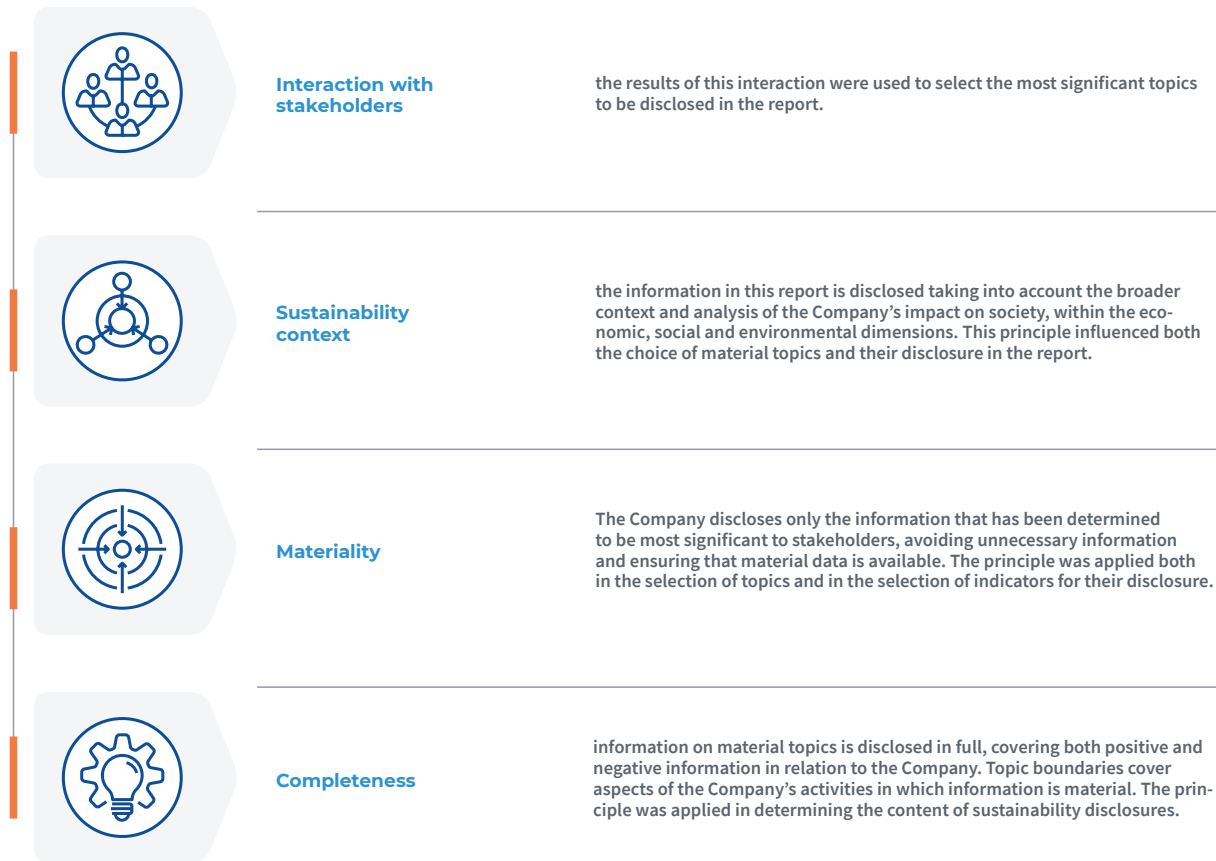
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GRI 2-2, GRI 2-3, GRI 2-4, GRI 2-5

Report content definition process

The content of this report has been determined in accordance with the principles recommended by the GRI Standards.



In the process of preparing the report, the recommendations of the International Integrated Reporting Standard developed by the International Integrated Reporting Council (IIRC) and the requirements of the Kazakhstan Stock Exchange (KASE) were also taken into account. Information is disclosed in the report in accordance with the provisions of the corporate governance code and other internal documents of the Com-

pany, as well as in accordance with the norms of Kazakhstani legislation.

The Report discloses information about the Company's adherence to the principles of the United Nations (UN) Global Compact and the Company's contribution to the achievement of the UN Sustainable Development Goals. When disclosing this information, the Company was guided by the best international

practices to ensure the comparability of information with other organizations in Kazakhstan and abroad.

The description of results in the field of financial and economic activity of the Company has been prepared in accordance with the recommendations of the Practice Guide of International Financial Reporting Standards (IFRS) "Management Commentary".

Reporting approach

KazTransOil JSC strictly adheres to the principle of transparency in its activities and strives to ensure effective and complete disclosure of information to a wide range of stakeholders.

This is the tenth integrated annual report of KazTransOil JSC, which reflects the financial and operational results of activities, the corporate governance and risk management system, development strategy, as well as results in the field

of sustainable development. The previous Report was published in May 2022.

The report is issued on an annual basis and in this case includes the results of the Company's activities for the period from January 1 to December 31, 2022, and also, where possible, contains a description of the Company's plans for 2023.

The Report has been prepared in accordance with the world's leading GRI

2021 Standards for the industry, which determine the procedure for disclosing information in the field of sustainable development.

The external audit procedure for the Company's financial statements was performed by Ernst & Young LLP. External assurance of non-financial information in the field of sustainable development at the end of 2022 was not carried out.

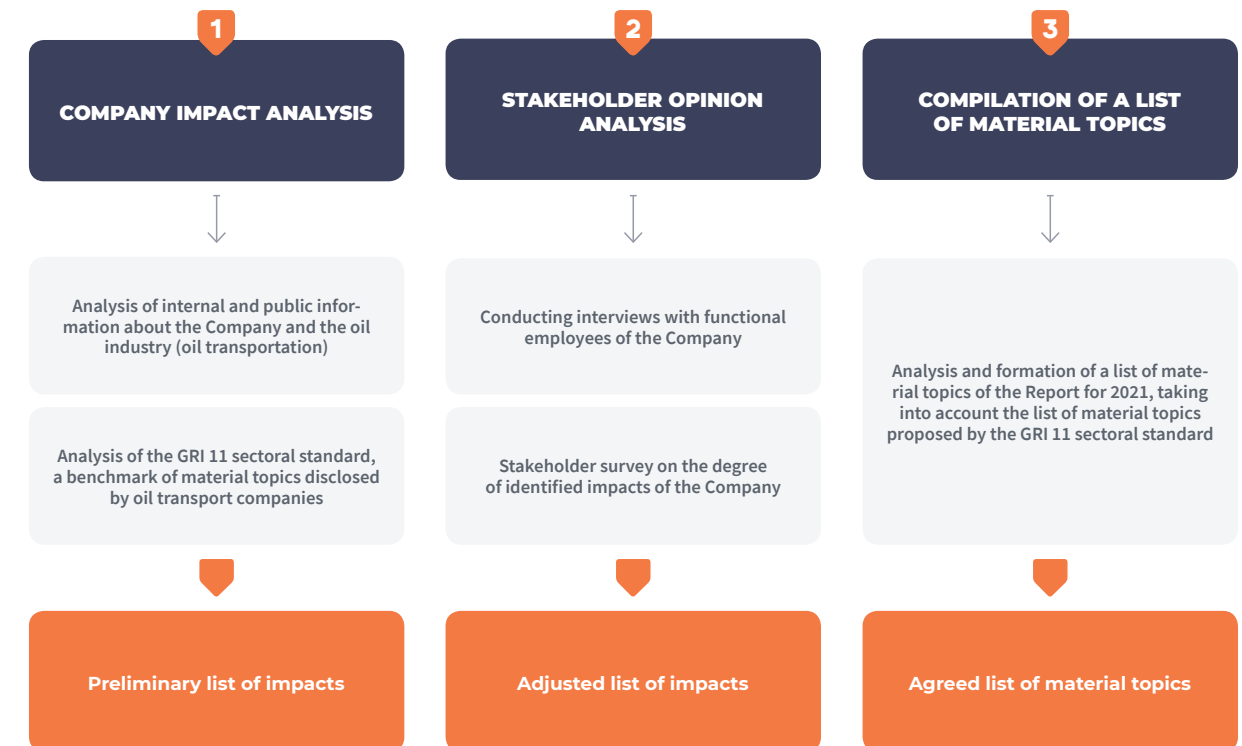
Compliance with the principle of materiality

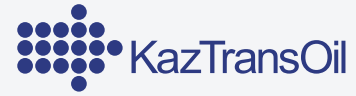
To select material sustainability topics to be disclosed in this report, the Company analyzed the list of topics recommended by the GRI Sustainability Reporting Standards, updated in 2022.

A preliminary list of material topics was determined in the course of an internal analysis of the Company's activities, and an assessment of its impact on society and the environment, as well as an analysis of foreign experience and

benchmarks. An updated list of material topics was obtained through interaction with internal experts and key internal and external stakeholder groups. As a result, the following Materiality Matrix was compiled.

APPROACH TO IDENTIFY MATERIAL TOPICS





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FULL LIST OF MATERIAL TOPICS

Category	Nº	Material Topics
Economic	1.	11.14 Economic Impact
	2.	11.19 Obstruction of competition
	3.	11.20 Anti-corruption
	4.	11.21 State payments
Ecological	5.	11.1 Greenhouse gas emissions
	6.	11.2 Climate adaptation, resilience and transition
	7.	11.3 Air emissions
	8.	11.5 Waste
	9.	11.6 Water and waste water
Social	10.	11.8 Asset Integrity and Critical Incident Management
	11.	11.9 Occupational health and safety
	12.	11.10 Employment practice
	13.	11.11 Anti-Discrimination and Equal Opportunities

13 topics included in the final list are disclosed in the Report in accordance with the GRI Standards. A table containing a complete list of standard reporting elements and links to information disclosure in the Report is presented in Appendix 2 to the Report.

Report Topic Boundaries

The report covers the activities of KazTransOil JSC and its subsidiaries and jointly controlled entities (JSC). At the same time, operating and financial indicators are reflected on a consolidated basis and include the results of the financial and economic activities of SJCEs. Information on sustainable development issues is provided only for KazTransOil JSC, unless otherwise indicated.

Only the Republic of Kazakhstan is a significant region of activity.

The Company maintains the practice of disclosing indicators in three-year dynamics. Where necessary for a more complete disclosure of information, events that occurred before or after the reporting period are given.

In some cases, the Report includes information regarding plans for 2023 and the medium term, which are of a forward-looking nature. It should be taken into account that their implementation is influenced by external factors beyond the control of the Company, the results achieved in future reporting periods may not coincide with the forecast targets specified in the Report.

Feedback

The Company is interested in receiving feedback for the subsequent development of the Report, and high-quality disclosure of information to stakeholders. A feedback questionnaire is included at the end of this document. The company would appreciate it if you fill it out and send it to the contact persons below.

Contact Information

The Company's integrated annual reports can be found on the Company's Internet resource www.kaztransoil.kz in the section "For Shareholders and Investors / Annual Reports".

Below are contacts where you can request additional information on the issues reflected in the Report, as well as for feedback.

CORPORATE GOVERNANCE DEPARTMENT

+7 (7172) 555-346
KELDIBEKOVA@KAZTRANSOIL.KZ

INVESTOR RELATIONS

+7 (7172) 555-049
MASALIN@KAZTRANSOIL.KZ

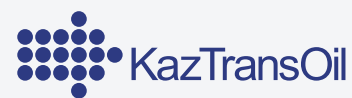
DEPARTMENT OF PUBLIC RELATIONS AND INTERNAL COMMUNICATIONS

+ 7 (7172) 555-135, 555-134

LOCATION OF THE COMPANY

REPUBLIC OF KAZAKHSTAN, ASTANA, TURAN AVENUE, BUILDING 20, NON-RESIDENTIAL PREMISES 12.





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Rates for the services of KazTransOil JSC for pumping oil to the domestic market through the system of main oil pipelines

By order of the Chairman of the NMRC dated November 27, 2020 No. 71-OD, a rate 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 (domestic market) for 2021-2025, at the level of 4,355.57 tenge per ton per 1000 km (without VAT). From January 1, 2022, a temporary compensating rate was in effect, approved by Order No. 131-OD of the Acting Chairman of the NMRC dated November 26, 2021 (hereinafter — Order No. 131-OD). In addition, Order No. 131-OD canceled the temporary compensatory rate for the regulated service for pumping oil to the domestic market of the Republic of Kazakhstan through the trunk pipeline system, approved by order

of the Chairman of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan dated October 29, 2021 No. 117 -OD (hereinafter — Order 117-OD).

Order No. 121-OD dated August 19, 2022, dated September 1, 2022, Order No. 131-OD was canceled by the Order of the Chairman of the NMRC. From this date, the temporary compensatory tariff for the regulated service for pumping oil to the domestic market of the Republic of Kazakhstan through the system of main pipelines in the amount of 4,328.04 tenge per 1 ton per 1,000 km (excluding VAT), approved by Order 117-OD, resumed its effect. On December 1, 2022, the temporary compensating rate

in the amount of 4,328.04 tenge per 1 ton per 1,000 km (excluding VAT), approved by Order No. 117-OD, ended and the rate in the amount of 4,355.57 tenge per 1 ton resumed its effect per 1,000 km (excluding VAT), approved by 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 November 27, 2020 No. 71-OD.

By the order of the Acting Chairman of the NMRC dated September 13, 2022 No. 144-OD, the tariff and tariff estimate for the regulated service of KazTransOil JSC for oil transshipment at OPS Shmanov N.N. to the Kenkiyak-Atyrau oil pipeline in the amount of 37.23 tenge per ton (excluding VAT), with commissioning from October 1, 2022.

Rate for services for the transportation of oil through the company's main pipeline system for export outside the Republic of Kazakhstan

By order of the General Director (Chairman of the Management Board) of the Company dated April 15, 2022 No. 24, the tariff for the service of KazTransOil JSC for pumping oil through trunk pipelines for the purpose of export outside the Republic of Kazakhstan in the amount of 8,830.51 tenge per 1 ton per 1000 km was approved (excluding VAT), with entry into force from June 1, 2022.

By order of the Acting General Director (Chairman of the Management Board) of the Company dated April 29, 2022 No. 37, the rate for the service of KazTransOil JSC for the transshipment of oil at the oil pumping station named after Shmanov N.N. to the oil pipeline "Kenkiyak-Atyrau" for the purpose of export outside the Republic of Kazakhstan in the amount of 500 tenge per ton (without VAT), with the entry into force from June 1, 2022.

By order of the General Director (Chairman of the Management Board) of the Company dated November 25, 2022 No. 138, the rate for certain services of KazTransOil JSC for the transportation of oil through trunk pipelines for the purpose of export outside the Republic of Kazakhstan was approved (**from January 1, 2023, the rate for services for unloading oil from of railway tanks at the main oil pumping station "Aktau" amounted to 375.00 tenge per 1 ton without VAT (previously the rate was 121.00 tenge per 1 ton without VAT).**

Rate for oil transportation services through the company's main pipeline system for the purpose of transit through the territory of the Republic of Kazakhstan

For the period 2019-2023, by order of the Minister of Energy of the Republic of Kazakhstan dated December 28, 2018 No. 545, the cost of transporting Russian oil through the territory of the Republic of Kazakhstan to the People's Republic of China on the section "Border of the Russian Federation — border of the Republic of Kazakhstan (Priirtyshsk) — Atasu (Republic of Kazakhstan)" in the amount of 4.23 US dollars per 1 ton (excluding VAT).

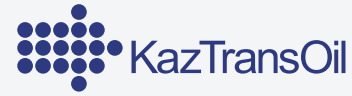
By order of the General Director (Chairman of the Management Board) of the Company dated December 27, 2022 No. 154, the rate for the service of KazTransOil JSC for the transportation of oil of Russian origin for the purpose of transit through the territory of the Republic of Kazakhstan to the Republic of Uzbekistan was approved in the amount of 27.9 US dollars per 1 ton (without VAT), with entry into force on February 1, 2023.

Additional services classified as a natural monopoly: services for the transmission of electrical energy, services for the production, transmission and distribution of thermal energy, services for the disposal of wastewater

By order of the Chairman of the NMRC dated April 29, 2022 No. 69-OD, a temporary compensating rate for a regulated service for the transmission of electrical energy for the Karaganda Oil Pipeline Department of KazTransOil JSC was approved in the amount of 0.45 tenge / kWh (excluding VAT) with entry into force from June 1 2022 to May 31, 2023.

By the order of the Chairman of the KRMM dated May 17, 2022 75-OD, amendments were made to the order of the Chairman of the Agency of the Republic of Kazakhstan for the regulation of natural monopolies dated December 25, 2012 No. 329-OD On approval of the rate and rate estimate of KazTarsOil JSC for regulated services for production, transmission and distribution of thermal energy. The average selling rate from May 25, 2022 is set at 5,399.27 tenge/Gcal without VAT (**previously the average selling rate was 11,103.57 tenge/Gcal without VAT).**

Order No. 107-OD of the Chairman of the NMRC dated July 21, 2022 approved a temporary compensatory rate for regulated services for the production, transmission and distribution of heat energy. The average selling rate is 5,373.51 tenge/Gcal (excluding VAT), with entry into force from September 1, 2022 to August 31, 2023.



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Sector standard	Indicator index	Name of indicator	Section and page in Report/Comment
2. General Disclosures			
The organization and its reporting practices			
-	2-1	Organization details	About the Company, p. 22
-	2-2	Entities included in the organization's sustainability reporting	Appendix 1. About the report, p. 200
-	2-3	Reporting period, frequency and contact point	Appendix 1. About the report, p. 200
-	2-4	Restatements of information	Appendix 1. About the report, p. 200
-	2-5	External assurance	Appendix 1. About the report, p. 200
Activities and workers			
-	2-6	Activities, value chain and other business relationships	About the Company, p. 22
-	2-7	Employees	Results in the field of sustainable development, p. 108
-	2-8	Workers who are not employees	Results in the field of sustainable development, p. 108
Governance			
-	2-9	Governance structure and composition	Corporate Governance Report, p. 146
-	2-10	Nomination and selection of the highest governance body	Corporate Governance Report, p. 152
-	2-11	Chair of the highest governance body	Corporate Governance Report, p. 152
-	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Report, p. 79
-	2-13	Delegation of responsibility for managing impacts	Corporate Governance Report, p. 79
-	2-14	Role of the highest governance body in sustainability reporting	Corporate Governance Report, p. 79
-	2-15	Conflicts of interest	Corporate Governance Report, p. 154
-	2-16	Communication of critical concerns	Corporate Governance Report, p. 152
-	2-17	Collective knowledge of the highest governance body	Corporate Governance Report, p. 152
-	2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report, p. 152
-	2-19	Remuneration policies	Corporate Governance Report, p. 167
-	2-20	Process to determine remuneration	Corporate Governance Report, p. 167
-	2-21	Annual total compensation ratio	Corporate Governance Report, p. 167
Strategy, policies and practices			
-	2-22	Statement on sustainable development strategy	Results in the field of sustainable development, p. 79
-	2-23	Policy Commitments	Results in the field of sustainable development, p. 79
-	2-24	Embedding policy commitments	Results in the field of sustainable development, p. 79
-	2-25	Processes to remediate negative impacts	Results in the field of sustainable development, p. 79
-	2-26	Mechanisms for seeking advice and raising concerns	Results in the field of sustainable development, p. 79
-	2-27	Compliance with laws and regulations	Results in the field of sustainable development, p. 79
-	2-28	Membership associations	Results in the field of sustainable development, p. 90
Stakeholder Engagement			
-	2-29	Approach to stakeholder engagement	Results in the field of sustainable development, p. 86
-	2-30	Collective bargaining agreements	Results in the field of sustainable development, p. 86
Material Topics			
Category: Economic			
11.19 Anti-competitive behavior			
11.19.1	3-3	Management of material topics (2021)	About the report, p. 45

11.19.2	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	About the Company, page 45
11.20 Anti-corruption			
11.20.1	3-3	Management of material topics (2021)	About the report, p. 136
11.20.2	205-1	Operations assessed for risks related to corruption (2016)	Results in the field of sustainable development, p. 136
11.20.3	205-2	Communication and training about anti-corruption policies and procedures (2016)	Results in the field of sustainable development, p. 136
11.20.4	205-3	Confirmed incidents of corruption and actions taken (2016)	Results in the field of sustainable development, p. 136
11.21 Payments to governments			
11.21.1	3-3	Management of material topics (2021)	Results in the field of sustainable development, p. 139
11.21.2	201-1	Direct economic value generated and distributed (2016)	Results of financial and economic activities, p. 192
11.21.4	207-1	Approach to tax (2019)	Results in the field of sustainable development, p. 139
11.21.5	207-2	Tax governance, control, and risk management (2019)	Results in the field of sustainable development, p. 139
11.21.6	207-3	Stakeholder engagement and management of concerns related to tax (2019)	Results in the field of sustainable development, p. 139
Category: Ecological			
11.1 GHG emissions			
11.1.1	3-3	Management of material topics (2021)	Results in the field of sustainable development, p. 96
11.1.2	302-1	Energy consumption within an organization (2016)	Results in the field of sustainable development, p. 104
11.1.4	302-3	Energy intensity (2016)	Appendix 7, p. 228
11.1.5	305-1	Direct (Scope 1) GHG emissions (2016)	Results in the field of sustainable development, p. 96
11.1.6	305-2	Energy indirect (Scope 2) GHG emissions (2016)	No statistics for this indicator, planned to collect and publish in 2023
11.1.8	305-4	GHG emissions intensity (2016)	Results in the field of sustainable development, p. 96
11.2 Climate adaptation, resilience and transition			
11.2.1	3-3	Management of material topics (2021)	Results in the field of sustainable development, p. 96
11.2.3	305-5	Reduction of GHG emissions (2016)	Results in the field of sustainable development, p. 97
11.3 Air emissions			
11.3.1	3-3	Management of material topics (2021)	Results in the field of sustainable development, p. 95
11.3.2	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions (2016)	Results in the field of sustainable development, p. 95
11.5 Waste			
11.5.1	3-3	Management of material topics (2021)	Results in the field of sustainable development, p. 100
11.5.2	306-1	Waste generation and significant waste-related impacts (2020)	Results in the field of sustainable development, p. 100
11.5.3	306-2	Management of significant waste-related impacts (2020)	Results in the field of sustainable development, p. 100
11.5.4	306-3	Waste generated (2020)	Results in the field of sustainable development, p. 100
11.5.5	306-4	Waste diverted from disposal (2020)	Results in the field of sustainable development, p. 100
11.5.6	306-5	Waste directed to disposal (2020)	Results in the field of sustainable development, p. 100





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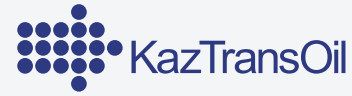
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11.6 Water and effluents			
11.6.1	3-3	Management of material topics (2021)	Results in the field of sustainable development, p. 98
11.6.2	303-1	Interactions with water as a shared resource (2018)	Results in the field of sustainable development, p. 98
11.6.3	303-2	Management of water discharge-related impacts (2018)	Results in the field of sustainable development, p. 98
11.6.4	303-3	Water withdrawal (2018)	Results in the field of sustainable development, p. 98
11.6.5	303-4	Water discharge (2018)	Results in the field of sustainable development, p. 99
11.6.6	303-5	Water consumption (2018)	Results in the field of sustainable development, p. 99
Category: Social			
11.8 Asset Integrity and Critical Incident Management			
11.8.1	3-3	Management of material topics (2021)	About the report, p. 126
11.8.2	306-3	Significant spills (2016)	Results in the field of sustainable development, p. 126
11.9 Occupational health and safety			
11.9.1	3-3	Management of material topics (2021)	Results in the field of sustainable development, p. 122
11.9.2	403-1	Occupational Health and Safety Management System (2018)	Results in the field of sustainable development, p. 125
11.9.3	403-2	Hazard identification, risk assessment, and accident investigation (2018)	Results in the field of sustainable development, p. 126
11.9.4	403-3	Occupational health services (2018)	Results in the field of sustainable development, p. 125

11.9.5	403-4	Worker participation, consultation, and communication on occupational health and safety (2018)	Results in the field of sustainable development, p. 125
11.9.6	403-5	Worker training on occupational health and safety (2018)	Results in the field of sustainable development, p. 131
11.9.7	403-6	Promotion of worker health (2018)	Results in the field of sustainable development, p. 130
11.9.8	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships (2018)	Results in the field of sustainable development, p. 130
11.9.9	403-8	Workers covered by an occupational health and safety management system (2018)	Results in the field of sustainable development, p. 125
11.9.10	403-9	Work-related injuries (2018)	Results in the field of sustainable development, p. 128
11.10 Employment practices			
11.10.1	3-3	Management of material topics (2021)	Results in the field of sustainable development, p. 170
11.10.2	401-1	New employee hires and employee turnover (2016)	Results in the field of sustainable development, p. 109
11.10.3	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees (2016)	Results in the field of sustainable development, p. 112
11.10.4	401-3	Parental leave (2016)	Appendix 7, p. 234
11.10.5	402-1	Minimum notice periods regarding operational changes (2016)	Results in the field of sustainable development, p. 112
11.10.6	404-1	Average hours of training per year per employee (2016)	Results in the field of sustainable development, p. 114
11.10.7	404-2	Programs for upgrading employee skills and transition assistance programs (2016)	Results in the field of sustainable development, p. 115
11.10.9	414-2	Negative social impacts in the supply chain and actions taken (2016)	The practice of social impact assessment in the supply chain is currently lacking in the Company.





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Principles of the UN Global Compact	Relevant UN Sustainable Development Goals (SDGs)	Evidence of compliance of the activities of KazTransOil JSC with the principles and SDGs	Section and page of the Report
Human Rights Principles			
Principle 1: Businesses must support and respect the protection of internationally proclaimed human rights.	SDG 16 Peace, justice and strong institutions Promoting a peaceful and inclusive society for sustainable development, ensuring access to justice for all, and building effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> Business ethics standards enshrined in the Company's code of business ethics; Ombudsman institution, whose contacts are posted on the Company's Internet resource. 	Corporate ethics, p. 186 Ombudsman Institute, p. 188
Principle 2: Businesses should not be complicit in human rights violations.			
Principles in the field of labor relations			
Principle 3: Businesses should support freedom of association and the effective recognition of the right to collective bargaining.	SDG 8 Decent work and economic growth Promoting 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 employees; Code of social responsibility; Personnel policy of the Company; Social policy of the Company; The Company's code in the field of safety and labor protection "Golden Rules"; The Company's policy in the field of labor protection, industrial safety and environmental protection; ISO 14001 certificate, confirmed by an international accredited body; The volume of investments in safety and labor protection in 2021 in the amount of 3.75 billion tenge. 	Personnel management, p. 106 Industrial safety and labor protection, p. 122
Principle 4: Businesses should advocate for the elimination of all forms of forced and compulsory labor.	SDG 4 Quality education Ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all		
Principle 5: Businesses should advocate for the total elimination of child labour.	SDG 3 Good health and well-being Ensuring healthy lifestyles and promoting well-being for all at all ages		
Principle 6: Businesses should advocate for the elimination of discrimination in employment and employment.			
Environmental principles			
Principle 7: Businesses should support a precautionary approach to environmental issues.	SDG 13 Combat climate change Taking urgent action to combat climate change and its impacts		
Principle 8: Businesses should take initiatives to increase environmental responsibility.	SDG 6 Clean water and sanitation Ensuring the availability and sustainable use of water resources and sanitation	<ul style="list-style-type: none"> Rules for water management; Rules for managing environmental aspects; Waste management rules; ISO 14001:2015 certificate, confirmed by an international accredited body; The volume of investments in environmental protection measures in 2021 in the amount of 2.2 billion tenge; ISO 50001:2018 certificate, confirmed by an international accredited body; Branch CIR KazTransOil JSC. 	Environmental Protection, p. 92
	SDG 17 Partnership for sustainable development Strengthening the means to achieve sustainable development and revitalizing the global partnership for sustainable development		
Principle 9: Businesses should promote the development and dissemination of environmentally sound technologies.	SDG 7 Affordable and clean energy Ensuring universal access to affordable, reliable, sustainable and modern energy sources		
	SDG 9 Industrialization, innovation and infrastructure Building resilient infrastructure, promoting inclusive and sustainable industrialization and innovation		
Principles in the field of combating corruption			
Principle 10: Businesses must resist all forms of corruption, including extortion and bribery.	SDG 16 Peace, justice and strong institutions Promoting a peaceful and inclusive society for sustainable development, ensuring access to justice for all, and building effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> Code of business ethics of the Company; Anti-corruption standards of the Company; Policy for managing the risk of violations in the Company; Policy for resolving conflicts of interest of officials and employees of the Company; Blog of the General Director (Chairman of the Management Board) on the Company's Internet resource, hotline +7 (717) 255 52-10; Special dedicated line "No to corruption" — 5213@kaztransoil.kz and other information in a separate section of the Company's Internet resource dedicated to anti-corruption issues; No facts of violation of the law in the reporting year 2020; Of the Republic of Kazakhstan on combating corruption in the Company. 	Anti-corruption, p. 136





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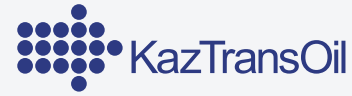
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Nº	Name of the transaction	Decision of the body KazTransOil JSC
CPC-K JSC		
1.	Change Order №6 to Service Contract №K-OD-18-0078//OS125/2018 dated May 16, 2018	Decision of the Board of Directors of KazTransOil JSC (Protocol of a meeting №19/2022 dated December 9, 2022)
2.	Change Order №7 to Service Contract №K-OD-18-0078//OS125/2018 dated May 16, 2018	Decision of the Board of Directors of KazTransOil JSC (Protocol of a meeting №19/2022 dated December 9, 2022)
TURGAI-PETROLEUM JSC		
3.	Agreement for the operation of the oil pipeline TURGAI-PETROLEUM JSC	Decision of the Board of Directors of KazTransOil JSC (Protocol of the meeting dated January 28, 2022 №2/2022)
4.	Additional agreement №1 to the agreement for the operation of the oil pipeline of JSC "TURGAI-PETROLEUM" dated January 31, 2022 №KZ-22-8100-0023//OS20/2022	Decision of the Board of Directors of KazTransOil JSC (Protocol of the meeting dated December 29, 2022 №21/2022)
Mangistaumunaigas JSC		
5.	Contract for supply and receipt of natural gas for the needs of the "Kalamkas" main oil pumping station and the "Karazhanbas" oil pumping station of the Mangistau Oil Pipeline Department of KazTransOil JSC	Decision of the Board of Directors of KazTransOil JSC (Protocol №2/2022 dated January 28, 2022)
6.	Contract №EX 03/2023 for organization of oil transportation through the territories of other states	Decision of the Board of Directors of KazTransOil JSC (Protocol of the meeting dated November 9-10, 2022 №17/2022)
7.	Contract №TR 09/2023 for oil transportation services	Decision of the Board of Directors of KazTransOil JSC (Protocol of November 9-10, 2022 №17/2022)
CNPC-AMG JSC		
8.	Contract for provision of water supply services to the dormitory and chemical laboratory of the Aktobe Oil Pipeline Department of KazTransOil JSC in Zhanazhol shift camp for 2022-2024	Decision of the Board of Directors of KazTransOil JSC (Protocol №2/2022 dated January 28, 2022)
9.	Contracts for the provision of sewage services to the dormitory of the Aktobe Oil Pipeline Department of KazTransOil JSC in the shift camp Zhanazhol for 2022-2026	Decision of the Board of Directors of KazTransOil JSC (Protocol of the meeting dated January 28, 2022 №2/2022)
10.	Addendum №3 to the contract for oil transportation services dated October 18, 2019 №TR 05/2020//3859U	Decision of the Board of Directors of KazTransOil JSC (Protocol of the meeting dated November 9-10, 2022 №17/2022)

Kazakhoil-Aktobe LLP		
11.	Contract №EX 01/2023 for organization of oil transportation through the territories of other states	Decision of the Board of Directors of KazTransOil JSC (Protocol №17/2022 of November 9-10, 2022)
Kazakhstan-China Pipeline LLP		
12.	Agreement on reimbursement of costs to prevent the spread of COVID-19	Decision of the Board of Directors of KazTransOil JSC (Protocol №19/2022 dated December 9, 2022)
13.	"Atasu-Alashankou" Main Oil Pipeline Operation Contract for 2022-2024	Decision of the Board of Directors of KazTransOil JSC (Protocol of the meeting dated December 9, 2022 №19/2022)
14.	Contract for operation of the "Kenkiyak-Kumkol" main oil pipeline for 2022-2024	Decision of the Board of Directors of KazTransOil JSC (Protocol of the meeting dated 9 December 2022 №19/2022)
CNPC Kazakhstan B.V.		
15.	Contract №EX 02/2023 for organization of oil transportation through the territories of other states	Decision of the Board of Directors of KazTransOil JSC (Protocol of November 9-10, 2022 №17/2022)
16.	Contract №TR 06/2023 for oil transportation services	Decision of the Board of Directors of KazTransOil JSC (Protocol of Meeting №17/2022 dated November 9-10, 2022)
PetroKazakhstan Oil Products JSC		
17.	Contract for drinking water supply and wastewater intake services at "Shymkent" acceptance and delivery point of KazTransOil JSC Shymkent Oil Pipeline Department	Decision of the Board of Directors of KazTransOil JSC (Protocol №2/2022 dated January 28, 2022)
PetroKazakhstan Kumkol Resources JSC		
18.	Contract №TR 04/2023 for oil transportation services	Decision of the Board of Directors of KazTransOil JSC (Protocol №17/2022 of November 9-10, 2022)
Karazhanbasmunai JSC		
19.	Contract №TR 07/2023 for oil transportation services	Decision of the Board of Directors of KazTransOil JSC (Protocol №17/2022 of November 9-10, 2022)
Tengizchevroil LLP		
20.	Supplementary Agreement №3 to the contract for oil transportation services №TR 11/2020 dated October 18, 2019	Decision of the Board of Directors of KazTransOil JSC (Protocol №20/2022 dated December 26, 2022)



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Transtelecom JSC		
21.	Contract for procurement of works on maintenance and current repair of security and fire alarm systems of Atyrau LPU, LPU "OPS-3", linear part of the main oil pipeline "Kenkiyak-Atyrau", serviced by the Western Department of Operator Services KazTransOil JSC.	Decision of the Board of Directors of KazTransOil JSC (Protocol №2/2022 dated January 28, 2022)
22.	Contract for procurement of services for maintenance of IP-phone and videoconferencing equipment of the Western Department of Operator Services of KazTransOil JSC	Decision of the Board of Directors of KazTransOil JSC (Protocol №2/2022 dated January 28, 2022)
23.	Supplementary Agreement №9 to the contract №MT 7/2015 dated December 26, 2014	Decision of the Board of Directors of KazTransOil JSC (Protocol №14/2022 dated September 9, 2022)
CNPC — Ai Dan Munai JSC		
24.	Contract No. TR 06/2023 for oil transportation services	Decision of the Board of Directors of KazTransOil JSC (Protocol №17/2022 of November 9-10, 2022)
Samruk-Kazyna JSC		
25.	Supplemental Agreement No. 1 to the Agreement on the Transfer of Rights to Use SAP Software in the Future №1215-I dated November 19, 2020	Decision of the Management Board KazTransOil JSC (Protocol №2 dated January 21, 2022)
26.	Sublicense agreement on assignment of rights to use SAP software	Decision of the Management Board of KazTransOil JSC (Protocol №17 dated May 21, 2022)
27.	Agreement on assignment of rights to use SAP software in the future	Decision of the Management Board KazTransOil JSC (Protocol №41 dated December 21, 2022)
Main Waterline LLP		
28.	Contract of purchase and sale of property	Decision of the Management Board KazTransOil JSC (Protocol №22 of June 9, 2022)
29.	Contribution to the authorized capital Main Waterline LLP additional contribution in cash	Resolution of the Management Board of KazTransOil JSC (Protocol №33 dated October 13, 2022)
30.	Contract for maintenance and repair of main water pipelines	Resolution of the Management Board KazTransOil JSC (Protocol №41 dated December 21, 2022)
Embamunaigas JSC represented by NC KazMunayGas JSC		
31.	Contract for oil transportation services	Decision of the Management Board KazTransOil JSC (Protocol №29 dated August 31, 2022)
32.	Contract for oil transportation services through the territories of other states	Resolution of the Management Board KazTransOil JSC (Protocol №29 dated August 31, 2022)
33.	Contract for oil transportation services	Resolution of the Management Board KazTransOil JSC (Protocol №38 dated December 6, 2022)
34.	Contract for oil transportation services through the territories of other states	Resolution of the Management Board KazTransOil JSC (Protocol №38 dated 6 December 2022)
MunaiTas NWPC LLP		
35.	Contract for the operation of the "Kenkiyak-Atyrau" main oil pipeline for 2022-2024	Decision of the Management Board KazTransOil JSC (Protocol №38 of December 6, 2022)

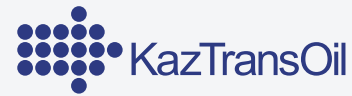
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Independent auditor's report

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 2022, 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 2022 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****Fair value of property, plant and equipment**

The Group assessed fair value of its property, plant and equipment in 2022. The Group has property, plant and equipment in Kazakhstan and in Georgia. Property, plant and equipment located in Kazakhstan and in Georgia makes up a significant portion of total assets of the Group as at 31 December 2022.

Due to high level of subjectivity in respect of assumptions underlying the assessment of the fair value of property, plant and equipment, we believe that this matter is of the most significance in our audit. The Group uses independent external appraisers in the process of valuation.

The fair value of the Group's assets in Kazakhstan was appraised using the cost and income approaches under the economic impairment test for specialized oil transportation assets, cost approach for specialized water transportation assets and the market approach for non-specialized assets.

Significant assumptions used in calculating the fair value included future transportation volumes, tariffs, discount rate and long-term growth rate.

The assets in Georgia were divided into two groups for revaluation purposes: the "Batumi Sea Port" (BSP) and the "Batumi Oil Terminal" (BOT).

Fair value of all BOT's assets and BSP's non-specialized assets was determined using market approach. Fair value of specialized BSP's assets has been determined using income approach.

Significant assumptions used in calculating the fair value of BSP included expected volume of transshipment services provided, tariffs, the amount of capital and operating expenditures, discount rate and long-term growth rate.

Information about property, plant and equipment is disclosed in Note 6 to the consolidated financial statements; a description of the accounting policy and key judgements and estimates is included in Notes 4 and 5 to the consolidated financial statements.

Other information included in the Group's Annual report 2022

Other information consists of the information included in the Group's 2022 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

How our audit addressed the key audit matter

We overviewed the Group's valuation process and assessed the independence and expertise of the external appraisers.

For assets revalued using the income and the cost approaches, and assets to which an economic impairment was applied, we compared input data used by the independent external appraisers with the Group's business plans. We assessed underlying assumptions and compared them with historical data. We engaged our internal valuation specialists to assess the valuation methods applied.

We compared data used in discount rate and long-term growth rate calculations with available external information and checked arithmetical accuracy of these calculations.

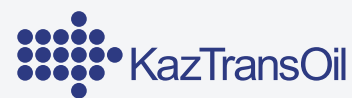
For the assets, revalued using indexation, we assessed calculation of indexes and compared indexes used in calculation of fair value to available external data.

For the assets, revalued using direct cost approach, we compared major inputs (technical characteristics of assets (length, width, volume, etc.), cost of materials, cost of construction works, labor input coefficients) to the Group's internal technical documentation.

For the assets, revalued using market approach we compared inputs with available market data for similar items.

We checked mathematical accuracy of the fair value calculations.

We analyzed the disclosures made in the financial statements about the revaluation of property, plant and equipment.



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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.

Responsibilities of management and audit committee 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.

Audit committee 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 audit committee 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 audit committee 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 audit committee, 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.

Ernst & Young LLP

Adil Syzdykov
Auditor

Auditor Qualification Certificate
No. МФ 0000172 dated 23 December 2013

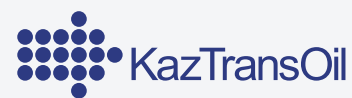
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6 March 2023



Rustamzhan Sattarov
General Director
Ernst & Young LLP

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



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of Tenge	Notes	31 December 2022	31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	6	974,595,927	803,073,178
Right-of-use assets	7	917,065	1,111,472
Intangible assets	8	8,515,332	7,352,234
Investments in joint ventures	9	94,588,186	74,096,113
Advances to suppliers for property, plant and equipment	10	29,219,803	6,443,725
VAT recoverable	14	4,314,632	4,356,465
Other long-term accounts receivable	12	883,284	913,384
Bank deposits	16	945,452	1,424,328
Deferred tax assets	35	-	2,254,677
Other non-current assets		360,146	93,701
		1,114,339,827	901,119,277
Current assets			
Inventories	11	8,758,265	8,141,938
Trade and other accounts receivable	12	8,366,581	7,143,184
Advances to suppliers	13	1,787,294	414,279
Prepayment for income tax		1,878,426	1,777,447
VAT recoverable and other prepaid taxes	14	8,439,215	8,149,910
Other current assets	15	6,668,085	6,649,961
Bank deposits	16	-	8,665,145
Cash and cash equivalents	17	85,157,538	40,498,972
		121,055,404	81,440,836
Non-current assets held for sale	18	22,729	602,408
		121,078,133	82,043,244
Total assets		1,235,417,960	983,162,521

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

In thousands of Tenge	Notes	31 December 2022	31 December 2021
Equity and liabilities			
Equity			
Share capital	19	61,937,567	61,937,567
Treasury shares repurchased from shareholders	19	(9,549)	(9,549)
Asset revaluation reserve	19	423,217,162	285,685,165
Foreign currency translation reserve	19	46,952,044	40,632,765
Other capital reserves	19	(188,145)	(4,310,257)
Retained earnings		380,544,246	353,172,325
Total equity		912,453,325	737,108,016
Non-current liabilities			
Loans received	20	29,760,793	-
Employee benefit obligations	21	18,096,363	21,433,483
Deferred tax liabilities	35	107,509,698	81,019,373
Provision for asset retirement and land recultivation obligation	26	40,664,979	34,547,151
Contract liabilities to customers	22	35,132,179	30,179,505
Lease liabilities	24	198,450	267,714
		231,362,462	167,447,226
Current liabilities			
Current part of employee benefit obligations	21	1,046,911	722,893
Income tax payable		1,470,302	1,129,157
Trade and other accounts payable	23	19,230,822	20,020,122
Lease liabilities	24	942,217	1,393,200
Contract liabilities to customers	22	29,529,193	21,850,025
Other taxes payable	25	8,740,967	6,191,424
Provisions	26	1,309,778	1,441,364
Other current liabilities	27	29,331,983	25,859,094
		91,602,173	78,607,279
Total liabilities		322,964,635	246,054,505
Total equity and liabilities		1,235,417,960	983,162,521
Book value per ordinary share (in Tenge)	19	2,350	1,897

Signed and approved for issue on 6 March 2023.

Acting General Director (Chairman of the Management Board)



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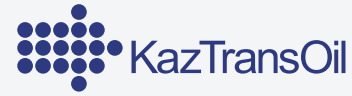
Sagiyev E.B.

Chief Accountant

[Signature]

Akhmedina A.S.





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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of Tenge	Notes	For the year ended 31 December	
		2022	2021
Revenue	28	255,627,309	238,176,116
Cost of sales	29	(219,434,650)	(173,246,278)
Gross profit		36,192,659	64,929,838
General and administrative expenses	30	(16,539,471)	(15,549,677)
Other operating income	31	2,027,914	3,095,309
Other operating expenses	32	(1,011,127)	(926,182)
Impairment of property, plant and equipment, net	6	(12,911,982)	(336,434)
Operating profit		7,757,993	51,212,854
Net foreign exchange gain/(loss), net		1,944,638	(88,376)
Finance income	33	4,028,576	3,201,187
Finance costs	34	(4,778,915)	(4,116,159)
Share in income of joint ventures	9	15,973,820	12,788,333
Profit before income tax		24,926,112	62,997,839
Income tax expense	35	(5,124,419)	(12,390,832)
Net profit for the year		19,801,693	50,607,007
Basic and diluted earnings per share (in Tenge)	19	51	132

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

In thousands of Tenge	Notes	For the year ended 31 December	
		2022	2021
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange difference from translation of foreign operations of the Group		6,319,279	2,307,423
Total other comprehensive income to be reclassified to profit or loss in subsequent periods, net		6,319,279	2,307,423
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Revaluation and impairment of property, plant and equipment of the Group, net	6	170,785,590	101,153,661
Income tax effect	35	(33,286,881)	(20,230,732)
		137,498,709	80,922,929
Reversal of provision for asset retirement and land reclamation obligation of the Group	26	6,810,783	185,471
Income tax effect	35	(1,362,157)	(37,094)
		5,448,626	148,377
Revaluation and impairment of property, plant and equipment of joint ventures, net		11,611,744	-
Income tax effect		(2,322,349)	-
	9	9,289,395	-
Reversal/(charge) of provision for asset retirement and land reclamation obligation of joint ventures		3,582,283	(392,854)
Income tax effect		(716,457)	78,571
	9	2,865,826	(314,283)
Actuarial income from employee benefit obligations of the Group	21	4,238,724	1,737,723
Income tax effect	35	(116,499)	(47,760)
		4,122,225	1,689,963
Actuarial loss from employee benefit obligations of joint venture		(141)	(940)
Income tax effect		28	188
	9	(113)	(752)
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods, net		159,224,668	82,446,234
Total other comprehensive income for the year, net of tax		165,543,947	84,753,657
Total comprehensive income for the year, net of tax		185,345,640	135,360,664

Signed and approved for issue on 6 March 2023.

Acting General Director (Chairman of the Management Board)

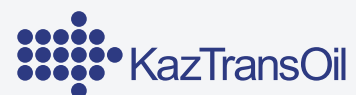


Sagiyev E.B.

Chief Accountant

Akhmedina A.S.





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CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of Tenge	Notes	For the year ended 31 December	
		2022	2021
Cash flows from operating activities			
Profit before income tax		24,926,112	62,997,839
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization	29, 30	54,873,727	53,658,036
Share in income of joint ventures	9	(15,973,820)	(12,788,333)
Impairment of property, plant and equipment, net	6	12,911,982	336,434
Finance costs	34	4,778,915	4,116,159
Finance income	33	(4,028,576)	(3,201,187)
Amortization of deferred income	22, 31	(2,441,250)	(1,667,283)
Net foreign exchange (gain)/loss, net		(1,944,638)	88,376
Reversal and revision of estimates on provision on asset retirement and land recultivation obligation, net	31	(853,813)	(1,528,063)
Employee benefit obligations, current services costs	29, 30	725,176	982,173
Write-off of inventory value to net realisable value	32	394,769	-
Loss on disposal of property, plant and equipment, net	32	313,510	440,587
Charge of expected credit losses, net	30	308,922	27,052
Write-off of VAT recoverable	30	132,234	74,466
Income from recognition of inventories	31	(21,758)	(182,492)
Gain on disposal of non-current assets held for sale, net	31	(10,824)	(46,677)
(Reversal)/charge of current provisions, net	30, 31	(7,836)	354,482
Actuarial loss	32	4,163	20,748
Others		93,259	89,715
Operating cash flows before working capital changes		74,180,254	103,772,032
(Increase)/decrease in operating assets			
Inventories		156,418	989,971
Trade and other accounts receivable		(1,470,580)	(2,684,856)
Advances to suppliers		(1,360,094)	323,595
VAT recoverable and other prepaid taxes		(1,326,542)	(1,841,880)
Other current assets		85,834	2,355,460
Increase/(decrease) in operating liabilities			
Trade and other accounts payable		(1,226,263)	438,924
Contract liabilities to customers		7,656,256	(2,034,063)
Other taxes payable		4,149,327	310,394
Other current and non-current liabilities and employee benefit obligations		282,972	(968,596)
Cash flows from operating activities		81,127,582	100,660,981
Income taxes paid		(10,732,060)	(16,170,464)
Interest received		3,117,385	2,486,301
Net cash flows from operating activities		73,512,907	86,976,818

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

In thousands of Tenge	Notes	For the year ended 31 December	
		2022	2021
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(64,234,328)	(69,751,893)
Withdrawal of bank deposits, net		9,212,398	21,387,629
Dividends received from joint ventures	9	7,636,855	1,800,000
Proceeds from disposal of property, plant and equipment and non current assets held for sale		54,179	412,935
Proceeds from bonds redemption	15	42,452	182,430
Net cash flows used in investing activities		(47,288,444)	(45,968,899)
Cash flows from financing activities			
Proceeds from loans	20	29,592,745	-
Dividends paid	19	(10,000,331)	(50,770,909)
Payment of lease liabilities	24	(2,048,030)	(2,031,517)
Other payments	20	(533,127)	-
Net cash flows received from / (used in) financing activities		17,011,257	(52,802,426)
Net change in cash and cash equivalents		43,235,720	(11,794,507)
Net foreign exchange difference		1,424,711	279,916
Change in allowance for expected credit losses	17	(1,865)	(1,049)
Cash and cash equivalents at the beginning of the year		40,498,972	52,014,612
Cash and cash equivalents at the end of the year	17	85,157,538	40,498,972

Signed and approved for issue on 6 March 2023.

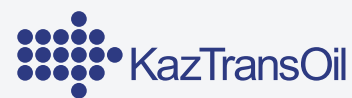
Acting General Director (Chairman of the Management Board)



Sagiyev E.B.

Chief Accountant

Akhmedina A.S.



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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 property, plant and equipment	-	-	(16,704,673)	-	-	16,704,673	-
Dividends (Note 19)	-	-	-	-	-	(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
Net profit for the year	-	-	-	-	-	19,801,693	19,801,693
Other comprehensive income	-	-	155,102,556	6,319,279	4,122,112	-	165,543,947
Total comprehensive income for the year	-	-	155,102,556	6,319,279	4,122,112	19,801,693	185,345,640
Amortization of revaluation reserve for property, plant and equipment	-	-	(17,570,559)	-	-	17,570,559	-
Dividends (Note 19)	-	-	-	-	-	(10,000,331)	(10,000,331)
As at 31 December 2022	61,937,567	(9,549)	423,217,162	46,952,044	(188,145)	380,544,246	912,453,325

Signed and approved for issue on 6 March 2023.

Acting General Director (Chairman of the Management Board)



Sagiyev E.B.

Chief Accountant

Akhmedina A.S.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 NOTC "KazTransOil" CJSC shares to TNG, and, as a result, the NOTC "KazTransOil" CJSC 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 2022 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"). As at 31 December 2022 87.42% of KMG shares belong to the Government of the Republic of Kazakhstan represented by Sovereign Wealth Fund "Samruk-Kazyna" JSC (hereinafter — "Samruk-Kazyna"), 9.58% of KMG shares belong to the Republic State Institution «National Bank of the Republic of Kazakhstan» and 3% of shares are in free circulation of the Astana International Exchange (AIX) and Kazakhstan Stock Exchange (hereinafter — "KASE"). The Government of the Republic of Kazakhstan is a sole shareholder of Samruk-Kazyna.

As at 31 December 2022 and 2021 the Company had ownership interest in the following companies:

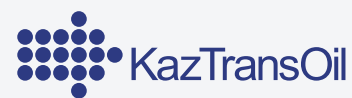
	Place of incorporation	Principal activities	Ownership	
			31 December 2022	31 December 2021
"MunaiTas" NWPC LLP (hereinafter — "MunaiTas")	Kazakhstan	Oil transportation	51%	51%
"Kazakhstan-China Pipeline" LLP (hereinafter — "KCP")	Kazakhstan	Oil transportation	50%	50%
"Batumi Oil Terminal" (hereinafter — "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 Astana, 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 branches, which are located in Almaty (Research and Development Centre) and in Astana (Oil Transportation Control Centre) and representative offices in Russian Federation (Moscow, Omsk and Samara).



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1. GENERAL (CONTINUED)

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 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.

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 2022 to 31 August 2022, the approved temporary compensating tariff for pumping oil to the domestic market is 3,728.82 Tenge per ton for 1,000 kilometers without VAT, from 1 September 2022 to 30 November 2022 amounted 4,328.04 Tenge per ton for 1,000 kilometers without VAT. Starting from 1 December 2022 approved tariff for specified service is 4,355.57 Tenge per ton for 1,000 kilometers without VAT (from 1 January 2021 to 30 November 2021: 4,355.57 Tenge per ton for 1,000 kilometers without VAT; from 1 December 2021 to 31 December 2021: 4,328.04 Tenge per ton for 1,000 kilometers without VAT).

Tariff for pumping oil on export from the Republic of Kazakhstan Starting from 1 March 2020, was 7,358.76 Tenge per ton for 1,000 kilometers without VAT. Starting from 1 June 2022, tariff for the specified service was put into effect in the amount of 8,830.51 Tenge per ton for 1,000 km 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 without VAT.

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 Acting General Director (Chairman of the Management Board) and the Chief Accountant on 6 March 2023.

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 2022. 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.

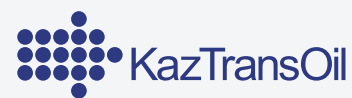
The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the 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.





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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.

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. It 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 profit or loss.

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

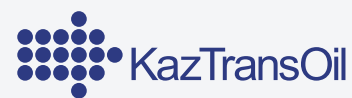
Weighted average currency exchange rates established by the KASE are used as official currency exchange rates in the Republic of Kazakhstan.

Weighted average currency exchange rates for the year ended 31 December 2022 and 2021 are as follows:

Tenge	For the year ended 31 December	
	2022	2021
US Dollars	460.93	426.06
Russian Rubles	6.92	5.78
Euro	485.29	503.96
Georgian Lari	160.65	133.39

As at 31 December the currency exchange rates of KASE are as follows:

Tenge	2022	2021
US Dollars	462.65	431.80
Russian Rubles	6.43	5.76
Euro	492.86	489.10
Georgian Lari	173.28	140.74



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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 amortized 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:

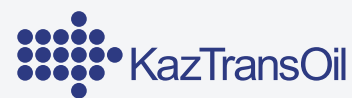
- Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — valuation techniques for which the 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**.



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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 at least 1 time in 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 recognised 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.

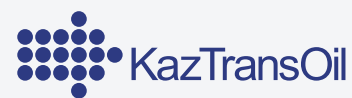
4.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

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.

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.



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4.8 IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

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 15**).

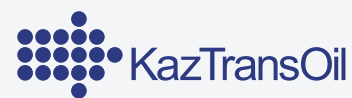
Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

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.



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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

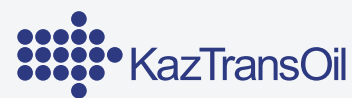
Initial recognition and measurement

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For the purposes of the subsequent measurement of financial liabilities are classified into following categories:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortised cost.



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4.11 FINANCIAL LIABILITIES (CONTINUED)

Subsequent measurement (continued)

Financial liabilities at fair value through profit or loss

The category «financial liabilities at fair value through profit or loss» includes financial liabilities held for trading and financial liabilities classified at the Group's discretion at initial recognition as at fair value through profit or loss.

The Group has no financial liabilities classified as at fair value through profit or loss.

Financial liabilities at amortised cost

This category is the most significant for the Group. After initial recognition, such liabilities are measured at amortised cost using the effective interest method. Gains and losses on such financial liabilities are recognized in profit or loss as depreciation is calculated using the effective interest rate. Amortized cost is calculated taking into account discounts or premiums on acquisition, as well as commissions or costs, which are an integral part of the effective interest rate. Depreciation of the effective interest rate is included in finance costs in the statement of profit or loss.

In this category, the Group includes trade and other payables, loans and lease obligations.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such an asset. Other borrowing costs are recognized as expenses at the time of occurrence. More detailed information is provided in **Note 20**.

Derecognition

A financial liability is derecognized 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 recognized in the statement of comprehensive income as income or expense.

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 recognized amounts and there is an intention to settle on a net basis, or to realize 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 realizable 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's companies 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.

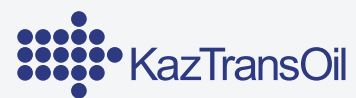
The expected costs of the benefits associated with one-off retirement payments are accrued over the period of employment using the same accounting methodology as used for defined benefit post-employment plans with defined payments on the end of labor activity. The cost of providing benefits under the 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.



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4.16 EMPLOYEE BENEFITS (CONTINUED)

Net interest is calculated by applying the discount rate to the net defined benefit obligations. The Group 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.

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.

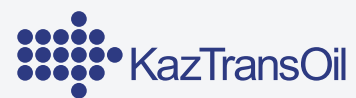
Under IFRS 15, the Group must determine whether there is a significant financing component in its contracts.

The Group receives only short-term advances from its customers. They are presented as part of contract liabilities to customers. 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.





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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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.

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

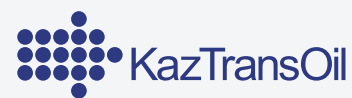
Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, 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.



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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2022.

New standards, interpretations and amendments to existing standards and interpretations

Some standards and amendments are applied for the first time in 2022. The nature and the impact of each new standard or amendment are described below:

Onerous Contracts — Costs of Fulfilling a Contract — Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

This amendment had no impact on the consolidated financial statements of the Group, as there are no onerous contracts in the Group.

Reference to the Conceptual Framework — Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 **Provisions, Contingent Liabilities and Contingent Assets** or IFRIC 21 **Levies**, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

Property, Plant and Equipment: Proceeds before Intended Use — Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of 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.

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards — Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Group as it is not a first-time adopter.

IFRS 9 Financial Instruments — Fees in the '10 per cent' test for derecognition of financial liabilities

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. There is no similar amendment proposed for IAS 39 **Financial Instruments: Recognition and Measurement**.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to apply practical simplifications in future periods, if necessary.

IAS 41 Agriculture — Taxation in fair value measurements

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.

These amendments had no impact on the consolidated financial statements of the Group as this standard is not applicable to the Group.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

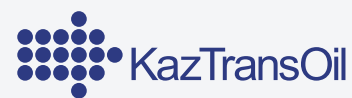
The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

These amendments had no impact on the Group's consolidated financial statements. The Group intends to apply these amendments in future periods, if necessary.

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.





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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Standards issued but not yet effective (continued)

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 2024 and must be applied retrospectively. These amendments are not expected to have a material impact on the Group's financial statements.

Definition of Accounting Estimates — Amendments to IAS 8

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new 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 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 the effective date. Earlier application is permitted, subject to disclosure of this fact.

These amendments are not expected to have a material impact on the Group's financial statements.

Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 **Making Materiality Judgements** (the PS), 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 are effective for annual periods beginning on or after 1 January 2023 with earlier application possibilities. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information and it is not necessary to specify an effective date for these amendments. The Group is currently assessing the impact of the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group is currently assessing the impact of the amendments.

Lease Liability in a Sale and Leaseback — Amendments to IFRS 16

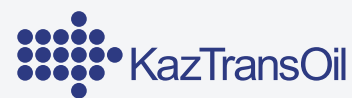
Amendments to IFRS 16 are effective for annual periods beginning on or after 1 January 2024. In September 2022, the Board issued Amendments to IFRS 16.

The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

The Group is currently assessing the impact of the amendments.



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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. During 2022 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, the appraiser performed a test for adequate profitability using the income approach to determine the amount of economic depreciation of the Group's specialized property, plant and equipment. Recoverable amount of property, plant and equipment of the Group's companies, except BOT and Main Waterline, is determined by assessing value in use. The value in use of assets is defined as the value of the business, adjusted for the fair value of net working capital. Cash flow forecasting was based on the budgets and business plans of the Group's companies approved by the management of the Group for 2022 and for the period 2023-2027, respectively. The cash flows in the post-forecast period are determined on the basis of extrapolation of forecast data using long-term growth rate. The above assets were grouped into cash flow generating units ("CGU") — Oil Transportation (Company) CGU and BSP CGU. The following basic assumptions were applied in determining the value in use:

	Cash-generating unit	
	Oil transportation (Company)	BSP
Discount rate (WACC)	17.07%	13.5%
Long-term growth rate	4%	2%

The results obtained in terms of value in use were lower than those measured at the amortized replacement cost and, therefore, were taken as the fair value of the Group's property, plant and equipment.

According to the results of an independent assessment in 2022, the carrying value of property, plant and equipment of the Group (excluding technological oil) increased by 135,460,032 thousand Tenge (Note 6). At the same time the net revaluation through revaluation reserve was amounted to 148,348,617 thousand Tenge and impairment through profit and loss was amounted to 12,888,585 thousand Tenge.

The results of assessing the value in use are sensitive to change of discount rate and long-term growth rate indicators and also to forecasts regarding the volume of sales of services provided, the level of tariffs for services provided, the size of capital and current costs.

Sensitivity analysis of value of property plant and equipment for the change in the discount rate and long-term growth rate is as follows:

In millions of Tenge	(Decrease)/increase in rate	(Decrease)/increase in value of property, plant and equipment	
		Oil transportation (Company) CGU	BSP CGU
Discount rate	-0.5%	8,830	1,132
	+0.5%	(8,366)	(1,037)
Long-term growth rate	-0.5%	(16,970)	(725)
	+0.5%	18,320	790

Revaluation of technological oil

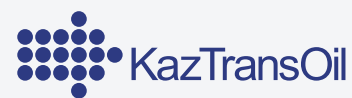
Technological oil is revalued at each reporting date, due to the fact that fluctuations are quite frequent and significant. Technological oil of the Company was revalued on each reporting date of interim periods and on 31 December 2022 and 2021.

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 restrictions on the type of activities allowed 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.





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Estimates and assumptions (continued)

Revaluation of technological oil (continued)

Taking into account all these factors as at 31 December 2022 the fair value of the Group's technological oil was determined based on the price of 84,050 Tenge per ton (as at 31 December 2021: 76,648 Tenge per ton). Other comprehensive income from the effect of the change in fair value of the technological oil during 2022 was equal to 19,423,763 thousand Tenge (during 2021: other comprehensive income of 100,258,238 thousand Tenge). In addition, during 2022 other comprehensive income from the revaluation of technological oil surplus in the amount of 3,229,453 thousand Tenge (during 2021: 998,073 thousand Tenge net of with the oil shortage write-off in 230,517 thousand Tenge) and a loss from the write-off of oil shortage in the amount of 282,934 thousand Tenge were recognized (as at 31 December 2022: 183.922 thousand Tenge) (**Note 6**). During 2022 as a result of revaluation the net other comprehensive income was equal to 22,653,216 thousand Tenge (during 2021: other comprehensive income for 101,256,311 thousand Tenge) (**Note 6**).

The volume of oil in the pipeline as at 31 December 2022 amounted to 2,663 thousand tons (31 December 2021: 2,628 thousand tons). According to the results of stock count of oil held at the end of 2022 the surpluses in the amount of 38,423 tons (for 2021: 16,029 tons). For 2021 a shortage in the amount of 5,730 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 recultivation obligation

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	2022	2021
Discount rate	10.46%	6.72%
Inflation rate	6.23%	5.49%
Period of fulfillment of obligations	12 years	13 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 recultivation obligation.

As at 31 December 2022 the carrying amount of the provision for the obligation to decommission assets and land recultivation was 40,664,979 thousand Tenge (31 December 2021: 34,547,151 thousand Tenge) (**Note 26**) and includes the corresponding provisions for oil pipelines, oil pumping stations (OPS) and landfills.

Provisions for oil pipelines

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 recultivation are carried out when replacing the pipelines at the end of their useful life.

This provisions are 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 2022 is equal to 7,793 thousand Tenge per kilometer (as at 31 December 2021: 6,922 thousand Tenge).

Provisions for OPS

In accordance with the amendments made to the Environmental Code of the Republic of Kazakhstan, after the termination of the operation of facilities that have a negative impact on the environment, the operators (owners) of facilities are obliged to ensure the elimination of the consequences of the operation of facilities in accordance with the requirements of the legislation of the Republic of Kazakhstan. As part of the elimination of the consequences of the operation of facilities that have a negative impact on the environment, work should be carried out to bring land plots into a condition that ensures the safety and (or) human health, environmental protection and suitable for their further use for their intended purpose, in accordance with the procedure provided for by the land legislation of the Republic of Kazakhstan. According to the Environmental Code of the Republic of Kazakhstan, the objects of the Group belong to category II, which have a moderate negative impact on the environment. Accordingly, in 2022, the Group created a reserve for decommissioning and recultivation of the OPS lands. The discounted value of the initially recognized liability is calculated based on the design and estimated costs for the liquidation of the OPS and dismantling of tanks and amounts to 14,748,415 thousand tenge. As at 31 December 2022, the carrying amount of the obligation, taking into account the revision of the estimated assumptions, is 12,078,865 thousand Tenge.

Provisions for landfills

The provisions for landfills are created in 2013 in accordance with the requirements of Environmental Code of the Republic of Kazakhstan.

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.

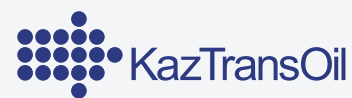
Sensitivity analysis of asset retirement and land recultivation obligation for the change in significant assumptions as at 31 December 2022 is as follows:

In thousands of Tenge	(Decrease)/increase in rate	(Decrease)/increase in liability
Discount rate	-0.5%	2,261,132
	+0.5%	(2,131,916)
Inflation rate	-0.5%	(2,224,478)
	+0.5%	2,342,681

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.

As at 31 December 2022 and 2021 these reserves have been created for the amount of 886,666 thousand Tenge and 831,136 thousand Tenge, respectively (**Notes 10, 13**).



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5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Estimates and assumptions (continued)

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 2022 and 2021 allowance for expected credit losses was created in the amount of 6,313,128 thousand Tenge and 5,621,137 thousand Tenge, respectively (**Notes 12, 16, 17**). The main amount of the accrued reserve is related to overdue accounts receivable of consumers of oil transshipment services (BOT and PTL).

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 relevant 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 2022 was 18,461,648 thousand Tenge, net off with the amount of deferred tax liabilities (as at 31 December 2021: 14,970,493 thousand Tenge, partially net off with the amount of deferred tax liabilities) (**Note 35**). As at 31 December 2022 and 2021 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 2022 and 2021 were as follows:

	2022	2021
Discount rate	10.46%	6.72%
Future salary increase	5.74%	5.43%
Mortality rate	5.81%	5.81%

As at 31 December 2022 the average period of post-retirement benefit obligations were 18.7 years (as at 31 December 2021: 18.2 years).

Sensitivity analysis of employee benefit obligations for the change in significant estimates as at 31 December 2022 is as follows:

In thousands of Tenge	(Decrease)/increase in rate	(Decrease)/increase in obligation
Discount rate	-0.5%	1,182,733
	+0.5%	(1,081,616)
Future financial aid change	-1%	(2,182,591)
	+1%	2,374,977
Future salary change	-1%	(203,609)
	+1%	236,846
Life duration	-1 year	(111,145)
	+1 year	276,938



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6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 31 December 2021 and 2022 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 2021	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 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
Foreign currency translation	1,446,528	-	807,443	1,875,708	1,067,951	-	72,308	50,098	5,320,036
Additions	-	3,466	2,073,803	3,594,052	5,569,049	-	288,115	39,632,697	51,161,182
Capitalized costs of the borrowed loan (Note 20)	-	-	-	-	-	-	-	434,328	434,328
Disposals	(33,338)	(1,623,594)	(190,860)	(285,832)	(1,224,495)	(282,934)	(543,034)	(244,073)	(4,428,160)
Additions on asset retirement and land reclamation obligation (Note 26)	-	346,567	-	13,612,707	-	-	-	-	13,959,274
Changes in estimates on asset retirement and land reclamation obligation (Note 26)	-	-	-	(3,359,391)	-	-	-	-	(3,359,391)
Revaluation (through revaluation reserve)	7,924,207	38,830,932	7,937,633	21,305,154	64,070,030	22,653,216	7,855,504	425,157	171,001,833
Impairment and revaluation through profit or loss due to revaluation, net	198,463	236,171	(825,371)	(3,965,391)	(5,850,733)	-	13,800	(2,695,524)	(12,888,585)
Transfers from construction-in-progress	412	21,976,427	812,642	4,439,206	31,802,550	-	158,483	(59,189,720)	-
Transfers from non-current assets held for sale (Note 18)	73,519	-	102,667	672,938	31,483	-	604	-	881,211
Substruction of accumulated depreciation and impairment due to revaluation	-	(47,983,967)	(9,875,606)	(24,034,638)	(80,290,437)	-	(7,489,914)	(180,880)	(169,855,442)
Transfers and reclassifications	-	230,913	(85,550)	-	(164,563)	-	19,200	-	-
Gross carrying amount as at 31 December 2022	35,758,195	288,748,783	25,773,334	114,694,800	248,506,840	223,788,482	11,777,797	28,277,398	977,325,629

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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 2021	-	(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)
Foreign currency translation	-	-	(196,035)	(124,655)	(216,993)	-	(7,872)	-	(545,555)
Depreciation charge	-	(15,890,284)	(3,031,604)	(8,117,800)	(23,704,766)	-	(1,745,090)	-	(52,489,544)
Disposals	-	628,479	189,278	149,395	1,068,892	226,758	531,541	229,616	3,023,959
Impairment (through profit and loss)	-	(12,882)	-	-	-	(10,515)	-	-	(23,397)
Impairment (through revaluation reserve)	-	-	-	-	-	(216,243)	-	-	(216,243)
Transfers from non-current assets held for sale (Note 18)	-	-	(71,087)	(231,183)	(5,325)	-	(604)	-	(308,199)
Substruction of accumulated depreciation and impairment due to revaluation	-	47,983,967	9,875,606	24,034,638	80,290,437	-	7,489,914	180,880	169,855,442
Transfers and reclassifications	-	(6,658)	5	-	6,653	-	-	-	-
Accumulated depreciation and impairment as at 31 December 2022	-	-	(213,245)	(382,770)	(2,090,550)	-	(43,137)	-	(2,729,702)

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 2022									
Gross carrying amount	35,758,195	288,748,783	25,773,334	114,694,800	248,506,840	223,788,482	11,777,797	28,277,398	977,325,629
Accumulated depreciation and impairment	-	-	(213,245)	(382,770)	(2,090,550)	-	(43,137)	-	(2,729,702)
Net book value	35,758,195	288,748,783	25,560,089	114,312,030	246,416,290	223,788,482	11,734,660	28,277,398	974,595,927
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

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 2022	25,830,607	189,124,116	18,600,228	77,129,454	167,289,377	30,270,506	3,616,687	30,654,199	542,515,174
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



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As at 31 December 2022 and 2021 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 (oil reservoirs, technological pipelines, pumping stations, communication lines, power supply).

As at 31 December 2022:

- The gross carrying amount and corresponding accumulated depreciation of fully depreciated plant and equipment still in use were zero Tenge (as at 31 December 2021: 3,540,654 thousand Tenge);
- Construction in progress included materials and spare parts in the amount of 3,191,264 thousand Tenge (as at 31 December 2021: 4,187,311 thousand Tenge), which were acquired for construction works.

Under the agreement on cooperation on the construction of a waterline, in April 2021 a new waterline for technical water “Kulsary-Tengiz” (1st stage) in the amount of 24,987,181 thousand Tenge, and in November 2022 a pumping station for technical water (2nd stage) for the amount 7,467,625 thousand Tenge were received free of charge and put into operation (Note 22).

Depreciation for the year ended 31 December 2022, included in the cost of construction in progress amounted to 21,500 thousand Tenge (for the year ended 31 December 2021: 20,337 thousand Tenge).

7. RIGHT-OF-USE ASSETS

Right-of-use assets as at 31 December 2021 and 2022 are as follows:

В тысячах тенге	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 2021	78,952	2,002,829	291,704	174,334	2,547,819
Additions (Note 24)	-	-	4,407	-	4,407
Modification (Note 24)	-	-	7,071	-	7,071
Amortization charge	(5,722)	(1,254,808)	(122,732)	(64,563)	(1,447,825)
Net book value as at 31 December 2021	73,230	748,021	180,450	109,771	1,111,472
Additions (Note 24)	2,249	-	13,912	114,694	130,855
Disposals	(2,872)	-	-	-	(2,872)
Modification (Note 24)	-	994,358	265,523	-	1,259,881
Amortization charge	(3,535)	(1,379,309)	(134,865)	(64,562)	(1,582,271)
Net book value as at 31 December 2022	69,072	363,070	325,020	159,903	917,065

8. INTANGIBLE ASSETS

Intangible assets as at 31 December 2021 and 2022 are as follows:

In thousands of Tenge	Licenses	Software	Right for land use	Other	Total
Net book value as at 1 January 2021	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
Additions	240,641	27,148	107,858	232,349	607,996
Transfers from construction in progress	111,622	149,120	-	(260,742)	-
Amortization charge	(258,809)	(303,861)	(255,738)	(5,004)	(823,412)
Disposals	(54,788)	(199,081)	-	-	(253,869)
Accumulated depreciation on disposal	54,788	199,081	-	-	253,869
Foreign currency translation	5,079	-	1,369,910	3,525	1,378,514
Net book value as at 31 December 2022	510,406	568,259	7,245,562	191,105	8,515,332

As at 31 December 2022

At cost	1,802,424	4,837,538	11,064,260	228,675	17,932,897
Accumulated amortization and impairment	(1,292,018)	(4,269,279)	(3,818,698)	(37,570)	(9,417,565)
Net book value	510,406	568,259	7,245,562	191,105	8,515,332

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

9. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures as at 31 December 2021 and 2022 are as follows:

In thousands of Tenge	KCP	MunaiTas	Total
As at 1 January 2021	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
Share in income of joint ventures	14,725,683	1,248,137	15,973,820
Share in other comprehensive income of joint ventures	10,924,328	1,230,780	12,155,108
Dividends	(5,000,000)	(2,636,855)	(7,636,855)
As at 31 December 2022	67,061,202	27,526,984	94,588,186



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9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following tables below show summarized financial information about joint ventures, including the Group's proportionate share:

In thousands of Tenge	KCP			
	31 December 2022		31 December 2021	
	50%	100%	50%	100%
Assets and liabilities of joint ventures				
Current assets	21,051,574	42,103,148	40,337,525	80,675,050
Non-current assets	105,906,418	211,812,836	101,235,203	202,470,406
Current liabilities	(23,207,502)	(46,415,004)	(28,468,773)	(56,937,546)
Non-current liabilities	(36,689,288)	(73,378,576)	(66,692,764)	(133,385,528)
Net assets / net book value of investment	67,061,202	134,122,404	46,411,191	92,822,382
Additional information				
Cash and cash equivalents	8,935,742	17,871,484	29,199,195	58,398,390
Short-term financial liabilities, net of trade and other payables and provisions	(16,950,288)	(33,900,576)	(22,308,592)	(44,617,184)
Long-term financial liabilities, net of trade and other payables and provisions	(16,098,652)	(32,197,304)	(47,196,527)	(94,393,053)

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. The interest rate on the loan is floating and amounts to Libor plus 2.3750%. Effective rates applied for the 12 months ended 31 December 2022 and 31 December 2021 were 4.71% and 2.89% respectively.

The Company along with the second participant of KCP did not guarantee the loan.

In August 2022, KCP early repaid 80 million US Dollars (equivalent to 38,063,200 thousand Tenge as at the payment date) and 100 million US Dollars (equivalent to 49,201,538 thousand Tenge as at the payment date) in accordance with repayment schedule of the principal debt under the loan agreement.

As at 31 December 2022 total payable under loan including interest equals to 142,868 thousand US Dollars (equivalent to 66,097,880 thousand Tenge), as at 31 December 2021 to 321,932 thousand US Dollars (equivalent to 139,010,237 thousand Tenge).

In thousands of Tenge	MunaiTas			
	31 December 2022		31 December 2021	
	51%	100%	51%	100%
Assets and liabilities of joint ventures				
Current assets	7,949,707	15,587,661	7,607,439	14,916,548
Non-current assets	25,364,269	49,733,861	23,982,568	47,024,643
Current liabilities	(1,530,761)	(3,001,492)	(1,177,905)	(2,309,618)
Non-current liabilities	(4,256,231)	(8,345,551)	(2,727,180)	(5,347,412)
Net assets / net book value of investment	27,526,984	53,974,479	27,684,922	54,284,161
Additional information				
Cash and cash equivalents	4,335,843	8,501,653	3,713,748	7,281,859

In thousands of Tenge	KCP			
	For the year ended 31 December 2022		For the year ended 31 December 2021	
	50%	100%	50%	100%
Information on profit or loss and other comprehensive income of joint ventures for the year				
Revenue	43,159,420	86,318,840	37,009,274	74,018,547
Income from continuing operations for the year	14,725,683	29,451,366	11,608,225	23,216,450
Income from discontinued operations for the year	-	-	-	-
Other comprehensive income/ (loss)	10,924,328	21,848,656	(305,412)	(610,824)
Total comprehensive income	25,650,011	51,300,022	11,302,813	22,605,626
Dividends	(5,000,000)	(10,000,000)	(1,800,000)	(3,600,000)
Additional information				
Depreciation and amortization	(8,019,870)	(16,039,740)	(7,545,965)	(15,091,930)
Interest income	178,304	356,608	112,918	225,835
Interest expense	(2,296,651)	(4,593,302)	(2,375,151)	(4,750,302)
Loss on exchange differences	(1,866,634)	(3,733,268)	(1,349,933)	(2,699,866)
Income tax expense	(3,837,018)	(7,674,036)	(2,983,438)	(5,966,876)

In thousands of Tenge	MunaiTas			
	For the year ended 31 December 2022		For the year ended 31 December 2021	
	51%	100%	51%	100%
Information on profit or loss and other comprehensive income of joint ventures for the year				
Revenue	6,833,301	13,398,629	5,205,111	10,206,100
Income from continuing operations for the year	1,248,137	2,447,327	1,180,108	2,313,937
Income from discontinued operations for the year	-	-	-	-
Other comprehensive income/(loss)	1,230,780	2,413,294	(9,623)	(18,868)
Total comprehensive income	2,478,917	4,860,621	1,170,485	2,295,069
Dividends	(2,636,855)	(5,170,304)	-	-
Additional information				
Depreciation and amortization	(1,766,778)	(3,464,271)	(1,508,053)	(2,956,966)
Interest income	618,212	1,212,180	363,533	712,810
Income tax expense	(347,113)	(680,614)	(315,721)	(619,061)

10. ADVANCES TO SUPPLIERS FOR PROPERTY, PLANT AND EQUIPMENT

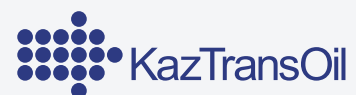
Advances to suppliers for property, plant and equipment as at 31 December 2022 and 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Advances to third parties for property, plant and equipment and construction services	30,105,831	7,274,223
Less: impairment allowance	(886,028)	(830,498)
Total	29,219,803	6,443,725

Movement in reserve for impairment of advances given to suppliers for property, plant and equipment was as follows:

In thousands of Tenge	2022	2021
As at 1 January	830,498	810,896
Foreign currency translation	55,530	19,602
As at 31 December	886,028	830,498

As at 31 December 2022, the increase in advances issued for property, plant and equipment is due to the payment of an advance payment to the contractor for the project "Reconstruction and expansion of the main waterline "Astrakhan-Mangyshlak (1st stage)" (Note 20).



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11. INVENTORIES

Inventories as at 31 December 2022 and 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Spare parts	3,475,045	3,281,213
Goods	1,971,359	1,508,412
Fuel	1,367,681	1,382,563
Construction materials	843,012	819,295
Overalls	482,238	555,781
Chemical reagents	178,643	194,259
Other	440,287	400,415
Total	8,758,265	8,141,938

12. TRADE AND OTHER ACCOUNTS RECEIVABLE

Other long-term accounts receivable as at 31 December 2022 and 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Other accounts receivable from third parties	961,102	1,059,900
Less: allowance for expected credit losses	(77,818)	(146,516)
Total	883,284	913,384

Movement in allowance for expected credit losses related to other long-term accounts receivable is as follows:

In thousands of Tenge	2022	2021
As at 1 January	146,516	163,195
Reversal for the year, net (Note 30)	(68,698)	(16,679)
As at 31 December	77,818	146,516

Current trade and other accounts receivable as at 31 December 2022 and 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Trade accounts receivable from third parties	7,576,115	8,841,213
Trade accounts receivable from related parties (Note 37)	6,291,233	3,034,307
Other accounts receivable from third parties	705,492	710,537
Other accounts receivable from related parties (Note 37)	509	509
Less: allowance for expected credit losses	(6,206,768)	(5,443,382)
Total	8,366,581	7,143,184

Movement in allowance for expected credit losses related to trade and other receivables is as follows:

In thousands of Tenge	2022	2021
As at 1 January	5,443,382	5,272,466
Charge for the year, net (Note 30)	377,620	43,731
Used when write-off	(31,368)	-
Currency translation	417,134	127,185
As at 31 December	6,206,768	5,443,382

Trade and other accounts receivable as at 31 December 2022 and 2021 are denominated in the following currencies:

In thousands of Tenge	31 December 2022	31 December 2021
Tenge	7,719,948	5,121,063
US Dollar	635,219	2,013,051
Russian Ruble	2,624	2,161
Other currency	8,790	6,909
Total	8,366,581	7,143,184

Information on the Group's exposure to credit risk from trade and other accounts receivable using the estimated reserves model is provided:

In thousands of Tenge	Unexpired	Trade and other accounts receivable				Total
		Less than 30 days	From 31 to 60 days	From 61 to 90 days	More than 91 days	
As at 31 December 2022						
Expected credit loss rate	1.25%	0.24%	7.04%	10.13%	95.88%	
Trade and other accounts receivable	8,178,845	805,205	65,802	48,279	6,436,320	15,534,451
Expected credit losses	(102,100)	(1,919)	(4,634)	(4,889)	(6,171,044)	(6,284,586)
	8,076,745	803,286	61,168	43,390	265,276	9,249,865

In thousands of Tenge	Unexpired	Trade and other accounts receivable				Total
		Less than 30 days	From 31 to 60 days	From 61 to 90 days	More than 91 days	
As at 31 December 2021						
Expected credit loss rate	3.01%	4.09%	0.94%	0.53%	95.18%	
Trade and other accounts receivable	5,997,888	868,472	87,489	1,053,741	5,638,876	13,646,466
Expected credit losses	(180,630)	(35,556)	(826)	(5,628)	(5,367,258)	(5,589,898)
	5,817,258	832,916	86,663	1,048,113	271,618	8,056,568

13. ADVANCES TO SUPPLIERS

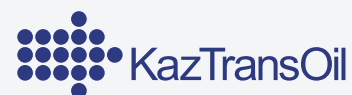
Advances to suppliers as at 31 December 2022 and 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Advances to third parties	1,786,915	413,848
Advances to related parties (Note 37)	1,017	1,069
	1,787,932	414,917
Less: impairment	(638)	(638)
Total	1,787,294	414,279

14. VAT RECOVERABLE AND OTHER PREPAID TAXES

VAT recoverable and other prepaid taxes as at 31 December 2022 and 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Current VAT recoverable	8,098,661	7,647,401
Non-current VAT recoverable	4,314,632	4,356,465
Other taxes prepaid	340,554	502,509
Total	12,753,847	12,506,375



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15. OTHER CURRENT ASSETS

Other current assets as at 31 December 2022 and 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Due for oil transportation coordination services	5,299,968	5,378,118
Investments in bonds	809,649	753,707
Deferred expenses from third parties	304,312	309,530
Prepaid insurance	223,958	171,623
Other	30,198	36,983
Total	6,668,085	6,649,961

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.

In 2022 the Group revised the fair value of bonds and, as a result, recognized income in the amount of 98,394 thousand Tenge (in 2021: 22,391 thousand Tenge) (**Note 33**). Thus, the book value of the investments in bonds as at 31 December 2022 amounted to 809,649 thousand Tenge (as at 31 December 2021: 753,707 thousand Tenge).

During the 2022 and 2021 years the issuer repurchased 42,452 thousand units of bonds and 182,430 thousand units of bonds at a price of 1 Tenge per 1 bond, respectively.

16. BANK DEPOSITS

Bank deposits as at 31 December 2022 and 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Long-term bank deposits — Tenge	947,247	1,426,867
Short-term bank deposits — US Dollars	–	8,636,000
Accrued interest on deposits — Tenge	–	31,380
Accrued interest on deposits — US Dollars	–	1,583
Less: allowance for expected credit losses	(1,795)	(6,357)
Total	945,452	10,089,473

Movement in allowance for expected credit losses on short-term bank deposits is as follows:

In thousands of Tenge	2022	2021
As at 1 January	3,818	86,358
Reversal for the year, net (Note 33)	(3,818)	(82,540)
As at 31 December	–	3,818

Movement in allowance for expected credit losses on long-term bank deposits is as follows:

In thousands of Tenge	2022	2021
As at 1 January	2,539	19,293
Reversal for the year, net (Note 33)	(744)	(16,754)
As at 31 December	1,795	2,539

As at 31 December 2022 and 2021 bank deposits comprised 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 2021 US Dollars denominated deposits with maturity from 3 to 12 months were placed at interest rate 0.6% per annum, the maturity of which expired in June 2022.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2022 and 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Time deposits with banks — Tenge	68,970,977	20,630,285
Current accounts with banks — US Dollar	14,426,202	17,073,471
Current accounts with banks — Georgian Lari	1,234,813	339,827
Current accounts with banks — Tenge	499,992	2,425,219
Current accounts with banks — other currency	39,710	29,900
Other current accounts with banks	12,335	24,923
Cash in hand	256	229
Less: allowance for expected credit losses	(26,747)	(24,882)
Total	85,157,538	40,498,972

Movement in allowance for expected credit losses on cash and cash equivalents is as follows:

In thousands of Tenge	2022	2021
As at 1 January	24,882	23,833
(Reversal)/charge for the year, net (Note 33)	(819)	488
Foreign currency translation	2,684	561
As at 31 December	26,747	24,882

As at 31 December 2022:

- current accounts and placed in Tenge interests ranged from 6.75% to 7% per annum (as at 31 December 2021: from 6.75% per annum);
- time deposits with maturity less than 3 months in Tenge interests ranged from 14.75% to 16.05% per annum (as at 31 December 2021: from 7.50% to 9.05% per annum);
- interests for current accounts placed in US Dollars ranged from 0.25% to 3% per annum (as at 31 December 2021: from 0.25% to 3% 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 2022 and 2021 are as follows:

In thousands of Tenge	2022	2021
As at 1 January	602,408	630,839
Transfers from property, plant and equipment (Note 6)	–	25,076
Sold	(6,667)	(45,565)
Impairment for the year	–	(7,942)
Transfers to property, plant and equipment (Note 6)	(573,012)	–
As at 31 December	22,729	602,408

As at 31 December 2021 non-current assets held for sale were represented by property of the administrative building in Almaty, as well as unused vehicles. During 2022, due to the change in the plans of the Group's Management for the sale of the asset, the administrative building in Almaty and some of vehicles was reclassified as part of fixed assets.



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18. NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)

As at 31 December 2022 non-current assets held for sale are represented unused vehicles. These assets are 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 2022 amounted to 10,824 thousand Tenge (during 12 months 2022: 46,677 thousand Tenge) **(Note 31)**.

19. EQUITY**Share capital**

As at 31 December 2022 and 2021 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.

As at 31 December 2022 and 2021 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 2022	31 December 2021
Revaluation reserve for property, plant and equipment of the Group	385,975,268	258,179,742
Share in the asset revaluation reserve of the joint ventures	37,241,894	27,505,423
Total	423,217,162	285,685,165

Foreign currency translation reserve

As at 31 December 2022 foreign currency translation reserve was equal to 46,952,044 thousand Tenge (as at 31 December 2021: 40,632,765 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 2022 other capital reserves represent a accumulated loss amounted to 188,145 thousand Tenge (as at 31 December 2021: 4,310,257 thousand Tenge). Change in this reserve is due to recognition of actuarial gains and 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 4,238,724 thousand Tenge **(Note 21)**, income tax effect of which amounted to 116,499 thousand Tenge **(Note 35)**. For the same period of 2021 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)**.

Dividends

During 2022 the Company accrued dividends as the result of 2021 year based on the decision of the general meeting of shareholders dated 19 May 2022 in the amount of 10,000,331 thousand Tenge (calculated as 26 Tenge per 1 share), including 9,000,473 thousand Tenge **(Note 37)** which paid to KMG and 999,858 thousand Tenge to minority shareholders.

During 2021 the Company accrued 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 of 50,770,909 thousand Tenge (calculated as 132 Tenge per 1 share), including 45,694,709 thousand Tenge **(Note 37)** which paid to KMG and 5,076,200 thousand Tenge 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	2022	2021
Net profit for the period attributable to ordinary equity holders of the Parent of the Group	19,801,693	50,607,007
Weighted average number of ordinary shares for the year for basic and diluted earnings per share	384,628,099	384,628,099
Basic and diluted 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)	51	132

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 2022	31 December 2021
Total assets	1,235,417,960	983,162,521
Less: intangible assets (Note 8)	(8,515,332)	(7,352,234)
Less: total liabilities	(322,964,635)	(246,054,505)
Net assets for calculation of book value per ordinary share	903,937,993	729,755,782
Number of ordinary shares	384,628,099	384,628,099
Book value per ordinary share (in Tenge)	2,350	1,897

20. LOANS RECEIVED

Movements in loans received for twelve months ended 31 December 2022 are as follows:

In thousands of Tenge	2022
Loans with a floating interest rate	
As at 1 January	-
Received within a year	29,592,745
Accrued remuneration	375,197
Recognition of additional costs associated with the organization of the loan	(207,149)
As at 31 December	29,760,793



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20. LOANS RECEIVED (CONTINUED)

On 25 November 2022, Main Waterline entered into an agreement on the provision of a credit line with JSC "Halyk Bank of Kazakhstan". The amount of a credit line is 66,700,000 thousand Tenge, the interest rate is floating, at the level of the base rate of the National Bank of the Republic of Kazakhstan plus 2.5%, the loan term is 120 months from the date of conclusion of an agreement. The purpose of this loan is to finance the project "Reconstruction and expansion of the main waterline "Astrakhan-Mangyshlak" 1st stage".

Samruk-Kazyna acted as the guarantor of the obligations of the Main Waterline under the agreement on the provision of a credit line.

As part of the agreement on the provision of a credit line, a bank loan agreement in the amount of 29,592,745 thousand Tenge was signed on 28 November 2022. The nominal interest rate is floating and is 18.5% per annum (subject to revision every 6 months). The bank loan agreement establishes the beginning of repayment of the loan and payment of remuneration from 1 December 2025 and 30 May 2025, respectively, with a frequency of 1 every six months.

On 28 November 2022, under the bank loan agreement, the Main Waterline received a loan (the 1st tranche) in the amount of 29,592,745 thousand Tenge, aimed at paying an advance payment to the contractor for the project «Reconstruction and expansion of the main waterline «Astrakhan-Mangyshlak» 1st stage» (Note 10). The loan amount was recognized at fair value less borrowing costs.

Group capitalizes the borrowing costs into the value of the qualifying asset.

Main Waterline paid the loan costs in the form of a commission fee to the bank for the legal and economic expertise of the financing project and for the organization of a credit line of 533,127 thousand Tenge.

The effective interest rate on the loan was 15.57%. The total amount of capitalized loan costs in the value of the qualifying asset for the reporting period amounted to 434,328 thousand Tenge (Note 6).

Covenants

The Group must ensure the fulfillment of non-financial covenants in accordance with the Agreement on the provision of a credit line. As at 31 December 2022, the Group complies with all non-financial covenants.

21. EMPLOYEE BENEFIT OBLIGATIONS

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 2022 and 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Non-current portion of employee benefit obligations	18,096,363	21,433,483
Current portion of employee benefit obligations	1,046,911	722,893
Total	19,143,274	22,156,376

Changes in the present value of employee benefit obligations for the years ended 31 December 2022 and 2021 are as follows:

In thousands of Tenge	2022	2021
Employee benefit obligations as at 1 January	22,156,376	22,252,243
Interest cost (Note 34)	1,456,152	1,465,083
Current services cost (Notes 29, 30)	725,176	982,173
Actuarial loss through profit and loss (Note 32)	4,163	20,748
Actuarial gain through other comprehensive income (Note 19)	(4,238,724)	(1,737,723)
Benefits paid	(959,869)	(826,148)
Employee benefit obligations as at 31 December	19,143,274	22,156,376

22. CONTRACT LIABILITIES TO CUSTOMERS

Long-term contract liabilities to customers as at 31 December 2022 and 31 December 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Deferred income from related parties (Note 37)	26,125,466	21,516,739
Deferred income from third parties	9,006,713	8,662,766
Total	35,132,179	30,179,505

Short-term contract liabilities to customers as at 31 December 2022 and 31 December 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Advances received from related parties (Note 37)	17,774,325	11,118,754
Advances received from third parties	8,238,141	7,977,802
Current part of deferred income from related parties (Note 37)	2,799,157	2,082,265
Current part of deferred income from third parties	717,570	671,204
Total	29,529,193	21,850,025

Deferred income from related parties relates to the free of charge receipt Main Waterline of the new waterline for technical water "Kulsary Tengiz" (1st stage) in April 2021 and pumping station (2nd stage) in November 2022, built at the expense of water transportation services customer under the agreement on cooperation on the construction of a waterline in the amount 24,987,181 thousand Tenge and 7,467,625 thousand Tenge, respectively. 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 assets were 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. 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 2,142,006 thousand Tenge (as at 31 December 2021: 1,388,177 thousand Tenge).

Revenue recognized in respect of contracts with customers

During the current reporting period, the Group recognized the revenue in the amount of 20,100,542 thousand Tenge in respect of contract liabilities to customers as at the beginning of the reporting period (2021: 20,035,986 thousand Tenge).

23. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as at 31 December 2022 and 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Accounts payable to third parties for goods and services	16,530,280	17,784,506
Accounts payable to related parties for goods and services (Note 37)	1,389,533	1,059,611
Other accounts payable to third parties	1,311,009	1,176,005
Total	19,230,822	20,020,122

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 8,288,535 thousand Tenge (as at 31 December 2021: 9,542,331 thousand Tenge), including the overhaul with the replacement of main oil pipeline sections.



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23. TRADE AND OTHER ACCOUNTS PAYABLE (CONTINUED)

Trade and other accounts payable as at 31 December 2022 and 2021 are in the following currencies:

In thousands of Tenge	31 December 2022	31 December 2021
Tenge	18,416,184	18,176,135
US Dollars	182,469	1,423,305
Russian Rubles	4,352	7,880
Euro	2,313	1,295
Other currency	625,504	411,507
Total	19,230,822	20,020,122

24. LEASE LIABILITIES

Lease liabilities as at 31 December 2022 and 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Current portion of obligations	942,217	1,393,200
Non-current portion of obligations	198,450	267,714
Total	1,140,667	1,660,914

Changes in the present value of obligations for the twelve months ended 31 December 2022 and 2021 are as follows:

In thousands of Tenge	2022	2021
As at 1 January	1,660,914	3,410,296
Modification (Note 7)	1,259,881	7,071
Payments for the period	(2,048,030)	(2,031,517)
Unwinding of discount on obligations (Note 34)	125,280	270,657
Additions for the period (Note 7)	130,855	4,407
Exchange rate difference	13,401	-
Disposals for the period	(1,634)	-
As at 31 December	1,140,667	1,660,914

The information below describes the cost of expenses related with lease reflected in the consolidated statement of comprehensive income for 2022 and 2021:

In thousands of Tenge	For the year ended 31 December 2022	For the year ended 31 December 2021
Right-of-use assets amortization (Note 7)	1,582,271	1,447,825
Unwinding of discount on obligations (Note 34)	125,280	270,657
Low-value assets lease expenses (Notes 29, 30)	52,886	46,179
Total	1,760,437	1,764,661

25. OTHER TAXES PAYABLE

Other taxes payable as at 31 December 2022 and 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Personal income tax	4,360,239	3,581,447
Withholding tax at the source of payment to non-residents	1,396,278	1,131,316
VAT payable	1,114,808	18,651
Social tax	763,335	680,913
Property tax	386,785	328,083
Other taxes	719,522	451,014
Total	8,740,967	6,191,424

26. PROVISIONS

Movements in provisions for the years ended 31 December 2021 and 2022 are as follows:

Short-term provisions

In thousands of Tenge	Tax provisions (BOT, BSP)	Other provisions	Total
As at 1 January 2021	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
Reversal for the year, net (Note 30)	(7,836)	-	(7,836)
Provisions used	(330,026)	(34,109)	(364,135)
Foreign currency translation	238,229	2,156	240,385
As at 31 December 2022	1,309,762	16	1,309,778

Long-term provisions**Asset retirement and land reclamation obligation**

In thousands of Tenge	Provision for oil pipelines and landfills	Provision for OPS	Total
As at 1 January 2021	33,688,837	-	33,688,837
Charge for the period through asset (Note 6)	340,189	-	340,189
Revision of estimates through profit and loss (Note 31)	(205,769)	-	(205,769)
Revision of estimates through other comprehensive loss	(185,471)	-	(185,471)
Reversed through profit and loss (Note 31)	(1,322,294)	-	(1,322,294)
Unwinding of discount (Note 34)	2,231,659	-	2,231,659
As at 31 December 2021	34,547,151	-	34,547,151
Charge for the period through asset (Note 6)	346,567	13,612,707	13,959,274
Charge for the profit and loss (Note 31)	-	1,135,708	1,135,708
Revision of estimates through other comprehensive loss	(6,810,783)	-	(6,810,783)
Revision of estimates through asset (Note 6)	-	(3,359,391)	(3,359,391)
Revision of estimates through profit and loss (Note 31)	(1,648,210)	(280,274)	(1,928,484)
Reversed through profit and loss (Note 31)	(61,037)	-	(61,037)
Unwinding of discount (Note 34)	2,212,426	970,115	3,182,541
As at 31 December 2022	28,586,114	12,078,865	40,664,979

In accordance with the amendments in the Environmental Code of the Republic of Kazakhstan, the Group recognized an obligation to decommission oil pumping stations (OPS) in the amount of 14,748,415 thousand Tenge (Note 5).

27. OTHER CURRENT LIABILITIES

Other current liabilities as at 31 December 2022 and 2021 are as follows:

In thousands of Tenge	31 December 2022	31 December 2021
Salaries and other compensations	14,613,072	11,625,437
Accounts payable for oil transportation coordination services to related parties (Note 37)	8,039,904	8,873,343
Accounts payable for oil transportation coordination services to third parties	4,701,932	4,163,649
Accounts payable to pension fund	1,221,720	912,044
Other accruals	755,355	284,621
Total	29,331,983	25,859,094

Salaries and other compensations comprise of current salary payable, remunerations based on the year results and vacation payments payable.



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28. REVENUE

Revenue for the years ended 31 December 2022 and 2021 are as follows:

In thousands of Tenge	2022				
	Oil transportation and related services	Oil transshipment	Water transportation	Others	Total segments
Crude oil transportation	184,915,654	-	-	-	184,915,654
Pipeline operation and maintenance services	24,064,009	-	-	-	24,064,009
Oil transshipment and railway shipment	-	22,498,915	-	-	22,498,915
Water transportation	-	-	11,929,886	-	11,929,886
Seaport services	-	-	-	8,061,204	8,061,204
Fees for undelivered oil volumes	1,789,534	-	-	-	1,789,534
Oil storage services	52,700	1,063,826	-	-	1,116,526
Oil transportation coordination services	475,794	-	-	-	475,794
Other	23,553	-	918	751,316	775,787
Total	211,321,244	23,562,741	11,930,804	8,812,520	255,627,309
Geographic regions*					
Kazakhstan	184,062,946	15,532,419	11,930,804	-	211,526,169
Russia	27,258,298	-	-	-	27,258,298
Georgia	-	1,788,409	-	8,802,380	10,590,789
Other states	-	6,241,913	-	10,140	6,252,053
Total revenue under contracts with customers	211,321,244	23,562,741	11,930,804	8,812,520	255,627,309
Timing of revenue recognition					
At a point in time	187,257,235	23,562,741	11,930,804	8,812,520	231,563,300
Over time	24,064,009	-	-	-	24,064,009
Total	211,321,244	23,562,741	11,930,804	8,812,520	255,627,309

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
Oil transshipment and railway shipment	-	7,044,050	-	-	7,044,050
Water transportation	-	-	9,051,473	-	9,051,473
Seaport services	-	-	-	6,611,173	6,611,173
Fees for undelivered oil volumes	3,407,088	-	-	-	3,407,088
Oil storage services	52,925	-	-	-	52,925
Oil transportation coordination services	581,187	-	-	-	581,187
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

* the revenue information in the tables above is given according to the location of the customers

For the year ended 31 December 2022 revenue from the five major customers amounted to 49,329,056 thousand Tenge, 29,342,243 thousand Tenge, 12,664,538 thousand Tenge, 10,206,161 thousand Tenge and 4,822,807 thousand Tenge (for 2021: revenue from these 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, respectively).

29. COST OF SALES

Cost of sales for the years ended 31 December 2022 and 2021 are as follows:

In thousands of Tenge	2022	2021
Personnel costs	89,137,471	61,566,739
Depreciation and amortization	53,437,487	52,201,466
Railway services	13,066,905	2,858,437
Taxes other than income tax	10,977,655	9,436,495
Security services	9,754,979	6,098,889
Electric energy	9,704,329	8,587,955
Materials and fuel	9,051,219	9,432,337
Repair and maintenance	8,672,145	8,261,419
Gas expense	3,373,645	2,957,696
Food and accommodation	2,195,513	2,131,772
Environmental protection	1,520,301	2,361,777
Insurance	1,078,972	822,292
Business trip expenses	930,505	883,427
Post-employment benefits (Note 21)	679,851	925,416
Air services	642,193	481,475
Diagnostics of production assets	621,083	346,156
Outstaffing services	559,937	486,417
Communication services	355,908	373,371
Transportation services	137,223	127,848
Leases of low-value assets (Note 24)	23,847	19,337
Other	3,513,482	2,885,557
Total	219,434,650	173,246,278

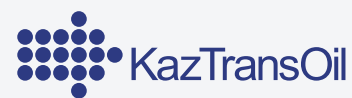
The increase in personnel costs in the reporting period is mainly due to the increase of salary, including the transition to the new wage system for employees of the Company's production divisions.

The increase in railway services costs is mainly associated with an increase in volumes and tariffs for the transportation of products (PTL).

30. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 December 2022 and 2021 are as follows:

In thousands of Tenge	2022	2021
Personnel costs	11,041,841	9,834,304
Depreciation and amortization	1,436,240	1,456,570
Office maintenance	490,653	575,699
Auditing and consulting services	433,512	321,232
Social sphere expenses	431,866	143,092
Repair and maintenance	344,389	281,691
Charge of allowance for expected credit losses, net (Note 12)	308,922	27,052
Outstaffing services	304,334	267,819
Taxes other than income tax	269,515	328,000
Business trip expenses	256,035	213,294
Information services	142,885	136,447
Write-off of VAT recoverable	132,234	74,466
Communication services	106,486	126,778
Materials and fuel	67,145	65,123
Bank costs	66,184	69,942
Post-employment benefits (Note 21)	45,325	56,757
Leases of low-value assets (Note 24)	29,039	26,842
(Reversal)/charge of short-term provisions (Note 26)	(7,836)	873,423
Other	640,702	671,146
Total	16,539,471	15,549,677



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31. OTHER OPERATING INCOME

Other operating income for the years ended 31 December 2022 and 2021 is as follows:

In thousands of Tenge	2022	2021
Income from revision of estimates and reversal of provision on asset retirement and land reclamation obligation, net (Note 26)	853,813	1,528,063
Income from fines and penalties	718,681	218,409
Amortization of deferred revenue	299,244	279,106
Income from recognition of inventories	21,758	182,492
Income from sale of non-current assets held for sale, net (Note 18)	10,824	46,677
Income from sale of inventories, net	8,303	190,320
Income from reversal of short-term provisions (Note 26)	-	518,941
Income from reimbursement of insurance payment	-	60,010
Other income	115,291	71,291
Total	2,027,914	3,095,309

32. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 December 2022 and 2021 are as follows:

In thousands of Tenge	2022	2021
Write-off of inventory value to net realisable value	394,769	-
Loss on disposal of property, plant and equipment, net	313,510	440,587
Loss on liquidation of inactive production facilities	208,649	167,099
Actuarial loss (Note 21)	4,163	20,748
Other expenses	90,036	297,748
Total	1,011,127	926,182

33. FINANCE INCOME

Finance income for the years ended 31 December 2022 and 2021 is as follows:

In thousands of Tenge	2022	2021
Interest income on bank deposits and current accounts	3,721,377	2,866,486
Unwinding of discount on long-term receivables	185,447	197,740
Income from revision the fair value of bonds (Note 15)	98,394	22,391
Reversal of allowance for expected credit losses on cash and cash equivalents and bank deposits, net (Notes 16, 17)	5,381	98,806
Other finance income	17,977	15,764
Total	4,028,576	3,201,187

34. FINANCE COSTS

Finance costs for the years ended 31 December 2022 and 2021 are as follows:

In thousands of Tenge	2022	2021
Unwinding of discount on asset retirement and land reclamation obligation (Note 26)	3,182,541	2,231,659
Interest cost on employee benefit obligations (Note 21)	1,456,152	1,465,083
Unwinding of discount on lease liabilities (Note 24)	125,280	270,657
Other finance costs	14,942	148,760
Total	4,778,915	4,116,159

35. INCOME TAX EXPENSE

Income tax expense for the years ended 31 December 2022 and 2021 is as follows:

In thousands of Tenge	2022	2021
Current income tax expense	11,005,876	15,872,679
Prior years adjustments	139,049	290,975
Deferred income tax benefits	(6,020,506)	(3,772,822)
Income tax expense	5,124,419	12,390,832

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 2022 and 2021 is as follows:

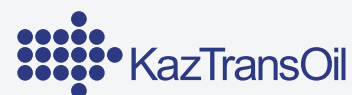
In thousands of Tenge	2022	2021
Profit before income tax	24,926,112	62,997,839
Statutory rate	20%	20%
Income tax expense on accounting profit	4,985,222	12,599,568
Prior years adjustments	139,049	290,975
Intragroup income and non-deductible losses of foreign operations, net	1,209,423	812,305
Non-deductible expense on long-term employee benefit obligations	375,448	424,310
Gain on surplus of technological oil	786,355	254,487
Revision of estimates on taxable temporary differences related to property, plant and equipment	117,182	(147,200)
Non-deductible expense on disposal of property, plant and equipment	221,367	320,782
Other non-deductible expenses, net	485,137	393,272
Tax effect of other adjustments		
Profit of joint ventures recognized based on equity method	(3,194,764)	(2,557,667)
Income tax expense reported in the consolidated statement of comprehensive income	5,124,419	12,390,832

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").

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 2022 the profits of separate companies BSP and BOT, PTL's figures were not included in the Company's taxable income as PTL recognized a net loss in its separate financial statements for 2022. The taxable income of the Company for 2021 has included the profit of individual BSP, BOT and PTL companies.



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35. INCOME TAX EXPENSE (CONTINUED)

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 2022 and 2021:

In thousands of Tenge	31 December 2022	Charged to profit and loss	Charged to other comprehensive income	Other	31 December 2021	Charged to profit and loss	Charged to other comprehensive income	Other	1 January 2021
Deferred tax assets									
Employee benefits and other employee related accrued liabilities	2,479,429	266,979	(116,499)	29	2,328,920	106,132	(47,760)	(9)	2,270,557
Reserve for impairment of advances to suppliers	10,780	–	–	–	10,780	(1)	–	–	10,781
Provision for obsolete and slow-moving inventories	1,243	209	–	–	1,034	(39,821)	–	–	40,855
Provision for assets retirement and land recultivation obligation and other provisions	8,132,999	465,746	(1,362,157)	2,119,977	6,909,433	140,661	(37,094)	68,038	6,737,828
Lease liabilities	185,676	(384,673)	–	278,147	292,202	(392,152)	–	2,295	682,059
Taxes payable	166,717	28,569	–	–	138,148	(3,669)	–	–	141,817
Revaluation of investments in bonds	–	(19,679)	–	–	19,679	(119,104)	–	–	138,783
Transfer of losses for subsequent periods	1,254,363	1,254,363	–	–	–	(2,464,878)	–	–	2,464,878
Unrealized income from intragroup transactions	42,187	(63,636)	–	–	105,823	18,760	–	–	87,063
Provision for expected credit losses	252,021	(4,255)	–	–	256,276	14,544	–	–	241,732
Discount on long-term accounts receivables	151,308	(37,089)	–	–	188,397	(39,532)	–	–	227,929
Deferred income	5,784,925	1,065,124	–	–	4,719,801	4,719,801	–	–	–
Less: deferred tax assets net-off deferred tax liabilities	(18,461,648)	–	–	(5,745,832)	(12,715,816)	–	–	328,466	(13,044,282)
Deferred tax assets	–	2,571,658	(1,478,656)	(3,347,679)	2,254,677	1,940,741	(84,854)	398,790	–
Deferred tax liabilities									
Property, plant and equipment	(125,790,222)	3,129,531	(33,286,881)	(2,119,977)	(93,512,895)	1,542,516	(20,230,732)	(68,038)	(74,756,641)
Right-of-use assets	(181,124)	319,317	–	(278,147)	(222,294)	289,565	–	(2,295)	(509,564)
Add: deferred tax assets net-off deferred tax liabilities	18,461,648	–	–	5,745,832	12,715,816	–	–	(328,466)	13,044,282
Deferred tax liabilities	(107,509,698)	3,448,848	(33,286,881)	3,347,708	(81,019,373)	1,832,081	(20,230,732)	(398,799)	(62,221,923)
Net deferred income tax liabilities	(107,509,698)	6,020,506	(34,765,537)	29	(78,764,696)	3,772,822	(20,315,586)	(9)	(62,221,923)

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.

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

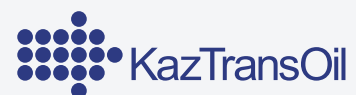
For management purposes, the Group is organised into business units based on its services and has four reportable segments, as follows:

- 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.



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36. SEGMENT INFORMATION (CONTINUED)

In thousands of Tenge	For the year ended 31 December 2022						For the year ended 31 December 2021					
	Oil transportation and related services (Kazakhstan)	Oil trans-shipment (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	211,321,244	23,562,741	11,930,804	8,812,520	-	255,627,309	214,027,745	7,044,050	9,054,344	8,049,977	-	238,176,116
Intersegmental	814,952	-	72,100	-	(887,052)	-	805,240	-	77,950	-	(883,190)	-
Total revenue	212,136,196	23,562,741	12,002,904	8,812,520	(887,052)	255,627,309	214,832,985	7,044,050	9,132,294	8,049,977	(883,190)	238,176,116
Financial results												
Charge/reversal of impairment of property, plant and equipment and intangible assets through profit and loss	(12,621,560)	(444,336)	88,001	65,913	-	(12,911,982)	(336,434)	-	-	-	-	(336,434)
Depreciation and amortization	(46,678,407)	(918,173)	(6,051,995)	(1,225,152)	-	(54,873,727)	(46,189,522)	(806,532)	(5,680,766)	(981,216)	-	(53,658,036)
Interest income	3,343,695	100,944	143,991	132,747	-	3,721,377	2,235,726	31,528	492,291	106,941	-	2,866,486
Share in income of joint ventures	15,973,820	-	-	-	-	15,973,820	12,788,333	-	-	-	-	12,788,333
Income tax (expense)/benefits	(6,175,462)	-	1,061,572	(461)	(10,068)	(5,124,419)	(13,429,793)	-	1,092,248	(72,430)	19,143	(12,390,832)
Segment profit/(loss) for the period	16,706,240	2,124,886	(4,252,968)	1,338,538	3,884,997	19,801,693	49,500,742	(1,601,985)	(4,537,552)	2,779,614	4,466,188	50,607,007
Other disclosures												
Total assets	1,093,895,555	55,089,123	145,839,799	23,739,961	(83,146,478)	1,235,417,960	910,330,857	30,810,657	94,232,078	29,827,018	(82,038,089)	983,162,521
Total liabilities	238,046,342	11,089,259	60,832,330	13,802,700	(805,996)	322,964,635	200,598,316	7,611,338	26,322,626	13,222,148	(1,699,923)	246,054,505
Investments in joint ventures (Note 9)	94,588,186	-	-	-	-	94,588,186	74,096,113	-	-	-	-	74,096,113
Capital expenditures	39,190,642	809,854	2,795,844	1,574,999	(69,786)	44,301,553	38,214,943	1,125,651	20,557,347	944,574	(131,737)	60,710,778
Property, plant and equipment	38,739,832	790,495	2,781,547	1,451,469	(69,786)	43,693,557	38,206,236	1,125,651	20,557,347	930,940	(131,737)	60,688,437
Intangible assets	450,810	19,359	14,297	123,530	-	607,996	8,707	-	-	13,634	-	22,341

37. RELATED PARTY TRANSACTIONS

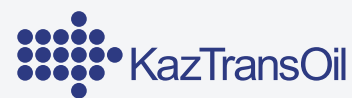
In accordance with IAS 24 **Related Party Disclosures**, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, 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 2022 and 2021 and the related balances as at 31 December 2022 and 2021.

Trade and other accounts receivables from related parties are as follows:

In thousands of Tenge	Notes	31 December 2022	31 December 2021
Trade and other accounts receivable from related parties			
Trade accounts receivable from entities under common control of Samruk-Kazyna		2,564,823	953,600
Trade accounts receivable from entities under common control of KMG		2,185,711	911,188
Trade accounts receivable from joint ventures		1,540,699	1,169,519
Total trade accounts receivable from related parties	12	6,291,233	3,034,307
Other accounts receivables from entities under common control of KMG and Samruk-Kazyna		509	509
Total other accounts receivable from related parties	12	509	509
Less: allowance for expected credit losses		(7,407)	(7,311)
Total		6,284,335	3,027,505



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37. RELATED PARTY TRANSACTIONS (CONTINUED)

Advances provided to related parties are as follows:

In thousands of Tenge	Notes	31 December 2022	31 December 2021
Advances paid to related parties			
Advances paid to entities under common control of Samruk-Kazyna		1,017	1,069
Total advances paid to related parties	13	1,017	1,069

Contract liabilities to customers to related parties are as follows:

In thousands of Tenge	Notes	31 December 2022	31 December 2021
Contract liabilities to customers to related parties			
Non-current part of deferred income under contracts with entities under common control of KMG		26,125,466	21,516,739
Total non-current contract liabilities to customers to related parties	22	26,125,466	21,516,739
Advances received from entities under common control of KMG		17,573,782	10,949,194
Advances received from entities under common control of Samruk-Kazyna		200,543	169,560
Current part of deferred income under contracts with entities under common control of KMG		2,799,157	2,082,265
Total current contract liabilities to customers to related parties	22	20,573,482	13,201,019
Total contract liabilities to customers to related parties		46,698,948	34,717,758

Trade and other accounts payable to related parties are as follows:

In thousands of Tenge	Notes	31 December 2022	31 December 2021
Trade accounts payable to related parties for goods and services			
Trade accounts payable to entities under common control of KMG		1,001,456	563,504
Trade accounts payable to entities under common control of Samruk-Kazyna		379,159	484,562
Trade accounts payable to joint ventures		8,918	11,545
Total trade accounts payable to related parties for goods and services	23	1,389,533	1,059,611

Other current liabilities to related parties are as follows:

In thousands of Tenge	Notes	31 December 2022	31 December 2021
Accounts payable for oil transportation coordination services to related parties			
Accounts payable for oil transportation coordination services to entities under common control of KMG		8,039,904	8,873,343
Total of accounts payable for oil transportation coordination services to related parties	27	8,039,904	8,873,343
Employee benefits obligation of key management personnel			
Employee benefits obligation of key management personnel		68,028	26,649
Total employee benefits obligation of key management personnel		68,028	26,649
Total other current liabilities to related parties		8,107,932	8,899,992

During the years ended 31 December the Group had the following transactions with the related parties:

В тысячах тенге	For the year ended 31 December 2022	For the year ended 31 December 2021
Sales to related parties		
Revenue from main activities with entities under common control of KMG	134,763,488	122,869,017
Revenue from main activities with joint ventures	14,862,954	10,807,469
Revenue from main activities with entities under common control of Samruk-Kazyna	9,244,131	7,585,939
Income from other activities with entities under common control of KMG	113,402	3,297
Income from other activities with entities under common control of Samruk Kazyna	110,700	22,351
Total	159,094,675	141,288,073

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	Notes	For the year ended 31 December 2022	For the year ended 31 December 2021
Purchases from related parties			
Purchases of services from entities under common control of KMG		10,975,928	5,651,453
Purchases of services from entities under common control of Samruk-Kazyna		2,906,350	2,032,314
Purchases of services from joint ventures		103,924	83,678
Purchases of inventory from entities under common control of Samruk-Kazyna		180	14,825
Purchases of inventory from entities under common control of KMG		349	166
Other additions of property, plant and equipment (non-monetary reimbursement of services) from entities under common control of KMG	6	7,467,625	24,987,181
Total		21,454,356	32,769,617

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 2022	For the year ended 31 December 2021
Cash flows to related parties			
Dividends paid to the KMG	19	(9,000,473)	(45,694,709)
Dividends received from a joint ventures	9	7,636,855	1,800,000
Total		(1,363,618)	(43,894,709)

Total accrued compensation to key management personnel for the year ended 31 December 2022 amounts to 739,172 thousand Tenge (for the year ended 31 December 2021: 740,492 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**

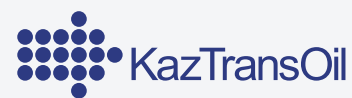
Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken 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 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, however as at 31 December 2022 there is still a risk that government agencies may impose additional restrictions in 2023 in response to possible new varieties of the virus.

In the opinion of the Group's Management at the date of issuance of the consolidated financial statements, this event does not have a significant impact on the valuation of assets and liabilities.



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38. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

The war in Ukraine

The war in Ukraine, started in 2022, triggers a number of IFRS accounting considerations affecting the financial statements. Many countries have imposed, and continue to impose, new sanctions on specified Russian entities and individuals. The situation together with potential fluctuations in commodity prices, foreign exchange rates, restrictions to imports and exports, availability of local materials and services and access to local resources will directly impact entities that have significant operations or exposures in, or to Russia or Ukraine. The war and its direct and indirect consequences may impact entities other than those with direct interests in the involved countries, for instance, as a result of exposure to fluctuations in commodity prices and foreign exchange rates, as well as the possibility of a protracted economic downturn.

As the war continues and new sanctions are introduced the overall impact remains fluid. The long-term consequences of the current economic situation are difficult to predict, and management's current expectations and estimates may differ from actual results.

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.

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 2022. As at 31 December 2022 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.

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 2022.

As at 31 December 2022 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 1,263,038 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 amounted to 5,915 thousand Georgian Lari (equivalent to 1,024,951 thousand Tenge).

At the end of 2022 the amount of recognized tax liabilities by BSP was 4,062 thousand Georgian Lari (equivalent to 703,863 thousand Tenge). The remaining amount of 1,853 thousand Georgian Lari (equivalent to 321,088 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 2022 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 thousand Georgian Lari (equivalent to 451,394 thousand Tenge). Tax expenses in the amount of 158 thousand Georgian Lari were recognized in the financial statements and a reserve in the amount of 2,447 thousand Georgian Lari was created. As a result of the appeals conducted by BOT during 2022, in December 2022 BOT received a ruling from the Dispute Resolution Board under the Ministry of Finance of Georgia (hereinafter — "Board"), according to which the Board returned the tax audit report to the Revenue Service for the review of the taxes and fines accruals in the amount of 2,124 thousand Georgian Lari (equivalent to 368,047 thousand Tenge). The remaining part of BOT appeal was dismissed. Management expects that the outcome of the appeal to be successful. Due to the taxes and fines presented, as at 31 December 2022, the tax lien/mortgage right arose on property (land plot) in the amount of 5.3 million US dollars (equivalent to 2,452 million Tenge).

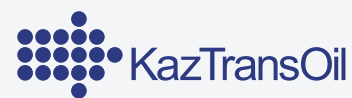
Environmental obligations

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.



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38. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)**Commitments to acquire property, plant and equipment**

As at 31 December 2022 the Group had contractual commitment to acquire property, plant and equipment, and construction services for the amount of 157,285,948 thousand Tenge (as at 31 December 2021: 51,532,032 thousand Tenge). These contractual commitments are a part of the investment program.

Share of the Group as at 31 December 2022 in contractual commitment of joint ventures to acquire property, plant and equipment, and construction services amounted to 599,618 thousand Tenge (as at 31 December 2021: 642,814 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 2022, the balance of obligation under the investment program to be fulfilled was 153 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 2022 was 5.1 million US Dollars (equivalent to 2,360 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 specified 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 on the collection of existing receivables of a business counterparty. As a result of the court decision, BOT’s net liabilities to business counterparties amounted to 16.45 million US Dollars (equivalent to 7,611 million Tenge). On 27 February 2020 the court of appeal partially cancelled the decision dated 12 February 2019 and redirected the case for retrial 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 5,783 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.

As per court ruling dated 27 January 2021, a ban was imposed on the alienation and mortgage encumbrance on a land plot in Batumi c. with a carrying amount of 4 million US Dollars (equivalent to 1,851 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 declined 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.

By the decision of the court of appeal dated 8 June 2022 the decision of the first instance is upheld. On 27 September 2022, BOT filed a cassation appeal to the Supreme Court of Georgia.

Legal proceedings of BOT against the Georgian Railway

In 2005, Georgian Railway JSC (hereinafter — “GR”) filed a claim to the court for the recovery from BOT of the 14 million Georgian Lari (equivalent to 2,426 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 Georgian Lari (equivalent to 1,456 million Tenge). On 16 April 2020 BOT filed a cassation appeal to the Supreme Court of Georgia. As of 31 December 2022 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 has to pay the penalties according to the agreement conditions.

The management of the Group believes, as at 31 December 2022 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 2022 amounted to 7.6 million tons (during 2020: 6.2 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 waterline “Astrakhan-Mangyshlak” 1st stage”. Considering the lack of required corporate decisions, as well as due to changes in market conditions, the loan agreement did not enter into force.

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 of trade receivables. There are no significant concentrations of credit risk within the Group.

The Group places deposits with Kazakhstani and foreign banks (Notes 16, 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.



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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**Credit risk (continued)**

Bank	Location	Rating		31 December 2022	31 December 2021
		31 December 2022	31 December 2021		
"Halyk Bank of Kazakhstan" JSC	Kazakhstan	BB+/Stable	BB+/Stable	31,764,664	13,161,137
"ForteBank" JSC	Kazakhstan	BB-/Positive	B+/Positive	25,061,488	16,309,521
"Altyn Bank" JSC (SB China Citic Bank Corporation Ltd)	Kazakhstan	BBB-/Stable	-	18,040,641	-
Halyk Bank of Georgia	Georgia	BB-/Stable	BB+/Stable	7,443,576	2,752,725
Emirates NBD Bank PJSC	UAE	A+/Stable	A+/Stable	3,156,661	1,691,793
TBC Bank	Georgia	BB-/Stable	Ba2/Stable	470,052	128,245
Hellenic Bank	Cyprus	BB-/Stable	B1/Positive	133,243	53,111
Bank of Georgia	Georgia	BB-/Stable	Ba2/Stable	25,908	43,612
Moskommercbank CB	Russia	-	-	4,159	-
Rosbank PJSC	Russia	-	-	2,342	-
SB "Sberbank" JSC	Kazakhstan	-	BBB-/Stable	-	16,442,240
"Sberbank" PJSC	Russia	-	BBB/Stable	-	5,832
Total				86,102,734	50,588,216

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 2022 and 2021 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 2022						
Loans received	-	-	-	10,238,566	19,728,497	29,967,063
Trade and other accounts payable	-	19,230,822	-	-	-	19,230,822
Lease liabilities	-	986,418	111,678	103,876	383,611	1,585,583
Total	-	20,217,240	111,678	10,342,442	20,112,108	50,783,468
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

Currency risk

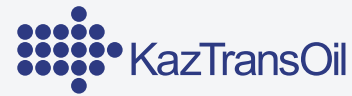
The table below shows the total amount of foreign currency denominated assets and liabilities that give rise to foreign exchange exposure.

In thousands of Tenge	US Dollar	Russian Ruble	Euro	Other currencies	Total
At 31 December 2022					
Assets	15,061,421	34,932	7,402	1,243,603	16,347,358
Liabilities	182,469	4,352	2,313	625,504	814,638
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

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	Increase/decrease in US Dollar exchange rate	Effect on profit before tax
2022		
US Dollar	+21,00%	3,124,674
	-21,00%	(3,124,674)
Russian Ruble	+22,05%	6,743
	-22,05%	(6,743)
Euro	+17,99%	915
	-17,99%	(915)
2021		
US Dollar	+13,00%	3,418,608
	-10,00%	(2,629,698)
Russian Ruble	+13,00%	3,144
	-13,00%	(3,144)
Euro	+13,00%	(168)
	-10,00%	130



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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 2022 and 2021.

As at 31 December 2022 and 2021 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 14 February 2023, the joint venture MunaiTas (51% of the Company's participation) received a pre-trial claim from the contractor that conducted the construction of "Kenkiyak-Atyrau" oil pipeline section under the reverse project in the amount of 8.6 billion Tenge. The essence of the claim is to demand compensation by the customer for the amount of excess actually incurred project costs over the contract amount. The management of MunaiTas considers the claim unfounded. The response with the position of MunaiTas was sent to the contractor on 21 February 2023.

As at 6 March 2023, the exchange rate of US Dollar at the end of the session on the KASE amounted to 432.83 Tenge per 1 US Dollar.

APPENDIX 7. QUANTITATIVE SUSTAINABLE DEVELOPMENT DATA**ENVIRONMENTAL ASPECT****Greenhouse gas emissions****DIRECT (SCOPE 1) GREENHOUSE GASEMISSIONS, THOUSAND TONS CO₂-EQ****GRI 305-1**

Indicator	2020	2021	2022	Change, %
carbon dioxide (CO ₂)	157.2	159.6	198.4	24%
methane (CH ₄)	0.08	0.08	0.03	-63%
nitrous oxide (N ₂ O)	0.83	0.84	0.01	-99%
Total	158.1	160.5	198.5	24%

Energy consumption**TOTAL CONSUMPTION OF NON-RENEWABLE SOURCES BY FUEL TYPE, TJ****GRI 302-1**

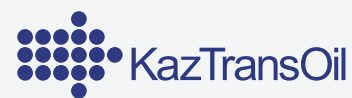
Indicator	2020	2021	2022	Change, %
Natural gas	3,331.7	3,431.1	3,158.7	-8%
Diesel fuel	176.2	177.9	177.1	-0.4%
Crude oil	134.3	135.9	132.2	-3%
Gasoline	15.5	13.4	13.6	1%
Total	3,657.7	3,758.2	3,481.6	-7%

SHARE OF TOTAL CONSUMPTION OF NON-RENEWABLE SOURCES BY FUEL TYPE, %**GRI 302-1**

Indicator	2020	2021	2022	Change, %
Natural gas	91.1%	91.3%	90.7%	
Diesel fuel	4.8%	4.7%	5.1%	
Crude oil	3.7%	3.6%	3.8%	
Gasoline	0.4%	0.4%	0.4%	
Total	100%	100%	100%	

TOTAL ENERGY PURCHASED FOR OWN USE BY TYPE OF ENERGY, TJ**GRI 302-1**

Indicator	2020	2021	2022	Change, %
Electrical energy	979.7	965.5	963.4	-0.2%
Thermal energy	66.9	61.9	62.4	0.8%
Total	1,046.7	1,027.4	1,025.9	-0.2%



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SHARE OF ENERGY PURCHASED FOR OWN NEEDS BY TYPE OF ENERGY, % **GRI 302-1**

Indicator	2020	2021	2022	Change, %
Electrical energy	93.6%	94.0%	93.9%	
Thermal energy	6.4%	6.0%	6.1%	
Total	100%	100%	100%	

ENERGY INTENSITY, % **GRI 302-1, GRI 302-3**

Indicator	Unit of measure	2020	2021	2022	Change, %
Total energy consumption	TJ	4,704.4	4,785.7	4,507.5	-6%
Oil turnover	million tons-km	35,899	35,162	34,261	-3%
Energy consumption for oil transportation ¹	TJ/million tons-km	0.131	0.136	0.132	-3%

Water resources**TOTAL AMOUNT OF WATER WITHDRAWN BY SOURCES, THOUSAND M³** **GRI 303-3**

Indicator	2020	2021	2022	Change, %
surface water	44.2	42.4	24.7	-42%
groundwater (artesian wells)	195.3	186.9	161.9	-13%
municipal and other water supply systems (purchase from third-party companies)	232.7	250.7	215.3	-14%
Total	472.2	479.9	401.8	-16%

TOTAL WATER WITHDRAWAL IN REGIONS WITH OBSERVED WATER DEFICIT, THOUSAND M³ **GRI 303-3**

Indicator	2020	2021	2022	Change, %
surface water	44.2	42.4	24.7	-42%
groundwater (artesian wells)	195.3	186.9	161.9	-13%
municipal and other water supply systems (purchase from third-party companies)	232.7	250.7	215.3	-14%
Total	472.2	479.9	401.8	-16%

SOCIAL ASPECT**Staff structure, socio-cultural diversity****NUMBER OF HEADCOUNTS BY DIVISION, PERSONS**

Indicator	2020	2021	2022	Change, %
Headquarters	389	391	372	-5%
SBU	6,057	6,039	6,086	1%
KazTransOil JSC RDC Branch	162	163	139	-15%
KazTransOil JSC OTCC Branch	60	61	62	2%
Representative offices in Samara, Omsk and Moscow	52	48	46	-4%
Total	6,720	6,702	6,705	0.04%

¹ 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.

STAFF STRUCTURE BY GENDER, PERSONS **GRI 405-1**

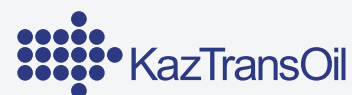
Indicator	2020	2021	2022	Change, %
Administrative and management personnel	393	395	373	
managerial positions	232	136	115	
- Men in managerial positions	146	87	78	-10%
- Women in managerial positions	86	49	37	-24%
specialists	161	259	258	
- Specialists men	67	127	122	-4%
- Specialists women	94	132	136	3%
Operational personnel	6,327	6,305	6,332	
managerial positions	654	685	704	
- Men in managerial positions	560	584	607	4%
- Women in managerial positions	94	101	97	-4%
specialists	1,696	1,662	1,667	
- Specialists men	1,184	1,162	1,173	1%
- Specialists women	512	500	494	-1%
workers	3,977	3,958	3,961	
- Men workers	3,548	3,538	3,546	0.2%
- Women workers	429	420	415	-1%

STAFF STRUCTURE BY AGE, PERSONS **GRI 405-1**

Indicator	2020	2021	2022	Change, %
Administrative and management personnel	393	397	373	
Under 30	27	34	24	
- managerial positions	3	4	3	-25%
- specialists	24	30	21	-30%
30-50 years old	306	305	271	
- managerial positions	183	107	80	-25%
- specialists	123	198	191	-4%
Above 50	60	58	78	
- managerial positions	46	25	32	28%
- specialists	14	33	46	39%
Operational personnel	6,327	6,305	6,332	
Under 30	550	636	491	
- managerial positions	13	21	15	-29%
- specialists	122	137	83	-39%
- workers	415	478	393	-18%
30-50 years old	3,824	3,707	3,625	
- managerial positions	453	470	459	-2%
- specialists	1,200	1,147	1,129	-2%
- workers	2,171	2,090	2,037	-3%
Above 50	1,953	1,962	2,216	
- managerial positions	188	194	230	19%
- specialists	376	378	455	20%
- workers	1,389	1,390	1,531	10%

STRUCTURE OF GOVERNING BODIES BY GENDER, % **GRI 405-1**

Indicator	2020	2021	2022	Change, %
Board of Directors				
Men	100	100	100	
Women	0	0	0	
Management Board				
Men	89	88	100	14%
Women	11	13	0	-100%



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NUMBER OF PERMANENT AND TEMPORARY EMPLOYEES BY GENDER, PERSONS

GRI 2-7

Indicator	2020	2021	2022	Change, %
Men	5,505	5,498	5,526	
Permanent	5,463	5,450	5,488	1%
Temporary ²	42	48	38	-21%
Women	1,215	1,204	1,179	
Permanent	1,174	1,159	1,149	2%
Temporary ²	41	45	30	-33%

NUMBER OF EMPLOYEES BY REGION, PERSONS

GRI 2-7

Indicator	2020	2021	2022	Change, %
Atyrau Region	-	-	2,017	-
Jetisu Region	-	-	647	-
Mangistau Region	-	-	1,211	-
Karaganda Region	-	-	303	-
Astana	-	-	434	-
Aktobe Region	-	-	375	-
Pavlodar Region	-	-	419	-
West Kazakhstan Region	-	-	248	-
Shymkent	-	-	163	-
Almaty	-	-	89	-
North Kazakhstan Region	-	-	91	-
Kyzylorda Region	-	-	120	-
Turkestan Region	-	-	213	-
Ulytau Region	-	-	329	-
Representative offices in Samara, Omsk and Moscow	-	-	46	-

NUMBER OF EMPLOYEES BY REGION BY TYPE OF EMPLOYMENT CONTRACT, PERSONS

GRI 2-7

Indicator	2020	2021	2022	Change, %
Permanent				
Atyrau Region	-	-	2,003	-
Jetisu Region	-	-	640	-
Mangistau Region	-	-	1,201	-
Karaganda Region	-	-	303	-
Astana	-	-	423	-
Aktobe Region	-	-	369	-
Pavlodar Region	-	-	414	-
West Kazakhstan Region	-	-	246	-
Shymkent	-	-	160	-
Almaty	-	-	86	-
North Kazakhstan Region	-	-	90	-
Kyzylorda Region	-	-	120	-
Turkestan Region	-	-	213	-
Ulytau Region	-	-	323	-
Representative offices in Samara, Omsk and Moscow	-	-	46	-
Temporary				
Atyrau Region	-	-	14	-
Jetisu Region	-	-	7	-
Mangistau Region	-	-	10	-
Karaganda Region	-	-	0	-
Astana	-	-	11	-
Aktobe Region	-	-	6	-
Pavlodar Region	-	-	5	-
West Kazakhstan Region	-	-	2	-
Shymkent	-	-	3	-
Almaty	-	-	3	-
North Kazakhstan Region	-	-	1	-
Kyzylorda Region	-	-	0	-
Turkestan Region	-	-	0	-
Ulytau Region	-	-	6	-
Representative offices in Samara, Omsk and Moscow	-	-	0	-

² The category consists of employees with whom employment contracts have been concluded for the period of replacement of temporarily absent employees.

Personnel recruitment and turnover**COEFFICIENT OF NEWLY HIRED WORKERS, %**

GRI 401-1

Indicator	2020	2021	2022	Change, %
Coefficient of newly hired workers ³	0.04	0.05	0.06	20%

COEFFICIENT OF NEWLY HIRED WORKERS BY GENDER, %

GRI 401-1

Indicator	2020	2021	2022	Change, %
Men	0.04	0.05	0.06	20%
Women	0.05	0.04	0.05	25%

COEFFICIENT OF NEWLY HIRED WORKERS BY AGE, %

GRI 401-1

Indicator	2020	2021	2022	Change, %
Under 30	0.19	0.2	0.25	25%
30-50 old years	0.04	0.04	0.06	50%
Above 50	0.01	0.01	0.02	100%

NUMBER OF EMPLOYEES HIRED BY REGIONS, PERSONS

GRI 401-1

Indicator	2020	2021	2022	Change, %
Atyrau Region	-	-	107	-
Jetisu Region	-	-	45	-
Mangistau Region	-	-	39	-
Karaganda Region	-	-	12	-
Astana	-	-	61	-
Aktobe Region	-	-	17	-
Pavlodar Region	-	-	25	-
West Kazakhstan Region	-	-	14	-
Shymkent	-	-	12	-
Almaty	-	-	5	-
North Kazakhstan Region	-	-	6	-
Kyzylorda Region	-	-	7	-
Turkestan Region	-	-	11	-
Ulytau Region	-	-	21	-
Representative offices in Samara, Omsk and Moscow	-	-	1	-

THE TOTAL NUMBER OF EMPLOYEES WITH WHOM EMPLOYMENT RELATIONS WERE TERMINATED DURING THE REPORTING PERIOD, PERSONS

GRI 401-1

Indicator	2020	2021	2022	Change, %
The total number of employees with whom employment relations were terminated during the reporting period	327	344	368	7%

THE TOTAL NUMBER OF EMPLOYEES WITH WHOM EMPLOYMENT RELATIONS WERE TERMINATED DURING THE REPORTING PERIOD BY GENDER CATEGORIES, PERSONS

GRI 401-1

Indicator	2020	2021	2022	Change, %
Men	269	289	291	0.7%
Women	58	55	77	40%

³ The Coefficient of newly hired employees is defined as the ratio of the number of employees newly hired in the reporting period to the list number of employees of the Company at the end of the year.





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THE TOTAL NUMBER OF EMPLOYEES WITH WHOM EMPLOYMENT RELATIONS WERE TERMINATED DURING THE REPORTING PERIOD BY AGE GROUPS, PERSONS GRI 401-1

Indicator	2020	2021	2022	Change, %
Under 30	25	42	31	-26%
30-50 old years	130	114	164	44%
Above 50	172	188	173	-8%

PERSONNEL TURNOVER RATIO⁴, % GRI 401-1

Indicator	2020	2021	2022	Change, %
Personnel Turnover Ratio ⁴	2.44	2.97	2.98	0.3%

PERSONNEL TURNOVER RATIO BY GENDER, % GRI 401-1

Indicator	2020	2021	2022	Change, %
Men	2.45	2.97	2.90	-2%
Women	2.38	2.81	3.36	20%

PERSONNEL TURNOVER RATIO BY AGE GROUPS, % GRI 401-1

Indicator	2020	2021	2022	Change, %
Under 30	0.16	0.54	0.30	-44%
30-50 old years	1.53	1.49	2.04	37%
Above 50	0.73	0.94	0.64	-32%

THE TOTAL NUMBER OF EMPLOYEES WITH WHOM EMPLOYMENT RELATIONS WERE TERMINATED DURING THE REPORTING PERIOD BY REGION, PERSONS GRI 401-1

Indicator	2020	2021	2022	Change, %
Atyrau Region	-	-	87	-
Jetisu Region	-	-	48	-
Mangistau Region	-	-	35	-
Karaganda Region	-	-	12	-
Astana	-	-	70	-
Aktobe Region	-	-	21	-
Pavlodar Region	-	-	26	-
West Kazakhstan Region	-	-	12	-
Shymkent	-	-	5	-
Almaty	-	-	12	-
North Kazakhstan Regio	-	-	4	-
Kyzylorda Region	-	-	4	-
Turkestan Region	-	-	10	-
Ulytau Region	-	-	19	-
Representative offices in Samara, Omsk and Moscow	-	-	3	-

⁴The 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 equal opportunities

BASIC SALARY⁵ OF WOMEN TO MEN BY EMPLOYEE CATEGORY AS OF DECEMBER 31, 2022, THOUSAND TENGE GRI 405-2

Indicator	2020	2021	2022	Change, %
Men in managerial positions	119.5	186.1	400.2	115%
Women in managerial positions	149.7	201.7	280.0	39%
Specialists men	129.1	139.9	275.1	97%
Specialists women	90.5	103.1	226.7	120%
Men workers	69.3	87.3	188.5	116%
Women workers	72.2	86.1	125.4	46%

RATIO OF BASIC SALARY⁵ OF WOMEN TO MEN BY EMPLOYEE CATEGORY AS OF DECEMBER 31, 2022, %

Indicator	2020	2021	2022	Change, %
managerial positions	1.3	1.1	0.7	-36%
specialists	0.7	0.7	0.8	14%
workers	1	0.9	0.6	-33%

RATIO OF REMUNERATION OF WOMEN TO MEN BY EMPLOYEE CATEGORY⁶, THOUSAND TENGE GRI 405-2

Indicator	2020	2021	2022	Change, %
Men in managerial positions	253	363.3	576.2	59%
Women in managerial positions	327.7	419.6	497.8	19%
Specialists men	155.7	258.5	335.3	30%
Specialists women	197.4	235.5	324.4	38%
Men workers	179.5	196	300.9	54%
Women workers	154.6	234.7	257.7	10%

COEFFICIENT OF REMUNERATION OF WOMEN TO MEN BY EMPLOYEE CATEGORY⁵, %

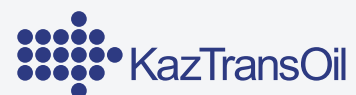
Indicator	2020	2021	2022	Change, %
managerial positions	1.3	1.1	0.8	-27%
specialists	1.2	0.9	0.9	-
workers	0.8	1.2	0.8	-33%

⁵ The ratio of the basic salary of women and men by category of employees of KazTransOil JSC. Men and women with minimum wages in each category who had worked for a full year were taken into account.

The difference within the category is explained by the different professions between men and women. The basic salary means the salary, the regional coefficient and all monthly accruals included in the permanent part according to the Labor Code of the Republic of Kazakhstan."

⁶ Remuneration (basic salary + bonuses).

The ratio of remuneration (basic salary + bonuses) of women and men by category of employees of KazTransOil JSC. Men and women with a minimum wage in this category who have worked for a full year were taken into account. The difference within the category is explained by the different professions between men and women.



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DISTRIBUTION OF EMPLOYEES WHO HAVE TAKEN PARENTAL LEAVE, PERSONS **GRI 401-3**

Indicator	2020	2021	2022	Change, %
Employees that were entitled to parental leave	450	435	435	-3%
- Men	382	371	371	-3%
- Women	68	64	64	-6%
Employees that took parental leave	72	68	68	-6%
- Men	4	4	4	0%
- Women	68	64	64	-6%
Employees that returned to work in the reporting period after parental leave ended	66	17	17	-74%
- Men	3	3	3	0%
- Women	63	14	14	-78%
"Employees that were due to return to work after taking parental leave"	66	17	17	-74%
- Men	3	3	3	0%
- Women	63	14	14	-78%
Employees that returned to work after parental leave ended that were still employed 12 months after their return to work	66	66	66	0%
- Men	5	3	3	-40%
- Women	61	63	63	3%

Occupational health and safety**EMPLOYEES COVERED BY OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEMS IN THE WORKPLACE⁷, PERSONS** **GRI 403-8**

Indicator	2020	2021	2022	Change, %
Employees of the Company	6,720	6,702	6,705	0.04%
Contractors' employees ⁸	769	897	918	2%

Incident prevention**NUMBER OF OCCUPATIONAL ACCIDENTS AMONG THE COMPANY'S EMPLOYEES** **GRI 403-9**

Indicator	Unit of measure	2020	2021	2022	Change, %
Total number of occupational accidents	units	3	1	0	-100%
Total number of injuries, including	persons	5	1	0	-100%
- work-related injuries	units	3	1	0	-100%
- high-consequence work-related injuries	units	2	0	0	0%
- fatalities as a result of work-related injury	units	0	0	0	0%
Rate of recordable work-related injuries per 1000 persons, %	%	0.44	0.15	0	-100%
Lost Time Injury Rate (LTIR), %	%	0.46	0.09	0	-100%
Lost Time Injury Frequency Rate (LTIFR), %	%	0.28	0.09	0	-100%
Number of hours worked	man-hour	10,833,286	10,824,669	10,890,967	1%

⁷Passed the internal audit procedure and the procedure of independent audit / certified by a third party⁸The number of contractors' employees providing construction, capital repair and other services with presence at the facilities of KazTransOil JSC is taken into account.**Corporate communications****THE NUMBER OF APPEALS RECEIVED BY THE RRC BY ENTITIES OF KAZTRANSOIL JSC, UNITS**

Indicator	2020	2021	2022	Change, %
Headquarters	-	-	45	-
Atyrau Oil Pipeline Administration	-	-	18	-
Aktobe Oil Pipeline Administration	-	-	23	-
Eastern Management of Operator Services	-	-	14	-
Western Management of Operator Services	-	-	9	-
Zhezkazgan Oil Pipeline Administration	-	-	12	-
Shymkent Oil Pipeline Administration	-	-	8	-
Pavlodar Oil Pipeline Administration	-	-	0	-
Karaganda Oil Pipeline Administration	-	-	10	-
Mangistau Oil Pipeline Administration	-	-	8	-
SJCE	-	-	3	-
Stakeholders	-	-	105	-
Outsourcing	-	-	31	-
Without an addressee	-	-	8	-
Anonymous	-	-	7	-
Total	-	-	301	-

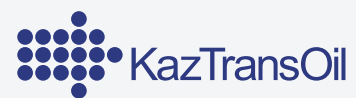
CORPORATE GOVERNANCE**Procurement system and local content development****INFORMATION ON THE SHARE OF LOCAL CONTENT IN THE PROCUREMENT OF GOODS, WORKS AND SERVICES FOR 2022⁹, MILLION TENGE**

Indicator	2020	2021	2022	Change, %
Goods	15,612	12,039	17,046	42%
Services	65,303	48,700	62,729	29%
Total	80,915	60,739	79,775	31%

INFORMATION ON THE SHARE OF LOCAL CONTENT IN THE PROCUREMENT OF GOODS, WORKS AND SERVICES FOR 2022⁹, %

Indicator	2020	2021	2022	Change, %
Goods	52	53	55	
Services	75	75	78	
Total	71	71	73	

⁹ Data provided by Samruk-Kazyna Contract LLP



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APPENDIX 8. LIST OF ABBREVIATIONS

AOR LLP	Atyrau Oil Refinery Limited Liability Partnership
APMS	Automatic Process Management System
BOT	Batumi Oil Terminal Limited Liability Company
CMT	Crisis management team in KazTransOil JSC
Company	KazTransOil JSC
CPC	Caspian Pipeline Consortium
CRMS	Corporate risk management system
DAP	Delivery and acceptance point
EBITDA	Earnings before interest, taxes, depreciation and amortization
EDMS	Electronic document management system
EOSA	KazTransOil JSC East Operator Services Administration
ERP	Emergency recovery point
EP	Environmental protection
F&L	Fuels and lubricants
GRI Standards	(Global Reporting Initiative) Sustainability Reporting Standards
HSE	Health, Safety & Environment
IAOT	International Association of Oil Transporters
ICS	Internal control system
IFRS	International Financial Reporting Standards
IGTU	Integrated gas treatment unit
ISM	Integrated management system
ISMS	Information security management system
JSC CPC-K	Caspian Pipeline Consortium Joint-Stock Company
KASE	Kazakhstan Stock Exchange
KCP LLP	Kazakhstan-China Pipeline Limited Liability Partnership
KPI	Key performance indicators
LACT	Lease Automatic Custody Transfer System
LOCS	Line operations control station
LTIR	Lost Time Injury Rate
LTIFR	Lost Time Injury Frequency Rate
Main Waterline LLP	Main Waterline Limited Liability Partnership
MBA	Master's Degree in Business Administration
MOP	Main oil pipeline
MunaiTas NWPC LLP	MunaiTas North-Western Pipeline Company Limited Liability Partnership
MW LLP	Main Waterline Limited Liability Partnership
NC KazMunayGas JSC	National Company KazMunayGas Joint-Stock Company

NCOC	North Caspian Operating Company N.V.
NCOT KazTransOil CJSC	National Company for Oil Transportation KazTransOil Closed Joint Stock Company
NMRC	Natural Monopoly Regulation Committee under the Republic of Kazakhstan Ministry of National Economy
ODP	Oil delivery point
OHS	Oil heating station
OHEP	Occupational health and environmental protection
OLS	Oil loading station
OPEC +	Organization of Petroleum Exporting Countries
OPM	Oil pipeline management
OPS	Oil pumping station
OR	Oil refinery
OSD	Operator Services Department
OTCC Branch of KazTransOil JSC	Oil Transportation Control Centre Branch of KazTransOil Joint-Stock Company
PKOP LLP	PetroKazakhstan Oil Products Limited Liability Partnership
POPS	Principal Oil Pumping Stations
PRC	People's Republic of China
PTL	Petrotrans Limited Company
RDC Branch of KazTransOil JSC	Research and Development Centre Branch of KazTransOil Joint-Stock Company
R&D	Research and development
ROA	Return on assets — net profit / average annual amount of assets
ROE	Return on equity — net profit / average annual amount of equity
Samruk-Kazyna JSC	Sovereign Wealth Fund Samruk-Kazyna Joint-Stock Company
SAP	Systems, Applications and Products in Data Processing — Specialized software designed to automate business processes of an enterprise
SBU	Separate business units (branch, representative office, oil pipeline department and other territorially separate structural subdivision of the Company reflected in the structure of the Company)
SJCE	Subsidiaries and jointly controlled entities
SCADA	Supervisory Control And Data Acquisition — Software package designed to develop or provide real-time systems for collecting, processing, displaying and archiving information about the object of monitoring or control
SMIO	The system for measuring the quantity and quality indicators of oil
TON-2	The main oil pipeline "Tuymazy — Omsk — Novosibirsk-2"
UN	United Nations
VAT	Value added tax
VST	Vertical steel tank
WOSA	KazTransOil JSC West Operator Services Administration
WPC	Water pumping station